

Egypt

The Development Challenge: Egypt, a strong moderating force in the Middle East, has long been an important U.S. ally. Egypt and the United States share strategic interests that include the achievement of stability and peace in the region. This continuing bilateral relationship serves the national security interests of both countries. It promotes prosperity in Egypt by assisting the country's ongoing, but incomplete, transition from an economy controlled by the state to a free market-oriented one. A key U.S. goal is for Egypt to become a fully integrated and competitive participant in the global economy.

The greatest threat to domestic stability is popular frustration with recent weak economic performance and a persistent lack of economic opportunity. About one-third of Egypt's 69 million people live below the poverty line, despite a per capita GDP of about \$1,470. Officially, the unemployment rate was said to be 9% in 2003; various independent estimates, however, place the real rate somewhere between 12% and 25%.

The government recognizes the need for increased investment, both foreign and domestic, in order to stimulate growth and create jobs for an estimated 750,000 new entrants annually. It took steps during the 1990s to improve the investment climate and raise the private sector's share in the economy. More recently, reform has lagged as the economy has slowed and suffered external shocks. Notable problems include cumbersome customs and business registration processes, a growing fiscal deficit, a foreign exchange regime that impedes business, lagging privatization (particularly in the financial sector), lack of transparency, and an educational system that does not meet Egypt's needs. Last January, the Egyptian pound was de-linked from the dollar, but the hoped-for shift to a market-determined exchange rate has been somewhat frustrated by on-and-off restrictions governing the availability of foreign exchange.

On the other hand, in 2003, the Government of Egypt (GOE) built on key legal reforms undertaken in 2002 regarding intellectual property rights, money laundering, and export promotion. New legislation promoting business competition went to Parliament this year, and that body also ratified the Patent Cooperation Treaty. Egypt acceded to the Basic Telecommunications Agreement and the Information Technology Agreement (both within the World Trade Organization) and ratified the International Labor Organization's Convention on Agricultural Occupational Health and Safety. Additionally, Egypt will shortly be included in the IMF's Special Data Dissemination Standards grouping of countries, which means that it is making available to the public timely and accurate economic and financial data. In all of these areas, USAID worked closely with the GOE to reach these goals, each of which plays an important role in improving the country's investment environment and export prospects.

The economy continued to experience slow real growth in FY 2002/03 -- about 3.2%, slightly higher than in the previous year. Nonetheless, there have been some positive signs in recent months. Tourism rebounded sharply after the war in Iraq, and this vital sector then enjoyed successive record-breaking months during the summer. Another important foreign currency earner, the Suez Canal, actually realized increased receipts in 2003 - from higher war-related shipping traffic. The deficit in the balance of trade narrowed, largely as a result of the pound's sharp depreciation since January. Through July, exports were up by 27%, and the trade deficit shrank by 42%. Nonetheless, the economic mood remains cautious because of the uncertain policy environment and regional tensions.

U.S. national interests in Egypt hinge upon a strong bilateral relationship with Egypt to form an effective partnership to combat terrorism, resolve regional conflicts, advance regional peace, ensure domestic and regional security, and accelerate economic growth.

The USAID Program: USAID/Egypt's program covers six objectives. The strategy's primary focus is on accelerating economic growth - essential to strengthening Egypt as a stable and prosperous U.S. ally. Two objectives emphasize the creation of private sector jobs: strengthening the trade and investment environment; and increasing access to sustainable utility services. Four objectives target the enhancement of the human and natural resource base: improving basic education, strengthening governance and participation, providing health services and upgrading natural resource management.

In response to Egypt's development needs and to the Administration's Middle East Partnership Initiative, the program will place greater emphasis on creating jobs through trade and investment, improving basic education, democracy and governance and on healthier, planned families compared with other areas of the program. In support of the Administration's initiative, special programs in three areas that had their beginnings in FY 2003 are continuing in FY 2004 and beyond. First, the education program will expand significantly to spread the benefits of community-based education reform to selected areas both in southern Egypt and in poorer parts of Cairo. Second, the governance and participation program will significantly expand to provide for programs to: improve election administration; increase transparency and participation in government, and train journalists and judges. Third, an enterprise fund activity may be established to provide primarily equity financing to medium-sized Egyptian firms.

Other Program Elements: Supplementary USAID-funded programs contribute to the achievement of the overall development goal pursued in USAID's Egypt strategy. ACDI/VOCA, using funding from the central Economic Growth and Agricultural Development office, is implementing a three-year, \$1.39 million activity under the Dairy Directive Program, which increases the availability of safe, hygienic processed dairy products to decrease the rate of malnutrition and infant/child mortality in Egypt.

