

American University in Cairo

AUC Knowledge Fountain

Faculty Journal Articles

Spring 2-23-2019

Forms of Duality of Institutions and the Reasons Why: Egypt's Case

Laila El Baradei

American University in Cairo, lbaradei@aucegypt.edu

Follow this and additional works at: https://fount.aucegypt.edu/faculty_journal_articles



Part of the [Public Affairs, Public Policy and Public Administration Commons](#)

Recommended Citation

APA Citation

Baradei, L. (2019). Forms of Duality of Institutions and the Reasons Why: Egypt's Case. *PATIMES*, https://fount.aucegypt.edu/faculty_journal_articles/4414

MLA Citation

Baradei, Laila El "Forms of Duality of Institutions and the Reasons Why: Egypt's Case." *PATIMES*, 2019, https://fount.aucegypt.edu/faculty_journal_articles/4414

This News Article is brought to you for free and open access by AUC Knowledge Fountain. It has been accepted for inclusion in Faculty Journal Articles by an authorized administrator of AUC Knowledge Fountain. For more information, please contact fountadmin@aucegypt.edu.

This is an author's draft of an article published in the PA Times.

The final version, the version of record, is available online at:

<https://patimes.org/forms-of-duality-of-institutions-and-the-reasons-why-egypts-case/>



Forms of Duality of Institutions and the Reasons Why: Egypt's Case

In Egypt we have always had a deeply entrenched bureaucracy, yet we find many instances where this bureaucracy gets to be marginalized and other institutions, or temporary structures, get to be created to duplicate its functions. Duality of Institutions takes several forms, including technical offices with political appointees, special funds within ministries, endowment and savings funds for collecting donations and lastly sovereign wealth funds. **The question is, why do governments and policymakers duplicate existing institutions and create parallel structures with overlapping mandates?**

I have always been interested in researching parallel structures in the Egyptian bureaucracy, especially the idea of technical policy support offices reporting to ministers and top-level officials. These technical offices recruit and employ mostly youth, who are technologically savvy and bilingual and compensate them generously through international donors' funding. This was always perceived as a quick fix to the problems of the bureaucracy, especially when donors wanted to implement projects funded through official development assistance and did not have time to go through the traditional hierarchical bureaucracy. This arrangement usually proved useful in the short run but was never sustainable. It had a long list of associated problems, especially high levels of rivalry created between the traditional bureaucrats on the one hand, and the young overpaid technical office staff on the other. After the 2011 Revolution in Egypt, the dichotomy created by these technical offices surfaced, and many of their overpaid staff were let go. But the phenomenon did not totally disappear since the need for contractual political appointees will always persist. This is acceptable if there is transparency in the hiring process and clearer regulations.

Another form of parallel structures that has been used intensively during President Mubarak's era, and that has re-emerged again lately, is the idea of establishing special funds by government bodies where monies are generated, saved and used in a parallel accounting system, and according to mostly non-transparent guidelines. Lately in Egypt this latter form of parallel structures has emerged to the fore once again and a number of parallel funds were created, but were no longer referred to as special funds. Perhaps this is because of the negative connotation that became attached to that term, especially after the Revolution. I want to point out to three striking examples:

- The creation of a special fund called, "Long Live Egypt" or, "Tahya Masr."
- The Proposal to establish a charity endowment to be used for supplementing school teachers' salaries.
- The creation of a Sovereign Wealth Fund for Egypt.

The "Long Live Egypt" or the charity endowment for teachers' salaries funds are ways to mobilize more resources and donations for government programs. The money from these funds can supplement the existing national budget allocations, but without going through the same auditing processes. I find this quite odd. Governments already collect taxes and have other revenue-generating activities. Why should they call for donations? Civil society organizations are usually the entities that engage in the collection of donations, but why should governments be copy cats?

For the second case, that of establishing a Sovereign Wealth Fund (SWF), I think it is a duplication of the work of the already existing Ministries of Planning, Investment and Finance. According to what has been announced by the government, the SWF will be the receptacle to which all of Egypt's resources will be pooled! The aim, as bluntly stated by one academic expert

on a T.V. talk show, is to overcome the problems of the obsolete bureaucracy. Dixon and Monk in 2011 defined SWFs as, “Government-owned investment funds charged with managing, and ultimately, investing a country’s accumulated wealth in private financial markets.” Egypt’s SWF will be mandated with the management of the vacated downtown Cairo buildings of many ministries after the move to the New Administrative Capital. These vacated buildings in strategic locations in Cairo, some of them being historic buildings, will be worth a fortune. The SWF will be managed by a board of experts with the needed business acumen and will report directly to the President of the Republic. The law for the establishment of Egypt’s SWF was ratified by parliament in 2018. The Government of Egypt justifies the establishment of the SWF by pointing to the existence of successful Sovereign Funds in many other parts of the world, such as in Norway, China, South Korea and Saudi Arabia. They point out that the Fund resources will be managed in a transparent manner, and that the returns from the Sovereign Fund investments will be used to fund national projects, including investments in education and health.

One obvious reason for the creation of such funds is that they provide government officials with a greater level of flexibility, especially when it comes to disbursement decisions. We are a developing country and short on resources. But the creation of these duplicate funds and endowments, and the side-stepping of regular auditing agencies and government bureaucracies that already exist is not only worrisome because of the lack of transparency, but also in some cases does not make much sense.