

**USAID/Egypt
Strategic Plan Update
for Fiscal Years 2000 — 2009**

March 2004

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LIST OF ABBREVIATIONS

ADP	Antiquities Development Program
CAIP	Cairo Air Improvement Project
CBJ	Congressional Budget Justification
CNG	Compressed Natural Gas
CTA	Cairo Transit Authority
DCA	Development Credit Authority
EAP	Egyptian Antiquities Project
EEAA	Egyptian Environmental Affairs Agency
EEPP	Egyptian Environmental Policy Program
EIA	Environmental Impact Assessment
EMS	Environment Management System
EPF	Environmental Protection Fund
FP	Family Planning
FSN	Foreign Service National
FY	Fiscal Year
GOE	Government of Egypt
ICASS	International Cooperating Agencies Support Services
ICT	Information and Communications Technology
ID	Infectious Diseases
IMCI	Integrated Management of Childhood Illnesses
IR	Intermediate Result
LIFE	Livelihood and Income from Environment
MALR	Ministry of Agriculture and Land Reclamation
MCH	Maternal and Child Health
MEPI	Middle East Partnership Initiative
MMR	Maternal Mortality Ratio
MOE	Ministry of Education
MOHP	Ministry of Health and Population
MWRI	Ministry of Water Resources and Irrigation
NCS	Nature Conservation Sector
NDP	National Democratic Party
NGO	Non-Governmental Organization
OE	Operating Expenses
OYB	Operating Year Budget

PH	Population and Health
PMP	Performance Monitoring Plan
RIF	Reduction in Force
SME	Small and Medium Enterprise
SO	Strategic Objective
SWM	Solid Waste Management
TDA	Tourism Development Authority
UNFPA	United Nations Family Planning Agency
UNICEF	United Nations Children's Fund
USAID	United States Agency for International Development
USDH	United States Direct Hire
USG	United States Government
USPSC	United States Personal Service Contract
WHO	World Health Organization

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USAID/Egypt Strategic Plan Update for Fiscal Years 2000 — 2009

Introduction and Overview

USAID/Egypt has reached the midpoint of its FY2000-FY2009 Strategic Plan. Thus, this is an appropriate time to reexamine the program and update its strategic framework, as envisioned in the original strategy. Moreover, significant changes in the program are proposed as a result of the joint USAID/State Review of the Egypt Program and changing conditions in U.S. foreign policy, Egypt, and the world. Specifically, the program proposed in this strategy update fully reflects the priorities established by the Administration's Middle East Partnership Initiative (MEPI).

In 1999, USAID/Egypt adopted a strategy designed to promote “a globally competitive economy benefiting Egyptians equitably.” This goal was to be achieved via two sub-goals, i.e., “creating private sector jobs” and “sustaining the human and natural resource base.”

The challenge of creating higher-productivity jobs is substantial. Poverty at the \$2-a-day level still held 43.9 percent of the Egyptian population in its grasp in the year 2000 (according to the World Bank's *2003 World Development Indicators*). Thus, even without population growth, the Egyptian working population needs sustained improvement in its productivity at work to rise out of poverty. In addition, however, the labor force is growing at over two percent per year. Either the Egyptian economy will have new productive jobs for the over 700,000 new members of the labor force each year, or the magnitude of poverty and the number of discouraged young people will grow.

Since this strategy was adopted, Egypt's economy has been affected by changes in the world economic environment as the long global upswing of the 1990s ended. Egypt was faced in 2000-03 with relative stagnation in the world economy. Tight money in the U.S. and Europe contributed to episodes of financial instability in some emerging markets. As a result, markets in Egypt

and around the globe did not grow as hoped, sources of finance dried up, growth slackened, and trade liberalization was discouraged. The upshot of these setbacks is the need to intensify efforts under the program to get concrete results that counteract the impact of the global downturn and prepare Egypt to benefit from the recovery that appears to be starting.

Further, the events of September 11, 2001, led to more active U.S. involvement in Egypt and the region, including the USG's new Middle East Partnership Initiative. This sharpening of U.S. foreign policy for the region led to the strategic revisions proposed in this document.

This update describes the revised program resulting from the above factors. In broad strokes, the proposed strategy significantly increases efforts in Education as well as in the area of Democracy and Governance; continues and slightly increases funding in the Health and Population sectors; slightly reduces funding while increasing the focus of the Economic Growth program; and closes out the Environment and Workforce Development programs. The changes being made are summarized below.

Economic Growth (Objective 16: Environment for Trade and Investment Strengthened). The results framework for this critical objective is revised to reflect the conclusions of the program review. While trade and investment issues will continue to be addressed through technical assistance, a major new focus on the financial sector is added. Continuing activities under the previous environment objective are being merged into this objective, along with the continuation of activities in agriculture.

Workforce Development (Objective 17: Skills for Competitiveness Developed). This objective will be closed out per the conclusions of the USAID/State Program Review with selected elements ("Information Technology in Schools" and "School to Work") being continued under the Education Objective. Funding originally planned for this objective is reallocated to finance the expansion of other elements of the program.

Infrastructure (Objective 18: Access to Sustainable Utility Services in Selected Areas Increased). In the original FY2000-FY2009 strategy, this objective was scheduled to end at the end of fiscal year 2003. Due to delays in construction activities, the end date for this program has been extended to the end of fiscal year 2006. The increased funding for this objective largely comes from the re-obligation of de-obligated funds, and has been used to fund training to support the sustainability of past investments and for small-scale water treatment facilities.

Environment (Objective 19: Management of the Environment and Natural Resources in Targeted Sectors Improved). This objective will be closed out as recommended by the USAID/State Program Review, with selected elements being continued under the Economic Growth portfolio. No new funding for this

objective is provided after FY2004. Funding originally planned for this objective is reallocated to finance the expansion of other elements of the program.

Health (Objective 20: Healthier, Planned Families). As a result of the USAID/State program review, a greater emphasis is placed on access to quality services in rural and poor urban areas under the revised program. The results framework is updated below. In the original FY2000-FY2009 strategy, the end date for the Health/Population program was 2009. Due to proposed reallocation of funding, including obligations in FY2009, the period for spending these funds will need to increase to 2011.

Democracy and Governance (Objective 21: Egyptian Initiatives in Governance and Participation Strengthened). Following the USAID/State Program Review, the projects in this sector receive significantly higher priority, and a revised results framework is proposed. The Mission proposes an adjustment to the objective statement: “Initiatives in Governance and Participation Strengthened.” Program expansion includes: judicial reform for criminal courts, as well as civil courts; legal education and activities to increase access to justice for women and disadvantaged groups; expanded efforts to support grassroots organizations while promoting linkages between the citizen and the state, while increasing transparency and accountability; political process support; and expanded media training. A revised approach to implementation is also being considered as we explore options for unilateral obligations, rather than the traditional bilateral approach.

Education (Objective 22: Improved Quality, Access and Efficiency of Basic Education, with an Emphasis on Girls; originally Basic Education to Meet Market Demand Improved). The importance of this objective increased significantly after the original FY2000-FY2009 strategy was developed. This increased importance was reflected in its subsequent extension and expansion, as well as in the further expansion proposed here. The Mission requests approval of a revised objective statement: “Improved Access to Quality Education.” The supporting results framework has also been changed.

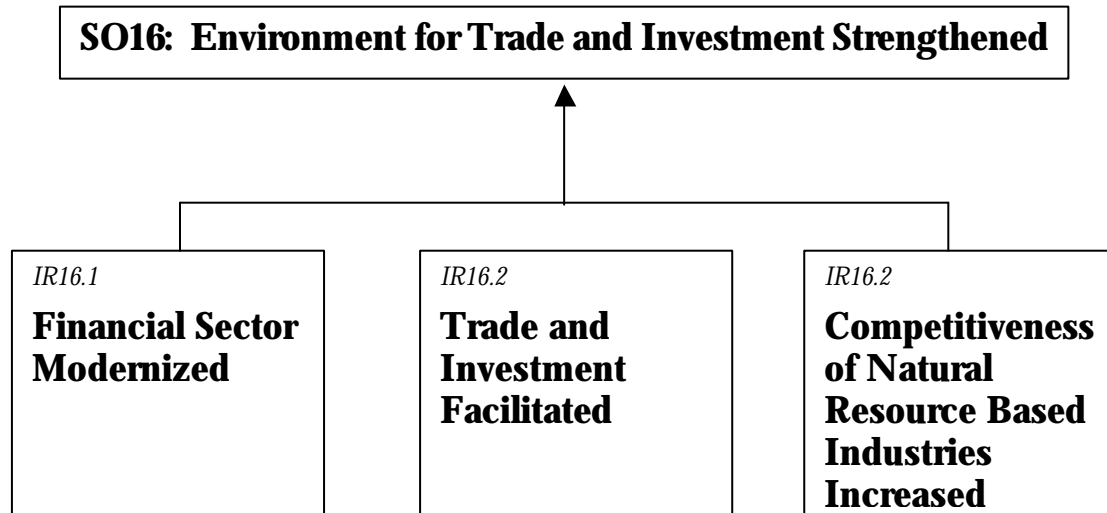
Geographic Focus: Following the events of September 11, 2001, it has become even more important to demonstrate the impact of our assistance programs, especially to the people in benefiting countries. The implementation and expansion of our education program focuses on seven governorates where local leadership and the private sector are interested in educational reform: namely, Alexandria, Cairo, Fayoum, Beni Suef, Minya, Qena, and Aswan. The first two are urban governorates, while the last five are in Upper Egypt (Figure 1). These governorates, especially those in Upper Egypt, will become showcases for the USAID/Egypt program.

Building on the partnership established through the education program, the Mission is ensuring that all relevant aspects of the entire program are active in these governorates. In addition, a new Mission approach to programming assistance will work with local government and citizen groups to promote and support participation in setting and meeting development and democratic objectives in these governorates.

Performance Monitoring Plan (PMP): USAID/Egypt is contracting for assistance in revising the current PMP. As a result, this strategy update only presents preliminary basic indicators for the revised strategy. When available, baseline and end-targets are presented. The PMP assistance will work with the Mission in September 2004 and a completed PMP will be sent to USAID/Washington by November 2004. The revised PMP will include measures of short-term accomplishments and progress, as requested in the Program Review, as well as measures of long-term development impact.

Objectives

Economic Growth – Objective 16: Environment for Trade and Investment Strengthened



Results Framework

The Results Framework presented for Economic Growth reflects programmatic changes resulting from the evolution of Egypt’s economic situation, the Program Review, and the need to absorb continuing activities from the Infrastructure and Environment programs. The economic reform program is more focused on financial and trade reform. Promotion and competitiveness of agriculture based industries is accentuated. Each intermediate result has a specific role in implementing the conclusions of the Program Review, along with the impacts on economic conditions for average Egyptians.

IR 16.1: Financial Sector Modernized

The purpose of this portion of the economic growth portfolio is to assist the establishment of an efficient modern financial sector that can provide the liquidity and capital required for a growing economy and private sector. These efforts include the focusing of our policy dialogue on key issues affecting the financial sector and the provision of technical assistance to improve the sector’s performance in key areas.

A financial-sector focus is fully consistent with MEPI’s emphasis on financial-sector development in the Middle East, the U.S. Treasury Department’s “Middle Eastern Partnership for Financial Excellence,” and the State Department’s Near Eastern Affairs Bureau partnership with the Financial Sector Volunteer Corps.

Figure 2: SME program beneficiary displays rugs produced thanks to the lending program

Particular areas of emphasis will include new or expanded efforts in:

- Real-estate finance reform, including the professionalization of originating mortgages, introduction of modern real-estate financing instruments, and developing a dependable property registry;
- Rationalization of investments by reducing the volume of investment that is politically directed into stagnant firms and industries, and to increasing the financial sector's role in identifying the investments that present the best opportunities for success in the market;
- Rationalization and privatization of parastatal financial institutions;
- Increasing the capacity of monetary and fiscal authorities to manage critical macroeconomic policy required for a thriving economy;
- Insurance market modernization;
- Continued and expanded efforts regarding microfinance development, including the expansion of the lending network and the establishment of a private credit bureau;
- Continued work with Egyptian banks to expand import financing for U.S. products to new firms, industries, and regions within Egypt; and
- Expansion and development of mechanisms for sustainable, private financing of infrastructure and environment-friendly businesses.



IR 16.2: Trade and Investment Facilitated

The Mission's program will support enterprise formation and targeting of more remunerative markets by modernizing the institutions supporting international trade, investment, and company formation. Expanding trade and investment relations with the U.S. and other international partners requires strengthening of the Egyptian institutions that govern taxation and regulation of trade and formation and regulation of the private sector.

The major new effort in this area is the Commercial Law Initiative. We will support the GOE's creation of a Law Commission that will systematically review the Commercial Code and other laws, to create a legal framework for

dynamic and secure initiative by the private enterprise in business creation and re-deployment of productive assets to their best uses.

Highlights of the overall Trade and Investment program include:

- Modernization of Egypt's Company Law and other commercial codes to remove disincentives to enterprise formation and to the growth of small enterprises by the Ministry of Justice and leading law schools;
- Continued support of the Ministry of Foreign Trade's reorganization to bring the GOE fully into participation in the WTO;
- Testing of customs and ports reforms have shown that clearance times can be lowered drastically without heavy investment in new facilities and equipment; the GOE is organizing to roll out these lessons nationally;
- Technical barriers to trading in high-value markets (for both imports and exports) are being tackled through rationalization of overlapping regulations that are out of compliance with international standards; and
- Expansion of Egypt's nascent success in Information and Communications Technology, including ICT-enabled industries. Public services are also expanded and made more transparent through e-government innovations.



Figure 3: Protection of the Red Sea's natural beauty attracts tourism and generates employment

IR 16.3: Competitiveness of Natural-Resource Based Industries Increased

Assistance under this program element will enable more low-income Egyptian farmers and

entrepreneurs to compete in high-value markets, both domestic and international, and to benefit from exposure to best practices and information; new approaches to financing, resource management, and marketing; and expanded employment opportunities in rural areas. Further, the competitiveness of sectors with high potential to raise incomes of average Egyptians, increase employment, and attract foreign exchange will be increased. This competitiveness will be enhanced by the sustainable development of the human and natural resource base on which productive activities are dependent. Strengthening local NGOs and communities to participate in decision making that affects resource use will also contribute to improved democracy and governance.

Efforts in these areas will include:

- Assistance to smallholders, their agricultural producers' groups, related trade associations, and supporting industries to become market-oriented by increasing product quality and lowering post-harvest losses. Through these efforts, farmers use environmentally-appropriate technologies to produce remunerative products that meet global standards in the most competitive markets

and

- Promote the adoption of improved environmental management in water conservation (for agricultural productivity), of biodiversity conservation (for expansion of tourism as a leading "export" sector), and control of industrial pollution to protect human health and enhance productivity. Loan guarantees are offered to key Egyptian financial institutions to support environmental market development in clean energy and ecotourism.



