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**The Minimum Role of External Agents in Administrative Reform:  
The Case of USAID-Egypt**

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**Sameh Mamdouh Kamel**

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*Robert S. Weissert*  
Major professor

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**THE MINIMUM ROLE OF EXTERNAL AGENTS IN ADMINISTRATIVE REFORM:  
THE CASE OF USAID-EGYPT.**

**By**

**Sameh Mamdouh Kamel**

**A DISSERTATION**

**Submitted to  
Michigan State University  
in partial fulfillment of the requirements  
for the degree of**

**DOCTOR OF PHILOSOPHY**

**Department of Political Science and Urban Affairs Programs**

**1999**

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## **ABSTRACT**

### **THE MINIMUM ROLE OF EXTERNAL AGENTS IN ADMINISTRATIVE REFORM: THE CASE OF USAID-EGYPT.**

By

Sameh Mamdouh Kamel

The objective of this dissertation is to analyze the role of external agents in administrative reform of developing countries' bureaucracies given the complex political environments characterizing intervention and implementation attempts. It conceptualizes a new model for continuity and reform forces on administrative reform in developing countries placed by both the external agents and the recipient governments. The research answers four questions: (1) can a recipient government through its bureaucracy directly constrain the efforts of external agents' contractors for administrative reform; (2) can a recipient government through political and economic strategies indirectly constrain the external agents' reform efforts; (3) can external agents indirectly through political and economic forces positively influence administrative reform; and (4) can external agents through contractors directly influence the social and cultural aspects of bureaucracy toward administrative reform.

The case used to empirically test the model involves the role of USAID and Black and Veatch contractors in reforming the Egyptian bureaucracy and the General Organization for Greater Cairo Water Supply. The long-term relationship between the political actors and the significance and dynamics of strategic and economic variables involved in the case study provide a reliable foundation for generalizing the results to other international development cases.

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Several data collection methods were employed. First, elite interviewing was conducted with public and private officials in Cairo and Washington to assess the significance and direction of continuity and reform forces. Second, a survey of Egyptian bureaucrats was administrated and the results were compared with a 1983 survey to measure the impact of administrative reform efforts. Third, a review of documents at government and newspapers archives in Cairo and Washington was conducted to elicit information about the interplay of administrative, political, and economic variables between both sides of the relationship over the studied period of time.

Findings suggest that: (1) the significant presence of an external agent with a social and economic development strategy in a developing country does not necessarily enhance the country's administrative capacity; (2) domestic and international political pressures can interplay to create a window of opportunity for reform and place sufficient forces on a regime to adopt a certain degree of administrative reform; (3) political and economic interests of external agents outweigh the benefits of administrative reform's positive impact on development when designing involvement strategies; and (4) consultant firms contracted by external agents to implement reform policies have a limited authority for administrative reform in the absence of sufficient support from other political actors. Thus, this detailed analysis of the Egyptian-USAID relationship indicates that even with a window of opportunity provided by the regime's political support for administrative reform, the external agent's role is still constrained by limited authority and countervailing political and economic continuity forces.

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**To the memory of Professor Mamdouh Kamel who taught me the love of science and the  
love of Egypt.**

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## **CHAPTER 1**

### **INTRODUCTION**

The question addressed in this study is what role can be played by an external agent in the administrative reform of bureaucracies given the complex political environment. An external agent, in most cases, represents foreign aid units of individual states (bilateral donors) or of international organizations and multilateral donors (e.g., the World Bank and IMF) or, in some cases, of nongovernmental, private-voluntary agencies. External agents are involved with a diversified staff in every fundamental ingredient of developing societies from expanding primary education and universal literacy to creating a supportive environment for the private sector. Motivations behind their missions are often a mix of political, strategic, commercial, and humanitarian and are not easily disentangled.

Difficulties facing external agents' administrative reform missions form a complex political environment. In the case of Egypt/USAID, difficulties face administrative reform missions from both the U.S. government (Sullivan, 1987, 1996) and the recipient's government, and bureaucratic resistance (Gates, 1989). On one hand, the White House, Capitol Hill, the State Department, and the United States Agency for International Development (USAID) had different goals for promoting aid. On the other hand, recipient governments want to receive aid with minimum external agents' interference in their public institutions. Bureaucrats also resist external agents' attempts to change organizational patterns either in defense of the status quo or due to ideological, political, and/or cultural disagreements with external agents.

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**The theoretical argument for this study is that to play an effective role an external agent has to skillfully operate in such a political environment. Reform strategies do not only have to be concerned with administrative capacity of the bureaucracies but also with political and bureaucratic resistance. The external agent has to continuously work on satisfying two conditions: a suitable political environment that does not constrain the implementing capacity of the external agent, and the willingness of bureaucrats to adopt and sustain reform.**

**This dissertation will analyze the role of the external agent in the face of a complex political environment and inefficient bureaucracies using the case of the USAID in Egypt. The case of USAID/Egypt was selected for studying the prospects of administrative reform for various reasons. First, on the Egyptian side of the relationship, bureaucracy has long been a dominant aspect of society. Max Weber portrays the Egyptian bureaucracy as an example of developed and quantitatively large centralized bureaucracies throughout a 7,000-year history (1947: 315). Hence it provides a rich practical material for studying administrative reform problems.**

**Second, on the USAID side of the relationship, the agency has been criticized for its poor record as an external agent in developing countries (Bandow, 1997, 1995). The USAID acknowledged this problem after a detailed review of its programs by concluding that “only a handful of countries that started receiving U.S. assistance in the 1950s and 1960s has ever graduated from dependent status” (1989: 112). Decades of foreign assistance did not significantly improve the economies of most African, many Latin American, Asian and Middle Eastern countries. It is not also clear that the few successful countries have improved because of the aid. South Korea and Taiwan saw prosperity emerge after they cashed their last aid**

check and their aid was primarily for military purposes (Bandow, 1997, 1995). These conclusions about the USAID's efforts, however, have been often made without sufficient analysis of administrative variables that lead to unsatisfactory outcomes.

Third, the case of USAID/Egypt was selected because it represents more than two decades of direct interaction between an external agent and a bureaucracy to form the largest aid program in the world. No other relationship between an external agent and a developing bureaucracy could provide such long-term experience for a case study. More specifically, the institutional memory of other external agents, such as the World Bank and the IMF, in developing countries is very short and there is a little systematic attention to collecting the political data of particular programs (Kahler, 1992).

Thus, the case of USAID/Egypt is an interesting one by which to measure the prospects of administrative reform and the utility and appropriateness of the external agent's role. This dissertation builds on a broad base of political science and public administration literature, some specific to Egypt and other developing countries, some more generally concerned with bureaucratic behavior in any country. It involves collection and analysis of original survey data and interviews with informed participants and observers. The findings should be useful to international aid agencies which take on the role of external agents, scholars of Egypt and other developing countries, and researchers seeking to better understand administrative reform and its political, economic, and bureaucratic constraints.

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## **Administrative Reform**

**The principal goal of reform in developing countries should be utilizing administrative capacity in order to attain financially self-sufficient bureaucracies that do not rely endlessly on foreign aid. Utilizing administrative capacity involves the ability to manage the personnel and resources of the government and to ensure accountability and efficiency in service delivery. It is based on objective hiring and promotion practices, adequate accounting staff to audit public expenditures, working systems of information, stable and rule-based authority and internal coherence between goals and the resources, personnel, and tools available to carry them out (Brautigam, 1996). Reform should bring bureaucracy closer to the people by making bureaucratic services more accessible and promoting bureaucratic responsiveness to local wishes and needs. Indicators of administrative capacity are mirrored in the bureaucracy's ability to maintain a satisfactory level of its services, collect the operation and maintenance costs, and keep up with the increasing demands for services. Bureaucracies unable to perform these functions would cause the stagnation of the development process (Brautigam, 1996).**

**Brautigam (1996) and Putnam (1993) argue that some indicators for the levels of administrative capacity include measures of the level of service delivered by government such as the percentage of population with access to safe water or electricity. These indicators have some caveats. Access to safe water, for example, may reflect the capacity of funding from foreign aid agencies. The assumption that resources necessary to undertake new tasks would be automatically generated by the performance of the tasks themselves is misleading. The process is often unlike the private sector where expanding a firm's sales generate resources**

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for more production. Evans (1992) argues that expansion of bureaucratic services leads to a vicious cycle because the capacity grows more slowly than the need for services expands. Administration and organizations based on economies of scale cause the decline in performance which in turn “undercuts legitimacy and makes it hard to claim the resources necessary to increase capacity” (177). The gap between capacity required and capacity available is characterized by rapid increase and inversely related to the effective execution of tasks.

### **Importance of Administrative Reform**

Administrative reform is a very important issue to address given that bureaucratic problems are one of the main hindrances for economic and social development because “administration in underdeveloped countries . . . is either administration for economic development, or it is bad administration” (Hanson, 1965: 56; Hanson, 1969: 248). Further, administrative reform is important to address because bureaucrats in Egypt as elsewhere play the primary role in implementation of reform. Bureaucracies implement, monitor, manage, and evaluate public policies and deliver public services. As in many Third World countries, bureaucracies in Egypt are asked to transform Egypt into a developed entity. Bureaucracies must generate, co-ordinate, and supervise the execution of development projects and maintain those projects once they reach fruition (Caiden and Wildavsky, 1975).

Successful development must include a constructive role for bureaucracies in fostering and managing the development process (Ndulu and van de Walle, 1996). Further, unless the administrative structure is strengthened through reform, it is not clear that the government will have the capacity to respond to the new demands put on it. Administrative reform is

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important so that bureaucracies are capable of processing, channeling, and, when necessary, rejecting demands (Gyimah-Boadi and van de Walle, 1996).

Unless administrative reform takes place, Egypt's chances at sustainable development are slim. It is no longer the case that the government of Egypt (GOE) can ignore inefficiencies by patching its problems through nationalization by seizing private assets and savings as President Nasser did in the 1950s and 1960s, nor can it rely on the constant flow of foreign aid from various sources as was the case in 1970s and 1980s.<sup>1</sup>

The centrality of bureaucracy to the development process is not only unique to Egypt but also to many other developing countries. In the Middle East, most traditional authoritarian regimes rely on bureaucracies for their modernization efforts despite their announced Western alliances (Hess, 1995). Bureaucracies do not only put development plans in place but are also responsible for variety of tasks from entertainment to industry and agriculture. Even in cases of opening markets and breaking government monopolies, bureaucrats remain responsible for issuing investment authorizations and importing and exporting permits. Such authorities make bureaucracies' efficiencies vital for development. This suggests that the developmental potential of developing a society depends on the developmental potential of its bureaucracy.

Finally, lack of administrative reform in Egypt not only threatens development but also threatens political stability. Islamic groups have taken the opportunity to provide public services. Schools and nurseries, health clinics, public water taps, uncrowded buses for female

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<sup>1</sup> Foreign aid is significantly in decline as it will be illustrated later in the discussion of the positive political factors affecting chances of reform.

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university students, and affordable copy centers for students are only some examples of common Islamic services now in urban areas. These tasks are still the bureaucratic tasks, but bureaucracies are either not keeping up with the demand or are inefficient in their delivery of services. It thus appears that administrative reform is urgently needed in Egypt. Bureaucracies unable to effectively perform their functions would cause the stagnation of the development process and destabilize the pro-Western regime.

### **Importance of the Role of External Agent**

In the absence of an external agent, administrative reform faces the dilemma of “orthodox paradox” due to expecting the incompetent, and the beneficiaries of the inefficient system, to reform themselves (Kahler, 1992). In other words, reform involves “orthodox policy prescriptions” that contain “the paradoxical expectation” that the government which is the root of the problem would somehow be able to initiate and implement the reform process and become the solution (Evans, 1992: 140). The role of an external agent in reform is thus of significant importance because it is empirically unrealistic and not consistent with the willingness and capacity of Third World governments to implement reform on their own.

Administrative reform would require creating an efficient self-sustaining bureaucracy through strategies such as rebuilding professionalism and a sense of mission in the civil service, establishing clear rules, merit-based procedures for hiring and promotion, institutionalizing review procedures that evaluate and reward good performance, and the elimination of “ghost” employees to raise government salaries and benefits to approximately market levels (Brautigam, 1996: 82).

**But bureaucracies are not self-reforming. The role of an external agent then becomes of a significant importance in facing the “orthodox paradox.” Without an external agent there will be little demand for good public administration. An external agent can push and implement difficult tasks required to attain administrative reform. In the absence of an external agent, authoritarian regimes, such as Egypt’s, follow the politics of patronage, arbitrary policy decisions not based on careful analysis, and rule mainly through patrimonial ties rather than rational-legal norms.**

**The role of an external agent in administrative reform is also of significance due to the negative impact of political pressure on bureaucrats. Political pressures that bureaucrats face in developing countries are part of what made them uncommitted, lacking the will and commitment to reform (Migdal, 1988). The country’s elites manipulate, subvert, or utilize bureaucratic structures to enhance their power base, undermining public organizations’ goals and aspirations at the implementation stage. The importance of an external agent in the reform process stems from its capacity to lessen the elites’ manipulation of bureaucracies for personal gains and allow bureaucracies to focus on policy formation and implementation for sustainable development. As an outsider with financial and knowledge leverages, external agents can change the tradition of public administration from “self service” to public service (Perlman, 1989: 671). Traditional policy tools, such as small incremental increases in strategic aid, could be considered for breaking political coalitions and patronage over bureaucracies (Horowitz and Just, 1995). The role of the external agent as a mediator for the regime’s politics of administration is thus of a significant importance for reform.**

The role of the external agent is also of increased importance because there is no separation of politics and administration in its role. That is goal setting, policy formulation, and allocative decisions on one hand are not separated from the application or implementation and enforcement of policy. The external agent involvement in both the politics and administration is very important. For example, the involvement in the decision making process would ensure that resources and funding to implement reform are available. Involvement in both politics and administration is an “interactive model of implementation” that follows up on the conflicts and oppositions that arise after decisions are made (Thomas and Grindle, 1990: 1163). The presence of an external agent allows administrative reform to be a process or a “linear model” rather than a separate “series of phases” (Thomas and Grindle, 1990: 1178).

Another advantage of the presence of the external agent is that its role in reforming administrative systems ruled by authoritarian regimes can be viewed as a rescuer. Jensen (1982: 110) notes that:

Perhaps the most serious deficiency for the authoritarian regime lies in the fact that it may be severely hampered when it comes to policy innovation. Since its command and control structure is so centralized and there is a tendency toward paranoia in such structures, authoritarian regimes often generate “yes men” who tend to accept whatever the dictator desires (or whatever the subordinates think the dictator desires). Initiative is lost in such a system, and there is no opportunity to explore a range of options. Reliance on heavily centralized structures with their emphasis on secrecy and isolation from external criticism also destroys the opportunity to tap fresh view points and obtain new information.

The role of an external agent is also important under authoritarian regimes because public programs and allocative policies intended to benefit low-income or unpowerful groups

often do not do so.<sup>2</sup> This is despite the fact that large proportions of population live at, below, or only slightly above, subsistence level, and need the promised public services (Grindle, 1980a, 1980b). Even when bureaucrats may have the best of intentions, the support essential to the regime primarily dictates who gets what. The external agent intervention for administrative reform, therefore, can be seen as helping incapable people in the face of unresponsive authoritarian regimes.

The role of the external agent is also of significance given that social movements have a minimum chance of fixing the ills in urban service delivery. Ruland (1984: 325) concludes that after reviewing the case of raising social movements in face of rapid urbanization and government incapacity to meet the public needs in Manila:

Without minimum constitutional liberties and pluralism, urban social movements remain rather short-lived phenomena and that the improvement of services through urban social movements is bound to fail under a political climate of repression.

The external agent in developing countries can help social movements to improve their public and social services delivery.

Finally, studying the role of an external agent in administrative reform is of significant importance since we know very little about their success. Despite all the external efforts directed at reforming and rebuilding administrative capacity in developing countries, many scholars point to discouraging results (Bossuyt, et al., 1992; Lindauer, and Nunberg, 1994;

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<sup>2</sup> For example, Grindle (1980b) finds that resources allocated for the achievement of specific program goals in Mexico may be reallocated at the site of implementation in order to achieve more pressing and general regime goals, such as maintaining the political peace. Temple and Temple (1980) find that public housing in urban Nairobi was built to serve high-income groups rather than in response to the needy. And Perlman (1980) finds that those evacuated from urban squatter settlements in Brazil also lacked the power and the resources to force the success of resettlement schemes.



Picard, and Garrity, 1994; Brautigam, 1996). There are still far more questions than answers in the role of external agents in administrative reform.

Even after USAID's involvement in most aspects of Egyptian society for more than two decades, "Egypt continues to exhibit virtually all the characteristics the United States has claimed it would change since it began its massive economic aid program in 1975 . . . The country remains poor, overpopulated, polluted and undemocratic while the state remains the dominant force in economic affairs" (Sullivan, 1996: 37). The gap between social classes had reached unprecedented levels, high unemployment rates, poverty had significantly expanded to the middle class, and culture had been corrupted by a deteriorating education system (Kamel, 1998: 5). It has been argued that the GOE is less likely to initiate, let alone to succeed, on its own to deal with these issues. Such strategies would require a revolution to come from within the GOE (Ayubi, 1980). A major disadvantage of a revolution, however, is jeopardizing the pro-Western regime that industrial countries have been investing in maintaining since the mid-1970s.

### **Theoretical Framework**

The importance of administrative reform for developing countries and the importance of the role of external agents in achieving reform warrant modeling the relationship between all the actors and variables involved in this complex political environment. Axinn (1988) and Axinn and Axinn (1997) were first to outline the forces involved in the developmental process in the form of a Continuity and Change Model and applied it to the field of International Rural Development. Their model, illustrated in Figure 1.1, assumes that technological, biological, physical, cultural, social, economic, administrative, political, and diplomatic forces influence

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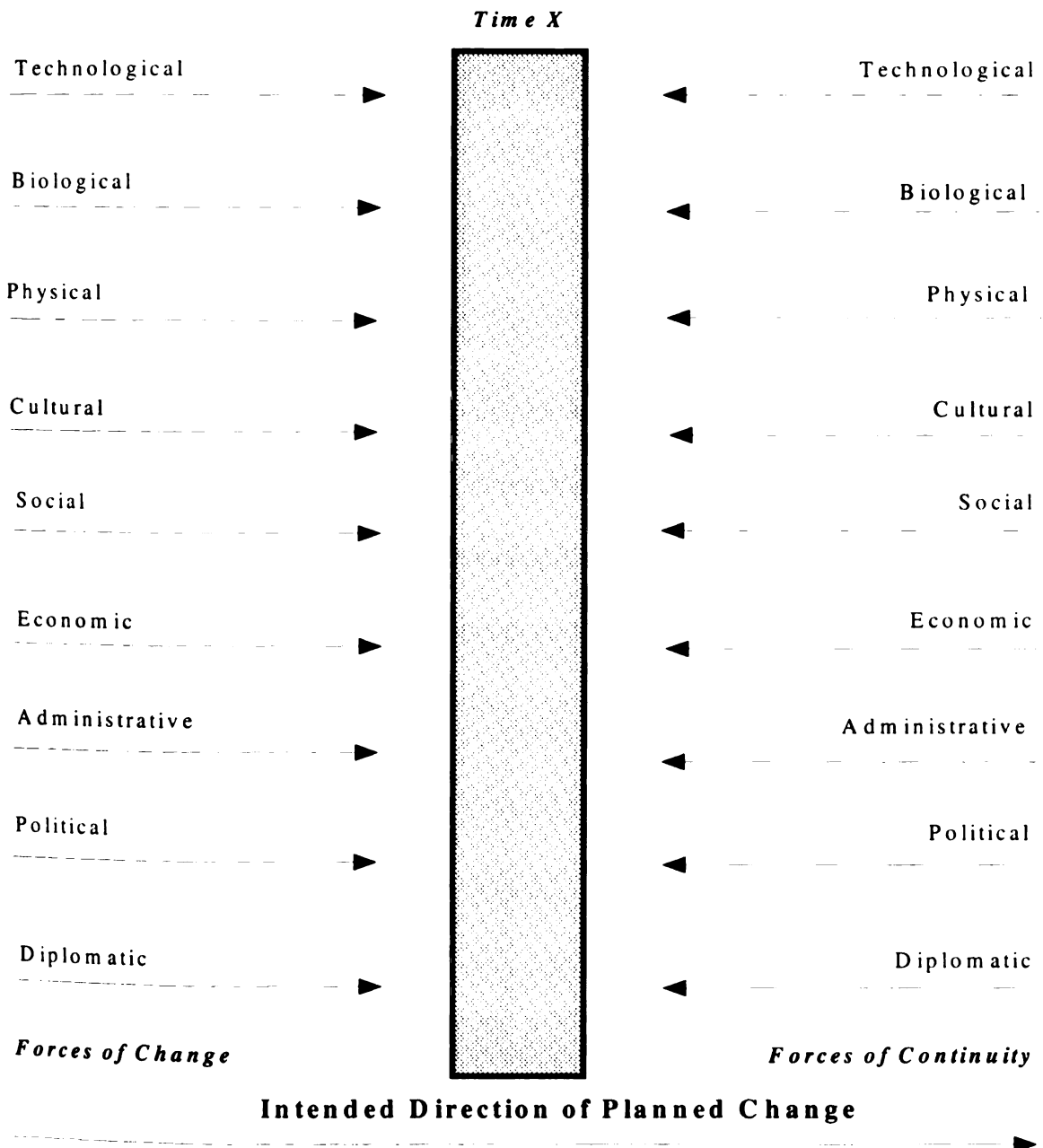
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development from both sides in a straightforward fashion. Their model, however, fell short of including the role of, and the interplay between, political actors and implementors in the field who are primarily responsible for the forces in the model.

**Figure 1.1**  
**Forces of Continuity and Change Model**



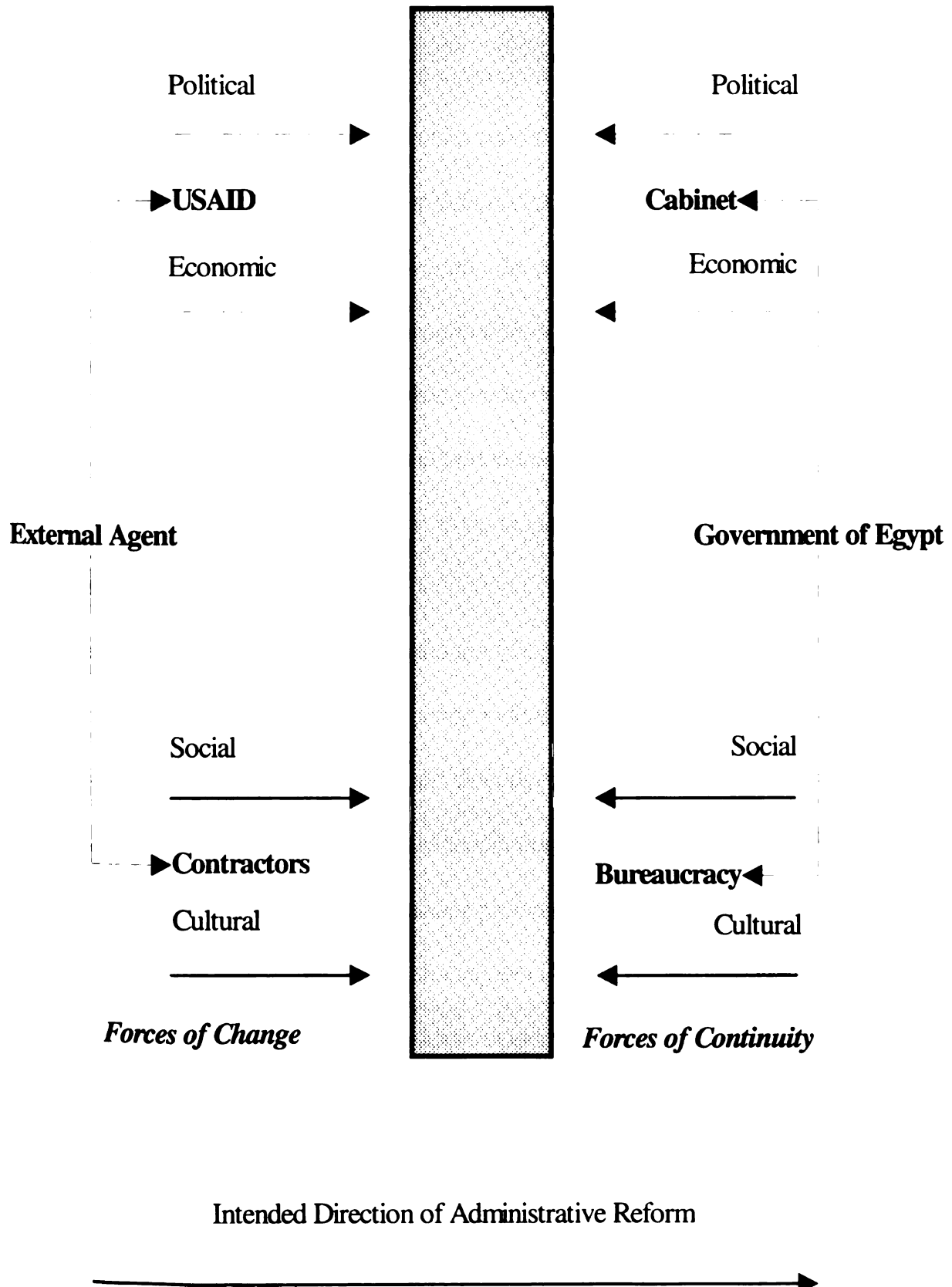
Source: Axinn (1988); Axinn and Axinn (1997).

To overcome the limitations of Axinn and Axinn's framework, a new model was developed to be adopted as the theoretical guidance for the study. The new Continuity and Reform Model, presented in Figure 1.2, is more applicable to the field of Comparative Public Administration than Axinn and Axinn's framework in Figure 1.1. More specific, Figure 1.2 reflects the following changes to Axinn and Axinn's model. First, it is assumed that the level of development hinges of the status of public administration. Second, political actors involved in the aid relationship and implementors of administrative reform from both sides were incorporated in the model. Third, the focus of the new model is limited only to the variables perceived to be theoretically relevant to the relationship between external agents and developing countries in terms of administrative reform. Omitting some variables from Axinn and Axinn's model, under theoretical guidance, has the empirical advantage of allowing for a systematic approach in analyzing the interaction between the relevant dynamic variables from the perspective of both political actors and implementors involved in the reform process. Benefits of omitting variables based on theory also include maintaining the simplicity of Axinn and Axinn's modeling approach for a rather complex political and administrative process.

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**Figure 1.2**  
**Forces of Continuity and Reform Model**  
**Status Quo of Public Administration**



The Forces of Continuity and Reform Model in Figure 1.2 then aims at conceptualizing the outcome of the external agent's role in administrative reform in the face of continuity forces of recipient governments. The model assumes that economic, political, social, and cultural factors are involved in such relationship and represent forces of continuity and reform. The interplay of forces in this model operates so that there is a theoretical balance responsible for the status quo for public administration at any given time. The status quo of public administration exists at any particular point in time not only due to forces which are pressing the situation toward reform, but also due to forces pressing against reform. Egyptian public administration is as it is because the forces in one direction balance the forces in the other direction. Administrative reform would result from introduction of additional force on the external agent's side, or from reduction of some force on the recipient government's side.

In case of Egypt, continuity forces are placed through three means. First, the GOE in the form of the President and the country's elites based on the traditional Middle East's politics of kinship and exclusion; second, directly through the Egyptian bureaucracy that maintains the social and cultural aspects of continuity in the government machinery; and third, indirectly through the political and economic policies issued by the cabinet and approved by the President. In the case of the U.S. on the reform side, forces are also placed through three means to influence the status quo in a manner opposite to the continuity forces. First, the external agent is in the form of the White House, Capitol Hill, and the State Department; second, directly through foreign contractors who are assigned the task of on-site administrative reform to change the social and cultural aspects of Egyptian bureaucracy; and

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third, indirectly through macro political and economic strategies designed to absorb, or reverse, the continuity forces placed by the cabinet's policies. Overall, it is theorized that political actors and implementors are keeping circumstances under constant review to adjust the pace and location of intervention as needed. Continuity and reform forces are pushed wherever and whenever the circumstances warrant. Forces are slowed down or accelerated at times based on higher chances of continuity for the recipient government and reform for the external agent.

To make the picture more clear, the status quo of public administration could be viewed as sliding on a continuum, or an X axis, that ranges from an inefficient and ineffective status, i.e., negative, to an efficient and effective status, i.e., positive. Thus, increasing forces placed by the external agent are theoretically expected to result in administrative reform by moving the status of public administration toward the positive end of the continuum. For example, a cabinet's decision to guarantee employment in the civil service for all college graduates would have a less negative impact on the status quo of public administration if faced by an external agent's economic strategy that would expand the scope of the private sector to absorb more college graduates. Another example is that when continuity forces in a society take the shape of large public labor force, large public organizations, and typical government monopolies, then inducing more contractors with on-site administrative reform projects by the external agent is theoretically expected to lessen the impact of continuity forces on public administration. The net result of the continuity and reform forces is expected to be the enhancement of the status quo of public administration by moving it toward reform. This outcome is based on the assumption that the external agent adopts the appropriate

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**strategies and administrative reform tools to outplay the continuity forces of the recipient government. The goal of this study is to test the posited assumption through empirically answering a research question about the theory behind the role of each of the political actors and implementors involved in the relationship.**

**It should be noted that other actors that may play a role in continuity or reform, such as Islamic groups, the private sector, or European donors, are not included as an integral part of the model. Instead forces placed by such actors will be analyzed separately in this study as outside forces that may affect the decision of the main actors in the model. This is a legitimate strategy for two reasons. First, the system is not isolated from the outside environment as forces are linked to variables outside the system (Axinn, 1988; Axinn and Axinn, 1997). Second, such actors take the form of changing variables rather than constants in placing forces due to their short-term life span in the system. Third, it is difficult to theorize a formal role or direction for some of these actors due to inconsistency in their strategies. For example, until the mid-1970s Islamic groups were advocating joining the civil service as a form of nationalization. Later, however, they denounced the civil service and labeled it as sin for being paid for doing nothing or for helping a pro-Western society (Kepel, 1993). Fluctuations in positions of such actors warrant analyzing them as outside variables that may influence the main actors in the model.**

**In sum, the theoretical framework of this study is guided by the Forces of Continuity and Reform Model suggested by Figure 1.2. The model informs this study by assuming that the status quo of public administration does not exist by chance but rather is due to strategic and systematic interaction between internal and external political actors. Any strategy**

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adopted by one political actor in this force field perspective has an impact on all other components. It should also be noted that the role of external agents in administrative reform is not limited to the relationship between the U.S. and Egypt. Bilateral aid relations are common between developing countries and the West. International, multilateral donors, nongovernmental, and private-voluntary organizations are also increasingly involved in developing the Third World. The case of USAID/Egypt modeled here and utilized to establish the theoretical framework is by no means unique but rather parallel to many other relationships between external agents and developing countries. The case of USAID/Egypt, however, is worth modeling and analyzing here due to its significance in terms of both the long-term of the relationship and the interplay of variables.

### **Research Questions**

The main focus of this study concerning the role that an external agent can be play in the administrative reform of bureaucracies will be addressed with the following research questions based on the Continuity and Reform Model.

1. Can the GOE through its bureaucracy directly constrain the contractor's efforts of administrative reform?
2. Can the GOE through political and economic strategies indirectly constrain the external agent's reform efforts?
3. Can the external agent indirectly through political and economic forces positively influence public administration?
4. Can the external agent through contractors directly influence the social and cultural aspects of bureaucracy toward administrative reform?

## **Methodology**

The research questions were answered using both qualitative and quantitative approaches and a typical urban public service as a case study. The qualitative approach was composed of face-to-face interviews and observations made with officials and consultants in both public and private organizations from both sides of the USAID/Egypt relation in both Cairo and Washington. On the external agent side, State Department and USAID officials and American management consultants associated with the USAID's mission were asked to assess the Egyptian bureaucracy and the role of the mission in administrative reform. The interviewed consultants were from AMBRIC, Arthur Anderson, EAP, Black and Veatch, and CH2M Hill. On the Egyptian side, interviews included Egyptian scholars from the Sadat Academy in the field of Public Administration, an Assistant Minister of the new Ministry of Administrative Development, Head of the Research Division at the Central Agency for Organization and Administration, an official at the Budget Division at Ministry of Finance, an official at the Personnel Department at Ministry of Education, an official at the Minister's office at the Ministry of Culture (See Appendix A for a complete listing of those interviewed).

The main goal of the interviews was to examine the practitioners' opinion and knowledge about bureaucratic problems, prospects of internal and external administrative reform, and the political environment in which the external agent operates. These interviews were based on techniques of elite interviewing described by Manheim and Rich (1991). For example, each interviewee was questioned differently based on the information he or she possessed. Questions were "unscheduled" to the extent that their order, predetermination and flexibility were guided only by the objective of collecting the information that the interviewee

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uniquely possesses (Manheim and Rich, 1991: 140). Also, the tone of the interviews was conversational without rapid questions in order to allow interviewees to collect their thoughts and analyze the question whether it related to the relation between GOE and USAID or the bureaucracy. Interviewees' answers helped in answering the research questions and evaluating the relevance of explanations offered by the literature review and previous survey results. Information from these interviews also captured the dynamics of the reform process and served as a gauge to cultural, situational, and interpretive validity for the survey to be used in the quantitative approach (See Appendix B for a copy of the interview protocol).

The quantitative method adopted a systematic survey approach of bureaucrats and managers at a typical urban public utility in Cairo that has been subject to USAID's administrative reform over the last decade. The bureaucrats' capacity was examined by using a "bottom-up" approach in the form of a survey of workers in that utility and interviews with a series of front line workers and consultants. Wilson (1989) argues that "there are two ways to look at government agencies: from the top down and from the bottom up. Most books. . . . tend to take the first view. The academic perspective, much influenced by Max Weber (and lately by economic theories of the firm), typically centers on the structure, purposes, and resources of the organization. . . . These are important matters, but the emphasis . . . has caused us to lose sight of what government agencies do and how the doing of it is related to attaining goals or satisfying clients" (11). Utilizing the "bottom-up" approach in this study also considers the sensitivity of the method (Haltiwanger, 1998). For example, when approaching the managers to ask for surveying the bureaucrats, a request was made that the managers should not only include the agency's "best workers" in the survey. Also, interviews



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with officials were also conducted to complement the study with an “up-bottom” approach that would fill the missing pieces of the puzzle not solved by the survey. The General Organization for Greater Cairo Water Supply was chosen for surveying bureaucrats because it constitutes a representative case study of external agents’ administrative reform attempts. As an external agent, USAID has been attempting to work closely and cooperatively with this public utility for over two decades to achieve goals, including administrative reform. The survey was administrated in Cairo in June, 1998 and was designed in the Arabic language. Sampling was limited to the headquarters of the General Organization for Greater Cairo Water Supply which has been a part of USAID’s on-site administrative reform program for ten years. The final sample was 63 out of the 123 bureaucrats who are in direct contact with the public on daily basis at the General Organization for Greater Cairo Water Supply or a return rate of 51 percent.

The results of the survey were compared to Al-Ahram’s survey which was conducted in the spring of 1983 and successfully surveyed 836 bureaucrats using funds from the Ford Foundation.<sup>3</sup> Al-Ahram’s survey was selected for several reasons. First, it is the largest identified survey of Egyptian bureaucrats. Second, studies that used Al Ahram’s data such as Palmer et al. (1987, 1988, 1989) and Sullivan et al. (1990) did not resurvey bureaucrats to measure changes in the bureaucrats’ behavior. Finally, using Al Ahram’s survey saved the effort of pretesting the questionnaire and at the same time allowed measurement of the changes in bureaucrats’ behavior. Comparing the survey results with Al-Ahram’s results will

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<sup>3</sup> Al-Ahram is Egypt’s official newspaper. Founded in 1875, it is the oldest Arabic daily and had the largest circulation of all Arabic newspapers.

**illustrate persistence of problems and will note any changes in attitudes, solved problems, new strengths, or new problems. Overall, comparisons of the results provided theoretical consistency and a moving picture of the empirical findings in the form of trends rather than a simple snap shot of the status quo in 1998.**

**Finally, evaluation of the external agent's efforts depended also on reviewing government documents housed at the USAID library in Arlington, Virginia, that was later moved to the new Ronald Regan building in Washington, D.C., the USAID library in Cairo, and newspapers archives. Funding for both the qualitative and quantitative approaches was provided by the Ford Foundation and the American Research Center in Egypt. Overall, personal interactions, qualitative data, and quantitative data analysis provide answers to the research questions and form the basis of the conclusions and implications of the study.**

### **The Research Level of Generalization**

**While every country has a different political and economic environment, each faces similar forces modeled in the Continuity and Reform diagram in Figure 1.2. What differs is the strength of forces. An external agent could be stronger in one case and weaker in another or the government of the recipient country could be active in development in one case and resisting in another. Further, factors analyzed in the Continuity and Reform model within the context of USAID/Egypt case study are standard across other cases. Political, economic, social and culture factors analyzed in the model are common components of relationships between external agents seeking development and recipient countries seeking aid. In the case of USAID, other major recipient countries such as Israel, Russia, Gaza, and Jordan are often chosen and developed by the external agent based on the political, economic, social, and**

cultural factors in the model. This pattern is true with other external agents such as the IMF or the World Bank. Thus, the Egyptian experience based on the Continuity and Reform model should help inform the understanding and applicability of continuity and reform in other countries.

Finally, the importance of bureaucrats and administrative capacity in the Continuity and Reform model are also not unique to the case of USAID/Egypt. These two factors are the main determinants of the success or failure of the external agent and the recipient government in their tasks because they are responsible for implementation. Therefore, specifically focusing on bureaucrats and public administration increases the generalization level of this study.

On the whole, the universality nature of the Continuity and Reform is based on including the standard forces and factors involved in drafting and implementing the relationship between external agents and recipient governments. Hence, the universality of the model allows the knowledge produced by this study to be generalizable and transferable to different cases. Generalization of this research is highly feasible because the model utilized is both conceptually sound and generally applicable and the key factors analyzed in the model are of direct operational relevance to other case studies.

### **Organization of the Dissertation**

After presenting the problem and the theoretical framework in this chapter, Chapter 2 provides a review of pertinent literature to identify administrative problems in developing countries and the means of administrative reform. Within the context of the Continuity and Reform model, this chapter explains the “Direction of Administrative Reform” presented in

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**Figure 1.2. The following chapters examine the propositions of the Continuity and Reform model by answering the research questions. Chapter 3 answers the research question of whether the GOE directly constrains efforts of administrative reform through its bureaucracy. This will be done by an analytical study of Egyptian bureaucracy to identify its administrative problems and the contribution to these problems. Chapter 4 answers the research question of whether the GOE indirectly through political and economic strategies constrains the external agent's reform efforts. This question will be answered by an analysis of previous and recent administrative reform attempts. Answers to the first and second research questions will then be analyzed in terms of the Continuity and Reform model to examine its applicability.**

**Chapter 5 answers the research question of whether the external agent positively influences the status quo of public administration as proposed by the Continuity and Reform Model. This will be done by analyzing the case of USAID/Egypt and an assessment of USAID's role in administrative reform. Chapter 6 qualitatively answers the research question of whether the external agent through consultants directly influences the organizational aspects of bureaucracy toward administrative reform. The case chosen to answer this question is the USAID administrative reform efforts for The General Organization for Greater Cairo Water Supply (GOGCWS) as part of Water and Wastewater Institutional Development Program. Qualitative analysis examines the impact of consultants on administrative reform in the areas of organizational responsibility and performance, relationship with other bureaucracies, organizational structure, human resources, training, salaries, incentives, and revenues and financial performance. Chapter 7 quantitatively answers the research question**

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by analyzing the areas of bureaucratic productivity, bureaucratic flexibility, communication, innovation, relation with the public, and professional information. This will be done by surveying bureaucrats who deal with the public on daily basis at GOGCWS. The methodology employed, the sample, sources of comparison data, processes of data collection, and the data analysis for the questionnaire administered at GOGCWS to examine consultants' influence on administrative reform are presented in this chapter. Finally, the Continuity and Reform Model is analyzed and modified in light of the answers to the research questions. Chapter 8 presents the findings, conclusion, and implications of the study.

The main goal here is to examine the theoretical propositions of the Continuity and Reform Model. The models of Gates (1989) and Sullivan (1987) about the political environment in which the external agent operates suggest resistance from bureaucracies. Further, Downs' (1967) model of bureaucracy in which rigidity looms large provides an explanation for the Egyptian bureaucracy's inability to implement reform goals due to problems such as inflexibility, inefficient output levels, and lack of innovation. Wilson's (1989) "bottom-up" model is the most relevant to empirically assess the extent of rigidity and its indicators. Administrative reform based on hunches rather than empirical assessment of the political environment and implementors' capacity is a recipe for maintaining the status quo.



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## **CHAPTER 2**

### **LITERATURE REVIEW**

The stage is now set for an exposition of the relevant literature and different perspectives on how the role of external agents in administrative reform in developing countries may be undertaken. Within the context of the Continuity and Reform model, this chapter explains the “Intended Direction of Administrative Reform” presented in Figure 1.2. The order in which the discussion will be presented in this chapter is as follows. After reviewing the problem in terms of developing government’s incapacity for internal administrative reform and the need for an external agent, I address the complex political and bureaucratic environment in which the external agent must operate. I shall do this by (1) identifying the role that an external agent can play in the process of administrative reform and the importance for carrying out this role, (2) examining the political resistance facing external agents and the dilemma of inadequate tools to face this resistance, and (3) reviewing of the bureaucratic resistance that the external agent is most likely to face, its causes, forms, and tools at the external agent’s disposal to deal with it. Finally, the tools at the external agent’s disposal for administrative reform are examined. Each of these tools is identified in terms of theory and methods for implementation as recommended by the literature review in order to provide a blue print for the external agent’s task. Put together, this chapter should provide a clear understanding of the intended direction of administrative reform in the Continuity and Reform model, the role of the external agent in implementation, and the forces of continuity that face reform.

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### **Administrative Problems and the Need for an External Agent**

A pre-eminent example of an efficient bureaucracy is one that effectively serves the public needs, assists the expansion of economic production and trade, enhances willingness to save, and holds the rule of law without being a big burden on the public's lives (Thompson, 1998). The definition of an efficient bureaucracy can be carried further to characterize it in terms of curtailing government expenditures and contributing to an annual surplus while meeting the public needs. Efficient bureaucracies are central to creating an environment which fosters sustainable social and economic development. A development process requires efficient bureaucracies (Werlin, 1992). Efficient bureaucracies are required for coping with the increasingly complex and technical tasks and issues of development (Hope, 1983a, 1983b). This is because bureaucracy is a coherent power center where major development rules are made and applied (La Palambora, 1963).

The problem is that in developing countries weak administrative systems are usually a countervailing force for development (Haggard, 1985). Most bureaucracies do not play an effective role in providing public and social services needed for development. The centralized nature of bureaucracies in developing countries tends to immobilize effective decision making by leading to either procrastination and long delays, and/or inadequate and inept policies (Hope, 1983a, 1983b). The World Bank (1992) describes administrative problems in developing countries as "excessive rules, regulations, licensing requirements, and so forth, which impede the functioning of markets and encourage rent-seeking" (9).

Other common administrative problems include: rigidity; recruitment of generalists into the administrative service and a system of promotion based solely on seniority rather than

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merit; poor staff development and training arrangements; corruption and nepotism and backward personnel practices-patronage; weak administrative leadership and managerial ineptitude; unclear, multiple or contradictory objectives; strong political interference in local administration; and shortage of fiscal resources and low salaries (Walakira, 1982; Shirley, 1983).

Esman (1991: 32) summarizes administrative problems facing bureaucracies of developing countries as follows:

Bureaucracy is charged, often not inaccurately, with contradictory offenses: with mindless adherence to rigid rules and formal, impersonal routines at the expense of performance and timely responsiveness to public needs, the means--red tape--displacing the goals; with abuse of discretion, resulting in favoritism, discrimination, self-serving enrichment, and corruption; with technical and managerial incompetence that absorbs and squanders scarce resources, while producing few benefits for society and at high cost; with bureaucratic politics, victimizing both state and society in self-regarding struggles for irresponsible power and pelf. State bureaucracies are vulnerable to the political abuses of overstaffing and of employment according to ethnic, nepotistic, or patronage criteria that undermine discipline and performance incentives. So rigid, complex, and often contradictory are the formal rules and procedures in government bureaucracies that only informal behavior outside the rules permits the essential business of government to proceed, but these informal practices invite foot-dragging and corruption.

Despite these dysfunctions, public bureaucracies are shouldering important responsibilities.<sup>4</sup> They are responsible for vital aspects of people's life and are the universal

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<sup>4</sup> Van de Walle (1989) summarizes the reasons that led to bureaucracies taking over the responsibility of providing all goods and services instead of the private sector. The reasons are: first, governments believe that intervention in all aspects of the socio-economic aspects of their citizens' life will increase people's welfare and at the same time will bring much needed revenues. Second, socialist ideology of regimes never believed in the capacity of the private sector to satisfy the public needs and to attain rapid and sustainable development. Third, the private sector was usually associated with unpopular foreign sources. In the case of Egypt, nationalization decisions in the 1950s were very popular because the private sector, mostly owned by British or French people or sources, was perceived as a form of colonization. Finally, expanding bureaucracies provides regimes with political security by creating jobs, servicing constituencies, and patronage.

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producer and provider of goods and services. This responsibility leads to rapid growth in governmental departments and agencies and causes bureaucracies to be the preferred source of employment in most developing countries. While a bureaucracy provides the regime with patronage and the middle income groups with employment, the national community receives only a minimum level of essential services as compared with its size and cost (Timsit, 1982). The ability of a bureaucracy to carry out its tasks at acceptable levels of efficiency is problematic in most developing countries despite their significance for providing social and public services (Kiggundu, 1989; Esman, 1991).

### **The Role of External Agents**

It is unlikely for internal forces to initiate the process of administrative reform because at low levels of development, the demand for efficiency of government agencies by the public is not urgent and can be politically costly. The rhythm of administrative life is slow and things move in set patterns with a little difference between the ways of administration and the ways of life beyond the office (Dabasi-Schweng, 1965). The failure of the government to implement reform could be also due to limitation of public administration knowledge (Lin, 1989). Politically speaking, the cost of internal reform is often high, and thus avoided, because regimes have to upset their supporting political base by disturbing the bureaucratic norms. Therefore, without an external agent there is a very low chance of setting the reform agenda and starting the reform process.

Arguing for an internally initiated effective administrative reform that would change organizations including the attitude of bureaucrats might be dismissed as utopian (Levy, Meltsner, and Wildavsky, 1974). Yet calling for the external agent to play that role is quite



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reasonable. The remarkable ability of regimes to obtain foreign aid opens the door for reform. External agents can be of significant importance for offsetting the reluctance of initiating and implementing administrative reform.

External agents' involvement in administrative reform has expanded in recent years. Their work in bureaucracies has broadened from strengthening organizations to reforming the civil service (World Bank, 1992). External agents' role includes a wide range of activities (Duncan, 1986). They assist in policy analysis, provide technical assistance, plan projects, evaluate outcomes. External agents conduct research activities such as promoting, and co-ordinating comparative studies on administrative problems connected with social and economic development. They can act as host and as scientific contact body for the benefit of schools of public administration and any other agencies whose activities come within the scope of reform (Huynh, 1982). Finally, external agents also assist governments to improve the collection and dissemination of economic and social data and assist them to strengthen their capacity in understanding, processing, and using information (World Bank, 1992).

The external agent can make an important contribution to administrative reform, but cannot do it alone. Schiavo-Campo (1994b: 169) notes that:

On the donor side, activities of the different donors need to be coordinated, at least enough to prevent contradictory efforts and at best to take advantage of complementarities and comparative advantages of the various donors. On the recipient side, external assistance must be managed well - not only in order to guard against waste, diversions and theft, but also to ensure that external resources are used in pursuit of national economic objectives in the context of an integrated policy framework.

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**The external agent should be a dynamic “efficient nuclei” that strengthens linkages and communication channels to facilitate administrative reform. An efficient nucleus, according to Schiavo-Campo (1994a: 13), should meet the following practical standards:**

**Be small; . . . be fiercely meritocratic, in the initial selection and in the evaluation of staff performance; . . . have flexible and simple procedures; . . . have adequate material and financial resources; . . . use local talent, with external advisors only when demonstrably necessary; . . . advance specification of the procedures for reassignment of its staff throughout the relevant government agencies; . . . operate not only to perform specific tasks but also a teaching-by-doing function, in cooperation with other agencies.**

**An efficient nucleus role is “a catalyst” that should facilitate an internal process of a potentially self-sustaining character and eliminate the need to remain directly involved beyond the initial phase (Schiavo-Campo, 1994a: 16).**

**Further, playing the role of an external agent and getting involved in administrative reform benefits foreign aid units. They are accountable to their government or executive board and have to ensure that their investments are put in place and their efforts are leading to a sustainable development. Therefore, most assistance is awarded with conditions such as administrative reform even when money is in the form of loans and must be repaid with interest. External agents often provide for the continuous presence of an active team of specialists, either employed or contracted, to ensure that resources are used for their intended purposes and reach the beneficiaries. The presence of an external agent would allow overseeing resources devoted to administrative reform and would ensure sustainable development.**

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## **Change Options Available to External Agents**

### **Theoretical Guidelines**

Identifying the theoretical steps for playing an active role in the Continuity and Reform model is important for external agents because they have often so frequently failed in their administrative reform efforts. Common problems that external agents have suffered include failure to establish a predictable framework of administrative behavior conducive to development, arbitrariness in reform of rules and laws, and priorities inconsistent with development causing a misallocation of resources (World Bank, 1992).

To overcome common problems, the external agent should follow theoretical guidelines. First, the power of a bureaucracy being reformed has to be considered by the external agent.<sup>5</sup> In order to make a difference, the external agent has to focus on areas with high feasibility of significant and identifiable change, a “positive impact on intra-system linkages,” and a potential for generalizing the change to other areas (Schiavo-Campo, 1994a: 16). Second, administrative reform should introduce maintainable policies that enhance the stability of the overall policy environment. Completely changing the rules and procedures just to temporally facilitate the external agent’s task or to minimize bureaucratic resistance is not an effective strategy. The external agent should plan a maintainable administrative reform within a societal acceptance reference (Rodrik, 1990). New forms of practices have to be incorporated within the existing institutionalized set of norms, values and structures (Kimberly, 1979).

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<sup>5</sup> A bureaucracy’s power rises or falls in proportion to the material basis it manages; it is powerful if it manages a large sector of the economy or a large part of the social capital, social activities, and public services (Tonkovic, 1982).

Third, incrementally changing rules is an effective mean of administrative reform for many reasons.<sup>6</sup> Incremental strategies entail smaller risks of error and require less information (Lindblom, 1965; Cleaves, 1980). This is especially important in the case of the external agent operating within many constraints such as opposing political and bureaucratic forces and incomplete information. Incremental change allows leaders to avoid unanticipated results of a major change (Levi, 1990; Werlin, 1992).

