

SECTION C - DESCRIPTION/SPECIFICATIONS/STATEMENT OF WORK**TECHNICAL ASSISTANCE FOR POLICY REFORM (TAPR-II) IN USAID/EGYPT****I. PURPOSE AND BACKGROUND****A. Purpose**

The purpose of the TAPR-II contract is to provide a consolidated source for technical assistance (and related training, grants, and commodity support) for economic policy formation and private-sector development under USAID/Egypt's Strategic Objective-16 (SO-16), "Environment for Trade and Investment Strengthened." SO-16, in turn, supports USAID/Egypt's overall goal of promoting a globally competitive Egyptian economy benefiting Egyptians equitably.

Under USAID/Egypt's strategy update of 2004 and the U.S. Middle East Partnership Initiative (MEPI), SO-16 is increasingly focused on two Intermediate Results: Financial-Sector Modernization, and Trade and Investment Facilitation. Consequently, many of the activities implemented by the TAPR-II contractor (the "Contractor") shall focus on strengthening Egypt's financial sector or streamlining its trade and investment regime. Activities will support Egypt's ongoing transition to a more dynamic national economic model based on a private market orientation.

The lack of dynamism of Egypt's productive sectors is due in large part to remnants of the state control of production, trade, and finance that was instituted by the nationalizations of the 1950s and 1960s. State-owned enterprises still account for about 25% of Egypt's output. Egypt exports a relatively small portion of its output and foreign direct investment shows little interest in Egypt's economic environment. Also, Egypt is behind many other emerging-market economies in building skills for managing private-sector oriented economic policy and productive private enterprises.

Egypt began in the 1970s to make the transition back to private, market-oriented economic management. This transition is occurring in many productive sectors in parallel and is supported by Government of Egypt (GOE) efforts to better adapt the financial sector and trade-related institutions to private-sector, market-oriented growth.

Egypt's internal debate about its national economic model continues. Especially with the rapid depreciation of the Egyptian pound against the U.S. dollar after exchange controls were loosened in January 2003, and the accelerated domestic inflation and deficit spending that followed, Egyptian concerns about adopting the private-sector led, market-economy model have sharpened. However, the new economic ministers appointed in 2004, have demonstrated their intention to implement market-oriented reforms.

Overall, the assistance to be provided under the TAPR-II contract will focus on supporting the ongoing transition of Egypt's economy back to private-sector leadership and a market orientation. TAPR-II's success as an assistance vehicle will be judged primarily by how well it enables Egyptian agents of change -- the customers of the assistance -- to confront the concerns and challenges they face in building market- and private-sector oriented institutions.

B. Background

The tasks of the TAPR-II contract will be implemented in the context of ongoing Egyptian reform efforts and the assistance, past and present, which USAID and other international development agencies have provided. In undertaking each task in the Scope of Work, the Contractor should learn about this context and take account of the lessons learned and relationships that have emerged from it.

USAID started its technical assistance to the GOE for Egypt's economic transition to the private-market model in the early 1990s. Assistance has been delivered through a number of projects with scopes covering trade, intellectual property rights (IPR), insurance, customs, taxes and fiscal policies, privatization, monetary policy, laws and regulations, banking, trade facilitation, commercial law, credit, small and micro enterprises, agricultural policy, water policy, information and communications technology, capital market development, policy advocacy, and macroeconomic foundations. More information on SO-16 assistance related to TAPR-II can be found at <http://www.usaideconomic.org.eg/>.

II. OVERVIEW OF COMPONENTS AND TECHNICAL APPROACH**A. Overview of Components**

Working within the general context of SO 16, the Contractor shall provide a consolidated source of technical expertise and assistance for the range of tasks laid out in this SOW below, and which will be elaborated on by USAID/Egypt's technical direction, in consultation with the Egyptian customers of the assistance. The Contractor's tasks are grouped into the following components, which are detailed in Chapter III below.

- A. Trade Environment**
- B. Financial sector modernization**
- C. Macroeconomic Stability**
- D. Enabling Policy Environment for Business**
- E. Facilitating Services for the Private Sector**
- F. Human Resources**
- G. Program Support**

This set of components will require expertise in a broad set of technical areas, including but not limited to the following:

- Economic policy
- Monetary policy and exchange rate
- Fiscal policy, tax policy and administration, revenue authority development
- Trade policy and trade facilitation
- Privatization policy and transactions
- Financial sector regulation and services
- Banking and non-banking financial activities
- Legal and regulatory reforms
- Public-private sector partnerships, and public sector reform
- Agricultural policy
- Social safety nets
- Labor regulation and markets
- Environmental policy
- Industrial policy
- Standards and specifications
- Free zones and qualifying industrial zones
- "Enterprise" and investment funds
- Commercial law
- Competition policy

- General private sector development
- Regional economic and business cooperation
- Human resource development and staff training
- Investment policy, codes and tax incentives
- Business management skills
- Public awareness and communications
- Organizational needs assessment and organizational strategic planning
- Economic analysis and analytical studies and profiles
- Capital markets development
- Market information dissemination
- Establishing and strengthening market surveillance and enforcement systems
- Association development
- Institutional assessments
- Program Support Grants and linkage initiatives under any of the components

As directed by USAID/CTO, the Contractor will coordinate its activities with related programs of assistance implemented outside of TAPR-II by USAID or other development agencies such as the EU, World Bank, and IMF.

B. Technical Approach

TAPR-II's approach is to provide assistance that responds to the needs of customer-driven programs. The Contractor will organize each major task, i.e. each significant activity implemented under one of the seven Components of TAPR-II described in Chapter III of Section C below, as essentially a discrete "sub-project" with its own objectives, implementation plan, and results. While TAPR-II is designed to support a wide range of activities, the support which is provided to any specific activity shall be tailored to fit the needs and objectives of the particular client.

The Contractor shall put in place a management structure that provides oversight of all contract tasks so as to: maintain consistency between objectives; share lessons learned; achieve economies in implementation; and report achievements in a coherent framework. The Contractor team shall ensure implementation of an operational approach in all tasks that includes three inter-related aspects: client orientation, results orientation, and strategic management as a learning organization.

Client Orientation

The Contractor's essential role is to assist Egyptian entities. Each assistance effort under TAPR-II will identify the Egyptian entities and their programs to be assisted and the role of the TAPR-II Contractor. In reports and communications, the Contractor shall identify programs and achievements as those of the Egyptian entities receiving assistance and shall identify TAPR-II's role as assistance.

The Contractor shall interface with a diverse group of public, private and non-government institutions and organizations. The primary GOE counterparts for the program will include:

- The Central Bank of Egypt (CBE),
- Ministry of Investment (MOI),
- Ministry of Finance (MOF),
- Ministry of Foreign Trade and Industry (MFTI),
- Ministry of Justice (MOJ),
- The Cabinet Office,
- Ministry Supply and Internal Trade (MOSIT), and
- Ministry of Communication and Information Technology (MCIT), among others.

Results Orientation

Results-oriented management is an essential element of the Contractor's performance. The Contractor shall have available a range of assistance mechanisms (e.g., provision of expatriate or local technical expertise, institutional capacity building, various types of training, twinning or internship arrangements, study tours, grants under contract, and so on) and, subject to USAID's technical direction, shall select a coordinated sub-set of such mechanisms to assist each client in achieving its program goals. The Contractor shall be responsible both for management -under USAID's overall guidance- of each specific assistance mechanism implemented and for proposing sets of mechanisms that are adequate to help clients reach their program goals.

Technical assistance mechanisms may include, but are not limited to, the following:

- Technical assistance to the GOE in improving the economic policy framework.
- Tracking and evaluating changes in the economic policy framework, economic growth, and sustainable development, including building and maintaining relevant data bases.
- Carrying out studies and analyses to help plan, support and monitor activities aimed at improving the framework.
- Assisting with capacity building and institutional strengthening.
- Assisting, planning, and executing in-country and off-shore training activities, including seminars and workshops, collaborating with USAID/Egypt's specialized training contractor as directed.
- Assisting and providing legal advice and services which include legal research and analysis, producing drafts of texts for use in the legislative and regulatory process, legal translation services, and the collection and translation of laws.
- Strategic planning.
- Collaboration and coordination with the customers and with other sources of assistance
- Sectoral, analytical and feasibility studies.
- Private sector and NGO program support grants, and linkage initiatives. This may include issuing, managing and implementing grants in areas such as trade environment, financial sector, environment for private business, legal education, economics education, and human resources. Grants may be provided to both U.S. and Egyptian recipients.
- Public awareness, workshops, conferences, and advocacy assistance.
- Information and communications technology solutions, including management information systems.
- Procurement of commodities and equipment.
- Program results design, monitoring, reporting and coordination, including website development, maintenance, and management.
- Preparation and dissemination of documents, translation and publications.

Strategic Management

The Contractor shall assist clients to evaluate progress toward goals and to identify adjustments in activities that appear to be needed in light of progress to date as well as lessons learned or changes in the environment. The Contractor shall also assist in the learning process by providing its customers and USAID with information stemming from studies or experience in other countries. Because of the variety of technical areas in which assistance may be identified as necessary in this strategic learning process, the Contractor shall establish management and implementation capacities adequate to be flexibly responsive across an appropriately wide range.

III. PROJECT COMPONENTS

For the sake of administrative convenience, this SOW organizes the Contractor's main tasks into the following components.

- A. Trade Environment
- B. Financial sector modernization
- C. Macroeconomic Stability
- D. Enabling Policy Environment for Business
- E. Facilitating Services for the Private Sector
- F. Human Resources
- G. Program Support

An overview of each component, including details on specific tasks within that component, is provided below. Specific tasks include:

- (1) assistance programs that have been authorized by USAID and the customer of the assistance for implementation immediately upon contract start-up, with the Contractor's inputs to be specified in detail in the first annual work plan. These are labeled "**immediate tasks**".
- (2) analyses to be performed starting immediately upon contract start-up for both USAID and potential customers of assistance in order to define additional assistance needs (these are also labeled as "**immediate tasks**"), and
- (3) illustrative tasks that USAID foresees as potential assistance programs under the contract. Such illustrative tasks reflect examples of types of activities that may be undertaken by the Contractor during the course of the contract if a counterpart request is received, if funds will be made available, and when and if authorized by USAID and incorporated into the Contractor's annual work plan. However, the Contractor shall not begin implementation of "**illustrative tasks**" upon contract start-up.

Component (A)

TRADE ENVIRONMENT

USAID/Egypt's strategy through FY2009 includes support for a number of efforts aimed at enhancing Egypt's capacity to participate effectively in the global trading system. Some activities address trade policies, such as those relating to the structure and level of import duties or the application of import standards or quality controls. Others focus on streamlining trade procedures such as port services or strengthening trade-related institutions such as the Egyptian Customs Administration. Responsible Egyptian stakeholders include the Ministry of Trade and Industry, General Office for Export and Import Control (GOEIC), the Ministry of Finance, the Egyptian Organization for Standardization (EOS), the Egyptian Customs Authority, and others.

TASK A.1. CUSTOMS REFORM (IMMEDIATE TASK)**Background**

In 2001, the GOE started a series of steps to design and implement a comprehensive reform program in customs in collaboration with both USAID and the IMF. In 2002, the Ministry of Finance (MOF) established a Customs Reform Unit (CRU) mandated to plan, implement, and monitor the progress of the customs reform program as well as its impact on the performance of the Egyptian Customs Authority (ECA). The CRU is also responsible for coordination with USAID and other donors. In September 2002, USAID and the Ministry of Finance signed the Technical Assistance for Customs and Trade Facilitation (ACTF) Project Grant Agreement, whereby USAID and the GOE agreed to work together to achieve enhanced trade through improved modernization of customs and facilitation of trade services in Egypt, starting October 2002 and ending September 2007. USAID plans to extend the authorization for ACTF Project until FY 2009.