Figure 4: USAID/Egypt's agricultural program expands non-traditional exports and creates jobs

Background and Rationale

In 1999, USAID/Egypt adopted its Economic Growth program as its principal vehicle addressing the Mission strategy's Sub-Goal No. 1, "Creating Private Sector Jobs." To help ensure that new jobs are created and that existing jobs become more productive, the program was designed to support Egypt's efforts to improve economic management of enterprises and of Government agencies, to ensure financial stability, to orient enterprises to more remunerative markets at home and abroad, and to attract and encourage productivity-enhancing investment and technology.

As noted above, economic conditions since the adoption of the strategy have been less than favorable to Egypt. The upshot of these setbacks is the need to intensify efforts in the Economic Growth program to get concrete results that will counteract the impact of the global downturn and prepare Egypt to benefit from the recovery that appears to be starting.

Further, following completion of the Mission’s major environment and infrastructure construction projects, the new generation of environment and infrastructure programs will emphasize (a) sustainable financing and management of infrastructure, and (b) improved management of the natural resource base for small farmers and industries with substantial employment potential. Accordingly, these initiatives are integrated into the revised Economic Growth Results Framework.

Responding to the Program Review

The Program Review concluded that USAID should increasingly focus its efforts under the Economic Growth portfolio on (1) financial sector modernization, and (2) a customs and trade facilitation program to improve trade and investment opportunities for Egyptian and foreign firms alike. The Review also emphasized the importance of grass-roots impact, which the program achieves through job creation, microfinance, and small farmer development.

As highlighted in the discussion above, the revised strategy fully meets the requirements established through the Program Review.

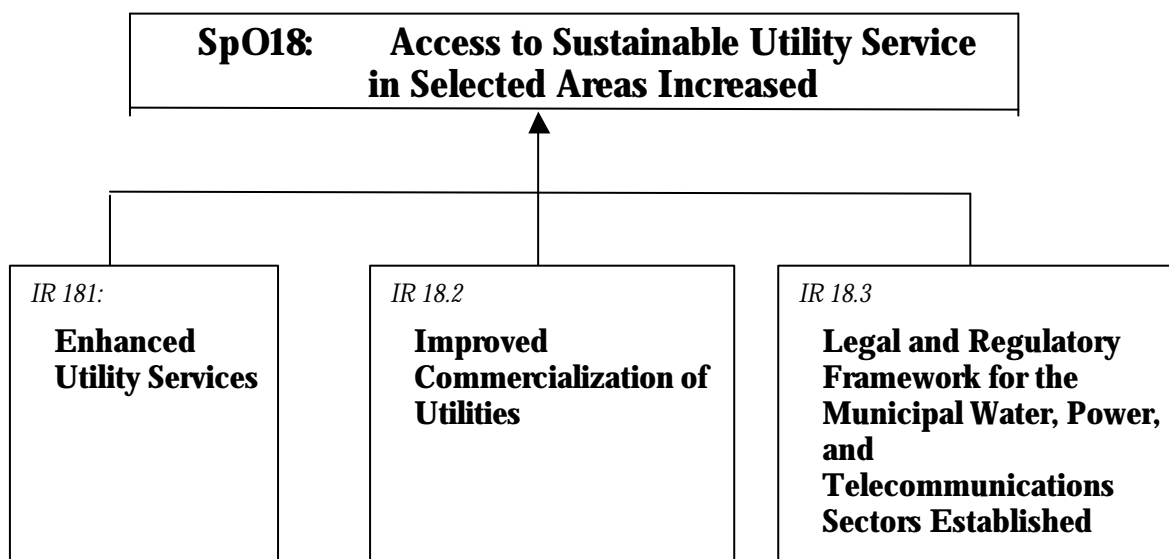
Preliminary Basic Indicators

The Mission will continue to monitor progress using available quantitative data. Qualitative methods will be used to measure the perceived change in the policy environment for trade and investment. The following indicators and targets will be used to monitor progress and to help measure the performance of activities under this objective.

Table 1: Preliminary Indicators for the Economic Growth Program

Level	Indicator Description	Baseline (2000)	Target (2009)
SO	Egypt’s score on the Fraser Institute’s Economic Freedom Index	6.5 (2001)	7.5
IR16.1	Value of small and micro-enterprise loans disbursed	LE321 million	TBD
	Value of loans under Development Credit Authority guarantee programs	0	TBD
IR16.2	Non-petroleum exports and imports of goods as a percent of GDP	25% (2003)	35%
IR16.3	Value of selected agricultural exports	\$1.5 billion (2003)	\$2.15 billion
	Number of person days of work created through lead remediation, Red Sea sustainable tourism and Nile River water management activities	TBD	TBD

Infrastructure – Objective 18: Access to Sustainable Utility Services in Selected Areas Increased



Results Framework

There has been no change in the Results Framework for the Infrastructure Objective. The Power and Telecommunications portions of the program are nationwide, while the water and wastewater programs cover Alexandria, Middle Egypt and selected secondary cities.

Background and Rationale

One of the important foundations for increased trade and investment is reliable and sustainable utility service. Reliable power, telecommunications and water



and wastewater services are required for businesses to flourish as well as meeting the needs of Egyptian citizens. To meet the needs of Egypt’s future economy, USAID has assisted utilities make needed capital investments to expand capacity and enhance service delivery capability, as well as, recover costs and operate

Figure 5: Wastewater systems improve the quality of life in Aswan governorate

efficiently. To counteract the public sector shortage of investment resources required for expanded, well-run utilities, USAID assists the GOE promote increased private sector participation and establish/strengthen legal and regulatory frameworks that provide a more stable and transparent investment environment.

The original completion date of the Infrastructure program was September 30, 2004. Delays in construction activities resulted in an extension of this completion date to September 30, 2006.

Responding to the Program Review

The Program Review concluded that the Infrastructure program should shift its focus to the provision of small-scale activities in rural areas currently under-served by modern utility services. As a result, the infrastructure team is examining mechanisms to finance small scale infrastructure development with minimal USAID involvement and concentrating such efforts in the seven focus governorates. Thus, future programming will focus, when possible, on Upper Egypt. Funding in FY 2003 and FY 2004 is focused on small-scale activities in under-served governorates in Middle and Upper Egypt.

Figure 6: Infrastructure development and antiquities restoration programs help preserve Egypt's history (in the Roman Tower underneath the St. George Greek Orthodox Church in Old Cairo)



As the Infrastructure program ends in FY2006, management of a few continuing activities will pass to two other programs. This hand-over will include the transfer of management responsibilities as follows: (a) shifting small-scale construction activities to the Democracy/Governance program in support of its local government and citizen participation efforts; and (b) passing the management of bank financing under the Development Credit Authority, private sector participation, and support for the establishment of a regulatory agency in the water sector to the Economic Growth program.

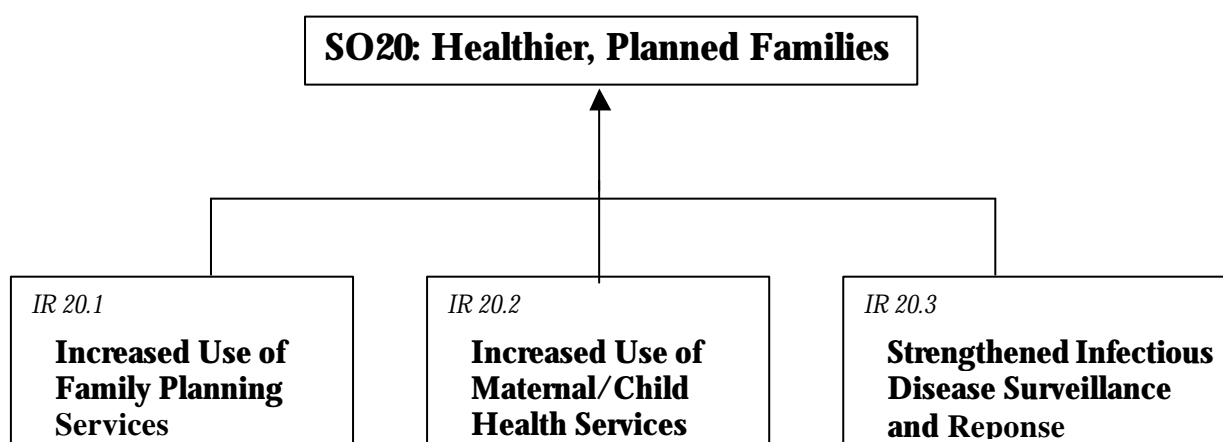
Preliminary Basic Indicators

The original strategy stated that USAID anticipated collecting data from partner utilities and measuring changes from the baseline year of 1999 to the end of the Infrastructure Program, which is now 2006. Minor changes have been made to reflect more accurate results targets and more appropriate performance measures identified during the development of the performance monitoring plan and refined during three years of program implementation. In most cases, the actual results to date have met or exceeded estimations made during development of the strategy.

Table 2: Preliminary Indicators for the Infrastructure Program

Level	Indicator Description	Baseline (1999)	Target (2006)
SpO	Cumulative number of people with new or improved utility services Water and Wastewater	0	12.2 million
	Percent of Operating and Maintenance Costs Recovered Water and Wastewater	61%	89%
IR18.1	Percent increase in capacity (relative to 1999 capacity of 1.829 million cubic meters/day) of selected water and wastewater utilities	0%	83%
IR18.2	Percent of produced water unaccounted (produced but not billed)	49%	44%
	Percent of annual billings collected Water and Wastewater	84%	90%
	Annual percent increase (relative to baseline of LE921/line) in annual revenue per telephone line	0%	5%
	Decreased ratio of employees in power sector to giga-watt hours of electricity sold	2.26	TBD
IR18.3	Presidential decree(s) establish a regulatory agency and holding company to enable PSP and corporatization in the water and wastewater sector (milestone)		2004
	Water and wastewater regulatory agency begins review of PSP applications, utility licensing, performance and tariff rate adjustment applications (milestone)		2005

Health and Population – Objective 20: Healthier, Planned Families



Results Framework

Consolidation is a key theme underlying the revised population and health strategy, with three intermediate results in the new Results Framework as opposed to six in the previous design. This revised strategy reflects the view that communication, workforce development, and information management are crosscutting activities that support the three remaining intermediate results in the new framework. As the health program enters its closeout phase, simplifying the results framework is one way to demonstrate the streamlining of activities and consolidation of expected results.

Over the next five years, the Mission’s Population and Health (PH) Program will emphasize extending or strengthening highly successful and proven health and family planning interventions to new priority governorates, and ensuring that they are sustained. Groups at high risk or with special need—such as newlyweds and engaged couples, post-partum women, husbands and fathers—will receive focused attention. Consolidation, integration and efficient implementation are key themes for the program.

IR 20.1: Increased Use of Family Planning Services

USAID family planning support will build upon its record of success by continuing to: improve the quality of care; increase demand for family planning; and target under-served geographic areas. In addition, USAID will collaborate with the MOHP, UNFPA and NGOs on innovations in service delivery designed for those with special needs, such as youth, newlyweds, pregnant women and new mothers.

The quality of care provided to Egyptian couples will be improved through quality assurance in NGO and MOHP clinics and facility accreditation programs. In Upper Egypt, USAID will advance the integration of MCH and

family planning services in order to increase their acceptability, convenience, quality, and use. Market research and surveys will monitor progress in increasing consumer satisfaction and utilization of services. USAID's collaboration with the MOHP, NGOs, and commercial pharmacies will increase the flow of reliable information to clients, and offer more choice of contraceptives through more outlets. By 2007, the GOE will have taken over the procurement of contraceptives, and USAID will no longer be involved in this activity. Quality of care will be improved through both pre-service and in-service training of physicians and nurses, the majority of whom begin their careers delivering family planning services without adequate preparation. Renovation of public and NGO health clinics will contribute to higher quality and attract clients. Behavior change communication using mass media and interpersonal approaches will be employed to increase demand for and appropriate use of FP services. To ensure that progress is sustained in reducing fertility, USAID and its partners will encourage policy changes that enable quality and accessible services by NGOs, private sector, and MOHP providers.

IR 20.2: Increased Use of MCH Services

In partnership with the MOHP and community-based NGOs, USAID will support the "Pathway to Survival" approach to safe birth and newborn survival in target areas. This approach to safe birth and increased use of family planning resulted in a 59 percent reduction in the maternal mortality ratio (MMR) in Upper Egypt since 1997, compared to a 30 percent reduction in the rest of Egypt. This difference provides solid evidence for the effectiveness of this



approach combined with support to family planning. The approach will be extended to districts still facing high MMR and will require community-level mobilization and an upgrade of services and equipment in 20 hospitals.

Figure 7: Assistance to Health Clinics Expands and Improves Services to Mothers and Children

The Integrated Management of Childhood Illnesses (IMCI) program, implemented primarily by the MOHP with assistance from USAID, UNICEF and WHO, focuses on improving child care in health clinics and will be

extended to uncovered areas of the country. Support for polio eradication will continue until polio no longer exists in Egypt.

USAID will continue to focus on upgrading the quality of training and on curriculum development in all 17 medical and 11 nursing schools throughout the country. By the end of the program, the revised curricula, improved teaching and testing methods and competency-based training will result in new medical and nursing graduates being better prepared to deliver primary health care, including family planning and safe delivery. Adoption and use of these methodologies in Egyptian schools will ensure the sustainability of quality services.

All of the key health interventions will be supported by integrated behavior change activities. Communication activities include mass media, printed materials and community events to increase consumer's health awareness and adherence to healthy practices.

IR 20.3: Strengthened Infectious Disease Surveillance and Response

Until USAID assistance to this sector began five years ago, Egypt had only limited capacity to monitor and investigate infectious disease outbreaks. Surveillance was dependent on foreign expertise and technology. USAID helped the GOE build a nationwide system of disease surveillance, reporting, and outbreak control. Capacity building involves the training of epidemiologists, defining case standards and methods of investigation, improving infection control, improving laboratory practices and capacity, as well as district health office disease surveillance and reporting on 26 reportable diseases. By 2006, the entire Egyptian population will be covered by surveillance units, and USAID assistance in this area will end. USAID support for Egypt's tuberculosis control program will end in FY2005.

Egypt faces a small but potentially explosive HIV/AIDS situation: prevalence is currently low, but limited public knowledge of safe sex practices coupled with an active gay community and sex industry means that there is a threat that HIV/AIDS could reach epidemic proportions. To keep HIV prevalence low, USAID supports voluntary testing and counseling centers, behavior change and prevention messages, blood safety, and the use of anti-retro viral therapy to interrupt maternal-child transmission and stem the debilitating effects of AIDS.