Administrative reform can be incrementally tailored accordingly based on the urgency of the reform and the bureaucrats' readiness status (Armenakis, Harris, and Mossholder, 1993). Expected resistance can be minimized with smaller ongoing changes that are maintained throughout the process of administrative reform (Armenakis, Harris, and Mossholder, 1993). Based on the level of the organization's readiness to change, a decision could be made about whether to initiate changes in "profound components" such as organizational structure, or in "shallower components" such as simple formal rules (Downs, 1967: 196).<sup>7</sup> Finally, the external agent can minimize resistance by proceeding incrementally so that reform affects the fewest possible number of bureaucrats at a certain time. This is a helpful strategy in case of large organizations where the number of bureaucrats being affected by reform increases the chances of bureaucratic resistance (Downs, 1967).

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<sup>6</sup> There are paradoxical views regarding the effectiveness of an incremental approach. Bunker (1973: 289) points out that increasing the duration of "sequential steps involved in the implementation stage", increases "the possibilities for existing actors to alter their goals, for leadership to turn over, for new actors to enter the scene, or for unintentional consequences to take their toll." Also Sussman (1980) shows that political and bureaucratic factors impeded development work in India because factors of timing led to the abandoning the original pattern for development and adopting a new approach.

<sup>7</sup> Identifying profound changes is based on the extent of political uncertainty, or elimination of old accustomed functions, associated with reform (Merton, 1957).

Further, individuals are often slow to adjust to new situations because they have acquired work habits, such as working slowly or not taking initiative or responsibility, that cannot be modified on short order. Finally, reform has to proceed incrementally because there is no comprehensive approach for policy formation (Lindblom, 1959). No one approach can deal with individual perceptions and motivations, social processes and interactions, and political dynamics that must be effectively shifted, evolved or changed (Rose, 1985). In reality, however, the external agents often push reform too rapidly due to congressional pressures, lack of time, or to get over the exceedingly complex and difficult tasks. Administrative reform often takes longer than the external agent assumes (Rose, 1985). The external agent must view its role as a long-term investment of time, imagination and resources (Schiavo-Campo, 1994a).

One final theoretical consideration to increase the chances of administrative reform success is that the external agent should focus on increasing the organization's revenues. The surplus that the organization earns out of its operation would help in pursuing change (Cyert and March, 1963) and in maintaining it.

### **Barriers to Change**

While theoretically the external agents are expected to be an effective force for initiating reform, in reality this is not actually the case. One reason for that is the methods of planning, analysis, and management adopted by external agents and governments fail because they are not seriously tried (Rondinelli, 1993). Another reason for failures in attempts of reform is that external agents do not deal with problems over the long-term. Cooperation and funding of development programs with bureaucracies are not based on need but rather on



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transient, short-term political interest. Management techniques are often translated poorly into the developmental area due to lack of commitment to long-term objectives and attention to details (Dow, 1985). In these cases, the aggregate effect of external agent efforts is to overload an already weak administrative system with programs and procedures (Duncan, 1986).

Also failure could stem from the fact that external agents heavily delegate functions to international technical experts and consultants. They can understand and meet the requirements of the external agent, but this delegation often leads to unrealistic and inappropriate policies for local conditions (Rondinelli, 1993). Success depends on the extent to which work reflects the country's bureaucratic needs, its history, its political economy, and the nature of its society. The need for highly trained international technicians to deal with the complexity of the procedures for planning and analyzing proposals, should not be translated to complete dependence on imported experts. External agents should rely on native expertise in the reform efforts in order to understand local problems and needs and to avoid adverse consequences (World Bank, 1992).

### **Pros and Cons of an External Reform Strategy**

The deviation from theory and the negative record for some cases warrants weighing the advantages and disadvantages of external initiation of reform. In the case of external agent initiation of administrative reform, there is a price to be paid. Relying upon the external source introduces a certain degree of bias because inevitably it introduces professionals who may or may not have the best interests of the country in mind. While doing a professional job,

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foreign international professionals may view the particular needs of the bureaucracy and the country it serves as irrelevant (Jedlicka, 1987).

Another disadvantage for relying on an external agent is writing reform proposals in a way that only satisfies the local bureaucrats who will review and assess their worthiness. While recipient regimes accept administrative reform in principle, local bureaucrats with relevant expertise at recipient governments review the proposals and made the final decisions about the details. Local bureaucrats are expected to have their interest in mind when making these decisions. Third, there is the disadvantage of extra paperwork and labor that the host country will have to make just to produce the help for the external agent. Fourth, the external agent must convince those who provide resources (Congress, the White House, and the public) that it knows what it is doing and that it can produce clear results in a reasonable amount of time. These pressures promote fixes and patching rather than reform and stand against the longer-term sustainable development that theory prescribes (Rondinelli, 1987). Finally, when relying solely on external agents, a certain degree of dependency will be established that can inhibit the development of indigenous control (Jedlicka, 1987).

On the other hand, advantages of external initiation of administrative reform might outweigh the disadvantages despite that the internal sources are in a better position to understand the local problems and needs. This is because without the external agent the chances of initiation of administrative reform in the first place are slim. In addition to political and bureaucratic resistance, the phenomenon of “brain drain” in developing countries deprive bureaucracies of their most skillful. There are few talented and qualified people who are able to get involved and manage the process of reform (Jedlicka, 1987).

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The best option to emphasize the advantage of external initiation of administrative reform may be a mixed approach of internal and external strategies to address the local incapacity. It is more productive because the international professionals after all are expensive and probably temporary at best. The mixed approach would also apply a long-term solution through training of selected personnel to manage and sustain reform by providing training sessions either locally or in the sponsoring country. Incapable bureaucrats would then become indigenous reform agents and trainers who do not rely upon the support of the external agent (Solomon and Heegard, 1977).<sup>8</sup>

The above discussion so far assumes that the willingness of both top officials and bureaucrats to accept and make commitment to administrative reform. Political and bureaucratic resistance to the external agent role creates a complex political environment and raises serious questions about the ability of the external agent, politicians, and bureaucrats to rationalistically and systematically implement reform (Rondinelli, 1993). The significance of resistance problems warrants the analysis of the political and bureaucratic environments and the examination of the external agent's tools to deal with them.

### **Political Resistance**

Political considerations in general are important in determining the success or failure of development projects (Hawkins, 1991). More specifically, political leadership's support and commitment are of major significance in affecting the success of the external agent's role

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<sup>8</sup> It must be said, however, this strategy runs the risk that they will become part of the "brain-drain" problem. For example, many Egyptians as many other nationalities remain in the States after training programs. Bureaucrats with the proper skills and training seldom remain within their own countries after receiving training

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in administrative reform (Nelson, 1989).<sup>9</sup> Significance stems from the need for the backing of the regime's political leadership for administrative reform because bureaucracies' functions, unlike other activities in society, are determined by political authority. Bureaucracies' work conditions, appointments, and salaries are all based on decrees. They receive their funding from the state budget on the basis of political decisions (Tonkovic, 1982). Political leaders can inspire and direct the bureaucrats to higher levels of performance through words and actions (Hope, 1983a, 1983b). Bureaucrats, typically, do not change voluntarily and must receive a mandate from national authority.

The degree of political commitment is crucial to the success and sustainability of the external agent's efforts because "outsiders can assist and advise, but unless governments are committed to reform, changes that are brought about will not be sustainable" (World Bank, 1992: 50). Without this requisite, there will be either no administrative reform in the first place and consequently no development, or at best, a significant lag and increase in the cost of the external agent's tasks. If political leadership is ambivalent about administrative reform, then the external agent finds itself conducting technical exercises with little impact on bureaucracies and on attaining its developmental task (Caiden, 1973; Hope, 1983a, 1983b).

Despite its importance, political commitment, however, is difficult to attain because politicians' political power, authority, and elite status are put on the line by the external agent intervention. Regimes are likely to hang on to the privileges and security of their positions

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<sup>9</sup> Political leadership here refers to the top most decision-makers whose legal and/or actual responsibility is to make final authoritative decisions on each of the issues and problems the external agent is concerned with (Hope, 1983a, 1983b). The Chief Executive of the nation and his Cabinet or whoever controls government usually has the last word and can enforce decisions on other organization (Dahl and Lindblom, 1953). Commitment and leading support of political leadership to administrative reform here refer to a desire to increase productivity and efficiency of service delivery regardless of the cost to their authority.



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without making a serious attempt to contribute to the quality of public policy (Hope, 1983a, 1983b).<sup>10</sup>

The likelihood of resistance is decided by a benefit-cost analysis. When the external agent presents a reform proposal that emphasizes the impact of change on the nation's total wealth, the ruler, as a wealth maximizer, is likely to provide support.<sup>11</sup> The ruler will support reform when his estimated marginal benefits exceed the estimated marginal costs in terms of political support or other commodities such as net tax revenues that enter in the ruler's utility function. On the other hand, the ruler is likely to resist reform if it threatens his political survival or lowers his utility while bringing higher income to the nation. There is no guarantee, however, that a utility-maximizing ruler has an incentive to support reform to the socially optimal point that maximizes social wealth. Also, given bounded rationality and the complexity of information needed to calculate the utility function it is very unlikely for the ruler to reach an accurate decision (Lin, 1989).

The ruler's benefits from administrative reform are not always monetary. One factor likely to be included in the ruler calculation of benefits to support reform is bureaucratic discretionary behavior. While bureaucracies are at the ruler's disposal to implement the law, collect taxes, and provide public and social services, each bureaucrat in the process is a rational individual and his interests never completely coincide with the ruler's. The ruler

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<sup>10</sup> For example, Haggard's (1986) study remarks a dismal record of reform implementation for external agents: of thirty cases, twenty-four were not implemented in their original form and sixteen of these were canceled due to political resistance.

<sup>11</sup> It worth mentioning that wealth is only one of the many commodities that the ruler values because he is also concerned about his prestige in the international political arena. Therefore, he may choose to strengthen military power instead of administrative reform at the cost of his nation's wealth.

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attempts to monitor their behavior and to set a reward system that promotes loyalty but cannot perfectly control or eliminate bureaucratic discretionary behavior. Therefore, how much the bureaucrats take the ruler's goals as their own is always in the ruler's decision calculus to support or resist administrative reform. If the ruler control over bureaucrats is minimum, he faces high transaction costs for ruling bureaucracies and is more likely to support administrative reform (Lin, 1989).

Appointed ministers may oppose change since administrative reform is likely to jeopardize their control by attempting to transfer decision-making to the leaders of bureaucracies (Mills, 1966). However, foreign aid, new technologies, study and travel opportunities introduced by the external agent may make administrative reform more tolerable for the ministers (Esman, 1991). These incentives often minimize resistance and to some extent get politicians to assume their responsibilities in supporting the external agent.

Overall, political resistance is often due to the fact that recipients' prefer direct aid with no strings is the best approach to maintain power while the external agent seeks conditional aid to take advantage of integrating reform policies with the lending arrangements (USAID, 1985; World Bank, 1992).

### **Bureaucratic Resistance**

As early as the mid-1800s John Stuart Mill, commenting on the ability of bureaucracies to accept new ideas, suggested that where everything is done through the bureaucracy, nothing to which the bureaucracy is really adverse can be done at all (Abrahamson, 1977). Max Weber recognized the strength and power of the professionally trained bureaucrat and his resistance to change (Weber, 1947). Crozier (1964) has found that

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bureaucracies resist change to such an extent that bureaucracies would be incapable of learning from past mistakes. Bureaucratic resistance can even change the problems being attacked by reform as they can make “defensive changes” in response to external pressures (Downs, 1967: 200). Bureaucratic buy-in is necessary due to the significant role that bureaucrats can play. Lindblom (1980: 68) notes that:

Policy making rests overwhelmingly in the hands of the bureaucracy, leaving relatively few policies to be determined elsewhere. . . Policy emerges specifically in the mutual interaction of bureaucratic politics.

Bureaucrats, according to Moe (1990: 143), are powerful actors and make the political world a different place:

Agency bureaucrats are now political actors in their own right: they have career and institutional interests that may not be entirely congruent with their formal missions, and they have powerful resources—expertise and delegated authority—that might be employed toward these “selfish” ends. They are new players whose interests and resources alter the political game.

It follows that cooperation of bureaucrats in the implementation phase is significant for the success of reform efforts.<sup>12</sup> Gates (1989: 243) notes that:

Inducing field officers to implement policies to which they are opposed is extremely difficult. Attempting to alter these bureaucrats’ behavior across agency boundaries is even more difficult. No matter how committed a donor and federal governmental agency may be to policy reform, they need to take into account the goals and constraints that influence the decisions of the bureaucrats that are responsible for the implementation of policy reform.

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<sup>12</sup> A paradoxical view is that bureaucratic resistance can sometimes have positive effect on reform. For example, Downs (1967) notes that resistance to change could also be viewed as a virtue because it is an indicator of organizational stability that helps in performing important social functions. Another example is Quick’s (1980) study in Zambia that refers to this view by noting that bureaucratic adversaries can have a salubrious effect on policy implementation by obliging program advocates to specify their goals and procedures in advance.

Bureaucratic resistance to administrative reform could be due to many reasons. First, resistance takes place as a natural reaction to reduce political uncertainty (Moe, 1990). Administrative reform brings political uncertainty for bureaucrats because it threatens the distribution of power within an organization. Bureaucratic resistance is expected by self-interest motives in the face of real or perceived threats to things that bureaucrats hold dear, such as restricting mandates, reducing or eliminating functions, cutting budgets, curtailing discretion, or blemishing reputation.<sup>13</sup>

Administrative reform may affect the way in which property rights are defined within an organization and any change in those rights will affect individual incomes. Those who gain from a change will tend to favor it and those whose incomes will fall will tend to oppose it (Coase, 1974; Goldberg, 1974). Overall, things that bureaucrats personally value differ from one bureaucrat to another. Downs (1967: 196) notes that:

Most of the items personally valued by officials are positively correlated with the amount of resources under their control. These items include personal power, prestige, and income (valued by climbers); organizational power, prestige, and income (valued by climbers, advocates, and zealots); and security (valued by conservers). It is hard to conceive of many situations in which these elements are enhanced by decreases in the resources controlled by the officials concerned.

Second, bureaucrats' resistance to administrative reform could be due to their trained incapacity to change and be innovative. The emphasis upon expertise and specialization

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<sup>13</sup> The external agent has to plan reform in terms of the distribution of power and the consequences of change on individuals within the bureaucracy. For example, Downs (1967) argues that a good indicator of chances for bureaucratic resistance is the percentage conservers and the degree of their dominance in a bureaucracy. If the external agent attempts to reform an organization where conservers occupy the important posts, then a strong resistance for change should be expected. However, if conservers are numerous but without important posts, then resistance is expected to be for the implementation rather than adapting the principle of change.

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within a bureaucracy narrows the scope of intellectual experimentation. Trained incapacity renders the professional bureaucrat relatively unable to respond to demands in an innovative manner (Selznick, 1949). Third, resistance to reform could be caused by the “forces of inertia.” That is a bureaucracy tends to continue with behavior patterns due to its willingness to avoid any “sunk cost” in the form of time, effort, and money invested in its current form (Downs, 1967: 196). Fourth, the size of a bureaucracy plays an important role in determining bureaucratic resistance for reform. As a rule of thumb, the larger the organization, the more resistant it will be to change (Downs, 1967).

Fifth, the lack of professional security engenders attitudes towards reform and inhibits innovation. Bureaucrats who had fully mastered their tasks welcome new problems produced by changes as it makes their work more interesting. Less competent bureaucrats, however, create a resistance by adhering to existing procedures in which they are familiar (Blau, 1955). The professional insecurity of a bureaucrat makes administrative reform a threat and creates generic opposition to change. Sixth, resistance could be due to conflicting interests between those who are involved in the reform process and those who are excluded from the process. Groups not involved in the initial stages of change tend to resist it because they do not feel committed to the success of the proposed reforms (Walakira, 1982).

Seventh, bureaucratic resistance could be explained by the formal hierarchies and division of labor which stabilize the organization’s environment. Bureaucrats will try to keep their relationships with the organization structure as stable as possible due to the fear of failure (Thompson, 1965; Kaufman, 1971; Levy, Meltsner, and Wildavsky, 1974). Rather than attempting to change or innovate, bureaucrats are often “shrinking violets” who prefer

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adjustment to conflict with the existing environment (Downs, 1967: 216). Finally, bureaucratic resistance in developing countries may be caused by the presence of an international external agent who represents a different culture and promotes different values (Tendler, 1975).

One often observed form of bureaucratic resistance is monopolizing the information necessary for effective oversight by the external agent. Bureaucrats can formalize their decision procedures by relying on technical expertise and operational experience to make decisions agency-centered (Moe, 1990). Asymmetrical information dominating the relationship allows bureaucrats' expertise to outweigh authority because it allows bureaucrats to control the agenda (Niskanen, 1971).

Another form of bureaucratic resistance to external demands for administrative reform is strictly adhering to rules and regulations and emphasizing standardization in operating procedures (Merton, 1957; Rondinelli, 1993). This rigid behavior impedes a bureaucracy's ability to accept change and transforms rules into an end in itself (Merton, 1957). The bureaucracy can insulate itself from demands that it does not want to address. Red tape is an often used method by bureaucracies to shield themselves from external forces (Kaufman, 1977). Such strategies are readily available for bureaucrats given the job-specific expertise they accumulate through the normal performance of their duties.

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## **Overcoming Bureaucratic Resistance**

External agents have two major tools at their disposal to overcome bureaucratic resistance.<sup>14</sup> The first tool to minimize resistance is the motivational approach which is based on the utilization of incentives or intrinsic rewards (Thompson, 1965). Wilson (1989: 88) notes that:

Government agencies are not billiard balls driven hither and yon by the impact of forces and interests. When bureaucrats are free to choose a course of action their choices will reflect the full array of incentives operating on them: some will reflect the need to manage a workload; others will reflect the expectations of workplace peers and professional colleagues elsewhere; still others may reflect their own convictions. And some will reflect the needs of clients.

The incentive approach, however, is not without opposition. Barnard (1968) denies that material inducements are important to organizations. He argues that people should give more than they receive in order for the organization to prosper and grow. Barnard's solution instead is that the leader should inspire bureaucrats to transcend self-interest. Miller (1992) also refutes the claim of the "principal-agency theory" of developing incentive systems to shape subordinate behavior. Information asymmetry creates possibilities for undetected shirking and make it generally impossible to create incentives that completely realign individual self-interest. Miller's solution is inducing norms of cooperation and trust among bureaucrats that transcend their short-term self interest.

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<sup>14</sup> There are means outside the influence of the external agent that could lead to bureaucratic commitment to reform. For example, getting bureaucrats to perceive the "performance gap" is a mean of getting them to accept reform. By realizing a discrepancy between what they are doing and what they believe they should be doing, bureaucrats will develop anxiety that could ultimately lead to supporting reform (Downs, 1967). Another example, is that any change in the societal function of a bureaucracy, or its importance, can lead to changed behavior (Downs, 1967).

Second, managers with good leadership characteristics are tools at the external agent's disposal to overcome bureaucratic resistance. The literature on good leadership and its characteristics is sufficient to identify the leader that an external agent should look for.<sup>15</sup> Commitment to change is an important characteristic that should be one of the external agent's criteria in choosing the organization's managers (Esman, 1991). Recruitment of leaders should also be from all available sources and not based on the developing countries' practice of appointing unqualified political loyalists based on patronage grounds. Further, to fully utilize leadership as a tool for minimizing bureaucratic resistance, the external agent's role should not be limited to recruiting managers. It is recommended that external agents follow a strategy of enhancing the appointed leader's managerial skills through education and training for administrative reform (Kerrigan and Luke, 1987). The approved leader must also be made familiar with external agents' governments or international institutions' procedures, diplomatic skills, capable to cope with cross-cultural sensitivities, and fluent in the external agent's foreign language (Esman, 1991).

### **Approaches and Types of Administrative Reform**

The following is a review of change approaches which are applicable to almost all bureaucracies. A few points should be made clear. First, the endeavor here is not to repackage the public administration literature, but rather to identify the means available to assist the external agent in its task of administrative reform. This is an essential endeavor because administrative reform is a priori theory about a set of activities, processes, or

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<sup>15</sup> For a good summary of leadership's characteristics, tools, skills, and strategies see Riccucci (1995: 228-29) who provides a summary for the profile of an ideal effective "unsung heroes."

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methods designed to change some target or aspects of individual or group's attitudes and organization structure or processes in order to reach a determined bureaucratic goal.

Second, the study does not advocate one administrative reform approach over the other, but rather intends to utilize the review of available approaches in evaluating the seriousness of administrative reform efforts. Identifying all the available approaches of administrative reform will be essential to measure how the external agent in practice conforms to, or deviates from, the Continuity and Reform model.

Third, identifying the possible approaches to reform is important because organizational theory does not provide explicit propositions for administrative reform or organizational change. It only suggests hypotheses that bear on the subject with most often theoretical and empirical inconsistencies, divergent recommendations, and contradictory results. It then becomes the responsibility of the external agent to identify its specific constructive entry points given the many possibilities for ineffective entry.

Finally, no method alone is likely to be effective in administrative reform. Empirical evidence suggests that organizational factors such as organizational leadership, bureaucrats' responsiveness, managerial goals, office procedures, and work style affect the effectiveness of bureaucracies and the provision pattern for public services (Weissert, 1994). Structural change by charts showing line relationships would be fine if not for the bureaucrats in the little boxes who have emotions of power, security, and strategic behavior. Further, reform in one area may create a necessity to intervene in another. For example, enhancing bureaucratic capacity may only exacerbate the abusive behavior and degenerate into uncontrolled bureaucracies (Riggs 1963). The external agent may also face many trade-offs between the



desirable approaches of reform. As Arrow (1963) implied in the impossibility theorem, no social choice function can simultaneously guarantee all of the desirable characteristics for social choice. In bureaucracies, as in other social choice mechanisms, there must be a trade-off between desirable characteristics.

The complexity of change mechanism in addition to its nature consequently affects the chances of its success. Tools such as innovative organizational forms or untried technology reduce the chances for successful implementation of reform given their complexity (Pressman and Wildavsky, 1973; Cleaves, 1980). Ambiguity surrounding the process of choosing an approach also makes the process extremely complex. During the choice process true goals are defined, history is interpreted, success and blame are distributed, and self-interest is discovered. The ambiguities of intention, understanding, history and organization together place severe limitations on attaining a complete rational cycle of choice. Each connection in the cycle of choice is severed by the extreme ambiguity present in organizational settings.<sup>16</sup> Finally, due to that intervention is likely to be in important organizational areas, failures are also likely to affect these areas and raise the cost of intervention (March and Olsen, 1976).

The external agent can apply these approaches to the structures, procedures, and operations of bureaucracies to enhance their performance and attain control, discipline, and accountability essential to a specific policy outcome. Theoretically, this will satisfy the need for flexibility and timely response to different public demand in pursuit of developmental

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<sup>16</sup> Choice could be decided wherein streams of problems, solutions, participants, and choice opportunities intermingle. This “garbage can” model may accidentally form a decision, but the outcome may still be ambiguous and uncertain (Cohen, March and Olsen, 1972).

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goals. No alternative design, however, is recommended as the final solution. Knott and Miller (1987: 267) note that:

**Emphasizing redundancy rather than specialization, delegation rather than hierarchy, flexibility rather than rules, champions rather than trained experts [are not] a final solution to the problems of public administration.**

The final solution, however, is decided according to the policy outcomes of the bureaucracy under reform. External agents should not focus on reform in terms of the efficient form of bureaucracy, but in terms of the bureaucracy's policy outcomes. Achieving the preset goals are important factors in determining a bureaucracy's success and not only efficient coordination or control of productive activities (Knott and Miller, 1987).<sup>17</sup>

Before identifying the theoretical approaches and types of administrative reform at the external agents' disposal, it is important to keep in mind that these techniques were not originally designed for Third World's cultural setting. Borrowing Western societies' reform approaches decreases the costs of investment in social science and public administration research. But cultural differences require accommodating the transferred arrangements if they are to function as intended. Long term implementation is needed to transform approaches for a different socio-political setting (Lin, 1989). This is not a call for acceptance or rejection of Western knowledge and theories of public administration and organization theory, rather it is a reminder against the danger of mindless imitation.

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<sup>17</sup> In this context, effectiveness has been seen by some as not enough criterion for success, because organizations that are truly effective may threaten their existence due to problems such as communicating with their external or internal constituents (Kimberly, 1979).

History is another issue that must be fully examined by the external agent. Bureaucracies have been developed through historical processes that significantly impact their culture and may explain unexpected responses to the external agent. One important historical factor is the colonial period of a country that may raise an attitude against the external agent by the locals similar to that raised against the former masters. Throughout history all outsiders intervening in a country's business have claimed and viewed themselves as reformers. It may be true that Nineteenth Century Britain behaved differently than an external agent does today, yet both entities are viewed by the locals as external. The point here is that external agents should not overlook the historical effects, such as the impact of a former colonial system, upon bureaucracies' degree of enthusiasm to cooperate in the reform process.

### **Planning of Administrative Reform**

Administrative reform theoretically involves two steps (Chapel, 1982). The first step is conceiving a new mental image or planning. The second step is converting this image into action in the world outside the mind or implementation. In addition to the tools of implementation at the external agent's disposal, planning of administrative reform is an important step. Chapel (1982: 31) notes that:

Planning first of all supports administrative reform, and its implementation. It introduces an element of prediction and additional rationality. It enables administrative problems to be tackled in a coordinated way, following a uniform line of thought . . . Planning, at least in theory, provides a framework for consistent action directed to achieving precise objectives and makes it possible to avoid the disadvantages of successive changes or ill-prepared undertakings. It is not, however, a panacea and in itself contributes nothing to the actual solutions to be adopted for achieving the objectives.

**Planning change is also important and should take place before the inception of any action within the organization. Lippett, Watson, and Westley (1958) were first to provide a general handbook for principles and techniques of organizational change including diagnosing the nature of problem; assessing the capabilities to change; selecting appropriate change methods; choosing the appropriate helping role; recognizing and guiding the phases of change; and establishing a system of maintaining change.**

**Theory, in a form of a plan and practice, is necessary for efficient and useful implementation of administrative reform. To be practical and effective, the external agent's plan must not only be a general scheme but also must contain instructions for specific administrative requirements in terms of economic, social, and technical analyses and components. Quick (1980) demonstrates that even political commitment or extensive promotion of policies is not sufficient condition for successful implementation if reform is poorly defined.**

**The external agent has to also take certain precautions to design and implement effective administrative reform. Experimentation or evaluation of different approaches under different conditions to determine the most effective policies is a theoretically sound practice. Also utilization of social science and technical investigation using anthropological, economic, and sociological research to consider motivations and behavior patterns in planning reform is also encouraged (Cleaves, 1980).**

**Finally, it is also important that planning for administrative reform must take national development objectives into consideration. For example, many of external agents' training programs are superfluous or misdirected to the national needs due to the lack of forecasting**

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the manpower and training needs. External agents often focus upon top-downward bureaucratic management rather than training bureaucrats that can effectively handle the reform efforts. This strategy neglects the input of the crucial element in bureaucracies and accordingly fails to sustain the reform efforts (Jedlicka, 1987). It also fails to ensure the adequate supply of leadership to meet professional requirements of national development (Hope, 1983a, 1983b). Overall, planning of administrative reform for a certain bureaucracy should take national requirements into consideration in order to assist other reform efforts and to attain a comprehensive social and economic development outcome.

### **Structural and Procedural Change Approach**

The second step is converting the imaged plan into action. One approach is reforming the bureaucracy's structure and hierarchy.<sup>18</sup> This is an important approach because it improves the way information is communicated and decisions are made by efficiently controlling, managing, and reducing the cost of information (Hammond, 1986; Jacobs, 1981). Adjusting organizational structures and methods could aim at enhancing leaders' control, saving resources, or speeding the delivery of public service (Rondinelli 1987). Structural change could also facilitate loosening rigidity, improving the performance, reduce shirking, enhancing the responsiveness, or coordinating efforts across the boundaries of specialized hierarchies (Esman, 1991).

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<sup>18</sup> Still, there are limitations of designing a perfectly satisfactory hierarchy due to two problems or managerial dilemmas. First, the horizontal dilemma, or the Sen Paradox, created by delegating authority to more than one subset of individuals and suffering from either incoherent or inefficient behavior due to different combinations of individual preferences. Second, the vertical dilemma as the self-interested behavior of bureaucrats leads them to make potential efficiency gains impossible (Miller, 1992).

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There is no ideal structure, rather different types of structures are optimal for different kinds of problems (Lindblom, 1977). Nevertheless, one general theoretical theme can be identified. Administrative reform adopting the structural reform approach should move the organization on a continuum between two poles. On one end, is the mechanical organizational approach, which is a bureaucracy with a strict hierarchical setting that controls all administrative operations from above. At every echelon of the hierarchy, a bureaucrat looks to his superior for orders and guidance. This approach claims to maximize efficient goal achievement at minimal cost through rule-bound service-delivery.

On the other end of the continuum, is the organic organizational approach, which relies on flexible patterns of communication that adopts public demands and preferences (Hage and Finsterbusch, 1987). A bureaucracy following this approach is a process of adjustments to cope with public needs. Top-down standardized rules, procedures, and job descriptions are relaxed or suspended. Bureaucrats are encouraged to combine their collective knowledge, experiences, and initiatives to structure their own work environment with cost-effective standards of performance that are satisfactory to the public demands (Esman, 1991). The external agent does not have to fully apply this approach and jeopardize accountability. A strategy of moving on a continuum to loosen the organizational rigidity has the advantages of taking the best of both approaches and does not require dismantling the hierarchal framework.<sup>19</sup>

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<sup>19</sup> There is always a need for a hierarchy. Explaining the need for its existence, however, is not straightforward. Researchers refer to psychology (Law, Wilson, and Wilson, 1969), to cognitive sciences (e.g., Simon, 1957), to communicative efficiency (e.g., Arrow, 1974), to differences in human talent (e.g., Williamson, 1985), or to the free riding problem (Williamson, 1975) in attempting to explain the need for hierarchy.

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One way for the external agent to move away from the monocratic end of the continuum is through incrementally loosening the organization and improving communications through encouraging less stratification, more group processes, and project oriented structures. The devaluation of authority and positional status, and official sharing of power and influence, would also facilitate loosening the organization (Thompson, 1965). An alternative approach entails the destruction of any function or process that is perceived to discredit, suppress, or render reform. Some view the destructive processes as a necessary part of structural reform due to its effectiveness in eliminating former ideologies, power alliances, and leadership in order to permit the development of new ones congruent with the new organizational structure (Biggart, 1977).

After moving from the monocratic end of the continuum, there are different theoretical approaches to organize a bureaucracy. Methods include organization based on location according to where services are delivered, based on purpose according to what is served, based on process according to how services are delivered, or based on clientele according to who is served (Gulick, 1992). Multiple structure approaches could also be used. For example, an organization can be divided by policy, then by geography, and then by the division of labor (Hammond, 1986).

Organizing the line of command within each of these structures could be based on the principle of specialization (Simon, 1992). A multiple command structure approach is theoretically sound because decisions in a bureaucracy often involve expertise from numerous different fields. Also, it allows superiors to minimize the risk of biased information due to the many avenues for bringing information. This advantage allows decisions to be responsive to

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the public needs due to minimizing the value of information from bureaucrats with strategic behavior who may alter the information input as a means to obtain a preferred policy outcome (Hammond, 1986).<sup>20</sup>

The external agent approach to structural reform can also increase organizational reliability by introducing redundancy into the hierarchy. Bureaucracies possessing reserves through duplication or overlap have the capacity to detect errors, correct errors, and reduce errors' effect. Adding redundancy or duplication of functions within an organization enhances its reliability because it illuminates the threats of parts prone to failure (Landau, 1969).<sup>21</sup> Redundancy not only provides security but also spreads the risks of change, allowing the external agent to try various ways to accomplish its reform objectives while "decreasing the need for accurate prediction and increasing the probability that at least one method will succeed" (Naomi and Wildavsky, 1974: 59).

The level of redundancy should be decided by the type of bureaucracy. For essential public services, for example, pursuing redundancy with less considerations to its cost, is theoretically sound due to the social costs of the interruption of service. The politics of structural choice is also a decisive factor (Moe, 1990). If the political will tends toward stream-lining and refuses redundancy, the external agent should put in place high quality

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<sup>20</sup> A paradoxical view is that structuring based on a unity of command is a preferable method because "workman subject to orders from several supervisors will be confused, inefficient, and irresponsible. A workman subject to orders from but one superior may be methodical, efficient and responsible" (Gulick, 1992: 91). However, weighing the advantages and the disadvantages of both methods, a desired policy outcome seems to be served better using a multiple structure of command based on specialization.

<sup>21</sup> External agents, however, have to be aware that certain redundancy within an organizational structure can cause costly errors. Heimann (1993) shows how redundancy can have negative effects on the capacity of problem solving and decision making. For example, serial redundancy could create a Type II error or cause significant delays in decision making, and parallel redundancy could increase the likelihood of a Type I error.

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components to maximize reliability. Overall, the presence of an external agent is crucial if structural redundancy is to be adopted. This is due to the fact that societal poverty is the main cause of preventing developing governments from using redundancy (Naomi and Wildavsky, 1974).

The point made here is that structural and procedural approach is theoretically based on incrementally removing obstacles of status, rank, authority, and hierarchical rigidities to facilitate free and frequent interaction among bureaucrats at all levels in order to efficiently respond to the public needs. The external agent should remove unnecessary curbs on legitimate differences of opinion, make sure that decision-makers are not excessively hindered by compliance to formal rules or unity of command, and introduce redundancy to ensure reliability of public services. A major obstacle for implementing the structural and procedural approach, however, is the over-emphasis on centralization that puts stringent curbs on organizational changes. Many bureaucratic problems are also associated with centralization, all of which warrant presenting decentralization as a major approach for administrative reform.

### **Decentralization**

Decentralization as a reform method refers to any transfer of authority from politicians and higher level officials to middle level and lower level bureaucrats to plan, make decisions, or manage public functions (Rondinelli, 1981, 1983, 1989; Hope, 1983b). This method is needed because deteriorating service-providing bureaucracies rely heavily on centralization to the point that “the public is surprised when any services are properly provided” (Werlin, 1992: 225). Local governments and service delivery bureaucracies are often underdeveloped

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or left with no functions due to the absence of a taxing power and resources, discretion, or technically competent staff (Esman, 1991). In Middle Eastern countries, for example, little of any consequence occurs in the administrative setting without the knowledge and direct consent of the supervisor (Palmer, 1987: 245).

International external agents' objective for promoting decentralization is improving the planning, implementation, and effectiveness of bureaucracies (Conyers, 1983). First, decentralization enhances public services delivery (Rondinelli, 1981, 1983, 1989). It allows for greater organizational flexibility to meet changing public demands and socially integrating bureaucracies with their served communities (Timsit, 1982). Second, decentralizing the administrative machinery serves to improve the level of coordination by removing time-consuming conferences and consultations, often at the wrong levels, about unimportant matters (Hope, 1983a, 1983b).

Third, decentralization relieves the central government of tasks and functions it has proven to carry out inefficiently (World Bank, 1992). Ministers' tendency to concentrate decision-making in the headquarters leads to an overload of small decisions, and long delayed actions without input of local information or understanding of local circumstances. Centralized, preprogrammed, and uniform decisions in the delivery of public services waste resources without accommodating variations in public local needs, demand, or circumstances (Esman, 1991). Fourth, decentralization is also important to enable the internal agent to implement the reform policies. Under the centralization policy, an organization's leader has to abide with the decisions and enormous power of ministers who are often less trained or educated (Mills, 1966). Appointed senior officials are not required to have expertise in their

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field but only to carry out a political agenda and to keep bureaucracies responsive to the regime's changing priorities (Jedlicka, 1987).

Before identifying the external agent's means for decentralization, it is important to identify the problems most likely to be encountered. The major problem is the hostility or reluctance of senior officials and ministers who start to lose authority and power (Timsit, 1982; Werlin, 1992). Insecurity is theorized to be the main cause for government ministers' resistance to delegate authority and operate without political sovereignty and unquestionable supremacy (Hope, 1983a, 1983b). Another political reason to maintain centralization is the desire to maintain national policies' differences based on boundaries according to ethnic groupings or class (Mills, 1966). Decentralization would not allow officials to continue serving one group better than the other. Finally resistance could be simply because bureaucrats at the center refuse their transfer to the field (Esman, 1991).

Another problem facing the external agent is at the local level. While in some cases "street-level" bureaucrats request autonomy and control from their leaders (Lipsky, 1980), many others refuse this autonomy. Many bureaucrats think that centralization is the best option for career security because decentralization eventually opens the door for popular participation and eliminates the need for excess bureaucrats. Bureaucrats at the local level may also not support the external agent's demand for decentralization due to the additional responsibility and burdens associated or due to insufficient organizational self-confidence (Jedlicka, 1987).

Given the political resistance to centralization, implementation has to include a continuous negotiation strategy with the ministers and senior officials as an attempt to

increase their confidence and sophistication about decentralization. The external agent has to consistently make the argument that decentralization does not entail loss of control, “but rather is a substitution of methods that relieve headquarters of routine details and enhance their ability to concentrate on more consequential problems-policy development, financial allocations, performance evaluation, and program adjustment--while using their administrative resources more effectively” (Esman, 1991: 50-51).

Overcoming resistance would then allow the external agent to choose from various methods depending on the problem at hand such as yielding enough financial space to local entities to raise more revenues and meet increasing demand or improve quality. Further, level of decentralization should be a function of the type of government services. More decentralization is preferred for public utilities because discretion allows responding to specific local needs and providing services to the public in a timely manner (Rondinelli and Cheema, 1988).<sup>22</sup> On the other hand, less decentralization is preferred on routine services such as taxes or pension payments due to the little or no need for great managerial discretion (Esman, 1991).

The type of policy pursued is also a determinant of the success or failure of decentralization. The success in decentralization is more likely for projects dealing with a collective good such as electrification rather than a divisible good that may exacerbate conflict in the implementation process such as housing (Grindle, 1980a). Political factors and the type

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<sup>22</sup> Many factors may support the external agent's quest in intensifying its demand for decentralization of urban services. Governments' need to maintain public services in urban areas in the face of rapid population growth, intensified rural-urban migration, and “urban bias” in the form of a concentrated demand for public services from an articulate middle class urban residents (Lipton, 1977) all help the external agent in its demand for decentralization.

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of political response at the local level should also be examined to determine if decentralization is a viable approach for administrative reform.<sup>23</sup> Decentralization attempts should contain the necessary control mechanisms for handling political conflicts sufficiently so that implementation can proceed. These considerations are important because failing in decentralization attempts has significant consequences such as leading to future elimination of decentralization as an option for other bureaucracies.

The external agents' means of implementation also have to take into account the chances of incompetence or corruption by bureaucrats at the local level. Such chances have long reinforced the unwillingness of senior officials to delegate authority (Werlin, 1992). This fear is true as the World Bank (1992: 21) warns about unprofessional implementation of decentralization:

If not carefully managed, however, decentralization can lead to a deterioration in the use and control of resources, especially in the short term. National goals can be seriously distorted by local governments, and scarce resources can be diverted to poor uses. Moreover, radical decentralization can seriously weaken the capacity of the central government to manage the economy through fiscal and monetary means.

One remedy is to proceed incrementally with decentralization in order to prepare bureaucrats for more responsibility and to allow senior officials to gain more confidence in them. Incremental implementation would also allow a reliable management information system to be in place to ensure a timely and accurate communication for better decisions.

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<sup>23</sup> Rothenberg (1980) gives an example of how fragmented political power led to the failure of decentralization attempts to provide low-income housing in urban Colombia due to problems over decisions such as site selection.

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More importantly, minimizing breakdowns of the decentralized system can be done by building competence and confidence of bureaucrats as a part of a behavioral change approach.

### **Behavioral Change**

Another approach is creating an actual difference or improvement in some aspect of bureaucrats' behavior through a long term effort of applying theories of behavioral science on different organizational elements. Fundamental elements include bureaucrats in groups, groups combined into organizations, the actions of bureaucrats and groups in organizational settings and, by inference, the values that are the basis for action by both bureaucrats and groups (French and Bell, 1984; Jedlicka, 1987). This is not an easy task. Simply changing job characteristics, for example, would not improve a bureaucrat's behavior in terms of his efforts, performance or satisfaction (Hall et al., 1978).

The presence of the external agent is of great importance for adopting this approach. Autocracy is unfortunately still a very common behavior in Third World change strategies due to the underlying cultural realities of class or social status. External agents would allow utilizing flexible and scientific approaches to changing human behavior that are usually lacking in their absence (Jedlicka, 1987).

Impediments to the external agent's role in the management of behavioral change are more challenging and problematic due to factors such as the unclear preferences of individuals (Cohen and March, 1974). To understand why it is difficult to change bureaucrats' behavior, external agents must first explore what holds bureaucrats to their sets of actions. Bureaucrats may persist in a course of action simply because they believe consistency in that action is appropriate behavior based on their culture and history (Ginzberg and Reilly, 1957).



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Bureaucrats may also interpret changes with reference to their own self-interest and resist change as an attempt to pursue their own goals and to maximize their benefits (Astley and Van de Ven, 1983). Personal interest governing bureaucrats' behavior could also be due to individual preferences that cause them to persist in attempting to maximize pleasant experiences and minimize unpleasant ones (Daudi, 1986).

Theoretically, there are few tools at the external agent's disposal for behavioral change. One fundamental way to improve bureaucrats' behavior is recruiting competent persons based on efficient and fair process. The behavior approach should deal with reforming the recruitment process. Selecting career posts should be based on merit and competitive selection of the best qualified applicants according to objective tests, educational achievement, and relevant experience. Subsequent advancement should also be based on the same criteria, not only to minimize the need for behavioral change programs in the future, but also to provide bureaucracies with qualified administrators. Promotions, like recruitment, should not be guided by religion, wealth, social class, or the period in the service. Rather, the principal objective for a promotion system should be to secure the best possible incumbents for higher positions.

The appointment of persons without the necessary competence has contributed in no small way to the current behavioral problems within Third World bureaucracies. The external agent has to break the traditional cycle of kinship affiliation or political loyalty in exchange for government employment. This is done by continuously attempting to convince the regime that recruitment based on merit brings expertise with commitment and reliability to the public service with no significant threat to the regime (Esman, 1991).

Second, training to improve bureaucrats' capability to perform certain tasks and to change the way they think and behave is an indispensable element of the behavior approach. It is important because it increases the quality of bureaucrats and administrators expected to cope with the increasingly weighty and varied public demands. Training is a continuous long-term process, even after reforming the recruitment procedures, whether in educational institutions, formal training programs, or/and self-development. Many qualified recruited bureaucrats still have certain inadequacies and therefore much to learn before becoming really effective. No single shot program of education or training in public administration is able to cover all needed areas (Hope, 1983a, 1983b). Training of senior officials to ensure a greater degree of expertness is also a means to ensure that efficient decisions are made (Simon, 1992).

Training changes bureaucrats' behavior through increasing specialization and professionalism as well. In the absence of the external agent, seldom do senior officials give positive encouragement to bureaucrats who seek to broaden their specialization (Jedlicka, 1987). Specialization would increase competence and foster technical knowledge and experience to cope with problems (Gormley, 1983).<sup>24</sup> The degree of professionalism is also an important factor that affects the success of changing behavior. Professionally competent bureaucrats process the work more smoothly and are more acceptant to change in organizational environment (Levy, Meltsner, and Wildavsky, 1974; Daft, 1978).

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<sup>24</sup> Specialization, however, is not without disadvantages to other areas of bureaucracy. A paradoxical view is that it would also increase the barriers for the public to entry and to even understand the bureaucrats' language.

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Third, incentives can be an effective tool for behavioral change that theoretically could aid the external agent's in minimizing bureaucratic resistance. The external agent could adopt a positive incentive approach given that inadequate financial compensation drains the morale of bureaucrats and limits their commitment to the minimum requirements of their job. The reward system should also not be heavily biased against the risks of innovation. Compared with the private sector, the bureaucratic innovator who fails is condemned and innovation has a little payoff (Barton, 1979). Or it could be a negative incentive approach with strong enough pressure that leads bureaucrats to adopt the required changes in their behavior (Downs, 1967).

Fourth, the behavioral approach could also address the problem of excessive delays in decision-making, excessive formalisms, and rigidity. A bureaucrat's extreme conformity with rules and procedures could be means to protect himself from a superior and to reduce the pressure of decision making (Thompson, 1961). Bureaucrats most often fall into this dilemma are "conservers" concerned with preserving their present power, prestige, income, and job security by rigidly applying rules to minimize risk (Downs, 1967; Foster, 1990).

The external agent can add more details to make laws more clear and precise in order to change bureaucrats' behavior in the implementation process.<sup>25</sup> Rules protect values such as fairness and reducing fraud, but at the same time they "reduce the ability of the organization to achieve its goals and its incentives to cooperate with those who enforce the rules" (Wilson, 1989: 343). This is a tough task for the external agent because it should also

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<sup>25</sup> Intervening in the law making process is not an unrealistic approach. External agents are already involved in judiciary reform in many countries, including Egypt.

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work on minimizing “ritualism” and the power struggle among groups that increase rules in a bureaucracy just to preserve and enlarge their discretion areas (Crozier, 1964: 156).

Finally, a behavioral approach should also address the issue of jurisdiction in order to get bureaucrats in the same organization to work together towards a common goal. A bureaucrat usually has the tendency to believe that his responsibility regarding a particular case extends only to the extent of his jurisdiction. What happens to a file when it moves away from his desk is not of an interest to him. Thus, bureaucrats’ behavior makes a bureaucracy look like a loose fragmented bag of responsibilities (Shaukat, 1975). The external agent has to minimize the causes of opposing factors that disrupt bureaucrats’ behavior such as opposition between appointees and civil servants, struggles between agency zealots and agency conservatives, and simply internal personality clashes.

### **Organizational Culture Reform**

Approaches of structural and behavior reform are important in dealing with issues related to efficiency, accountability, monitoring, and flow of information within a bureaucracy. Organizational culture is also important in addressing the details that may prevent bureaucrats from doing their part in helping the organization to accomplish its goal to the best of their ability. Schein gives examples of organizational culture (1992: 492-93):

Observed behavioral regularities when people interact, such as the language used and the rituals around deference and demeanor.... The norms that evolve in working groups.... The dominant values espoused by an organization, such as product quality.... The philosophy that guides an organization’s policy toward employees and/or customers.... The rules of the game for getting along in the organization, such as the ropes that a newcomer must learn in order to become an accepted member.... The feeling or climate that is conveyed in an

organization by the physical layout and the way in which members of the organization interact with customers or other outsiders.

The concept of organizational culture is broad and includes various aspects that allow the external agent to find reasons for unexplained policy outcomes. Consequently, the effort to examine it is worthwhile because much of the mysterious and seemingly irrational issues in the organization become clear.

Organizational culture makes a significant difference between the success and failure of the external agent's efforts. Most of the better performing organizations have a well-defined set of guiding beliefs while poorer performing organizations have dysfunctional cultures. Strong cultures are those considered to be more directed toward the marketplace with less need for policy manuals or detailed procedures and rules. Dysfunctional cultures, on the other hand, focus on internal politics rather than the customer and on the quantity rather than the quality. The philosophy and spirit that drive an organization "have far more to do with its relative achievements than do technological or economical resources, organizational structure, innovation, and timing" (Peters and Waterman, 1982: 280).

Organizational culture falls on a continuum with a rigid environment on one end and a loose environment on the other. In the case of the rigid environment, formality is symbolized by observations such as a slow pace of work, high value for rank or status, and managers who are serious and concerned about protocol. On the other end of the continuum, there is a loose environment with a high regard for individual's creativity and insubordination is positively valued and rarely punished (Schein, 1992).



The external agent's approach to culture reform should avoid the extreme on either side of the continuum. Reform should be balanced on the continuum by taking in account accountability and efficiency, on the one hand, and human needs on the other. Under an extreme rigid culture, for example, problems would arise from resistance to innovative ideas and creativity is deemed to be a sign of revolt or a deviant action (Shaukat, 1975). Under a complete informal culture, on the other hand, problems would arise from not implementing decisions due to bureaucrats' discretions in reversing if they think they are correct (Schein, 1992). A mix between the two approaches is most likely to be the best strategy for administrative reform.

One common method for cultural reform is based on comparing the "descriptive cultural elements" as they exist and "normative cultural elements" as they should exist with reference to the desired organizational goals in order to provide a "gap analysis" (Vernon-Wortzel and Wortzel, 1989: 638). The external agent would then decide which of the organizational change approaches discussed here should be adopted to overcome the identified gap. Another method for changing the organizational culture is to aim at minimizing the effect of government rules by moving a bureaucracy from being government-oriented to customer-oriented. Total Quality Management as designed by Deming (1990) is a mean towards that end. It is a process-oriented method to promote worker participation in decision making, continuous improvement in work processes, and treating organizational clients as customers (Walton, 1990). A balance, however, has to be achieved so that issues are solved in favor of the public without sacrificing the government agenda.

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Regardless of the method adopted, a major problem that faces the external agent is changing informal arrangements such as values, ethical norms, mores, customs, and ideologies that underlie the organizational culture. It is a problem because informal organizational arrangements are transformed only when bureaucrats abandon their conventions or personal standards and adopt new ones on individual basis and without collective action (Lin, 1989). This is in contrast to formal rules, which are easy to change by fiat, law, or the passage of a new statute (Riggs, 1964). Changes in informal arrangements occur gradually, and often subconsciously, as bureaucrats evolve new alternative patterns of behavior consistent with the external agent's adopted reform approach. It is an incremental process of changing informal culture due to gradual withering away from an accepted norm or social convention and the gradual adoption of a new one (North, 1993).

Changing informal arrangements is also a problem because the reform costs do not only take the form of time, effort, or resources spent on the process, but also significant material incentives. Lin (1989: 29) notes that:

No individuals are bounded by cultural endowments in seeking to improve their own lots. They are bounded only by the lack of opportunities that promise large enough profits for undertaking changes.

The external agent has to portray the expected benefits for the bureaucrat as large enough to exceed the bureaucrats' nonmaterial benefits from sticking to their norms and values. Reform of informal arrangements significantly depends on the bureaucrats' calculation of the benefits and costs that may arise from reform. Benefits also have to be distributed equally among bureaucrats of the organization to achieve common compliance

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with the new organizational culture. While very few are expected to be reluctant to adopt the new arrangements even if the material costs for their violation are large, many bureaucrats who do not share the material benefits of reform will feel that their valued mores are offended. Overall, altering values, customs, and social mores is possible given that they all have been changed in the process of human history (Lin, 1989).

It is left to emphasize here that despite the informal arrangements' expected negative effects on the organizational culture, they should be tolerated to some extent. The external agent should not attempt to completely eliminate informal arrangements in the organization because they are necessary to oil the wheels of the organization and responsible for essential means of operation such as cohesion (Barnard, 1968). Therefore, a mix of loose and rigid organizational culture will help the external agent to effectively reduce organizational problems such as systematic rule violation or a minimum output.