Improvements to date

The GOE has achieved many notable results in customs reform since October 2002, including: a) production of an Implementation Plan for Customs Reform; b) drafting of a set of new customs procedures manuals; c) an "Integrated Tariff" that includes information on tariff rates, inspection and other special requirements, special agreements, and all other information needed to clear the goods; and d) Pilot efforts in two ports (Damietta and al-Ain Sokhna) leading to reduced clearance times, increased government revenue from tariff collections, and rapid growth in the cargo volumes processed.

Previous Technical Assistance

USAID has assisted the CRU in various areas including the development of the one year training plan, providing technical guidance on the procedures manuals, developing a series of workshops for performance monitoring, providing training in valuation, management, and training of trainers, as well as helping the CRU finalize the Implementation Plan. A needs assessment was completed for three main areas under customs reform: ICT, customs procedures, and human resources. In fact, the major findings of this assessment serve as the basis for this task.

Implementation Plan for Customs Reform

A detailed Implementation Plan (IP) for Customs Reform was developed by the CRU in April 2004 and subsequently approved by the Minister of Finance. This plan describes the reforms planned in customs over the next three years. The plan covers near-term (12 months) and long-term activities in all areas including: procedures, human resources, tariffs, legislation, information and communications technology, and other areas. The activities are also divided into foundational and implementation activities. Foundational activities refer to the activities that set program controls and help in managing the reform process, e.g. Implementation activities are those related to the specific technical areas such as procedures, ICT, and human resources. The IP shall be updated continuously as time schedules

and dependencies are monitored and revised, detailed tasks are defined, and success factors are identified.

The Contractor shall use the IP as the background document that explains the scope of the Customs reform contemplated in this contract. Some of the activities identified in this IP may have been implemented by the time this contract is awarded. Alternatively, some of the MOF's priorities with respect to customs reform may have changed since the IP was formally adopted. Hence the activities listed in the IP are to be considered as tentative. The Contractor shall verify the contents of the IP with the relevant counterparts in the Ministry of Finance before beginning implementation.

Applicable Documents

The following studies and reports (available on the Internet at: <http://www.usaideconomic.org.eg>) provide background information on the scope of the problems that need to be addressed in the customs and trade facilitation areas:

1. Implementation Plan for Customs Reform as approved by the GOE (April 2004)
2. Training Plan for Customs (by Booz Allen Hamilton and approved by CRU)
3. Study on Clearance Times (by the TAPR Project, March 2004)
4. Study on baseline data for clearance times at ports (by the ATR Project, April 2004)
5. Final Report for the Initial Implementation Task for Customs by Booz Allen Hamilton (October 2003)
6. Technical Feasibility Study for the application of ASYCUDA software in Egyptian Customs (UNCTAD, February 2004)
7. Report on Customs and Trade Facilitation Reform (by TAPR, August 2002)
8. Customs Needs Assessment report (by TAPR, August 2001)
9. IMF report on Tariff Policy and Customs Administration Reform (July 2002)
10. Report on the valuation decree # 765 (by TAPR, November 2001)
11. IRM Lessons Learned for IT Procurement (IRM, USAID)
12. Study on Trade Facilitation (by TAPR, July 2004)

Technical Approach and Tasks

The Contractor shall assist the Egyptian entities in achieving their program goals included under this component. The Contractor shall perform all tasks related to Customs under this contract with full collaboration and active participation of the CRU members and the ECA more broadly, to ensure ownership of the reform by the CRU/ECA and sustainability of the reform program. The technical assistance provided by the Contractor shall be delivered within the framework of a mentoring approach to ensure the transfer of skills to the different CRU/ECA members. The transfer of relevant skills from project-funded professionals and subject matter specialist to GOE counterparts and private sector beneficiaries, through on-the-job training and through short-term in-country and off-shore training, is considered an essential objective of the project.

The Contractor shall coordinate its activities with related USAID projects and other donors, particularly the European Commission and Euro-Customs, through the USAID designated staff, the resident long term EU consultants as well as the responsible parties within the CRU, the MOF, and the Customs Commissioner's Office.

Sub-Task A.1.1. Foundational Activities

The Contractor shall assist the CRU/ECA in undertaking all the "Near Term and Long Term tasks under "Foundational Activities" identified in the Implementation Plan (IP). If some of these tasks have already been completed before the start of this contract, the Contractor shall review all the reports and work that have been done and provide a written assessment with recommendations to the CRU/ECA. The Contractor shall identify any additional foundational activities that are required and assist the CRU in the implementation of these activities.

Sub-Task A.1.2. Implementation Activities

1. Customs Procedures: The Contractor shall assist the CRU to identify and implement all procedures required to modernize Customs services. This shall include all efforts to introduce improvements, integrate customs-related trade facilitation measures, and incorporate obligations placed on Customs within bilateral, or regional multilateral trade agreements. These procedures must be transparent and widely diffused to all stakeholders, requiring implementation of a comprehensive communications plan to ensure that procedures are widely understood by all parties.

USAID/Cairo is currently assisting the CRU/ECA in finalizing and revising the drafted new procedure manuals according to international standards. The Contractor shall assist the CRU/ECA in completing the finalization, and on-going (as needed) revision of all procedure manuals relating to all existing customs procedures to ensure that the manuals: 1) are consistent and comprehensive, 2) reflect recommended business practices, 3) describe in detail the requirements, operational and administrative procedures, and controls to be applied by Customs, and 4) conform to the international standards defined in the World Customs Organization (WCO) Kyoto Convention (available on the WCO's website) and other international standards.

The Contractor shall undertake a comprehensive review of existing duty exemption regimes such the drawback, tax rebate, and temporary admissions systems, with the intent of minimizing administrative discretion, designing new simplified procedures and approval criteria, as well as a supporting automated system; and provide recommendations to: streamline the system according to international standards; ensure prompt refunds to exporters; and assist the CRU/ECA in the implementation of these recommendations.

The Contractor shall assist the CRU/ECA to implement the near term tasks identified for Valuation (IP item 4.3.8), and Anti-Smuggling (IP item 4.3.9).

2. Laws and Regulations: The Contractor shall assist the CRU to implement the Legislative tasks in the IP (IP item 4.3.1). The Contractor shall review the valuation related provisions of the Customs law and implementing decree(s) and provide recommendations to ensure adherence to the WTO Customs Valuation Agreement. The Contractor shall help draft and finalize the Executive Regulations of all new Customs Laws, upon passage by the People's Assembly.

3. Tariffs: The Contractor shall assist the CRU/ECA to analyze the current tariff structure and develop recommendations for simplification (i.e. sub-headings, tariff bands, and tariff rates) as well as for full conformity with the latest version of the WCO's Harmonized System nomenclature. The Contractor shall assist the CRU/ECA to implement a formal classification rulings system to ensure consistent interpretation of the Customs Tariff.

4. Human Resources, Organization, Staffing, Management, and Training: The Contractor shall assist the CRU/ECA to implement the tasks identified under item 4.3.2 (Human Resources) and item 4.4.2 (Human Resources, Organization, Staffing, Management, and Training) in the IP.

The Contractor shall review and update in collaboration with the CRU and the ECA the Training Plan prepared in March 2003 to cover the term of this contract. In addition, the Contractor shall conduct new periodic training needs assessments, which should include: information on participants proposed for training, their skills level and work experience, areas that need strengthening and results expected from their training. The updated training plan should put an emphasis on "Training of Trainers" courses to maximize the sustainability of the training process. The Contractor shall update the Training Plan in collaboration with the CRU/ECA on an annual basis.

The Contractor shall implement the training plan identified above for the term of this contract, both in-country and off-shore, either directly or through a training service provider.

The Contractor shall assist the GOE to establish the National Customs Training Institute (NCTI) identified in the Training Plan according to the international principles of the WCO. This assistance will include: providing recommendations on the mandate, roles and responsibilities, organization; and system approach to training. After the establishment of the NCTI, the Contractor shall assist the NCTI in all the areas identified under "System Approach to Training" in the Training Plan (Topics 5&6 in the current Training Plan), including: planning, organizing, controlling, and evaluating, as well as in the preparation of the training curriculum. In the event that the NCTI is established prior to the start of this Contract, the Contractor shall implement this task in collaboration with the NCTI.

The Contractor shall develop a draft three-year training plan for Customs employees for the period that follows the completion of this contract (i.e., 2009-2012). Such plan should be realistic and independent of donor finance. The Contractor shall not be responsible for implementation of this training plan.

Sub-Task A.1.3. Policy Formulation

The Contractor shall assist the CRU to prepare all studies required to address customs related policy issues including, but not limited to: a) general customs issues; b) the tariff structure, including analysis of problems, recommendations for simplification, and evaluation of impacts of tariff changes on the Egyptian economy and on government revenues; and c) the merits of establishing revenue authorities.

Sub-Task A.1.4. Information and Communications Technology

The ICT Task comprises the implementation of a new Customs automated information management system; software procurement; hardware procurement and installation; network infrastructure upgrades; ICT-related training; and follow-on maintenance. The Contractor shall assist Customs to automate operations by first adopting procedures and organizational structures adapted to the use of automation, and then introducing ICT hardware and software as appropriate. The Contractor shall assist Customs to identify automated systems and a long-term strategy that Customs can afford budgetarily (without external financial assistance in the long term) and sustain, and can implement through its internal technical capacities or through affordable contracted services.

As a step toward Customs' internally financed, long-term automated system, the Contractor shall procure and install software and hardware, including network infrastructure upgrades, and shall provide related training and follow-on maintenance within the period of the pilot (see page C-11). The Contractor shall assist Customs to design systems that Customs can self-finance from its own resources to the extent that resources are not available elsewhere.

The new automated information management system will assist the MOF/ECA by: Improving transparency of Customs operations; Improving efficiency of clearance management and controls; Reducing import clearance time, cost, and number of clearance steps; Expediting transaction processing; Expediting compilation of data from many sources for improved analysis and decision-making; Enhancing consistency of information; Reducing number of disputes; and Improving trade statistics.

Successful implementation of the new Customs automated information management system will require substantial leadership. The GOE will establish an approach to ICT management of the new Customs automated information management system that will consist of the following Implementation Team:

- Steering Committee, composed of high-level officials from GOE and the donors (non-voting) led by the Minister of Finance or his designee.
- New Customs System Administrator (CSA): a representative of the ECA/CRU who directs on a daily basis the Implementation Team, which consists of the MOF/ECA/CRU staff participating in the new Customs system implementation.

- **Project Manager:** supported by the Contractor, who is responsible for the ICT Task; assisting the Steering Committee; guiding and supporting the Customs System Administrator (CSA); and managing any Software Vendor.

In support of this approach, the Contractor shall: a) provide assistance and guidance to the Steering Committee as it conducts periodic meetings (monthly and special) to design and implement the new Customs automated information management system; b) report decisions to all implementing and participating parties in GOE and beyond, and educate the public on relevant Customs reforms; c) provide guidance to the Administrator and Implementation Team. The Contractor shall assist the CSA to form an Implementation Team of highly skilled Customs and ICT specialists from the MOF and the telecommunications industry; and d) Work with the CSA on implementing the three points agreed upon during December 2003 between USAID and CRU and provided below:

- Point 1. The CRU/ECA will define the functional and technical requirements as the basis for the evaluation of prospective software solutions. The requirements will:
- o Be based on a Customs needs assessment and incorporate international Customs standards and Egyptian Customs requirements;
 - o Not be based solely on the functionality of the current legacy Customs system;
 - o Include final business processes developed by the CRU;
 - o Have measurable and quantifiable requirements that include, as a minimum, operational performance levels, reliability, availability, scalability, and low life cycle support costs, and ability to evolve with international best practices; and
 - o Include evaluation criteria for each requirement.