Background and Rationale

The Health and Population Program reflects plans for a conclusion in FY2011 to more than twenty-five years of successful USAID assistance to Egypt's health sector. Working in partnership with the Government of Egypt, USAID assistance helped to substantially reduce infant, child and maternal mortality; led to major reductions in fertility and population growth; and brought about

greater acceptance of safe and voluntary methods of family planning. USAID can also be credited with investments that improved primary health care services—including vaccinations, family planning, and antenatal care. The program achieved notable progress with respect to increasing safe birth and newborn survival, controlling polio and other infectious diseases, increasing health awareness, and improving the technical and clinical competencies of health care providers. A network of over 80 NGO clinics will soon graduate from USAID assistance and should continue to offer quality family planning and maternal and child health services with only a modicum of public support.

Despite these achievements, important challenges remain to be addressed. Over the ensuing decades, population growth will continue to limit per capita economic growth and exacerbate strains on public services. Stabilizing Egypt's population growth remains a top GOE priority; political commitment to family planning has been long-standing and remains strong. President Mubarak continues to emphasize the grave implications of population growth for Egypt's economic development. The average number of children desired by Egyptian couples is nearly one child higher than replacement level. Even when population growth drops to replacement level, population momentum will continue the growth of Egypt's population for at least 20 years.

At the same time, the attractiveness and quality of services need to improve if people in need of basic preventive health services are to be reached. Knowledge and awareness of health risks and health-promoting behavior are low, which results in people not seeking timely care and services—even when such health services are geographically available.

Infectious diseases remain endemic in the population, and will continue to result in premature deaths and require costly treatment. Egypt is at risk from such infectious diseases as Rift Valley Fever, HIV/AIDS, and Hepatitis C. Thus, USAID assistance for infectious disease activities will continue through the strategy period.

Responding to the Program Review

The revised strategy reflects both the consolidation of mature, ongoing programs as well as adjustments to reflect new U.S. priorities for Egypt as defined during the Program Review and extensive collaboration with Egyptian partners. Program priorities for the new population and health strategy include: a) delivery of high impact and visibility health services in areas of need, with particular focus on poor urban and rural areas; b) reduction of management units congruent with reduced funding and staffing levels; c) emphasis on sustainability and orderly close-out; and d) expansion or strengthening of key achievements in the seven USAID priority governorates — Minya, Qena, Beni Suef, Fayoum, Aswan, Cairo, and Alexandria. Upper Egypt, as well as the slums of Alexandria and Cairo, will receive major program focus.

USAID will support several more years of Integrated Management of Childhood Illnesses in areas of need, and the safe birth and neonatal care package in five USAID priority governorates with higher than average maternal mortality.

In line with the program review, resources have shifted away from national-level health policy and insurance system reforms, toward a focus on upgrading family health clinics which will allow more people to benefit immediately from concrete improvements. USAID will support the MOHP effort to re-organize primary health care services in selected governorates/districts, including fine-tuning and roll-out their integrated model for delivery of primary health care. USAID support to the MOHP health sector reform will end in FY 2005, as the population and health office moves to consolidate and streamline its program due to staffing constraints. The Healthy Egyptian 2010 program will continue to receive technical assistance through September 2005.

Preliminary Basic Indicators

Expected Impact

By the end of the health and population program in FY 2011, after more than thirty years of USAID support, the Mission expects that the Egyptian family planning (FP), maternal and child health (MCH) and infectious disease (ID) programs previously supported by USAID will have the independent capacity to continue to deliver quality services, particularly to the poor and vulnerable. Also expected are increased use of higher quality FP/MCH/ID health services; increased adoption of more health promoting and preserving behaviors; and increased GOE ownership and financial support as USAID assistance phases out. Egyptian families will thus be better prepared with the knowledge and skills that they need to be healthier and more productive, and Egyptian FP and MCH programs will be able to meet the growing demand for quality services. The end result will be longer life expectancy, smaller families, and reduced population growth.

Population and health activities will improve and increase the focus of local district health officials on community and NGO participation in the planning and implementation of family planning, primary health care, and safe motherhood. By the time the USAID population and health program ends in FY 2011, the gap in health status and access to vital health care services between rural Upper Egypt and the rest of the nation will be further narrowed.

Indicators and Targets

The primary sources for monitoring health and population performance will continue to be the Egypt Demographic and Health Survey (DHS) and the Egypt Service Provision Assessment (SPA), along with various MOHP information

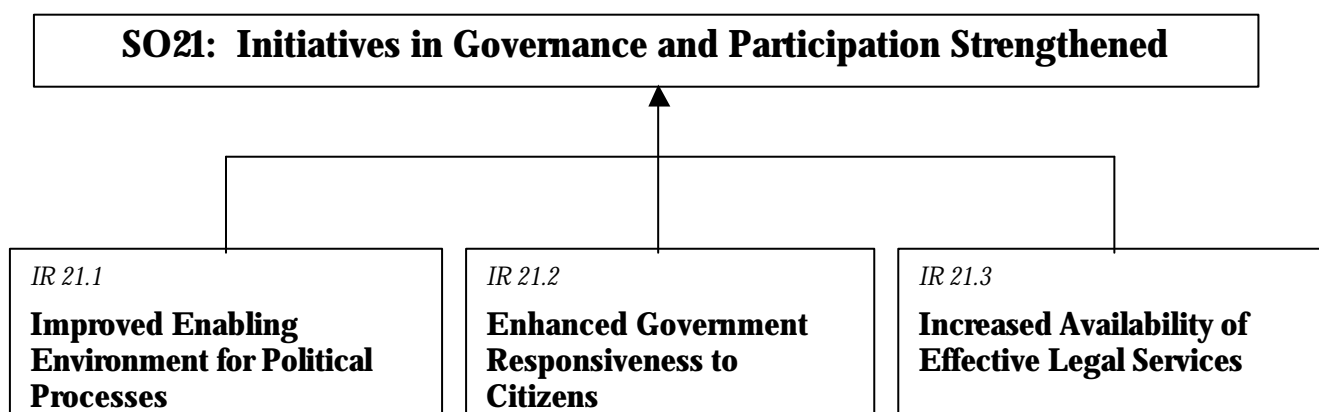
systems and service statistics. A full DHS is scheduled in FY2005 and in FY2007. A SPA will be conducted in FY2004 and repeated in FY2006.

Table 3: Preliminary Indicators for Health and Population Program

Level	Indicator Description	Baseline (2000)	Target (2009)
SO	Decreased Total Fertility Rate (births/woman)	3.5	2.9
	Decreased Infant Mortality Rate (infant deaths/1000 live births)	44	32
	Decreased Maternal Mortality Ratio (deaths/100,000 live births)	84	60 (2008)
IR20.1	Increased Contraceptive Prevalence Rate for modern methods	54%	63%
	Number of integrated Family Planning/Maternal and Child Health Clinics in MOHP renovated and equipped (in seven priority governorates)	16	300
	Increased percentage of family planning clients receiving the 4 key messages according to established standards	40% (2002)	60%
	All medical and nursing schools adopt use of competency-based family planning curricula (milestone)		2007
	Decreased average number of desired children	2.9	2.3
	Increased Percent of contraceptive purchases by GOE	21%	100% (2007)
	Increased commercial sales of selected family planning methods	TBD	TBD
IR20.2	Decreased neonatal death rate (newborn deaths/1000 live births)	24	19
	Wild polio eradicated in Egypt (milestone)		2007
	Increased percent of births whose mothers receive regular antenatal care (4 visits or more)	37%	75% (2007)
	Increased percentage of births attended by medical providers	61%	74% (2007)
	All medical and nursing schools adopt use of competency-based obstetrical and pediatric curricula (milestone)		2007
IR20.3	Increased number of voluntary counseling and testing centers for anonymous testing of sexually-transmitted and blood-borne diseases	0	10
	Increased number of districts covered by functional epidemiology and surveillance units	0	265 (2006)
	Increased percentage of health facilities applying infection control guidelines	TBD	TBD
	Increased knowledge of women in reproductive age about HIV/AIDS	TBD	TBD
	Increased awareness of unsafe injection practices	TBD	TBD

The preliminary indicators for measuring the performance of the revised health and population program are presented below. Where baseline data and targets are not currently available, they will be assembled by the health and population team and the contractor working on the PMP.

Democracy and Governance — Objective 21: Initiatives in Governance and Participation Strengthened



Results Framework

As the link between democracy and good governance and the ability to achieve sustainable economic, social and political development becomes increasingly apparent, democracy and governance programming has become an integral component of any sound development strategy. The USAID/Egypt democracy and governance program is tailored to respond to the mode, pace and scope of political liberalization in Egypt. It capitalizes on both governmental and non-governmental efforts and initiatives, providing the necessary resources for realizing genuine change. This strategy builds on the previous objective, which was developed to meet changing conditions and respond to opportunities for broader reform as they emerged.

The revision to the results framework is required to capture the changing conditions in Egypt and the major expansion and shift in the program as a result of the program review.

The proposed strategy encompasses three key areas described below.

IR 21.1: Improved Enabling Environment for Political Processes

An environment conducive to political competition is indispensable to democratic development. USAID/Egypt supports the development of a foundation for a more competitive political process to provide greater diversity

and inclusiveness among elected representatives and more impetus for citizens to support and participate in democratic political processes and institutions. USAID will assist the improvement of the legal and regulatory framework governing the political participation process, namely, the electoral law and the political parties law. Assistance will focus on fostering a substantive and inclusive debate and gaining consensus among all parties concerned. Assistance will also be provided to improve the administration of the election process through efforts aimed at improving voter education, voter registration, training of candidates, and other interventions deemed necessary for this purpose. Over the long term, these improvements should strengthen political processes, making them more competitive and genuine.

IR 21.2: Enhanced Government Responsiveness to Citizens

Public governance, defined as the interaction between individuals and groups with the government, is a key and essential mechanism through which sustainable development is achieved and secured. Its evolution requires the capacity for government to act, citizens who are informed and willing to interact and carry out their civic roles and responsibilities, and last but not least, a favorable legal and regulatory environment that promotes and supports such interaction. In this context, USAID/Egypt's focus is on promoting more transparent, accountable government and on citizens being better informed and afforded more opportunities for participation. Achieving this will involve a number of discrete activities to provide the seeds needed for improved governance based on more citizen participation and involvement. Activities will build and expand on past democracy investments to help increase public awareness about the relationship between citizen participation, accountable governance, and the effective provision of public services. It will also capitalize on the work of USAID/Egypt's other programs targeting reform-minded leaders in those governorates where USAID already works. Other activities will include improving media professionalism to allow it to play more of an effective role in informing citizens over the long run, and possibly, based on the outcome of an on-going assessment, improving and expanding the use of media outlets at the local level. Activities to promote knowledge of democratic practices will focus on university youth and could include model parliaments, the facilitation of joint democracy programs between American and Egyptian universities, and funding of university chairs in democracy studies, for example, via funds to American universities to fund chairs at Egyptian universities. USAID will also encourage and assist the GOE in its declared efforts to reform laws governing civil society. Assistance will be provided to introduce an international perspective (international practices/principles) and assist in the formulation of a specific proposal for legal reforms. This assistance would be

provided through Egyptian NGOs, universities, legal experts and locally available consultants.

IR 21.3: Increased Availability of Effective Legal Services

Justice processes and institutions that work efficiently and effectively to establish justice and resolve disputes are essential elements for the rule of law and the building of a sustainable democracy. Such processes and institutions must also be available to all individuals without prejudice to their origins, religion, political persuasion, race, or gender. USAID/Egypt aims to improve the administration of justice by assisting the GOE in a nationwide reform of its judicial system to streamline court procedures, enhance transparency, reduce opportunities for corruption and train judges, law students and court personnel.

**Figure 8: Automation of Courts
Improved Case Processing
Time and Reduced Opportunities
for Corrupt Behavior**



A forthcoming assessment of the overall criminal justice system will identify additional activities in the criminal justice area, such as the creation of a public defender entity, criminal procedural reforms and reorganization of the criminal

justice system to decrease the number of cases that go to trial. With respect to access to justice, USAID plans to assist women and disadvantaged groups by providing assistance in the areas of legal advice, legal aid, and legal literacy.

Background and Rationale

In Egypt today, while the overall political situation remains stable, subtle shifts are occurring. Recent political discourse and a number of initiatives indicate the potential for reform. Among the notable shifts are calls by the President for revision of laws related to elections, political parties and professional syndicates, and a hint at liberalization of laws regarding civil society. Other initiatives to be noted include those espoused by the National Democratic Party (NDP), including abolishing State Security Courts and hard labor as a punishment, appointing women judges, establishing a National Human Rights Council and allowing Egyptian women the right to confer citizenship on their children.

The strategy aims to capitalize on these potential openings through activities designed to improve the political infrastructure and make the policy-making

process more responsive, accountable, participatory and transparent. It also seeks to strengthen the judicial system as a critical element in a democratic society. To this end, USAID will support developments in three areas recognized as key for Egypt to embark on a road to genuine democratic reform: 1) political processes; 2) governance; and 3) strengthening the rule of law.

Responding to the Program Review

In light of political openings noted above, and in response to calls for political reforms in the region, the strategy has been revised both to expand the scope of current efforts and to add new interventions in line with MEPI objectives. Consideration is also given to implementation of activities unilaterally, in a departure from traditional bilateral approaches. Expansion of current efforts to support judicial reform include criminal courts reform, legal education and activities to increase access to justice for women and disadvantaged groups, applying lessons learned in the implementation of earlier programs. In the area of civil society and local governance, the strategy expands and consolidates earlier efforts to provide assistance to grassroots organizations. Such efforts promote linkages between the citizen and the state, increasing transparency and accountability at the local level. The strategy expands upon current efforts in media, moving from journalist training activities to activities with broadcast media to reach a broader base at the local level. Attention is directed to enhancing knowledge and attitudes regarding democratic values and practices, with a focus on youth. New areas of focus also include support for the political process, as well as, assistance for legal and regulatory reforms to improve the overall political environment and support reform efforts.

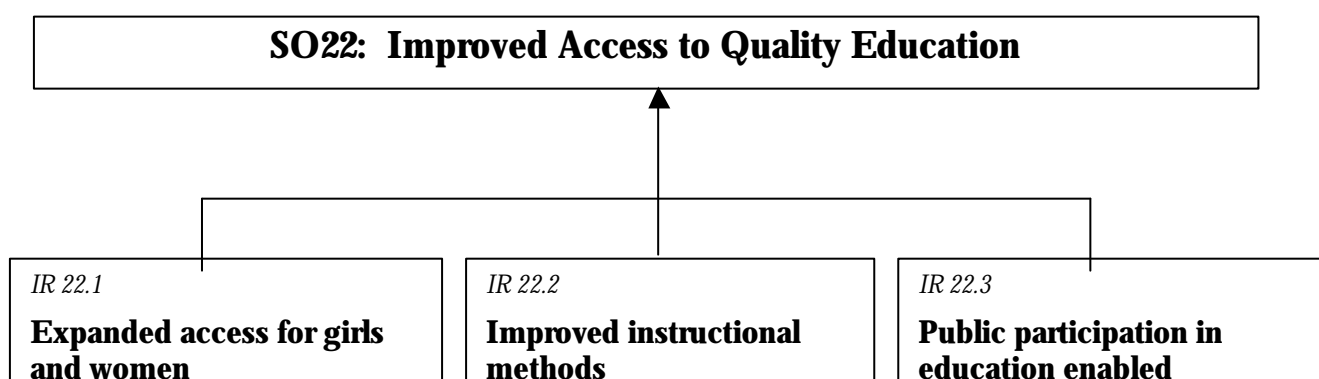
Preliminary Basic Indicators

The preliminary indicators for measuring the performance of the revised democracy and governance program are presented below. Given the new shift in program emphasis, baseline data and targets are not currently available, but will be assembled by the democracy and governance team and the team assisting in finalizing the PMP.