### **Changing or Redefining Organization's Goals**

Explicitly identifying and deciding on the organizations' goals and objectives is an essential step in administrative reform (Vernon-Wortzel and Wortzel, 1989). Rules and procedures, such as mandated procedures and routines requiring competitive bidding or guaranteeing equal access to public services, often become ends in themselves and displace, constrain, or retard the organizational goals (Esman, 1991). This is a significant problem given that the main and explicit purpose of an organization is to seek specific goals (Blau and Scott, 1962; Etzioni, 1964).

Changing or redefining the organization's goals is an important approach due to the absence of a realistic statement of goals and objectives to begin with in most cases (Andrews,

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1980). It is also important because many of the conventional methods of introducing organizational change discussed here are inadequate without clear goals. Based on the reestablished goals, the external agent can then set about arranging the organizational structure, or other reform approaches, to enable the organization to meet its goals (Brooker, 1965). Finally, clarity of goals is important for successful policy implementation (Cleaves, 1980). While ideally organizations should have a single set of compatible goals that are conflict free, this is not the case that faces an external agent. Legitimate goals have an inevitable conflict, such as the tradeoff between equity and efficiency, in providing services. The external agent must identify an explicit tradeoff among goals in order to minimize that inherent conflict (Vernon-Wortzel and Wortzel, 1989).

Goals must not only be clear and unambiguous, but they must also be agreed upon by officials at different levels in the government hierarchy otherwise the capacity of the government to control implementation may rapidly disappear (McClintock, 1980). Further, the external agent will often find that the organization's goals have conflict with the coalition members of the organization such as suppliers, customers, and other related agencies. Sequential attention to goals by the external agent is useful when bargaining within the coalition is problematic. Picking and attending one goal at a time helps in attaining an acceptable resolution level of goal conflict. The process of tending one goal, or similar set of goals, at one time eases the bureaucracy's pressure from its coalition that contain conflicting interest (Cyert and March, 1963).

Comparing existing goals and objectives with desired ones provides a gap analysis for the external agent to change the organization's goals. Identifying the organization's present

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goals can be through deducing the bureaucrats' strategy from their observed behavior (Andrews, 1980). Identifying what the goals and objectives should be can be identified through surveying the public. Assessing the gap provides an indication of which approach of organizational change should be imposed by the external agent in order to attain the desired goals. Feedback from the implementation could also provide information that might result in a redefinition of goals (Quick, 1980).

The external agent's task of changing organizational goals does not stop at defining the new organization's goals. In addition to ensuring that a working system able to attain these goals is in place, the external agent has to consider Barnard's (1968) zone of indifference for bureaucrats to predict the acceptance and inculcation of goals in the organization. Bureaucrats tend to accept the organization's objectives without question as long as they remain within the terms of their employment contract (March and Simon, 1958).

Finally, the organization's leadership has an important role under this approach. He has to always bring the organizational goal to the front by coordinating, inspiring, and motivating bureaucrats to achieve the desired goals (Quick, 1980; Esman, 1991). Behn's (1991) "management by groping along" would allow leaders to be strategic in developing a realistic vision, and then use their skills and interpretation of events to make progress towards the strategic goal. Further, making sure that bureaucrats are focusing on the organization's goals would increase their rationality in decision making. Assigning a high priority to the organization's goal, while controlling other environment factors, such as organization loyalties or group identification, minimizes the problem of bounded rationality in decision making (Simon, 1945).

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## **Improving Relation with the Public**

A meaningful interaction between bureaucrats and the public is an essential administrative function and helps in achieving the goals of a developed society. Administrative reform approaches discussed here would go unnoticed if bureaucrats dealing directly with the public are arrogant, aloof, arbitrary, and corrupt in their behavior. Street-level bureaucrats who work in the delivery of public and social services are the mirror of the bureaucracy because citizens deal with bureaucracies only through encounters with them (Lipsky, 1980). The external agent thereby has to work on establishing channels of communication between the bureaucracy and its public (Hassan, 1983). The success of organization largely hinges on the performance of bureaucrats in contact with the public (Esman, 1991).

The relationship between bureaucrats and the public is weak, negative, and in some cases hostile in developing countries. The external agent often faces bureaucracies that suffer from excessive sense of self importance, an indifference to the feelings or the convenience of the citizens, and/or an obsession with the authority of departmental decisions (Eldersveld, 1968). Serving the public does not usually take a priority on the bureaucrats' agenda of maximizing benefits. Bureaucrats' welfare does not mainly depend upon the number of people they serve and they do not see increasing the bureaucracy's clientele as a means to that end (Levy, Meltsner, and Wildavsky, 1974). The citizen on the other hand suffers from the incompetence of bureaucracies and their drawbacks (Eldersveld, 1968). When a person is finally able to make contact with the bureaucracy, he will often be faced with the indifference,

the incompetence, or arrogance of the bureaucrat whose job is after all to assist or inform him (Schaffer, 1982).

The monopoly nature of bureaucracies does not give the public the consumer options of exiting or complaining (Hirschman, 1970). In the absence of monopoly, the dissatisfied public can cause organizations to change their behavior or improve their services from the fear of market depletion. However, the monopoly nature of bureaucracies alleviates the exit option available to the public. Further, the public has been practicing their voice option for decades with minimum response due to the lack of accountability and responsiveness. Bureaucrats ill trained for dealing with the public give public administration a bad name by being indifferent, unhelpful, and inconsiderate to public problems. The least privileged categories of people in developing societies do not have enough time, money, education, or means of transportation to make the necessary contact with bureaucracies (Schaffer, 1982).

There is a little training for changing the bureaucrats' views toward the public whose lives are affected by the bureaucracy (Jedlicka, 1987). Training cultivates in bureaucrats the qualities required for improving relation with the public such as good listeners, capacity to explain things thoroughly, and perfect self-control (Hassan, 1983). Bureaucrats with such qualities who assume less authoritarian techniques can convince the public of their instrumental role in the system and lead to a decline in public's hostility and initiate cooperation (Eldersveld and Jagannadham, 1968). Such qualities in bureaucrats are also important because the public is not one mass but is distinguishable in terms of different status and its frequency of contacts with a bureaucracy. Bureaucrats, therefore, should reflect in their work the aspirations, interests, and demand of the diverse public they serve.

There are many tools at the external agent's disposal to improve bureaucracies' relation with the public. This is a difficult task, however, given that once an image of bureaucracy develops it persists in the public mind (Eldersveld, 1968). First, the external agent can apply pressure on street-level bureaucrats through demanding greater accountability to the public and increased productivity (Lipsky, 1980). Second, the agent can continually monitor and evaluate services in relation to the deployment of staff and the public reaction to procedures. Third, attention can be focused on the three problem areas of the applicant/bureaucracy relationship: entrance, queue, and reception counter (Schaffer, 1982). Fourth, provide stronger incentives for low-specificity activities with uncertain technologies. This category contains a wide range of civil servants from janitors to service delivery and are large in numbers given developing countries' high illiteracy rate. It is essential to get some of the best people in charge of most important low-specificity activities (Israel, 1987).

Finally, improving working conditions is also theorized to improve bureaucrats' relationship with the public. Bureaucrats in the field of service delivery are often working in deteriorating, poorly lighted, unsanitary conditions, and old, unreliable, and frequently out of order facilities and equipment. These conditions develop a sense of neglect and low satisfaction which is translated into low productivity levels, unresponsive performance, and alienating the public (Esman, 1991). Street-level bureaucrats are usually frustrated by the lack of gratitude and appreciation they receive for performing their difficult service jobs (Yates, 1977). Overall, these methods would not only improve the public's access to the organization, but would also create an incentive to improve the bureaucrats' performance.

Sustainability of the efforts for improving relation with the public is more in the hands of bureaucrats than the external agent. The external agent's efforts could provide only a temporary boost, but the image of a bureaucracy in the public mind is endured through reality. Sustainability can be only attained through bureaucrats' good performance because public opinion about a bureaucracy is formed on the basis of personal experience (Hassan, 1983).

### **Technological Change Approach**

The external agent often finds it necessary to introduce new technology into a bureaucracy to increase its efficiency and reduce the production and transaction costs (Lin, 1989). The presence of the external agent is crucial for this approach because developing countries cannot be expected to develop high technologies themselves (Swerdlow, 1975). Bureaucracies in direct contact with the external agent are expected to perform at levels far superior to the average of the country due to the additional technical assistance (Israel, 1987).

The technological change approach allows a bureaucracy to use resources more efficiently and make its performance more effective. Further, advanced technology is not restricted to the fields of production. It improves financial methods such as budgeting, accounting, and expenditure control, and introduces more rational methods of scheduling, monitoring, and evaluation (Kiggundu 1989; Esman, 1991). The technological approach also improves the speed and accuracy of information flows, particularly through microcomputers. The electronic processing of data is an especially important mean of reform in service-providing organizations (Swerdlow, 1975).

The technological approach is also essential for facilitating other approaches to administrative reform. It helps in decentralizing operations by loosening the requirements for

**management of information. Routine flows of reliable and timely data, both quantitative and qualitative, can be speeded at moderate cost by microcomputer technologies that facilitate the storage and retrieval of large volumes of potentially useful materials (Esman, 1991). The technological approach allows the communication of information speedily and accurately, greatly increases the productivity of bureaucrats and accountability, speeds their response time, and adjusts responses to specific local needs (United Nations, 1988).**

**Common in the means of this approach is to include specialists in the external agent's staff who are able to design computer programs and applications according to individual organizations and individual countries. The external agent has to make sure that the new technology and the installation of such equipments lead to their actual usage at all levels of the organization. Otherwise, the new technology will just become a new expensive toy.**

### **Conclusion**

**This chapter has provided a literature review of the external agent's role in administrative reform. The complex political environment in terms of the regime and bureaucratic resistance was emphasized. The problematic nature of the relationship between bureaucrats and politics and the external agents makes it difficult to plan, analyze, and manage administrative reform in a highly rationalistic and systematic ways. Therefore, the importance of an organization's leadership in aiding the external agent to overcome these problems and to establish effective means of communications, was also emphasized.**

**Finally, a blue print of tools available for the external agent's task of administrative reform was presented. Approaches reviewed included planning, structural and procedural change, decentralization, behavioral change, organizational culture reform, redefining**

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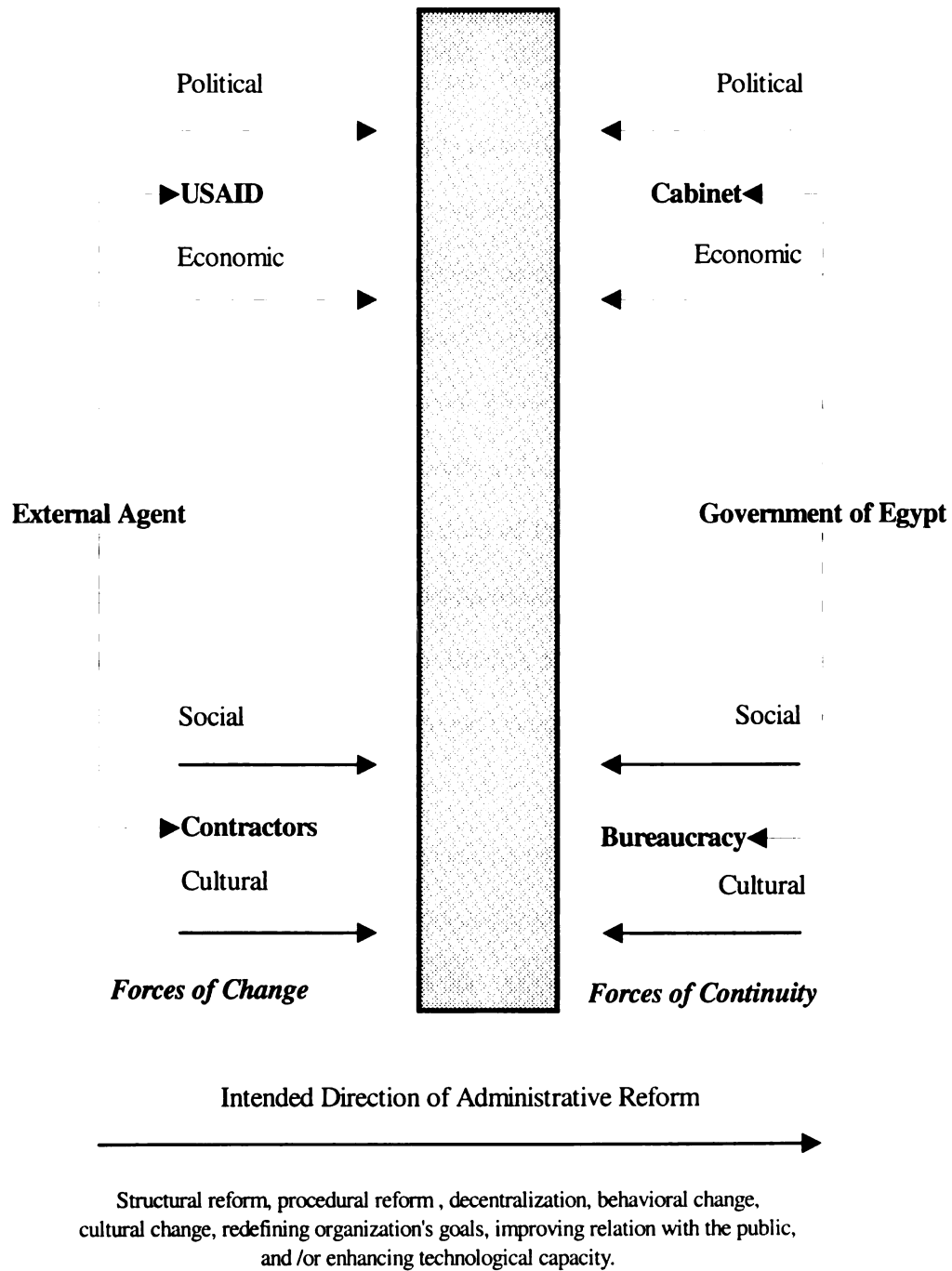
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organization's goals, improving relation with the public, and improving the technological capacity. It is also emphasized that the external agent should form a strategy for organizational change based on a combination of these tools because organizational change is a complex task. Changes often involve trade offs and solving the problem often creates other problems that require adopting more change tactics. Adopting one without the other is an over-simplification of administrative reform. Overall, the external agent's goal in combining all the change approaches is to shape bureaucracies in a manner that is capable of responding to the challenge of development requirements.

In light of the Continuity and Reform model, the literature review explains the means available for establishing administrative reform. These means are stated next to the "Intended Direction of Administrative Reform" in Figure 2.1. Put together, this chapter should provide a clear understanding of the forces of continuity that face reform in the form of political and bureaucratic resistance, intended direction and tools of administrative reform, and the role of the external agent in implementation all within the context of the Continuity and Reform model.

**Figure 2.1**  
**Forces of Continuity and Reform Model: Methods of Administrative Reform**  
**Status Quo of Public Administration**



## **CHAPTER 3**

### **INTERNAL CONSTRAINTS ON ADMINISTRATIVE REFORM**

In this chapter I will attempt to answer the research question of whether the GOE, in the form of the President and his ministers, directly constrains efforts of reforming the Egyptian bureaucracy. This will be done by an analytical study of Egyptian bureaucracy and the relative government policies with the goal of identifying Egypt's administrative problems and the role of government policies in solving, or complicating, these problems.

#### **Historical Background**

The Egyptian bureaucracy as we know it today first took shape with the nationalization of British and French interests and Egyptian private sector firms in the wake of the 1956 Suez War. The unique feature of President Nasser's nationalization is the diversity of assets with the expectation that bureaucracies would be able to compete with one another (Waterbury, 1992). With nationalization, a new unprepared Egyptian bureaucracy was made responsible for social and economic development and for attaining the revolution's goal of social equality.

To change Egypt from a colonized society to a developed nation, administrative tasks from planning to delivery of goods and services in all sectors from tourism and entertainment to industry and agriculture, and even the religious institutions, became bureaucratic responsibilities. To attain the goal of social equality, President Nasser undertook a series of broad obligations to provide the people with subsidized basic human needs such as food, healthcare, and housing; free education through the university level; rent control; and

guaranteed employment. Later it was argued that these measures also ensured bureaucrats a minimally adequate standard of living (Palmer et al., 1989; Said, 1992).

Egypt's administrative problems started by President Nasser's replacing of King Farouk's bureaucrats to insure a bureaucratic loyalty and to create an apparatus that could carry out the new responsibilities. By the end of President Nasser's regime in 1970, the number of government employees jumped from 350,000 to 1.2 million and the number of ministries from 15 to 28; forty-six new public corporations were created to replace private institutions, and public expenditures per capita tripled from 9.6 to 31.8 Egyptian pounds at fixed prices (Ayubi, 1980, 1982). The new bureaucratic force had no practical skills in public administration and was, thus, not suited for attaining developmental goals. New hires were primarily trained in arts, law, or the humanities and given irrelevant positions in the civil service just to lower unemployment (Harbison and Abd Al-Kader, 1958). Senior officials were trained in military affairs rather than public administration. The dilemma intensified because President Nasser came to power with no blueprint on how to effectively promote growth and development (Ajami, 1982; Waterbury, 1983).

Egypt's bureaucratic expansion was effortless due to many reasons. First, the adoption of a centrally planned economic system, followed by the nationalization in all sectors of the society, led to replacing market forces by administrative decision-making that required a large bureaucracy (Ikram, 1980). Second, under the "graduates policy," which guarantees every graduate a bureaucratic job, bureaucracy became "bloated as the employer of last resort

for Egypt's recent university graduates who wait several years for an actual appointment" (Weinbaum, 1986: 115)<sup>26</sup>.

Al Ahram's survey in 1983 found that bureaucrats have to wait on average more than two years before receiving a government position under the "graduates policy." In 1990, Sullivan et al. found that the norm had become five to six years and the waiting periods for applicants entering the bureaucracy via nepotism is considerably less. By 1997, the number of graduates demanding bureaucratic positions far exceeded the government's needs as it is still hiring those who graduated in 1984-85.

Third, hiring more bureaucrats was an assurance for the government against political unrest (Waterbury, 1983). Bureaucratic efficiency took second place to social and political pressures to provide employment for Egyptians in the absence of a free market. The expansion of goods and services associated with the recruitment of bureaucrats became a major political objective, limited only by budgetary constraints rather than by public demand (Ikram, 1980). Finally, Egyptian bureaucracy was growing as a result of its own momentum as managers wanted to increase their prestige and promotion possibilities by expanding their employment (Rivlin, 1985).

President Sadat appointed his first government after President Nasser's death in 1970. For over a decade the GOE of 1970s did not make any serious administrative reform attempts to halt or reverse the expanding unskilled bureaucratic apparatus. The number of bureaucrats jumped to 2.6 million or about 6 percent of the population in 1980. In addition, 100,000

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<sup>26</sup> The graduates policy was initiated as a part of President Nasser's "social contract." It is supposedly a government tool that uses the public service for reducing intellectual unemployment. Every graduate from Egypt's free education system is guaranteed a job in the public sector upon graduation.

university graduates were waiting to be hired under the “graduate policy” (Ayubi, 1982). Things got worse for Egyptian public administration when President Sadat’s “open door policy” led to a noticeable migration of the few skilled public managers to the private sector, international agencies, or out of the country mainly to the oil rich Arab peninsula (Waterbury, 1983). Internal and external brain-drain continues today and is caused by the fixed low value of salaries in the face of inflation (Sullivan, 1996).

Table 3.1 illustrates the growth of Egyptian bureaucracy between 1951 and 1998. The table also compares growth with a base year 1981/1982, the year when power was transferred to President Mubarak.

Egypt entered into President Mubarak’s era with no sign of serious administrative reform in sight. One early sign was President’s Mubarak selection of Kamal Al-Ganzouri as his new prime minister for administrative reform. Al-Ganzouri was the minister responsible for planning Egypt’s inflated bureaucracy and command economy since President Sadat’s regime.

**Table 3.1**  
**Growth of Egyptian Bureaucracy from 1951-1998.**

<b>Fiscal Year</b>	<b>Number of Bureaucrats</b>	<b>Comparing with 1981/82 Base Year</b>
1951/52	350,000	13
1956/57	454,000	17
1962/63	770,000	29
1965/66	932,897	35
1966/67	1,035,747	39
1967/68	1,102,925	42
1968/69	1,134,867	43
1969/70	1,187,726	45
1970/71	1,250,280	47
1971/72	1,290,528	49
1973/74	1,471,236	56
1974/75	1,660,609	63
1975/76	1,701,000	64
1976/77	1,779,000	67
1977/78	1,910,525	72
1978/79	2,065,286	78
1979/80	2,215,779	84
1980/81	2,474,450	94
<b>1981/82</b>		
1982/83	2,850,122	108
1983/84	3,015,329	114
1984/85	3,204,785	121
1985/86	3,258,650	123
1986/87	3,480,191	132
1987/88	3,571,201	135
1988/89	3,867,583	146
1989/90	3,948,000	149
1990/91	4,122,274	156
1991/92	4,313,432	163
1992/93	4,452,583	168
1993/94	4,665,676	176
1994/95	4,929,417	186
1995/96	5,103,879	193
1996/97	5,541,121	209
1997/98 (estimate)	5,553,217	210

Sources: FYs 1951/52, 1956/57, and 1962/63 are from Ayubi (1980) pp. 218-232. FYs 1965/66 - 1997-98 are from the Central Agency for Organization and Administration.

## **Administrative Problems of Contemporary Egyptian Bureaucracy**

In 1992, various bureaucracies were put to a test when thousands of citizens were left homeless from a devastating earthquake. The Egyptian bureaucracy failed to provide rescue, temporary housing, food, clothing, or even money to the victims. Bureaucratic inefficiency gave legitimacy to Islamic groups who were able to provide tangible relief to the growing number of victims and cause national embarrassment to the regime (Sullivan, 1994). The Egyptian bureaucracy, according to a representative in the People Assembly, is still unable to help the victims in his district six years after the earthquake. Many families still live in tents waiting for the government's promises to be fulfilled (Al-Add, 1998).

The Egyptian bureaucracy has retained almost complete control over social and economic activities since the 1950s and both society and bureaucracy have been experiencing mounting difficulties as a result. Efficiency and development did not increase in proportion to investment with money and manpower into the bureaucratization of Egypt. Giugale and Mobarak (1996: 2) note that:

About six million Egyptians are ultrapoor, that is, have an income lower than a third of the national average. These Egyptians live on a quarter of a dollar a day or less. The poor are characterized by larger and younger households with a high incidence of disability and malnutrition, higher mortality and morbidity rates, little or no access to basic infrastructure like safe water and sanitation, and a high degree of geographical concentration in Upper Egypt (40 percent of Egypt's poor live there, although the region comprises only 30 percent of the country's population). A skewed pattern of income distribution aggravates the situation; the income of the richest twenty percent of the population is six times higher than that of the poorest twenty percent, a pattern that is more unequal than that of Bangladesh, Ghana, India, Indonesia, or the Philippines.



In the following I shall review the most significant administrative problems that prevented from addressing such disparities. This is an important exercise because bureaucracies have a key role to play in lowering the level of inequality and meeting the public demand for goods and services.

### **Size and Quality**

Comparatively speaking, Egyptian bureaucracy is characterized by its large size. Its share of total employment approached 40 percent by the late 1980s, one of the highest in the world (Ayubi, 1991). Further, while the weighted average of bureaucratic share in non-agricultural economic activity for all developing and low income economies was 12.8 percent and 17.6 percent respectively for the period between 1978-1991, the public sector's share for Egypt was 43 percent. Table 3.2 illustrates the significant size of Egyptian bureaucracy relative to developing and low income economies.<sup>27</sup>

Waterbury (1992) compares Egypt's public sector in terms of size, expenditures as a proportion of GDP, and public sector's deficits with other less developed countries under the assumption that the challenge of reform is determined by these indicators. He concludes that Egypt's public sector on all counts is the biggest to the point of being an outlier relative to all less developed countries. "In this respect Egypt is in a universe by itself" (196). Thus the case for reform is the most compelling in Egypt, but to date all that has resulted have been "ineffectual attempts" (196).

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<sup>27</sup> Table 3.2 also shows how the public sector's size in Arab countries such as Algeria, Sudan, and Tunisia that literally followed President Nasser's bureaucratic model of development are also significantly above average.

**Table 3.2**  
**Comparative Share of Egypt's Bureaucrats in Non-Ag Economic Activity**

<b>Country</b>	<b>1978-91</b>	<b>Country</b>	<b>1978-91</b>
Developing Countries	12.8	Mexico	12.6
Low Income Countries	17.6	Greece	12.0
Sudan	71.7	Ecuador	11.5
Algeria	69.0	Kenya	11.3
Egypt	43.0	Korea, Republic of	11.3
Tunisia	34.3	Ghana	10.7
Zambia	34.3	Costa Rica	9.1
Sierra Leone	32.7	Senegal	9.1
Mali	28.1	Turkey	9.1
Venezuela	24.4	Panama	8.6
Cameroon	23.5	Colombia	8.2
Jamaica	22.3	Peru	8.1
Morocco	21.1	Paraguay	8.1
Tanzania	20.3	Taiwan, China	7.8
Indonesia	19.9	Brazil	7.2
Portugal	19.7	Central African Republic	6.7
Bolivia	18.7	Botswana	6.4
India	17.4	Honduras	6.3
Nigeria	17.2	Thailand	6.2
Togo	16.6	Gambia, The	5.3
Comoros	15.8	Argentina	5.1
South Africa	15.0	Uruguay	4.7
Pakistan	14.9	Bangladesh	4.6
Congo	14.5	El Salvador	2.8
Chile	13.9	Philippines	2.3
Burundi	13.8	Guatemala	2.0

Note: Bureaucrats' share is based on the percent of the GDP. Their share for the 14-year period is based on the weighted average for that period.

Source: World Bank, *Bureaucrats in Business*, 1995. (Disks)

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In the more than 15 years of President Mubarak's rule, the size of Egyptian bureaucracy has doubled at an average annual increase of 9 percent, compared to an annual population increase of 2.1 percent. According to the 1996 census, Egypt's population has reached 61,452,382 or one public servant for every 11 Egyptian citizens compared to one bureaucrat for every 40 citizens in the 1960s. Bureaucrats share about one-third of the aggregate employment from Egypt's 17,795,647 labor force. If the agricultural sector is excluded, bureaucrats account for 61 percent of aggregate employment in the Egyptian economy (CAPMAS, 1997a). Their salaries reach 26 billion Egyptian pounds (\$7.6 billion) or more than one-third of the national budget. The problem of size is enhanced when we consider the qualifications of the labor force. As shown in Table 3.3 only 24 percent have bachelors degree or higher.

The increase in employment in the public sector has been uneven across categories. For example, the Ministries of Education Research, and Youth and Sports have 1.9 million bureaucrats, as shown in Table 3.4, with the highest percentage of the labor force bureaucrats. Furthermore, jobs have been added mostly in administrative positions in all bureaucracies. This caused a serious problem of overstaffing in offices with twelve bureaucrats sharing a desk fairly common. The burden of disguised unemployment and redundant personnel is very high in central and local government administration and reaches over 30 percent of the employed civil servants (Cabinet's Information and Decision Support Center, 1995).

**Table 3.3**  
**Distribution of Egyptian Bureaucrats by Level and Education, 1996.**

Grade	Illiterate	Read and Write	Less than Bachelor	Bachelor	Diploma	Masters	Ph.D.	Total	%
Minister	—	—	—	28	1	4	43	76	0.001
Deputy Minister	—	—	—	9	—	3	51	63	0.001
First Undersecretary	—	—	—	467	83	39	55	644	0.01
Undersecretary	—	—	—	2,934	435	123	142	3,634	0.07
General Director	—	—	772	13,355	1,382	237	193	15,939	0.29
First Grade	—	16,680	174,194	126,129	6,930	2,035	551	376,519	5.89
Second Grade	4,684	110,934	362,799	280,625	9,034	3,572	312	771,960	13.93
Third Grade	8,053	176,003	756,652	728,584	11,221	4,950	128	1,685,591	30.42
Fourth Grade	22,362	262,794	1,191,658	—	—	—	—	1,476,814	26.65
Fifth Grade	26,006	287,033	53,276	—	—	—	—	366,315	6.61
Sixth Grade	49,312	354,352	12,900	—	—	—	—	416,564	7.52
Contracts	26,569	80,531	62,777	18,841	422	359	255	189,754	3.42
Special Cadres*	3,353	43,564	121,531	65,619	6,917	14,788	31,486	287,258	5.18
Total	140,339	1,331,891	2,736,559	1,236,591	36,425	26,110	33,216	5,541,121	100
Percent	2.53	24.04	49.39	22.32	0.66	0.47	0.60	100	

\*Special Cadres include professions who are paid higher salaries than bureaucrats at the same seniority levels such as professors, judges, and ambassadors.

Source: Calculated by the author from Central Agency for Mobilization and Statistics (CAPMAS), 1997b.

**Table 3.4**  
**Number of Egyptian Bureaucrats by Service, 1996.**

<b>Sector</b>	<b>1996</b>	<b>Percent</b>
Education, Research, and Youth & Sports	1,991,514	35.9
Health, Social, and Religious Services	637,371	11.5
Industry	559,055	10.1
Presidential Services	430,139	7.8
Transportation and Communication	364,343	6.6
Agriculture and Water Resources	411,212	7.4
Housing and Construction	277,565	5.0
Finance and Economics	222,876	4.0
Police and Justice	193,573	3.5
Internal Trade	173,405	3.1
Electricity	143,237	2.6
Tourism	38,802	0.7
Social Insurances	30,906	0.6
Culture and Media	67,123	1.2
<b>Total</b>	<b>5,541,121</b>	<b>100</b>

Source: Calculated by the author from the Central Agency for Mobilization and Statistics (CAPMAS), 1997c.

The government's objectives in guaranteeing employment may elicit sympathy at the price of efficiency. First, the economy is faced with a mounting wage bill extended to one-third of the national budget. Second, while the beneficiaries of this policy are from all educational levels, university graduates hired under the job guarantee policy are not trained in government service during college years. Third, the more educated is the person today in Egypt, the more likely he or she is unemployed due to waiting for a job security with bureaucracy or being unqualified for the private sector due to the poor quality college

education (Handoussa, 1991; Singerman, 1995).<sup>28</sup> Finally, due to the “graduate policy” the majority of bureaucrats are not in the right position according to Singerman (1995: 142):

Even though many people still desire a government position, those positions are often completely unrelated to the education and training of the graduate. For example, trained electricians work as office clerks, and English teachers are assigned to teach mathematics or history.

The Egyptian bureaucracy has become the decision-blocking tier of government due to its size, growth, and lack of skilled manpower (Rivlin, 1985). President Mubarak commented in one of his speeches that “Egypt’s suffocating bureaucracy seeks to make the easy difficult and the possible impossible” (AMBA, 1989: 1). His practical judgement is theoretically consistent with Downs’s (1967) proposition that organizational growth causes a decrease of bureaucracies’ capacity for effective action and an increase in their wasted activity at a marginal rate proportional to their growth. Downs also points out that the older an organization, as the case with Egyptian bureaucracy, the more likely it is to develop a self-serving ideology that is extremely inefficient to decision making and implementation.<sup>29</sup>

### **Centralization**

Egyptian bureaucracy is characterized by centralization in planning and decision making as shown in Figure 3.1. The figure is an outline of the administrative system responsible for providing goods and services. It is composed of 30 ministries with 76 main

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<sup>28</sup> It seems that “reform by stealth” is adopted because no politician is willing to take the risk of eliminating the “graduate policy” of the 1950s. One can notice a common understanding among Egyptians that a college degree no longer guarantee a job due to the long delay in hiring graduates. Increasing the waiting period for a job in bureaucracy seems to be the safe strategy for the regime to back away from its inherited promise.

<sup>29</sup> The Suez Canal Authority and the Aswan High Dam Authority are exceptions from these judgments because they are operating successfully since President Nasser’s regime. This is partially due to their operation outside the bureaucratic hierarchy in the absence of many of the restrictions and red tape imposed by law (Baker, 1978; Sullivan, 1996).

dependent agencies, 86 dependent service agencies, 61 dependent economic agencies, and 350 dependent local units. This is a total of 603 dependent bureaucracies with 5,633 dependent branches (Ibrahim, 1998a).

The center of command is the president who makes decisions about the level of funding, quality, and quantity of services according to information provided from the cabinet and its ministerial commissions. Centralization of the Egyptian bureaucracy gives the president the power to interpret and to articulate the preferences of society based on information that has been communicated up through all levels of hierarchy. The centralized structure assumes that bureaucracies possess and provide information about resources, opportunities, and demand in society and inform their respective ministerial commissions without strategic behavior. The centralized structure also assumes that the President knows what is needed at the desegregated level through information obtained through the centralized hierarchy. After the president's authorization, final decisions for producing goods and services are then made by the cabinet. Every Minister is responsible for a sector in the economy such as industry and communication and exercises his/her duties all the way down the hierarchy to the local level.

In addition to the Prime Minister and ministers' direct control of bureaucracies, there are controls exercised by two non-ministerial bodies: the Central Auditing Agency, responsible for auditing the bureaucracies' accounts, and the Central Agency for Public Mobilization and Statistics, responsible for providing the standard formats with which bureaucracies must comply in order to present their accounts. Bureaucracies are responsible



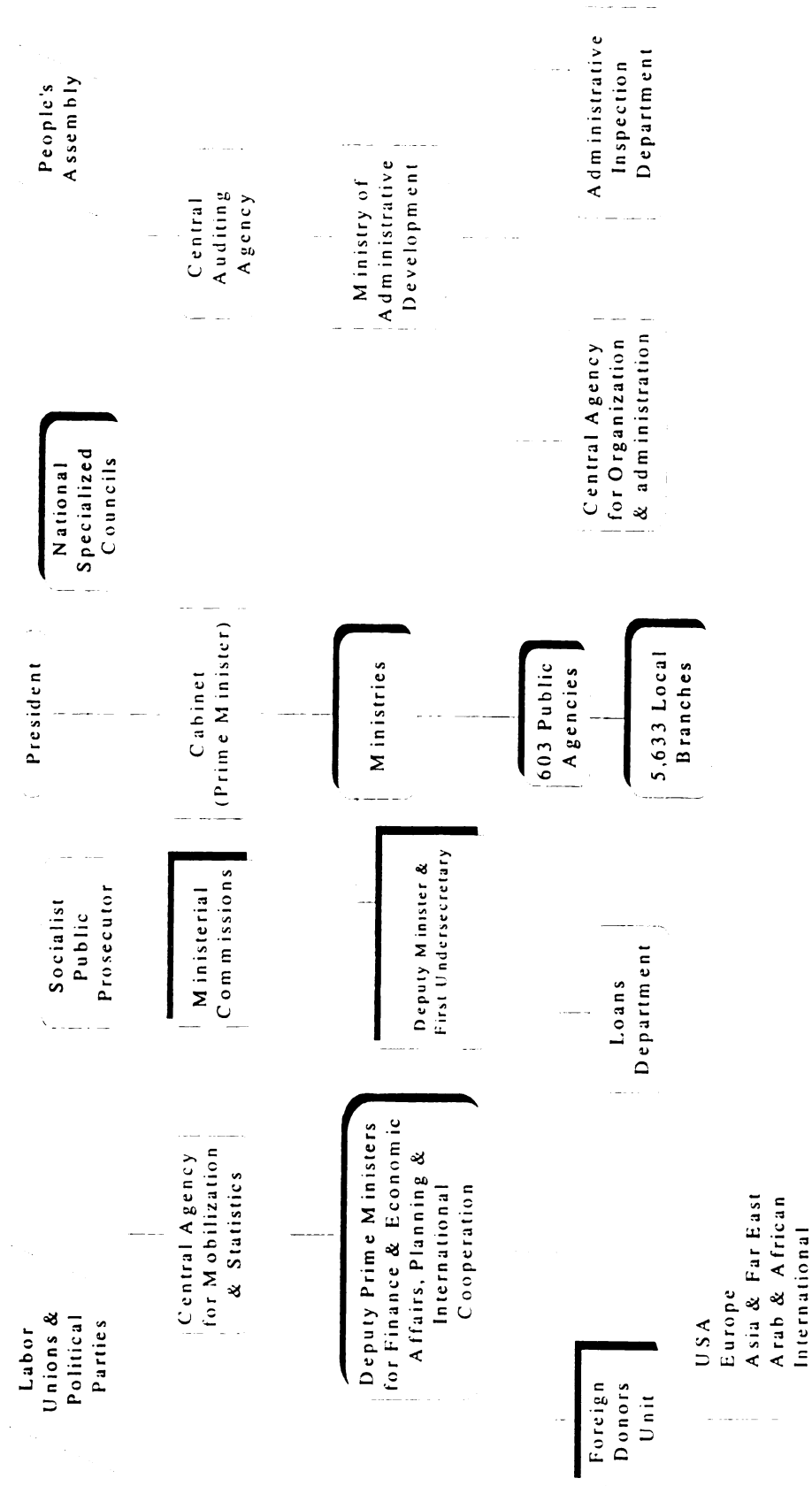
for regularly providing these agencies with extensive reports on their performance and output.

These agencies are a cumbersome form of control (Wahba, 1983).

To administer public programs of the GOE ministries, there are 5,633 local branches shown in Figure 3.1 and are distributed geographically over 4,946 local units shown in Table 3.5. Local branches include all non-central public enterprises and bureaucracies responsible for the provision of various public services, the maintenance of services, revenue collection, and a host of other activities. These establishments are dispersed over 26 governorates as the largest geographical division of Egypt. They are further allocated to smaller units, i.e., quarters, districts, towns, and villages, within each governorate. Theoretically, geographical dispersing of local administrations is for the sake of efficiency rather than conducting the public business for remote units from a minister's desk. This is based on the assumption that local administration systems have a significant role to play in affecting the development by efficiently and effectively providing public services.

**Figure 3.1**

**The Administrative Hierarchy of Egyptian Bureaucracy, 1998: With an Emphasis on External Agents and Bodies Involved in Administrative Development**



**Table 3.5**  
**Number and Geographical Distribution of Egypt's Local Units, 1997.**

<b>Governorate</b>	<b>Quarters</b>	<b>Districts</b>	<b>Towns</b>	<b>Village Units</b>	<b>Satellite Villages</b>
<b>Cairo</b>	20	-	-	-	-
<b>Giza</b>	5	6	9	45	121
<b>Qalyubiya</b>	2	7	9	45	149
<b>Greater Cairo</b>	<b>27</b>	<b>13</b>	<b>18</b>	<b>90</b>	<b>270</b>
<b>Urban Governorates</b>					
<b>Alexandria</b>	6	1	1	3	-
<b>Port Said</b>	5	-	-	-	-
<b>Suez</b>	4	-	-	-	-
<b>Rural Governorates</b>					
<b>Lower Egypt</b>					
<b>Ismailia</b>	3	4	5	10	37
<b>Sharqiya</b>	2	13	15	75	397
<b>Daqahliya</b>	2	10	16	89	357
<b>Dumyat</b>	-	4	9	26	44
<b>Kafr Al-Shaykh</b>	-	10	10	44	153
<b>Manufiya</b>	-	8	9	67	234
<b>Gharbiya</b>	2	8	8	53	263
<b>Bahayra</b>	-	12	14	69	360
<b>Upper Egypt</b>					
<b>Fayum</b>	-	5	5	39	121
<b>Beni Suwayf</b>	-	7	7	38	160
<b>Minya</b>	-	9	9	57	286
<b>Asyut</b>	2	10	10	49	191
<b>Suhag</b>	2	11	11	51	210
<b>Qina</b>	-	12	13	48	202
<b>Frontier Governorates</b>					
<b>Aswan</b>	-	5	10	26	85
<b>Red Sea</b>	-	-	5	8	-
<b>South Sinai</b>	-	5	8	8	-
<b>North Sinai</b>	-	6	6	32	161
<b>Marsa Matruh</b>	-	8	8	30	22
<b>New Valley</b>	-	2	2	16	48
<b>Total Egypt</b>	<b>55</b>	<b>163</b>	<b>199</b>	<b>928</b>	<b>3,601</b>

*Source:* Ministry of Local Administration.

Practically, the dispersing of local units in Egypt only represents physical decentralization without decentralization of control and financial decisions. The decentralized agencies and branches in the hierarchy are, in practice, under the direct control of their respective ministries. The minister in charge serves as the director general with the cabinet reserving for itself all the important decisions pertaining to the quantity and quality of services according to guidance from President Mubarak (Harik, 1992). The centralized hierarchical setting leaves local administrative units without the authority to make vital decisions. In the case of water utilities, for example, local units do not have the power to decide on the number of connections, the price of services, or means of maintenance. Rather, the central headquarters at the Ministry of Housing and Construction submits its proposals for improving services to the cabinet and receives limited permission based on funding and priority.

Centralization occurs also in the distribution of bureaucrats as shown in Table 3.6. Greater Cairo houses 32 percent of the total labor with 1 bureaucrat for every 8 citizens. Urban governorates have a low ratio with 1 bureaucrat for every 7 citizens despite the fact that they house only 7 percent of the population and 11 percent of the labor force. Put together, extreme centralization does lead to delays and compromised scheduling because reports have to be made and submitted to the home offices in Cairo for the final ministerial approval on small details. Decades of little or no power at the local level created an opinion among the majority of Egyptians that local public administration does not have an important role to play in achieving national development goals. Mayfield (1996) describes local offices

as “extraneous and of no consequence to the broader issues and concerns at the central level” (48).<sup>30</sup>

Finally, the external agents’ place in the hierarchy is in the Ministry of International Cooperation, but other ministries are also involved. Donors’ proposals have to be approved by the Economic Department of the Ministry of Foreign Affairs and by the Ministry of Finance. This is in addition to the individual ministry concerned with the external agent’s investment. The USAID’s investments in the water and wastewater sectors, for example, have to be signed for approval from the Ministry of Housing and Construction. All the approval signatures collected by the external agent then have to be approved in a cabinet meeting to ensure that the investment fits into the national plan. Finally, a follow-up for the financial input and results of the external agent’s investment has to be conducted annually by the Central Auditing Agency. It is common for actors in this centralized bureaucratic process to behave rationally. Interviews with officials at the USAID reveal that it usually takes few days to approve grants or loans, while it may take years to approve, or disapprove, plans for reform or privatization.

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<sup>30</sup> Side effects of centralization in decision making on society are most significant in security issues. Islamists’ attacks on tourists are often due to less feedback from police officers in the field and their inability to make immediate decisions about the level of security.

**Table 3.6**  
**Distribution of Egyptian Bureaucrats to Governorates and Citizens**

Governorate	1996				Bureaucrats : Citizens
	Population		Bureaucrats		
	Number	Percent	Number	Percent	
Cairo	6,789,479	11.05	1,228,384	22.17	6
Giza	4,779,865	7.78	300,355	5.42	16
Qalyubiya	3,302,860	5.37	258,026	4.66	13
Greater Cairo	14,872,204	24.20	1,786,765	32.25	8
Urban Governorates					
Alexandria	3,328,196	5.42	480,549	8.67	7
Port Said	469,533	0.76	81,124	1.46	6
Suez	417,610	0.68	57,127	1.03	7
Total	4,215,339	6.86	618,800	11.17	7
Rural Governorates					
Lower Egypt					
Ismailia	715,009	1.16	82,665	1.49	9
Sharqiya	4,287,848	6.98	307,401	5.55	14
Daqahliya	4,223,655	6.87	338,142	6.10	12
Dumyat	914,614	1.49	88,731	1.60	10
Kafr Al-Shaykh	2,222,920	3.62	151,700	2.74	15
Manufiya	2,758,499	4.49	226,924	4.10	12
Gharbiya	3,404,827	5.54	327,278	5.91	10
Bahayra	3,981,209	6.48	258,740	4.67	15
Total	22,508,581	36.63	1,781,581	32.15	13
Upper Egypt					
Fayum	1,989,881	3.24	106,400	1.92	19
Beni Suwayf	1,860,180	3.03	120,472	2.17	15
Minya	3,308,875	5.38	178,450	3.22	19
Asyut	2,802,185	4.56	165,150	2.98	17
Suhag	3,123,000	5.08	193,355	3.49	16
Qina	2,801,923	4.56	193,312	3.49	14
Total	15,886,044	25.85	957,139	17.27	17
Frontier Governorates					
Aswan	973,671	1.58	104,189	1.88	9
Red Sea	155,695	0.25	24,582	0.44	6
Sinai (North and South)	307,245	0.50	45,706	0.82	7
Marsa Matruh	211,866	0.34	15,778	0.28	13
New Valley	141,737	0.23	28,930	0.52	5
Total	1,790,214	2.91	219,185	3.96	8
Abroad	2,180,000	3.55	177,651	3.21	12
Total Egypt	61,452,382	100	5,541,121	100	11

Sources: Calculated by the author from (1) 1996 Census (CAPMAS, 1997a) and (2) the Central Agency for Organization and Administration.

Since the 1950s, administrative reform has been the responsibility of a subordinate unit at the office of the Minister of Cabinet Affairs. In July 1997, President Mubarak assigned the task of putting and implementing a plan for administrative reform to a new independent ministry called The Ministry of Administrative Development. The Ministry also became responsible for overseeing The Central Agency for Organization and Management which controls the labor and wage policy of bureaucracies. A detailed review of the ministry and its plans for administrative reform is presented later in this chapter.

**Decentralization Attempts.** A common pattern has persisted in Egypt's decentralization efforts. Reform starts when a new president comes to power and seeks to decentralize the administrative system; it ends by the same president reversing his actions. President Sadat began a process of decentralization that was supposed to strengthen local government through decentralization. He approved the Local Government Law 52 of 1975, which authorized the creation of councils of beneficiaries from customers of public services such as health clinics and schools. The goal was to improve the quality of public services by decentralizing decision making and enforcing accountability. This law was only a step towards decentralization because the People's Assembly voted on the same year not to give local units independent budget allocation. Due to mounting opposition to President Sadat's peace initiative, the president approved Law 43 of 1979 that reversed Law 52 and abolished the councils of beneficiaries. The goal of this authoritarian law was to prove that the executive arm of central government is dominant over any local decisions.

The same cycle occurred under President Mubarak who started his rule by allowing local elections to occur with greater freedom. His fear of radical Islamist opposition at the

local level, however, compelled him to pass the Law 145 of 1988, which substituted the term “local administration” with “local government” to imply increased autonomy. In 1994 President Mubarak faced more Islamic activities on the local level. In return, he enacted into law the practice of appointing people to local positions that were formally filled by elections (Mayfield, 1996).<sup>31</sup>

The other major decentralization attempt in Egypt’s recent history was President Mubarak’s decree in 1980 to increase the power of provincial governors at the expense of central government. This law only increased the power of governors in matters that do not conflict with any central decisions and kept the ministers’ upper hand (Mayfield, 1996). The side effect of this decree was that governors did not gain any authority from the higher levels of the hierarchy but rather were able to deprive local elected councils from their rights. Ayubi (1984: 71) notes that:

Members are no longer able to question, investigate or to call to account . . . the governor or the heads of public departments and corporations within the governorate, but can only ask, enquire or seek information . . . On the other hand, the governor has the right to veto the resolutions of the popular councils if he thinks they are not in agreement with the law.

The final outcome that emerged from these decentralization attempts was an enhancement of the centralized structure.

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<sup>31</sup> The USAID has shown no opposition to enhancing centralization because it seems to enhance stability which has a high priority than development for Washington. The USAID did not interfere as an external agent of reform in President Mubarak’s contradictory policy of decentralization out of fear of Islamism on the local level (Mayfield, 1996).



**Fragmentation of the Centralized Structure.** Despite the strong centralization in decision making, the bureaucratic structure operates in a fragmented manner with the priorities of the ministries often in conflict. Bureaucratic and political struggles between and within units cause decisions to be highly personalistic (Sullivan, 1987, 1990, 1996). The outcome is a fragmented administrative system that lacks coordination in planning, approving, financing, and slow execution of services.

The problem is exacerbated by agencies' overlapping responsibilities. For example, the employment policy of bureaucracies is the domain of the Central Agency for Organization and Management, the Central Agency for Accounts, and the Central Agency for Public Mobilization and Statistics, as well as various departments in the Ministries of Planning and Labor. This involves waste in time and money due to repetitive and complex control system. The efficiency control itself is at stake due to the clash in demands for information and supremacy. In addition, the efficiency of bureaucracies is sacrificed to devote time and efforts for satisfying the demands of too many control agencies (Wahba, 1983).

Rivalries, struggles for power between ministries, and overlapping of responsibilities keep bureaucracies from cooperating to improve their services. Sullivan (1990: 138) notes that:

Organizational and personal rivalries, based on related interests, are evident and endemic between bureaucracies, not just within them. And even if a particular minister decides on certain initiatives to change, reform, or otherwise improve the operation of his/her organization or the economic or social concerns for which he/she is entrusted, rival ministers may have something to say about any proposed changes. Even if the changes cover areas which otherwise appear to be wholly within one ministry's range of responsibilities, other ministries can find a reason to assert themselves and disrupt any plans for change.

These problems between ministers are often translated into destructive policies for development plans. In 1997, for example, a new Ministry for Higher Education was initiated as a separate entity from the Ministry of Education. Due to a famous tense personal relationship between the two ministers, the first decision for the new minister was to close all the universities that the former minister approved while overseeing higher education. The students were the victims of this policy caused by rivalry rather than educational development plans. The former minister of higher education commented after this radical decision “that the new generation of Egyptians is the one who will end up paying the price in the quality of their education due to our personnel conflict” (Goda, 1998: 5).

### **Products of Patronage**

The political appointment system that brings ministers to power causes different administrative problems. First, the frequent changes in ministers and in high level ministry posts, due to political reasons, creates indifferent behavior about long-term objectives. Ministers and high-level officials are likely not to have personal commitment to energize their bureaucracies or familiarity with objectives for adequate long-range planning. With this last government change in 1997, President Mubarak would have changed only 76 ministers during 16 years.<sup>32</sup> The Ministry of Economics and the Ministry of Security had the most frequent changes. Exceptions to the high turn over are the ministers in the Ministry of Energy and the Ministry of Transportation where their ministers have been in power since President Sadat’s regime. It is also worth saying that there is no record of resignation for any minister during

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<sup>32</sup> This is less than President Nasser’s regime who changed 115 ministers and President Sadat’s regime who hold the record by changing 170 in less than one decade.