- Point 2. The CRU will develop a software selection strategy based on clearly defined objectives. The strategy should include:
- o A clear definition of roles and responsibilities of those participating in the software selection process, ranging from decision makers for the final solution to those providing input to the selection requirements and criteria;
 - o Appointment of a selection board to evaluate vendors and software options consistent with these guidelines, for a final selection decision by the MOF;
 - o Establishment of clear milestones as early as possible;
 - o Identification of an independent advisor to facilitate the selection process and provide selection guidance to the selection committee; and
 - o Agreement of the various funding sources and a clear definition of the scope for each of the funding sources.

- Point 3. The CRU will determine the software selection method that best supports the CRU strategy and schedule. Three potential methods include:
- o Full and open competition, including consideration of all relevant systems, such as commercial-off-the-shelf, as well as current legacy Customs software;
 - o Limited competition based on pre-assessments of relevant options; and
 - o Unilateral decision by the MOF.

The Contractor shall develop the ICT Work Plan in consultation with the CSA, detailing the program to implement the new Customs system. The Steering Committee and USAID CTO will approve the Work Plan (and agree to any subsequent modifications of the approved Work Plan).

Customs Software Pilot

Based on the reviewed Functional and Technical Requirements (and in consultation with the Steering Committee, the Implementation Team, and USAID) and the procurement approach determined by the MOF, the Contractor shall procure the new Customs software, supervise the Software Vendor chosen, and ensure quality design, configuration, adequacy of documentation, installation, initial testing, and training of GOE staff for the software introduction. Any procurement specifications shall be reviewed by USAID and the GOE. Within the ICT work plan, the Contractor shall include an installation program and schedule of training necessary for the installation. This Work Plan shall be submitted to USAID for approval of the Cognizant Technical Officer (CTO).

The Contractor shall fully coordinate the vendor selection with the Steering Committee and the Implementation Team. Any software procured should include full documentation of the system software, hardware, and network solution for the MOF/ECA/CRU including systems, operations, and users' manuals, including translations of the documentation into Arabic. The Contractor shall review any software provider customization recommendations before coding.

Should the Ministry of Finance make a unilateral decision to upgrade the current Egypt Customs software system, the Contractor in coordination with USAID will conduct an analysis of the upgraded software and its ability to meet the functional and technical requirements of ECA prior to offering approval for the release of USAID funds to procure the hardware system. Such analysis will be undertaken by the USAID/Washington Office of M/IRM.

When directed by USAID, the Contractor shall prepare specifications for the new Customs system hardware to implement the Customs system software solution approved by the ECA, and shall procure the equipment.

Training and Skills Transfer

The Contractor shall prepare all necessary operational, user, system, and technical manuals needed to implement and maintain the new Customs system; and train the Implementation Team in all aspects of the installation, operation, and maintenance of the new Customs system. The Contractor shall develop and implement a strategy for the continuous assessment of the effectiveness of training activities and the ability of recipients to utilize skills, and make improvements as necessary.

Pilot Site Preparation, Installation, and Testing

The Contractor shall assist the GOE with implementation the pilot activity (most likely at Damietta, Dekheila, or the new Model Customs Center in Alexandria). This will mostly involve installation of hardware and software, and testing the system.

Note - Specifically, the Contractor shall assist the CRU Implementation Team with: entering data; conversion and migration of existing data; and conducting all agreed-upon Customs functions tests of the system. Upon successful completion of the performance tests, the Contractor should be able to certify that all modules in the new Customs system software solution are consistent with agreed-upon requirements and recommend formal acceptance to the MOF/ECA/CRU.

The Contractor is not responsible for pilot site preparation (including space, equipment, utilities, A/Cs, security etc.). These will be the responsibility of MOF/ECA.

System Sustainability

The Contractor shall prepare a long term plan for ICT needs beyond the term of this contract which is independent of donor assistance. Such plan shall help customs identify their ICT needs and plan ahead for self finance (without donor assistance) in order to ensure the sustainability of the system.

Logistic Support

Office space will be provided by the CRU inside the CRU premises in Alexandria. The Contractor shall also procure two vans for the use of the CRU.

Expected Results

- Reduced clearance times for customs declaration.
- Reduced number of disputes between importers and ECA.
- Increased number of declarations processed electronically.
- Customs employees being trained on risk management and post-audit techniques.
- Increased compliance with GATT Valuation rules.
- Increased compliance of customs procedures with Kyoto convention.

TASK A.2. TRADE FACILITATION

USAID and the GOE have agreed on a framework for USAID's assistance to the GOE's trade facilitation efforts. Based on further discussions, USAID will direct the Contractor to implement activities to assist the GOE to adopt appropriate trade facilitation policies necessary to strengthen the trade environment while complying with GATT and WTO agreements and to ease the flow of imports and exports between Egypt and its trading partners.

The following are one immediate task, and illustrative/follow-on tasks that USAID will consider for implementation under the contract.

Sub-Task A.2.1 - Trade Facilitation Studies (Immediate task)

To help frame subsequent activities relating to trade facilitation, the Contractor shall conduct analyses as follows.

- (i) Assess non-tariff barriers prevailing in Egypt
- (ii) Review relevant policies (laws and regulations) and institutional capacities that have a direct effect on trade facilitation to prioritize the reform measures to be taken by the GOE
- (iii) Consult GOE entities and suggest recommendations to be implemented

In performing the above, the Contractor shall build on research and studies previously conducted by other USAID contractors.

Sub-Task A.2.2 - Adoption of International Standards (EOS) (Illustrative task)

The Technical Barriers to Trade (TBT) agreement governs the primary task for the Egyptian Organization of Standardization (EOS), which is the issuance of technical regulations and standards. In addition to this task, EOS is required to meet certain WTO/TBT obligations, regarding notification and transparency.

EOS has taken steps towards harmonization of technical regulations and standards with international standards. However, further efforts are needed to meet the transparency and notification requirements of the TBT agreement.

Subject to USAID's further study and direction, the Contractor will:

- Review the status of the harmonization efforts needing to be completed
- Highlight the most important unmet transparency and notification obligations that have impacts on trade facilitation and assist the EOS in their implementations
- Enhance the institutional capacities of EOS as it is the main entity responsible for the issuance of standards and in order to act as inquiry point for TBT.

Sub-Task A.2.3 - Improvement of Conformity Assessment Procedures (GOEIC, MOA, and MOH) (Illustrative Task)

Despite of the issuance of Decree 106/2000 that designates GOEIC as the coordinator agency for sampling and inspection of all imports and exports, and a number of subsequent decrees issued in 2000-2004 to streamline procedures of import inspection and sampling, further effort is required to harmonize assessment procedures to improve coordination among the different inspection agencies, including Ministry of Health (MOH) and Ministry of Agriculture (MOA), and to reduce the time and expense of the process.

Subject to USAID's further study and direction, the Contractor will:

- Revise the test procedures and inspections especially those related to MOA and MOH.
- Propose unified testing procedures among the three entities.
- Assist GOEIC in acquiring international accreditation for more tests

- Assess and propose measures for GOEIC to accept results of tests of international recognized labs.

Sub-Task A.2.4 - Modernize and Coordinate Port-Related Activities (Port Authorities) (Illustrative Task)

Each port authority is the highest authority operating in the port. It does not interfere in the implementation of other agencies working in the port operations, rather oversees the administrative side where it can supervise performance and the flow of processes. These include among others: stevedoring, dwelling, and stacking. Across all ports, the fees for services are set by the port authority. Some port services need to be liberalized or privatized. For the sake of trade facilitation, systematization and integration of work procedures and automation across all ports is inevitably needed.

Subject to USAID's further study and direction, the Contractor will:

- Assess port services and areas for improvements.
- Assess areas of overlapping and duplication among different entities working on trade facilitation.
- Assist the concerned entities in developing a role for the private sector in the different operation techniques in handling imports and exports such as cargo and container handling services, air cargo facilities, and uplift capacity.
- Develop an administration system to improve the coordination among the various government agencies involved in port operations (customs, security, and inspection).
- Advise the GOE with innovative ways of finance to implement some planned pilot projects.
- Recommend actions for improving port services to facilitate trade.
- Advise the GOE on means to turn the port authorities into economic authorities.
- Assess the extent to which the different IT systems of the entities involved in clearance of goods are compatible with each other.
- Assess the HR needs of selected Port Authorities.

Expected Results

- Reduced time required for technical inspection of traded goods,
- Increased satisfaction of customers of GOEIC and other implementers of trade standards,
- Agreement by trading partners with Egyptian standards, and
- Increased satisfaction of port users

TASK A.3. TRADE POLICY (ILLUSTRATIVE TASK)

Background

USAID is in the process of assisting the GOE via the Assistance for Trade Reform Activity (ATR) to initiate and implement trade policies that conform with international trading systems, and maximize Egypt's benefits from trade and trade agreements. At the conclusion of these efforts, USAID will evaluate results and direct the Contractor to implement follow-on tasks, as required. In implementing such tasks, the Contractor will build on efforts of previous USAID assistance and will coordinate closely with other assistance efforts.

Tasks

The following tasks are illustrative of those that USAID will potentially direct the Contractor to undertake.

- Review existing policies, laws, and regulations that have a direct effect on trade.
- Identify changes in existing policies and the design of new ones.
- Advise the GOE in the implementation of the new policy measures.

- Draft laws and regulations.
- Build capacity in trade policy analysis and implementation.
- Raise public awareness of existing multilateral and bilateral agreements with Egypt.
- Support efforts to comply with WTO agreements.
- Support efforts to enhance the role of the private sector in the trade policy-making process.

Expected Results

Desired results under Task A.3 include:

- Lower effective rates of protection,
- Lower rates of dispute over enforcement of trade regulations,
- Infrequent protests from Egypt's trade partners.

TASK A.4. INTELLECTUAL PROPERTY RIGHTS (ILLUSTRATIVE TASK)

Background:

Since the 1990s, USAID/Egypt has provided assistance aimed at modernizing and strengthening Egypt's intellectual property right regime. USAID's assistance related to IPR has included two completed TA projects: Strengthening Intellectual Property Rights in Egypt (SIPRE, 1996-2001) and Technical Assistance for Intellectual Property Rights in Egypt (TIPRE, 2001-03). These projects assisted GOE counterparts to build the capacity of the Patent, Trademark, and Industrial Designs Offices and to improve the intellectual property legal framework to comply with World Trade Organization (WTO) agreements. The projects also helped the GOE promote public awareness of IPR rationales and objectives, and they facilitated private-public collaboration throughout the process.

A third project, the Intellectual Property Rights Activity (IPRA), is currently underway and will end in 2006. Its main expected results are:

- The plant varieties office is established and fully functioning with all the necessary procedures, manuals, training, and needed equipment.
- The new responsibilities assumed by the patent office according to the new law are fully reflected in its new organizational structure.
- The unit that will be responsible for the implementation of the Patent Cooperation Treaty is fully functioning.
- Operating procedures for all new patented areas are established and made operational by the patent office.
- The new organizational structure of the commercial registry is in place and operational reflecting the new functions and responsibilities.
- The data base system of registered industrial designs is established and fully functioning according to the new law.
- Operating procedures and manuals are in place and in use by the offices under the Ministry of Culture.
- Concerned staffers of the four key ministries are trained on their new functions and responsibilities in accordance with the training plan.
- Awareness of IPR issues is raised in the Government and among the general public.
- IPR units and departments under the main key Ministries are able to electronically transfer data and information to different private and public entities.
- Electronic registration of trademark and industrial design replaces the manual system.

Tasks:

At the conclusion of the assistance efforts described above, USAID will evaluate results and direct the Contractor to implement follow-on tasks, as required. In implementing such tasks, the Contractor will build on efforts of previous USAID assistance and will coordinate closely

with other assistance efforts. The following tasks are illustrative of those that USAID will potentially direct the Contractor to undertake.