Table 4: Preliminary Indicators for Democracy and Governance Program

Level	Indicator Description	Baseline	Target (2009)
SO	Impact of assistance/interventions on political life. This indicator measures the perception of other donors and a number of selected intellectuals about the effect or impact of assistance provided or interventions introduced on political life or political environment. A brief questionnaire with a rating/score may be used to measure a baseline and used for the following years.	TBD	TBD
IR21.1	Change in degree of political parties' participation This indicator measures the participation of political parties in elections, representation in the People's Assembly, queries raised by the opposition parties in People's Assembly.	TBD	TBD
IR21.2	Number or percentage of target government units in which key decisions take into account citizen input. This indicator measures citizen's participation in decision making at the governorate level through their involvement in strategic planning or setting priorities or discussions of needs and interventions.	TBD	TBD
IR21.3	Number of people served by target legal service providers, disaggregated by gender. Data for this indicator will be assembled from implementing partner reports.	TBD	TBD

Education – Objective 22: Improved Access to Quality Education



Results Framework

Since 1999, the education results framework has undergone two SO level changes (one approved, one requested for approval by USAID/W) and other intermediate results changes due to the evolving nature of the program and USG assistance in Egypt. When the strategy was initially formulated, the education portfolio was planned for closeout by 2003. Based on changes within Egypt's education sector, the foreign policy environment—especially MEPI, and the USAID/State Program Review, the program is being expanded. The education team has identified the most successful activities and to how to incorporate them into a comprehensive and cohesive education program. To have the most visible impact, the team was asked to focus the rollout of program in seven specific governorates, working with reform-minded governors. These changes are represented in the revised results framework presented below.

USAID/Egypt's updated education strategy is governed by five key principles:

1. Promote broad based education reform through successful implementation and replication of a model reform program designed to decentralize school management, diversify the local resource base for education, increase private sector involvement, and increase community participation in education issues.
2. Focus resources and maximize impact by integrating all education interventions, including the Information Technology in Schools and Workforce Development for Tourism activities from the Workforce Development program, in selected geographical areas.
3. Target governorates where there is demonstrated leadership on reform.
4. Focus reform activities on a family of schools and their communities. In each governorate, the reform program will target a family of schools (25-40

5. schools) which represents the pre-university educational path (pre-K through secondary) for a cohort of children.
6. Build upon successful project experiences within the existing portfolio and integrate design elements into a single education reform program.

The education results framework has been updated to reflect the updated strategy. The core pillars include: girls' education (literacy and scholarships),



community participation, private public partnerships, quality improvements in education, and improved public administration of formal education.

Figure 9: Young women reentering the education system through non-formal community schools

IR 22.1: Expanded access for girls and women

This aspect of the education program will be achieved through the support of several different activities within the Education Reform Program: (a) USAID will fund scholarships for education at all levels and will target girls from poor families; (b) multi-grade primary classrooms will be established through a “catch-up” program to provide accelerated learning for girls who wish to enter or re-enter the formal education system at the middle school level; (c) non-formal pre-primary, literacy and life-skills programs will reach out-of-school children; (d) new schools will be constructed where long school commute distances discourage families from sending their girls to school; and (e) awareness campaigns and outreach programs will focus parents' attention on the value of education and change attitudes toward girls' education.

IR 22.2: Improved instructional quality

Instructional quality will be achieved through reforming education management, establishing standards at the teacher colleges, and improving teacher and learner assessment systems. USAID programs will train classroom teachers in learner-centered teaching methods, continuous assessment systems, and materials development. A strengthened and reformed professional development system will support new teacher training. USAID programs will also assist the GOE

establish incentive systems to recognize and reward educators who demonstrate excellence in their professional practice. In the non-formal education sector, Egyptian NGOs providing education services will have access to technical assistance on a variety of topics including management and outreach techniques, and to a series of instructor recruitment and training activities designed to expand the cadre of qualified volunteers who are active in supporting non-formal education services. Learning materials will be developed, reproduced and distributed in collaboration with the Ministry of Education (MOE) for both formal and non-formal education programs.

IR 22.3: Public participation in education enabled

A key element of the education reform strategy is to ensure the success of decentralized school governance through a community support program of awareness raising, training courses, workshops, and networking conferences, all aimed at broadening public participation in education. Both the new Education Reform Program, as well as several NGO activities from the current portfolio, support achievement of this program element by mobilizing communities around important education and school governance issues. Scholarships for girls, new school construction, and non-formal education services (such as literacy and life-skills classes) are all programs which depend on community participation for successful implementation.

Figure 10: Fefel and Khokha from Alam Simsim (Egypt's "Sesame Street") promote pre-school education



Exchange visits to the U.S. will target leaders and educators in government and individuals from the private sector who are active in education. The school-to-work component of the education reform program encourages communities and schools to develop private/public partnerships that will expand the resource base for education as well as provide input on how best to educate youth entering the workforce.

Background and Rationale

USAID/Egypt's Education strategy was initially approved as a three year special Objective to end in September 2003 with total funding of \$47.3 million. Continuation of USAID/Egypt's investment in education was contingent upon GOE initiatives to effect structural change in the education system. Since 2001, several factors have converged to create favorable and requisite conditions for systemic reforms. In response to local developments, and in support of MEPI objectives, the Mission conducted an extensive strategy, review and design process. In May of 2003 the State Department concurred with the strategy and the Mission extended the life the Education Objective through September 30, 2009, and increased total life of project funding to \$167.9 million.

The successful 2001 launch of the Alexandria reform pilot sparked new and continued commitment to accelerating Egypt's education reform efforts. The Alexandria reform project's demonstrated impact on empowering local communities and decentralizing decision-making prompted the Minister of Education to authorize replication and expansion of the model to other governorates. He issued new delegations of authority to the seven governorates to be supported under the USAID education program, granting them the necessary power to "take all decisions needed for education reform." The Minister has also declared his intention to further expand these delegations to eight additional governorates. USAID's strategy of pursuing incremental reforms through a pilot project in one selected governorate, and then building upon each demonstrated success, has been a highly-effective approach to gather widespread support from government, the private sector, and the Egyptian public for fundamental reforms.

Responding to the Program Review

USAID/Egypt's FY2003 program review updated the Mission education strategy in light of these improved prospects and the launch of the MEPI strategy. State Department consent, granted in May 2003, approved the changes summarized below.

Expanded education reform through integrated programming

Egypt's increasingly positive environment for education reform is characterized by strong political leadership at the governorate level plus continued media spotlight due to the vocal public demand for systemic improvements. These conditions enabled USAID/Egypt to consolidate successful elements of the existing portfolio and to introduce an integrated approach to education improvement that facilitates local ownership and management, while continuing a strong focus on girls' education and overall quality of instruction. The new strategy exploits natural linkages which exist between different parts of the

education system by creating synergies between interventions. For example, families of out of school girls who attend USAID's non-formal education programs gain an appreciation for the value of education and the majority of them allow their daughters to enter the formal system to continue their education. Over time, and as a result of focused advocacy efforts, they begin to seek out formal education opportunities for younger members of the family. The girls' mothers also enroll in literacy and life-skills classes, thus breaking the cycle of illiteracy that constrains a family's economic and social development. The updated strategy significantly expands the focus on women's empowerment, literacy and community participation and creates stronger links between the non-formal and formal education systems.

In addition to more fully integrating program elements, USAID/Egypt will maximize the impact of its resources by focusing on local communities and schools for improving educational quality. The experience of community participation on school improvement in Alexandria has shown that reforms can only be successful if local capacity is strengthened to advocate for change. In the communities targeted by USAID programming, out of school girls will benefit from community organized non-formal education programs and scholarships for formal schooling; parents and educators will partner with private sector leaders to improve school management and increase resources for education; and teachers and education managers will receive training and materials to improve teaching techniques, develop new teaching resources, and improve learning assessment systems. All of these education activities, with their focus on empowering communities and improving the lives of girls and women, complement USAID/Egypt's activities in the areas of Small and Medium Enterprises and Local Governance.

Expanded Geographic Scope

In response to Ministry of Education requests, the education reform program will now target an additional six governorates, bringing the total to seven: Alexandria, Cairo, Minya, Fayoum, Beni Suef, Qena, and Aswan. Geographically, the effort spans the entire length of the Nile, from north to south, and can serve as the launching point for national reform. Governors in all seven governorates are enthusiastic political leaders with demonstrated commitment to education reform.

Preliminary Basic Indicators

Expected Impact

National expansion and replication of the Education Reform Program will depend extensively on GOE action. This would mark the ultimate success of the USAID/Egypt education strategy. Within the scope of this plan, U.S. assistance will help the GOE to:

- Engage in policy dialogue which is inclusive and builds support for national education reform
- Empower teachers to act as change agents by improving the quality of teaching, professional development, instructional materials, and other aspects of school management.
- Develop appropriate and sustainable incentive systems to reward and promote excellence in teaching
- Promote democratic management of schools through support for school governance organizations.
- Introduce reforms and build capacity within national education institutions such as teacher colleges and in-service training institutes
- Promote private/public partnerships at the local level to diversify the resource base for education
- Provide scholarships to girls whose families cannot afford school expenses
- Build more schools in urban areas that are overcrowded and in rural areas to reduce lengthy school commuting distances which prohibit the attendance of girls
- Empower communities to organize and support education, both formal and non-formal
- Change perceptions of parents and communities to value education for themselves and their children by actively participating in the educational process and supporting school management and their sustainability

Indicators and Targets to Measure Performance

The preliminary indicators for measuring the performance of the updated education program are presented below. Baseline data and targets are not available for every indicator, but will be assembled by the education team and the PMP contractor.

Table 5: Preliminary Indicators for Education Program

Level	Indicator Description	Baseline (2000)	Target (2009)
SO	Annual number of girls and women receiving education and training through USAID-funded programs	5,697 (1999)	TBD
IR22.1	Percentage of girls, 11-15, attending preparatory school in rural Upper Egypt	TBD	TBD
IR22.2	Annual number of teachers and school officials trained	TBD	TBD
IR22.3	Number of Community Development Associations, NGOs, Parent Teacher Councils and Community Education Teams and private sector groups supporting USAID reform programs	32	TBD

Program Budget

Previous sections have outlined the substantive changes in the Mission's strategy and activities with a renewed and expanded emphasis on education, democracy/governance, and agriculture, along with a tighter focus on financial sector issues within the economic growth portfolio. This section outlines the revised resource allocations associated with the shift in program emphasis.

Original Strategic Budget

Table 6 presents the budget as approved in the original strategy. Overall the total budget follows the negotiated budget glidepath of \$40 million reductions annually through FY2008 with a \$7.5 million reduction in FY2009. Over the life of the strategy, \$1,980 million (35.5%) had been planned for use as cash transfers, \$1,900 million (34%) for use the commodity import program, and \$1,702 million (30.5%) for use as project assistance.

Per the original strategy, economic growth received over 46% of project assistance, with Health/Population receiving 16%, and Workforce Development receiving 10% of planned funding. All other sectors each received less than 10% of total project funding as follows: Infrastructure (9.7%), Democracy/Governance (8.4%), Environment (6.8%), and Education (2.6%).

Revised Strategic Budget

As a result of the program review, the budget for the strategy period has been significantly realigned beginning in FY2003. While this budget is based on the same glidepath as the original budget, obligated amounts for FY2000-FY2003 and planned figures for FY2004 vary from the glidepath due to funds being

carried over from previous years, the re-obligation of de-obligated funds, and deductions for budget rescissions and parking fines.

Aside from such adjustments to the total budget, the allocation of funds changed significantly in response to the Administration's new directions under the Middle East Partnership Initiative and the joint State/USAID review of the Egypt program. Table 6 compares the allocation of project funding for the period FY2003-FY2009 under the original and revised budget. Economic growth continues to be the largest strategic sector, but with a reduced share in total funding from 53.7% to 39.5%. Funding for education is increased from nothing over this period to \$209 million or 21.6% of the total funds over this period, while health/population funding increases by \$20 million to just over 17% of total funding. Democracy/governance funding increased by \$56 million to just less 16% of total program funding. Infrastructure funding increased by \$32 million to extend small-scale water provision efforts in rural areas and to help promote sustainability by improving management practices in the utility sector. Funding for workforce development was eliminated and that for environment was reduced by half compared to originally planned levels. After FY2004, no funding is planned for workforce development, infrastructure or environment activities.

Table 6: Comparison of Project Funding Allocations for FY2003-2009 Under the Original and Revised Budgets

Programs	<i>(US\$ millions/percentages)</i>			
	Original		Revised	
16 Economic Growth	481.20	53.7%	382.50	39.5%
17 Workforce	124.90	13.9%	-	0.0%
18 Infrastructure	-	0.0%	32.45	3.4%
19 Environment	48.00	5.4%	24.89	2.6%
20 Health	145.85	16.3%	165.68	17.1%
21 D/G	96.85	10.8%	152.95	15.8%
22 Education	-	0.0%	209.06	21.6%
Total	896.80	100.0%	967.53	100.0%

Program Management

Staffing

In accordance with the USAID staffing template, the Mission plans to reduce USDH staffing levels from the current level of 48 to 35 by the end of FY 2005. The GOE and the USG agreed that, starting in FY 2000, development funding allocated to the Egypt Mission would steadily decline. In conjunction with this reduced funding, the management units needed to implement the Egypt program are also being reduced in order to promote efficiency and effective use of taxpayer resources. Finally, the Mission will reorganize its office structure in order to promote flexibility and to enable the Mission to meet the needs of a changing program. These four separate but related actions will result in an acceleration of the staff cuts identified in the original Strategy Paper. Table 10 indicates that USDH staffing levels will be higher than identified in the Strategy Paper, while the USPSC and FSN levels will be lower. The FY 2009 total staffing levels for the Mission is projected to be approximately 12 % lower than the one identified in the Strategy Paper.

Annexes

Preliminary Closeout Reports

Objective 17: Skills Developed for Competitiveness

SO Name: Skills Developed for Competitiveness

SO Number: 263-0281

Approval Date: 09/29/2002

Geographic Area: Nationwide

Total Cost: \$ 44,010,000

USAID Mission Funding: ESF

Principal Implementing Partners:

Private Sector Beneficiaries (Companies, and Advanced Partners)

The Future Generation Foundation (FGF)

The Egyptian Foundation for Technology Education Development (EFTED)

The Alexandria Business Association (ABA)

The Egyptian Tourism Federation (ETF)

The Egyptian Junior Businessmen Association (EJBA)

The Ministry of Education (MOE)

The Ministry of Communications and Information Technology (MCIT)

Main Partner Contributions (To Date):

Cost Share in Management and Competitiveness Training Events: \$160,000 plus LE 750,000 by private sector companies and individuals.