**President Mubarak's regime despite some bureaucracies' highly unsatisfactory record of performance (Goda, 1998).**

**Second, the selection of ministers due to their political loyalties puts decision making in the hands of unqualified persons. The Ministry of Tourism, for example, has never been run by a minister with relevant qualifications despite its importance to the economy. Since its initiation, the ministry has been run by an army officer, medical doctor, civilian engineer, architect, lawyer, economist, and banker (Abd Al-Aty, 1998). Third, ministries are merged, separated, or eliminated frequently without gains in efficiency. Most often the same ministry is merged or eliminated more than once. One ex-Prime Minister, Mustafa Khalil (1978-80), notes on this practice (Abd Al-Aty, 1998: 5):**

**Each ministry works independent from the other, which costs the budget significant expenses. Coordinating between different ministries would save unnecessary costs. Common decisions on merging or separating ministries, such as the cases of Ministries of Agriculture and Irrigation or Ministries of Education and Higher Education, do not cut any money from the budget. Changes only happen in the minister's office, his secretary, and in the assignment of work among his staff not in the budget. More important, everything else stays the same.**

**One can conclude that a hierarchy with a pyramid shape and little delegation may explain the inefficiency of Egyptian bureaucracy. Other problems arise from ministers' competition to influence policy. Decentralization has been a much attempted solution for these administrative problems. It is often a discussed solution to allow managers to make decisions away from the top.**

## **Bureaucratic Incompetencies**

Bureaucrats are key figures in meeting the public needs and in maintaining development due to their role in planning and implementation policies. Effective policy implementation depends ultimately on bureaucratic behavior. Their behavior is a decisive factor as they can be inefficient and ineffective or become entrepreneurs and activists (Sullivan, 1990). Applying these criteria, the behavior of Egyptian bureaucrats would legitimately be considered as an administrative problem and an obstacle to sustainable development. Ayubi (1982: 293) observes their behavior and notes that:

On average, the Egyptian civil servant was estimated to work solidly only for a period of between twenty minutes and two hours every working day. Other amenities may also be provided: a shoe-shine man may pass by the office to offer his services, and sometimes the odd vendor or two will also pass by, selling date-stuffed rolls or soap, perfume or mothballs, shoelaces or safety-pins! Then all of a sudden, a great rush will be seen and the office will be almost entirely deserted: in an hour or so, cheerful faces will reappear as the officials return carrying their loot-oil, meat, chickens, olives, detergent, soap, and whatever else may happen to be available that day at the consumer cooperative of that particular government department.

Palmer et al. (1987, 1988, 1989) have empirically tested the capacity of the Egyptian bureaucracy and concluded that “the Egyptian bureaucracy lacks the developmental capacity to provide basic economic and social services for a growing population” (1988: 157). Based on empirical results, the Egyptian bureaucracy is judged as “sluggish, rigid, noninnovative, riddled with favoritism, and lacks concern for public service” (Palmer et al., 1988: 34). Palmer et al. (1988) identify four indicators of bureaucratic rigidity: a significant low productivity level; inflexibility in the form of tendencies to hide behind rules and regulations of Egypt’s rigid bureaucratic codes that severely restrict the capacity to respond promptly and

efficiently to the needs of reform; time-worn strategies of postponement and muddling through instead of innovation in bureaucratic strategies as part of reform; and antagonism with the public that is characterized by distrust and disrespect making it difficult for the bureaucracy to accomplish its goals.

Bureaucrats' behavior in the late 1990s is not much different than Ayubi and Palmer's assessments in the 1970s and 1980s. Sobhi (1998a) indicates that the average Egyptian bureaucrat works only 27 minutes a day on average. The rest of the working day is used by most bureaucrats to read the newspapers, solve crosswords, or chatting. For females they are usually preparing food items and cutting vegetables for dinner due to the time it takes them to go home in the heavy traffic.

Centralization of decision-making seems to be creating a lack of responsibility among bureaucrats. The indifference and passivity of Egyptian bureaucrats toward public affairs were also argued to be a result of overcentralization (Hinnebusch, 1988; Hopwood, 1991). Also, Palmer, Yassin, and Leila (1985, 1988) empirically find that the reluctance of Egyptian subordinates to accept responsibilities is a consequence of the centralized apparatus. This is in addition to causing the majority of supervisory officials to shun responsibility and at the same time resist the delegation of authority. Finally, patterns of communication, especially vertically between superiors and subordinates, were also found to be rigid as a consequence of centralization (Palmer, Yassin, and Leila, 1985, 1988).

Personal interests and lack of professionalism are also problems in bureaucrats' behavior. Weinbaum (1986, 114-15) refers to the culture of Egyptian bureaucracy to explain bureaucrats' behavior:

**[They] tend to oversimplify problems and delay dealing with them. The duplication and inflexibility of rules are maddening to outsiders who also disparage the personal influence that it takes to cut through the endless decision processes. . . Inadequately trained lower ranking officials are usually fearful of making mistakes and embarrassing supervisors and thus try to pass on or ignore problems. These officials are assigned tasks without either ample material support or expectations of reward for their accomplishments; they understand that benefits are normally awarded for loyalty, regardless of one's competence or efficiency . . . Criteria of status and individual security in the Egyptian bureaucracy often count as much as efficiency measured in temporal and monetary terms.**

**Such behavior is an obstacle to Egypt's development given that the actual running of the machinery remains firmly in the hands of bureaucrats. Taking inflexibility for example, any step in the USAID's economic and social development efforts that does not fit a clearly stated regulation will be either ignored or set aside for further adjustment of the rules. For Egyptian bureaucracy, that would normally take anywhere from a few years to decades. Inflexibility also significantly affects how the public perceives bureaucracy. Any transaction with the Egyptian bureaucracy is a laborious and time-consuming task. Egyptians "must spend days in the corridors of government buildings trying to collect signatures, filling forms, buying stamps, and paying bribes under different pretexts in order to obtain the proper papers enabling them to take advantage of public goods" (Hoodfar, 1996: 17).**

**These problems do not only sacrifice administrative efficiency, but also have a significant effect on Egypt's economy. The government pays about 6 million bureaucrats for eight hours work, while the public receives only one-half hour of work in return. Then the economy is incurring the cost of more than 42 million working hours annually without any added value. Second, Oweiss (1990) points to bureaucrats' actions that force many projects to declare bankruptcy or stop projects short of completion. He finds that this behavior incurs**

the economy sunk costs of more than ten billion Egyptian pounds (\$3 billion) on average per decade. Finally, a report auditing public enterprises also identified 25 billion Egyptian Pounds (\$7.3 billion), or 32.1 percent of the public investment in production, in the form of damaged or unsaleable goods due to “bad administration” and careless inventory practices (Khalil, 1998: 2). To subsidize these practices, bureaucracies have been borrowing from banks with no guarantees and significantly increased the internal debt to \$60 billion with \$8.82 billion annual payment (Central Bank of Egypt, 1997). The dilemma is intensified by the fact that bureaucrats associated with these losses have been receiving regular salary increases throughout the period.

Many theories were established to explain the cultural factors that impede bureaucrats in the Middle East from bringing an innovative behavior to work should have been considered by the USAID. Most notably is the sense of fatalism where Egyptian bureaucrats believe that events are fixed in advance and bureaucrats as human beings are powerless to change them (Hamady, 1960). The common belief that man affairs are regulated by God and, therefore, the need for human innovative is minimal tends to pervade Egyptian bureaucrats’ innovative behavior. A second set of theories suggests that social patterns in Middle Eastern societies reward conformity and do little to reward creativity (Gellner, 1981).

A third set of social theories that should have been considered by USAID explains these results by pointing to the poor sense of work ethic and lack of achievement motivation in Middle Eastern societies (McClelland, 1976). Unlike their Western counterparts, Egyptian bureaucrats’ self-esteem is not usually tied to levels of material achievement but rather to conforming to traditional values. Since innovation and creativity are often means of greater

achievements, Egyptian bureaucrats are increasingly less innovative. Finally, depressed innovation and productivity scores by Egyptian bureaucrats confirm to arguments about the security consciousness of Middle Eastern bureaucracies (Berger, 1957). The benefits of a government's job, such as a guaranteed salary and tolerable work load, made bureaucrats less willing to jeopardize their job by taking the initiative in decision-making. This attitude is supported by the Egyptian proverbs such as "the more you work, the more errors you make" made bureaucrats less willing to take the risk of innovation.

### **Lack of Training**

Another administrative problem is the lack of training to cure administrative problems. The Central Auditing Agency's 1998 report identified a waste of 8 billion Egyptian Pounds (\$2.4 billion) in the form of unused assets due to the lack of trained man power to utilize it (Abd Al-Menam, 1998).<sup>33</sup> Part of this administrative problem is due to the fact that the government spends an average of only 3.5 Egyptian pounds (\$1) per bureaucrat for training—despite the presence of a central training unit within each governorate. An interview with one official at one of those training centers revealed the problems from their point of view:

We have two types. Those that the laws require them to pass a training program before being promoted to high government levels. These laws bring us only about 1,500 trainees per year and most of them close to retirement age. The other type is sent to us for training because they are the worst employees at their organizations. We usually have no luck with this type. We found that their organizations take advantage of training programs to get rid from them for a period of time and not to improve their performance. The rest of the bureaucratic pyramid from the bottom up is left without training.

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<sup>33</sup> The report also refers this phenomenon to acquiring assets through borrowing or foreign aid without an identified need.



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**This part of the pyramid represents the majority that decides what kind of performance does we get from public organizations. I think the priority of training should be given for the promising elements in each organization.**

**There is an additional problem of internal and external brain-drain for bureaucrats who may gain significant benefits through training especially in technological tasks such as computers. The Egyptian bureaucracy is rapidly deteriorating due to this phenomenon. Some leave their government jobs to work in the private sector or with foreign companies and others leave the country to find work in the Arab peninsula where there are substantially better salaries.<sup>34</sup> Given that it is easier for the skilled and experienced to find jobs than their less qualified cohorts, defection to the private sector and the oil states is robbing the Egyptian bureaucracy of its productive segment. Bureaucracies of oil-producing countries in the region have been depending on Egyptian administrative expertise for decades.**

**Sullivan et al., (1990) found that the growing defection of bureaucrats to the private sector and to the oil states has its roots in the low salary structure of the bureaucracy and in the sense of relative deprivation felt by Egyptian bureaucrats. Unfortunately, the government is not doing enough to combat either phenomenon because there are immediate gains in the fleeing of the bureaucrats. In the case of internal brain-drain, the government sees a quantitative relief in labor surplus without considering the quality of such relief. In the case of external brain-drain, the government considers the relief in the labor market in addition to bureaucrats' remittances from abroad. Further when bureaucrats come back from the Arab peninsula, their savings provide an alternative for asking the government to take care of them.**

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**<sup>34</sup> The financial position of the Egyptian bureaucrat is not only low in absolute terms, but it is also dismal in comparison to the private sector. A newly hired college graduate receives at best 120 LE (\$40) per month in the public sector, compared to about a minimum of 1000 LE (\$300) in the private sector.**

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## **Problems with Leadership**

The shortage of leadership skills in managers is a major constraint to development in Egypt because success depends in large part on their capacity to implement policies and manage public organizations (Weinbaum, 1986; Oweiss, 1990). A significant problem lies in the centralized pattern of control exercised through a centralized structure. Good managerial talents that escape the internal or external brain-drain are left in a centralized structure that forces them to operate under a mass control. Bureaucracies are burdened with regulations and web of bureaucratic procedures. There is a little latitude that allows managers to decide upon essential problems such as the size of his/her team or its qualifications.<sup>35</sup> As a result, leaders spend their time dealing with small problems. Too often their decisions are based on emotions and informal relations rather than objective criteria (Sobhi, 1998).

The dilemma of managers is compounded by the fact that the output of their organizations is often rationed, cheap, or sold to the public at a price well below the cost of production. A simple request, such as increasing price, must often go through various steps to the top of the pyramid. If the request did reach the top and received an approval by the minister, a manager's request would then need a clearance from a ministerial committee, the whole cabinet, the control agencies, and, of course the president. Further, managers' attempts to find a way around the constraints of centralization or to resort to different means to achieve some degree of independence in the face of serious control often face political

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<sup>35</sup> Constraints on leaders' decisions are also seen as one of the main reasons for preventing Egypt from utilizing its comparative advantage and joining the world's substantial technical progress. Oweiss (1990) makes the argument that constraints on bureaucracies' leaders made the industry not able thus far to produce a fully manufactured Egyptian car after more than forty years of assembling cars in Egypt. In comparison, South Korea, which had almost the same economic and demographic characteristics as Egypt in 1952, has successfully been able to penetrate world markets, even those of the United States with its cars.

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opposition (Handoussa, 1979; Wahba, 1983; Oweiss, 1990). Opposition often in the form of resistance to delegate authority due to either fear of responsibility or of losing power.

Another problem lies in the official method adopted for choosing managers based on tenure, seniority, or age rather than competence (Sobhi, 1998). This is in addition to the common informal practice of patrimonialism that infects the official method of assigning managers to their positions in the bureaucratic hierarchy (Hinnebusch, 1988, 1990). Finally, the common manager in an Egyptian bureaucracy is also not effective in leadership due to the often competing, overlapping, and conflicting jurisdictions among bureaucracies (Oweiss, 1990). Each department has its own agenda, administrative style, and marching orders. Therefore, it is common in any given bureaucracy to find managers operating independent of other bureaucracies but still within the centralized hierarchy.

### **Corruption**

Corruption and the lack of social and professional responsibility is a major administrative problem in Egypt. Most studies that have looked at corruption assert that Egyptian bureaucracy suffers from an array of private interests that have become the rule rather than the exception (Waterbury, 1976, 1983; Baker, 1978; Hinnebusch, 1988; Mayfield, 1996). Bureaucrats manipulate the public office to personal advantage and put the bureaucracy to the service of those who can buy its favors and benefits. Bribing a bureaucrat or taking advantage of personal connections are necessary if a person want to get things done today in Egypt. While there are, of course, many public servants of integrity in all posts, the cases of those engaged in corrupt practices are significant.

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There is a lack of methodologically sound public administration studies that looked into the issue of corruption in the 1990s. However, we can hypothesize that corruption is on the rise for few reasons. First, increased demand for public services in the absence of administrative reform facilitates the opportunity for rent-seeking behavior. Second, fixed wages in the face of inflation lead us to expect an increase in the rent seeking behavior. Third, Egypt's dependency on foreign aid greatly expands the rewards and temptations of corrupt practices. For example, it was recently found that the majority of USAID training grants for Egyptian bureaucracies were used as bonuses for high officials (Abd Al-Menam, 1998). Finally, corruption should be expected to be on the rise due to the interaction between the foreign donors who aim at approving their investment proposals and bureaucracies who have the authority to do that.

Chronicling recent corruption cases for private gains illustrates the problem. Officials at the National Population Council were using the aid money designated for controlling the population growth rate to increase their salaries, remodel their offices, and hold parties at five-stars hotels (Abd Al-Aziz, 1998; Sobhi, 1998b).<sup>36</sup> The recent case of the USAID's efforts to recall \$17.5 million from its Family Planning Project after finding that The Central

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<sup>36</sup> Examples of how aid money is spent by bureaucrats signify the simplest role that should be played by the external agents in overseeing how tax payers money is spent. The USAID's Family Planning Project included the following items in its budget over a period of 18 months: \$228,000 for furnishing managers offices, \$471,000 for publishing social greetings in newspapers, \$29,000 incentives for secretaries at the managers office, this is in addition to tens of thousands of dollars in cellular phone services for managers. Further, salaries for managers' relatives hired with temporary contracts were \$1,100 per employee with later increases in some cases that reach 400 percent (Sobhi, 1998b). These figures are outrageous in comparison with salaries and expenses of any Egyptian bureaucracy. Such cases are not new to USAID-funded projects. In the case of water services that has been receiving the majority of USAID's investments for more than two decades, the head of the board was charged with wasting more than one million Egyptian pounds (Hinnebusch, 1988).



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Auditing Agency has no records about this amount is a significant example. The People's Assembly is not supportive of the USAID's efforts to more closely monitor how its funds are spent due to the fact that parliamentary elites are often caught in corruption practices.<sup>37</sup> Other incidents of financial corruption in Egyptian bureaucracies are frequently in the news. For example, "a bureaucrat made billions of pounds during less than twenty years of public service while his salary is only 90 Egyptian pounds a month" (Nussair, 1998). This is a case of a bureaucrat who has been responsible for issuing authorization for investments in Egypt and became a common household name after this case.

Corruption does not always take a monetary form as revealed from an interview with a branch manager of Cairo water:

Corruption is everywhere in the public sector. If you search for the reasons, you will probably find that salaries are not enough or red tape is facilitating corruption to get things done. I am here suffering from nepotism and will give you an example. I have ordered to move about 50 workers to different branches in order to lower the overstaffing rate. Within one year, 90 percent of those workers came back to my branch through nepotism and favoritism.

Politically speaking, in an environment where corruption of top officials is part of the administrative system, it is logical to expect that corruption is also common at the middle and lower ranks of bureaucracy. Given the centralized structure of control, it is easy to infer that Egyptian presidents have been tolerating, if not positively encouraging, corruption and bureaucratic pathologies as a mechanism of official control (Waterbury, 1976; Baker, 1978;

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<sup>37</sup> In its boldest move in the 25 years the USAID attempted to strike a deal with the People's Assembly by providing it with computers and the technology needed for decision making in return for additional information about projects that the USAID is investing in. This attempt was met by refusals from both the ruling party and opposition's members alike as an "American attempt to influence the Assembly decisions" (Abd Al-Menam and Galeb, 1997a: 3).

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Hinnebusch, 1988). Explaining corruption as a political tool, Waterbury (1983: 349) notes that:

High-level corruption can be viewed as an instrument of political control. In that sense corruption may be actively encouraged by a given regime. For leaders like Nasser and Sadat, whose popular mandates to rule were always of dubious validity and whose trust in their peers was always minimum, corruption could be used to wed potential rivals to the regime. The elite would be allowed to play its crass material games, records would be kept of their activities, and were they ever to become politically threatening, legal action could be taken against them.

Corruption as an administrative problem has a significant negative impact on social and economic development. Hinnebusch (1988: 262) illustrates this link by noting that:

When building inspectors took bribes to neglect the building code and buildings collapsed, the public was deprived of a basic security; when they took them to declare a sound building unsafe so the owner could sell the property on the booming real estate market, they deprived ordinary people of a place to live. When teachers insisted their students pay for private lessons, the poor were deprived of equal educational opportunity. When tax assessors took bribes to underestimate professional or business income or property values, the cost was born by the treasury and the wage earners whose taxes were deducted from their pay. The exaction of a bribe for every petty service from acquisition of a ration card to a passport, discriminated against the poor.

Hinnebusch's examples from the 1980s are still common in Egypt one decade later.

Examples in areas from air and Nile pollution, traffic, and education, to millions of people who live in cemeteries because the apartments built for them by the government are given to those who paid more. In the first six months of 1997, 502 corruption cases from different localities were being viewed by courts for charges of bribes, forfeiting, or embezzlement of \$33.5 million (Abd Al-Menam and Galeb, 1997b). Roy (1992: 696) portrays the size of corruption as an administrative problem in Egypt:

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Corruption and graft are two of the most pervasive forms of black-market activity currently in evidence in the Egyptian economy. They percolate to the most minute and seemingly insignificant levels, such as the housewife who bribes the operator of the village water-pump to operate it after hours so that she would not miss televised soap operas. And there is corruption at the very top involving present and former ministers, members of presidential 'inner circles' and leaders and members of parliament . . . Those involved in major graft are able to secrete their income abroad; the more brazen and confident do not bother, keeping it in domestic banks that have offshore status. It involves millions of dollars and thousands of government officials.

Therefore, corruption it is an administrative problem that diverts public resources from their designated task and channels them away from the targeted population and from the goal of development.

### **Bureaucratic Resistance**

Bureaucratic resistance to the external agent's role in solving these administrative problems is often expected and causes a negative record of accomplishments for two reasons. First, external agents, as sources of change, often require bureaucrats to sacrifice their interests and livelihood (Sullivan, 1990; Kahler, 1992). Resistance in this case is triggered by the content of the reform program that may require shifts in power, authority, and labor force. Major groups that may resist reform for this reason are the managers who perceive themselves as losing power as a result of the change, and bureaucrats with less seniority that would lose their jobs in the process reorganization. Given that chances of bureaucratic resistance are increased in proportion to the organization's size (Downs, 1967), then significant resistance and reluctant to change propositions should be expected in the case of USAID/Egypt due to the large size of bureaucracies involved.

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The second reason for bureaucratic resistance is caused by a political conflict and a national resentment at the external agent itself rather than its on reform attempts (Kahler, 1992). In the case of USAID/Egypt, the degree of bureaucratic resistance is related to the wide gap in social and economic characteristics of both sides. For example, American reformers are often targets of criticism because they are not familiar with Third World's needs and are paid much more than Egyptian bureaucrats they try to work with (Quandt, 1990). The degree of bureaucratic resistance in Egypt is also expected to be correlated with the U.S. foreign policies in the Middle East. Sanctions on Libya or bombings of Iraq, for example, shape how a bureaucrat views and deals with the American contractor responsible for on-site administrative reform given Egypt's historical ties and unions with Arab nations. It is difficult to convince Egyptian bureaucrats that the U.S. views them differently than their Arab brothers. Therefore, bureaucratic resistance should be expected in the presence of reform attempts by an American team.

Bureaucratic resistance can take unusual shapes. For example, one of the American contractors responsible for implementing the USAID water and wastewater projects in some areas has continuously complained about not receiving his fees from the Ministry of Housing and Construction after finishing the project. His company actually filed a law suit in international court for the amount required from the Egyptian government in addition to the damage incurred for stopping his payment for the amount of \$34 million. The USAID intervened and replaced the contractor and offered the Egyptian government to pay the contractor \$16.9 million in return for withdrawing the law suit in addition to \$10 million to



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### **Conclusion**

Nationalization policies by President Nasser required many bureaucrats to administer the new system. Later, the government introduced a policy of guaranteeing all graduates posts in the civil service. Many Egyptians accepted this offer due to the lack of an alternative career, to avoid manual labor, or to escape the backwardness of their villages. More than four decades later, one bureaucrat's job has to be shared by many, and more than one bureaucrat has to be seated at one desk with no necessary means of occupation. In order to get bureaucrats busy, Egypt has become "notorious for form filling and rubber stamping" (Hopwood, 1991: 180).

Significant administrative problems discussed here included a mix of size, irrelevant or low qualifications, overcentralization, a behavior that lacks professional ethics or a sense of duty, a lack of systematic or effective training, and internal or external brain-drain of competent leaders. Decision-making is highly centralized, policy analysts few, the flow of information sluggish, and habits of open debate and policy dialogue primitive. Some ministries are uninterested, even hostile, to policy discussion with donors (Berg, Sines, and Walker, 1994). These pathologies would not allow bureaucrats to carry on the task of development that has been the responsibility of foreign donors over the last decades.

These problems are most likely to have a negative impact on the development process in the case of Egypt. Bureaucratic intervention in the economy, known as the model of "embedded autonomy" (Evans, 1992) adopted in South Korea or Taiwan should not be

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considered as a remedy for success in Egypt. In these countries, the model “contains a kind of magic ingredient for which there is no theoretic explanation: the willingness of bureaucrats, managers, and politicians to forego large-scale rent seeking” (Waterbury, 1992: 216). Highly interventionist policy along the lines pursued by East Asia may well be desirable at some point in the future, but it is unrealistic with Egypt’s current bureaucracies.

Consequences of administrative problems can be seen daily in Greater Cairo’s problems of slum congestion, pollution, unemployment, poor waste disposal, shortage of water, traffic crisis, and housing shortage. These problems multiply with rapid urbanization and are reaching many other cities. The majority of government policies are often not implemented as expected or do not fulfill their intended purposes. The developmental philosophy of the regime written into laws and regulations is not filtered down to policy-targeted groups due to administrative problems (Ghorbal, 1990).

The government is aware of the social and economic problems facing it, and recently identified the administrative problems causing it. An official at the new Ministry of Administrative Development pointed to the following problems during an interview about the ministry’s reform plan:

The problem with Egyptian bureaucracy lies in the inflation of the system in both the number of bureaucrats and monetary costs along with low revenues . . . . Instability of the organization structure as we always experience elimination, separation, or merging of departments . . . . The division of the system into numerous ministries, agencies, organizations, centers, and units . . . . A worn out physical structure that is uncomfortable for both bureaucrats and the public . . . . Poor and slow performance due to procedures and rules that became goals in themselves rather than tools for achieving goals . . . . Extravagancy in consuming material and resources without sufficient information . . . . Isolation from the public and the surrounding environment

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**Identifying the major obstacles for reforming the Egyptian bureaucracy and delineating the unsolved administrative problems in this chapter answer the question of whether the GOE through its bureaucracy directly constrain efforts of administrative reform. It clearly does. Reviewing the reasons and forms of bureaucratic resistance to USAID efforts also highlights the bureaucrats' share of the USAID's poor record of reform.**

**Next I shall answer the research question of whether the GOE indirectly through political and economic strategies constrain the external agent's reform efforts. This will be done by discussing previous reform efforts, examining the recent administrative reform efforts that started in July 1997 by the inception of the new Ministry of Administrative Development, and an assessment of whether internally initiated administrative reform efforts are capable of fixing these problems. Finally, answers to these questions will then be applied to the Continuity and Reform model to examine if they warrant modifications to the theoretical framework.**

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## **CHAPTER 4**

### **THE GOE POSITION ON ADMINISTRATIVE REFORM**

In this chapter I will attempt to answer the research question of whether the GOE through political and economic strategies indirectly constrains the external agent's reform efforts. This question will be answered first with an analysis of previous administrative reform attempts and then by examining recent administrative reform efforts that started in July 1997 with the inception of the new Ministry of Administrative Development. An analysis of political resistance and political support for the recent efforts is then presented. Finally, answers to the research questions will be analyzed in terms of the applicability of the Continuity and Reform Model.

This analysis is based in part on reviewing plans and related documents and in part on interviews with top Egyptian officials, including an assistant minister of the new Ministry of Administrative Development, and American management consultants associated with the USAID mission. Interviews were based on elite interviewing techniques described by Manheim and Rich (1991). Each interviewee was questioned differently based on the information he or she possesses. Questions were ordered and determined only by the objective of collecting the information. Finally, the tone of the interviews was conversational.

#### **Previous Administrative Reform Efforts**

Since the 1970s slogans and bureaucratic bashing were the primary administrative reform strategy in Egypt. During a First of May Labor Day speech President Sadat made the first call for an "administrative revolution" that would "destroy routine and red tape and safeguard the public interest" (Al-Ahram, 1977: 1). His call for an administrative revolution



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launched a national debate about the best ways for reform. However, one year later the administrative revolution ended up only as a media event praising the President's initiatives and efforts for administrative reform. President Sadat was assassinated in 1981 by members of the extremist group Al Jihad and was succeeded by vice-president Hosni Mubarak. In a 1985 address to the People's Assembly, President Mubarak noted:

We had before us the prospect of crumbling public services and utilities. The situation was the result of years of accumulated paralysis and neglect. Citizens complained of the situation from the moment they opened their eyes in the morning until they returned from work. The flow of water was inadequate and irregular. Electric current fluctuated, and extended blackouts were common. Communications moved at a snail's pace. Roads were impassable. Television was limited. The decay of the sewer system turned some streets and quarters into swamps. . . .

Medical equipment in public hospitals is old and in short supply. Bureaucracy oppresses the citizens with routine and delay. Free education has lost much of its effectiveness and the expense of college education is oppressive to Egyptian families. Then there are the problems of housing shortages, rising prices, vanishing goods, and of houses collapsing on their inhabitants. The list of problems our people complain of is endless, yet they are forced to put up with them. . . .

The public sector bears many burdens of the past, including fixed prices unrelated to rising costs of production, absorbing surplus labor from among the graduates, submitting to ministerial laws and decisions which restrict administrative discretion and limit the administrator's ability to use available talents and capacities by precluding them from discriminating between lazy and productive workers (Al-Ahram, 1985: 3).

President Mubarak recognizes the problems with Egyptian bureaucracy. He has called time after time for simplification of the bureaucratic rules and regulations and for changing the incentive programs that failed to distinguish between productive and nonproductive bureaucrats (Palmer et al., 1989). The Presidential calls for reform, however, do not go beyond the news and end up being an intellectual exercise for scholars and another media event for the GOE.

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These calls for reform can be considered non-serious and their only results were national debates in the newspapers and the media for two decades. No task forces or commissions were initiated. The lack of seriousness in reform efforts is due to three reasons. First, it is politically advantageous to increase--not reduce-- the bureaucracy. Egypt has high unemployment levels especially "intellectual unemployment." This problem is intensifying by the ever-increasing flow of university graduates as well as by the return of expatriate workers from the Arab oil states. While publicizing bureaucratic problems, President Mubarak knew it is necessary to keep the bureaucracy overstaffed in order to ease the pressures of excessive unemployment. Therefore, bureaucracy has been intentionally used as a welfare and security system (Palmer et al., 1989).

Second, substantial foreign aid flows have helped to offset the high cost of subsidized and overstaffed public services. Most of the foreign loans were not tied to economic reforms but rather flowed from political considerations arising from instability in the Middle East (Waterbury, 1993). Politically motivated foreign aid has lessened the probability of serious reform measures by reducing the urgency for change and relieving President Mubarak from having to make politically difficult decisions (Weinbaum, 1986).

Third, Egyptian presidents strongly support the role of bureaucracy. While calling for reform, President Mubarak said in an interview to Al-Watan Al-Arabi:

I wonder about those who advocate selling the public sector, because this would be a dangerous step taken at the cost of the simple citizen, because the private sector operates according to the needs of the market, and its prices are high. So what is the simple citizen to do? Frankly, he will starve. From here starts social envy and crime flourishes. This envy has serious effects on the social structure. The public sector regulates the private one, thus offering goods to the public at reasonable prices, because state control is a must.

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**Selling the public sector would create a socio-economic problem. I am careful to maintain social peace and balance. These are the fundamentals for me. So I reiterate that the public sector is an essential foundation of the Egyptian social and economic structure (Al-Watan Al-Arabi, 1987: 30).**

President Mubarak's strong belief in the role of the public sector flows in large part from his Soviet education.<sup>38</sup> Transferring the provision of public services to the private sector may still be not an alternative for Egypt's economy, but reforming the public sector is a possible alternative. Due to many political factors in the 1990s that will be discussed later, the president no longer has the luxury of shaping the national policy solely based on his ideology. President Mubarak is far more constrained today by many pressures that imply that administrative reform is central to a resolution of the country's economic and social problems.

From the discussion above one can conclude that past Egyptian regimes have failed to take seriously administrative reform efforts. Administrative reform efforts were ad hoc procedures imposed on an already existing structure or value to serve as adjustments or accommodations. Administrative reform measures were often to create new administrative structures to deal with problems mishandled by the old (Waterbury, 1983). Intentions of granting more independence and flexibility to bureaucracies have further buried bureaucracies under a plethora of decrees, articles, and executive documents (Wahba, 1983). Further, the heterogeneity and rapid turnover in ministers undermined the unity and continuity in reform efforts due to the lack of authority to provide the needed reform. Administrative reform

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<sup>38</sup> For an analysis of President Mubarak's ideological, social, and personal type and their influence on his style in politics see Chapter One in Robert Springborg (1989) *Mubarak's Egypt: Fragmentation of the Political Order*. Boulder, CO: Westview Press.

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decrees were often fragmented, determined by bureaucratic rivalry, and implementation is retarded by a lack of coordination (Hinnebusch, 1988).

### **Recent Administrative Reform Efforts**

#### **The New Ministry of Administrative Development**

In July 1997, President Mubarak assigned the task of administrative reform to a new independent ministry called the Ministry of Administrative Development. The new ministry became responsible for designing and implementing a plan for administrative reform and became responsible for overseeing the Central Agency for Organization and Management which controls the labor and wage policy of bureaucracies. This is the first time in Egypt's recent history that the task of administrative reform has been assigned to a separate institution in the government hierarchy. It is also the first time that a comprehensive plan for administrative reform has been put forward in Egypt. The ministry's efforts, therefore, warrant analysis here as a candidate for a serious attempt of administrative reform. It also seems that recent domestic and international political events have put pressure on President Mubarak to improve the functioning of bureaucracies. The following analysis is a detailed review of the ministry's plan, respondents' evaluations of the plan and recommendations for bridging the gap between previous promises and effective performance, the political resistance facing the plan, and domestic and international factors supporting the recent reform efforts.

Interviews at the new Ministry of Administrative Development revealed that its organization operates without a written mission statement and no clear goals. The response of a high official at the minister's office to my question about the ministry's plan was that it is to be found in the "minister's speeches in public meetings, newspapers, and



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recommendations to the cabinet.”<sup>39</sup> Therefore, the ministry’s plan presented here was collected from the minister’s speeches since he came to power in 1997. The plan attempts to address administrative problems on two fronts: first, reforming the administrative system, and second, reforming the relationship between bureaucrats and the public in service delivery.

### **Reforming the Administrative System**

The plan calls for fourteen changes to reform the administrative system:

1. Facilitate the early retirement system to decrease the number of workers.
2. Support the social development fund to help retirees start small businesses and provide them with finance, technical support, and training.
3. Reevaluate the public employees’ salary structure with the goal of increasing wages to decrease the economic burden on bureaucrats.
4. Assign a special fee to be added for every public service. The money collected would then contribute to improving the incentive system for bureaucrats.
5. Make bureaucrats’ salaries and incentives tax exempt.
6. Establish a new incentive category under the name of “Citizen’s Satisfaction” to be given based on a bureaucrat’s advancement in serving the public. This incentive will be paid monthly so that bureaucrats can feel the significance of

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<sup>39</sup> One positive sign revealed by the new minister’s many speeches about his plan for administrative reform is his marketing talent in eliciting public support without radical descriptions such as President Sadat’s “administrative revolution.” This is a talent that most ministers in the Egyptian government lack. Many government reform plans have yielded unsatisfactory results due to the lack of marketing on behalf of public officials, such as in the case of family planning, rationing water usage, and moving people to the new communities built in the desert around Cairo.

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better customer service. Funding this new incentive system should be partially through increasing the fees for public services

7. Provide economic and health services to bureaucrats in a manner that reduce their financial burden.
8. Establish more training centers for bureaucrats at all levels. Emphasis is to be given to two groups; the new hires are targeted to improve their performance and manners in serving the public; middle management will learn skills necessary for translating ideas and plans into results.
9. Link hiring with the actual needs. No more hiring will be made without written permission from the Central Agency for Organization and Administration.
10. Solve the problem of overstaffing by transferring bureaucrats to empty positions in different geographical locations and giving those transferred 30 percent bonuses for five years.
11. Change recruitment laws to allow agencies to advertise management openings to the public. A committee whose members are from outside the hiring bureaucracy including university professors will review the applications.
12. Limit management positions to four years after which the bureaucracy has to re-advertise for the opened position. Incumbents can reapply and will be evaluated with new applicants by a committee from outside the hiring bureaucracy.

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13. Establish an improved system for evaluation to measure bureaucrats' performance and use it as the basis for promotions and incentives.
14. Improve the technological capacity of bureaucracies starting with priority to administrative units. Also proposed is the establishment and continuously updating of a digital database about individual bureaucrats and their performance. In addition to monitoring the behavioral history of each bureaucrat, this database is to be also used in assessing labor needs for bureaucracies.

The reform plan as outlined by the minister addresses to a great extent the problems of Egyptian bureaucracy discussed in Chapter Three. More specifically, items (1), (2), (9), and (10) attempt to solve the problem of overstaffing through early retirement, business opportunities, hiring freeze, and transfer policies. Items (3), (4), (5), (6), (7), and (13) attempt to improve the quality of work by increasing salaries, incentives, and benefits, and by improving the evaluation process. Item (8) targets administrative incapacity through emphasizing training of bureaucrats and managers. Item (11) aims at corruption through eliminating procedures facilitating nepotism. Item (12) points at the quality of leaders through allowing outside recruitment of the most qualified. Finally, item (14) attempts to increase the administrative capacity by improving the technological capacity of bureaucracies to both work efficiently and monitor bureaucrats.

This reform plan put forward by the GOE surprisingly utilizes the approaches to administrative reform outlined in Chapter Two as tools at the external agent's disposal. Further, as recommended by the literature review, the plan is a mix of reform approaches put

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together to ensure that no problem is solved at the price of another problem. The ministry started by planning administrative reform then by mixing between the behavioral change approach, through improving the quality of recruitments, incentives and training, the organizational cultural reform approach, by improving the evaluation process and making new incentives specific to customer service, and finally, the technological change approach. Other approaches not utilized at this phase of the plan were outlined in the next phase.

### **Reforming Public Relations and the Process of Service Delivery**

The part of the plan calls for four changes:

1. Simplify procedures and rules to minimize the red tape.
2. Establish a process to minimize the direct contact between the person requesting the service and the bureaucrat(s) providing the service. This will be done by using the following strategy:
  3. A. Identify the information, forms, and time needed to obtain the service beforehand and write the information for the public on the form and on the entrance of the agency providing the service.
  3. B. Sell the forms needed to obtain the service at post offices.
  3. C. Set a fixed price for the forms so that the person requesting the service does not have any financial transaction inside the bureaucracy providing the service.
  3. D. Establish a separate unit inside agencies providing the service to receive the forms from the public and give them in return a written date in which he/she should expect to obtain the service.



- 3. E. Establish a separate unit inside bureaucracies for delivering the finished service.
  - 3. F. Introduce a new system of service delivery that utilizes mail in inquiring from applicants about more information if needed, notifying the applicant if his/her service available for pickup, or delivering the service if possible.
  - 3. G. It is the responsibility of the delivering bureaucracy, not the applicant, to finish the work needed from other bureaucracies if the service requires the involvement of more than one bureaucracy.
  - 3. H. For services that require direct contact with the public at least A, B, and C guidelines have to be applied.
- 3. Locate agencies that provide related services in one building to make it easier for the public to finish their work in one trip.
  - 4. Train bureaucrats on how to facilitate the public's visits to bureaucracies.

As it is the case with the first phase of the plan, the GOE utilized theoretically sound approaches of administrative reform, based on the literature review in Chapter Two, to address problems with the Egyptian bureaucracy, identified in Chapter Three. This phase of the plan combines the structural and procedural change approach, by reorganizing and simplifying the rules, providing better relationship with the public, and improving service delivery. Indirectly this phase of the reform plan also attempts to minimize corruption by keeping financial transactions with the public inside the organizations to a minimum. Put

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together, the GOE surprisingly not only took the initiative for administrative reform, but also did so with a theoretically sound plan.

The first phase of implementation took six months and has been primarily concerned with the public relations and service delivery areas of reform with the cost of \$5.6 million (Atia, 1998). However, it is important to keep this amount in perspective. The Ministry's budget for FY 1998-99 is 2 billion Egyptian pounds (\$588 million) of the 91.2 billion Egyptian pounds (\$26.8 billion) national budget or only 0.02 percent.<sup>40</sup> This amount includes the wage increases and bonuses for the millions of bureaucrats that are promised in the minister's plan (Al-Shazly, 1998).

### **Bridging the Gap Between Promises and Performance**

Interviews were carried on to assess the progress and the validity of the ministry's plan. Interviews included an Assistant Minister for the new Ministry of Administrative Development, the Head of the Research Division at the Central Agency for Organization and Administration, an official at the Budget Division at Ministry of Finance, an official at the Personnel Department at Ministry of Education, and an official at the Minister's office at the Ministry of Culture. On the external agent side, American management consultants associated with the USAID mission were asked to assess the progress of the ministry's plan. Interviews included representatives from AMBRIC, Arthur Anderson, EAP, Black and Veatch, and CH2M Hill.

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<sup>40</sup> Including different sources of foreign aid, the 1998-99 national budget has a deficit of about 1 percent because the available resources are only 83.2 billion Egyptian pounds. Therefore, it is a positive sign that President Mubarak is devoting money for administrative reform despite his budget's deficit. Within the context of the Continuity and Reform Model, these changes in public administration are caused by forces of reform that was hypothesized in Chapter One to be placed by an external agent.

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There is a consensus among external and internal respondents that the initiation of a ministry for administrative reform is a good step, but the majority had criticisms about the plan. First, the weaknesses of the existing organizations have not so far been thoroughly analyzed or given the deserved priority. The reform plan has yet to develop solutions for increasing the capacity of organizations to perform their assigned role and to realize developmental goals. At this stage, many of the respondents feel that bureaucrats should be involved in the policy making process at the minister's office because they are more knowledgeable of their agencies' capacity.

Second, a clear direct statement of how the ministry plans to deal with the significant problems of corruption, nepotism, and favoritism is missing from the minister's announcements. This would be a significant step towards recruiting and promoting qualified persons on the basis of competence rather than on the common practice of nepotism. Further, laws and rules classifying all information and procedures as "national security" have to be revisited because an official detailed map for Cairo, for example, should not be confidential. Also, interviewees noted that administrative reform should introduce a system that encourages and protects whistle blowers and encourage criticism in the press to strengthen public opinion as an effective deterrent for corruption.

Third, decentralization is virtually absent from the ministry plans. An official at the Central Agency for Organization and Administration notes that:

Everybody works with his eyes on Cairo. Cairo is the source of inspiration for decisions and approvals. No bureaucrat, even those at the top, makes a decision without an approval of someone higher than him. This is a journey that usually takes from days to years, and the decision may pass tens of departments and committees. You may even find a simple decision on the

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desk of the prime minister or the president. Administrative reform should plan to decentralize the structure.

Further, procedures for reform in the plan are still centrally controlled and do not put more power in the hand of the local leadership. Interviewees feel the Ministry of Administrative Development should organize at the local levels to decentralize the inputs of the reform plan.<sup>41</sup>

Fourth, the administrative reform plan does not address the separation of powers. More than half of the People's Assembly's members (278) are bureaucrats who kept their jobs after winning the elections. As elected officials, those bureaucrats are expected to question ministers on the legislative floor. Ironically, ministers being questioned are often the members' superiors at their respective bureaucracies. The dilemma is that the elected bureaucrat is required to obey orders of his superiors and maintain confidentiality of information from his/her job at the executive branch. At the same time, he/she is required to question bureaucracies and oversee their procedures.

Signs of this administrative dilemma are many. An elected bureaucrat at Cairo wastewater revealed problems with the accounting system of his organization at the People's Assembly and was punished by his superior. Another incident involved the Minister of Housing and Construction yelling on the floor of the People's Assembly after receiving a question about the ministry's often changing policy in building highways: "Don't you forget that you are my subordinate at the ministry!" Interviewees believe the new ministry of

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<sup>41</sup> Mayfield (1996) argues that decentralization is unlikely given the regime and the USAID worry from threats of instability that may occur from making room for Islamists to form a political base at the local level.

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Administrative Development needs to address this point because it will be very helpful in giving representatives the power to support the ministry's plan and to reveal corruption in bureaucracies.<sup>42</sup>

Fifth, more attention needs to be given to putting the "right" leader in the organization to be receiving aid and shifting the power figures into different positions. Such methods would also minimize the resistance to reform, give the ministry's plan higher chances of success, and increase aid's effectiveness. Getting the "right" leader, however, requires strategic planning and enhancing the wage system to compete with the private sector in recruiting competent managers.

Sixth, although theoretically sound approaches from the literature review in Chapter Two encourage incrementalism, many of the respondents preferred to see a comprehensive change. The new Ministry of Administrative Reform intends to implement its plan gradually in order to spread its cost over time. The goal seems to be to restructure the public sector through enhancing the large system rather than mass layoffs because restrictions on dismissals remained in place. This assumes, of course, that the national budget could afford to pay for a long-term transition period. The ministry's goal also assumes that the growth of the labor force would not overwhelm the economy during that lag and that existing wages would sufficiently cover labor.

Some argue that under these assumptions, the impact of administrative reform on employment is difficult to project. The plan has to directly and immediately attack the hidden

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<sup>42</sup> The 1971 Constitution allows the bureaucrat to be a member of the People's Assembly, but it also requires him to leave the civil service. This is seldom the case and the Assembly in return is composed of a majority that praise bureaucracy.

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employment and the unproductive manpower of Egyptian bureaucracy. Bureaucracy continues to grow, bureaucrats' unproductivity increases, and the government's burden gets heavier.

There are a number of additional measures that the respondents noted where the new ministry can address administrative reform in a serious and thoughtful manner. First, the government has to end the "graduates policy" that proved unrealistic in absorbing unemployment that is hovering around 20 percent. Second, the ministry has to sort out labor at each bureaucracy and keep the productive groups with relevant skills, move irrelevant skills to applicable areas, and encourage the remaining segment to leave the service by providing small-scale projects through soft loans and facilities. This last segment should contain the aiding categories in public service, such as janitors, which reached the ratio of 1 for every 5 bureaucrats. Training programs should be given to this category to enhance its skills in areas such as electricity or plumbing and encourage them to move into the private sector.

The government may not necessarily have to generate new revenues to finance this comprehensive plan because it has different means at its disposal as the head of the research division at the Central Agency for Organization and Administration suggested:

The government has been building new cities in the desert for the last twenty-five years and expecting people to move out there, while their jobs are in government buildings in Cairo. These buildings are on properties worth billions of pounds. The new ministry should move bureaucracies to one of those new cities and sell those buildings. This reform plan will hit two birds with one stone. First, it will inhabit the new cities with bureaucrats and the public in direct or indirect contact with bureaucracies. Second, government will have significant revenues from selling its expensive properties in Cairo to implement the reform plan.

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Finally, respondents from USAID's consultant firms that deal with Egyptian bureaucracies expressed the view that successful administrative reform efforts cannot be a continuation of the competition game of power and privilege. Many point out that it is necessary to put the task of administrative reform in the hands of a new breed of administrators who are drawn from the private sector or non-bureaucratic sphere. The Ministry of Administrative Development responsible for reform implementation is made up of administrators who have long resisted reform and believe in exceptions and compromises. The minister himself was the head of the Central Agency for Organization and Administration before being appointed to his new position.<sup>43</sup>

### **Implementation Problems**

Theoretically, the administrative reform plan should expect to face political resistance. Political resistance began after the Minister of Administrative Development announced that he had signed an executive law to cancel the method of recruiting civil servants through contracting (Atia, 1997b). This policy would affect the renewal of contracts for more than over 750,000 in the labor force, many of them consultants over the retirement age.<sup>44</sup> This can be seen as a step towards reducing the size of bureaucracy by first attacking the margins. It is also estimated by the ministry that this policy would eliminate additional 400,000 "ghost positions" that have been receiving 1.5 billion Egyptian pounds (\$440 million) as salaries and

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<sup>43</sup> Egypt continues to be ruled by administrators who are trained during the socialist era and influenced by the Eastern bloc from the President all the way down the hierarchy (Weinbaum, 1986; Mayfield, 1996). Also, most Egyptians continue to be dominated by a prevailing ideology of socialism as a method of attaining social justice and equality planted by President Nasser.

<sup>44</sup> A manager at one of the branches at Cairo water pointed out that the importance of those consultants. When a water pipe breaks in a neighborhood, the manager has to call one of those retirees at home because he is the only one who knows the location of the main taps in this area of the water network.

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bonuses (Atia, 1997a). It was also viewed as a step to close the back door of recruiting workers temporarily through contracts and then move them permanently into the civil service.

Less than one week after announcing this policy, the minister was called for questioning on the People's Assembly floor after pressure was put on the representatives from their constituents. In an attempt to stop the questioning of the minister, the chair of the ruling party--National Democratic Party--announced that "he convinced the minister to reverse his decision" (Shoukry, 1997: 13). Nevertheless, the legislature held its session and the extent of political pressure facing administrative reform through cutting down the labor force was revealed in the minister's speech. The minister reversed himself 180 degrees in response to the question about his policy of eliminating the contracting method (Al-Batrik, 1998: 13):

There are no plans to stop hiring but rather to reorganize and provide extensive training. Matter of fact, we were planning to give priority for the non permanent positions through contracts.

The administrative reform plan completely stopped at its first stages due to political pressure.<sup>45</sup> Political and social concerns have been evident in the minister's speech:

What is meant by administrative reform is not getting rid of workers, but rather the redistribution of them according to their qualifications and the need of bureaucratic units. Administrative reform does not require a revolution because we do not have problems that require a revolution. What we need is to develop the concepts and tools used to run the system within a social framework to ensure that no worker is worse off. We are limited by the social dimension in the process of administrative reform (Al-Batrik, 1998: 13).

This runs counter to his previous announcements before facing political pressure in the People's Assembly (Al-Basel, 1998: 3):

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<sup>45</sup> At the time of writing, no comprehensive law to reverse this policy has been submitted to the People's Assembly or the ministerial Cabinet.

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**There is no reform without victims, and bureaucrats are victims of themselves because they are not keeping up with development requirements and became obstacles rather than facilitators.**

**Another sign of problems in implementation is that no other ministry seems to be backing the minister in marketing administrative reform even after announcing the initial plan with its new incentives for bureaucrats. The political leaders are still giving low, if any, priority to administrative reform and are still more concerned in speeches with their own projects, often externally funded, to maintain their political power. The reluctance of political leaders to engage with the minister of administrative reform in his efforts stems from the risks involved in antagonizing bureaucracies. Also, other ministers' hesitation leads to assessing their protectionist behavior to maintain their decision making authority, in terms of staffing and planning manpower, that would otherwise be limited by administrative reform. This behavior is consistent with Rivlin's (1985) judgment of Egyptian Ministers' willingness to trade administrative efficiency for political loyalty and control of bureaucracy.**

### **Political and Economic Support for Administrative Reform**

**It has been long believed that administrative reform would jeopardize the secular regime because the millions of people on bureaucracy's payrolls are the regime's prime instrument of political control. The interesting point is that the President did not interfere in this political struggle or support either side of the debate after he initiated the ministry. In his speeches during that period, President Mubarak only continued to point out the bureaucratic pathologies and their impact on development. In his address to the People's Assembly 1997-8 opening session, President Mubarak named some of Egypt's problems facing the**

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government such as unemployment, retardation of the education system, exports, development of rural and urban areas, and pollution. He then offered the solution:

Fixing these problems requires a major administrative reform program that would cure bureaucratic ills. Egyptian bureaucracy cannot in its current condition carry the responsibility of major development programs.

In addition, the President is adopting a new tone saying that administrative reform is “a requirement for taking Egypt to the new millennium” and “to cross the bridge to the 21<sup>st</sup> century.” Along with the President’s speeches, the new Ministry of Administrative Development has put together a plan that proves that administrative reform can adopt various approaches without jeopardizing the regime by cutting down the labor force. And theoretically, Perrow (1993) explicitly notes that there is nothing preventing a large bureaucracy from being reformed.

Given the scenario of political resistance discussed earlier, there is reason to question the long fear that administrative reform would cause a repetition of riots. The regime has lately implemented many unpopular policy changes, such as raising prices by decreasing subsidies and adding sales taxes, for the first time since President Nasser revolution, with no reaction from people. Another practice that the government is adopting is the “reform by stealth” where subsidies are maintained but the subsidized items themselves gradually disappear and are replaced by slightly modified and costlier items. The weak opposition is due in part to the weakness of Egypt’s opposition groups. They seem to lack the ability to mobilize a population that is, in any case, unorganized and apathetic. The President also has the backing of wealthy Egyptian businessmen who are continuously asking for public

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\* Political parties are directly aimed at the interests of the electorate (1972: 2).

administration with at least minimum honesty and efficiency (Springborg, 1989; Lofgren, 1993). The President does not seem to be sacrificing political capital for his backing of administrative reform.