- Assist the GOE in the implementation of the IPR Law and their executive regulations.
- Assist in the upgrading and strengthening of IPR units across the GOE.
- Support efforts to increase public awareness for IPR issues among the public and private sectors.
- Review the existing operating procedures for IPR units.

Subject to USAID's direction, the Contractor will build upon gains made in previous IPR activities and assist the GOE to establish a reliable IPR system that complies with the WTO TRIPS agreement, strengthens the environment for investment, trade, and innovation, and improves public knowledge of IPR issues. Assistance will cover legal, regulatory, human resources, ICT tools, and public information programs relating to trademark, patent, industrial design, plant varieties, utility models, trade secrets, data confidentiality, and the design of integrated circuit layout, among other aspects of intellectual property. It could support non-governmental organizations with IPR interests as well as helping the GOE to comply with international rules such as those established by the WTO and World Intellectual Property Organization (WIPO). The Contractor will coordinate closely with other experts contractors currently working in this area, and will build on USAID's previous technical assistance.

Expected Results

Desired results under Task A.4 include:

- Infrequent complaints of IPR infringement,
- Short time required to registering intellectual property.

TASK A.5. COMPETITIVENESS AND COMPETITION (ILLUSTRATIVE TASK)

Background:

In February 2005, Egypt passed its first Competition Law prohibiting anti-competitive practices and establishing a regulatory authority to regulate and implement the law. The establishment of a competent Competition Agency with highly qualified staff capable of analyzing market structures and firm behavior is critical to achieving the objectives of the law; namely to ensure the efficient functioning of the market and limit restrictive business practices.

Tasks:

The Contractor would be expected to assist the GOE in the following illustrative tasks:

- Draft the Executive Regulations for the new Competition Law.
- Assist the GOE in establishing the Competition Agency; its organizational structure; internal regulations; training of staff; on the job-training.
- Sponsor workshops and awareness campaigns to promote competition.

Expected Results

Desired results under Task A.5 include:

- An improved competition system in Egypt.

SECTION C

Component (B)

FINANCIAL SECTOR MODERNIZATION

As a result of the recent State Department-led review of the USAID/Egypt program, an increasing share of SO-16 activities are focusing on financial sector modernization. Activities in this category may include: strengthening the intermediary role of financial institutions such as banks, insurance, pension funds, and capital markets; improving regulation, oversight, and enforcement; support for privatization; support for self-regulatory organizations such as dealer associations; and support for legal reforms. Implementing counterparts are likely to include the Central Bank of Egypt, the Ministry of Investment, the Capital Market Authority, the General Authority for Real-estate Finance, and the Egyptian Insurance Supervisory Authority, among others. The Contractor will coordinate closely with other USAID contractors currently working in this area.

TASK B.1. SUPPORT FOR GOE-USG MEMORANDUM OF UNDERSTANDING ON THE FINANCIAL SECTOR (ILLUSTRATIVE TASK)

The GOE and the USG have recently agreed on a Memorandum of Understanding (MOU) and related benchmarks for a multi-year program for financial-sector modernization in Egypt. Upon completion of the negotiations, the USG will assist the GOE in program implementation, with USAID participating in the multiagency assistance effort. Within this effort, USAID will direct the Contractor to undertake specific tasks relating to the following illustrative objectives:

- Strengthening the central bank, including management of monetary policy and regulation of banking.
- Strengthening the market for GOE securities.
- Expanding the role of the private sector in commercial banking, including a process of moving state-owned banks towards management on commercial principles, strengthened financial structure, and ultimately privatization.
- Strengthening the legal and regulatory foundations for financial markets, including real-estate finance.
- Strengthening corporate governance.

The Contractor will tailor any assistance in the financial sector so that it complements other USG support for the MOU. The U.S. Treasury Department's Partnership for Financial Excellence coordinates this assistance with a number of agencies, including Treasury, State, USAID, Commerce, the Federal Reserve System, the Federal Deposit Insurance Corporation, the Securities and Exchange Commission, and the Financial Services Volunteer Corps.

Expected Results

Desired results under Task B.1 include:

- Increased share of private banks in total bank loans outstanding,
- Stability of long and short term credit conditions.

TASK B. 2. OTHER FINANCIAL SECTOR ASSISTANCE (ILLUSTRATIVE TASK)

In addition, USAID will determine the need for financial-sector assistance that supplements the objectives of the U.S.-Egypt MOU and will direct the Contractor accordingly. Illustrative areas of complementary assistance include strengthening the intermediary role of financial institutions such as banks, insurance, pension funds, and capital markets; improving regulation, oversight, and enforcement; support for self-regulatory organizations such as

dealer associations; and support for legal reforms. Egyptian counterparts in these areas include the Central Bank of Egypt, the Ministry of Investment, the Ministry of Finance, the Capital Market Authority, the Mortgage Finance Authority, and the Egyptian Insurance Supervisory Authority, among others.

The Contractor will, as required by work plans developed in consultation with USAID and Egyptian counterparts, supply assistance using as many assistance mechanisms identified in section II.B (page C.6 above) as needed in any of the following areas:

- Financial sector regulation
- Investment banking
- Commercial banking
- Bank privatization
- Bank restructuring
- Real estate finance
- Finance for small businesses and microenterprise
- Microfinance for poor households
- Supervision of banks and non-bank financial intermediaries
- Central bank operations
- Pension funds
- Insurance regulation and industry development
- Securities law and regulations development
- Capital market development
- Mutual funds development
- Self-regulatory securities markets associations
- Enterprise and investment funds
- Brokerage operations
- Capacity building, institutional development, training, MIS/ICT-related services
- Public awareness and communications
- Program and project design
- Others

Expected Results

Desired results under Task B.2 will be established following the conclusion of sub-task design.

SECTION C**Component (C)****MACROECONOMIC STABILITY****Goals and Problem Statement**

The Contractor shall assist Egyptian programs to improve the macroeconomic environment for investment and production. The most important of these programs are the responsibility of the Central Bank of Egypt (monetary policy) and the GOE's Ministry of Finance (fiscal policy), although other Egyptian governmental and non-governmental entities are also involved.

The elements of the macroeconomic environment include the aggregate price level of goods and services, the aggregate price level of financial assets, interest rates, the aggregate price level of foreign currencies (the exchange rate), aggregate output of goods and services, the rates of total saving and investment relative to national income, the rate of incoming foreign investment, aggregate debt stocks (governmental, private, and national) including external debts, aggregate stocks of financial assets, and the aggregate stock of monetary assets (including, but not limited to, the liabilities of any national monetary authority). The rates of change and expectations about future changes in these variables are equally or even more important than their levels for the macroeconomic environment.

To illustrate in simpler terms, business people cut back investment and production when they fear that their financing could be cut off or become more expensive due to market fears of excessive aggregate debt build-up. Investment may fall if businesses fear that imported inputs' prices may rise dramatically due to exchange-rate fluctuations, which may result from growing needs for foreign loans. Savings may be redirected away from channels that finance local investment if the rate of inflation of consumer goods starts to accelerate.

The Contractor shall take note of two aspects of the macroeconomic environment that will condition assistance requirements: uncertainty and international coordination.

(1) No government or private body directly provides or controls the macroeconomic environment. Furthermore, understanding of how public policy affects the macroeconomic environment is incomplete, uncertain, and even controversial. The Contractor shall assist relevant Egyptian entities to adapt their actions in light of their probable impact on the macroeconomic environment.

(2) The openness of cross-border financial flows and the international perspective of a growing portion of the business sector mean that Egyptian macroeconomic programs cannot be effective in isolation. Thus the Contractor shall assist macroeconomic counterparts, including the CBE and the MOF, to coordinate with the International Monetary Fund (IMF) and other relevant international actors.

Under this component, the Contractor shall primarily assist the CBE and the MOF to manage monetary and fiscal policy so as to influence the macroeconomic environment in a direction that encourages increased and more efficient investment and production.

Over the life of the contract, the Contractor may undertake activities under this component dealing with, but not limited to:

- Monetary policy and exchange rates
- Fiscal policy
- Tax policy and administration
- Budgeting and expenditure management
- Debt management
- Social safety nets
- Sub-national government finance
- Municipal finance
- Revenue authority development

TASK C.1. MONETARY POLICY INSTITUTIONALIZATION (ILLUSTRATIVE TASK)

The CBE has identified the need to strengthen its institutional ability to carry out effective monetary policy, which requires improved capacity to analyze the linkages between CBE policy instruments, financial markets, and the productive sectors, as well as to distill this analysis into timely operational plans for CBE managers. Putting this ability in place will require organizational changes and substantial training over the medium term. The CBE is discussing its needs for external support in this effort with a number of international agencies and donors, including USAID.

The Contractor will respond as directed to the assistance requirements in this area that USAID and the CBE identify as needed in light of the overall support that the CBE arranges. Possible forms of assistance include training, including long-term advanced training in economics, long-term advisors, and commodities essential for analytical tasks.

Expected Results

Desired results under Task C.1 include:

-Transparent relationship between publicly available data and CBE interventions in money market.

TASK C.2. EXPENDITURE MANAGEMENT (ILLUSTRATIVE TASK)

As Egypt moves toward a more market-oriented economy, the central planning that formerly provided a framework for allocation of resources will diminish in relevance. The macroeconomic management of the economy will increasingly become the responsibility of the Ministry of Finance (MOF), which will ensure that the budget fully achieves a macroeconomic orientation by developing an integrated medium-term macroeconomic forecast and fiscal framework. Development and implementation of performance-based budgeting, in part by building on a current pilot project within the MOF, will also make the budget process more transparent and accountable.

The MOF is currently working with partners on a number of budget reforms. For example, the IMF is assisting with budget classification, and the World Bank is conducting a public expenditure review. USAID and the Ministry of Finance (MOF) have an agreement for assistance in the area of expenditure management.

Upon conclusion of the MOF's preparations, USAID will direct the Contractor to assist the MOF through tasks that improve its capacity to prepare, execute, and monitor a modern fiscal budget system. Illustrative tasks include efforts to work with counterparts to:

- Analyze and establish the economic relationships between the national budget, the allocation of resources, and the national economy.
- Develop and implement modern budget formulation policies and procedures.
- Train MOF staff on modern budget techniques and analytical tools such as cost benefit analysis, income and outcome oriented budgeting techniques to help control and manage public expenditures.
- Develop and implement debt management procedures and processes into the MOF's management system.
- Improve coordination of monetary and fiscal policies between the MOF and Central Bank of Egypt.
- Develop and fully implement principles of transparency and accountability into the MOF's budget preparation and execution process.
- Develop and implement a debt management strategy that includes a risk management framework.
- Develop and implement a medium-term macroeconomic forecast and fiscal framework.
- Expand performance-based budgeting to line ministries.

Expected Results

Desired results under Task C.2 that would be achieved through improved expenditure management include:

- Modern budget systems procedures installed in the operations of the MOF.
- Staff of MOF trained in modern procedures of budget preparation and public expenditure management.
- Expenditure control framework established.
- A Public Expenditure Review completed and recommendations implemented.
- Debt management strategy prepared and published.
- Public availability of information on debt management policies in keeping with the Code of Good Practices on Fiscal Transparency - Declaration of Principles.
- Coordination between monetary and fiscal policies improved.
- Government asset and liability management improved.

TASK C.3. TAX POLICY AND ADMINISTRATION (ILLUSTRATIVE TASK)

USAID has assisted the GOE's tax authorities in an extended process of upgrading since the 1980s. As a part of the GOE's ongoing reform efforts, Egypt's national legislature is expected to pass far-reaching income tax policy changes in the near future, including reducing tax rates, restructuring and reducing the number of income tax brackets, and eliminating a number of tax exemptions. USAID has also provided extensive assistance in the past relating to sales tax reform. Further support for these efforts may be required.