Private School Contributions in IT in Schools: LE 800,000

GOE Contribution to IT in Schools: \$400,000

GOE ETU Contributions: 127 acres plus payment by MCIT of first installment of LE 12.5 million of the price of the land (LE 65 million), these figures were provided by MCIT.

Egyptian Tourism Federation (ETF): \$70,000 Cash+ \$20,000 In-Kind contributions.

Changes in Results Framework

SO 17, Skills Developed for Competitiveness, was approved with a framework that included four IRs (Attachment 1). An AAD amendment in August 2002 modified the framework to one which had three first levels IRs (Attachment 2). The original framework was activity-oriented with results in the areas of management, skills development, IT skills development, and cluster development activities. The new framework addressed (a) the provision of market responsive skills in general with an emphasis on IT, management skills, and tourism training; (b) improving the institutional capacity of in-country education and training institutions; and (c) Leadership Training.

Activities leading to the achievement of the Leadership IR were never started because of Mission's evolving priorities and strategic focal areas.

SO 17 Termination and Merge with SO 22

The 2003 Mission program review resulted in a decision to terminate SO 17 and complete some of its activities under the Education Objective, SO 22.

The SO was approved with a Life of SO Funding of \$127.8 million and a completion date of September 30, 2009. At the time the decision was taken to terminate the SO, \$44,010,000 had been obligated out of the total planned amount. Of this amount, \$37,735,000 was obligated directly under SO 17, and a \$6,275,000 was obligated through the central Mission training mechanism Development Training II, which started as Special Objective E.

The following table lists those activities which will continue under SO 22, and their expected completion dates, and those that were terminated and their termination dates.

	Activity Name	Completion Date
1	Egyptian Technology University (ETU)/ IT Cluster Development/	5/2003
2	Management Development Training, Workforce and Competitiveness Activities	12/2004
3	IT in Schools-Ed Technology in Schools	Continuing - Subsumed under SO 22
4	Alexandria Institute of Technology (AIT) ALO Grant	9/2004
5	MBA Training	Cancelled before first round of MBAs. Three groups were funded under DT2 resources.
6	Certified IT Training	12/2004
7	FGF Grant	TBD (Not started)
8	School To Work (STW)	Continuing - Subsumed under SO 22
9	Tourism Cluster Development	4/2006, Continuing - Subsumed under SO 22
10	Leadership Fellowships	Not Started
11	World Class Business School Development	Not Started

The most recent SO 17 Annual Report for 2003 is attached (Attachment 3).

This Closeout Report addresses the ETU/IT Cluster Development (Activity 1 above) which was terminated in May 2003, and updates those activities that will be subsumed under SO 22 or will be completed in 2004.

The ETU/IT Cluster Development Activity

The purpose of this activity was to create a sustainable capacity for the development of IT skills, through the establishment of a modern, high-quality Egyptian Technology University

(ETU), to introduce new approaches to curriculum design and market responsiveness. This was to be done through funding linkage grants with one or more U.S. universities. The ETU was to be closely connected to the private sector through market testing of its educational services, R&D, and consulting activities.

The ETU establishment had met a number of delays early-on, due to the required procedures for its establishment which included the allocation of the land, the establishment of the NGO, getting prime ministerial approval in preparation for the issuance of a presidential decree, and the allocation of the money.

Upon termination of the activity, many of the delays encountered had been overcome. Since termination: 127 acres were devoted to the ETU at the Sixth of October City; the MCIT had paid the first installment of LE 12.5 million of the price of the land (LE 65 million); EFTED, the NGO supporting and overseeing ETU development was established and became operational; the GOE set aside LE 75 million for campus construction; a contract for the Master Plan is ready for award; and a comprehensive Skills Gap Analysis to inform curriculum design and educational program selection was completed.

Assistance in the establishment of the ETU and IT Cluster Development was provided by IBM Global Services (previously PwC) and Virginia Tech through subcontracts with PaL-Tech, the main technical assistance contractor for SO 17.

USAID's support has provided the ETU: (a) technical assistance to help with the master plans for campus development; (b) a comprehensive skills gap analysis that would guide educational selections at the ETU, (c) technical assistance in education institutional development; (d) a study on the establishment of a distance learning branch at the ETU; (e) an IT Opportunities Portal; (f) assistance in setting the legal framework for the establishment of the ETU and the EFTED; and (g) a number of IT cluster development workshops and training events aimed at refining IT human resource development demands, improving the competitiveness of the sector, determining the IT penetration in various sectors in Egypt and recommending next steps for increasing IT investments in Egypt.

Management Development Training, Workforce and Competitiveness Activities

Additional closeout reporting on this activity will be submitted upon its completion in December 2004. This training was set up to address the constraints to Egyptian competitiveness identified in many previous studies.

Description of Sub-activities

Team Learning Lab (TLL)

The TLL intervention was designed to work with small teams (8-10) from participating companies. Teams use a structured approach with the assistance of experienced facilitators, to identify and solve important and pressing business issues, where there is some urgency to achieve a better result or to do the process in a better way. Team members are led through a series of experiences that give them new thinking, analytical and process tools with which to approach these issues.

Examples of results achieved from TLL participation include: MIBank reduced administrative costs by 10% (3.5m EGP). Conytex textiles (SEKEM Group) increased productivity by 45%. Wadi Food reduced costs by 500,000 LE and egg hatchability by 2% (worth 8,000 LE per day). Schering Plough increased sales 45% and sales team

productivity by 30%. Vacsera reduced order cycle time by 40% and telecommunications costs by 30%.

Corporate Development Program (CDP)

The goal of the CDP is to contribute to improved competitiveness of Egyptian companies by providing customized consulting and training services. CDP involves three phases: Phase 1 is an analysis of the firm's performance and includes the identification of revenue-enhancing actions that the firm can implement immediately. Phase 2 includes implementation planning based on the analysis and launch of high priority actions. Phase 3 includes short-, medium- and long-term implementation of recommendations and actions.

The training provider, with guidance and linkage from the PfCE/MDI/P1 team, recruited, trained and certified fourteen Egyptian coaches in the application of an off-the-shelf performance improvement model, to conduct strategic needs assessments on selected Egyptian companies. This was going to take place over three years, but has been limited to six months because of the program's termination. The training provided the use of performance improvement model and the skills associated with conducting strategic corporate needs assessments and identifying performance improvement tools in four companies. Impact of this program on the four companies that started will be measured in 2004. Plans for engaging another ten companies a year for three years have been cancelled because of program termination.

In Phase 1, an analysis of the firms' performance and identification of revenue-enhancement actions were completed for the following companies by September, 2003:

1. Arab African International Bank in July 2003
2. El Sewedy in August 2003
3. Egytrans in September 2003
4. Nounou Brothers in September 2003

An implementation executive coaching phase was completed for three of the pilot firms by 31 January, 2004. Fourteen Egyptian consultants became qualified coaches. Results of needs assessments for the above first two companies were presented to the top management of respective companies. Based on the recommendations outlined in the needs assessments, the companies will start implementing proposed interventions and activities. The impact of these interventions/activities will be measured during year 2004.

Executive Development Program (EDP)

The program is designed to meet the needs of senior executives of medium-sized businesses in Egypt. It is positioned to help them further refine their leadership skills and perspective in their senior roles. The program is modeled after programs in the US which address executives at similar levels. It draws on faculty from leading business schools and consulting organization, as well as on the expertise of successful business executives.

The EDP consists of 12 sessions over a period of 15 months targeting 67 of senior executives. Each session is comprised of two-day seminar and an evening opening session. Sixty-seven executives were selected based on professional background, position and general attitude towards learning and sharing information. A key to the program success is the establishment of a committed cohort of executives who attend all

program sessions and participate fully in the pre- and post-program activities. The implementing contractor of this program is PalTech.

All twelve EDP-I sessions have been completed. Thirty two (30 males and 2 females) executives attended EDP-I. Thirty five (30 males and 5 females) executives attended six sessions of EDP-II.

The themes and dates of each session are provided in attachment (4).

In July, 2003, PfCE/MDI conducted an informal qualitative evaluation of EDP-I. The purpose of the evaluation was to gather preliminary evidence of the impact of training on firm performance. The EDP program will be formally evaluated in May 2005 after the program's conclusion in December 2004.

Sample Results

New Employment: Over 500 new jobs were created including general managers, marketing professionals, customer service representatives, quality assurance managers and export managers. New hiring was primarily a result of applying concepts, related to making the business more corporate and professional, that were presented in the EDP.

Export: Of the sample participants, 37.5% revealed that their exports increased significantly. One company's representative indicated that they now export 90% more of one of their main products. Another advised that 76% more of their products were exported. A third one increased the export share of revenue by 30%.

Delegation: Some respondents have hired general managers, and others delegated, empowered, and transferred knowledge to subordinates, to allow the respondents to focus more on strategy and long term planning.

Cost Saving: The following examples shared by various respondents all resulted in decreasing costs. One company saved 70% of the cost of building a new plant by allowing employees to design and build the plant. Another, rather than investing in new machinery, outsourced a portion of production to a subcontractor. A third one saved production costs by upgrading their quality assurance system.

Sales Growth: One of the interviewed companies indicated 75% increase in total sales. Another attributed 37% sales growth of the product line to the strategic decision of outsourcing a marketing plan and campaign to experts in the field.

General: Two companies have launched a Research & Development department. Most of the respondents view their employees as assets not as costs. Networking among participants had a great impact in sharing experiences, transferring of knowledge, and building strategic alliances.

IT in Schools-Ed Technology in Schools

This activity is being subsumed under SO 22 and will be completed by December 2005.

The Alexandria Institute of Technology (AIT) ALO Grant

SO 17 suggested the exploration of distance learning as a possible solution of Egyptian high education and training problems, and as "marketing" was identified as one of the main constraints to Egyptian competitiveness, USAID responded to requests from the AIT for establishing a distance learning program for achieving these goals.

Under a special solicitation for Egypt, the Association Liaison Office (ALO) for University Cooperation in Development issued a Request for Applications on May 10, 2002, that primarily focused on IR 17.2, Increased Institutional Capacity to Provide Market Responsive Education and Training. This solicitation sought proposals from U.S. higher education institutions interested in working with the AIT on developing Egypt's human resource capacity in business management, with a focus on international marketing and e-commerce, through instruction delivered by distance learning technologies. Georgia State University won the sub-grant award, which has an expiration date of September 30, 2004.

By the end of the project, this activity will have achieved the following results:

- Established a high-quality, four-to-six-month long, continuing education marketing course, with an emphasis on international marketing and e-commerce, designed for mid-level and higher-level Egyptian managers.
- Developed AIT's capacity to take full advantage of multi-media and information technology teaching applications, such as CD-ROM-based and/or on-line marketing simulations.
- Developed Egypt-specific case study course materials.
- Trained AIT Egyptian faculty on how to teach using case-study methodology.
- Established high-quality distance education facilities at AIT to ensure sustained delivery of the marketing courses.
- Transferred distance learning expertise to AIT through sustained partnership linkages.

MBA/MBIT Training

The MBA/MBIT activity responds to a strong demand in Egypt supported strongly by GOE, for highly qualified managers. The lack of such well trained managers had always been identified as major constraints to Egyptian competitiveness and productivity and thus economic growth.

The MBA Training component was funded using DT2 funds. Three cohorts of MBA candidates started coursework in the US between 2000 through 2002.

<i>MBA Scholarship Recipients</i>					
<i>Year of Entry</i>	<i>U.S. MBA Women</i>	<i>U.S. MBA Men</i>	<i>Joint MBA Women</i>	<i>Joint MBA Men</i>	<i>Total</i>
<i>2000</i>	<i>5</i>	<i>7</i>	<i>4</i>	<i>5</i>	<i>21</i>
<i>2001</i>	<i>4</i>	<i>19</i>	<i>2</i>	<i>3</i>	<i>28</i>
<i>2002</i>	<i>4</i>	<i>19</i>	<i>none</i>	<i>none</i>	<i>23</i>
<i>Total</i>	<i>13</i>	<i>45</i>	<i>6</i>	<i>8</i>	<i>72</i>

By June 2004, all 72 scholarship recipients will have completed their degree programs and will have returned to Egypt. One of the Year 2000 Joint MBA graduates requested a waiver of the 2-year Egypt residency requirement after graduation and he refunded the entire cost of the program back to IIE/DT2.

Certified IT Training

Activity will terminate by December 2004.

This activity has been identified by PWC/IBM previous work funded by USAID as having high growth and employment potential. Together with management and tourism, IT was an identified focus area for skills development leading to increased employment and increased competitiveness of the sector.

FGF Grant

Mission is yet to decide on the planned FGF grant based on a proposal to be submitted soon requesting support for executive management training. If funding is approved, this activity will be implemented under the SO 22 strategy.

School to Work

This activity will be subsumed under the SO 22 revised strategy.

Tourism Cluster Development Activity

The Egypt Tourism Workforce Development Program is a ground-breaking effort led by the ETF to provide demand-driven, industry-led training for supervisors and front-line workers in the hotel industry. The tourism cluster was identified in a 1999 study as having very high prospects for labor-intensive growth. The goal of this training program is to develop a link between the hotel industry and hospitality-training providers so that trainers respond to employers and to the requirements of global competitiveness. The program is designed and implemented in partnership with IBM Business Consulting Services (formerly PWC Consulting) and the American Hotel & Lodging Association/ Education Institute (AH&LA/EI).

Focused on the urgent need for training in the 2-, 3-, and 4-star hotels throughout Egypt, the program's regionally-based and mobile Hospitality Master Trainers are delivering training on a district by district basis throughout six Egyptian Governorates: Cairo, Giza, Alexandria, Red Sea, South Sinai, and Luxor. Egyptian Hospitality Master Trainers, certified through the AH&LA/EI Certified Hospitality Trainer program, deliver a training of trainers course of international standards to supervisors who, in turn, train their own front line staff in the Front Office (FO), Food & Beverage (F&B), and Housekeeping (HK) service areas. AH&LA/EI training materials are customized to meet Egyptian needs.

Since July 2002 when training started, over 8,000 have been trained through this program. This includes:

- 22 Hospitality Master Trainers (certified by AH&LA/EI)
- 950 Supervisors
- 7,200 Line-Level Staff

Because of the "training of the trainer" approach of the program, a multiplier effect is beginning to take hold. As Master Trainers train more supervisors, these supervisors train more line-level staff. Expected beneficiaries as a result of this approach include:

- 8,400 hotel workers by February 2004. (This number represents approximately 33 percent of the total FO, F&B, and HK workers in 4, 3, and 2 star hotels.)
- Institutional capacity established within the ETF, central to ensuring the training program's long-term sustainability and success.