Threats from the opposition pushed Egyptian presidents to permanently sacrifice political participation as a popular form of decision making for the regime's maintenance.<sup>46</sup> This policy kept collective action, interest groups, and political participation to a minimum.<sup>47</sup> Further, Egypt's powerless unions, the People's Assembly that rubber stamps presidential decrees, and no Vice President since 1981 make President Mubarak, a former officer who controls the army, the primary national decision maker. Therefore, in order for this study to examine the major factors that favor administrative reform in Egypt, it will analyze the political economy of decision making relative to President Mubarak's and his ministers best interests.

This assumption is consistent with Sullivan's (1990: 144, 146) prerequisites for administrative reform in Egypt:

Given the primacy of politics in the bureaucracy and in the various aid programs in Egypt, one hope for economic development may be found in administrative reform. This would entail either a complete overhaul of a bureaucracy, which may require a political revolution, or improvement in the managerial capabilities of existing bureaucratic structures, i.e., training bureaucrats or recruiting good managers . . . The reform of the bureaucratic structure would, however, require a major initiative on the part of numerous key figures in the Egyptian government, including President Mubarak and

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<sup>46</sup> For the record of politics and decision making without participation in Egypt see Springborg (1982, 1989); Waterbury (1983); Hinnebusch (1985) where this issue has been extensively documented. The GOE remains restrictive, arbitrary, and in violation of the fundamental rights of citizens (Al Sayyid, 1995).

<sup>47</sup> Political participation and collective action refers to "those activities by private citizens that are more or less directly aimed at influencing the selection of government personnel and/or actions they take" (Verba and Nie, 1972: 2).

several current Cabinet members. Given the rivalries between ministers, this kind of innovation and initiative is unlikely.

While Sullivan concludes, however, that such prerequisites are unlikely, the President's behavior today seems to be influenced by the following positive international and domestic political factors.

### **Global Shift to Market Economy**

President Mubarak is currently facing a new global system since the demise of the communist system. Changes in Eastern Europe, the Soviet Union, and other parts of the world are having an effect on GOE under President Mubarak due to the loss of Egypt's socialist partners (USAID, 1992). President Nasser's socialist model is being challenged by the movement toward free market concepts throughout the world in the early 1990s. The contemporary international environment has already helped to free Egypt of the socialist model by unleashing the private sector. In addition, images and news of former communist leaders being prosecuted and watched by Egyptians represented a "wake-up call" for President Mubarak and boosted the chances of compliance with requirements for administrative reform.

### **The Rise of Islamic Groups**

The second source of pressure for compliance with requirements of administrative reform comes from the rise of Islamic groups among the public for the first time since President Sadat's assassination. While President Mubarak still has the upper hand in combating these groups, their actions have significant negative effects.<sup>48</sup> On the one hand,

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<sup>48</sup> For a discussion about how the regime resists these groups through all possible means, including those that abridge human rights see Sagiv (1995).

the militant wings of these groups literally declared war on tourism as a source of income for Egypt. On November 17, 1997, Islamic militants staged the bloodiest terrorist attack ever in Egypt by attacking foreign tourists at the famous Queen Hatshepsut Temple in Luxor, killing 62 people. Following several years of relative calm, this attack once again raised the issue of reduced capital inflows from tourism and also reduced private foreign investments.<sup>49</sup> The image of an unstable country puts significant pressure on President Mubarak given that Egypt's economy is a "rentier economy" that depends on sources of income outside its own productive capacity such as tourism (Zaalouk, 1989).

On the other hand, the moderate members of Islamic groups took advantage of the fact that bureaucracies entrusted with the responsibilities of providing public services have, to a large extent, failed and have recently taken an entrepreneurial role. These groups have developed an efficient system for providing public and social services, such as schools and hospitals, out of frustration over the bureaucracies' inability to fully meet the public's need (Sullivan, 1994).<sup>50</sup>

Kepel's (1993) study of the demographics of Islamic groups revealed that poor neighborhoods are known to be breeding spots for Islamic militants. Poor economic and living conditions, such as the absence of water/wastewater services, create a revolutionary

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<sup>49</sup> Any decline in the capital inflow for Egypt should be viewed as significant given the country's bad economic conditions. Egypt maintains a high trade deficit, remains heavily dependent on food imports (more than 50 percent of the country's annual wheat requirement is imported), and unemployment rate is above 20 percent (USAID, 1996a). More important, Egypt has the worst external debt problem in the world--worse in relative terms than that of Brazil and Argentina (Lavy and Sheffer, 1991).

<sup>50</sup> Also due to the failure of bureaucracies, the army took over the role of building roads, developing cities (including providing basic infrastructure to support them), growing crops to feed its own troops and then marketing and distributing the surplus to the public for profit (Sullivan, 1994). This is while the bureaucrats are still entitled to provide these services.

mode among the youth in these neighborhoods.<sup>51</sup> A natural consequence of their frustration is believing in the cause of Islamic groups and joining the organization that is helping them in most, if not all, aspects of life. Thus, the entrepreneurial role of Islamic groups is an effective political weapon based on the rapid deterioration in government bureaucracies and the services they provide (Roy, 1992). Their appeal to the public justifies their militant wing's cause and lowers President's Mubarak popularity among Egypt's majority: the lower class. Most important, the entrepreneurial role of Islamic groups places a pressure on the president to comply with requirements of administrative reform.

Seizure of power by Islamic groups is not only a threat to the regime but to other groups both inside Egypt, such as secularists and Coptic Orthodox Christians, and outside Egypt, such as Israel and the Arab peninsula secular regimes. Assuming that the majority would vote for Islamic groups in Egypt is not an unrealistic assumption. Islamic groups increased their power from 15 to 45 representatives in Egypt's 1987 parliamentary election despite the regime's efforts. This was their last election, however, since they were forbidden from running for election again by a presidential decree.<sup>52</sup> It is true that religion is increasingly a salient factor in the politics of countries with different social and historical backgrounds from Morocco to Indonesia. But Egypt is the core and its fall would trigger a chain reaction in other Arab countries as was the case with the movements of

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<sup>51</sup> According to some USAID officials in Cairo, U.S. is spending significant resources and efforts in providing these neighborhoods with public utilities as a preventive measure of fighting terrorism.

<sup>52</sup> Islamic groups also won 40 percent of the vote in Jordan's 1991 parliamentary elections in 1991. In Algeria the unexpected winning of Islamic groups to the majority of seats in the parliament led to a civil war since 1992.



decolonization.<sup>53</sup> Also, Islamic groups would have no problems in applying their interpretation of religion given that the Egyptian constitution already states that Islam is the principal source of all legislation. Therefore, an anti-democratic framework is an “unfortunate necessity” for the external agent (Sagiv, 1995).

### **Decline in Foreign Aid**

In addition to the global shift to market economy and actions of both militant and moderate members of Islamic groups, a recent decline in foreign aid puts another pressure on President Mubarak to pursue administrative reform. As illustrated in Figure 4.1, there is a steady and significant decline in foreign assistance. Political considerations that motivated foreign loans for too long are no longer significant and aid inflows are declining sharply. It became clear for international donors by the end of the 1980s that aid is not necessary to keep Egypt on the peace track and the President is not about to wage war on Israel. Thus, the picture began to change and net foreign aid inflows fell from more than 5 percent of GDP in 1980 to zero in 1988 and turned negative in 1989 after servicing the debt. Jeffrey Sachs (1989) argues most forcefully that the burden of debt servicing siphons off to the benefit of outside creditors. That is true in Egypt as lending institutions, such as the World Bank and IMF, are increasingly seen not as the agents of development but as bill collectors causing levels of trust and cooperation to inevitably declined.

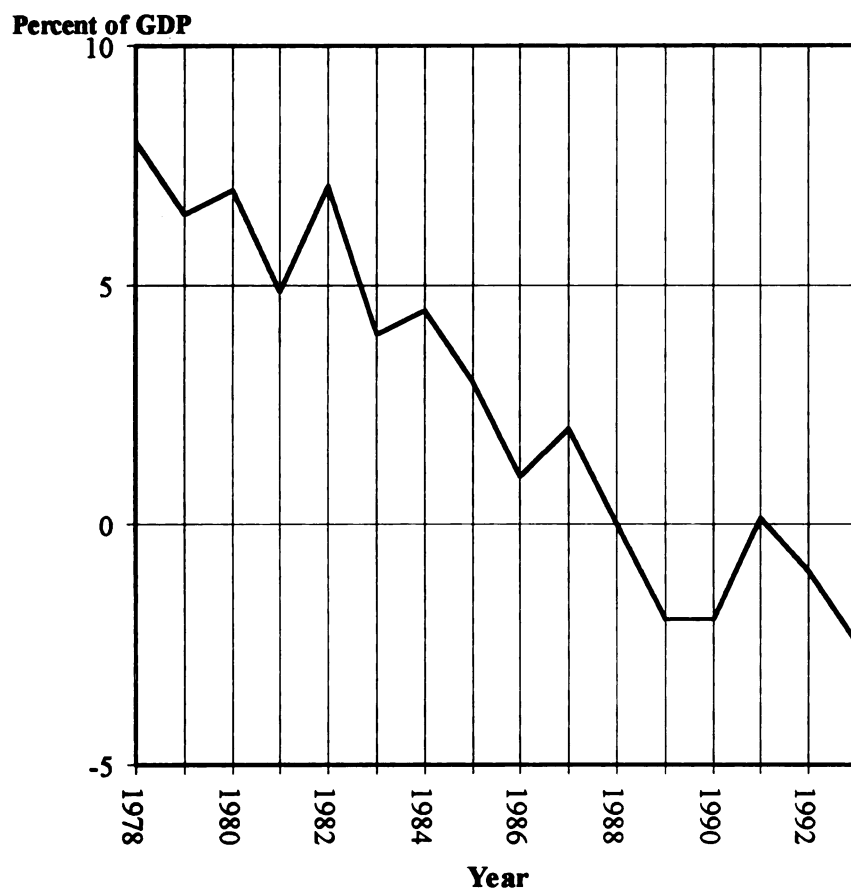
Figure 4.1 is based on all sources of economic foreign assistance. The U.S. assistance, however, is kept at high levels because Egypt is still a strategic asset to U.S. interests in the

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<sup>53</sup> For a discussion of the increasing influence of Islam in politics see Ayubi (1991); Haynes (1993); and Kepel (1994).

Middle East for areas such as oil, regional security, and counter-terrorism. In 21 years, Egypt has received some \$21 billion in economic aid from the United States plus over \$25 billion in military aid (Sullivan, 1996). As American economic aid to all nations has been reduced, eliminated or under review in the past several years, U.S. aid to Egypt has been immune from cutbacks and retained its second-place position to Israel in economic and military aid.

**Figure 4.1**  
**Net Aid Flows to Egypt, 1978-93.**



Source: World Bank, *Bureaucrats in Business*, 1995. (Disks)

Table 4.1 illustrates Egypt's position in the U.S. foreign affairs budget. The decline in other sources of foreign aid should give the U.S. more political leverage to push for administrative reform given the increasing significance of its funds.<sup>54</sup>

**Table 4.1**  
**Egypt's Position Among the Top Ten Recipients of U.S. Foreign Aid, FY 1995**  
**(U.S. \$ Billion)**

Country	Economic	Military	Total
Israel	1.200	1.800	3.000
Egypt	.815	1.300	2.115
Russia	.347	.0007	.348
Haiti	.167	.003	.170
Ukraine	.162	.0006	.163
India	.139	.00025	.139
South Africa	.135	.00025	.135
Ethiopia	.126	.00025	.126
Poland	.079	.001	.080
West Bank/Gaza Strip	.076	0.0	.076

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<sup>54</sup> U.S. funds became of a great significance to Egypt when they replaced the Arab aid which was cutoff in 1979 after the signing of the peace treaty with Israel. After Egypt resumed relations with its Arab neighbors, USAID's funds remained significant due to the fall of oil prices which affected Egypt's revenues from exports. In the 1990s, USAID's funds also remained significant to Egypt's economy due to the sharp decline in the country's revenues from tourism and foreign private investments as a consequence of the militant members of Islamic groups attempts to destabilize Mubarak's regime and also due to the decline in other sources of foreign aid.

The increasing significance of U.S. political leverage to push for administrative reform is also based on Egypt's crises from falling petroleum revenues, and worker remittances, continued huge public deficits, high inflation, and accumulating arrears in external debt (Waterbury, 1992: 201).

### **Recent Changes in the U.S. Priorities**

Despite Egypt's second place in the U.S. aid list, President Clinton has recently changed the U.S. priorities of distributing the funds thereby putting another pressure on President Mubarak. Vice President Al Gore announced while in Cairo for the U.N. Population Conference in 1994 that U.S.-Egyptian aid relations might be better served through a "partnership for growth" rather than an indefinite continuation of foreign assistance (U.S. Department of State, 1996). The goal of this initiative was to stimulate Egypt's private sector, attract private investments from the U.S., and reduce unemployment. Thus, President Mubarak faced another pressure for reform as the U.S. policies will be moving away from government-to-government assistance programs towards private-sector development. This shift is apparent in the USAID's activity sheet of FY 1997 as aid to the private sector constitutes about 59 percent of the total economic aid to Egypt (USAID, 1997a).

President Mubarak's public response to Al Gore's "partnership for growth" came in 1995 after the initiative had materialized in the USAID's budget. He acknowledged: "We don't expect that aid will last forever. We know very well that there will come a time when it will be reduced, and we have no problem with that" (Idriss, 1995: 4). There is a reason to question whether the President has "no problem" with shifting the U.S. aid toward the private

sector rather than toward his government. After all, a significant part of Egypt's GNP devoted to the public sector was coming from U.S. aid (Weinbaum, 1986).

The recent U.S. political position is an important part of the domestic and international changes that would lead the President to sincerely support the administrative reform. The President recognizes that accepting the status quo and not supporting administrative reform may threaten the survival of his regime and, with it, the pro-Western policies that have been in place by President Sadat since 1974.

Many of the political factors discussed as a support for administrative reform take the form of crisis for the GOE. However, crises is not only theorized to be a factor in alleviating the effect of resistance but also a cause for reform. Crozier (1964) argues that "crisis is a distinctive and necessary element of the bureaucratic system. It provides the only means of making the necessary adjustments, and it therefore plays a role in enabling the organization to develop" (196). In the case of Egypt, crises have been on both the domestic and international level.

### **The Continuity and Reform Model in Light of Answers to the Research Questions**

Theoretically, President Mubarak and the GOE yielding to the domestic and international pressures warrant modifications to the Continuity and Reform model. The political commitment at the highest national level to administrative reform was translated to the initiating of the new Ministry of Administrative Development. Further, President Mubarak has recently shown signs of sincere commitment to reform after years of promises to international donors. He appointed a new government in January 1996 after keeping the

same cabinet since the mid-1980s despite its lack of progress in reform (Sullivan, 1996).<sup>55</sup>

The GOE also accepted the political cost of administrative reform by not coloring the efforts with excuses about external agents' pressures that are pushing for reform. The national leadership appears in this reform process responsible for reform and not subservient to the USAID despite the political cost for this strategy. President Mubarak is supporting effective unpleasant implementation measures and taking the responsibility in the eyes of their people to the possible extent. Given that the president is known to prefer the status-quo in most of his political decisions (Springborg, 1989), it is not logical to expect from him more than initiating the new Ministry of Administrative Development and give it a share of the national budget. The political struggle for getting the reform plans into the implementation phase and dealing with political resistance was left to his new minister. Such signs of commitment led this study to posit that the GOE is riding on the forces of change in the Continuity and Reform model.

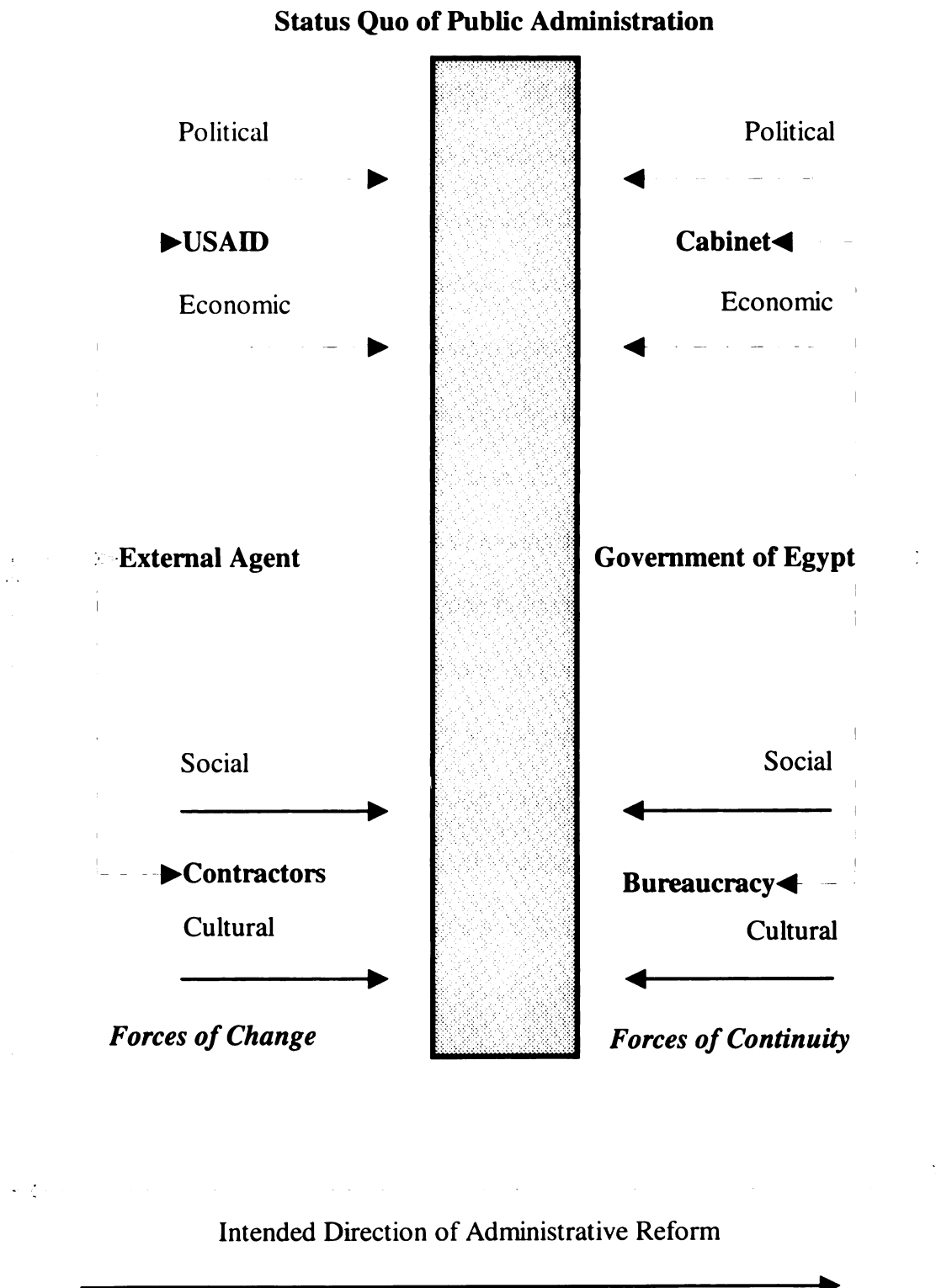
Therefore, the Continuity and Reform model can be adjusted based on the answer to the research questions of whether the GOE directly constrains efforts of administrative reform through its bureaucracy and whether the GOE indirectly through political and economic strategies constrain the external agent's reform efforts. While administrative problems exist, the GOE is riding on the forces of reform and attempting to solve these problems. As shown

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<sup>55</sup> The new Prime Minister, Dr. Kamal Al-Ganzouri, a graduate of Michigan State University, is touted as a born-again reformer. He had been long known to donor officials as a socialist, a throwback to the President Nasser era, and an obstacle to economic reform. He acquired this reputation by heading the Ministry of Planning for decades, which is in charge with overseeing various bureaucratic interests. The Ministry of Planning is one bureaucratic holdover from the Nasserist era, a time of the state dominance of all aspects of the society. Its nature is to plan, oversee, and ensure performance of public institutions--in short, to control. It is not interested in allowing the market to determine supply or prices (Sullivan, 1996).

in Figure 4.2 the GOE is directing its cabinet, through establishing the Ministry of Administrative Development, and its bureaucracy, through a reform plan, in the direction of administrative reform due to domestic and international political forces. These forces are presented in the Figure 4.2 by the dotted arrow line that connects between the GOE and the external agent. This is a legitimate change to the Continuity and Reform model given that the GOE adopted theoretically sound approaches for reform in its plan, recommended by the literature review in Chapter Two, to address the problems of Egyptian bureaucracy, identified in Chapter Three.

**Figure 4.2**  
**Forces of Continuity and Reform Revised Model: The GOE Role in**  
**Administrative Reform**





## **Conclusion**

In this Chapter I have answered the research question of whether the GOE indirectly through political and economic strategies constrains the external agent's reform efforts. While there was lack of seriousness on part of the regime in previous reform efforts, the recent inception of the new Ministry of Administrative Development points to a serious strategy. The case of the new ministry seems to refute the assumption that the regime is either not supportive or not sufficient to initialize administrative reform. Further, domestic and international political factors analyzed seem to motivate the regime to initiate reform and support the answer to the research question. Finally, the answer to the research question was applied to the Continuity and Reform model to modify its propositions based on the findings.

In the next chapter I will attempt to answer the research questions of whether the external agent through political and economic forces positively influences the status quo of public administration. Domestic and international political and economic factors identified in this chapter, in addition to the relatively skilled public-relations strategy adopted by the Minister of Administrative Development in marketing his plan, made the USAID support for administrative reform crucial. One can expect that the role of an external agent would be of a significant value in carrying the ministry's plan further if it backs up the minister at this stage. The new Ministry of Administrative Development would gain more political leverage to expand on its initial reform plan if associated with the USAID.

## **CHAPTER 5**

### **THE ROLE OF USAID IN ADMINISTRATIVE REFORM**

#### **United States Agency for International Development (USAID)**

Expecting Egypt to reform its bureaucracy is a questionable and large task in the absence of an external agent. Therefore, focusing on the Egyptian bureaucracy without examining the role of the USAID as the major external agent would affect much of the explanatory power about the prospects for administrative reform. In this chapter I will answer the research question of whether the external agent indirectly through political and economic forces positively influences public administration as proposed by the Continuity and Reform Model. I will do that by analyzing the case of USAID/Egypt and assessing USAID's role in administrative reform.

#### **The Significance of the USAID Role in Egypt**

In the period between 1952 and 1967, American economic aid to Egypt varied significantly from one year to another depending on how tense was the political relationship between the two countries. The significant variance of aid amounts in Table 5.1 illustrates the role that aid plays in reflecting the relationship between the two countries. President Nasser's socialist and anti-U.S. policies kept the relationship between the two countries minimal, if not absent, for many years. President Sadat's "open door policy" and Camp David Peace Accords led Egypt to become one of the United States' largest economic assistance programs (Sullivan, 1987). The large amount of aid has taken the USAID's role "beyond issues of equity and basic human needs" (U.S. House of Representatives, 1980: 108). For the period between 1979 and 1996 the Congress provided an average of \$815 million annually

for the mission in Cairo (USAID, 1996b).<sup>56</sup> By the 1990s, the mission in Cairo became the largest aid mission in the world despite the United States slipping from the first position as an aid provider to the fourth place after Japan, France and Germany. In addition to the direct aid in Table 5.1, economic aid to Egypt was important, reaching \$21 billion between 1975 and 1996 (see Table 5.2).<sup>57</sup> These amounts, however, substantially understate the magnitude of the assistance. Aid amounts reported by both governments are in current dollars not constant figures that take inflation into account, and they do not reflect the numerous special privileges. For example, Egypt receives priority in the State Department's budget over contributions to the United Nations, the Peace Corps, and other international organizations (Clarke, 1997).

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<sup>56</sup> Egypt also receives annually an average of \$1.3 billion since 1979 in military aid representing more than 50 percent of Egypt's defense budget (Clarke, 1997).

<sup>57</sup> Egypt has never been so dependent in development on one external agent. The closest external agent was the Soviet with \$842 million between 1958 and 1965 invested in only few specific projects: the construction of the High Dam (\$325 million), a steel mill, chemical and pharmaceutical plants, oil refineries and cotton spinning mills (Handoussa, 1984). American aid, on the other hand, is in every sector of the society.

**Table 5.1**  
**American Aid to Egypt Prior to the Peace Accords, 1952 - 1967**  
**(U.S. \$ Million)**

<b>Year</b>	<b>Amount</b>
1952	1.2
1953	12.9
1954	4.0
1955	66.3
1956	33.3
1957	1.0
1958	0.6
1959	44.8
1960	65.9
1961	73.5
1962	200
1963	146.0
1964	95.0
1965	97.0
1966	27.0
1967	12.6
<b>Total</b>	<b>881.1</b>

Source: Al-Ahram Archives

**Table 5.2**  
**U.S. Economic Assistance by Type and Bureaucracy, 1975 - 1996**  
**(U.S. \$ Millions)**

<b>Type</b>	<b>Amount</b>
Bureaucratic Projects	9,008
Commodity Import Programs	5,776
Food Aid	3,854
Cash Transfer	2,475
<b>Total</b>	<b>21,113</b>
<b>Projects by Bureaucracy</b>	
Water & Wastewater	2,346
Energy	1,629
Agriculture	1,176
Human Resources	1,121
Local Government	884
Telecommunications & Other Infrastructure	791
Industry	671
Other	390
<b>Total</b>	<b>9,008</b>

USAID's projects have produced beneficial results for various bureaucracies as illustrated in Table 5.2. However, there were problems facing both sides of the relationship. For the USAID, the mission has to deal with ministries' battles with one another and with their attitude of portraying every project's implementation as difficult or "a miracle" in order to earn credit in the public eyes. The mission has always been "a scapegoat by inefficient Egyptian bureaucrats. And, of course, Egyptians rarely express any gratitude for the substantial funds provided by hard-pressed American taxpayers" (Quandt, 1990: 43). For bureaucracies, a common administrative problem is goal displacement caused by decades of aid dependency. An interview with a USAID official revealed that a bureaucracy's goal is often spending 100 percent of its aid by the end of each fiscal year rather than evaluating its accomplishments and consistency with the organization and the development plan. Long-term and continuous aid dependency led to the goal of spending aid to replace the development goal of beneficial use of these dollars.

Given this relationship, Egypt could be classified as a country with a high "absorptive capacity" of resources and the USAID mission in Cairo as an organization with a superior "money moving" behavior (Tendler, 1975: 86, 88). However, this behavior is not sufficient for sustainable development in the absence of administrative reform.

### **Inside the USAID's Mission**

The significant increase in the USAID's mission funding has led to new mission goals incorporating increasing responsibilities (U.S. House, 1980). Sullivan (1996: 46) summarizes this shift in the mission's priorities and goals:

From 1975 to 1996 and beyond, USAID has been expected to fulfill the monumental task of assisting the GOE in rebuilding a war-damaged economy; developing a modernized urban infrastructure (sewers, telephones, transportation, utilities, port facilities) supporting economic growth; promoting the private sector in a state-controlled economy, satisfying basic human needs in a society where the government has already done much to establish a far-reaching minimum; promoting a complete overhaul of the economy through drastically reforming foreign-exchange and interest rates, government procurement policies and monopolies, and massive subsidization of food and energy consumption; stabilizing population growth; protecting the environment and building democracy. A massive agenda, no matter how much money has been available . . . AID has undertaken the monumental task of reworking an entire economy (and political system?). And it has had the money to attempt it, more money than it has ever had to work within anyone country in so short time.

As a result, the literature points to the USAID mission as a strong political power in Egypt's national decision making process and often referred to it as "Egypt's shadow cabinet" (Handoussa, 1990: 110). USAID approves and disburses funds to a large array of economic and social projects that help legitimize the regime in the eye of the Egyptians. President Mubarak always takes credit for the Washington-financed projects and the media rarely mention the source of funding. It is presumed then that USAID's investments lend the mission significant power, and this power is the ultimate source of American influence over the Egyptian regime.<sup>58</sup>

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<sup>58</sup> Strategic funding in public services and government activities is valued by the regime because it legitimizes the government. USAID funding portrays the ministers and the president as continuously taking care of people's business and shields the president from people's aggravations stemming from the lack of public services. Unlike other European and Multinational external agents, USAID provides long-term investments in vital public services such as water, wastewater, telecommunications, transportation, education, census, health services, birth control programs, research, police training and anti-terrorism investments, pollution control, agriculture, privatizing the industrial sector, to name a few. This is in addition to reforming the court and legal systems and the People's Assembly. Importance of these investments to the regime also stems from the fact that their absence is correlated with higher number of fundamentalists due to frustration from the government and isolation from modernization (Kepel, 1993).

In practice, however, the aid program in Egypt has failed to one degree or another to achieve sustainable development for over two decades and Egypt is far from being a model for effective use of foreign assistance. The country remains poor, overpopulated, polluted, and controlled by inefficient bureaucracy. Egypt “continues to exhibit virtually all the characteristics the United States has claimed to change since it began its massive economic aid program in 1975” (Sullivan, 1996: 37). The gap between social classes had reached unprecedented levels, high unemployment rates, poverty had significantly expanded to the middle class, and culture had been corrupted by a deteriorating education system (Kamel, 1998: 5). Therefore, while the USAID’s mission is a powerful institution, it is certainly ineffective.

The USAID’s mission in Cairo has been repeatedly criticized for mismanagement and inefficiency (GAO, 1993). American officials are increasingly frustrated from “watching billions of dollars being spent in numerous and diverse economic and social fields but with no significant overall impact on development” (Sullivan, 1990: 150). Bangura (1995) finds “that there is no significant relationship between the amount of United States aid and Egypt’s overall economic development” in terms of increased productivity and living standards (186).<sup>99</sup> Springborg (1989: 6-7) points to the frustration that some American officials feel about the unsatisfactory outcome of their mission in Cairo:

What continues to amaze and irritate those charged with the task of forcing Egypt to see the irrefutable logic of choosing the new orthodoxy of

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<sup>99</sup> One problem with regression models that attempt to test this relation, however, is the variety of lag structures that need to be tested because the exact amount of time that it takes an independent variable to affect a dependent variable cannot be specified.

development as the way out of the current impasse is that Egyptian decision makers remain surprisingly unwilling or unable to take the requisite steps to put the program in place. One such individual, an official in the economic section of the U.S. Embassy in Cairo, had become so frustrated by the end of his posting that he resorted to racist interpretations. He bemoaned to the author that the inability of Egyptians to grasp the seriousness of their plight and to comprehend that reform offered the only real hope for salvation was due to a deterioration of their racial stock as a result of generations of endogamous marriages and immigration of the more talented.

Egypt is increasingly suffering from pronounced social and economic ills. Its per-capita GDP has been around \$600 since 1986 and unemployment is at more than 20 percent. There is a violent conflict between the secular and Islamist segments of society. This conflict is caused mainly from the alliance with the West and has led to widespread human rights abuse by the government at the cost of thousands of lives, including those of politicians, media figures, intellectuals, and tourists (Clarke, 1997).

One explanation of the undesired outcomes is the inflated size of the USAID bureaucracy (Handoussa, 1990). The mission is shaped by decades of bureaucratic rules and regulations from both the American and Egyptian sides. Second, the mission is buffeted by political demands from the Congress, the White House, and two successive Egyptian military regimes. An interview with a former USAID official revealed the significance of the mission's political dependency:

We were formerly not considered as a political agency. However, since the riots in the 1970s, the mission did not primarily operate as a body of economists and administrators. Following daily orders from the State Department was a higher priority than following policy plans.

Third, the mission also has to compete with the U.S. Embassy in Cairo that often claims a share in the aid funds. The competition between American institutions with differing



goals made the U.S. unable to speak with one voice regarding administrative reform in Egypt. Egyptian ministers know how to take advantage of this disunity to prevent the idea of administrative reform by the USAID.

Fourth, lack of coordination in development activities by Egyptian officials is another cause of the criticized outcomes of the USAID mission. Every Egyptian minister does not welcome projects that would require him/her to share responsibilities with bureaucracies outside his/her authority. Further, the USAID often does not see eye to eye on development priorities or methods of funding with the Egyptian bureaucracy (Handoussa, 1990). Sullivan (1990) notes that it is a fundamental problem to find an agreement within Egyptian bureaucracy on what the government position on development is. This is not only due to political disagreements, but also due to frequent disagreement on technical issues and social and cultural values in the Egyptian society. Therefore, continuously trying to avoid entanglement in these bureaucratic in-fights in Cairo, while being led by political strategies from Washington, the mission often yields inefficient outcomes.

Fifth, another reason for the unsatisfactory outcome is that the mission relies heavily on consultant services. Significant expenses are devoted to seemingly excessive consultancy services rather than administrative reform. Each evaluation report costs on average more than \$100,000 to bring over American consultant teams and arrange their visits to project sites around Egypt. An example of the magnitude of consultant expenses in the mission's budgets can be found in Alexandria's wastewater project submitted in August 1994. The budget contained \$15 million in fees for technical consultative offices. The follow-up budget of the same project in August 1995 contained an increase of additional \$20 million for the same

purpose. When the Egyptian government refused to pay \$35 million for consultancy services, the mission devoted the \$15 million for feasibility studies to start the second phase of the project and the additional \$20 million to expand and enhance the capacity of the first phase (Yonis, 1998).

Consultants' recommendations are often not followed because political decisions made in the Congress, the White House, and the State Department override any recommendations. Rondinelli (1987) argues that the congressional pressure to control the use of funds is a critical problem that separates the agency's practice from its funded studies and knowledge base. Sometimes consultants' recommendations are not followed because the Egyptian managers, who are the target audience of many reports, are not interested in "parachute studies."<sup>60</sup> Recommendations are also not followed because they are not often realistic. Sullivan (1990: 152) notes that most of these reports are "a waste of money" and are only part of the mission's culture:

Usually, the recommendations are given in a vacuum about which American consultants know nothing. Also, the recommendations can be contradictory. For example, in the urban health delivery project, the evaluation says the project is not good because of certain problems in the region which can't be overcome. Yet, it is suggested later in the report that this project be replicated elsewhere! In other words, this report-as others-goes through a process, a necessary "back-patting" of AID telling AID what a good job it is doing . . . This back-patting is also probably a good way of endearing these consultants to AID, in the hope of gaining further invitations to evaluate AID's efforts on other projects.

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<sup>60</sup> A manager at GOGCWS has a stack of USAID's evaluation reports at the corner of his office buried with dust as sign of disinterest. When asked about the reports, his words were, "we don't need any more reports, take what you want."

Seventh, in addition to the significant reliance on consultant services, another reason for the undesired outcome is that many of the officials at the mission do not specialize in Egypt. Officials' presence in Cairo is only part of their circulation from one country to another every two or four years. Also, due to the long-term nature of projects, many officials seem disinterested knowing that they will not see their work through and at best will not receive credit for their efforts (Weinbaum, 1986). Add to this that interaction between officials and bureaucrats, or the targeted public, for a feedback is not a common practice due to security reasons, language barriers, or simply disinterest. Much of the mission's efforts and skills are spent on finishing consultants paperwork or finding more innovative ways to protect the mission and its officials politically from Washington and physically from Cairo.

Finally, the inefficient Egyptian bureaucracy at the lower level of the hierarchy is responsible to a large extent for the undesired outcome of the mission's task. This factor has not received enough attention in the literature. The USAID mission operates in a gap between the goals of development and Egypt's administrative problems. If the mission has the political leverage to get the regime to adopt its policies, inefficient bureaucracies and bureaucratic resistance would still yield unintended outcomes. There is a lack of cooperation and inefficiencies experienced from the Egyptian bureaucracy (Wichterman, 1994). The "beleaguered Egyptian bureaucracy" is considered a significant obstacle for the USAID mission of pursuing coherent development policies (Bangura, 1995: 190).

The role that bureaucrats can play in obstructing the reform process is a significant factor in explaining the mission's outcome. This role has been identified in other developing countries as well. For example, Bajpai (1988) studied the case of the World Bank attempts

to reform the urban water supply in India. He emphasized the important role played by the bureaucrats who were responsible for collecting user charges. Indian bureaucrats were able to get the reform of the revenue collection process removed from the policy agenda because they “knew” the decision could not be implemented. Despite pressure applied by the World Bank to remove the subsidies, the policy of charging users was not put into effect because Indian bureaucrats were convinced it could not be implemented.

Inside the mission in Cairo, officials either complain or have a sarcastic attitude about Egyptian bureaucrats’ behavior. An AID official, for example, hangs in his office a sign referring to the “Egyptian IBM” which stands for *In-sha-Allah* (If God Will), *Bokra* (Tomorrow), and *Maalesh* (Never Mind) which are known to be a three of the most used phrases by an average Egyptian bureaucrat. That is the IBM of Egyptian bureaucracy in the USAID mission is procrastination, non commitment, and avoiding responsibility.<sup>61</sup> Matter of fact, one can notice that some AID officials in Cairo are copying Egyptians’ attitudes as some of them often use phrases such as *In-sha-Allah* and *Maalesh* to imply that something is to be done in the distant future, if at all, or the public should never mind if it is not done.

Common in the USAID officials’ complaints about Egyptian bureaucracy is the time it takes, years in many cases, to approve proposals or give permission to certain tasks due to

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<sup>61</sup> Joking about bureaucrats is part of the Egyptian culture and classic literature and the public patiently accept it. This is clear from the following exchange quoted from a classic Egyptian play *The Sultan’s Dilemma* by Tawfiq Al-Hakim.--Translation by Hopwood (1991: 180).

A judge is attempting to discover a man’s profession and says:

“Tell me something about this person . . . What does he do?”

“Nothing,” is the reply.

“Has he no profession?”

“Allegedly, yes but that is not the case.” “He is alleged to have a profession, but does not work.” “That is so.”

The judge concludes: “Then he must be a civil servant!”

rules and regulations. Also, they note bureaucrats' tendency to avoid responsibility as project-related equipment sits in warehouses because no bureaucrat is willing to take the responsibility for clearing them. Getting a bureaucrat to do his job in these cases often requires pulling political strings to get the minister or a high official in the hierarchy to intervene and make that decision.<sup>62</sup> Egyptian bureaucrats' indifference to the public need is another source of complain. For example, despite the millions of dollars spent to provide water pump stations to urgently needed neighborhoods the actual usage does not take place for many months from completion, and years in some cases. Public officials at the Ministry of Housing and Construction did not complete their part of the paperwork to start using the new connections and keep completed projects stalled while the public is in urgent need.

At Egypt's desk in the State Department in Washington, which is responsible for managing the country case, the story is different because Egyptian bureaucrats are not an issue. The main goal at Washington headquarters seems to be limited to keep the money moving. What happens about bureaucrats hindering of development efforts, or administrative reform for that matter, is not a concern. As one official in Washington puts it during an interview "Washington is just for problems . . . details are left to those in Cairo!"

### **An Assessment of USAID's Role in Administrative Reform**

The role of the USAID, as an external agent, in administrative reform formally started in the mid-1970s with the appearance of the mission as a force on the Egyptian political scene. Housing its own large bureaucracy in Cairo, the agency placed the Egyptian bureaucracy into a defensive position for the first time after its long-enjoyed hegemony. The agency began to

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<sup>62</sup> It is noteworthy that USAID officials's responses about Egyptian bureaucrats are very similar.

publicly criticize the Egyptian bureaucracy and call for its reform. Directors of the USAID's mission in Egypt often labeled the Egyptian bureaucracy as "overblown" and as "a drain on the public budget" (Kopec, 1985; Palmer et al., 1989). Beyond such early incidents, the USAID never gave administrative reform a high priority or carried direct large-scale attempts since the 1970s. None of the 152 USAID projects attempted to directly address Egypt's bureaucratic problems. The two projects that appear to be closer to addressing administrative reform are The Decentralization Support Fund and The Water Institutional Development. A detailed review of the role and effect of external agents' efforts in The Water Institutional Development Project will be presented in Chapter Five.

The Decentralization Support Fund in its different phases was evaluated by Weinbaum (1986). He concludes that it is operating based on transferring aid grants to councils and lower-level bureaucratic bodies as revenue to run local public projects. The strategic role as an external agent for administrative reform discussed in Chapter Two was not a factor in the Decentralization Support Fund, rather it was simply a plain government-to-government aid.<sup>63</sup> No decentralization policies were put in place to pass greater authority and responsibility to localities and bureaucracies. Public and social services, at least those funded by the Decentralization Support Fund, were not left to localities involved to play an active role in selecting, designing, and maintaining projects. This is despite the fact that localities are supposed to be responsible for service delivery and decentralization as an important

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<sup>63</sup> It is noticeable that USAID's strategy in running the Decentralization Support Fund has made a mistake by significantly enhancing the welfare of local council members above their poor district residents. This created a gap and distrust between people and officials and the feeling that members are in the council for personal advancement and to get material political advantage.

method of reform. After the completion of the three phases of the Decentralization Support Fund, one can conclude that investing in the infrastructure is the mission's primary strategy for decentralization. Such an indirect strategy is based on the assumption that stimulating welfare at the local level, by providing water and wastewater for example, will eventually lead to reform.

In sum, none of the strategies for administrative reform proposed by the literature review in Chapter Two has been adopted by the external agent. The agency was only able to encourage orthodox administrative practices through very few project-specific short-term consulting activities such as The Decentralization Support Fund and The Water Institutional Development. The mission continues year after year to accept the Egyptian bureaucracy as it has found it.<sup>64</sup>

**The Irony of Conditionality.** Conditionality is a straightforward form of an exchange, or a promise, of reform for external financing in the form of debt rescheduling or relief, multilateral credits, bilateral loans, or grants. Theoretically, conditionality is a bargaining model or a dynamic contract theory with repeated bargaining games between external agents and regimes. The key in the relationship is rewarding compliance with continued finance in the next round or punishing slippage with suspension (Haggard and Kaufman, 1989; Kahler, 1989, 1992).

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<sup>64</sup> This conclusion is consistent with Weinbaum (1986) findings in the 1980s. USAID in Cairo was found then to be preoccupied with problems involving the disbursement of funds and the mission's relation with the Egyptian government. In Washington, officials focus on trying to rationalize programs to satisfy the current administration and legitimize its efforts was also the strategy in the 1980s. Professionalism continues to be lost in administrative reform.

As a bargaining process in which the external agent seeks to influence a policy, conditionality takes into account the desire to maximize policy change while also spending its budget. The recipient, however, resists influence attempts which do not harmonize with its own political priorities (Mosley et al., 1991). The recipient government is pressured to “undertake programs before the political conditions necessary to support them are in place” (Finch, 1989: 20). The utility function of GOE on the other hand seeks to maximize the external agent’s investments while minimizes its role and the politically burdensome conditions. Demanded conditionality is, therefore, a persistent source of conflict between external agents and GOE due to the political costs associated with policy changes especially in areas such as administrative reform. Given this political environment, administrative reform has been criticized by its lack of efficacy for over two decades in Egypt and a negative record in developing countries in general.<sup>65</sup>

In some cases, conditionality can contribute positively to bringing about political support for reform and improvements in the recipient governments’ will to attain reform (Duncan, 1986). In most cases, however, conditionality is an imperfect instrument and its impact should not be overestimated. In the absence of strong commitment for reform, state leaders are unlikely to give in to pressures (Bratton and Van de Walle, 1992). At best, conditionality only leads reluctant regimes to promote reform through verbal attacks on bureaucracies without actual commitment to reforming the sources of their various political

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<sup>65</sup> A sample of these studies includes: Paul Mosley, Jane Harrigan, and John Toye, 1991; Nelson 1990; World Bank, 1990; World Bank, 1988; Repetto, 1986; Zulu and Nsouli, 1985; Gerrard and Roe, 1983; Peterson, 1979.



privileges. As a tool, it gives governments incentives to argue that they are committed to reform even when they are not (Kahler, 1992).

Tools at the external agent's disposal, however, hinge on relative costs and benefits to both sides of the equation and are often unsuccessful in eliciting political support (Gates, 1989; Lin, 1989). The negative record of conditionality is often due to external agents' failure to follow up on threats of sanctions. Conditionality does not usually work because sanctions increase the cost for the donor in the form of reducing private goods exchanged for aid or jeopardizing economic and security interests. Such costs are usually higher than the benefits of administrative reform. Gates (1989) concludes that "compliance should not be expected" because "it is unlikely that donors will change to a more committed strategy; the costs of imposing sanctions are just too high" (244).

Gates (1989) argues that the recipient government noncompliance with conditionality is partially due to the fact that the costs of imposing sanctions for the U.S. exceeds the costs of noncompliance. The critical aspect of succeeding in externally inducing reform through conditionality is that the "donor must convince a recipient that it is willing and able to levy a significant sanction" (241). The dilemma is that while increasing sanctions is required for noncompliant, the U.S. would be worse off by implementing sanctions. Cutting off aid as a noncompliant sanction or reducing the aid flow, would reduce the payoffs that come from allocating aid to a recipient in the first place. Also at stake are goods that are exchanged for aid including security and economic (Gates, 1989).

**Table 5.3**  
**Egypt's Outstanding Debt as of End of September, 1997.**

<b>Currency</b>	<b>Original Currency (millions)</b>	<b>US\$ (millions)</b>
US Dollar	13,057	13,057
French Franc	29,379	5,701
Japanese Yen	434,832	3,964
German Mark	5,427	3,561
Austrian Schilling	8,110	756
Swiss Franc	925	738
Kuwaiti Dinar	198	661
UK Pounds	337	523
SDR	342	504
ECU	277	344
Canadian Dollar	323	237
Australian Dollar	249	196
Danish Kroner	1,013	172
Dutch Guilder	231	135
Belgian Franc	3,859	123
Swedish Kroner	607	91
Italian Lira	119,808	78
Saudi Ryal	246	66
U.A.E. Dirham	189	51
Spanish Peseta	5,815	45
Norwegian Kroner	244	38
<b>Total</b>		<b>31,041</b>

Source: Central Bank of Egypt.

Taking the political and economic variables out of the equation, conditionality would be expected to have significant effect in the relationship between the U.S. and Egypt. U.S. can put significant pressure on Egypt given the amount of debt in Table 5.3. U.S. owns the largest share in Egypt's debt in addition to the political leverage on other creditors in the

Table.<sup>66</sup> For example, the U.S. often pressures the IMF into softening its conditions on the GOE (Sullivan, 1990). Thus, economic and political interests aside, conditionality would work because Egypt is “an eternal beggar for debt forgiveness and emergency loans” (Lofgren, 1993: 411).

However, conditionality is an irrelevant political tool in Egypt due to the economic and political nature of American aid (USAID, 1985). In 1997, money in the pipeline reached \$2 billion and the American ambassador’s reaction to move the money was only to publicly criticize the government for “not doing enough to meet the conditions attached” (Zekry, 1997: 12). Having the regime responding to such soft calls is unlikely according to Clarke (1997: 204):

Egyptian officials have always recognized that this aid was forthcoming because of supposed US strategic interests and, especially, because of entrenched support for Israel in Congress and in successive US administrations. Almost from the program’s inception, Egypt viewed the aid as an assured entitlement for having made peace with Israel. As long as Cairo honored the peace treaty and did not upset a Middle East peace process, it knew that aid would continue to flow. That is, its aid allotment would not be cut substantially unless Israel’s was also reduced. With such an assurance, it was predictable that attempts by Washington to place additional conditions on this aid would be successfully resisted by Egypt, even when it promised to improve program effectiveness. Partly as a consequence, US aid has promoted neither sustainable economic development nor much-needed economic reform. This situation can only impact negatively on US interests and political objectives.

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<sup>66</sup> The common repayment procedure is semi-annual payments over a period of 30 years with 10 years grace period for each loan and 2 percent interest rate during the grace period and 3 percent during the repayment period. There are also few common conditions attached to each loan such as providing the necessary documents to prove that the money will and is spent as previously agreed and that goods and services are provided through American companies.

When I asked an official at Egypt's desk in the State Department about the effectiveness of conditionality in getting an administrative reform program in place, his response took Clarke's analysis further:

We are not willing to pick up a fight with Mubarak over administrative reform. Administrative reform is not an important enough issue to jeopardize the relation with Egypt.<sup>67</sup>

It seems from his response that Washington is not aware of the new window of opportunity for administrative reform developed by the domestic political factors, discussed in Chapter Four, and led the President to support the new Ministry of Administrative Development. The external agent's isolation from the case of the new ministry is likely to continue as revealed by the new ambassador to Egypt in a 1998 interview (Sami, 1998: 9):

I come to this assignment with the absolute conviction that bilateral relations between our two countries are the most important thing the US has going for it in the Middle East. What we do and how we relate to problems in this region are directly facilitated by our relationship with Egypt. Whether in the peace process, in our strategic role, or in our support for humanitarian and peace operations even outside the Middle East, we require the assistance of Egypt. The basic bilateral role is of such critical importance that it has to be my primary focus. How to build new institutional arrangements between the two countries and strengthen our muscle in every area.

Therefore, conditionality in the case of Egypt is not a significant political tool for the external agent. The relation is increasingly perceived by bureaucracies as a gift giving relationship. The irony of the conditionality game in countries such as Egypt is that strong political and economic interests work against its ability to externally induce reform.

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<sup>67</sup> Yet Mubarak disagrees with the State Department's position on the sanctions on Libya and Iraq. In addition Egypt cast its ballot against the U.S. in the UN 61 percent of the time on most issues (Johnson, 1997). These are political issues that are not also important enough for the external agent to utilize conditionality in the case of Egypt.

### **The Significance of Political and Economic Factors in the USAID's Role**

The USAID did not initiate any serious administrative reform projects for 25 years due to threats of jeopardizing Washington's political and economic interest in Egypt. Political and economic interests have always hampered the external agent's role in administrative reform. This is a legitimate hypothesis because the case of the USAID/Egypt confirms to Watson and McCluskie's (1994: 206) "aid typology" under "donor-interests aid." American aid "is distributed according to U.S. military and strategic interests . . . and . . . ties assistance to the promotion of U.S. economic interests and the service of enhancing and expanding markets and capitalism" (208-9). These variables cannot be excluded from this analysis because \$25 billion in military aid and \$21 billion in economic aid are sufficient tools for administrative reform.

Viewing the relationship between the U.S. and Egypt from a political or economic lens is not a new finding. Theoretical and empirical studies from different world regions note that political and economic interests have a "very strong positive influence" on bilateral aid (Weck-Hannemann and Schneider, 1991: 251). What is new, however, is that the organizational goal of sustainable development has been a low priority on the agenda of USAID for more than two decades. Political and economic objectives of keeping a friendly moderate regime in power and open new markets for American goods are a major distraction for the USAID's role as an external agent in administrative reform. The argument in this section is not that political and economic interests should be minimized or disregarded, but rather that such interests hampered the external agent's role in administrative reform. In the

following, I shall examine the significance of these goals and evaluate the U.S.'s achievements in that regard.

**Political Interests.** There is mutual political benefit from American aid for both sides of the relationship. The Egyptian regime sees aid as a mean of maintaining its legitimacy through an uninterrupted flow of financial support. Since the 1970s, military regimes have been alleviated from the burden of importing food and the construction and rehabilitation of basic utilities and social services. The U.S., on the other hand, sees aid as an investment for strategic gains and increased regional influence in the Middle East. This political nature of the relationship sidetracks the USAID's organizational goal of promoting sustainable development.