USAID will analyze GOE tax reform efforts and identify tasks that the Contractor will carry out to support the MOF in implementing tax reforms. Illustratively, tasks include efforts to work with counterparts to:

- Establish one-stop tax service centers
- Establish large taxpayer units.
- Provide advanced technical training to tax department staff in areas such as tax audit, risk evaluation, collections, and management techniques.
- Widen the tax base through increased taxpayer registrations.
- Develop an audit system that will improve the cost-effectiveness of the tax administration.
- Assess IT needs and develop an implementation plan.
- Assess the current design and functions of the tax department and propose a reorganization plan for a modern tax administration.

Expected Results

Desired results under Task C.3 include:

-Increased voluntary compliance and reduced protests in tax administration.

SECTION C

Component (D)

ENABLING POLICY ENVIRONMENT FOR BUSINESS

Under this Component, the Contractor shall assist Egyptian programs that address microeconomic or sectoral impediments to business development, such as outmoded commercial laws.

TASK D.1. ASSISTANCE FOR THE LAW COMMISSION (IMMEDIATE TASK)

The Contractor shall support efforts by the newly established GOE Law Commission and other Egyptian agencies collaborating with the Commission in a program to review Egypt's Commercial Code and other commercial laws and make appropriate changes in the laws.

Background and Goals

Under the aegis of the Prime Minister's office, a multi-agency group of GOE officials centered in the Ministry of Justice is undertaking an innovative effort to promote the modernization of Egypt's Commercial Code and other commercial laws by establishing a standing capacity in the form of a "Law Reform Commission" to continuously evaluate the impact of commercial law on the business environment and support revised laws and implementing regulations as needed.

The sponsors of this effort have identified a number of legal issues that limit investment in the Egyptian economy. Their conclusions and plans for change drew on several analytical exercises supported by USAID, including:

- Stern, Nicholas, "Investment Climate: *Lessons and Challenges*", Egyptian Center for Economic Studies, March 2003.
- Fawzy, Samiha, "The Future of Egyptian Exports of Textiles and Clothing in Light of the International Trade Rules", the Egyptian Center for Economic Studies, Working Paper 86, April 2003.
- Nugent, Jeffrey B., "Impediments to Dispute Resolution and Firms' Competitiveness in the MENA Region", Egyptian Center Economic Studies, September 2000.

The above are available at <http://www.usaideconomic.org.eg> .

According to these diagnostic studies, Egypt's commercial code is generally viewed as being archaic, overly complex and in need of revision. The studies emphasized that the body of commercial laws should be comprehensive because those laws are interconnected. Major weakness or inconsistencies in the Commercial Code can stifle development of new businesses and deter foreign investment. It was this concern for a comprehensive and cross-ministerial approach to Commercial Code modernization that prompted the GOE to form a law commission to revise the Commercial Code with the goal of making it investor friendly.

Reporting to the Prime Minister and acting under the policy guidance of the Minister of Justice, the Commission will bring a systematic approach to the drafting of proposed legislation. It will have the authority to call upon the expert services of specialists in areas such as finance economics, trade, telecommunications, and commerce, depending on the specifics of the proposed legislation.

Technical Approach and Tasks

- o The Contractor shall support the work of the law Commission in its program of improving the business environment through improving commercial law.
- o The Contractor shall assist as required in the drafting process for the required documents, including legislative drafting.
- o The Contractor shall assist the Commission in facilitating the participation of a broad spectrum of groups and experts who are stakeholders in commercial law, including those who use, implement, and enforce new legislation.
- o The Contractor shall advise the Commission on internationally accepted principles and practices in commercial laws and shall advise and assist in ensuring effective implementation.
- o The Contractor shall help the Commission develop inclusive, open, and transparent commercial law reform starting with the drafting of legislation and continuing with its implementation.
- o The Contractor shall assist the Commission to develop procedures that can open the reform process to interested groups and constituents. Publishing draft legislation and regulations, setting up procedures for formal review and comment, and promoting freedom of information are all necessary to ensure that the process of revising the Commercial Code and other legislative initiatives are as inclusive as possible.
- o Upon request of the CTO, the Contractor shall assist the People's Assembly to improve legislative hearings.
- o The Contractor shall provide assistance to increase awareness and capacity building among businesses, NGOs, civil society groups (including the lawyers' syndicate, law schools and the wider legal community) so that they can play a more active role in the commercial law reform process.

Initially, the Contractor shall consult, under the aegis of the Commission, with local lawyers, academics, specialists, market participants, other potential law users, implementing agencies and the judiciary to get as complete a picture as possible of the issues, interests, and context in which a specific element of the Commercial Code is to be revised.

Specifically, the Contractor shall assist the Commission to evaluate assistance needs relating to commercial law reform and shall prepare a time phased implementation plan within the first work plan. Assistance provided by the Contractor will include, but not necessarily be limited to, support for revision of several of the following laws, as requested by the Commission.

- **Bankruptcy Law:** The Contractor shall assist the Commission to draft a revised bankruptcy law. Issues that may be addressed include best practice for a predictable insolvency regime that will encourage creditors to work with debtors to avoid the closure of the business at the first sign of financial distress, as well as facilitating the distribution, redistribution and use of assets from failed businesses more efficiently, effectively and equitably when liquidation or reorganization is necessary. The Contractor shall provide legal experts who shall be guided by the standards and best practices of the World Bank's and the European Bank for Reconstruction and Development's Insolvency Initiatives and the United Nations Commission of International Trade Law (UNICTRL) model law on cross-border insolvency.
- **Companies Law:** The Contractor shall assist the Commission to draft a revised Companies Law. Relative to the law governing the modern limited liability corporation with provision for large and small firms, issues to be addressed include: provisions for mergers and acquisitions; control rights among managers, boards of directors and investors.
- **Capital Markets Law:** The Contractor shall assist the Commission to draft a Capital Markets Law. Legal issues include protecting the rights and benefits of investors with the purpose of ensuring the efficient and widespread participation by the public in the development of the economy through investing in the securities market.

- **Investment Law:** The Contractor shall assist the Commission to draft a public debt law addressing the rights and obligations for which the Ministry of Finance (MOF) is directly or indirectly the obligor. These obligations include marketable and non-marketable debt. Issues include: the allocation of responsibilities among the MOF, the central bank, or a separate debt management agency for debt management; the undertaking of primary debt issues and secondary market arrangements; the creation of depository facilities; and settlement procedures for the trade in government securities.
- **Concessions Law:** The Contractor shall assist the Commission to draft a Revised Concessions Law. Issues include an appropriate balance between attracting private investment for infrastructure and protecting the fiscal interests of the government. In assisting the Commission, the Contractor shall refer to UNCITRAL's Legislative Guide on Privately Financed Infrastructure Projects. Elements of the general legislative authority and institutional framework for the implementation of privately financed infrastructure projects include:
 - Scope of authority to award concessions.
 - Institutional arrangements for the regulation of infrastructure services.
 - Project risk, risk allocation, and government support.
 - Legislative and contractual arrangements for the construction and operation of infrastructure, including core terms of the project agreement, such as the organization of the concessionaire, the project site and easements, financial arrangements, security interests, assignment of the concession, controlling interests in the project company, construction works, general conditions for infrastructure operation, guarantees of performance, insurance arrangements, force majeure, events of default, step-in rights of the contracting authority and the lender; duration and extension of the project agreement, termination of the project agreement and consequences thereof.
 - Settlement of disputes.
- **Secured Transactions Law:** The Contractor shall assist the Commission to draft a Secured Transactions Law. Issues include: a single security right (a "charge") in respect of all things and rights, merging all distinctions between various traditional types of security rights, such as pledges of movables, pledges of rights, and mortgages; establishing a charge as a property right, and not a mere obligation, entitling the person receiving security to a sale, in enforcement proceedings, of the things and rights taken as security and giving preference over unsecured creditors in bankruptcy proceedings; and a separate registry for charges pursuant to the principle that the charges are a matter of public knowledge.
- **Public Debt Law:** The Contractor shall assist the Commission with the drafting of a public debt law addressing the rights and obligations for which the Ministry of Finance (MOF) is directly or indirectly the obligor. These obligations include marketable and non-marketable debt. Issues include: the allocation of responsibilities among the MOF, the Central Bank, or a separate debt management agency for debt management; the undertaking of primary debt issues and secondary market arrangements; the creation of depository facilities; and settlement procedures for the trade in government securities.
- The Contractor shall provide the Ministry of Justice and the Commission authoritative and definitive English language translations of selected laws from the Egyptian Commercial Code or shall acquire on their behalf those translations from an internationally recognized and accepted source of legal translations.

Implementation, Training, and Commodities

Institutional development is a key objective of this task. The Contractor shall work with Egyptian counterparts to develop their capacity to maintain and improve on policies, procedures, and systems created during the project. Training host country officials to do the work themselves will be a core element of success. A majority of this training will be conducted in-country.

The Contractor shall assist the Commission in engaging Egyptian stakeholders in the process of commercial law reform. Where local expertise can contribute to building best practice, the Contractor shall assist the Commission in drawing on it. The Contractor shall also assist the Commission with a public-information and consultation program, as appropriate for particular legislative initiatives.

To assist the Commission in the continuing process of adjusting law-reform initiatives to experience, the Contractor shall assist the Commission in dialogue with the commercial and financial sectors affected by new laws, as well as the regulators and judges who will apply and enforce them, in monitoring the progress of draft legislation as it is considered by parliament, and in monitoring the development of jurisprudence as laws are applied by courts and regulatory bodies.

The Contractor shall provide professional translation services to produce authoritative translations.

Working with USAID/CTO and the Commission, the Contractor shall identify cost-effective information and communications technology needs for the Commission. If required, following review by USAID, the Contractor shall implement ICT assistance, including procuring and installing computers, software, and related information and communications technology services.

Relationships with Counterparts

The Contractor's principal GOE counterpart for commercial law reform will be the Ministry of Justice, which will provide administrative support for the Law Reform Commission.

Expected Results

Desired results include:

- Agreement between the Ministry of Justice (MOJ) and the Commission on priorities for the areas of commercial law to be revised by the team of legal experts.
- Preparation and submission to the Commission of a schedule for the preparation of draft laws.
- Submission by the MOJ of draft commercial laws to the People's Assembly.
- Authoritative translation of commercial laws from Arabic to English for the benefit of investors.

TASK D. 2. INDUSTRIAL PROMOTION POLICY (ILLUSTRATIVE TASK)

The Ministry of Foreign Trade and Industry (MOFTI) has consulted USAID on conceptualizing improvements in public policy to promote industry. USAID will direct the Contractor as necessary to undertake tasks that will assist in improving and rationalizing the GOE's efforts to promote industry. Tasks that are under discussion include:

- Quantitatively and qualitatively evaluating the total impact of all GOE policies and assistance programs on specific industrial sectors.
- Identifying the most appropriate role for GOE industry promotion efforts.
- Benchmarking competitiveness of specific sectors.
- Benchmarking Egypt's microeconomic policy stance by standards similar to those illustrated in the World Bank's series of reports on *Doing Business*, and developing remediation programs where Egypt's business environment is shown to be lagging against these benchmarks.

- Developing long-term aspects of industrial promotion policies.

Expected Results

Desired results include:

- Reduced expenditures and tax expenditures for industrial subsidization,
- More open and neutral environment for industrial investment.

SECTION C**Component (E)****FACILITATING SERVICES FOR THE PRIVATE SECTOR**Purpose

Under this component, the Contractor will assist Egyptian programs that facilitate services to private enterprise, streamline administrative processes faced by private firms, and open opportunities previously reserved for state-owned entities. Counterparts in these areas include the Ministry of Investment, the Ministry of Foreign Trade and Industry, the Governorate of Alexandria, the Ministry of Finance, and other entities.