- A significantly enhanced industry awareness of customer service, professional certification, and the value placed on credentials which, ultimately, will result in a more competitive growing hotel industry attracting new and return visitors.

The initial 2-year Task Order expired on February 9, 2004 and received a 60-day, no cost extension through April 9, 2004. Project received approval for a 2-year extension, ending April 2006 and will be subsumed under SO 22.

Leadership Fellowships

As described earlier, the program was not started because of Mission's refocusing its resources on a smaller number of objectives and results.

World Class Business School Development

This program was planned for later years of the life of the Objective after the development of an executive management training program with the FGF. Because of delays in awarding an FGF grant, and termination of SO 17, the program was never started, although some initial studies were supported.

Overall Impact In Relation To What Was Originally Planned

SO Level

The SO 17 goal was to raise Egyptian Competitiveness through management and training activities. At the SO level, two indicators were designed to measure the attainment of this goal. They were based on the Global Competitiveness Reports (GCRs) issued annually by the World Economic Forum (WEF). The first measures the sophistication of management practices related to company operations and strategy, and the second measures the extent and sophistication of IT use by Egyptian firms. The baseline data for these indicators and the results achieved by SO17 based on a 2003 small sample survey is summarized below in table (1). A more comprehensive survey based on a larger sample of beneficiaries and accounting for other outputs will be conducted in 2004, and a final survey will be conducted in 2005 following the completion of the main activities contributing to the SO level result in December 2004. Additional information on the characteristics of the surveyed beneficiaries and the changes undertaken associated with and resulting from SO intervention are available in the annual PfCE report, 2003.

The GCR measures country competitiveness through a combination of hard data and an Executive Opinion Survey of business leaders in each country. The Executive Opinion Survey in 1999 and 2000 consists of 12 sections, each consisting of a set of questions related to factors at the macro and micro levels which influence a country's competitiveness. In 2000, a set of fifteen questions were used to measure company operations and strategy. Egypt scored below average on most of the indicators and was ranked 44 out of 58 countries surveyed on the operations and strategy index.

In order to address these weaknesses, USAID SO 17 team designed several programs to impact the human resources and management elements of company operations. Programs targeted senior and middle level managers of private sector companies. The TLLs, EDP, and CDP were developed to address weaknesses in management practices in private sector companies. The objective was to empower business leaders with necessary tools and techniques to improve their firm's competitiveness and to work as change agents in their businesses and consequently in their community. An IT cluster was formed of IT companies, business leaders and government officials. Several meetings were organized to foster cooperation among participants and to develop strategies for development. A training

program was conducted to enhance the professional capabilities of service providers of Enterprise Resource Planning software systems.

Company Operations Index

A baseline was drawn out of the GCR for a selected set of indicators captured in the Executive Opinion Survey that are relevant and clearly affected by USAID interventions. Those indicators are: Approach to Human Resources, Delegation of Authority, Compensation Policies, Marketing, Customer Orientation, and Competence of Senior Management. Respondents to the Executive Opinion Survey indicated the views regarding each factor related to firm competitiveness on a scale of 1 to 7, where seven represented a level of sophistication on par with the world's most competitive firms and one represented the lowest level of sophistication. Respondents were asked to rate their view of the business environment in Egypt on each of the indicators.

Company IT Use Index

A second index was developed from the GCR Executive Opinion Survey to measure company competitiveness in use of Information Technology and the Internet.

A set of five indicators derived from the GCR were selected to measure IT use in companies. Those five indicators were based on the percentage of companies using: E-mail, Internet for E-Commerce, Internet for customer service, Internet for supplier relations, and Internet for information.

The 2003 Survey

A survey of the SO17 Company Operations Index and IT Use Index was conducted by PfCE in November, 2003 among the participants of four of the programs implemented in 2002-2003 by the Management Development Initiative (MDI) component of the project. The four programs are the TLLs, the EDP, the CDP and the Great Plains IT applications training. A description of each of the programs is contained under the relevant activity sections above.

Company Operations Index

Table (1) below shows significant improvements on all management indicators compared to the baseline in 2000. Customer Orientation remained the indicator with the highest score both in 2003 and 2000. This indicator increased by 34% in 3 years showing that management training has focused the attention of companies on core issues affecting competitiveness. Delegation of Authority has demonstrated the highest increase among all indicators (77%). This dramatic improvement represents a sharp turn around and is particularly significant for the mostly family- owned businesses in the sample who traditionally have concentrated power in owners' hands. It demonstrates that these firms have begun hiring professional managers and delegating authority to subordinates – both critical success factors to competing successfully on the global stage.

Company Operations Index (Table 1)

The Company Operations Index for 2003 exceeded the target established in the SO17 PMP by 34%. The outcome of the 2003 survey revealed a score of 5.27 while the Performance Monitoring Plan Target for 2003 was 3.93. USAID interventions in SO17, therefore, exceeded expectations in improving business practices in participating companies in Egypt. Companies which participated in USAID management development programs achieved higher outcomes compared to the average country results reported by GCR. The results demonstrate that “skills for competitiveness” were significantly improved as a result of USAID assistance. These results are corroborated by the results of a qualitative evaluation of the EDP-I conducted in July, 2003 and available in SO files.

Value	Baseline 2000	Survey 2003
Approach to Human Resources	3.60	5.15
Delegation of Authority	3.00	5.33
Compensation Policies	4.10	5.29
Marketing	4.00	4.19
Customer Orientation	4.40	5.90
Competence of Senior Management	4.10	5.77
Company Operation Index	3.87	5.27
Target 2003		3.93

Country data for Egypt were not reported in 2002-03 report. Data for 2003-04 is not available at the time of preparing this report.

IT and Internet Use in Business Index

IT and Internet Use in Business Index (Table 2)

The GCR of 1999 and 2000 attempted to estimate IT penetration through a number of indicators. A number of questions were asked about percentage of companies in each country that are using E-mail or internet applications. Subsequent GCR reports discontinued using those indicators as a separate report was issued by WEF in 2001 to assess e-readiness of countries in which more detailed analysis was conducted.

Value	Baseline 1999	Survey 2003
Email	85.83	97.92
Internet for E-commerce	31.43	60.42
Internet for Customer Service	51.43	70.83
Internet for Supplier Relations	52.94	54.17
Internet for Information	97.44	89.58
Company IT use Index	63.81	74.58
Target	63.81	74.00

Due to small sample size in 2000, the probability of error is high.

Also the way questions were phrased of either yes we use internet or no we don't a bias will occur toward yes where companies using internet even to a slight degree will be added to yes.

Because of errors discussed elsewhere in the WEF sample of 2000 on questions related to this index, the 1999 is used as a baseline.

Table (2) above shows that targets were met in 2003 by firms participating in SO17 management programs and IT cluster activities. The indicators measuring the use of email and the use of the Internet for obtaining information achieved the highest scores in the survey. The use of the Internet in supplier relations has not significantly changed from 1999 and declined from 2000. Respondents indicated that this is because most of their suppliers are in the Egyptian market. Due to the low overall diffusion of IT in Egypt, respondents by and large have very low levels of IT use in supplier relations. The highest increase was in using internet for E-commerce. This could be attributed in part to the emphasis in SO 17-sponsored programs on export and global issues. Participating firms are given tools to develop strategies and practices which allow them to see their firms in the context of the global economy.

IR Level Indicators

The IR level indicators centered around improvements in the employability of young Egyptians as a result of SO 17 IT training interventions, and improvements in the contributions of the trainees to the work of their employing firms, as a training result for those who were employed before training. For both indicators targets were met and exceeded.

Lessons Learned

The ETU Development Activity

Higher education institutional establishment and development takes significant time to start and acquire momentum. USAID terminated this activity about fifteen month after starting to deliver assistance, shortly after the initial technical assistance tasks had been delivered. This was insufficient for the project to take significant steps towards development of the university or to evaluate approaches used. USAID should carefully plan and allow enough time for the start of projects it intends to implement. While it is not possible to predict program changes or re-focusing of the type that led to the termination of this project, efforts should be made to allow such activities to run until meaningful returns on the USAID investments are obtained. The sudden termination in May 2003 minimized the value of returns on USAID's initial investment. A more gradual phase-down would have allowed the ETU to make better use of the assistance delivered.

From the Certified IT Training Activity

While most training courses for the unemployed had significant positive effects on the employability of trainees, the comprehensive Skills Gap Analysis results indicate that entry level IT training is insufficient to accomplish sustained increases in employment in IT sector firms. To achieve such significant increases in employment in this sector training aimed at raising the competitiveness of the whole company and not separate individuals is needed. SO 16, Environment for Trade & Investment Strengthened, is undertaking such activities addressing competitiveness in IT companies in a more holistic way.

Summary of Performance Indicators Used and Assessment of Their Relative Usefulness for Performance Management and Reporting

The SO level indicators have been described above. The indicators selected are suitable for measuring changes in the overall competitiveness and economic performance of the participating companies as evidenced by the alternative qualitative questionnaires conducted.

Prospects for Long-Term Sustainability of Impact and Principal Threats to Sustainability

Prospects for sustainability of Tourism Training, IT in Schools and Management Development Training are high. The selection of mode of delivering assistance was done in a manner conducive of sustainability. For Tourism Training and IT in Schools, the activities emphasized training of trainers; the investment on the training side was in developing the training program and modules. Further delivery of the training will cost less and therefore will be more sustainable. For IT in Schools the initial investment was in developing a on-line Educator Resource Network (ERN) that hosts all the needed educational resources. Subsequent to this initial investment, all schools beyond the pilot of 14 schools can have access to these resources at minimal additional cost, which make further expansion of beneficiaries sustainable and within the reach of the MOE.

List of evaluations and special studies conducted during the life of the SO, including Annual Reports

- A small sample informal evaluation of the EDP-I was conducted in late 2003 by PalTech.
- EDP formal evaluation, May 2005, TBD.
- Evaluation and follow-up on all IT Training is conducted on a regular basis (2002, 2003) by the Career Development Center (CDC) under a sub-contract with the central training contractor, IIE.
- A Cluster Background Report by Price Waterhouse Coopers, October 3, 1999.
- A Tourism Cluster Report by Price Waterhouse Coopers, January 12, 2000.
- An Agribusiness Cluster Report by Price Waterhouse Coopers, January 12, 2000.
- Study identifying the tourism cluster, Price Waterhouse Coopers, 1999.
- Some initial studies to award the FGF Grant and fund World Class Business School, Kevin X. Murphy (2000), and Ali Abbass (2001).
- Annual Reports for 2002 and 2003 (Attachment 3).

List of Instrument Close-out Reports

- Partial termination letter, May 2003.

Names and Contacts

Adel Gohar, Alan Kohan, Kurt Fuller

Attachments

1. SO 17 Framework
2. SO 17 amended Framework
3. Annual Reports for 2002 and 2003
4. EDP themes and dates of each session

EDP THEMES AND DATES OF EACH SESSION

EDP-I		
Session	Date	Theme
1	September 27-29, 2003	The Changing Role of Leaders in a Global Economy
2	October 18-20, 2002	Transforming Organizations: The Leader's Role
3	December 13-15, 2002	Smart Strategies: How Leaders can Plan More Effectively
4	January 17-19, 2003	Financial Strategies for Enhancing the Value of a Business
5	February 21-23, 2003	Driving Quality through Business Enterprise
6	March 14-16, 2003	Leading Strategic Change
7	April 18-20, 2003	Measures that Matter: Using the Balanced Scorecard to Achieve Strategic Goals
8	May 16-18, 2003	Performance Measurement: Crafting Successful Alliances and Partnerships
9	June 20-22, 2003	Developing a Marketing Orientation
10	September 12-14, 2003	Implementing Strategies for Business Success
11	October 17-19, 2003	Special Challenges for Egyptian Businesses
12	December 5-7, 2003	Developing New Leaders within your Organization

EDP-II		
Session	Date	Theme
1	September 19-21, 2003	Personal Leadership and Strategy: The basis for Business Success
2	October 10-12, 2003	The Changing Role of Leaders in a Global Economy and Setting up the Sales Force
3	December 12-14, 2003	Strategic Alliances
4	January 16-18, 2004	Marketing Strategy
5	February 13-15, 2004	Financial Strategies for Enhancing the Value of a Business
6	March 19-21, 2004	Building a Culture of Quality: The Leader's Responsibilities
7	April 16-18, 2004	Performance Measures: Using Performance Measurements as a Strategic Tool
8	May 14-16, 2004	Transforming Organizations: The Leader's Role
9	June 11-13, 2004	Smart Strategies: How Leaders can Plan More Effectively
10	September 17-19, 2004	International Human Resources Challenges, Managing and Growing the Family Business, and Egypt's Best Practices in Human Resources
11	October 8-10, 2004	IT Strategy
12	December 10-12, 2004	Fostering Innovation and Creativity

Objective 19: Improved Management of the Environment and Natural Resources in Targeted Sectors

SO Name:	Improved Management of the Environment and Natural Resources in Targeted Sectors
SO Number:	263-0019
Approval Date:	FY 2000
Geographic Area:	Egypt
Total Cost:	

	In US \$	GOE (FT-800 + In-kind contribution) in Egyptian Pounds	Comments
EEPP TA	73,501,834	848,600	
EEPP Cash transfer	100,600,000		
CAIP	60,000,000	48,000,000	
Antiquities EAP		50,400,000	The Egyptian Antiquities Project (EAP) Grant; duration: 1993 - 2003, Status: fully disbursed.
ADP	2,500,000	10,800,000	The Antiquities Development Program (ADP) Grant; duration: 1996 - 2005; Disbursed to date: \$2.5 million & LE 5,093,015. Dollar funding came from the Technical Cooperation and Feasibility Studies II Project obligated under the Economic Growth Program. Local currency funding provided from the FT-800 (USAID Trust Fund) account.
EAC		53,000,000	The Egyptian Antiquities Conservation (EAC) Grant; duration 2004 - 2009; Status: currently being procured (to be subsumed under SO 16)
DCA	668,000		To be subsumed under SO 16
LIFE	16,000,000	102,000,000	To be subsumed under SO 16
Total	253,269,834	265,048,600	

Principle Implementing Partners:

Local Partners:

GOE counterparts: Ministry of State for Environmental Affairs' Egyptian Environmental Affairs Agency (MSEA/EEAA), the Ministry of Petroleum's Egyptian Natural Gas Holding Company (MOP/EGAS), the Ministry of Tourism's Tourism Development Authority (MOT/TDA), the Ministry of Electricity and Energy's Organization for Energy Planning (MEE/OEP); Ministry of Water and Resource Irrigation; and, the Governorates of Cairo, Alexandria, Red Sea and Qalyoubia.

Contractors: The International Resources Group (IRG); PA Consulting; Nexant; the Academy for Educational Development (AED); Abt Associates; Chemonics International, and grants to the Food and Agriculture Organization, the U.S. Environmental Protection Agency, the American Research Center in Egypt (ARCE), Louis Berger, and Save the Children.