Since the 1970s, the political rationale for aid to Egypt has been adopted by successive American administrations from both parties. Because of the U.S. "historic, moral and strategic" obligations towards Israel, Egypt is being rewarded a high level of aid (Clarke, 1997: 202). It is a reward for making and maintaining peace with Israel by using development assistance. Aid for development is also a prevention measure against the continuous threat of an Islamic regime in Egypt. Even the most vocal critics of foreign aid such as Senator Jesse Helms (R-NC), who advocates abolishing USAID and creating an international development fund that would finance development projects through private voluntary organizations, takes a different stand when it comes to Egypt. He suggests treating economic assistance to Egypt as part of the Defense Department's expenditures (Bandow, 1995).<sup>68</sup>

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<sup>68</sup> Helms' recommendations were previously adopted by the Bush administration by forgiving nearly \$7 billion from the Egyptian debt as a reward for President Mubarak's decision to participate in the Gulf War (Bandow, 1995).

Interviews with officials at Egypt's desk in the State Department revealed two camps when asked to be quite specific about the political dimensions of the USAID mission's goal. First, officials admit the supremacy of political interests over development goals. Their logic is that a "stable Egypt is better able to provide effective leadership in the peace process" and "the cost of war between Egypt and Israel saved by aid outweighs the unsatisfactory development results." In the second camp, there are officials who deny any political interest for the USAID's mission. They label the "allegation" that political interest drives the U.S. development task in Egypt as a "conspiracy theory." The favorable position of political goals over development goals and administrative reform is not more than just "an interesting academic notion." One official explains the undesired outcomes:

The reason that aid succeeded in Europe under The Marshall Plan and in South Korea is that these countries have public officials and engineers capable of keeping the system going after aid; but Egypt does not have this advantage.

Their denials seemed to fly in the face of the declared State Department policy that asserts that the aid is designed primarily to secure "a just and lasting comprehensive peace" between Israel and its neighbors, especially Egypt, and to promote regional stability by helping Egypt modernize its armed forces (U.S. Department of State, 1997: 416-17). It is clear that the geopolitical agenda of the U.S. has a priority over the developmental task of the USAID's task in Egypt. The concept of administrative reform in attaining sustainable development seems to have been excluded from the external agent's role in the case of USAID/Egypt. In return, the incapable Egyptian bureaucracy will not be able to maintain the USAID mission's development efforts and the aid relation has to continue indefinitely.

**Economic Interests.** Statements made by USAID officials often give the impression that they are satisfied with their accomplishments over 25 years in Egypt. An example of a high official at USAID praising the agency's efforts on Capitol Hill is as follows:

It is easy to criticize the American foreign-aid program and the partnership that we have had with Egypt. But look back at the last 20 years and see what has been accomplished. Urban water and sanitation systems built or rehabilitated through AID projects serve some 22 million people in Egypt today. Thousands of primary schools have been constructed. Health care is available. Infant mortality rates have been cut in half. There has been an increase in agricultural production of 46 percent, and now Egypt is able to feed itself. It is just a tremendous success story. I hesitate to think what Egypt would be today if that investment had not been made over those years. It was a true investment in the peace process, and an investment in the development of Egypt (Hamilton, et al, 1996: 16-17).

One major failure ignored by officials' speeches is the strategy of aid policy in discouraging production for internal consumption and creating significant dependance on American imports. The U.S.'s development strategy devotes 58 percent (\$12 billion) of the economic assistance directly to American corporations rather than on local projects in Egypt (Mitchell, 1991). Therefore, Washington gives a priority to subsidizing American businesses through Egypt rather than to take on the task of administrative reform that would eliminate or minimize this subsidy.<sup>69</sup>

The U.S. is more concerned with opening the Egyptian market for American goods than with getting the USAID to play a role in administrative reform (Hwash, 1998). This was facilitated by the "partnership for growth" strategy announced by Vice President Al Gore in

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<sup>69</sup> One direct consequence of this policy is that Egyptians have been hauntingly reminded through commercials and advertisement of America's relatively affluent style of living and consumption. This led the society to increasingly drop many of its culture values and to grow restive in an attempt to achieve a higher standard of living (Bangura, 1995).



September 1994 (U.S. Department of State, 1996). The formal stated goal is “to enhance linkages between the U.S. and Egyptian private sectors” (USAID, 1996b: 1). The often announced goal by the mission’s Director is to “revive the Egyptian economy in order to increase the trade between the two countries” (Al-Gendi, 1998). As of 1997, Egypt had a trade deficit of more than \$2.4 billion from the \$3.8 billion total trade between the two countries. The U.S. dominates 25 percent of Egypt’s total foreign trade and \$1.2 billion of the \$1.7 billion American private investments is in the oil industry alone.

Washington tends to overlook the sustainability side of private investments and trade. In the absence of administrative reform, the USAID thus far is adopting a short-term strategy to produce immediate and highly visible results. Emphasizing administrative reform is the recipe for longer-term strategy because bureaucracy and bureaucrats will be responsible to sustain any attained economic or social development. It is true that aid has brought some tangible benefits, especially to the country’s physical infrastructure and closed market. Aid has failed, however, to put in place an administrative system to maintain these achievements. Without an efficient bureaucracy, aid will always be needed to sustain previous investments.

It would be naive to suggest that Egyptian bureaucracy responsible for taking on the task of development from the USAID could be changed because the society is being Americanized through imported goods and services. Unreformed bureaucracy is known to hinder most private initiatives by putting obstacles in investors’ way or at least not securing property rights. The U.S. focus on economic interests while ignoring the equally important task of administrative reform is a naive strategy. Sustainable development is not in “a mere return to the market, more foreign resources and technology, or peace, would almost

automatically bring prosperity”(Hinnebusch, 1988: 259). Washington’s argument that Egypt’s development can be guided by political and economic interests is true only if pursued with administrative reform of bureaucracies that maintain these interests.

### **Assessment of Success in Attaining Economic and Political Goals**

An assessment of the U.S. success in attaining its political and economic goals is important because Washington measures the success of the USAID’s mission in terms of these objectives “in the absence of development success” (Cantori, 1997: 177). This assessment cannot be made statistically because “the statistics are categorically unreliable, where available” (Sullivan, 1987: 221). It is a problem that faces researchers in Egypt because it “is often the case that only highly aggregate figures are available and they do not always accord with one another” (Waterbury, 1983). Observations made during the fieldwork were, therefore, included in the following assessment.

There are increasingly significant voices of doubts in attaining the political goal. A 1994 poll indicated that a majority of Egyptians opposed maintaining formal ties with Israel (Gerges, 1995). One main reason is that Egyptians are known to have a strong sense of nationalism that is continuously enhanced by the government-controlled media. Regardless of the size of economic assistance, it is not easy to change their views. Egyptians still have memories of conflict in the region (Moore, 1997). The U.S. did not attempt to directly change this side of the Egyptian society.

The Egyptian government is not attempting to take on this task either. There is a remarkable absence of advocates of the U.S. in the press, which is the main developer of public opinion. On the contrary there are a number of anti-American secular activities that

attack U.S. foreign policy's attempts to influence Egypt's decision-making sovereignty. These activities affect the mission by causing USAID's officials to keep a very low profile in the country and build a wall between themselves and the people targeted for development. Lately, the secular anti-American stream has been receiving support from President Mubarak's loud opposition to Netanyahu's Likud government since it took power in 1996.<sup>70</sup> Zimmerman (1993: 93), a former USAID official, argues that:

No one in the State Department or elsewhere in the US government wants to risk an embarrassing assessment of how aid resources have failed to stimulate the type of economic, social, and political development necessary for self-sustainable peace in the Middle East.

In terms of economic goals, great apprehensions have been growing among Egyptians about the American significant influence in the economy. Voices are raised, especially on the left and in academic circles, claiming that American aid is taking over the economy and helps only the well-to-do sectors of society (Quandt, 1990). They also fear that opening the door to more private sector influence, both from at home and from abroad, amount to an invitation to neighboring Israel to increase its influence within Egypt. These elements in the Egyptian society also suspect that greater inflows of western ideas or capital into the economy will bring about an erosion of the moral and cultural fibre of Egypt (Moore, 1997). As it is the case of political interests, these views have been a major issue in the press without response from the USAID or the Egyptian government.

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<sup>70</sup> This political environment, supported by the regime, made some argue that a gradual decrease in American aid to Egypt will have no appreciable impact on the peace process. That process is in jeopardy already since 1996 without any cuts in economic aid (Clarke, 1997).

The strongest charges are against the privatization strategy of the USAID's mission towards the public sector. Charges have been political and economic in nature. It is very common to hear that because privatization has been sponsored by a foreign actor, it reflects the interests of the U.S. to dominate the world economy under the "new phenomenon of globalization." On the local level, privatization in the public eye is a response to the political interests of Egyptian businessmen who put pressure on the regime to let go of its obligations to the public. The business class backed by the U.S. seeks to dominate the economy and affects the distribution of national income in their own favor at the expense of the mass population.

These are common views in Egypt to the point of making the regime reluctant to follow the USAID in its economic policies. Government officials resist and delay economic reforms that entail privatization to the extent they can. They use one of two arguments in their negotiations with the USAID to delay implementation. First, they insist that the U.S. should not be using the IMF criteria of economic reform or conditionality in determining foreign aid that was originally based on need. Or second, they point to riots caused by economic reform as a step to privatization in Venezuela, Algeria, Morocco, Tunisia, Jordan due to falling real incomes and rising unemployment (Bangura, 1995). Using these strategies, the GOE has privatized only 61 state-owned enterprises by 1997. Even compliance was cosmetic in many cases as the GOE invented a way to privatize by shifting state-owned enterprises' shares to the Employee Shareholder Associations while leaving the control and management without changes (Berg, Sines, and Walker, 1994). Egypt's trick works because "it becomes easy to excuse complete non-adherence to certain reform covenants when there

is evidence of compliance with other aspects of a conditionality agreement” (Gates, 1989: 245).

One can assess that there is slow progress in attaining economic goals associated with a growing wide resentment of Washington’s policy implemented through the USAID. Policy makers in Washington should expect the controversy to grow for several reasons. First, it is running the largest foreign assistance program in history in a country which helped to found the non-aligned movement in the World. Second, “Egyptians are extremely proud of their country, very nationalistic, and suspicious that foreigners offering help are doing so for non-Egyptian reasons” (Quandt, 1990: 6). Third, politicians in a highly nationalized country such as Egypt are judged and evaluated by the public and in history as to whether or not they have secured Egypt’s sovereignty and political independence while pursuing development. This is evident in politicians’ common answer to the public resentment about aid “a financial dependency does not mean political dependency” (Ghali, 1998). Quandt’s (1990: 74) conclusion about the relation between the U.S. and Egypt is increasingly proven to be true. He notes that:

In the final analysis, however, the United States cannot buy good relations with Egypt. These will always depend in large part on developments elsewhere in the Middle East region. Egypt cannot stand entirely apart from a Middle East caught up in wars and political extremism. Most of the currents that are affecting the Middle East are beyond Washington’s control. That is certainly true of Islamic extremism.

While Egypt has economic difficulties that require the assistance of the USAID, Egyptians’ resentment is significant when freedom to maneuver is constrained by strings tied to aid. An undisputed leader of the Arab world, with a population above 61 million, Egypt

cannot be classified as just one more poor dependent third world country (Quandt, 1990). A major side effect of ignoring the growing wide resentment against significant economic and political interest is jeopardizing the role that USAID may play in administrative reform in the future.

The high priority to the U.S. geopolitical agenda in the aid approach is costly and likely to harm the USAID's goal of development. The U.S. investments lose their benefits quickly due to the inefficient bureaucracies that later take charge of American-initiated projects. Washington has to then keep aid flowing due to bureaucracy's incapacity to sustain USAID's development efforts. The case of USAID/Egypt is characterized by what Lewis (1986: 18-19) calls a set of negative perceptions "endless aid" and "ineffective aid." It is unlikely for Egypt to graduate from the USAID program in the absence of administrative reform. The argument is not that political and economic interests should be minimized or disregarded, but rather that such interests are a serious obstacle for the external agent's role in administrative reform. Washington's argument that Egypt's development can be guided by political and economic interests is true only if pursued with administrative reform of bureaucracies that will maintain these interests.

### **The Continuity and Reform Model in Light of Answers to the Research Questions**

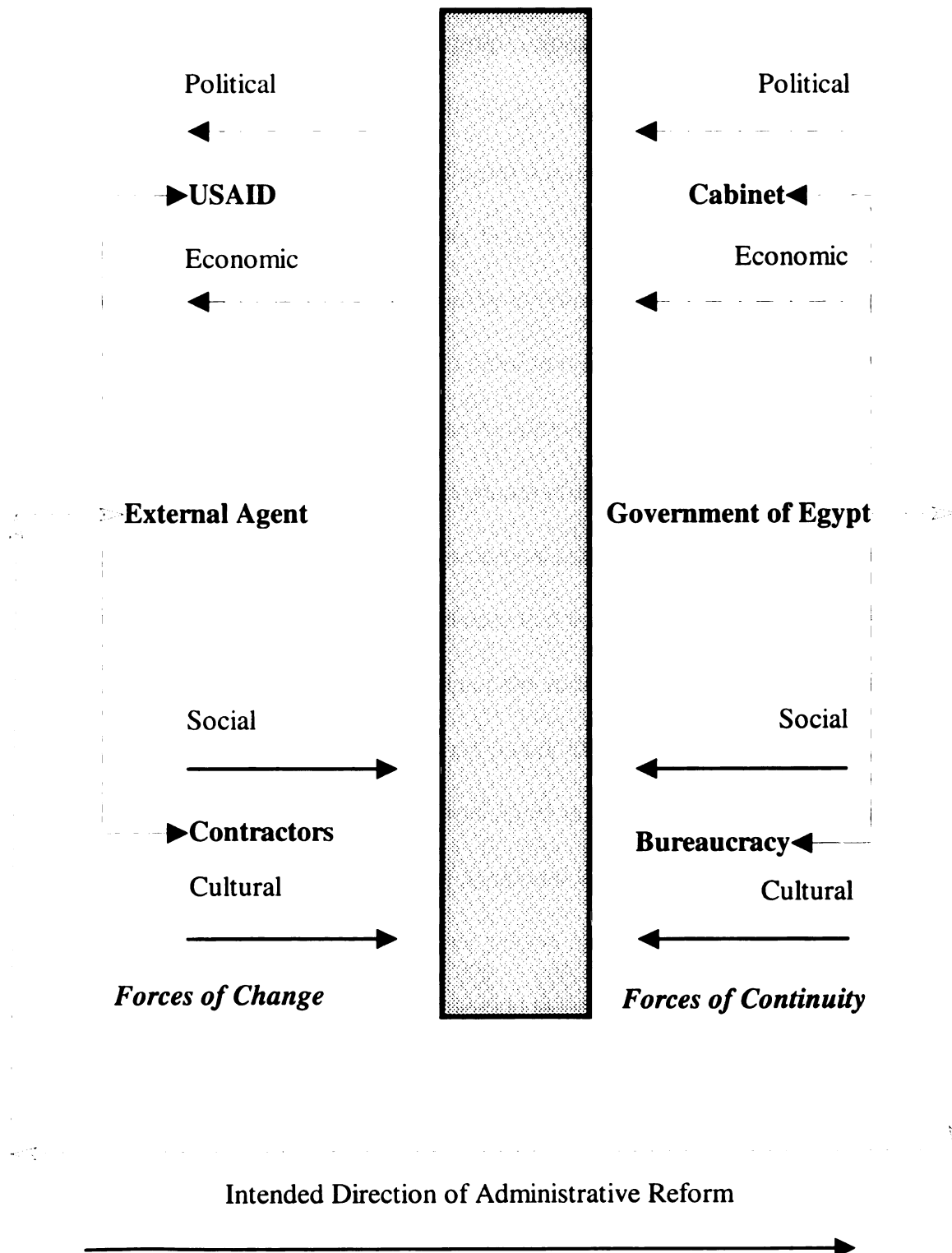
The high priority given by the external agent to economic and political interests over administrative reform and developmental goals warrants modifying the Continuity and Reform Model. Political and economic forces of the USAID in the model are pressuring public administration towards continuity rather than reform. This was reflected in Figure 5.1 through modifying the political and economic forces by the USAID from the direction of

reform, recommended by theory, towards the direction of continuity, recommended by answers to the research questions. This is a legitimate change to the Continuity and Reform model given that answers to the research questions were based on examining these interests over a period of more than two decades and were based on interviews with U.S. officials in the field.





**Figure 5.1**  
**Forces of Continuity and Reform Revised Model:**  
**The Political and Economic Role of External Agent in Administrative Reform**  
**Status Quo of Public Administration**



## **Conclusion**

In this Chapter I have answered the research question of whether the external agent positively influences the status quo of public administration. The answer to this question was expected to be a positive one based on the propositions of the Continuity and Reform Model. However, after analyzing the case of USAID/Egypt one can conclude that short-term political and economic goals override the external agent's main task of administrative reform. The dominance of these goals represents strong factors on the continuity side of the model and undermines the long-term development plan by overlooking models of administrative reform proposed by the literature review. USAID failed to reform the administrative apparatus and accepted it as fragmented, sluggish, and undisciplined due to strong economic and political interests. This is despite the significant importance of administrative reform for development.

Examining the practicality of the theoretical model about the role of an external agent in administrative reform leads to the conclusion that political and economic variables should be given more weight in the literature about the role of external agents in administrative reform. These variables present significant forces for continuity of the status quo in the Continuity and Reform model. The external agent in the case of the USAID is an agent of continuity rather than of reform due to the significant weight given to political and economic interests by its principals. Administrative reform then becomes a secondary issue and approached on small-scale with discrete projects rather than a long-term effort as suggested by the literature review in Chapter Two.

In the next two chapters I will attempt to answer the question of whether the external agent through consultants directly influences the organizational, social, and cultural aspects

of bureaucracy toward administrative reform. Qualitative and quantitative analysis to answer this question is applied to the case of USAID's consultants' administrative reform efforts for The General Organization for Greater Cairo Water Supply (GOGCWS) as part of Water Institutional Development Program. Based on the answers to this question, I will then proceed to analyze the answers to the research questions in terms of the Continuity and Reform model to examine its applicability.

## **CHAPTER 6**

### **THE CASE OF USAID/GENERAL ORGANIZATION FOR GREATER CAIRO**

#### **WATER SUPPLY**

The goal of chapters six and seven is to qualitatively and quantitatively answer the research question of whether the external agent through consultants directly influences the structural, cultural and social aspects of bureaucratic reform. The case chosen to answer this question is the USAID administrative reform efforts for The General Organization for Greater Cairo Water Supply (GOGCWS) as part of Water and Wastewater Institutional Development Program. In this chapter, I will qualitatively examine the impact of consultants on administrative reform in the areas of organizational responsibility and performance, relationship with other bureaucracies, organizational structure, human resources, training, salaries, incentives, and revenues and financial performance. This was done by reviewing USAID and GOE documents, the contractor master plan and final report, and interviews with the GOGCWS's chairman, managers of the Subscriptions, Water Meters, Collections, and Customer Service Departments, two branch managers, and all of the contractor's American personnel responsible for the task of on-site administrative reform. In the next chapter, I will examine other organizational areas, namely, bureaucratic productivity, bureaucratic flexibility, communication, innovation, decision-making, relationship with the public, and sources of professional information. This will be done quantitatively through surveying bureaucrats to measure the impact of administrative reform. Funding for both phases was provided by the Ford Foundation and the American Research Center in Egypt.

The case of USAID/GOGCWS is important given that the public's share of safe and reliable water services is a significant criterion for judging a society's level of human development. An efficient bureaucracy capable of providing safe and reliable water service in one's home directly affects the quality of life at any level of development, from the least to the most developed. This case was also chosen because administrative incapacity would pose a considerable threat to the welfare of the public. Water problems constitute the main reason behind the most acute incidences of water-borne diseases, such as infectious diseases, parasites and related illnesses, and cause an increase in morbidity and mortality rates. USAID's success in its administrative reform efforts, therefore, would be associated with higher survival probabilities for Egyptians. Finally, in an urban setting such as Greater Cairo, where there is extremely high population density, the need for an efficient bureaucracy becomes even more pressing. Lack or poor quality of potable water in urban households has substantial consequences in terms of inconvenience and productivity of people. Water is directly related to productivity because any break of the network, for example, will collapse the transportation system and lead to absenteeism and shorter work days.

### **GOGCWS Prior to Black and Veatch**

The USAID's investment in reform of the drinking water sector began in 1977. By the end of 1983, projects totaling about \$600 million had been authorized. Because of the expanding needs in the water sector and the GOGCWS incapacity to meet these needs, a memorandum of understanding was signed by the U.S. and GOE in mid-1983, providing \$1.2 billion in funding through 1987. By 1988, extensive improvements in the distribution system, including new main pipes and expanded storage, were needed to fully utilize GOGCWS's

production. The U.S. agreed to provide \$104 million for this work which included a major institutional development component to implement an administrative reform program. The authorization for the administrative reform program was signed in September 1988. Black and Veatch, an American consultant firm, was assigned the on-site task of administrative reform. In its initiation of the administrative reform program, USAID was following Section 611(e) of the Foreign Assistance Act that requests policies and procedures to ensure that a host government can operate and maintain infrastructure projects (USAID, 1994b).

It is difficult to find accurate information about GOGCWS's administrative capacity prior to Black and Veatch's mission. However, common problems prior to Black and Veatch were known to be in the areas of management and staffing, organization and administrative systems, and operation and maintenance. Aspects of deficiencies in these areas were identified as follows (USAID, 1993: 19-23):

The performance is far from acceptable performance standards found in middle-income developing countries, it is extremely weak and deficient. Management is generally weak and not experienced in modern utility management practices and severely overstaffed. Despite overstaffing, there is an acute shortage of employees with adequate management, administrative and technical skills. Low and middle management appears to be reluctant to assume responsibility and initiative. Management tends to be preoccupied with short-term concerns and daily problems. Little time is spent on longer-term strategic aspects of agency development, as decisions on such aspects (staffing, financial management, investment selection and execution) are largely out of the jurisdiction of management.

Management's capability for effective decision-making and administration is restricted by dysfunctional organizational structures and the absence of adequate and up-to-date information. Administrative and operational systems (accounting, budgeting, commercial, information, control, etc.) do not generate the flow and type of information that is needed for proper management control and decision-making. A particularly severe shortcoming is the inability of the government-required accounting system to

produce timely and adequate information on expenditures. With few exceptions, all administrative and operational systems are kept manually.

Evidence of inadequate operation and maintenance of water services abounds throughout Cairo. Examples include pipe systems that do not work properly because of inoperable valves or pumping stations, water treatment plants don't reach production capacity and adequate water quality standards because of run-down and non-functioning equipment and poor process management. Distribution systems are operated inefficiently causing water shortages and low pressure. Poor operation and maintenance practices are always highlighted as one of the most troublesome aspects of management. In all cases, however, maintenance and operation of water are limited by the constraints imposed by the five year planning process and shortage of sufficiently experienced personnel.

Performance shortfalls of water supply are largely explained by the inadequate policy framework and the overly centralized organizational structure in which GOGCWS operates. The centralized approach to management has not allowed the development of accountability, ownership, responsibility and initiative which are all prime elements for fostering efficient performance.

The main stated objective of Black and Veatch's on-site administrative reform program is to strengthen the GOGCWS's institutional capacity in order to operate and maintain the heavily funded Greater Cairo water system. By operating on-site, Black and Veatch has identified four objectives: an organizational objective to ensure autonomy and decentralization of authority and decision making for water supply policies, plans, and activities; a social objective to provide better service for the public and to increase public awareness regarding water in order to have a positive impact on public health and Cairo's environment; an economic objective to recover operation and maintenance costs through adequate tariffs and to utilize surplus in financing new projects and rehabilitation of facilities; and an administrative objective to give GOGCWS a greater administrative capacity in rendering better quality services to the public. These four objectives are a basic reflection of the contractor's master plan for administrative reform. Empirically, however, a detailed

analysis is needed to identify the success, failures, and reasons for either result given the external agent's narrow focus on a single organization in Egypt's cumbersome administrative hierarchy.

### **The Organization's Legal History**

The establishment of GOGCWS dates back to 1865 and has undergone many stages since then. The Cairo Water Supply Company was initiated on the May 17, 1865, as a joint-stock company to provide the city of Cairo with potable water. On the July 1, 1957, the Cairo Water Supply Company was nationalized and changed to a public utility as part of President Nasser's movement to develop society through bureaucratization. On November 30, 1968, President Nasser issued Decree No.1638 to establish "The General Organization for Greater Cairo Water Supply" and affiliated it with the Ministry of Housing and Utility. The decree also gave the Board of Directors "the supreme authority dominating all GOGCWS's affairs" and stated that the organization's budget will be in accordance with the regulations of the national budget. President Sadat later expanded the Board of Directors from 12 to 19.

In 1979, the organization was subjected to Local Administration Law and became affiliated with the three Governors of Greater Cairo area. This policy was justified by the fact that the organization is geographically responsible for three governorates that administratively form the capital, Cairo, Giza, and Qalyubiya. Also, that year the prime minister issued a decree to consider GOGCWS as an economic organization. The decree meant that the organization would have the right to decide how to utilize resources to achieve the maximum benefits at a fair cost and the ability to raise the revenues needed to cover operations and



maintenance costs and provide funds for paying a fair share of capital costs. In this stage, however, no reforms were made towards such economic self sufficiency. From this chronological narrative it is obvious that the GOGCWS has been a subject of unsuccessful reform policies in the absence of Black and Veatch or other on-site contracted consultants. The task of assigning administrative reform to an on-site foreign consultant firm came as an unusual step in the organization's legal history.

### **The Impact of Black and Veatch efforts on GOGCWS**

#### **Responsibility and Performance**

Cairo is the largest city in Egypt, the African Continent, and the Arab world. Population growth in Greater Cairo necessitates continuous expanding of public services. This imposes several burdens on public organizations and utilities due to an unusually large geographical distribution of services. The management of public services in Greater Cairo is made more difficult due to the need to prepare for times of danger and possible spread of epidemics from wars or earthquakes.

The scope of responsibility of GOGCWS has expanded since 1958 as many potable water works from various neighborhoods around the city were continuously incorporated until they reached the three governorates of Greater Cairo.<sup>71</sup> The GOGCWS today is responsible for providing water according to international health standards and specifications

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<sup>71</sup> In President Mubarak's first Five-Year Plan (1982 -1987), GOGCWS production capacity reached about 2.2 million m<sup>3</sup>/day. In the current Five-Year Plan (1997-2002) GOGCWS is supposed to increase its water production capacity to reach 6.5 million m<sup>3</sup>/day or an increase of about 200 percent. There are other significant parameters which illustrate the organization's increasing burden as of 1997. For example, total water production reached 4,690,000 m<sup>3</sup>/day with 300 liter/day per capita consumption, the network length reached 8000 km with 22 branches, 13 treatment plants, 1 compact unit, and 5 ground wells.

to the entire population of Greater Cairo. Table 6.1 illustrates the growing scope of responsibility for GOGCWS since its initiation in the late 1800s.

**Table 6.1**  
**The Population of Egypt and Greater Cairo, 1897 - 1996.**

Censuses	Population of Egypt (1000)	Metropolitan Cairo	
		Size (1000)	Percent of Egypt
1897	9,717	905	9.31
1907	11,183	1,071	9.58
1917	12,670	1,254	9.90
1927	14,083	1,572	11.16
1937	15,811	1,893	11.97
1947	18,806	2,779	14.78
1960	25,771	4,530	17.58
1966	29,724	—	—
1976	36,656	7,471	20.38
1986	48,205	9,754	20.23
1996	61,452	14,872	24.20

**Note:** Data prior to 1986 are from Waterbury's (1982) calculations based on official census results. Other data are calculated by the author from census sources (CAPMAS 1987, 1997). Urban data are from Shorter (1989) estimates for Cairo for years prior to 1986 who made the census figures as nearly comparable as possible to the 1986 CAPMAS concept of urban Cairo.

Table 6.1 indicates that Greater Cairo now accounts for about 25 percent of Egypt's population. This growth is explained largely by an inward migratory movement towards Cairo from other governorates as people seek better public services, including potable water. Thus, GOGCWS's responsibility has increased over the years nearly doubling the number desiring to be served between 1976 and 1996.

There are indicators, however, that the organization is not meeting its responsibilities to provide water to Greater Cairo residents. Census figures from 1996 show that 11 percent of Greater Cairo families and 26 percent of the city's buildings are still not receiving the service. The inability of the organization to meet its responsibility is largely attributed to administrative problems despite Black and Veatch consultants on-site ten years administrative reform efforts. A representative in the People Assembly emphasizes that many households in his district are still without water despite the availability of service in their neighborhood. The main complaint on the Assembly's floor was that bureaucratic obstacles in the form of "meaningless rules" had become the goal in GOGCWS rather than the means (Al-Abd, 1998: 13).

A simple comparison between the 1996 census and the organization's customer database also provides another indicator that GOGCWS is not administratively keeping up with its responsibility for providing the service and collecting the charges despite a decade of Black and Veatch on-site administrative reform efforts. While census figures show that more than 3 million households reside in Greater Cairo, records show only 600,000 of the households as subscribers as of 1997. This means that more than two million households are either not accounted for, not receiving the service, or are illegally connected. In terms of customer service, there also appears to be a significant lack in administrative performance as indicated by the organization's 1997 records. Data from the customer service department show that only 7 percent of arrears are collected, 18 months of receivables delay, and the ratio of collection to billing is only 50 percent.

There are other indicators that the GOGCWS is not able to keep up with the work pressure. Engineers estimate that only 39 percent of production is available for public use due to water lost in the network (USAID, 1996c). Substantial water loss has been attributed in part to the inability of the organization to keep up with operations and maintenance practices resulting in broken pipe lines and provision of contaminated water. Ironically, the Nile has been the primary source of water as well as its primary receptor of wastewater and drainage despite the USAID's significant involvement in maintaining and expanding the water and sewer networks in Cairo since the 1970s and in environmental projects since the early 1990s (Al-Gohary, 1994). In 1998, water loss in the network is still significant, representing 50 percent of GOGCWS's production (Nasr, 1998; Soliman, 1998).

It is apparent that Black and Veatch consultant firm contracted by the external agent for on-site administrative reform since 1988 was unable to address this problem despite the investments and technical expertise. One can argue that the insufficient reform was due to lack of cooperation of other bureaucracies that lie outside the external agent's domain of authority. For example, the number of illegal connections in informal communities around Cairo is a main cause of water loss due to their growing population that reached 3 million (CAPMAS, 1997c).<sup>72</sup> While addressing this problem would help GOGCWS to meet its responsibility towards customers, it requires the cooperation of more than one Egyptian

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<sup>72</sup> Informal communities in Cairo are unplanned neighborhoods growing randomly around the city. Their structure range from multistory buildings to sun-dried brick shacks on agricultural land on the west coast of the Nile, or cemeteries and desert land on the Nile's east coast. They are usually constructed on government property and inhabited by poor rural migrants and rural workers returning from oil-producing Arab countries. Informal communities grow so rapidly to the point that a block of buildings or a whole street would be build in less than a week. Because they are not planned or approved by the government, households connected to public utilities are considered illegal until settlements are reached with the providing bureaucracy on a building by building basis by paying fines.

bureaucracy including housing, roads, power, and the detection task force responsible for identifying problem areas. Therefore, approaching administrative reform on a small scale through Black and Veatch on-site consultants did not allow the external agent to confront fundamental problems. In the absence of a large scale administrative reform to the Egyptian bureaucratic hierarchy by the external agent, Black and Veatch cannot grant GOGCWS the right to decide how, where, when and on what terms to offer services, after consultation with, rather than under the control of outside agencies or the right to decide how to utilize resources to achieve the maximum benefit at a fair cost.

### **The Organizational Structure**

In 1997, Black and Veatch on-site administrative reform efforts helped to issue Decree No.337 by the Director of Central Agency for Organization and Administration to reorganize GOGCWS. The decree affiliated the following departments and their staff with the Chairman of GOGCWS:

- |   |  |
|---|--|
| - Central Department of Legal Affairs.                | - General Department of Information, Documentation and Decision Support. |
| - General Department of Training.                     | - General Department of Security.  |
| - General Department of Customer Service.             | - Organization and Administration Department.                            |
| - General Department of Public Relations.             | - Central Statistics Department.   |
| - General Department of Monitoring.                   | - Planning and Monitoring Department.                                    |
| - Financial and Administrative Inspection Department. |  |

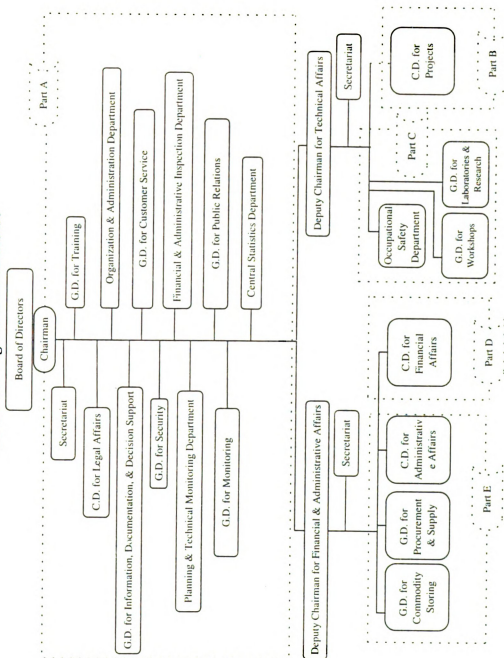
It established two new positions to report to the Chairman: a Deputy Chairman for Technical Affairs and one for Financial and Administrative Affairs. The Deputy Chairman of Technical Affairs had now four central departments and three general departments affiliated

with his office: Central Department of Projects, Central Department of Water Plants, Central Department of Networks, Central Department of Heliopolis Networks, General Department of Laboratories and Research, General Department of Workshops and Mechanical Campaign (Fleet), and General Department of Safety and Occupational Health.

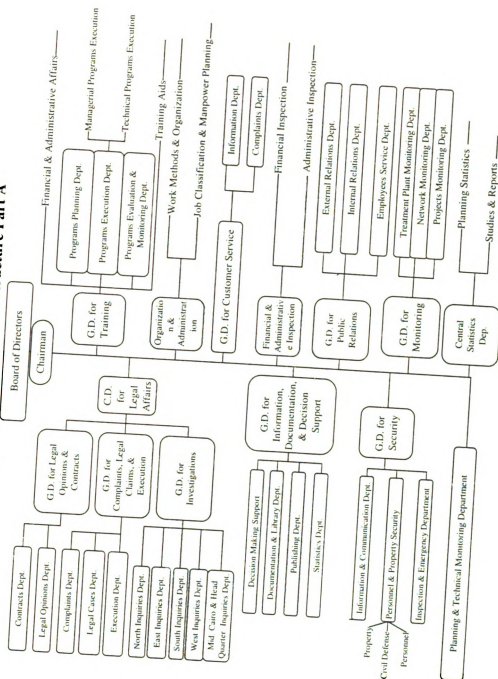
The Deputy Chairman for Financial and Administrative Affairs had four departments affiliated with his office: Central Department of Financial Affairs, Central Department of Administrative Affairs, General Department for Procurement and Supply, and Commodity Storage Department.

Figure 6.1 depicts the current organization structure of GOGCWS that resulted from Black and Veatch on-site administrative reform efforts. The detailed structures are shown in Figures 6.1-A to 6.1-E.

**Figure 6.1**  
**GOGCWS Organization Structure**

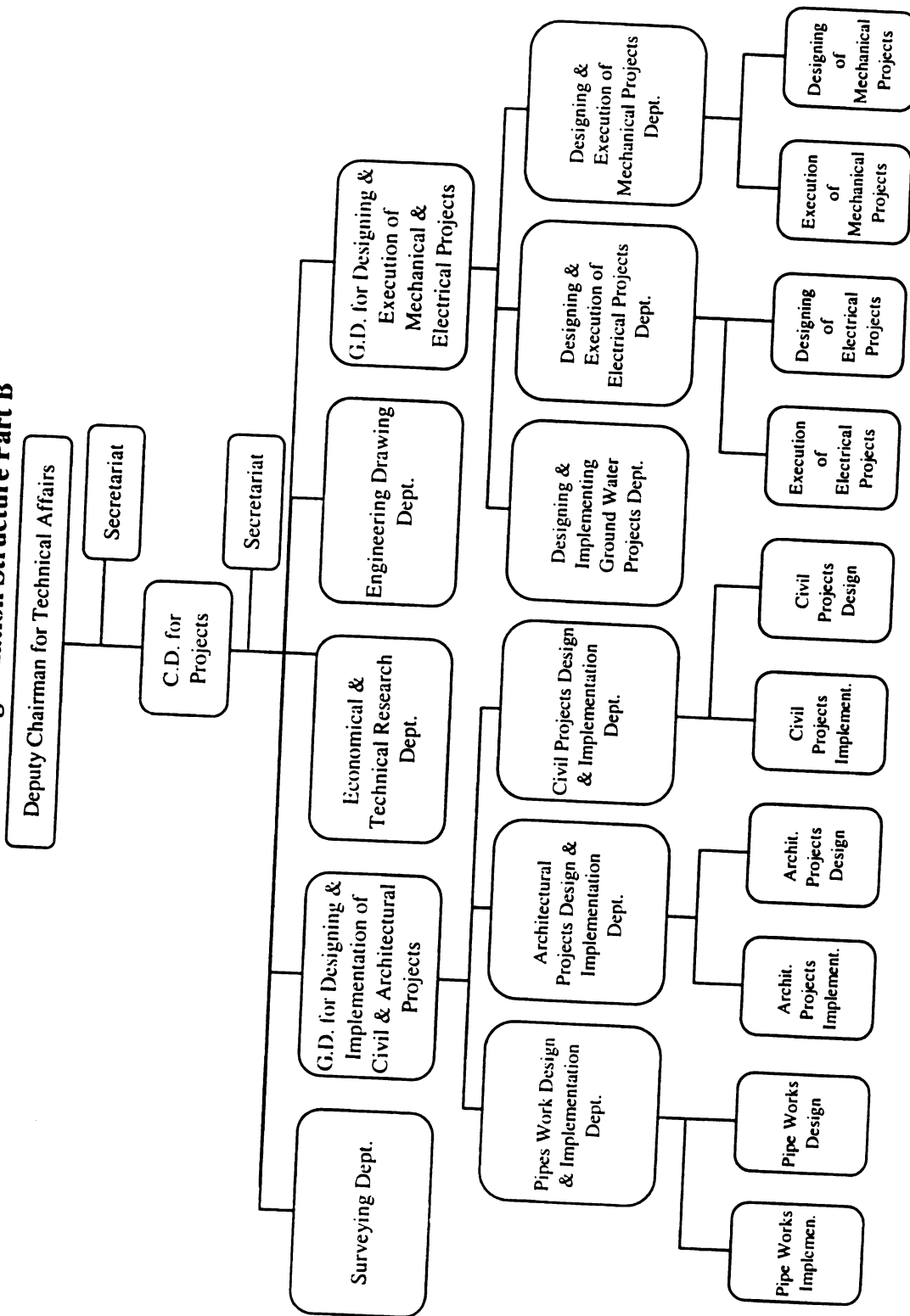


**Figure 6.1.A**  
**GOGCWS Organization Structure Part A**

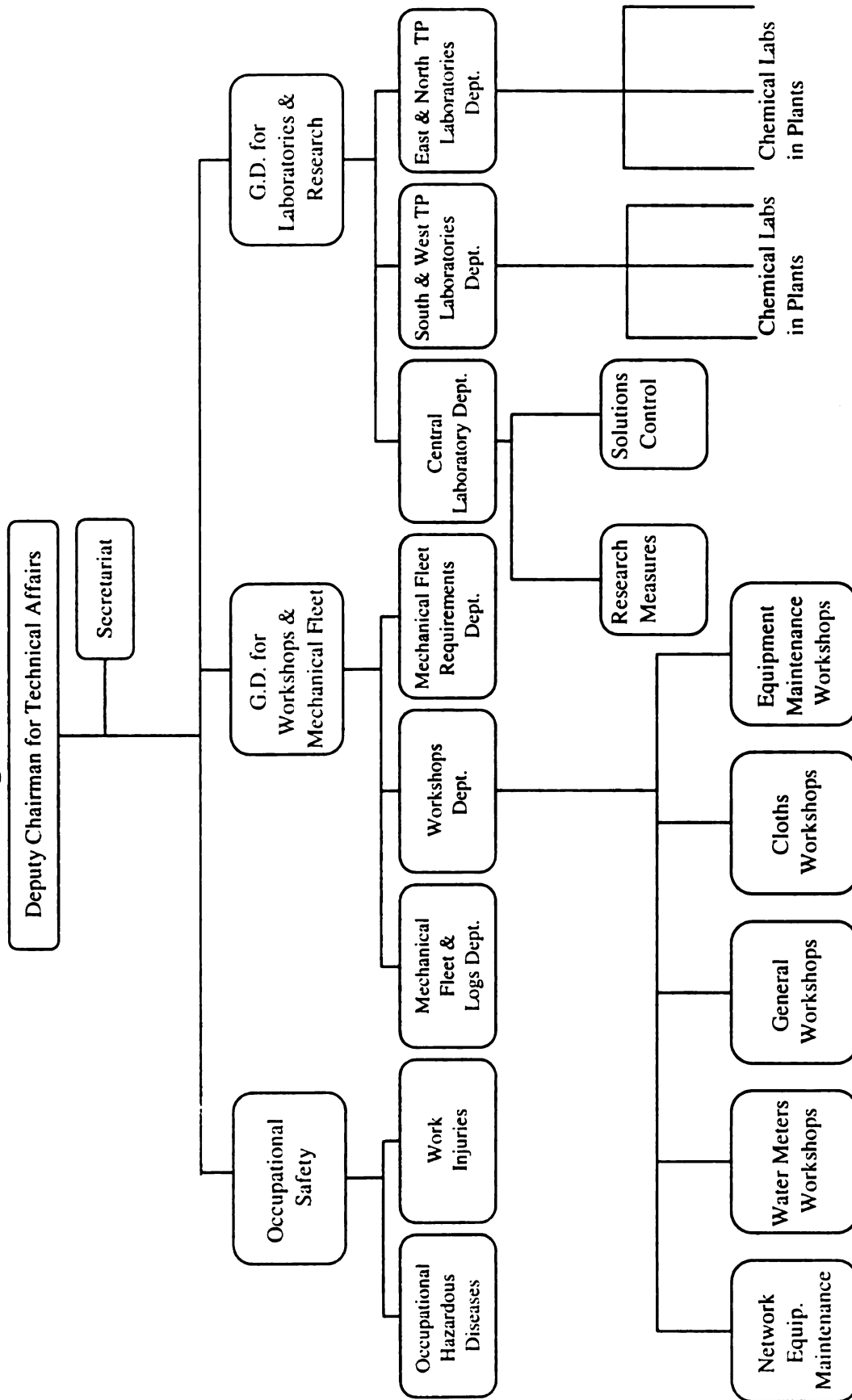




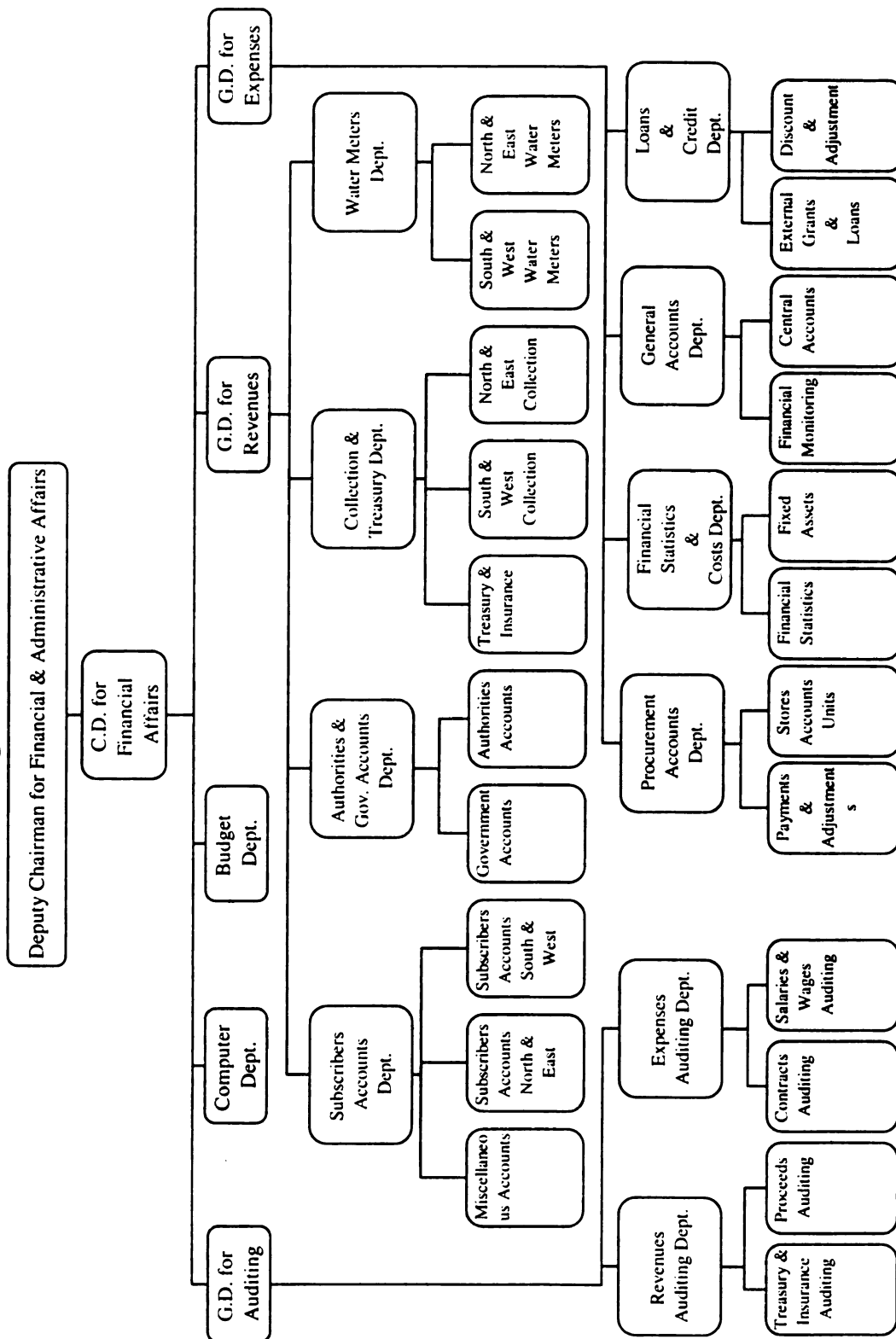
**Figure 6.1.B**  
**GOGCWS Organization Structure Part B**



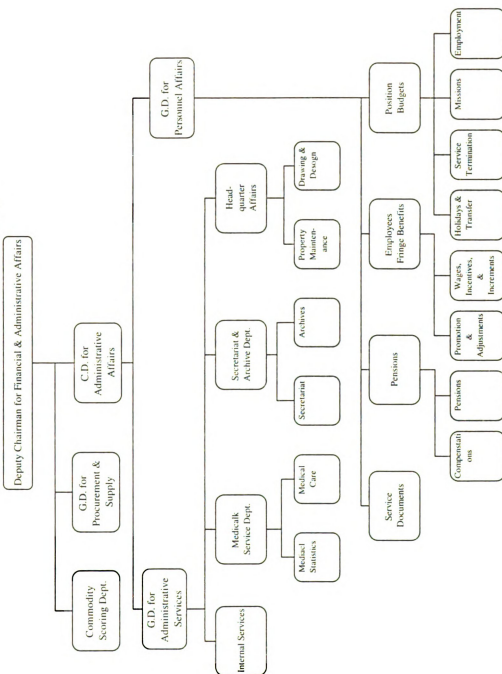
**Figure 6.1.C**  
**GOGCWS Organization Structure Part C**



**Figure 6.1.D**  
**GOGCWS Organization Structure Part D**



**Figure 6.1.E**  
**GOGCWS Organization Structure Part E**



By reviewing the figures, one can notice the complex organization structure and infer there are a few positive points that resulted from administrative reform restructure. First, there are 11 departments acting in advisory and supporting capacity to the chairman in the decision-making process. Second, the span of control for the chairman is limited to two deputy chairmen, one for technical affairs and the other for financial and administrative affairs. This narrow span of control gives the opportunity for the chair to focus on policy-making process. Third, the General Department of Laboratories and Research is not affiliated with either Central Departments of Plants and Networks but its manager reports directly to the Deputy Chairman for Technical Affairs. Thus, there is distinction made between the quantitative side of potable water production and the quality of it; hence the control and assurance of water quality are currently structured to be more objective and effective. Finally, the organization structure allows a certain degree of managerial decentralization since the Central Department of Plants is divided into general departments according to different plants of Greater Cairo Region. The Central Department of Networks is also divided into general departments according to different regions of Cairo.

On the other hand, there are negative aspects of the structure imposed by administrative reform. First, the clear challenge of control for the leadership associated with the complex organizational structure as reflected by the charts represents. Complex organizational structures, in terms of form, procedures, and work environment, make the management attempts for efficient control very difficult. Second, the current structure does not reflect an effective and efficient tool for flowing of information. One reason is the large physical spacing between different administrative units in an organizational culture where

mastering administrative capacity in terms of communication and control is typically not the norm. As pointed out by the literature review in Chapter Two about the efficient means of structural reform, loosening the organization could be achieved by moving away from this monocratic end of the organizational continuum. The flow of information in GOGCWS remains mostly vertical causing the increase of stratification, fewer group processes, and fewer projects oriented structures. This is essential for providing customers with a quality and user friendly service and for responding to customer requests in a courteous, accurate, and timely manner without obstacles from the organization structure.

Third, the orientation towards customer service is made only at the central level of the administrative organization since there is a General Department of Customers Service as a supporting department affiliated to the Chairman of GOGCWS. The local level departments concerned with Customer Relations and Services have to go back to the center for decisions making the process inefficient and cumbersome.

### **Human Resources**

The size and quality of GOGCWS's human resources, the training programs, and salaries and incentives should be good indicators of the administrative reform's impact. Table 6.2 shows the number of bureaucrats distributed according to their job categories.