In general, activities may address:

- Business development services
- Streamlining investment procedures
- Investment policy, codes, and tax incentives
- Investment climate profiles and analysis
- Investment roadmap type analyses
- Privatization policy and transactions
- Public enterprise restructuring
- Private provision of public services
- Legalization and formalization of small enterprises
- Industrial estate feasibility studies
- Market research and development
- Business licensing and concessions
- Market information dissemination

TASK E.1. "SINGLE WINDOW" FOR INVESTOR SERVICES (IMMEDIATE TASK)

Over the life of the contract, USAID/Egypt anticipates supporting a number of efforts aimed at improving Egypt's business and investment climates. Some activities may address streamlining business regulation procedures and removing barriers for doing business, for example, by establishing a "one-stop-shop" or "single window" for businesses. Specific tasks shall be identified for the Contractor after detailed discussions with USAID and GOE counterparts and shall be laid out in workplans.

Private studies document that the process of incorporating a business and obtaining a license in Egypt requires 127 separate steps and 372 work days. That obviously represents a formidable barrier to market entry and enterprise formation. Firms have to receive approvals from a wide range of agencies before they can commence operations: one to register the business, another to register for taxes, another for environmental approvals, another to comply with the labor code, another for health and safety requirements, and so forth. While some of these approvals requirements reflects valid policy concerns, there is an obvious need to streamline the process.

The numerous and time consuming licensing and registration requirements represent a daunting barrier to investment. The Governor of Alexandria and/or the Ministry of Investment, in pilot project(s), will undertake measures to streamline the licensing and registration approval procedures. The approach taken may involve the use of information and communications technology that allows on-line processing of regulatory approvals or the creation of a "one window service" with a full range of investor services. The Contractor shall support the counterpart in his efforts to select the most appropriate means of delivering these services to prospective investors and assist with the design and development of facility or facilities to deliver these services.

One approach under consideration by the Governor of Alexandria is to give a service center, which will operate in conjunction with, and be co-located on an experimental basis at the Ministry of Finance's Model Sales Tax facility in Alexandria, the authority to grant all

licenses, permits, approvals, and clearances necessary to get a business operational. Similar approaches could be followed in other locales. The possible establishment of "single windows" for investor services could include the following set of tasks:

- Undertake a comprehensive review of the existing rules, regulation, licenses, laws, etc., regulating the business environment and make recommendations as to where changes are needed.
- Together with counterparts such as the Governor of Alexandria and the Ministry of Investment, determine the division of roles and responsibilities between the local and central governments as related to improving the business environment and removing constraints to the development of a "single window" for the business community.
- Assist the counterparts in developing and implementing a strategy for a "single window" for the business community. This would include identifying, both at the local level and central level, the key government services, agencies, regulatory bodies, etc., that would be included in "single window" design.
- Assist the counterparts in designing and implementing a comprehensive public education plan to ensure that procedures are transparent to all stakeholders in the business community and to the public at large.
- Assist the counterparts in monitoring the implementation of the "single window" and ensuring that they are being implemented consistently, efficiently, and in a comprehensive manner.
- Provide necessary IT support and staff training.

The Contractor shall prepare a workplan for this activity for review and approval by USAID/CTO.

Expected Results

Desired results include:

- Creation of a single office to provide prospective investors and businesses with information about business environment.
- The development of better information and intra-government communications technology to inform prospective investors of registration.
- Cutting unnecessary steps from the registration process and reducing the time and cost it takes to register a business.
- Single window service center for investors established in Alexandria or elsewhere.
- Single registration form allows notification of incorporation to local and fiscal authorities.

TASK E.2. LEGALIZATION AND FORMALIZATION (ILLUSTRATIVE TASK)

The GOE's economic ministries under the leadership of the Prime Minister began studying in early 2004 a set of proposals aimed specifically at facilitating the transition of small enterprises to the legal and formal status they need to operate in the formal marketplace. Illustrative implementation steps for this activity include: legislative drafting, public information dissemination, and initial steps for creating new public agencies dedicated to small-business formalization.

If the GOE appears ready to move forward with efforts to facilitate small business formalization, then the Contractor shall work with relevant entities to develop interventions that support this effort.

Expected Results

Desired results include:

- Reduced transaction costs for SMEs.

SECTION C**Component (F)****HUMAN RESOURCES****Background and Problem Statement**

Egypt's government and business leaders agree that improving the environment for private-sector-led economic development will require Egypt to substantially expand its stock of trained personnel in areas like business management, financial management, monetary policy analysis, fiscal policy analysis, law and economics, and commercial law.

Some emerging-market countries established world-class business training institutions a generation ago (such as the Lahore University of Management Sciences (LUMS) in Pakistan; the Asian Institute of Management (AIM) in the Philippines; the Indian Institute of Management (Ahmedabad) in India; and INCAE in Costa Rica). Some emerging-market countries also have a tradition of strong research capacity in economic sciences (India and Chile, for example) and links with international scholarly community (Indonesia, for example).

Egypt's best sources of business and economics training are most often cited as the American University of Cairo and the College of Management and Technology of the Arab Academy of Science and Technology and Maritime Transport in Alexandria (an institution for the Arab region). However, these institutions do not specialize in management training and the number of their business graduates each year is small.

Economics is taught in the Government universities of Cairo, Alexandria, Fayoum, Beni Suef, Menia, Assiut, Sohag, Ain Shams, Helwan, Suez Canal, Menofiah, Zagazig, Gharibiah, and Mansoura. Some private universities also have economics departments that vary in levels and qualifications of personnel. The scholarly development of faculties of law, economics, commerce, and business in Egypt appears to be very limited. Economics departments and research units in the universities, where they exist, play no significant role in public policy formulation or implementation. Some private trade and investment associations are involved in public policy discussions, but aside from the Egyptian Center for Economic Studies their analytic capacity is limited. Additionally, they are not educational institutions.

Especially in economics, Egypt appears still to be influenced by outdated perceptions that were current in the 1960s and 1970s when the GOE had nationalized the bulk of the large-scale private sector and was attempting to implement a form of centralized government planning of production. Compared to some countries, Egypt also appears to be able to draw on only a relatively small cadre for overseas Egyptian professionals with experience in international institutions, multinational banks and industries, and world-standard universities.

Official Egyptian agencies whose responsibilities draw heavily on economic analysis and experience with markets and pricing mechanisms, including the Ministry of Finance and the Central Bank of Egypt among others, lack a solid base of staff with good training and with operational experience in private, market-based systems.

As regards legal education, Egypt does not have a law school on the American or British model and course offerings are limited. While commercial law is one of the courses taught in law schools, the subject matter is outdated and some important topics are not covered in the core curriculum.

In 1996 through 2001, USAID/Egypt supported capacity building in selected universities' economic departments to provide technical and research support for the Egyptian government's economic policy initiatives. Assistance was provided through the International Center for Economic Growth (ICEG) under a Cooperative Agreement with USAID to set up the Economic Policy Initiative Consortium (EPIC) project. EPIC supported advisors to economic ministers; research on international experience with economic reform and on Egyptian economic issues; workshops; policy advice and briefing papers; dissemination of policy research and policy dialogue; training for ministries' staff; and institutional strengthening of Egyptian institutions.

Many Egyptian faculty members were involved in the research projects supported under the EPIC program.

USAID/Egypt has also supported in-country management education in Egypt through support to a variety of governmental and non-governmental institutions, since 2000 largely under programs of the Mission's Strategic Objective 17 (SO17), but also under sectoral projects. For more details on SO-17 activities see the Mission's website at: <http://www.usaid-eg.org>, and for information on management development initiatives see: <http://www.pfc-egypt.com/> . Evaluations have suggested that business training programs managed by the Future Generations Foundation (FGF) have been successful. USAID and the FGF at one time held exploratory discussions about establishing a world-class business school in Egypt, with the participation of a well-known U.S. or European partner school.

In the late 1990s, USAID financed a considerable number of Egyptian students for MBAs and advanced economics training in the U.S. No students have been sent on such programs since 1999. Records of training received are available from USAID/Egypt's documents of the Development Training-II (DT-II) project.

Goal and Approach

The goal to which assistance under this component will contribute is the creation of an expanded cadre of trained personnel in the areas of law, business management, and economics. Over the long term, this cadre shall help guide Egyptian public policy toward private, market-based development solutions and will help manage the operation of those solutions, both in the GOE and in the private sector.

USAID and Egyptian counterparts will identify a set of programs that together will contribute in both the short term and the long term to lifting the constraint of limited professional resources in law, business, and economics. In the short term, programs will include financing short-term training as well as advanced degree training in world-class institutions. For the long term, assistance will contribute to the founding and strengthening of Egyptian institutions that will generate a continuous flow of trained talent.

Tasks

The Contractor shall provide assistance as detailed below, as amplified by subsequent technical direction from USAID CTO, based on consultations with Egyptian partners, to support the following programs.

1. A program to strengthen legal education in Egypt.
2. A program to strengthen economics education in Egypt.
3. A program to strengthen business education training in Egypt.
4. A participant training program in economics, business management, and law.

TASK F.1. LEGAL EDUCATION (IMMEDIATE TASK)

The Contractor shall work with the law schools of Cairo University and the University of Alexandria to improve the training of lawyers and judicial officials in the skills needed for Egypt's evolving economic, political, and social needs, especially in the area of commercial law, resolution of commercial disputes, and law and economics. The Contractor shall assist these programs to impart knowledge about the legal systems used globally, through training in comparative law and incorporating comparative-law elements into training in commercial law. (USAID will determine the potential for expansion of this assistance to other Egyptian legal education programs at a future time.)

Background

USAID/Egypt recently commissioned a study of Egypt's commercial law system, which documents the need to upgrade the professional formation of lawyers and judges. The following background documents are located on the USAID/Egypt internet website <http://www.usaid-eg.org> (under NEWS CEI Background Documents):

- Competitive Environment for Investment Project Activity Approval Document, USAID, August 2003.
- Commercial Law in Egypt Diagnostic Review, Development Associates, Inc., July 2003.

To summarize relevant findings: Egypt's law schools need to strengthen many aspects of their operations to attain the level of international best practices. They teach a fixed curriculum of twelve subjects focusing mainly on the Egyptian legal system. Relative to commercial law in particular, the subject matter taught in law schools is outdated and omits some important topics.

Students enter law school upon completion of their secondary studies for a four-year course of study for a bachelor's degree in law. Teaching mainly rewards rote memorization of lectures and does not encourage students to think creatively or resolve issues. Law students are introduced to other legal systems but not to the extent needed for understanding, comparing, and adapting new principles. There is no instruction in legal ethics and graduates do not have to pass a qualification or bar examination to be admitted to practice in the Egyptian legal profession.

Law school professors do not conduct applied research nor publish research papers on topics that would be of relevance to the legal profession, the judiciary or litigators in private practice and the Egyptian Ministry of Justice.

In light of these problems, the President of Alexandria University and the Deans and deputies of the Cairo and Alexandria Law Schools, as well as GOE officials with responsibilities in the area of commercial law, have reached an agreement with USAID to cooperate in a program of strengthening legal education through establishing a university linkages program with U.S. counterparts.

Tasks

The Contractor's initial task is to assist the law schools of Cairo University and the University of Alexandria to strengthen their curricula, teaching capabilities, facilities, scholarly contributions, public service and extracurricular opportunities, institutional development programs, and international linkages. This assistance should help these faculties introduce new teaching methodologies to improve the cognitive skills of the law students, including independent and creative thinking, problem solving, and decision-making skills. Assistance will begin with English-language law programs. Subject to USAID CTO approval, assistance may expand to Arabic-language programs when translations and materials are available. Implementation will occur over the life of the contract.

The Contractor shall cooperate with the participating law schools to develop a comprehensive work plan that will coordinate assistance provided by the Contractor with the efforts of the law schools themselves and other stakeholders. The planning process will consider a wide range of possibilities. The Contractor's assistance shall then focus on priorities within the work plan, subject to USAID CTO's technical approval.