Summary of overall impact at SO level and IR level

SO Level

The Environment Program had a significant and broad impact on the management of Nile River water resources, urban/industrial pollution, Red Sea natural resources and energy efficiency. Approved as part of the Mission's 2000-2009 Strategy, the program was designed to be implemented in two phases. Phase one focused on assisting the Government of Egypt (GOE) to formulate policies and regulatory standards, increase institutional capacity for monitoring and enforcement, promote adoption of environmental best practices, and privatization of select environmental and natural resource services. Phase two was to assist the GOE and private sector to implement policies and regulations leading to actual improvement in environmental conditions in selected sectors. This report will focus on the impacts and achievements against the first phase of the strategy from FY 2000 to 2004.

USAID/Egypt assisted the GOE establish an impressive array of environmental policies, regulations and institutional capacities for monitoring and enforcement. The Egyptian Environmental Policy Program (EEPP) achieved over twenty-five major environmental policy objectives. The program established the largest protective mooring buoy system in the world to protect coral reefs along the Red Sea, along with training and equipping over forty Nature Conservation Service Rangers stationed along the Red Sea coast. Major environmental management services were privatized. Private water user associations in selected pilot areas took over the management of Nile River water resources/irrigation services. Agricultural productivity and efficiency increased due to private sector led integrated water resources management in the pilot areas and the formation of thousands of Water User Associations. Solid Waste Management (SWM) services for 15 million Egyptians improved through privatization. The Cairo Air Improvement Project (CAIP) improved air quality in Cairo, reducing lead pollution levels by 75 percent in the hardest hit poor urban area of Shoubra El Kheima, greatly improving the living conditions for 4.5 million citizens. Finally, the program established an air quality monitoring system for greater Cairo.

The second phase of the SO 19 strategy will not be implemented as designed. However, many of the original initiatives, sectors and geographic areas will be supported at the grassroots level through activities to be implemented under the Livelihood and Income from Environment (LIFE) program (FY 2004 – 2008).

IR 1: Fostering Public-Private Partnerships

In addition to the SWM privatizations in Cairo, Alexandria and Qalyoubia, USAID's assistance led to a significant increase in the number of private and quasi-private sector companies offering energy efficiency services in the Egyptian market. It also led to the development of strategic plans to accelerate natural gas use in the industrial, commercial, and transportation sectors in Egypt. School teachers were trained on the use of a newly developed Energy Efficiency Learning Supplement to increase the awareness of school children.

The shut down and relocation of the largest lead smelter in Egypt was brokered by CAIP through a partnership between the smelter owner and the Governorate of Qalyoubia. The private sector company, responsible for more than half the national production of lead ingots, collaborated with the project and the GOE and has now moved to a new modern facility in an industrial zone. The quality of its production has improved dramatically, waste has been minimized, and the owner has made plans for further expansion.

IR 2: Increasing Investment in Environment and Natural Resource Best Practices and Technology.

As a result of USAID's assistance in the Red Sea, hotels instituted best environmental practices leading to significant energy, water and solid waste reduction and improved management in an area of scarce natural resources.

Technical assistance for the sustainable tourism development of Red Sea Governorate helped equip and build the capacity of Red Sea Rangers and increasing the number of qualified rangers. As a result of coordination among GOE entities and the development of a management zoning plan for the southern Red Sea coast, the GOE declared the "Wadi Gamal-Hemata" a new protected area. USAID supported the improved enforcement of environmental impact assessment (EIA) for tourism facilities along the Red Sea coast, instituting the requirement of undertaking an EIA and seeking the approval of the Egyptian Environmental Affairs Agency (EEAA) prior to the approval of the Tourism Development Authority (TDA) to initiate construction of a facility. An institutional home was found and fortified at EEAA for industrial environmental inspections and enforcement. Support was also extended to the Egyptian Government to implement Environment Management System (EMS) programs to promote environmental best practices such as water and energy conservation. The development and adoption of an ecologically sensitive land use zoning plan will have a significant impact on the conservation of the natural resources in the region.

Under CAIP, USAID/Egypt promoted the use of compressed natural gas (CNG) as a cleaner fuel for transportation. USAID provided fifty CNG municipal transit buses, encouraging the Governorate of Cairo and the Cairo Transit Authority (CTA) to develop and adopt a CNG conversion plan for their entire bus fleet.

Significant changes in the Results Framework during the life of the SO

This objective was approved in 2000 with the development of the Egypt strategy for 2000 – 2009. The results framework did not change significantly during the reporting period 2000-2004.

Summary of activities used to achieve the SO and their major outputs

Activity 1: Cairo Air Improvement Project (CAIP)

The CAIP, a \$60 million project, addressed reduction of emissions of the two most hazardous air pollutants in the Greater Cairo region - lead and particulate matter. The main interventions supported by CAIP included:

- Improved fuel efficiency and cleaner operation of vehicles in Greater Cairo by instituting a vehicle emissions testing and tune-up program in Giza and Qalyoubia;
- Compressed natural gas introduced through a pilot project that converted elements of Cairo's public transportation sector to CNG and established a state-of-the-art vehicle emissions testing center with the Misr Petroleum Company;
- Reduced total suspended particulate emissions from vehicles by converting buses to compressed natural gas;
- Reduced lead emissions from smelters by 75 percent by closing polluting lead smelters in the densely populated area of Shoubra El Kheima; and
- Institutionalized an air monitoring system for the measurement and analysis of the impact of CAIP on the air quality of Greater Cairo.

Activity 2: Egyptian Environmental Policy Program (EEPP)

EEPP is a five year, \$174.1 million policy-based sector program designed to address the primary regulatory, policy, and institutional reforms needed to resolve Egypt's most pressing environmental problems, such as solid waste management, air quality, energy efficiency, and coastal resources management. U.S. dollar cash transfers are made to the GOE as agreed-upon reforms are accomplished. Technical assistance and training for the GOE are provided under a companion project. Various contractors worked to set the stage for attainment of policy reform through training, technology transfer, institutional strengthening, and public awareness building. Local currency resources generated by the U.S. dollar cash transfers are provided as sector budget support to participating agencies. This program ends in September 2004. Some elements eligible for cash transfer credit have yet to be reviewed.

Air Quality Management and Energy Efficiency

This component addresses air quality concerns and provides assistance to the GOE to adopt high priority national air quality strategy and convert to the use of compressed natural gas as a cleaner fuel option. It focuses on policy work to solidify the technical gains made in this area as part of the CAIP. Achievements include the following:

- Promoted a Governorate decree to permanently close all lead smelters in Shoubra El Kheima constituting an environmental and health hazard to the community;
- Developed guidelines approved by EEAA and the Governorate of Qalyoubia to prohibit any activities in former lead smelter sites before their remediation;
- Helped the GOE revisit selected sections of the air quality standards in the executive regulations of the environment law to reflect their health and economic impacts;
- Worked with the Governorate of Cairo to initiate a CNG bus conversion plan for its fleets to maintain momentum for using cleaner fuel in the transportation sector;
- Worked with the Ministry of State for Environmental Affairs to develop and implement an air quality dissemination plan that involves the public in air quality issues;

- Assisted the Ministry of State for Environmental Affairs to initiate a plan converting government vehicles to CNG, setting the example for private Egyptian citizens and showcasing the financial and environmental benefits of using this clean fuel;
- Developed a National Energy Efficiency Strategy Framework which was approved through a public private partnership and the Energy Efficiency Council that USAID also helped to create; and
- Assisted the GOE to develop strategic plans and introduce economic incentives to increase natural gas use in the commercial, industrial and transport sectors.

Red Sea Conservation and Sustainable Tourism

The Red Sea Governorate is a rapidly growing tourist destination and accounts for 30% of the tourist beds in Egypt. Recognizing the relation between tourism and the need to sustain natural resources, significant effort was exerted to build the capabilities of environmental management agencies in the governorate, and institutionalize new policies to promote more pluralistic environmental decision-making and more accountable and transparent regulation in tourism and conservation. Achievements include the following:

- Developed an ecologically sensitive land use zoning plan for a large stretch of the southern Red Sea coast which will ensure tourism development is compatible with the environment. This is the first time such zoning occurred in Egypt;
- Introduced Environmental Management Systems in Red Sea hotels leading to a 50 percent decrease in the consumption of water and energy and improved waste disposal techniques in adopting hotels;
- Completed an environmental impact assessment tool for hotels and resorts that was approved by the Tourism Development Authority and Egyptian Environmental Affairs Agency;
- Supported the declaration of the new Wadi el-Gamal National Park in January 2002 on the Red Sea coast by preparing all necessary studies, documentation and delineation of boundaries;
- Drafted and initiated implementation of a management plan for the new Wadi el-Gamal National Park and prepared a Red Sea Giftun Islands Pilot Management Plan;
- Trained and equipped the increasing cadre of Red Sea Rangers whose numbers have increased from six to over fifty since the activity began;
- Installed more than 700 mooring buoys to minimize damage to coral reefs caused by dive boat anchors, making this the largest environmental mooring system of its kind in the world;
- Established environmental health monitoring systems for various Red Sea ecosystems and species;
- Developed and launched a Red Sea learning supplement with support from the Ministry of Education, the Red Sea Governor and the Ministry of State for Environmental Affairs for environmental education in Red Sea schools;
- Initiated an Environmental Awards Program in Red Sea schools and communities to develop advocacy and problem solving skills for environmental issues;
- Developed a revenue generation and expenditure plan by appropriate GOE authorities for the protection and management of the entire Red Sea coast. When implemented over the course of the next year, this plan will significantly bridge the resource gap between what is needed to sustain good environmental protection on the Red Sea and what is currently available from the GOE;

- Developed communications campaigns with governmental and private sector partners to influence positive behavior among groups who rely upon Red Sea resources including boat operators, dive shops, hotel managers, tourists and more; and
- Supported the upgrade of the Red Sea Governorate's Environmental Management Unit to the higher level General Directorate for Environmental Affairs.

Solid Waste Management

Solid waste collection and disposal management has historically constituted a problem with negative impact on air quality and significant health issues. EEPP has assisted the GOE by providing technical assistance to privatize the solid waste management (SWM) functions, achievements include the following:

- Assisted Egypt to privatize SWM services in the governorates of Alexandria and Cairo, providing more efficient and effective delivery of fee-based SWM services to over fifteen million residents, and creating demand for new technologies to modernize SWM systems;
- Developed a GOE-approved National Municipal Solid Waste Management Strategy emphasizing privatization;
- Produced a SWM privatization procedural manual to provide the governorates with a step-by-step decision matrix on how to privatize SWM services and a practical guide in deciding if and when to privatize their waste management services, and trained governorate staffs on the application of the manual; and,
- Provided assistance to the GOE to develop a hazardous waste management system by coordinating among six different ministries (Ministries of Petroleum, Industry, Electricity, Health, Interior and Agriculture) as stipulated by Law 4. Efforts resulted in four of the above ministries issuing a decree identifying hazardous waste in their respective sectors and specifying how it is to be handled at all stages.

NGO Support

- Promoted more pluralistic natural resources management through provision of grants to seventeen environmental NGOs working on issues relevant to EEPP;
- Strengthened the capacity of at least another 120 NGOs active in the areas of water sanitation, air quality, energy, solid waste management and conservation of Red Sea natural resources;
- Promoted networking amongst NGOs working on similar issues and/or in the same geographic area; and
- Provided strategic planning, institutional strengthening and networking opportunities for the NGO Unit of the EEAA to promote more productive working relationships with the NGO community

Water resources management

Enhanced water and water treatment facilities to create better quality of life for the Egyptian People. Focus has been on integrated water resource management and improving the capacity of the GOE entities and supporting the creation and sustainability of Water User Associations on different levels.

Development Credit Authority

Signed a DCA Agreement with National Société Générale Bank providing a 50 percent guarantee on a local currency loan portfolio of up to \$17.5 million in the field of energy efficiency, fuel switching to natural gas, and ecotourism.

Additional EEPP achievements:

- Introduced voluntary environmental management systems to Egyptian industries. Industries adopting these techniques are more competitive in international markets, improve the environment, create jobs, and increase demand for local and international environmental consulting services.
- Created an environment fund by the 10th of Ramadan City board of trustees environment committee to establish a sustainable environmental management center to support voluntary compliance by industry.;
- Completed the first Environmental Protection Fund (EPF) cycle and initiated the second, including launching of a communication campaign to strengthen EPF's outreach in the investment market;
- Created a National Environmental Disaster Contingency Management Plan and strengthened the EEAA unit responsible for its implementation;
- Completed an EEAA executive directive detailing its Regional Branch Office policies and operational procedures; and,
- Supported the successful efforts led by the Ministry of Environment to reduce custom duties on select environmental equipment through analysis and consultation with the Ministries of Finance and Foreign Trade.

Activity 3: The Egyptian Antiquities Project (EAP) Grant, and the Antiquities Development Program (ADP) Grant

In addition to cultural importance, Egypt's rich heritage is a major tourist attraction, therefore the antiquities conservation grants were developed to respond to an important need to restore and conserve Egyptian and world cultural heritage sites and safeguard irreplaceable antiquities threatened by ground water and lack of appropriate resources. The program grants conserve antiquities from the Neolithic, Pharaonic, Greco-Roman, early Christian, medieval Jewish, and medieval Islamic periods, in nearly all the important archeological sites in Egypt. Achievements include the following:

- The restoration and conservation of mural paintings in the Monastery of St. Anthony, in Zaafarana, on the Red Sea Coast;
- The conservation of the Quseir Fort;
- The conservation of Sabil Nafissa Beida in Fatemite Cairo;
- The conservation of Three Houses in Medieval Cairo;
- The conservation of the Villa of the Birds mosaics and the erection of a protective shelter, in the Kom El Dekka Archeological Park in Alexandria;
- The Establishment of a nautical archeology laboratory in Alexandria; and
- Upgrading and equipping the Conservation Laboratory in the Egyptian Museum.

Prospects for long-term sustainability of impact and principal threats to sustainability

In light of the substantial progress achieved in the different areas addressed by USAID/Egypt's Environment Program, sustainability is a concern. The majority of the policy, regulatory and institutional changes accomplished through the program is supported with sector support cash transfers. These local currency transfers will enable the responsible ministries and governorates to continue to support the reforms for a number of years while they incorporate the activities into their normal budgeting processes. The privatized services will be supported through fee systems that are already operational for the SWM services in

Cairo and Alexandria. Nevertheless, more work is necessary to insure the institutionalization of environmentally sensitive management systems and making them economically viable. For example, advances achieved in the Red Sea region such as the development of a land use zoning plan will reduce the impact of a vast growing industry and help ensure that development is compatible with the region's environmental sensitivities and values. Notwithstanding the progress made, the institutionalization of systems needed to support the cooperation required for conservation of the natural resource base is a complicated and politically charged endeavor.

Challenges to sustainability however remain with the constant struggle between the needs for short-term economic gains versus long-term sustainable economic development.