**Table 6.2**  
**Number of Personnel at GOGCWS Distributed by Job Categories, 1990-1996.**

Year	Top Management	Specialized										Technical					Clerical		Ind. & Crafts	Ancillary	Total
		Eng.	Science	Legal	Finance & Accounting	Management Dev.	Security	Info. & Public Relation	Ag.	Arts	Eng. Assistants	Labs	Ag. & nutrition	Arts & Arch.	Degree	Non-Degree					
1990	18	330	74	28	331	124	31	24	7	—	711	60	5	—	2,325	16	4,378	3,560	12,022		
1991	16	323	72	27	329	131	32	25	7	2	709	78	6	2	2,318	16	4,458	3,572	12,123		
1992	13	332	74	27	339	137	32	25	8	2	765	77	6	2	2,379	14	4,524	3,588	12,344		
1993	12	349	72	30	349	138	37	26	8	2	799	75	6	2	2,523	12	4,624	3,708	12,772		
1994	24	368	76	29	347	137	36	25	8	2	825	74	6	2	2,509	10	4,759	3,382	12,619		
1995	20	371	94	27	334	139	35	25	8	2	818	79	6	3	2,460	10	4,640	3,635	12,706		
1996	20	395	101	31	315	152	35	25	11	2	859	98	6	3	2,545	9	4,872	3,686	13,165		

Source: General Department for Personnel, GOGCWS.

By reviewing Table 6.2, one can make the following observations. First, the size of GOGCWS's labor force is somewhat under control as the rate of increase in personnel over the period of 1990-1996 is only about 10 percent. Second, the number of ancillary staff which are mostly janitors represents about 28 percent of GOGCWS personnel, placing a burden on the organization's budget, management, and culture. It is a major operating cost as well as an administrative burden. A further assessment of the impact of administrative reform on human resources can be made based on bureaucrats' education credentials. Table 6.3 shows the distribution of GOGCWS's bureaucrats by education level.

**Table 6.3**  
**Number & Percentage of the GOGCWS Labor Force by Education, 1996.**

<b>Type of positions</b>	<b>Number</b>	<b>Percentage of Total Labor Force</b>
With university degrees	1,187	9.02
With secondary school degrees	3,520	26.74
Without degrees	8,458	64.25
Total	13,165	100

Table 6.3 illustrates the poor educational levels of GOGCWS employees. More than 60 percent of the GOGCWS labor force are without degrees of any kind. Only 9 percent have university degrees far below the 24 percent of all Egyptian bureaucrats who have a bachelor or higher degree (see Table 3.3). Finally, in order to assess the productivity level of the labor force, however, one has to compare it with other organizations both in Egypt and around the world.



**Table 6.4**  
Comparing Cairo's water Utility to Other Water Utilities around the World

City	Population (Millions) <sup>a</sup>	Service Area (km)	Production m <sup>3</sup> /day 1000's	Connections 1000's (Legal)	Number of Staff	Consumer Price (1997) / 30m <sup>3</sup>	Staff : Pop. <sup>b</sup>	Staff : Connections <sup>c</sup>
Cairo	15+	1,500	4,110	540	13,900	\$1.06	1 : 1079	1 : 39
Alexandria	4	N/A	2,000	700	4,000	\$2.03	1 : 1000	1 : 175
Manila	8	1,488	2,490	669	8,554	\$3.87	1 : 935	1 : 78
Bangkok	6	710	2,870	1,028	5,608	\$4.71	1 : 1070	1 : 182
Karachi	9	500	1,600	1,023	12,000	\$2.25	1 : 750	1 : 183
Mexico City	9	1,479	3,100	1,300	13,000	\$5.96	1 : 692	1 : 100
Jakarta	8	286	880	281	2,851	\$7.83	1 : 2806	1 : 99

a. Populations are estimates and are provided only to represent the approximate relative size of the different service populations

b. c. Calculated by the author.

Source: General Organization for Greater Cairo Water Supply, 1999.

From Table 6.4 one can assess the productivity of GOGCWS's bureaucratic force in terms of the number of people it serves and the number of connections established. Compared with other water utilities, GOGCWS has the lowest productivity rate measured by the number of connections per staff member. The main reason is that GOGCWS, like other Egyptian bureaucracies, is not allowed to plan its human resources. For example, while USAID's consultants have stated that the average number of employees needed to run a water plant is 179, the actual number remains 239 (USAID, 1994a). Surplus and unqualified manpower in GOGCWS is part of a larger problem that faces Egyptian bureaucracies as illustrated in Chapter Three. Therefore, human resources parameters measured here are not easily subjected to small-scale approaches such as the Black and Veatch effort.

**Training.** Training bureaucrats at GOGCWS is within the limits of policy regulations and operations manuals developed by the Central Agency for Organization and Administration. Administrative reform technical support and funding was not enough to remedy the side effects of national training policies. The master training plan for 1997 has been developed and budgeted for \$103,000 of which the USAID pays \$74,000 or more than 70 percent. With a simple calculation these figures mean that only \$8 per employee are budgeted for training. However, it is worth noting that this figure represents more than eight times of what used to be budgeted for training before Black and Veatch administrative reform.

Training programs carried out by Black and Veatch had only a limited effect on improving the organization's performance and efficiency due to the absence of managers who are committed to Black and Veatch's cause of reform to assist in the training task. Those

who received training remain ineffective due to the lack of support and resources, or they are frustrated with their inability to make a difference and leave for other job.

**Salaries.** Administrative reform by Black and Veatch has been attempted under a general public law that puts a strict ceiling on public salary levels. GOGCWS is subject, like other bureaucracies, to the Civil Service Law. No.47 of 1978 which sets limits on public salaries and which is too restrictive to allow administrative reform on small scale to effectively manage human resources. Such assessment is based on reviewing Table 6.5 that shows the salary level and the annual salary increase of bureaucrats in Egyptian pounds and their American dollar equivalence according to Law No.47 of 1978.

**Table 6.5**  
**Monthly Salary Structure of Egypt's Civil Service According to Law No.47 of 1978.**

<b>Financial Grade</b>	<b>Basic Salary</b>	<b>Maximum Ceiling</b>	<b>Annual Increase</b>
Excellent	216 (\$64)	—	—
Higher	140 (\$41)	207 (\$61)	75 (\$22)
General Manager	125 (\$37)	197 (\$58)	72 (\$21)
First	95 (\$28)	179 (\$53)	60 (\$18)
Second	70 (\$21)	164 (\$48)	40 (\$12)
Third	48 (\$14)	139 (\$41)	36 (\$11)
Fourth	38 (\$11)	106 (\$31)	24 (\$7)
Fifth	36 (\$11)	82 (\$24)	18 (\$5)
Sixth	35 (\$10)	67 (\$18)	18 (\$5)

The salary structure shown in Table 6.5 makes bureaucrats at GOGCWS conform to the findings in Chapter Three that the financial position of the Egyptian bureaucrat is not only low in absolute terms, but also dismal in comparison to the private sector given that the average starting monthly salary of a newly hired college graduate in the private sector is 1000 LE (\$300). Further, it appears from Table 6.5 that the annual salary increase allowed under

the law has been limited since the 1970s without consideration to inflation and the expansion of the private sector. This makes salary levels structured by the public law not adequate to maintain a reasonable standard of living for employees in an increasingly Westernized society. Such inflexible policies do not provide adequate motivation to most personnel and handicap Black and Veatch's efforts of administrative reform.

**Incentives.** The incentive system applied to the labor force at the GOGCWS is according to the Board of Directors Decree No. 48 of 1984. It determines the percentage of incentives to be granted monthly to employees based on their performance and in accordance with quotas that range from 50 to 100 percent of the basic salary. As of 1996, the organization's budget for salaries and incentives reached \$21 million (CAPMAS, 1997c). While an incentive system is considered a step in the right direction towards providing more motivation to GOGCWS's personnel, there are flaws in its application that were not corrected by administrative reform.

First, material incentives are calculated as a percentage of the basic salary. Hence the basic salary and incentive quotas, combined together, are still insufficient and below those levels of the private sector (Soliman, 1998). Bureaucrats perceive material incentives as part of the basic salary due to their low pay. Material incentives do not have any effect because all workers receive them monthly based on artificial evaluation forms. It is in the organization's culture to pay material incentives to bureaucrats regardless of their performance given that the majority of workers from managers to janitors are in financial need

and paid according to a salary structure from the 1970s.<sup>73</sup> Second, managers' discretion over their budgets is limited by rules and regulations put forth by the central government. This makes adopting an effective incentive system independent of the norm in other Egyptian bureaucracies almost impossible. The inadequacy of salaries and incentives should be viewed as a major restriction on attempts to make GOGCWS more business oriented. Again, the small-scale nature of administrative reform was limited by rules applied from the central administration that lacks reform.

Third, a system of non-material incentives is not taken seriously by managers. Non-material incentives such as promotion based on performance, employee of the month certificates, social events to improve human relations, assigning duties based on capacities, provide a suitable working environment, or improving communication system are often ignored tools at GOGCWS. This is despite the effectiveness of non-material incentives in motivating workers to improve their productivity. Finally, negative incentives are also not applied to reduce the slack of workers. They are only applied in the form of salary deductions when workers are absent or late for signing in to work but not for their declining productivity or performance.

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<sup>73</sup> While some may argue that applying incentives to every worker without discrimination encourages a sense of team work, it does not provide motivation for increasing productivity as it values both the productive and non productive. If the goal is to encourage team work, managers could divide their subordinates into groups and evaluate them based on performance. This is based on the assumption that there is no problem in measuring productivity of every member of the group.

## **Leadership**

Black and Veatch was unable to assign managers committed to administrative reform as recommended by the literature review in Chapter Two. According to public laws, managers at GOGCWS are assigned to their positions based on seniority rather than qualifications. This was another constraint placed on Black and Veatch's small-scale approach to administrative reform as it was unable to be either an exception to public laws or to reform them. The only exception is the chairman who is a political appointee regardless of his loyalty to the reformers. Therefore, Black and Veatch personnel was unable to take advantage of leadership in the organization to monitor, minimize resistance, and motivation of bureaucrats inside GOGCWS and to lobby for the reformers efforts outside GOGCWS.

The administrative reform to laws and regulations of the hiring and promotion of managers by the new ministry of Administrative Development was announced after Black and Veatch's mission was coming to an end. Changes in recruitment laws, such as allowing agencies to advertise management openings to the public and using an improved system for evaluation as the basis for promotions, were not available to Black and Veatch. This is despite the fact that unless there is a good leadership that runs an organization of the size of GOGCWS, administrative capacity will remain insufficient. As established in Chapter Two, the presence of qualified leadership committed to administrative reform is crucial to the success of external agents' attempts. As things stand, GOGCWS is still a typical Egyptian bureaucracy with fragmented responsibility that makes no one accountable for the inefficient results.

## **Revenues and Financial Situation**

The GOGCWS produced 4.7 million m<sup>3</sup> of potable water per day, whereas water sales amounted to only 2.7 million m<sup>3</sup> representing only 59 percent of produced water due to quantities lost in the network. As a result, the organization's revenues amounted to \$78 million out of which only \$50 million was in direct revenue from water sales.<sup>74</sup> On the other hand, the organization's total expenditures amounted to \$261 million. The difference in figures reflects the organization's dependence on foreign loans as the main source of finance. With an annual deficit of 47 percent and debt service constituting 24 percent of total expenditures, GOGCWS's total debt stood at \$486 million in addition to the accumulated interests by the end of 1997 fiscal year (Abd Al-Menam and Galeb, 1997; Al-Moktar, Nafadi, and Abd Al-Gafar, 1997; Ali and Batrik, 1997; Riad, Al-Kiat, and Rashad, 1997). These figures mean that GOGCWS's debt is more than twice its valued capital, and growing, despite administrative reform.

One reason is that administrative reform was not sufficient to increase water tariffs in order to raise revenues, in addition to its inability to reduce the amount of water loss in the network, to reduce the large unqualified and productive labor force, or to improve customer service and collection procedures. Water consumption is heavily subsidized and tariff revenues cover only a fraction of the operating costs. As illustrated by Table 6.4, GOGCWS charges the lowest price for service compared to other major urban water agencies in

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<sup>74</sup> It is worth noting that more than 90 percent of customers do not have operating water meters which makes the organization collect charges based on estimates. Estimates are based on the number of rooms at the subscribed unit, i.e., apartment or house, regardless of the usage or the number of people using water at the unit.

developing low income cities. This is despite the relative improvement in the quality of life and increasing value of property and housing in Cairo. Water fees do not reflect all these factors.<sup>75</sup>

Raising water tariffs would have been a legitimate administrative reform proposal given that the average water tariff is only L.E. 0.16 per m<sup>3</sup> (\$1.41 / 30m<sup>3</sup>) while the cost of production is L.E. 0.46 per m<sup>3</sup> (\$4.06 / 30m<sup>3</sup>). These prices are set at the center of Egyptian bureaucracy by the High Committee for Policy and Economic Affairs. Requests by the organization to decrease the L.E. 0.30 per m<sup>3</sup> difference have often been denied due to political and social considerations. This problem could have been addressed without disagreeing with the government's political and social objectives behind the subsidies. Rondinelli (1986) recommends lowering the cost of service provision through minimizing regulations and central control over the public organizations.<sup>76</sup>

Another reason for the administrative reform's inability to improve the organization's financial status is collecting charges based on a flat tariff. GOGCWS charges the public regardless of actual consumption because gauge meters are in short supply or broken. While the organization is forced by law to subsidize its service, the flat rate is due to administrative incapacity. As a result of both the flat rate and subsidy of service, Egyptians perceive water as a public good to which they are entitled to rather than as a valuable resource that they

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<sup>75</sup> Hoehn and Kreiger (1996) used contingent valuation and Kamel (1997) used hedonic method to empirically prove that Cairo residents from all income groups are willing to pay more than the government standard charge. Unlike what is commonly believed, charging the public the cost of production, operation, and maintenance is popular among various income groups in return for a better service.

<sup>76</sup> Rondinelli (1986) also offers the alternative of implementing policies that attempt to redistribute migration to small and intermediate-sized cities in developing countries to face the problems in extending basic services for a rapidly growing urban poor population.



should pay to obtain. The behavior associated with such perception made Black and Veatch's efforts in administrative reform to enhance maintenance capacity difficult because the public lack incentives to share the responsibility or to ration consumption.<sup>77</sup> Over-consumption encouraged by underpricing also put a heavy burden on the wastewater sector, making it another bureaucracy unable to keep up with the public demand and another case for USAID to struggle with.

Finally, Black and Veatch was not able to improve the organization's financial status due to the inability to collect more than 5 percent of other bureaucracies' water bill. This is despite the fact that other government units' share of water usage reaches 29.1 percent or \$64 million (Abd Al-Menam and Galeb, 1997; Al-Moktar, Nafadi, and Abd Al-Gafar, 1997; Ali and Batrik, 1997; Riad, Al-Kiat, and Rashad, 1997). With a simple calculation it appears that the subsidy for public use is almost canceled out by the bureaucracies' debt to GOGCWS. Therefore, the issue of other bureaucracies' consumption of subsidized water is critical to GOGCWS's financial viability that lies outside the scope of administrative reform. Despite the diminishing social and political claims that prevent increasing water tariffs for the public, the government still refuses to lift the subsidies on government-to-government accounts.

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<sup>77</sup> Water underpricing does not only affect administrative capacity but encourages over consumption of resources in a region that suffers from water scarcity like the Middle East. Egypt is one of the countries that predicted to have scarce water resources in the next decade (FAO, 1994). While water resources are decreasing, the per capita consumption in Cairo increased from 69 l/day in 1952 to 300 l/day in 1996. Therefore, increasing water tariffs is a strategic necessity for administrative reform and can be done without hurting the low income groups by setting the price using willingness to pay methods.

### **Assessment of GOGCWS Administrative Capacity**

A final assessment of the extent to which administrative reform has reached its objectives stated in the consultants' plan can be made here after analyzing the relevant data, information and documents as well as discussions with officials. It seems that administrative capacity is still lacking in the areas of planning, operational control, financial control, human resources' management, and organizational structure. First, in terms of planning, managers did not capture the organization's orientation through a future vision and long-term objectives. Evidence shows that at present, GOGCWS does not have a strategic plan nor does it have a vision as to how to be a modern utility providing a quality services to customers. The organization still does not operate along economic lines and principles stated in its 1957 establishing decree or in the external agent's reform plan. A good start would be by having a clear vision of the future demand for GOGCWS's service in a rapid urbanized environment. This can be done by developing a new organization paradigm and culture in the Planning Department to change its focus from only technical issues. Further, departments' plans should not be articulated based on securing more foreign resources but based on how to develop and manage resources. There is an urgent need for every manager to draw a plan for his own department that includes objectives to be fulfilled, means of implementation, and measurement of results.

Second, poor operational control tends to minimize the administrative capacity of GOGCWS. Reasons for difficulties range from the lack of a well-defined strategic plan to lack of leadership skills. For example, managers are still being widely criticized by "the lack of leadership capacity" and operate in a "backward administration environment" (Soliman,

1998: 9). There are also external reasons such as government rules that inhibit control by requiring approval for most managers' decisions. Addressing these issues is key to enhance the operational control problem and increase the administrative capacity. One important step would be to give managers more discretion based on performance indicators and key results.

Third, the current GOGCWS's financial control system negatively affects the organization's administrative capacity.<sup>78</sup> Black and Veatch had falsely assumed that the government would support fiscal decentralization. This could be due to failing to understand the history of fiscal centralization that is so deeply entrenched in Egypt. The small-scale nature of administrative reform overlooked the legal environment which ensures that the central government retains control of all revenues collected locally. Financial control was also not enhanced because the organization's budget is not utilized as a tool for control and monitoring but rather as a tool to substantiate to the government the need for additional resources. Other common inadequacies observed regarding the budgeting process were that departments do not play an active role in developing the budget other than submitting their lists of needs. Undertaking the task of addressing these problems is still needed to facilitate better management of costs and important for the budgeting process of GOGCWS.

Fourth, management and development of human resources seem to hinder GOGCWS's administrative capacity. Noteworthy among the reasons are external constraints imposed on the human resources management by national labor laws and regulations.

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<sup>78</sup> This assessment is consistent with Hoffer (1995) who studied and compared organizations in Egypt, Russia, Vietnam, and the Netherlands to identify variables that influence the effectiveness of urban water supply to millions of urban dwellers in a rapid urbanization environment. She finds that autonomy, in terms of authority and financial sustainability, has a direct effect on the outcomes. She also concludes that subsidies and loans from donors often obstruct effectiveness and result in a passive attitude. To reduce the dependency on subsidies, a more realistic, higher water tariff was also found to be necessary.

Managers could not facilitate or promote active motivation due to low salaries and incentives that are perceived as a right regardless of performance. Further, personnel and leadership within the organization do not have adequate discretion in planning their needs of human resources because the centralized bureaucratic hierarchy puts this tool in the hands of the central government. These departments do not effectively contribute or assist in the analysis and planning for organization's needs regarding human resources. Unfortunately, this is not the case only at GOGCWS. Inefficiency in utilizing USAID's investments in all sectors was to a large extent attributed to government's poor employment policies (Hanrahan and Walker, 1994). To overcome this constraint, GOGCWS's different departments should have the discretion to draw their plans for human resources guided by a strategic plan, vision, and objectives.

There are some internal constraints on the management and development of human resources as well. The most crucial internal constraint is that organizational culture does not provide better management of human resources. Through observations and interviews it is easy to characterize organizational culture as being "command and control," engineering focused, following the rules without input or innovation, let the top decide, with a strong orientation towards centralization. Management climate and organizational culture have to be altered so as to create an organizational environment that supports collaboration, team work, and effective leadership. Further, funding for training reflects an inadequacy in developing human resources. An effective training function will require larger budgets, qualified trainers, and consistent efforts. Addressing these issues would be effective in

enhancing the management and development of human resources at GOGCWS as well as enhancing the organization's administrative capacity

Finally, the current hierarchical organizational structure of GOGCWS imposed by Black and Veatch is not the best option to maximize administrative capacity given the environmental constraints in which managers have to operate. For example, the Board of Directors is required to obtain approval from the Central Agency for Organization and Administration for any change which creates new management positions. This makes it difficult to make needed periodic organization changes. Moreover, the required government budget approval process is often an obstacle to reorganization plans that require adding personnel or altering job grades. Therefore, GOGCWS does not have the discretion needed to run a large scale organization such as revising the structure if necessary to keep up with increasing responsibilities and a rapid urban environment.

Also the current organizational structure of GOGCWS hinders the promotion of decentralization, delegation of authority, or enhancing customer service. This is true especially regarding customer service, as there is no one manager below the Chairman who is responsible for all aspects of service to customers. One place to start is to break the organization into three independent units according to the three governorates of Greater Cairo that the organization is responsible for serving. The delivery of services for Cairo residents requires decentralization as a vehicle to get services tailored to the people needs. The operation of urban sites providing potable water should be at the organic end of the continuum of organization structure as recommended by the literature review from Chapter Two . GOGCWS should move these sites from their current highly centralized form to a

more flexible decentralized form that is adaptable to local conditions of the communities they serve.

A clear lesson is that in a bad policy environment, even well funded administrative reform projects, cannot deliver the external agent's expectations. The absence of reform for the Egyptian bureaucracy as a whole and of promoting reform initiatives at the national level did not allow the external agent to confront fundamental problems at GOGCWS. It did not appear that the small-scale approach for administrative reform yields the desired outcome. After all the government is the entity accountable for policy reforms needed to overcome administrative obstacles to sustainable development. Failing to link small-scale administrative reform projects to GOE policy and organizational change did not enhance the administrative capacity of GOGCWS to plan, implement, and maintain basic service delivery. Administrative reform was not sufficient because reform efforts were limited by existing laws, small-scale, and a noncontinuous approach.

### **Conditionality**

Faced with the GOE's unwillingness to change its rules and regulations for the sake of reforming GOGCWS's administrative problems, the USAID took shelter under the policy of conditionality (USAID, 1995, 1997a). Relying on conditionality was also due to the fact that GOGCWS's long-term dependance on the foreign aid budget increases the opportunity cost of using investments in other deteriorating public sectors. The agency hinged its further support to GOGCWS on GOE's fulfilling of two conditions: that the GOE agree to raise tariffs to cover the cost of operations and maintenance, debt service, and routine improvements and that the legal status of GOGCWS be changed to an autonomous local

water organization with the authority to retain its service revenues for its own operating needs. The President agreed to the USAID's conditions by issuing a presidential decree that granted the GOGCWS the right to operate as an economic entity on a cost-recovery basis. Accordingly, GOGCWS drafted a mission statement to reflect its agreement to the USAID's conditions. The new mission statement included economically sound policies such as:

**It is the policy of (GOGCWS) that total revenues from the sale of water and/or other services will equal the total operational costs for providing water and other services . . . The operating budget will balance operational expenses with current sources of revenue. The capital budget will be based on the availability of capital funds from all sources, and reflect the GOGCWS ability to repay both debt interest and principal on borrowed funds (GOGCWS, 1997).**

One observation is that these announcements came about only when the USAID announced that tariff reform was required as a prerequisite to new infrastructure developments in other Egyptian cities. Later, however, President Mubarak explicitly and publicly denied these conditions (Nafaa, 1997: 5):

**I have continuously refused to spend portions from the U.S. aid that is tied to the condition of increasing water tariffs. I assure citizens that there will be no increase in water prices despite the high cost of water plants and connections. . . This is my policy for the good of the citizens.**

During the period between agreeing to the USAID's conditionality and denouncing it, the President secured other external sources for funding the GOGCWS. GOGCWS has signed loans and grants agreements with the German, Japanese, Italian, French, Danish, and Finish governments (Abdo, 1998; Ibrahim, 1998b; Lotfi, 1998). The funding that the GOGCWS guaranteed from other external agents, with no conditions attached, far exceeds the \$19 million that USAID kept in the pipeline and tied to policy reform. While the GOE

has proven to be skillful in soliciting other external sources to evade conditionality, it has highlighted the problem of lack of coordination between external agents to impose reform.

Getting other external agents to cooperate in the reform plan, however, is not on the USAID's agenda. One USAID official at Egypt's desk in Washington argued during our interview that coordination between external agents' efforts is not possible for three reasons. First, external agents have chances for subsidizing their private sectors through contracts with GOGCWS that the USAID left until its conditions are met. Second, it is also difficult to coordinate external agents' efforts due the variance in their political interests. In the case of GOGCWS, while the USAID is concerned mainly with a market-oriented policy as a tool for reform as part of its program in Egypt, many other agents are concerned with the humanitarian dimension of water without a macro or long-term country plan. Finally, the USAID official believes that any attempts to ask other external agents to cooperate in the USAID sanctions on GOGCWS would have a political cost in terms of negative reaction from the President on other USAID's programs. Therefore, it appears that President Mubarak would resort to any tactics other than yielding to the USAID's conditionality.

### **The Future of GOGCWS**

The future of GOGCWS became a topic for public debate in late 1997 when the People's Assembly discussed a report issued by the Central Agency for Accounts about the organization's budget and performance. The report proposed privatization as a means to reform GOGCWS. The proposal faced significant opposition despite the members' attack on the organization's performance and management. A member from the ruling party responded to the privatization proposal saying (Abd Al-Menam and Galeb, 1997: 2):



The government can privatize sectors such as the oil industry and keep the money, but it should not step over the poor citizens' right in drinking water. If we sell GOGCWS, the government will have nothing else to do but to sit down and write its memoirs . . . Our discussion here should not be about privatization but about methods for fixing the incapable and corrupt management at GOGCWS. The organization's managers are today centers of power in the Egyptian bureaucracy . . . Despite the organization's poor record, managers have been cashing their incentives and driving luxury cars from a budget that is falling apart.

Managers and bureaucrats at GOGCWS were not phased by the debate. The chairman denied the management responsibility and blamed the government's policies and the public for his organization's performance in an unprecedented response in front of the Assembly's Housing committee (Al-Gazali, 1998: 3):

Putting social considerations above economic dimensions in pricing water is to blame for the poor performance. The citizen does not perceive water as a commodity. I blame the poor majority for putting billions of government's investments in jeopardy by their over consumption and irresponsible use of water . . . Economic criteria should guide water pricing and not the poor or social considerations.

The chair's statement aiming at blaming the public came as a surprise to the committee's members some of whom objected in anger (Al-Gazali, 1998). One can infer from his statement that bureaucrats at GOGCWS have political power to ensure a stable future. After surviving the USAID's administrative reform program and ensured future funding from various external sources, they appear to be correct.

### **Conclusion**

In this chapter I have qualitatively answered the research question of whether the external agent through consultants directly influences the organizational aspects of bureaucracy toward administrative reform. After analyzing the relevant data, information and

documents as well as discussions with officials at the USAID, consultants, and GOGCWS, it appears that the Black and Veatch on-site administrative reform efforts were not successful in completely solving the administrative problems. Administrative reform efforts and millions of dollars being spent on water projects and administrative reform did not yield the expected organizational capacity for ensuring sustainability of investments. Significant problems still exist in the areas of planning, operational control, financial control, human resources' management, and organizational structure.

One reason for the persistence of these problems is the small-scale nature of administrative reform that does not put authority in the Black and Veatch's hands to change bureaucratic rules. The role of the contractor in administrative reform appears not to be working in the absence of reforming the Egyptian bureaucracy as a whole. Administrative reform should be a continuous process rather than a small-scale "one shot" effort. The recent internally initiated reform efforts by the GOE analyzed in Chapter Four came after the USAID placed its conditions on GOGCWS and after Black and Veatch's on-site contracted mission was coming to an end. The USAID's conditions of raising tariffs and changing the legal status of GOGCWS to an autonomous entity do not seem to be acceptable general policies for the GOE to adopt and apply on a large scale in the bureaucratic hierarchy.

Another reason for the inability of USAID to enhance GOGCWS's administrative capacity is the lack of cooperation among external agents operating in Egypt. The USAID's efforts toward administrative reform have been independently sought and the GOE had a chance to take refuge from conditionality. Hence the main lesson learned from the case of USAID/GOGCWS is that the role of an external agent in administrative reform would not

reach its goals in the absence of supportive government policies and the intervention of other external agents in the opposite direction of reform.

In the next chapter I will quantitatively answer the research question in terms of other organizational areas, namely, bureaucratic productivity, bureaucratic flexibility, communication, innovation, relation with the public, and professional information. This will be done through surveying bureaucrats to measure the impact of administrative reform. I will then proceed to analyze the answers to the research questions in terms of the Continuity and Reform model to examine its applicability.

## **CHAPTER 7**

### **THE IMPACT OF ADMINISTRATIVE REFORM ON BUREAUCRATS'**

#### **BEHAVIOR**

Qualitative analysis in Chapter Six was able to partially answer the research question of whether USAID strategy of small scale administrative reform was successful. The impact of Black and Veatch on-site administrative reform efforts in GOGCWS was examined in the areas of organizational responsibility and performance, relation with other bureaucracies, organizational structure, human resources, training, salaries, incentives, and revenues and financial performance. However, other organizational areas that Black and Veatch was involved in reforming over the last decade, namely, bureaucratic productivity, bureaucratic flexibility, communication, innovation, decision-making, relation with the public, and professional information require surveying bureaucrats to measure the impact of administrative reform. Therefore, the research question will be answered here in reference to six sets of attitudes and behavior. This will be done by surveying bureaucrats who deal with the public on daily basis at GOGCWS.

#### **Methodology**

The survey to examine these sets of attitudes and behavior was administrated in June 1998 (See Appendix C for a copy of the questionnaire). The questionnaire was designed in the Arabic language based on a questionnaire that was designed and tested by Al-Ahram Center for Strategic and Political Studies in the Spring of 1983 and sponsored by a grant from the Ford Foundation (Sullivan, et al., 1990; Palmer, et al., 1989; Palmer, Leila, and Yassin, 1988; Palmer, et al., 1987; Leila, Yassin, and Palmer, 1985; Palmer, Yassin, and Leila, 1985).

The 1983 survey was administered in person by a team of sociology graduate students from Ein Shams University in Cairo. The sample was composed of 836 Egyptian civil servants selected from relatively equal proportions from three government sector agencies: the Ministry of Social Affairs, the Ministry of Industry, and the Aluminum Corporation.

Sampling for this study, on the other hand, was limited to the headquarters of GOGCWS and excluded the branch offices in Greater Cairo neighborhoods. Bureaucrats were chosen randomly from the 123 employees in the four departments who have direct contact with the public: Subscriptions, Water Meters, Collections, and Customer Service Departments.<sup>79</sup> The four departments were found to be the only units at GOGCWS that are in contact with the public after consulting the organization's chart and meeting with the Chairman. Questionnaires were distributed to bureaucrats individually followed by a short personal briefing to ensure that each question was fully understandable (see Appendix B). In the case of no response, a follow-up conversation was conducted to understand the reason for refusing to fill out the survey followed by a second request for participation.

The strategy was to distribute the questionnaire on available bureaucrats in the four departments. In the Collections Department, 21 questionnaires were successfully completed from the total of 36 bureaucrats who are in direct contact with the public. In the Subscriptions Department, 17 out of the 35 bureaucrats who are in direct contact with the

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<sup>79</sup> The Subscriptions Department is where the public petition for new accounts and legally mediate problems they may have with previous illegal connections. The Water Meters Department is responsible for on-site inspections of the new connections and deciding on the size and quality of meters to be installed. The Collections Department is where payments are made. This is an often busy department due to the absence of a mail in option of payments for all services. Finally, the Customer Service Department is a newly added unit to GOGCWS by Black and Veatch to settle problems that the public has with the other three departments. Problems are often heard in the Water Meters and Subscriptions departments due to subjective estimates and judgements about fines and fees to settle illegal connections and initiate new accounts.

public were successfully surveyed. In the Water Meters Department, 12 out of the 35 bureaucrats who are in direct contact with the public were successfully surveyed. Fewer bureaucrats were surveyed in the Subscriptions and the Water Meters Departments because their managers were less enthusiastic about letting their subordinates participate in the survey. Finally, 13 out of 17 total bureaucrats who are in direct contact with the public were surveyed in the Customer Service Department. In each department the manager filled the questionnaire with bureaucrats. The final return was 63 out of the 123 bureaucrats who are in direct contact with the public on daily basis at GOGCWS or a return rate of 51 percent.

Final results of the survey are then compared with Al-Ahram's survey results as reported by Palmer et al. (1989), Palmer, Leila, and Yassin (1988), Palmer et al. (1987), Leila, Yassin, and Palmer (1985), and Palmer, Yassin, and Leila (1985) studies. Comparing the results to the 1983 data itself, rather than the aggregate results, was not possible. Many visits to Al Ahram Computing Center and contacts with Professor Palmer revealed that the data were stored on 9-track tapes that did not survive storage for 15 years. The unavailability of the 1983 data also placed limitation on the statistical approaches that can be adopted by the study. Nevertheless, comparing my survey with the 1983 aggregate survey results will still provide a comparative and theoretical perspective that is not possible in the initial analysis by allowing for an assessment of the impact of reform on administrative problems. A comparative approach can also illustrate any change in bureaucratic attitudes, new strengths, solved problems, persistence of the problems, or new problems. Comparison is a useful indicator for the degree of influence that the external agent had over common administrative problems. Overall comparisons to the 1980s can provide theoretical consistency and a

moving picture of the empirical results in the form of trends rather than a simple snap shot of the status quo in 1998.<sup>80</sup>

### **Group-Dynamics Scale**

The group-dynamics scale is a set of 16 items that were used by Al-Ahram's (1983) survey and reported by Palmer et al. (1989) study through asking bureaucrats about their work environment to assess their group performance norms. The same questions were also adopted by this study's survey for comparison purposes and due to the fact that group environment directly influences a bureaucrat's productivity and the administrative capacity. To overcome the bias problem in evaluating one's own performance, bureaucrats were asked to evaluate their peers rather than themselves. It is a threat to internal validity to ask bureaucrats to incriminate themselves and acknowledge low levels of performance. Peer evaluations are presented in the context of the group dynamics scale to indicate problems that characterize public administration at GOGCWS. The weighted scores for each item listed in Table 7.1 range from 0 to 100, with scores over 50 indicate at least adequate work.

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<sup>80</sup> For the sake of consistency in comparisons, the same categories of 1983's "group-dynamics scale" were used in the survey. This was the case with other measures used in the survey including bureaucratic flexibility, vertical communications, bureaucratic innovation, bureaucratic relationship with the public, sources of information. My decision was to categorize the results in way consistent with the categories reported by Palmer et al. (1989), Palmer, Leila, and Yassin (1988), Palmer et al. (1987), Leila, Yassin, and Palmer (1985), and Palmer, Yassin, and Leila (1985) studies.

**Figure 7.1**  
**Bureaucrats Group-Dynamics Scale**

Sometimes a bureaucrat's ability to achieve his objectives is influenced by his work environment. In this regard, please evaluate the individuals you work with by indicating whether you (Strongly Agree, Agree, Disagree, or Strongly Disagree) with the following statements.

	1983		1998	
	Weighted Score*	Strongly Agree (%)	Weighted Score*	Strongly Agree (%)
1. Work hard	60	28.6	93	57.1
2. Accept new ideas	39	9.3	86	49.2
3. Open and honest with each other	48	18.0	89	57.1
4. Accept new responsibilities easily	43	14.4	65	27.0
5. Delegate authority frequently	29	5.7	48	17.5
6. Treat public with respect	57	26.5	94	52.4
7. Responsive to constructive criticism	36	8.5	73	34.9
8. Public service over job security	26	4.5	70	34.9
9. Willing to accept conflict	15	5.1	58	23.8
10. Are not lazy	64	41.7	75	34.9
11. Impartial toward friends and relatives	25	8.9	70	41.3
12. Decisive	38	10.4	78	44.4
13. Willing to take risks	28	7.9	62	28.6
14. Flexible in executing decisions	28	6.5	69	31.7
15. Listen to public opinions	43	9.3	88	50.8
16. Solicit public opinions	31	8.9	68	30.2

\* The scale scores were obtained by a simple addition of the responses. The scale ranges between 0 and 100 and "Strongly Agree" responses have been given twice the weight of "Agree" responses. This method was used by the 1983 study and adopted by this study to allow for comparison. Further statistical testing of the results was not possible due to the unavailability of the 1983 data.



Two indicators from the sixteen-item group-dynamics questions that ask bureaucrats to describe the work environment in which they operate were used to evaluate bureaucratic productivity.<sup>81</sup> The two indicators measure productivity by asking the respondents if (1) that most of their peers worked hard and (10) that most of their peers were not lazy. Those two items should provide a reliable response because bureaucrats are not asked to judge or criticize themselves. Also, to further assure the reliability of the answers, both items appear at alternate ends of the group-dynamics scale to avoid strategic bias and to test for reliability of responses. Comparison between 1983 and 1998 did not yield conclusive results. While more bureaucrats at GOGCWS, in terms of both scale and percentage, believe that their peers work hard, a lower percentage of them believe that their peers are not lazy.

To evaluate bureaucratic flexibility, five items from the group-dynamics were used. These items are (4) willingness to accept new responsibility, (5) delegate authority frequently, (9) willingness to accept conflict, (13) willingness to take risk, and (14) flexibility in executing decisions.<sup>82</sup> The assumption is that reluctance of bureaucrats to assume responsibility reinforces excessive centralization of authority at the senior level. Overloading officials with small details robs them of time and energy to be devoted to important matters such as reform. Bureaucrats who avoid responsibility tend to send all matters, even small ones, to their supervisor for clearance. Further, avoidance of responsibility forces the public to search for

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<sup>81</sup> A second measure of productivity is based upon sources of professional information as presented in Table 7.12.

<sup>82</sup> A second measure of flexibility based on the tendencies of bureaucrats to hide behind rules and regulations of Egypt's rigid bureaucratic codes is presented in Tables 7.2 and 7.3. A third measure of bureaucratic flexibility is based on the ability of bureaucracies to operate flexibly in an effective manner based on good vertical communication as presented in Tables 7.4 and 7.5.

answers and solutions for their problems at the senior level. Results from Table 7.1 show a significant improvement in the five items when compared with 1983. More bureaucrats at the GOGCWS, in terms of both percent and scale, believe that their peers are flexible by accepting responsibility, delegating authority, accepting conflict, taking risk, and executing decisions.

Innovation was reflected in one item from the peer evaluations of group-dynamics items, namely, (2) openness to new ideas.<sup>83</sup> Results show that more bureaucrats at GOGCWS, in terms of both percent and scale, are confident in their peers innovative capacity. The degree of improvement over 1983 is remarkable as 49.2 percent in 1998 strongly agree that their peers work hard versus 9.3 percent only in 1983.

To evaluate the gap between bureaucrats and the public, the analysis used four items from the peer evaluations of group-dynamics items. These items are: (6) treat the public with respect, (8) are more concerned with public service than job security, (15) listen to public opinions, and (16) solicit public opinions. The assumption is that the more the public trusts, respects, and cooperates with the bureaucracy, the easier it is for the bureaucracy to accomplish the reform goals.<sup>84</sup> The comparison of results with 1983's scale and percent of bureaucrats' responses revealed also significant improvement in all four items. For example, more than half the respondents in 1998 strongly agree that their peers treat the public with

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<sup>83</sup> A second measure of innovation is based on bureaucrats' disposition to challenge social practices and traditions that pose an obstacle to reform as presented in Table 7.6. A third measure is based on bureaucrats' innovativeness and creativity in their everyday decision-making strategies as presented in Table 7.7.

<sup>84</sup> A second measure to evaluate the gap is bureaucrats' self-perceptions of their social status and of the Egyptian public is presented in Tables 7.8 and 7.9.

respect versus 26.5 only in 1983. Also more than half the respondents at GOGCWS strongly agree that their peers listen to public opinions as opposed to 9.3 percent only in 1983.

Finally, improvements were also revealed in the remaining areas covered in Table 7.1. More than half of the respondents at GOGCWS strongly believe that their peers are (3) open and honest with each other versus 18 percent only in 1983. When asked about their peers' (7) responsiveness to constructive criticism, 34.9 percent in 1998 strongly agreed versus 8.5 percent only in 1983. Bureaucrats at GOGCWS were also increasingly (11) impartial toward friends and relatives and (12) decisive in 1998 than 1983 as 41.3 and 44.4 percent strongly agreed that their peers have these positive characteristics versus 8.9 and 10.4 percent respectively in 1983.

When results are compared to the earlier survey, improvements are in 15 of the 16 items of the group-dynamics scale. Improvements, however, should not be viewed as an end to administrative problems. Results must be tempered with the finding that only four of the items reached the 50 percent threshold. This is more of a problem when considering the argument made by Palmer, Leila, and Yassin (1988) when they analyzed the 1983 data that bureaucrats are often reluctant to criticize their peers.

In addition, some bureaucrats did not answer in reference to their performance but rather to other administrative problems such as low wages or overstaffing. One of the respondents notes on the questionnaire that "the organization is getting its money worth from the workers." It is not that bureaucrats are lazy or dodge responsibility, but their performance meets the poor salaries and ineffective incentive structure. Also, bureaucrats could be evaluating themselves in reference to the physical environment in their work. For

example, the performance of two or more bureaucrats who share one desk is perceived satisfactory at low levels. On the other hand, one cannot completely dismiss the improvements of results revealed by the group-dynamics scale. Given the recent organization history of GOGCWS reviewed in Chapter Six, one can only attribute these improvements to Black and Veatch's efforts. However, the shortcomings and criticisms leveled at the method of group-dynamics scale warrants further detailed and independent testing of each item in the scale.

### **Bureaucratic Flexibility**

Rules and regulations are often a sword against reform, supervisors, and the public as they allow bureaucrats to hide behind the rigidity and complexity of bureaucratic codes. The assumption is that any steps in the reform process that do not fit a clearly stated regulation will be either ignored or set aside for further adjustment of the rules that would normally take years. Four items were employed in the survey to test the hypothesis that bureaucrats were prone to this administrative problem and to provide a clear assessment of to what extent administrative reform was successful in eliminating the problem of hiding behind rules in order to avoid meeting the reform's demands. The questions and responses are presented in Table 7.2.

**Figure 7.2**  
**Bureaucratic Flexibility: Trade-off Between Rules and Efficiency**

**If the efficiency of your unit is slowed by red tape and your supervisor asks you to bend the regulations for the sake of greater efficiency, what would you do?**

<b>Behavior</b>	<b>Percent</b>	
	<b>1983</b>	<b>1998</b>
Seek the support of others in trying to follow the rules as they are written	17.5	12.7
Quietly follow the rules in spite of your supervisor's request	20.6	50.8
Only under the condition that he accepts the responsibility for the changes	48.6	28.6
Accept your supervisor's request without comment	12.0	7.9

The four items in Table 7.2 can be viewed as a continuum with the option of seeking the support of others in order not to bend the rules on the rigid end of the continuum and the option of accepting the supervisor's request without comment at the flexible end of the continuum. With that picture in mind, results from Table 7.2 show that bureaucrats at GOGCWS are moving towards the rigid end of the continuum when compared to 1983. More than 50 percent would just ignore the leader's demands to bend existing rules for the sake of greater flexibility and only 8 percent are willing to make adjustments without comment. This is versus 20.6 percent and 12 percent for 1983 respectively.

These results reflect the bureaucrats' tendency toward rigidity and avoiding responsibility required by reform. Black and Veatch was unable to introduce bureaucratic flexibility or improve bureaucrats' resistance to bend the rules for the sake of efficiency. One can argue that rigidity is common behavior at GOGCWS due to bureaucrats' fear of losing their government job in a society with a high unemployment rate. Table 7.3 further examines

the way that bureaucrats handle a difference in opinion in order to confirm this conclusion about bureaucratic inflexibility at GOGCWS.

**Table 7.3**  
**Bureaucratic Flexibility: Disagreement with Supervisors**

**If you disagree with supervisor on the best way to handle a problem, what would you do?**

<b>Behavior</b>	<b>Percent</b>	
	<b>1983</b>	<b>1998</b>
Seek support for your position from other officials	11.6	25.4
Quietly but firmly stick to your solution	3.5	22.2
Try to convince him of your point of view, but follow his solution	80.9	50.8
Accept his solution without comment	3.2	1.6
Other	0.8	0.0

The four items in Table 7.3 can be viewed also as a continuum with the option of seeking the support of officials against supervisor on the rigid end of the continuum and the option of accepting solutions without comment at the flexible end of the continuum. With that picture in mind, results from Table 7.3 confirm the administrative problem of bureaucratic inflexibility at GOGCWS because bureaucrats are moving towards the rigid end of the continuum when compared to 1983. On the rigid end of the continuum, about 25 percent of the respondents at GOGCWS would seek support of other officials against their supervisor for the sake of opinion versus 12 percent in 1983. Also 22 percent would firmly stick their solution against their supervisor in 1998 as opposed to 4 percent only in 1983. On the flexible end of the continuum, results also point to the problem of inflexibility. About 51 percent of the respondents at GOGCWS would follow their supervisors' solutions with some

argument versus 81 percent in 1983. Finally, fewer of the respondents would just accept their supervisors' solutions as 1.6 percent would choose this route at GOGCWS versus 3.2 percent in 1983.

Put together, results from Tables 7.2 and 7.3 indicate that inflexibility and rigidity inside GOGCWS. This type of rigidity would have required from Black and Veatch more than structural reform of the organization's chart. The argument can be made that rigidity and inflexibility are on the rise due to the increased sense of marginalization among bureaucrats. This feeling is associated with an increased public labor force in the Egyptian society. While Table 7.1 reveals that bureaucrats view their peers as flexible, the fact is that when a worker feels that he is central to an issue he/she will prefer to move towards the inflexible end of the continuum.

Other reasons also contribute to the increasing rigidity. In addition to the increasing labor force and an associated sense of marginalization, assigning graduates to positions not consistent with their educational background, or insufficient education in other cases, and fear of responsibility that may cause losing a public job all make bureaucrats more rigid. This problem requires intensive training with an emphasis on the ability to flexibly execute a wide range of responsibilities and to objectively and professionally handle conflict in both rules and opinion.<sup>85</sup>

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<sup>85</sup> Workers of Black and Veatch at GOGCWS were still using the terms "us" and "them" during our conversations in referring to both sides of the reform equation. The existence of such a gap after ten years of on-site cooperation between both sides suggests the ineffectiveness of the external agent's training efforts at GOGCWS. This is due to the lack of assimilation between the trainer and the trainee caused by the absent of leaders associated with Black and Veatch to support the reform task.

Success of reformers in changing the bureaucrats' behavior also hinges on studying the history and culture of recipient country as recommended by the literature review in Chapter Two. In the case of GOGCWS it seems to be lack of consideration on behalf of Black and Veatch in studying the history and culture of Egyptian bureaucrats. Conversations with Black and Veatch's team did not indicate that they had taken into consideration the cultural or social realities that shape the behavior of bureaucrats. For example, managers at are still out-spoken about their Nasseriet ideology and consider water next to a public good when asked about pricing strategies.

### **Vertical Communications**

With the absence of technology at GOGCWS, and in most public organizations in Egypt, communication between the leader as the main decision maker and bureaucrats as policy implementors is of crucial importance for an enhanced administrative capacity. Administrative capacity is enhanced by the ability of bureaucrats to provide, receive, and process information in an effective manner. The assumption behind examining the efficiency of vertical communication at GOGCWS is that without adequate vertical flow of information, reform will be difficult to implement and coordination will be absent between workers and units. The organizational structure aspect of communication examined in Chapter Six could not assess this behavioral aspect. Results of the questionnaire on the other hand would provide an indication about the level of rigidity and flexibility in the leader-bureaucrat vertical



relationship. Tables 7.4 and 7.5 present the results of measuring the vertical flow of information between supervisors and bureaucrats.<sup>86</sup>

**Table 7.4**  
**Vertical Communications: Official Matters**

**How often do you discuss official matters with your immediate supervisor?**

<b>Frequency</b>	<b>1983</b>	<b>1998</b>
Rarely	6.8	28.6
Occasionally	46.0	39.7
Frequently	27.0	14.3
Daily	20.3	17.5

**Table 7.5**  
**Vertical Communications: Informal Matters**

**How often do you discuss informal or personal matters with your immediate supervisor?**

<b>Frequency</b>	<b>1983</b>	<b>1998</b>
Never	74.1	46.0
Occasionally	23.8	46.0
Frequently	1.4	3.2
Daily	0.8	4.8

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<sup>86</sup> “Rarely” in Table 7.4 and “Never” in Table 7.5 were used by the 1983 survey. Such inconsistency between the labels was adopted by this study in order to allow for comparison with responses of the GOGCWS’s bureaucrats. The decision was to use the same labels used in the 1983 Al-Ahram’s survey.

Results from Tables 7.4 indicate a lack in formal communication at GOGCWS that reinforces centralization of decision making. More bureaucrats do not discuss official matters with their immediate supervisor than in the 1980s. For example, 29 percent rarely hold such conversations with their supervisor as opposed to 7 percent in 1983. Also fewer bureaucrats at GOGCWS, 18 percent, discuss official matters with their supervisor on daily basis than in 1983, 20 percent. The results from the 1980s in Table 7.5 portray the manager as somewhat of a tyrant where about 75 percent never discussed informal matters with him. At GOGCWS in the 1990s, in comparison, results show improvement but still point to a picture of a wide gap between the manager and subordinates as 46 percent never or occasionally consult him on informal matters.

As suggested by the literature review in Chapter Two, administrative reform efforts at GOGCWS should attempt to move bureaucrats' behavior towards the informal end of the continuum. Personalizing the vertical relation would allow leaders to manage by informal techniques such as persuasion and informal motivational and supervisory mechanisms rather than by rigid authority. Such an improvement would diminish the image of dictator portrayed for supervisors and enhance the informal aspect of vertical communications. Thus, it is suggested to open the door for leadership to reform the rigidity known to hinder the administrative capacity.

### **Bureaucratic Innovation**

Bureaucratic innovation is the willingness of bureaucrats to develop and implement new and different approaches and provide viable policies to the administrative and social problems that face the society (Thompson, 1969). Non-innovation, however, is one of the

problems that has traditionally characterized the Egyptian bureaucracy (Palmer et al., 1989). It was essential, therefore, to measure bureaucrats' innovation capacity and provide empirical assessment of their role in economic and social development. To evaluate the innovative capacity, questions were asked to evaluate bureaucrats' attitudes toward challenging social and economic practices that can pose an obstacle to sustainable development. The assumption behind this measure, presented in Table 7.6, is that a challenge of traditions and practices is a dimension of innovation and the more bureaucrats at GOGCWS are receptive for challenge, the more likely they are to administrative support reform and support development.

**Table 7.6 (A - E)**  
**Bureaucrats Predisposition Toward Social Innovation.**

- A. It is best to cancel or change programs, such as increasing water tariff, that could cause social conflict.**

	<b>1983</b>	<b>1998</b>
Agree	89.8%	55.6%
Disagree	10.2%	44.4%

- B. Social change should not be instituted at the expense of traditional values.**

	<b>1983</b>	<b>1998</b>
Agree	70.5%	69.8%
Disagree	29.5%	30.2%

- C. Economic development should be pursued even if it means hardship for the majority of the people.**

	<b>1983</b>	<b>1998</b>
Agree	50.4%	66.7%
Disagree	49.6%	33.3%

- D. We have tried too hard to copy the developmental programs of the West without worrying about our own heritage.**

	<b>1983</b>	<b>1998</b>
Agree	62.5%	39.7%
Disagree	37.5%	60.3%

- E. Pursuing development too rapidly might be worse than developing too slowly.**

	<b>1983</b>	<b>1998</b>
Agree	74.1%	74.6%
Disagree	25.9%	25.4%

Results reported in Table 7.6 reflect bureaucrats' predisposition to challenge existing social values. They reflect a variety of considerations that might deter bureaucrats from taking an assertive and innovative posture in their decision making. An overall improvement in behavior can be observed in items 7.6.A, 7.6.C, and 7.6.D. Fewer bureaucrats, 56 percent, in 1998 believe that development programs should be canceled if causing social conflict versus 90 percent in 1983. Also more bureaucrats, 67 percent, in 1998 prefer pursuing economic development regardless of hardship of the people versus 50 percent in 1983. Finally, fewer bureaucrats, 40 percent, in 1998 agree with the notion that society is copying development programs of the West without factoring in its own heritage as opposed to 62 percent in 1983.