Without intending to limit the stakeholders' planning process, a number of illustrative areas for the comprehensive work plans may include the following:

Courses: The Contractor shall provide technical assistance and training for law instructors to assist them in setting curricula and preparing didactic material for law courses. A wide range of course offerings could be strengthened, including the following:

- Civil Procedure, instruction in the mechanics of civil litigation.
- Legal Research and Writing, instruction in the standard tools and techniques of legal research and the preparation of analytical documents and reports.
- Elements of the Law, instruction in the nature and reasoning from precedent.
- Property, instruction in the legal relationship arising from ownership of property including the acquisition of rights in real and personal property.
- Contracts, instruction in the sanctity and enforceability of contractual relationships.
- Economic Theory of Intellectual Property, treatment of the theory of intellectual property including the common law premises for the protection of ideas and their embodiments and the evolution of statutory and judge-made law. Instruction in the underlying economic and property theory of law and application to the statutory and common law classes of intellectual property, patents, copyright, trademarks, and trade secrets.
- Torts, instruction in the Anglo-America judge created system of determining liability for injury to person and property.
- Administrative Law, an inquiry into the powers and processes of administrative agencies, and the control of agency action through judicial review.
- Antitrust Law, instruction in the areas of comparative antitrust law, economic policy, and the procedural, institutional, and remedial elements of antitrust.
- Securities, instruction in the regulation of stocks and futures exchanges including the regulation of tender offers and control transactions.
- Applied Law and Economics, instruction in game theory, property definition, and demand revelation.
- Bankruptcy and Reorganization, instruction in the rights of creditors in bankruptcy proceedings, the law of corporate organization, the treatment of the role of the courts and trustees in the bankruptcy process.
- Commercial Transactions, instruction in negotiable instruments, letters of credit, documents of title, and the law of agency.
- Corporate Finance, instruction in basic financial matters, including valuation of securities and projects, portfolio theory, returns to risk bearing, the theory of efficient capital markets, and corporate capital structure.
- Corporate Law, instruction in the law governing the modern limited liability corporation.
- Corporate Governance, instruction in the law governing the relationship between shareholders and directors, shareholder rights, disclosure, and fiduciary duties.
- Economic Analysis of the Law, instruction in the economic analysis of the workings of the legal system including treatment of opportunity cost and the internalization of externalities by negotiation.
- Labor Law, instruction in the relationship between employer and employee, the legal basis for benefits, compensation, and collective bargaining.

- Introduction to International Law, instruction in the legal basis for the workings of international institutions.
- Ethics, instruction in the rules of professional conduct and duties pertaining to clients, witnesses, opposing parties, the courts, and the public.
- International Intellectual Property, instruction in the techniques of international intellectual property including the Paris convention, the Berne convention, the Patent Cooperation Treaty, and the Trade Related Aspects of Intellectual Property Agreement.
- Trial Practice, simulated training in witness preparation, opening statements, direct and cross examination, objections at trial, and closing argument.
- International Trade and Investment, instruction in the operations of international regulatory systems, international banking and securities clearance systems, emerging market finance, and privatization.
- Fundamentals of Commercial Real Estate Transactions, instruction in the structure, negotiation, and documentation of real estate transactions.
- Environmental law, instruction in the law's role in resolving disputes around the use of natural resources and health and ecological risks produced by development.
- Letter of Credit Law, introduction to the letter of credit, a widely used commercial payment system. Topics covered should treat the role of custom and practice in commercial law, legal characteristics, and rules of practice.
- Patent Law, covering the basic principles, history, origin and function of the patent system, the nature of patents as property and as legal instruments, comparison with other forms of intellectual property, subject matter eligible for patenting, the conditions for patentability of an invention, and the disclosure requirements for a patent application.
- Comparative Law, both as standalone courses and incorporated into other courses being developed.

Clinics: Law curricula could include legal clinics that will directly involve students in simulated cases that will be problem-based and provide a realistic context for learning. The clinics would be complementary to and incorporated into the programs' curricula and students would receive credit for their participation.

Internships: The participating law schools could establish or strengthen programs placing law student as interns with non-governmental organizations or other public service entities such as those servicing the legal needs of small and medium enterprises. These internships would provide the students the opportunity to apply the lessons they have learned to substantive legal issues and real disputes.

Professional Qualification: As Egypt does not have a bar examination, the Contractor could assist Egyptian counterparts in devising an examination and the procedures to administer it that will determine competence and fitness.

Faculty Strengthening: The Contractor shall make long- and short-term training and research opportunities available to the teaching staff of the law faculties at the Universities of Alexandria and Cairo, including attendance at learned seminars, colloquia, and longer-term (semester or more) advanced legal studies. The Contractor shall also invite members of the Egyptian judiciary to attend seminars and colloquia, especially those treating jurisprudence and legal doctrines. The Contractor shall also send legal teaching and research staff to Egypt to present seminars and workshops on current issues in legal scholarship particularly as

they relate to commercial law and comparative law. These visitors will assist the teaching staff at the Egyptian law schools to prepare and present courses contained in the illustrative curriculum and will present seminars on the subject matters. (NB: There is a need to improve the skills of judges adjudicating the recommendations of the law commission. However, those needs are outside the scope of this program. USAID/Egypt is assisting the GOE to address them through a separate activity, the Administration of Justice Support II project.)

Teaching Materials: The Contractor shall work with the faculties of law at the Universities of Alexandria and Cairo to select and acquire the text books and other scholarly material required to instruct students in the courses comprising the commercial and comparative law curricula. The participating universities will explore the options of acquiring the required texts through information and communications technology-based on demand book publishing systems. They will consider acquiring the texts through a negotiated license with a publisher or distributor or purchase an ISBN assignment for distribution. Price and other factors being considered, the Contractor shall execute a procurement of text books on behalf of the faculties of law at the Universities of Alexandria and Cairo in quantity sufficient to create a stock of texts to support instruction.

Information and Communications Technology: The Contractor shall assist counterparts, as requested, to evaluate information and communications technology needs and to design solutions. With USAID CTO's approval, the Contractor shall assist in procuring, installing, and initial maintenance of ICT systems.

Expected Results

Desired results include:

-Improved laws school curricula and teaching methods

TASK F. 2. ECONOMICS EDUCATION (IMMEDIATE TASK)

The Contractor shall work with USAID and participating Egyptian universities and research centers to diagnose barriers to improved economics training in Egypt. These diagnoses shall identify priority additions to curricula and activities, as well as strategies for developing the human resources needed to implement these additions. On the basis of these human-resource requirements, the Contractor shall, at USAID CTO's direction, assist in planning and implementing training and related activities feeding into the Contractor's participant training task.

Additional implementation steps for curriculum development may be phased according to the availability of appropriate human resources. At the appropriate time as directed by USAID CTO, the Contractor will assist curriculum development through inputs that complement improved human resources, such as library and information and communications technology materials, project and research grants, scholarships, and so forth.

Expected Results

Desired results include:

-Expanded pool of expertise for management and regulation of market mechanisms.

TASK F.3. BUSINESS EDUCATION (IMMEDIATE TASK)

The Contractor shall evaluate the manpower-development activities of USAID/Egypt's completed SO-17 program and provide USAID and partner institutions with recommendations for follow-on manpower development activities under TAPR-II. USAID will program specific activities based on the information in these evaluations and on other consultations. Based on USAID CTO's subsequent direction, the Contractor will prepare an implementation plan for the resulting relevant deliverables.

Follow-on activities, include but not limited to the following:

- Working with employers' groups to establish an examination for business graduates that will reflect the standards required for employment, sort graduates for job offers, help guide business education institutions, and provide incentives for studies.
- Assisting NGO programs that build basic business skills for new graduates from faculties of commerce and similar educational institutions.
- Facilitating and financing partnering arrangements between U.S. business schools and new or existing Egyptian business schools.
- Assisting NGO programs for continuing education of active business executives.

Expected Results

Desired results include:

- Expanded pool of expertise for management and regulation of market mechanisms.

TASK F. 4. PARTICIPANT TRAINING IN BUSINESS, LAW, AND ECONOMICS (IMMEDIATE TASK)

In addition to the specific participant training requirement laid out in Components A through E, the Contractor shall manage training of participants identified by USAID and Egyptian counterparts, notably the Ministry of Finance and the Central Bank of Egypt, among other Egyptian entities assisted under TAPR-II as needed to expand Egypt's pool of expertise needed for the transition to a privately operated and efficiently regulated economy. Training may include, among other programs, short courses of the type offered by the IMF and World Bank in Washington, D.C., Masters of Business Administration degree programs offered by U.S. educational institutions, and advanced degree programs in economics offered by U.S. educational institutions.

The Contractor shall also assist USAID and Egyptian counterparts as directed by USAID CTO to develop annual participant training programs.

For the particular case of legal education, the Contractor shall make long-term training available to recent graduates and teaching staff of Egyptian law schools, particularly those receiving assistance from the Contractor, to pursue masters of law (LL.M.) degrees in the United States. Programs may include elements to develop students' skills in economic analysis as applied to law, constitutional processes, political economy, and public choice theory.

General guidance on requirements for management of participant training is provided under Section (G) of this RFP.

Expected Results

Desired results include:

- Expanded pool of expertise for management and regulation of market mechanisms.

SECTION C**Component (G)****PROGRAM SUPPORT**

The Contractor shall provide broad programmatic support to the Office of Policy and Private Sector relating to analysis, planning, development, monitoring, and dissemination of information relating to activities carried out under SO-16.

TASK G.1. MONITORING ECONOMIC POLICY (IMMEDIATE TASK)

The Contractor shall support the economic policy dialogue between USAID and the GOE by documenting, monitoring, verifying, and evaluating policy reforms being undertaken under SO-16 as defined below.

Sub-Task G.1.1. Supporting Policy-Conditioned Assistance Agreements

The Contractor shall support USAID/Egypt in its consultations with the GOE on the policy agenda by supplying information drawn from studies and its experience in assistance activities, by oral and written briefings on policy issues, by arranging meetings (including identifying topics for the agenda and keeping the records of the results of the meetings), and by other actions to facilitate the discussion of policy measures and progress which are appropriate for the purpose of the Mission's policy-based cash transfer program (Development Support Program II (DSP II) and other policy-related Mission activities. Furthermore, the Contractor shall assist USAID to analyze implementation of policy-based assistance agreements, including verification of measures taken to meet pre-conditions for disbursement of assistance ("benchmarks" and other pre-conditions).

The Contractor shall provide, as requested by USAID, a report on progress towards implementation of policy measures included in policy-conditioned assistance agreements. USAID will determine the reports' contents, which will include at a minimum progress toward indicators, problems and their recommended solutions. The Contractor shall compile the report approximately twice a year, as directed by the USAID CTO. The report shall support USAID's performance monitoring and portfolio reviews.

Sub-Task G.1.2. Track Economic Policy Changes

To track economic policy in Egypt, the Contractor shall use newspapers, magazines, and government publications and work with other USAID/Egypt contractors, GOE officials, the private sector, academia, other donor organizations, and the general public. The Contractor shall, if requested by the USAID CTO after start-up, maintain a computerized file, appropriately organized, of notable GOE actions and statements relating to economic policy.

Sub-Task G.1.3. Assess the Impact of Economic Policy Changes

As directed by the USAID CTO, the Contractor shall assess the impact of GOE policy changes. The Contractor shall conduct surveys as needed to determine the extent of implementation of economic policy measures and the impact on economic agents such as exporters, banks, companies, households and so on.

Sub-Task G.1.4. Economic Data Base

Being careful not to duplicate existing data banks, the Contractor shall maintain a data bank of major economic indicators, such as real rate of economic growth, investment, exports, consumer price index, per capita GDP, unemployment rates, etc. This data bank shall also include non-quantitative indicators, such as the status of laws, decrees, and regulations that are required to achieve economic goals of the GOE. The Contractor shall be responsible for updating these indicators periodically.