Other Donors: Two key areas of common interest for bilateral and multilateral donors are a comprehensive poverty action program, with emphasis on women and children; and further reform of the macroeconomic and investment-enabling environment. Donors emphasized these areas at the 2002 Consultative Group meeting, and they have been stressed during 2003 in donors' dealings with the GOE. The United States and European Union are the largest providers of assistance, and other major donors include Japan, Germany, the Arab Fund, the Islamic Development Bank, and the African Development Bank. USAID collaborates with other donors in all technical areas under its strategic program through regular plenary and sectoral subgroup meetings and other venues. Recently, the UNDP, which acts as the secretariat for donor coordination, compiled an extensive database showing the sectors, types, sizes, and locations of donor programs; this is now available in CD-ROM form.

Egypt PROGRAM SUMMARY

(in thousands of dollars)

Accounts	FY 2002 Actual	FY 2003 Actual	FY 2004 Current	FY 2005 Request
Economic Support Fund	655,000	611,002	571,608	535,000
ESF - Wartime Supplemental	0	300,000	0	0
PL 480 Title II	3,839	2,347	0	0
Total Program Funds	658,839	913,349	571,608	535,000

STRATEGIC OBJECTIVE SUMMARY				
263-016 Creating Jobs through Trade and Investment				
ESF	498,800	498,873	483,708	446,800
ESF - Wartime Supplemental	0	300,000	0	0
263-017 Workforce Development				
ESF	19,010	0	0	0
263-018 Infrastructure				
ESF	0	5,000	7,400	0
263-019 Environment and Natural Resources Management				
ESF	48,480	13,050	9,940	0
263-020 Healthier, Planned Families				
ESF	46,490	42,029	29,750	26,900
263-021 Democracy and Governance				
ESF	9,420	13,300	37,050	30,100
263-022 Improved Basic Education				
ESF	32,800	38,750	3,760	31,200

Mission Director,
Kenneth Ellis

Data Sheet

USAID Mission:	Egypt
Program Title:	Creating Jobs through Trade and Investment
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	263-016
Proposed FY 2004 Obligation:	\$483,708,000 ESF
Prior Year Unobligated:	\$578,489,000 ESF
Proposed FY 2005 Obligation:	\$446,800,000 ESF
Year of Initial Obligation:	FY 2000
Year of Final Obligation:	FY 2009

Summary: Strengthening the environment for trade and investment includes the following components: trade and investment financing; budget support and related technical assistance (TA); trade, business support and agribusiness development; financial sector reform and privatization; science and technology evaluation and training. In support of Middle East Partnership Initiative (MEPI) objective, USAID will expand the small and medium enterprise program and may create an enterprise fund; focus Development Support Program (DSP) II (cash transfer) funds on financial sector reform; and provide funding for trade and customs reform TA programs only after committing to achieving specific outcomes within agreed timeframes with the Government of Egypt (GOE). USAID has restructured the Information and Communications Technology program in light of the State-AID program review conducted in 2002-2003.

Inputs, Outputs, Activities:

FY 2004 Program:

Improve Economic Policies (\$2,000,000 ESF, \$197,788,000 ESF Cash Transfer, \$200,000,000 ESF Prior Year Unobligated Cash Transfer). USAID will continue to support the GOE policy reform program through the DSP II and with related technical assistance. DSP II will focus on financial sector reform, while TA will cover several economic reform areas. Specific reforms include: privatization of public banks; continued implementation of trade policy reforms; customs reform and trade facilitation (The latter programs will receive funding only after the GOE has committed to achieving specific outcomes within agreed timeframes. If reforms are not met in a timely manner, USAID will look into other programming options for the funds.); commercial law reform to stimulate investment and business creation; implementation of trade-related intellectual property rights; and the satisfaction of additional World Trade Organization (WTO) measures. Contractors and grantees: Chemonics, Barents, Nathan Associates, IBM, and Booz Allen Hamilton.

Expand Competitiveness and Agricultural Trade (\$10,000,000 ESF). USAID will provide TA, training, and other support to Egyptian businesses and business associations to increase exports in high-potential sectors such as fresh produce, processed foods, livestock, furniture, textiles, leather, and software. TA and training will promote increased competitiveness in agriculture and identify strategic investments in agricultural trade to increase income and jobs in rural areas. USAID will design and fund a small business set aside program to build the capacity of forward and backward linkage firms in Upper Egypt to improve services to horticulture and livestock producers. This program was recently modified to place more emphasis on assistance to small farmers and raisers of livestock (mostly women). Contractors and grantees: Midwest University Consortium for International Activities, CARE, ACDI-VOCA and Abt Associates.