Lessons learned

EEPP's Monitoring, Verification and Evaluation contract is currently conducting a final EEPP evaluation that will enable us to extract lessons learned and issues of sustainability. The following are initial lessons:

- Environmental health is a good vehicle for advocating environmental improvement to the public/private/governmental sectors;
- Strict interpretation of policy conditionality for cash transfers can result in more robust environmental achievements. Partial payments forced GOE partners to come together and agree on a sustainable development plan for the southern Red Sea — which ultimately met the program objectives of balancing economic growth with conservation of the natural resource base;
- Technology transfer demonstration projects are very effective when preceded by appropriate policy changes to support long-term viability of the activities;
- Environmental projects can be used to initiate public participation and advocacy leading to community collective actions with regard to local problems;
- Different media and awareness campaigns have made the Egyptian population more familiar with environmental issues, and will require periodic and systematic releases of environmental information to entice behavior change and public involvement;
- Private sector led integrated water resource management distribution models are delivering better services to the farmers/customers, indicated by the significant decrease in number of complaints received at the Ministry of Water and Resources and Irrigation;
- In order to be successful during implementation, key stakeholders must be involved throughout the policy process;
- Policy design should anticipate issues such as the financial and technical capacity of agencies and institutions to implement reforms;
- Providing good communication, education and awareness building throughout the policy process legitimizes the process and reinforces policy change; and
- Incorporation of gender issues early in the design process and the monitoring and evaluation of the program to insure proper understanding of gender implications for all interventions is critical.

Performance indicators

Indicator A: Total volume (1000GGE) of compressed natural gas (CNG) sold per year for transportation

The indicator measures total annual volume of CNG (in 1,000 gallons of gasoline equivalent GGE) sold in the Egyptian transport sector, which includes public and private busses, cars and trucks. Geographical focus of the indicator was Cairo where the majority of CNG

investment and motor vehicles lies. The indicator reflects the increased demand for the use of CNG as a cleaner fuel option, and reflects the continued support of the GOE for conversion and better management of the environment.

Indicator B: Percentage of tourism facilities in the Red Sea Region which have received approval through the Environmental Impact Assessment process prior to commencement of construction

The indicator measures the percentage of tourism facilities which have actually obtained the required government approval of an Environmental Impact Assessment (EIA) prior to the Tourism Development Authority (TDA) issuing a construction permit to proceed. This is important due to the increased growth in tourism facilities on Red Sea land. The compliance and the use of the newly developed Environmental Screening Form (Form 'B') helps mitigate the damage that could be done to the Red Sea environment during the design and construction phases.

Indicator C: Real value of aggregate agricultural production per 1000 cubic meters of Nile water used in agriculture

The indicator is a proxy for efficient water use in agriculture. Calculation of the indicator is based on the domestic value of the production of the 23 major crops grown on "old" lands (vs. newly reclaimed land in Egypt) per calendar year. The Ministry of Agriculture and Land Reclamation (MALR) collects field data on crops, area, average yield per area, and the average market value for each crop. Prices are aggregate averages for all crops. The Ministry of Water Resources and Irrigation (MWRI) provides the value used in calculating the water use efficiency, the denominator, being the amount of Nile water used for agricultural production. The indicator does not define the actual (exact) production value per unit of water.

The indicator reflects changes and trends in efficiency of water use, however, elements of it such as the amount of water released from the Aswan high dam and fluctuations in the economy are factors that were beyond the control or manageable interest of USAID.

Indicator D: Number of irrigated feddans where water delivery is managed through participatory processes.

The indicator measures volume of irrigated lands with public and private participation in water delivery for the agricultural sector, based on the assumption that increased participation leads to water use efficiency and improves water allocation/distribution. The participatory process is measured through the following criteria: a) farmers contract with the private sector for water services; b) established water boards; and c) the existence of water users/farmers associations. (Note: a feddan is the traditional Egyptian land measuring unit and is approximately one acre.)

Indicator E: Number of Governorates with at least one new private sector solid waste management (SWM) contractor.

The indicator is a cumulative total number of governorates in Egypt that have at least one private sector company contract for solid waste management services, including collection, street cleaning, recycling and disposal of non-hazardous waste. The indicator, though simple, reflects the increased private sector participation in SWM and the increased number of Egyptians receiving better services.

Indicator F: Cumulative increase (over baseline) in the number of private and quasi-private sector companies offering energy efficiency services in the market.

The indicator uses the membership in the Egyptian Energy Service Business Association which gathers a critical mass of private and quasi-private energy efficiency service companies to measure the growth and flow of investment in the energy efficiency services market.

While the indicator focused on the number of members, the size of investment may have been a better reflection of the market size, especially in light of market and economic fluctuations causing smaller investments to exit the market while larger firms with a broader client base entered the market.

Indicator G: Percentage of hotel rooms in facilities located on TDA-Owned lands in the Red Sea region, which instituted best practice

The percentage of hotel rooms instituting at least one best environmental practice relating to water conservation, energy efficiency, solid waste reduction and improved management, provides an indicator to measure the mitigation of damage inflicted on the Red Sea area by the increased demand on tourism facilities in the area. Since best practices have associated financial savings, the indicator assisted in showing the economic benefits and increased international competitiveness of the Red Sea tourism industry. The indicator measures percentage of rooms making the impact more explicit, rather than counting facilities regardless of their size.

Indicator H: Number of qualified EEAA Nature Protection Rangers assigned to work within the Red Sea Governorate.

The number of EEAA Rangers hired and trained to enforce the nature protection law is a measure of increased commitment by the GOE to protect Red Sea eco-systems. The use of this indicator also provided a measure of funds allocated to the Nature Conservation Sector (NCS) of EEAA in order to recruit and retain personnel as well as provide equipment, accommodation and office space, insuring the sustainability of the NCS within EEAA.

Evaluations and special studies

- Final Evaluation for EEPP will be completed by May 31, 2004
- Final Report will be submitted by CAIP by the end of March 2004.

USAID Reports and Assessments

- Annex 1 to the close out report contains a complete list of all the EEPP, CAIP and Antiquities reports and assessments.

Instrument close out reports

- Prepared per ADS 202.3.8 for contracts, grants, and cooperative agreements.

Key contacts

USAID/Egypt

- Richard Edwards, EI/E, OD, SO 19 Team Leader
- Holly Ferrette, EI/E, Red Sea Conservation
- Ron Daniels, EI/E, SWM Privatization, Energy Efficiency
- Amani Gamal El Din, EI/E, CAIP Project Manager
- Nadine El Hakim, EI/E, DCA, 10th of Ramadan, EPF
- Seifalla Hassanein, EI/E, Red Sea Sustainable Tourism, Antiquities
- Wadie Fahim, EI/E, Water Resources Management
- Ross Hagan, EI/E, Water Resources Management
- Sylvia Atalla, EI/E, SO 19 Performance Monitoring Plan, Administration

Local Partners

Egyptian Partners: Three Ministries and four Governorates

- Ministry of State for Environmental Affairs - Egyptian Environmental Affairs Agency (EEAA),
- Ministry of Tourism – Tourism Development Authority (TDA)
- Ministry of Petroleum – Egyptian Holding Company for Natural Gas (EGAS)
- Four Governorates – Cairo, Alexandria, Red Sea and Qalyoubia

American TA Contractors: Eight contractors (individuals' names where possible)

- Chemonics (monitoring, verification and evaluation), Doug Baker
- International Resources Group (EEAA support, Red Sea biodiversity and conservation, Park management), Jim Tarrant
- Abt Associates (Solid Waste Management Privatization), Kirk Ellis
- Academy for Educational Development (public awareness and education), Cheryl Groff
- Louis Berger (Lab accreditation), Ian Webber
- PA Associates (environmentally sustainable tourism along the Red Sea Coast),
- Nexant (Energy Efficiency and Natural Gas), Emad Hassan

- Save the Children (NGO capacity building), Duncan Miller.

Public Outreach/Communications Framework

Background

For nearly three decades, the United States and Egypt have collaborated closely as partners in economic development and regional stability. Coordination on the Middle East peace process, interest in a strong and open Egyptian economy, and cooperation in countering terrorism are pillars of the nations' relationship.

U.S. development assistance through USAID has totaled nearly \$26 billion from 1975 through 2003. U.S. economic assistance in that time has directly raised the quality of life for millions of Egyptian citizens. Many of the improvements are apparent to the eye, such as added classrooms, renovated hospitals, a massive expansion of infrastructure and utility services and loans to small and medium enterprises. Some results are less obvious, such as dramatically lowered maternal and child mortality rates, reduced air pollution, and increased access to education for girls. Other improvements are observed on a society-wide level, such as USAID's long-term championing of the private sector, business associations, and non-governmental organizations, and its behind-the-scenes encouragement of policy reform.

Public outreach is a cross-cutting operational function of USAID/Egypt's administration of development activities. USAID/Egypt's Director and Program Office, in close coordination with the U.S. Embassy/Cairo and in consultation with the USAID/ANE Bureau and LPA, promote better awareness of the benefits of United States assistance in Egypt. The need to improve understanding of U.S. development assistance became more urgent after September 11 and the ensuing war on terrorism, as tensions rose sharply between the United States and the Arab world including Egypt. USAID/Egypt has embraced guidance from State and USAID/Washington to intensify efforts to "tell the story" of the United States' assistance work in Egypt, with a particular emphasis on reaching out to youthful audiences, using the Internet, and facilitating testimonials from customers and beneficiaries.

This communications strategy statement elaborates on USAID/Egypt's revised framework for public outreach, describing its primary audiences in the United States, Egypt and around the world, and specifying the key tools for effective communication. This communications strategy supports the joint State-USAID Strategic Plan for more effective public diplomacy efforts in Egypt and the Middle East.

Outreach Staff Resources

Full-time staff: The USAID/Egypt Program Office includes a Public Outreach Unit consisting of two full-time outreach specialists and one full-time assistant providing administrative and translating support.

Other resources:

- The Public Outreach Unit cooperates with but does not direct or manage the public relations staff of contractors implementing activities under USAID/Egypt's various Objectives. This cooperation relates to specific public events or outreach campaigns required by the firms' contracts.
- In order to intensify outreach efforts within mission staffing contracts, the Public Outreach Unit will seek short-term contractors to help implement specific projects such as the production of video documentaries and printed brochures. Contracts are projected to be in place by July 2004.

Audiences, Adversaries and Allies

Primary Audiences:

- Average Egyptian people
- Egyptian elites including religious leaders and academics
- Egyptian government: Officials and state information agencies
- American people
- U.S. Government

Secondary Audiences:

- Egyptian media
- U.S. media
- International media

Adversaries:

- Anti-U.S. activists
- Anti-U.S. media pundits
- Anti-U.S. politicians

Allies:

- Pro-Western Egyptian government officials
- Business community
- Pro-Western media pundits
- Customers and beneficiaries of USAID programs
- Donor bodies
- Nongovernmental organizations

Themes and Messages

Overall themes:

- Equity: Enhancing the quality of life for average Egyptians.
- Equity: Reducing social and economic disparities between Upper and Lower Egypt
- Binational friendship: “From the American people to the Egyptian people”
- Bilateral partnership: “Working together for prosperity”

Program-specific themes:

- Education: Empowering parents and local communities to improve the quality of Egyptian education.
- Gender: Increased education and economic opportunities for girls and women will raise the standard of living for all Egyptians.
- Health: An increased emphasis on primary health care will reduce illness among mothers and children.
- Governance: An empowered civil society is the foundation for a vibrant democracy.
- Infrastructure: The United States is improving quality of life for Egyptians by improving services in the power, telecommunication, water, and wastewater sectors. Sustainability of services depends on decentralization and strong financial management by local utilities.
- Private sector: Strengthening Egypt’s private sector will create more jobs, increase income, and reduce poverty.
- Trade and Growth: Lowering barriers to global trade will strengthen Egypt’s economy.

Outreach Plan

USAID/Egypt’s outreach efforts should target key Egyptian and foreign media as well as Egyptian universities, think tanks, religious groups, and nongovernmental organizations in Egypt and in the U.S. The objectives of these outreach activities will be to influence attitudes among USAID/Egypt’s primary audiences. To the extent that segments of the Egyptian public hold negative attitudes toward the United States governments because of its foreign policy in the Middle East region, those attitudes will be countered and tempered if Egyptians are made more cognizant of the positive aspects of U.S. development assistance that have direct bearing on the quality of life of average Egyptians. By the same token, as segments of the American public have

become leery of the Middle East since September 11 and have cast doubt on the U.S.' direct national interest in funding development projects in the region, it is USAID's duty to report to the American public on the good will gained for the United States by development activities. For both American and Egyptian audiences, emphasizing the human face of development assistance will further the global interest of international understanding.

Tools:

- Site visits to selected USAID projects in many or all Egyptian governorates.
- Site visits with visiting groups or VIPs from Washington with the participation of local and international media.
- Special media field trips to projects with human interest angle.
- Information tables at conferences and fairs
- Press releases and fact sheets in Arabic and English
- Press conferences
- Media interviews with mission staff and contractors
- Website in Arabic and English
- Success stories on website in Arabic and English
- PowerPoint presentations on USAID/Egypt, overview and program-specific
- Status report and sector brochures
- Speeches
- Outreach events in local communities
- Documentaries for broadcast by Egyptian and international TV and for use at presentations.

Proposed yearly actions:

- USAID staff and Director to visit most of the Egyptian governorates, meet governors and spend time with media representatives to improve mission's image.
- Produce and distribute Arabic translation of USAID/Egypt Status Report annually.
- Update USAID/Egypt overview fact sheet and translate to Arabic.
- Hire a short-term contractor to update all missions' sector brochures for distribution to the general public.
- Hold monthly press luncheons in USAID building to cover the program.

- Finalize USAID/Egypt power point for use in public presentations by USAID senior management and staff.
- Mission Director/project officers to hold minimum of six sessions with university groups, private sector groups, rotary clubs, or other organizations.
- Mission Director and staff to hold at least 12 exclusive interviews with local and international media outlets.
- Work on the fifth and last of the Public Diplomacy TV spots on Environmental sustainable tourism. Coordinate with Embassy press office and LPA Washington.
- Provide training to USAID staff on how to deal with the media.
- Increase USAID training opportunities offered to Egyptian reporters to train them on broader coverage and more attention to human interest stories.
- Collaborate more closely with USAID contractors and network with them to increase opportunities for public outreach.
- Distribute among contractors new USAID/Egypt logo with Arabic slogan: “From the American People to the Egyptian People

Desired results:

- Three articles on USAID to be published in local press weekly.
- Six TV interviews and/or stories to be aired annually.
- Increased requests for information from journalists, think tanks, and university groups.
- More attention to USAID programs in the Egyptian television.
- More attention to human interest stories in Egyptian press.
- More communication with ANE outreach staff and LPA Washington.
- Increased hits on USAID/Egypt website.
- Increased coordination with USAID contractors’ public relations staff to ensure their messages support USAID strategy.