Improvement in these items reflects a more objective concern in bureaucrats' behavior for sensitive policies that may threaten social harmony or impose hardship on the people. One can argue that the long-term involvement of foreign donors in general, and the USAID in particular, made bureaucrats more willing to accept social conflict in favor of progressive policies for the sake of economic development. Bureaucrats at GOGCWS are becoming to

realize that development is possible with some short-term sacrifices instead of the reluctance to change that characterized Egypt's civil service for decades. The credit for this positive parameter does not only belong to Black and Veatch but to the USAID and other external agents in Egypt as well because it changed bureaucrats' view of development in society as a whole.

Twenty-five years of American input in all sectors of society seems to have had an effect on bureaucrats' agreement with the statement that Egypt has tried too hard to copy the developmental programs of the West without worrying about our own heritage. As mentioned in Chapter Five, the Western style of living for Egyptians is one direct consequence of long-term financial dependence on the West. Commercials and advertisement about affluent style of living and consumption dominate the government controlled media. This led bureaucrats to increasingly view development efforts surrounding them as something normal opposed to results of the 1980s when the Westernizing of society was just starting after three decades of a Soviet-led society.

These results do not necessarily reflect bureaucrats' opinion about the water services.

One manager notes that:

I was raised in the Nasseriet era where the government was responsible for the welfare of its people. The price of water should not be touched. How can poor people afford any price increase? More important, making water affordable means preserving the public's good health. The alternative for the organization's water is dirty water through vendors and polluted streams. What we collect from the wealthy for a price increase, we will spend on the poor for medical care. Laws attempt to do this mistake have been on the shelves here for years but they would do more harm than good.

On the other hand, item 7.6.B that directly asked about traditional values revealed the persistence of bureaucrats' preferences to conserve cultural norms in the face of change and modernization. About 70 percent for both 1998 and 1983 hold social traditions into higher standing. Such a parameter suggests that bureaucrats are less likely to accept new ideas and programs if the external agent emphasizes the possibility of sacrificing social mores. Finally, item 7.6.E also suggests that bureaucrats still prefer incremental behavior in adopting development policies rather than accelerating implementation: about 75 percent for both 1998 and 1983 prefer incremental development strategies. This die-hard characteristic of bureaucrats' behavior is difficult to change in developed as well as underdeveloped societies.

Overall, the degree of cultural and social changes brought by external agents over the years influenced society to a large extent to include bureaucrats' personal attitude toward challenging practices that pose an obstacle to sustainable development. The extent to which administrative reform efforts have been successful in influencing bureaucrats' level of innovation and professionalism in everyday decision-making at GOGCWS, however, was assessed through a different set of questions presented in Table 7.7.

### **Bureaucratic Decision-making**

Table 7.7 reports the results of measuring the level of professionalism in bureaucrats' decision-making behavior through questions about their capacity to have new, flexible, and efficient solutions to daily problems.

**Table 7.7 (A - E)**  
**Bureaucratic Decision Making Behavior**

**A. Decision should stress harmony in the work group**

Year	Strongly Agree	Agree	Disagree	Strongly Disagree
1983	65.4%	33.3%	1.3%	0.0%
1998	79.4%	17.5%	1.6%	1.6%

**B. It is probably best to consult with one's supervisor before making even small decisions.**

Year	Strongly Agree	Agree	Disagree	Strongly Disagree
1983	31.3%	58.3%	9.5%	0.9%
1998	33.3%	33.3%	27.0%	6.3%

**C. One should follow the rules in order to get things done effectively.**

Year	Strongly Agree	Agree	Disagree	Strongly Disagree
1983	36.7%	56.4%	6.1%	0.8%
1998	71.4%	23.8%	4.8%	0.0%

**D. In making new decisions, it is probably best to see what was done in the past.**

Year	Strongly Agree	Agree	Disagree	Strongly Disagree
1983	42.8%	53.4%	2.8%	1.0%
1998	46.0%	34.9%	14.3%	4.8%

**E. It is better to delay decisions than to risk making a mistake.**

Year	Strongly Agree	Agree	Disagree	Strongly Disagree
1983	27.2%	47.3%	20.0%	5.5%
1998	47.6%	31.7%	19.0%	1.6%

In Table 7.7, bureaucrats at GOGCWS were asked five questions about their daily decision-making practices. Results suggest low levels of skills in the decision-making behavior. Item 7.7.B was easy to observe by visiting any of the managers offices. The managers' offices at Collections, Subscriptions, Water Meters Departments are crowded with customers who did not try the help of bureaucrats at the windows or were sent to the managers directly by bureaucrats.

In all five items, bureaucrats increasingly choose the rigid option by strongly agreeing with all the questions. It appears that administrative reform efforts at GOGCWS by Black and Veatch were unable to address this problem. Given that all questions were unidimensional, a decision-making scale was then used to further test this conclusion. The Decision-Making Scale presented in Table 7.8 is a simple additive measure based on aggregating the 1998 data used in Tables 7.7. Bureaucrats who answered most items with either "Strongly Agree" or "Agree" were classified in the scale as less-flexible in their decision-making behavior, moderate if answered most questions with "Disagree," and finally highly flexible if they answered most questions by "Strongly Disagree." Using these criteria, it still appears that administrative reform was not able to boost the professional decision making behavior at GOGCWS as illustrated in Table 7.8.



**Table 7.8**  
**Additive Decision-Making Scale**

<b>Level of Flexibility</b>	<b>1983</b>	<b>1998</b>
Low	86.3	92.1
Moderate	13.5	7.9
High	0.3	0.0

Bureaucrats' inclination toward more rigidity and inflexibility in decision-making in Tables 7.7 and 7.8 can be explained by the inability of USAID's administrative reform efforts at GOGCWS to increase the level of professionalism in bureaucrats decision-making behavior. This is a negative parameter in the assessment of administrative reform's success in creating elements within GOGCWS that are capable of producing new and innovative solutions to different problems. Therefore, while bureaucrats' attitudes towards social and economic development have improved in Table 7.6 by the influence of long-time Western external agents in society, professionalism in decision making influenced by the on-site external agent's contractor did not yield the same positive results in Table 7.7.

#### **Bureaucratic Relationship with the Public**

Improving the bureaucrats' relationship with the public at GOGCWS is an important component of administrative reform aiming at enhancing bureaucratic capacity. The level of cooperation and trust between the bureaucracy and the public is directly linked to the enhancement of bureaucratic capacity through positively influencing bureaucratic morale and increasing their productivity. Further, administrative reform can do little to increase

bureaucrats' perception of themselves as members of a high-status profession without public support. This component of administrative reform is also important because bureaucrats' status had a direct influence on their morale and consequently on the level of service they would provide to the public. Feeling of status deprivation will not only undermine morale but will create bureaucratic negativism toward the goals and the public.

Two items in the questionnaire were presented to assess the self-perceived social status of Egyptian bureaucrats. The first item in Table 7.9 asked respondents to express their level of agreement with the statement that "the public respects civil servants." The second item in Table 7.10 asked respondents to assess the statement that "the public appreciates the efforts of civil servants." The results of both items are presented in their respective tables below.

**Table 7.9**  
**The Public Respect of Egyptian Bureaucrats**

	1983	1998
<b>Weighted Score*</b>	44	76
<b>Strongly Agree</b>	17.4%	42.9%
<b>Agree**</b>	—	34.9%
<b>Disagree</b>	—	15.9%
<b>Strongly Disagree</b>	—	6.3%

\*Weighted scores represent a combination of "agree" and "strongly agree" responses in which the "strongly agree" responses have received twice the weight of "agree" responses.

\*\*Results from 1983 are not available for comparison.

**Table 7.10**  
**The Public Appreciation of Egyptian Bureaucrats' Efforts**

	1983	1998
<b>Weighted Score*</b>	22	67
<b>Strongly Agree</b>	7.2%	33.3%
<b>Agree**</b>	—	39.7%
<b>Disagree</b>	—	19.0%
<b>Strongly Disagree</b>	—	7.9%

\*Weighted scores represent a combination of “agree” and “strongly agree” responses in which the “strongly agree” responses have received twice the weight of “agree” responses.

Collectively, results indicate significant improvement from the relatively low assessment of bureaucratic status in the 1980s. While 17 percent of the respondents did strongly agree with the statement that the public respects civil servants in the 1983, 42.9 percent did strongly agree in 1998. Also the 7.2 percent that felt that the efforts of the bureaucracy were appreciated by the public increased to 33.3 percent in 1998. While this is a significant improvement from the 1980s, these figures are still low in a society that heavily relies on bureaucracy in all of its aspects.

Two more items were presented in the questionnaire to examine the negativism toward the public and to assess public/bureaucratic interaction. First, honesty in dealing with the bureaucracy, and second, pressures for special treatment. The results of these two items appear in Tables 7.11 and 7.12. Assessments of public honesty in dealing with bureaucracy moved to the positive side by increasing from 10 percent to almost 40 percent. On the other hand, no improvement is in the pervasive problem of the public desire to acquire special

treatment. This is expected because nepotism and favoritism, which are known to disrupt the working environment, are so common till they became part of the Egyptian culture.

**Table 7.11**  
**Public Honesty in Dealing with Egyptian Bureaucracy**

	<b>1983</b>	<b>1998</b>
<b>Weighted Score*</b>	29	70
<b>Strongly Agree</b>	10.4%	39.7%
<b>Agree**</b>	—	31.7%
<b>Disagree</b>	—	22.2%
<b>Strongly Disagree</b>	—	6.3%

\*Weighted scores represent a combination of “agree” and “strongly agree” responses in which the “strongly agree” responses have received twice the weight of “agree” responses.

\*\*Results from 1983 are not available for comparison.

**Table 7.12**  
**Public Attempts to Pull Strings and Get Special Treatment**

	<b>1983</b>	<b>1998</b>
<b>Weighted Score*</b>	54	53
<b>Strongly Agree</b>	35.5%	27.0%
<b>Agree**</b>	—	30.2%
<b>Disagree</b>	—	22.2%
<b>Strongly Disagree</b>	—	20.6%

\*Weighted scores represent a combination of “agree” and “strongly agree” responses in which the “strongly agree” responses have received twice the weight of “agree” responses.

\*\*Results from 1983 are not available for comparison.

Overall, the four questions aiming at evaluating the relationship between bureaucrats and the public at GOGCWS point to an improvement from the 1980s and, accordingly, from

acute feelings of status deprivation. This improvement seems to support the notion that the long-term presence of external agents in every sector of the society led to enhancing many services and therefore, enhancing the relation between bureaucrats and the public. The public is becoming less critical of bureaucrats and gives them credit for improving public services.

The task of Black and Veatch on that front, however, cannot be seen as completely successful for many reasons. First, three respondents, including one manager, noted on the questionnaire their opinion that people treat them with respect only because they want their papers done. Second, two fist fights were witnessed in one week during data collection at GOGCWS between bureaucrats and the public due to disagreement on fees based on estimates for new connections. Third, the Customer Service Department at GOGCWS, established by Black and Veatch, is a hidden, hard to find, room with no signs to identify. This room did not have any customers during the field work despite the crowds of public in the organization. Conversations with respondents at that department give the impression that the public is not welcomed. As one worker puts it “customers are the enemy, they only come to us with problems and cursing.” Finally, the reform strategy of Black and Veatch only included establishing the department for customer service and occasional training over the period of ten years (USAID, 1998).

### **Sources of Information**

The final measure used in the questionnaire to assess the bureaucratic capacity and the impact of administrative reform was based upon sources of professional information. It is assumed that bureaucrats who took the time and effort to consult professional materials in the execution of their job responsibilities are more productive than individuals who rely upon

other sources of information. Professional sources of information are also assumed to assist in developing the bureaucrats' administrative capacity. The results of this measure are reported in Table 7.13.

**Table 7.13**  
**Sources of Information**

**What sources of information do you find most useful for your job?**

<b>Source of Information</b>	<b>1983</b>	<b>1998</b>
Media	5.9	53.9
Professional Materials/Rules and Manuals	34.3	14.3
Associations	2.6	11.1
Friends/Relatives/Notables	14.5	1.6
Colleagues	34.1	4.8
Boss	8.6	14.3

Results in Table 7.13 about sources of information that bureaucrats find most useful in shaping their professional decisions are unprecedented. Significantly more bureaucrats are relying on the media for their primary source of administrative information and fewer bureaucrats are relying on professional materials as a primary source of information. More than 50 percent of bureaucrats in 1998 rely on the media as their primary source of information versus only 6 percent in 1983. This parameter supports the conclusion that the external agent's effect on society as a whole explains improvements in scores about bureaucrats' behavior in some areas and not others. In 1983, the GOE had only two government-controlled TV channels and about four radio channels. In 1998, Egyptians are

overwhelmed by western style media and sources of information ran by the GOE. The government now runs more than 10 TV channels, numerous radio stations, and its own satellite with hundreds of channels. Such changes in the media and its impact on bureaucrats would have not come about without external agents political and economic interest in Egypt. Bureaucrats today have a positive attitude about development in society but are more rigid about the organizational development. They are increasingly becoming consumers of the media and, therefore, their culture is more linked to the society. This cultural link also explains the adherence to traditional social values if they interfere with development.

Finally, results from Table 7.13 show that professional materials and manuals were also used by fewer bureaucrats in 1998 as only 14 percent utilized them as a source of information versus 34 percent in 1983. Also, fewer bureaucrats are relying on their colleagues as sources of information as 4.8 percent do in 1998 versus 34.1 in 1983. This could be an indicator of a diminishing in horizontal communication inside the organization.

### **Summary of Results**

A summary table is helpful due to the unavailability of the 1983 data for statistical testing. Table 7.14 is presented below with the purpose of making final assessments about both the overall differences in results from 1983 and the overall level of administrative capacity.

**Table 7.14**  
**Summary of Survey Results**

	More Than 1983	More Than 50%
<b>Bureaucratic Flexibility</b>		
Bend the Rules for the Sake of Efficiency	-	-
Flexibility in Handling Difference in opinion	-	+
<b>Vertical Communications</b>		
Official	-	-
Informal	+	-
<b>Bureaucratic Innovation</b>		
Positivism Toward Social and Economic Development	+	-
<b>Bureaucratic Decision-making</b>		
Professionalism in Decision-making	+	-
<b>Bureaucratic Relationship with the Public</b>		
Positive Relationship with the Public	+	-
<b>Sources of Information</b>		
Official and Professional Sources	-	-

Bureaucratic flexibility in Table 7.14 is assessed based on bureaucrats' willingness to bend the rules and their flexibility in handling conflicts in opinion. Bureaucrats' preference to resist bending the rules for the sake of efficiency even with orders from their supervisors is calculated from Table 7.2 by adding up the flexible end of the continuum. About 60.6 percent in 1983 accepted to bend the rules either with conditions or quietly versus only 36.5 in 1998. This is reflected in Table 7.14 by a decrease from 1983 results and by an inadequate administrative capacity. The flexibility of bureaucrats in handling conflicts in opinion against their supervisors is calculated from Table 7.3 by adding up the flexible end of the continuum.



About 84.1 percent in 1983 professionally handled the conflict in opinion with their supervisor, either through convincing or without arguing, versus 52.4 percent in 1998. These results are reflected in Table 7.14 by a decrease from 1983 results and by an increase over the 50 percent level of administrative capacity.

Both official and informal flexibility in vertical communication inside the organization were assessed in Table 7.14. The degree of flexibility in official communication was calculated through bureaucrats' frequency of discussing official matters with their immediate supervisor by adding up the flexible end of the continuum from Table 7.4. About 47.3 percent in 1983 discussed official matters with their supervisor either frequently or daily versus 31.8 percent in 1998. These results are reflected in Table 7.14 by a decrease from 1983 results and an inadequate administrative capacity level. The degree of flexibility in informal communication was calculated through bureaucrats' frequency of discussing informal or personal matters with their immediate supervisor by adding up the flexible end of the continuum from Table 7.5. About 2.2 percent in 1983 discussed informal matters with their supervisor either frequently or daily versus 8 percent in 1998. These results are reflected in Table 7.14 by an increase from 1983 results and an inadequate administrative capacity level.

Bureaucratic innovation was assessed in Table 7.14 through measuring bureaucrats' positivism toward social and economic development. Results from Tables 7.6 were averaged to reflect the willingness of bureaucrats to implement new and different approaches to the administrative and social problems facing society. On average 30.5 percent in 1983 disagreed with canceling programs for the sake of social harmony, not instituting development at the cost of traditional values, pursuing economic development if associated with hardship, the

notion that development programs hurt the country's heritage, and that incremental approach to development is the better route to take. This is versus an average of 38.7 percent in 1998 who disagreed with such statements. These results are reflected in Table 7.14 by an increase from 1983 results and an inadequate administrative capacity level.

Bureaucratic decision-making capacity was assessed in Table 7.14 through measuring bureaucrats' level of mastering professional decision-making behavior. Results from Table 7.7 were averaged to reflect the influence of harmony in the work group over decisions, capacity to individually make small decisions, bureaucrats' innovation and flexibility in decision making, and bureaucrats' reluctance to take risks for the sake of efficiency. These indicators are a reflection of bureaucratic capacity to have new and flexible solutions to the daily problems associated with reform and development. On average 1.6 percent strongly disagreed, and 7.9 percent disagreed, in 1983 with statements that reflect unskilled decision making behavior. This is versus an average of 2.9 percent who strongly disagreed, and 13.3 percent disagreed, in 1998. The increase in the average percentage for both categories, strongly disagree and disagree, is reflected in Table 7.14 by an increase from 1983 results and an inadequate administrative capacity level below the 50 percent mark.

Bureaucratic relationship with the public was assessed in Table 7.14 through evaluating how positive is the relationship. Results from Tables 7.9, 7.10, and 7.11 were averaged to reflect the extent of bureaucrats agreeing with the notions that people respect and appreciate civil servants and that people are honest in dealing with the bureaucracy. On average 11.7 percent strongly agreed in 1983 with statements that reflect a positive relationship with the public versus an average of 38.6 percent who strongly agreed in 1998

with such statements. The increase in the average percentage is reflected in Table 7.14 by an increase from 1983 results and an inadequate administrative capacity.

Finally, bureaucrats' capacity of utilizing professional information for their job was assessed in Table 7.14 through identifying the share of official information sources. Results from Table 7.13 were aggregated based on sources type to reflect how many of the bureaucrats have chosen an official or professional source of information as their primary preference. About 45.5 percent in 1983 relied on official and professional sources of information in the form of professional materials, rules and manuals, associations, or bosses. This is versus 39.7 percent in 1998 who chose the same official and professional sources. These results are reflected in Table 7.14 by a decrease from 1983 results and an inadequate administrative capacity level.

At this point a final judgement can be made about the impact of Black and Veatch on GOGCWS' administrative capacity. Some, but not sufficient, improvements have been made in GOGCWS. This conclusion is illustrated in Table 7.14 by the many increases over 1983 results without enough increases over the 50 percent administrative capacity mark.<sup>87</sup> This conclusion is consistent with the conclusion reached in Chapter Six after examining the impact of Black and Veatch's efforts on the GOGCWS's organizational aspects. Not sufficient improvements have been made in the areas of organizational responsibility and performance,

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<sup>87</sup> The study faced the limitation of finding a comparable benchmark to assess the 1998 results. A lack of similar bureaucracies, on both the local and the international levels, that have answered the same performance questions made it difficult for the study to use a comparable benchmark. The lack of homogeneity in the compared bureaucracies and data is often a serious problem in benchmarking (Coe, 1999; Harty, 1999; Kopczynski and Lombardo, 1999). Given this limitation, the study adopted the 50 percent level as an unbiased objective benchmark for the 1998 performance data to provide only a roughly assessment of performance. This is not an unusual approach in assessing performance because "most successful benchmarkers *adapt* rather than *adopt*" (Ammons, 1999: 108).

relationship with other bureaucracies, organizational structure, human resources, training, salaries, incentives, and revenues and financial performance was revealed by the qualitative analysis in Chapter Six.

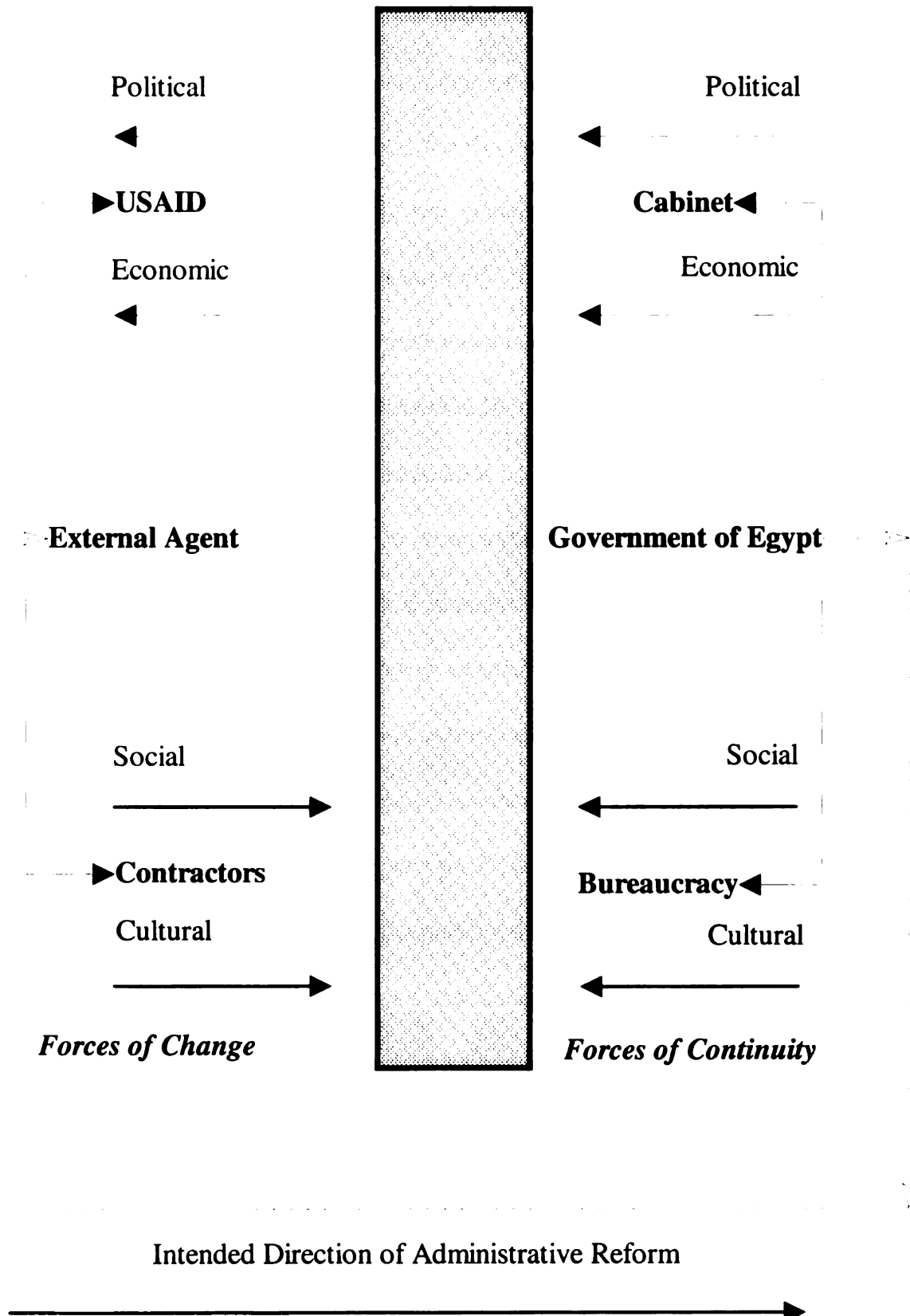
The same explanation given for the insufficient improvements in the organizational aspects in Chapter Six applies for the quantitative analysis results reached in this chapter. Problems persist due to the small-scale nature of administrative reform that does not put enough authority in Black and Veatch's hands to change bureaucratic rules and regulations. Further, the role of contractors in administrative reform appears to be insufficient in the absence of reforming the Egyptian bureaucracy as a whole.

#### **The Continuity and Reform Model in Light of Answers to the Research Questions**

Despite the unsatisfactory results, improvements over the 1983 results have been identified and some improvements in the organizational aspects were revealed by the qualitative analysis in Chapter Six. Black and Veatch have been making on-site efforts within the limits of authority given by the GOE and the USAID. Taking this limitation into consideration, one can argue that improvements have been made within the contractor's capacity. Based on this conclusion, the Continuity and Reform model can be adjusted based on the answers to the research questions. As shown in Figure 7.1 the external agent indirectly through the firm contracted for administrative reform, Black and Veatch, to establish some improvements in the social and cultural aspects of bureaucracy. Forces of social and cultural change, therefore, were placed on public administration in the model despite the absence of political and economic forces by the USAID mission. The fact remains, however, that these

forces are not sufficient without the GOE and the external agent delegating more authority to the contractor to change rules and regulations.

**Figure 7.1**  
**Forces of Continuity and Reform Final Revised Model**  
**Status Quo of Public Administration**



As shown in Figure 7.1, the recipient country is supporting administrative reform by devoting its cabinet, establishing a new Ministry of Administrative Development, and drafting a large-scale reform plan for bureaucracy, due to domestic and international political forces. The external agent, on the other hand, is riding on the forces of continuity due to the domination of political and economic goals for the donating country and the small-scale strategy of the consultant agent. This did not prevent changes in the social and cultural aspects of bureaucrats' behavior within the capacity of the contractor. In order to establish significant changes and to be completely successful in their task of administrative reform, however, contractors should be delegated more authority by the GOE and the USAID.

### **Conclusion**

The goal of this chapter was to complement the qualitative analysis of the organizational aspects in Chapter Six by a quantitative analysis to answer the research question of whether the external agent's strategy of small-scale administrative reform through consultants directly influences the social and cultural aspects of bureaucracy. Bureaucratic areas examined were productivity, bureaucratic flexibility, communication, innovation, decision-making, relation with the public, and professional information. The method used was surveying bureaucrats who deal with the public on daily basis at GOGCWS. As it is the case with Chapter Six, the overall results are unsatisfactory, but some improvements were made within the contractor's capacity. Black and Veatch capacity is limited by the small-scale nature of its mission and the lack of authority to change bureaucratic rules and regulations.

Some of the most damaging constraints placed by the GOE and the USAID on Black and Veatch's efforts in administrative reform include: first, micro-management of GOGCWS

by governorates and ministries on matters of daily operations limits management's freedom to decide on matters that should be management privileges. Second, civil service manpower regulations make it virtually impossible for GOGCWS to attract and retain qualified and experienced management and staff and to motivate employees. Third, civil service administrative regulations and practices (accounting procedures and procurement rules) make GOGCWS's management cumbersome. Fourth, the top-down investment planning, project selection, preparation, financing and execution process is conducted without sufficient involvement of GOGCWS's management. Fifth, restrictive government pricing and tariff policies bound the GOGCWS's sense of financial responsibility and make the organization dependent on sources of financing largely outside of their control and often leave them without the funds needed for the proper operation and maintenance and expansion of systems and facilities.

Black and Veatch had no authority to introduce a functional organizational structure and adequate managerial, administrative and operating systems and procedure, attract and retain sufficiently experienced and qualified personnel for all areas of utility management, administration and operation, and implement higher rate levels and structures and collect revenues sufficient to attain an acceptable financial performance. Consequently, the costly administrative reform program carried out by Black and Veatch, has been successful only within the contractor's capacity. The lack of management autonomy and adequate resources and severe restrictions on salaries imposed by civil service relations are to blame on the GOE and the USAID rather than on the contractor.



Unique to the findings in this chapter, however, is the impact of Western external agents' influence on society as a whole including how bureaucrats perceive social and economic development issues outside their organization. Bureaucrats increasingly have a favorable opinion about the West's developmental programs but not about administrative reform. Finally, the answer to the research question was applied to the Continuity and Reform model to modify its theoretical propositions based on the findings from Chapters Six and Seven. Although insufficient, the external agent is indirectly applying forces of change on administrative reform. This is unlike the case of political and economic forces revealed by Chapter Five where the external agent was found to be placing its forces in the direction of continuity.

## **CHAPTER 8**

### **CONCLUSIONS AND RECOMMENDATIONS**

This dissertation analyzes the likelihood of administrative reform in Third World countries given political and economic constraints on both the country and the external agent urging the changes. Using qualitative and quantitative analysis and using the Continuation and Reform Model as the theoretical guide, I examined the successes and failures of the USAID to encourage administrative reform in Egypt.<sup>88</sup> I examined efforts and problems of Black and Veatch, as a typical consultant firm contracted for on-site administrative reform, at the General Organization for Greater Cairo Water Supply. Both the USAID and Black and Veatch were representative case studies of the external agents responsible for administrative reform in developing countries. The chosen case study possessed the major elements needed to both answer the research questions posed in the study and to test and modify the Continuity and Reform model. First, the case of USAID/Egypt was initiated over 25 years ago and is still developing with no signs of a conclusion. The longitudinal nature of the relationship allows me to examine the forces of continuity and reform over many political and administrative variables in both Egypt and the U.S. Second, issues conceptualized in the Continuity and Reform model, such as administrative factors and economic and political forces, are significant and dynamically related in the case of USAID/Egypt.

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<sup>88</sup> I made substantial revisions to Axinn's (1988) and Axinn and Axinn's (1997) Continuity and Change Model by including the external agents' role in the model, by including only variables that believed to be significant in the relationship between external agents and developing countries, and by systematically analyzing the interaction between these variables as forces of continuity and reform from the perspective of both the external agents and the recipient governments.

In this final chapter I will briefly summarize the major findings of the dissertation in relation to the research questions and the Continuity and Reform model, and the implications and importance of the study to the field of political science. I shall also suggest areas where further research might be fruitful.

The dissertation addresses four research questions:

1. Can the GOE through its bureaucracy directly constrain the contractor's efforts of administrative reform?
2. Can the GOE through political and economic strategies indirectly constrain the external agent's reform efforts?
3. Can the external agent indirectly through political and economic forces positively influence public administration?
4. Can the external agent through contractors directly influence the social and cultural aspects of bureaucracy toward administrative reform?

My answers to these research questions were a product of both qualitative and quantitative methodological approaches. The qualitative approach was composed of face-to-face interviews and observations made with 36 persons in both public and private organizations from both sides of the USAID/Egypt relation in both Cairo and Washington (see Appendix A). On the external agent side, State Department and USAID officials and American management consultants associated with the USAID mission were asked to assess the Egyptian bureaucracy and the role of the mission in administrative reform. Evaluation of the external agent's efforts depended also on reviewing government documents housed at the

USAID library in Arlington, Virginia, that was later moved to the new Ronald Regan building in Washington, D.C., and the USAID library in Cairo, Egypt.

The quantitative method included a survey of bureaucrats and managers at a typical urban public utility in Cairo that has been subjected to USAID's administrative reform over the last decade. Results of the survey were then compared to data from the 1980s to assess the impact of the external agent on administrative reform. Comparisons of the results provided theoretical consistency and a moving picture of the empirical findings in the form of trends rather than a simple snap shot of the status quo in 1998. Finally, I used census data, government reports, and prior analysis where appropriate to examine such issues as the quality of Egyptian bureaucracy and the General Organization for Greater Cairo Water Supply. Funding for the dissertation research was provided by the Ford Foundation and the American Research Center in Egypt.

### **Generalizability**

The level of generalization of the study stems from the adopted model's relation to the problem and the method of inquiry used in gathering the data. The level of generalization of this study is also emphasized in terms of how the factors and forces in the adopted model are theoretically sound and universally applicable. Thus, the Continuity and Reform model shaped the theoretical framework of the study and was the guide in choosing the case of USAID/Egypt. In other words, the case of USAID/Egypt was chosen due to its representation for the factors and forces conceptualized in the Continuity and Reform model. The case possessed significant administrative problems, long-term involvement of the external

agent, and political, economic, social, and cultural forces that significantly valued by both sides of the relation.

Guidance by the theoretical framework in choosing the case study makes the results not only applicable to the American aid relationship with Mubarak's Egypt, but also to all aid policies toward developing countries that need administrative reform. The guidance of the Continuity and Reform model in addressing the problem under investigation, therefore, makes the results not particular to Egypt as evidenced from the various factors and forces interplay in the model. The role of U.S. in Egypt's administrative reform should be seen as a general problem to the extent that it occurs in several developing countries where the very issue of bureaucracy and external agents are being significant.

### **Research Findings**

#### **Bureaucratic Resistance to Administrative Reform**

The Egyptian bureaucracy has a myriad of problems including the large size of the labor force, quality of public service, a centralized and fragmented structure, patronage, bureaucratic incompetencies, lack of training, inadequate leadership qualities, and corruption. Consecutive governments in Egypt have been intentionally negligent to address these problems despite incurring significant financial costs from a guaranteed public employment, central laws and decrees, and fixed prices of public goods and services. The GOE has made the political decision that expanding bureaucracy continues to provide the regime with political security by creating jobs, servicing constituencies, and patronage. Finally, the society is still structured to help bureaucrats in keeping their underpaid government jobs through rent control policies and subsidized food, cloth, and transportation. Overall, the social and cultural

structure of Egypt continues to be driven by, and significantly relies on, bureaucracy only to a lesser degree than during Nasser's era.

Recent internally initiated administrative reform efforts approved by the GOE are limited to approaches of organizational change such as changing procedures to improve the quality of customer service. The government backs off reform plans that may include cutting down the labor force or fighting patronage and corruption at the top. This is evident by the political resistance facing the minister of Administrative Development including continually limiting his authority to present reform plans to cut down the labor force.

To generalize from the case of USAID/Egypt, it is expected that developing countries' governments would oppose radical administrative reform plans by consulting firms contracted by external agents. A country's elites, who usually have a political stake in the government, are expected to maintain their ability to manipulate, subvert, or utilize bureaucratic structures as a means to enhance their power base. It is unlikely that a regime would be willing to sacrifice its political capital by backing extreme reform measures put forward by the external agent. Bureaucratic societies are expected to continue on such path regardless of the presence of Western external agents. This pattern is reflected in the Continuity and Reform model by social and cultural forces against the intended direction of administrative reform that might be carried by external agent's contractors. The direction of these forces did not warrant a modification in the model.

### **Governmental Political and Economic Constraints**

In spite of GOE's unwillingness to directly support administrative reform, there was evidence that the government was more willing to put indirect political and economic pressure

for such reform. Domestic and international factors, including a global shift to market economy, the rise of Islamic groups, and a decline in foreign aid, and changes in the U.S. priorities towards the private sector, combined to urge the government to take small political and economic measures to improve the quality of public service. Politically, the GOE recently established a new Ministry of Administrative Development to take on the task of administrative reform. In the absence of a reform plan or a mission statement of the new ministry, I was able to put together the ministry's plan through an extensive review of the minister's speeches. It became clear that the GOE would not allow the new ministry to cross the line of changing a bureaucratic society. This was evident by the political opposition faced by the minister from his own government in the People's Assembly on the issue of cutting down the labor force. The ministry's power is limited to approaches of theoretically sound organization change as recommended by the literature review in Chapter Two such as better relationship with the public and better trained bureaucrats.

The GOE also took small economic steps to help the new ministry in its task of organizational change. Despite Egypt's budget deficit, the ministry's appropriation for FY 1998-99 is 2 billion Egyptian pounds (\$588 million) with a promise of future increases. A further evaluation of the ministry's plan was carried on through interviews with Egyptian government officials and American consultants. The majority of interviewees are not optimistic about solving Egypt's bureaucratic problems, but most viewed the step taken by the government as a move in the right direction. Overall, the fact remains that the GOE made the political and economic decisions to establish a new governmental body and give it the resources to reform bureaucracies using approaches expected from the external agent. The

case of the new Ministry of Administrative Development then refutes the assumption known as the “Orthodox Paradox” or that internal variables are either not supportive or not sufficient to initialize administrative reform.

Generalizing from the case of USAID/Egypt, administrative reform should be expected from regimes which are facing domestic or international pressures and are suffering from bureaucratic problems at the same time. Such pressures should be viewed as historic moments or windows of opportunity for attempts of administrative reform. These are important moments according to Cleaves (1980: 290) who refers to such occasions as:

[T]he coincidence of events, many of them seemingly insignificant by other standards, that appear to play an important role at a particular point in time with respect to a policy outcome. The fact that these variables often cannot be systematically classified analytically does not diminish their importance.

The political and economic decisions taken by the recipient government warrant modifications to the Continuity and Reform model. In light of answers to the research question, the continuity and reform model is modified so that the recipient government is riding on the forces of reform and attempting to solve administrative problems only to the extent beneficial to the regime. This is a legitimate change to the Continuity and Reform model given that government adopted theoretically sound approaches for reform in its plan, based on recommendations by the literature review in Chapter Two, to address the problems of Egyptian bureaucracy identified in Chapter Three.

### **Political and Economic Forces of External Agents**

Theoretically, limited reform measures taken by the government under pressure do not eliminate the significant role expected from external agents in administrative reform. The



external agent should not only be expected to take the reform measures beyond the government interests, such as cutting down the labor force, but also to assist in implementing the organizational change approaches adopted by the government as well. Despite the large bureaucracies and the oversupply of rule-making, the capacity of developing bureaucratic societies to pursue collective goals, such as reform, in a predictable, coherent way is still questionable (Evan, 1992). It was theoretically expected for the external agent to join the government in its reform attempts due to the expected positive impact of reform on development. A more efficient bureaucracy would signify the benefits of external agents' investments when taking charge of the Western projects.

Interviews with the State Department officials in Washington and AID officials in Cairo, however, provided a different answer to the research question. As stated in Chapter Five, administrative reform is not of a high enough priority to the external agent to use its political and economic leverages as means to achieve it. Rather, political and economic interests outweigh the benefits of administrative reform. The USAID is caught in the web of the U.S. Embassy in Cairo, the White House, the State Department, and the U.S. Congress and Senate's political and economic interests. In the words of a State Department official in Washington, "the cost of war between Egypt and Israel saved by aid outweighs the unsatisfactory development results." Political interests in the case of Egypt also stem its leadership role in the Arab world. Economic interests for the external agent are also significant by taking the form of subsidizing American corporations relying on the AID budget and opening the markets for American goods. The external agent, then, is constrained by political and economic interests.

The USAID is left with an ambiguity regarding the goal of investments in Egypt. Only two small-scale approaches with discrete projects for administrative reform were found to be adopted by the USAID, rather than a long-term effort as suggested by the literature review in Chapter Two. The mission is spending its efforts and skills on finishing consultants' paperwork or finding more innovative ways to protect its officials politically from Washington and physically in Cairo. Administrative reform as a priority is, therefore, lost despite its importance for sustainable development.

Generalization from the case of USAID/Egypt leads to expecting economic and political means to become goals for the external agents. This generalization is evident from witnessing other external agents' practices who compete for chances of investments in Egypt with few considerations about bureaucratic problems as in the case of GOGCWS. Political and economic goals override the main task of administrative reform despite its importance for sustainable development. The dominance of these goals warrants another modification to the Continuity and Reform model. Political and economic forces of the USAID are not pushing in the intended direction of administrative reform. Rather, these forces by the external agent are joining the continuity forces placed by the Egyptian government to maintain the regime's power.

### **Indirect Pressure for Reform by External Agents**

To empirically answer the posited research question, I have chosen one of the two small-scale projects for administrative reform adopted by the USAID as a case study. The other case was not available for analysis due to its conclusion in the early 1990s. The case

left for analysis was the General Organization for Greater Cairo Water Supply assigned to Black and Veatch consultant firm for administrative reform in 1988.

Results from Chapter Six show that consultants who are isolated from the political and economic interests in their task of on-site administrative reform have a limited capacity for implementation due to the small-scale nature of their mission and the lack of authority to change bureaucratic rules and regulations. Despite its efforts, Black and Veatch was unable to affect the critical tasks of planning, operational control, financial control, human resources' management, and organizational structure because such decisions are made outside the GOGCWS in a centralized bureaucratic structure. The role of the external agent in administrative reform appears to be insufficient in the absence of reforming the Egyptian bureaucracy as a whole through a large-scale long-term approach with enough authority in the hands of the contractors. Further, adopting conditionality as a means of imposing Black and Veatch's recommendations, such as raising tariffs or changing the organizational legal status in the centralized structure, failed in the absence of coordination and cooperation between various external agents especially from European countries.

In Chapter Seven, results about changes in the social and cultural values of bureaucrats revealed improvements over the 1983 data. These improvements, however, were not sufficient to reach over the 50 percent level of administrative reform. Bureaucrats were also found to be more developmentally oriented with respect to issues outside their organization. Cultural and social aspects of bureaucrats' behavior changed toward preferring development in society as a whole rather than in their organization or its administrative capacity. From these findings I concluded that the increasing role of Western external agents

in Egypt led to changing bureaucrats' perception about society and is reflected in the bureaucrats' favorable opinion about the West's developmental programs but not about administrative reform.

Generalization from the case of USAID/Egypt suggests that the role of an external agent would not reach its goal of administrative reform through small-scale approaches and discrete projects assigned to on-site consultants. This is due to the absence of supportive government policies for large-scale reform and the willingness of other external agents to intervene and take on abandoned tasks of investment without consideration of bureaucratic problems. Further, a long-term and diverse involvement of numerous Western external agents in a society is more likely to change bureaucrats' social and cultural attitude towards development than the contracted consultants responsible for administrative reform. Consultant firms contracted for on-site administrative reform are unable to reach such results due to their limited scope and period of responsibility. Applying the answer of the research question to the Continuity and Reform model would not modify its theoretical propositions. This is unlike the case of political and economic forces which required modifying the model because the external agent is indirectly applying forces of change on administrative reform.

### **Implications and Recommendations**

The literature in political science often approaches aid cases without sufficient analysis of administrative variables. The argument that the absence of administrative reform led to discouraging results and unsatisfactory outcomes for external agents has not received the attention it deserves. In the case of Egypt, for decades political studies have been confirming dependency on the United States and some would go further only to conclude that it is a case

of too much aid or failing aid. No study, however, sufficiently considered public administration as a significant cause for the poor development record. This paradigm led to inconclusive conclusions such as dependency prevents development.

I adopted here a theoretical framework, in the form of the Continuity and Reform model, to fill the gap in approaching the role of external agents. While the universality of the factors and forces of the model allows generalization, still a few points have to be considered in this approach. First, in societies with most of the power concentrated in the hands of a president, it is essential to examine his ideas and perceptions to draw a conclusion about the chances of administrative reform and not only the position of bureaucrats and politicians. Second, conditionality should not be given too much weight in the analysis when political and economic interests of the external agent are significant. Third, the external agent should not be viewed as one entity, but rather as many competing bodies with different political interests. In the case of U.S., the interests of the State Department, the White House, and Capitol Hill should not be assumed to be the same regarding the case being studied. Fourth, other external agents from different countries should be included in the analysis and be given enough weight in disturbing administrative reform plans to their economic and political benefits. Finally, major characteristics of actors from both the country receiving the aid and the agency providing it have to be studied sufficiently, directly, and extensively. To examine such characteristics, it is necessary to rely on elite-interviewing methods.

With these points in mind, I would conclude the dissertation by recommending further testing of the results. The results constitute a warning to researchers and practitioners to reconsider their conceptualization of the role of administrative reform in external agents'

developmental efforts. Thus, I would recommend further testing of the answers to the research questions generated by the Continuity and Reform model about the role of external agents is administrative reform. Answers to research questions should be used as hypotheses because I relied on an exploratory and interpretive method of inquiry with the goal of interpreting and illustrating. Therefore, it is recommended that follow up studies utilize a hypothesis-testing approach with the goal of proving or dismissing the findings. I would further recommend that future research include an extensive case study using a different external agent and a different recipient government. I see no reason to expect that the model developed here would not apply, but I recommend further testing to see how well it works in other contexts.

## **APPENDICES**

## **Appendix A: List of Interviewees**

### **U.S. Institutions**

**United States Department of State- Washington, D.C.**

**Office of Egypt and North Africa**

**United States Agency for International Development (USAID) - Cairo, Egypt.**

**Office of Urban Administration and Development**

**Economic Analysis and Policy**

**Former Officials from the State Department**

**American Research Center in Egypt**

**Michigan State University**

### **Egyptian Institutions**

**Central Agency for Organization and Administration**

**Research Division**

**General Organization for Greater Cairo Water Supply (GOGCWS)**

**Chairman Office**

**Central Department**

**Collections Department**

**Customer Service Department**

**Subscriptions Department**

**Water Meters Department**

**Ministry of Administrative Development**

**Minister's Office**



**Ministry of Finance**

**Budget Division**

**Ministry of Education**

**Personnel Department**

**Ministry of Culture**

**Minister's Office**

**Sadat Academy for Management Sciences**

**Faculty of Management**

**Consultant Firms**

**American British Consultants (AMBRIC)**

**Cairo Wastewater Project**

**Arthur Anderson**

**Privatization Project**

**Black and Veatch International**

**Management, Training, & Systems Strengthening (MTSS) Project**

**CH2M Hill International Services, Inc.**

**Project Manager Office**

**EAP**

**Management Consultant Office.**

## **Appendix B: Interview Questions**

**The following is a sample of the open-ended questions that will be asked in interview.**

### **For the Egyptian officials:**

5. In your view, how important is continuity in performing your job?
6. In your view, does the size of Egyptian bureaucracy a major obstacle for reform?
7. Please tell me how important is the USAID in setting your priorities?
8. In your view, are the current attempts of reform on behalf of the government and the USAID significantly different from previous attempts.
9. What do you think are the reasons for failing of previous attempts?
10. If you were to design an approach to reform Egyptian bureaucracy, what will it include?

### **For American officials:**

1. Would you please explain to me what are the steps taken by USAID to reform Egyptian bureaucracy?
2. In your opinion what are the major obstacles that face USAID in its efforts to reform Egyptian bureaucracy?
3. If you were to design an alternative approach to influence the reform of Egyptian bureaucracy, what will it include?

## **Appendix C: Egyptian Civil Servants Survey**

Good morning, may I take 15 minutes from your time?

YES (CONTINUE)

NO (END INTERVIEW)

My name is Sameh Kamel. I am working on my dissertation at Michigan State University. I am conducting research about bureaucratic problems that may inhibit reform. I would appreciate if you would agree to participate in this research. I have some questions that I would like you to answer. The questionnaire will take about 15 minutes. You do not have to participate. If you choose to participate, you do not have to answer all the questions and you may stop the answering at any time. You indicate your voluntary agreement to participate by completing and returning this questionnaire. Your answers will be completely confidential and you will remain anonymous in the research findings. If you have any questions you can contact me at \_\_\_\_\_ or my advisor at \_\_\_\_\_.

### **Assessing Bureaucratic Relation with the Public**

Question 1: If you are interacting with the public during the course of your job, please indicate whether you (strongly agree, agree, disagree, or strongly disagree) with each of the following statements:

1. The public respects civil servants.

strongly agree ( )      agree ( )      disagree ( )      strongly disagree ( )

2. The public appreciated the efforts of civil servants.

strongly agree ( )      agree ( )      disagree ( )      strongly disagree ( )

3. People are honest in dealing with the bureaucracy.

strongly agree ( )      agree ( )      disagree ( )      strongly disagree ( )

4. Most people are always trying to pull strings and get special treatment.

strongly agree ( )      agree ( )      disagree ( )      strongly disagree ( )

### **Assessing Bureaucratic Flexibility**

**Question 2:** If the efficiency of your unit is slowed by red tape and your supervisor asks you to bend the regulations for the sake of greater efficiency, what would you do?

1. Seek the support of others in trying to follow the rules as they are written
2. Quietly follow the rules in spite of your supervisor's request
3. Bend the rules, but only under the condition that he accepts the responsibility for the changes
4. Accept your supervisor's request without comment
5. Other

**Question 3:** If you disagree with your supervisor on the best way to handle a problem, what would you do?

1. Accept his solution without comment
2. Try to convince him of your point of view, but follow his solution
3. Quietly but firmly stick to your solution
4. Seek support for your position from other officials
5. Other

**Question 4:** How often do you discuss official matters with your immediate supervisor?

1. Rarely
2. Occasionally

3. Frequently

4. Daily

Question 5: How often do you discuss informal or personal matters with your immediate supervisor?

1. Never

2. Occasionally

3. Frequently

4. Daily

**Assessing Bureaucratic Predispositions Toward Innovation and Reform**

Question 6: Please indicate whether you agree or disagree with each of the following statements:

1. It is best to cancel or change programs (such as changing water tariff) that could cause social conflict. agree ( )      disagree( )

2. Social change should not be instituted at the expense of traditional values.

agree ( )      disagree( )

3. Economic development should be pursued even if it means hardship for the majority of the people.

agree ( )      disagree( )

4. We have tried too hard to copy the developmental programs of the West without worrying about our own heritage.

agree ( )      disagree( )

5. Pursuing development too rapidly might be worse than developing too slowly.

agree ( )      disagree ( )

**Question 7: Please indicate whether you (strongly agree, agree, disagree, or strongly disagree) with each of the following statements:**

**1. Decision should stress harmony in the work group.**

strongly agree ( )      agree ( )      disagree ( )      strongly disagree ( )

**2. It is probably best to consult with one's supervisor before making even small decisions.**

strongly agree ( )      agree ( )      disagree ( )      strongly disagree ( )

**3. One should follow the rules in order to get things done effectively.**

strongly agree ( )      agree ( )      disagree ( )      strongly disagree ( )

**4. In making new decisions, it is probably best to see what was done in the past.**

strongly agree ( )      agree ( )      disagree ( )      strongly disagree ( )

**5. It is better to delay decisions than to risk making a mistake.**

strongly agree ( )      agree ( )      disagree ( )      strongly disagree ( )

### **Assessing Productivity Levels**

**Question 8: Sometimes an employee's ability to achieve his objectives is influenced by his work environment. In this regard, please evaluate the individuals you work with by indicating whether you (strongly agree, agree, disagree, or strongly disagree) with the following statements.**

**1. Work hard**

**2. Accept new ideas**

**3. Open and honest with each other.**

**4. Accept new responsibilities easily**

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5. Delegate authority frequently
6. Treat public with respect
7. Responsive to constructive criticism
8. Public service over job security
9. Willing to accept conflict
10. Are not lazy
11. Impartial toward friends and relatives
12. Decisive
13. Willing to take risks
14. Flexible in executing decisions
15. Listen to public opinions
16. Solicit public opinions

Question 9: What sources of information do you find most useful for your job?

1. Media
2. Professional Materials/Rules and Manuals
3. Associations
4. Friends/Relatives/Notables
5. Colleagues
6. Boss



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