Sub-Task G.1.5 Undertake Studies

As directed by USAID CTO, the Contractor shall carry out studies related to the economic policy environment in Egypt. Topics for specific studies shall be agree to in annual workplans. Possible studies may include, but not be limited to:

- Economic Policies: An analysis of key economic policies that impact Egypt's ability to attract investment and compete globally, e.g. policies on free zones, tax holidays, tourism, etc..
- Export Transportation System: Analysis of the transportation system from the domestic producer to the port and to the final market. The study would suggest a time-phased action plan to promote greater competition and efficiency in transportation services.
- Regulatory Constraints to Sustained Economic Growth: This study shall survey existing regulatory regimes, identify regulations that appear excessive or not cost effective, and evaluate options for amending or eliminating such regulations.
- Competition policy: The purpose of this study is to identify existing public or private monopolies and cartels, and anti-competitive behaviors, evaluate them in terms of economic costs and propose an overall approach to making the situation more competitive.

Expected Results

Desired results include:

- Better assessment of impact of USAID's cash transfer program.
- Better targeting of technical assistance efforts to support economic reform.

TASK G.2. PREPARATION AND DISSEMINATION OF INFORMATION AND PUBLICATIONS (IMMEDIATE TASK)**Sub-Task G.2.1. Translation Services**

In addition to translation requirements under component A through F above, the Contractor shall also provide translation services as directed by USAID CTO, including translating reports and other documents into modern standard Arabic. As requested, the Contractor also shall translate from Arabic to English laws, decrees, other documents, and articles. The great majority of the translations will be from English to Arabic. The most common activity will be translating texts of USAID-funded studies and analyses into Arabic so they can receive wider distribution. The Contractor shall also provide simultaneous interpretation services between Arabic and English, as needed.

Sub-Task G.2.2. Publications

As directed by USAID, the Contractor shall assist in making available publications to support the goals of the TAPR-II program, including assistance in various aspects of publication, including but not limited to drafting, editing, printing, and distribution. All publication activities shall conform to USAID's publication guidelines.

Sub-Task G.2.3. Improve Availability of Public Information

The Contractor shall assist in the dissemination of information regarding activities supported by USAID under SO-16. Working with implementing partners and GOE counterpart staff, the Contractor shall help to package and disseminate information about the SO-16 activities making use of reports, newsletters, the Internet, and other appropriate tools.

The Contractor shall prepare a bimonthly (once every two months) newsletter in English with an Arabic language digest for distribution to recipients selected from the Egyptian private and public sectors, other donors, and USAID staff.

The Contractor shall clear any materials that may reasonably be expected to be reported in the press with the CTO.

Sub-Task G.2.4. Website

USAID has established an Economic Growth website, www.usaideconomic.org.eg, to facilitate coordination of assistance and to inform the public. The Contractor shall assume physical operation, maintenance and updating of this website. The website shall continue to report results, success stories, publications, services offered by partners, training opportunities, relevant databases, and an events calendar. The website shall continue to be organized to facilitate collaboration by working groups within SO-16's implementers and managers. Implementing staff shall continue to be able to upload relevant information.

Sub-Task G.2.5. Monitoring and Reporting Documentation

The Contractor shall prepare monitoring reports and related documentation for all activities under this contract, as directed by the CTO. This documentation shall include routine periodic reports on indicator status; such as preparation and updates of the Performance Monitoring Plan for SO-16, submission of draft activity narratives for the USAID Annual Report, etc. The format of the reports and documentation may change from year-to-year and shall be provided by the CTO. Verification of specific data calculations for all indicators shall be conducted annually. Data quality assessments for each indicator shall be conducted at least once every two years.

Expected Results

Desired results include:

-Increased public access to information on USAID economic growth activities.

TASK G.3. GRANTS TO U.S. AND EGYPTIAN NGOs. (ILLUSTRATIVE TASK)

The contractor will provide grant funding to U.S. and Egyptian non-governmental organizations (NGOs) with maximum total value of up to US\$2 million to support activities leading to strengthened environment for trade and investment in Egypt. The contractor should propose the number and amount of each grant proposed to the Egyptian NGOs. A grant to U.S. NGO is limited to \$25,000. Priority consideration will be given to proposals that relate to areas covered by Components A through F. All grants will be made in accordance with USAID requirements for grants to NGOs.

Under USAID guidance, the contractor will establish specific selection criteria and a process for the allocation of these grants. The contractor will evaluate proposals award grants upon USAID approval, and provide grant management and oversight services, including monitoring and evaluating grant funded projects. Recipients (if any) who are part of the contractors teaming arrangement will be ineligible to receive funds through this grant making process.

Minimum institutional criteria for eligibility may include:

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- A requirement that the applicant be either a registered U.S. NGO or a U.S. institution of higher education, or a registered Egyptian NGO or Egyptian university;
- A requirement that the applicant have a demonstrated capacity in the areas covered by Components A through F, and
- A requirement that the applicant have established outreach capabilities with linkages to the beneficiary group(s), which is reflected by the incorporation of local views in the proposal development process.

Minimum grant-specific criteria may include:

- A requirement that the proposal seeks not less than a minimum level of funding and no more than a maximum level of funding, unless waived by USAID, and that the proposal provide for non-United States Government cash and/or in-kind contribution; and,
- A requirement that no construction or major infrastructure activities be allowed, and the proposed allocation for commodity procurement must not exceed 20% of the total activity costs.

IV. ILLUSTRATIVE STAFFING

Because of the diversity and complexity of the project activities and expected results, the Contractor will be required to perform a number of technical, management and administrative tasks. To do so the Contractor shall organize an effective team to deliver results. It is expected that the Contractor shall base a long-term team of expert consultants in Cairo, as illustrated below. A home office with extensive access to highly specialized, short-term experts with rapid response capabilities will be utilized to support the resident team.

Some tasks under the components of this RFP are immediate, while others are illustrative and need further assessment and development. Therefore, staffing needs may change over time as issues are surfaced and resolved. The Contractor will be required to provide a core management team with the technical competence and management skills to manage the project, and supplement that team as needed with technical specialists, either from within the Contractor or as short term sub-contractors/consultants.

The positions of Program Director (CoP) and the Program Administrator are mandatory and are designated as key personnel positions.

Other Core Management staff and Component's Implementation staff are illustrative.

The offeror shall propose/identify other key personnel, who may be designated at the time of contract award.

Any changes to key staffing after award will require prior written approval from the USAID Contracting Officer and the Cognizant Technical Officer.

The Government total estimated Level of Effort (LOE) for the life of the contract is 1,875 person-months for long/short-term expatriates; and 2,067 person-months for long/short-term local professionals, including subcontractors.

CORE MANAGEMENT TEAM

The Contractor shall provide a Core Management Team led by two senior staff members: the Program Director, who will be the contract team's Chief of Party (COP), and, under the Program Director, the Program Administrator. Both positions shall reside full time in Egypt for a period up to four years.

Program Director (Chief of Party): This will be a Key Personnel position required for the life of the contract. The Program Director shall lead all aspects of contract performance; would, as needed, provide technical guidance to all tasks under the contract; and shall represent the contract's activities as a whole to outside audiences. Illustrative tasks may include: lead the strategic planning for the program, including annual workplans; develop results reporting systems; ensure close coordination with USAID CTO and program partners in the GOE, private sector, NGO, and donor communities; and develop and implement an active communications and

public awareness program. The position requires an individual with outstanding strategic planning and management skills, exceptional communications and presentation skills, strong teamwork and interpersonal skills, and a wide range of technical expertise in the economic growth and private sector development sectors. The Program Director should have extensive years of experience in planning and managing highly complex economic growth-related projects in developing countries.

Program Administrator: This shall be a Key Personnel position needed for the life of the contract. The Program Director may delegate a substantial part of the internal oversight and coordination of the contract's tasks to this person. He/She shall be a senior professional and would directly supervise the Contractor's technical staff who head the contract's major components and tasks. He/She may be the Program Director's deputy for outside representational purposes and would refer tasks' technical implementation issues to the Program Director, as needed. This person shall be responsible for the day-to-day operational oversight and administration of the program. Illustrative tasks may include: program management information systems; human resource functions; procurement planning and procedures; financial planning and accounting systems; grants management; technical and financial reporting systems; and internal compliance and control systems. He/She should have extensive years of relevant technical, management, and administrative experience in developing countries.

Other Core Management Staff: The Contractor may provide full time long, and/or short-term staff to support the Program Director and the Program Administrator for coordination of the multi-component activity and for all contract-wide functions. The Contractor will continuously monitor the effectiveness of centralizing functions in the Core Management Staff or decentralizing functions to Component Implementation Staff and will propose realignments as necessary, for USAID CTO's approval. The Contractor will consider and recommend, for USAID CTO's approval, inclusion in the Core Management area functions such as contract-wide financial management, personnel and human resource management, grant management, logistical support, training requirements, ICT expertise/ information management, among others.

COMPONENT IMPLEMENTATION STAFF:

The Offeror shall propose the staff required for planning, implementing, coordinating, and evaluating all components under the SOW, including long-term local and expatriate experts; short-term expert consultants and/or subcontractors; and support staff. Illustrative types of the staff required for implementation of all tasks under the SOW, may include:

- o Senior level expert(s) with international experience in customs administration (including laws, policies, and procedures, and business process mapping). World-class expertise in application of ICT techniques to public administration and customs administration. Expertise in human resources and institutional development and legal expertise with knowledge of both Egyptian and comparative international customs law. Expertise in developing countries is an asset.
- o Senior level expert(s) in the field of port and airport services, air and maritime transportation, testing and inspections, as well as standards, with extensive knowledge of WTO requirements related to these areas. Expertise in the issues posed for trading regimes by technical standards and institutional means for managing these issues. Expertise in developing countries is an asset.
- o Senior-level expert(s) on issues related to WTO compliance, free trade agreements, trade liberalization, trade capacity building, intellectual property rights, including management of internal social and economic transitions. Expertise on issues relating to the transition to full compliance with trade agreements and increasing participation in trade and on managing these issues. Expertise on management of internal social and economic transitions resulting from trade liberalization, as well as management of management of changing external relations due to trade liberalization. Expertise in developing countries is an asset.

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- o Senior-level expert(s) on issues relating to financial sector regulation, bank privatization and restructuring, central bank management and monetary programming, markets for government securities, real estate finance, corporate governance, pension funds, capital market development and regulation/enforcement, insurance regulation and industry development, self-regulatory securities markets associations, and commercial and investment banking. Expertise in developing countries is an asset.
- o Senior-level expert(s) in dealing with fiscal policy, tax policy and administration, budget and expenditure management, monetary policy and exchange rates, national income accounting, statistical policy, sub-national government finance, and revenue authority development. Expertise in developing countries is an asset.
- o Senior-level expert(s) on commercial law and on the implementation of commercial law by courts, regulatory bodies, and the legal profession. Also, in dealing with industrial policy, labor market issues, business regulation, competition policy, bankruptcy, and microeconomic constraints to doing business. Expertise in developing countries is an asset.
- o Senior-level expert(s) in business development services, investment policies and diagnostics, privatization policies and transactions, public enterprise restructuring, public-private partnerships, business licensing, market information dissemination, tax incentives, tax zones, and all practices that go into "protection" as well as "promotion" of industry. Expertise in developing countries is an asset.
- o Senior-level expert(s) in legal education and training, economics education and training, and business management education and training. Expertise in developing countries is an asset.
- o Senior-level expert(s) in monitoring and assessing economic policies, preparation and dissemination of economic growth-related information and publications, and construction and maintenance of data bases. Expertise in developing countries is an asset.

END OF SECTION C