Support to the Financial Sector (\$22,000,000 ESF, \$30,000,000 ESF Enterprise Fund, \$46,750,000 ESF Prior Year Unobligated). USAID will continue TA and training to support the GOE financial sector reform program. This activity will provide assistance in planning and implementation to state-owned banks and insurance companies. USAID funds will help develop new financial instruments such as securitized mortgages, and strengthen human resource and organizational capabilities of partner institutions to issue,

trade, and regulate these instruments in both debt and equity markets. Funds will also be used to assist the Central Bank of Egypt in its transition to an inflation targeting policy and to strengthen its regulatory responsibilities. Support for small and micro enterprise development will continue. Contractors include Chemonics, and the National Cooperative Business Association.

Science and Technology (\$1,500,000 ESF, \$1,500,000 ESF Prior Year Unobligated). USAID will continue to fund the U.S.-Egypt Science and Technology Agreement which seeks to promote cooperative scientific research, with private sector applications, in mutually agreed upon priority areas of research, such as biotechnology, energy, environment, information, manufacturing technologies, standards and metrology and other fields.

Commodity Import Program (\$198,820,000 ESF). USAID will continue financing trade and investment transactions through this program with no substantive program changes.

Wartime Supplemental (\$300,000,000 ESF Prior Year Cash Transfer). New grant funds will be released to the GOE upon completion of benchmarks related to banking, foreign exchange, custom tariffs and public release of macroeconomic data.

Development of Information Technology (\$11,600,000 ESF). USAID's activities will facilitate changes in the legal and regulatory framework, human capacity development, and technology transfer. Contractor: General Dynamics.

FY 2005 Program:

Improve Economic Policies (\$200,000,000 ESF). The policy reform/cash transfer program will continue with a focus on continuing financial sector reform.

Expand Competitiveness and Agricultural Trade (\$5,000,000 ESF). USAID will continue to support the adoption of better technology for agricultural production and trade and better market information and will strengthen Egyptian firms' capacity to market high value goods abroad.

Support to the Financial Sector (\$16,300,000 ESF; \$20,000,000 ESF Enterprise Fund). These funds will be used to continue financial regulatory reform and capacity building in banking, insurance and non-banking financial institutions. The small and micro enterprise development program will continue expanding services through increased use of banks as intermediaries.

Commodity Import Program (\$200,000,000 ESF). This program will continue to support U.S. exports, Egyptian investment, greater productivity for Egyptian firms, and more jobs in the economy.

Science and Technology (\$5,500,000 ESF). Finally, USAID will continue to support the U.S.-Egypt Science and Technology Agreement and other activities supporting broader USAID objectives.

Performance and Results: Over the past three years, Egypt's economy, while not vibrant, has withstood the full brunt of the decline in economic growth. One of the key GOE defenses against this downturn is its agenda to further open trade and investment opportunities. USAID's Economic Growth strategy strongly supports that agenda. Although the government's revenue position and balance of payments are under considerable pressure, USAID programs, such as the Commodity Import Program and the cash transfer program, provide invaluable support, helping both the GOE and the private sector cope with difficult economic conditions. USAID provided the expertise and tools needed to continue economic reforms and to compete in the global economy. For example, in helping to build private sector competitiveness, USAID-assisted producers and exporters were better able to compete in world markets, helping Egypt to achieve a 25% increase in the value of processed agricultural exports over last year. USAID support and leverage of WTO compliant laws and regulations on intellectual property, telecommunications, and information technology not only create a level playing field for international businesses, but also provide Egypt new opportunities for increased investment. The USAID economic growth program is consistent with MEPI goals, including credible conditionality for cash transfer funding, financial sector reform, WTO compliance and an improved climate for trade and investment.

US Financing in Thousands of Dollars

Egypt

263-016 Creating Jobs through Trade and Investment	ESF
Through September 30, 2002	
Obligations	3,816,277
Expenditures	3,030,355
Unliquidated	785,922
Fiscal Year 2003	
Obligations	259,069
Expenditures	405,703
Through September 30, 2003	
Obligations	4,075,346
Expenditures	3,436,058
Unliquidated	639,288
Prior Year Unobligated Funds	
Obligations	578,489
Planned Fiscal Year 2004 NOA	
Obligations	483,708
Total Planned Fiscal Year 2004	
Obligations	1,062,197
Proposed Fiscal Year 2005 NOA	
Obligations	446,800
Future Obligations	1,465,650
Est. Total Cost	7,049,993

Data Sheet

USAID Mission:	Egypt
Program Title:	Infrastructure
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	263-018
Proposed FY 2004 Obligation:	\$7,400,000 ESF
Prior Year Unobligated:	\$8,000 ESF
Proposed FY 2005 Obligation:	\$0
Year of Initial Obligation:	FY 2000
Year of Final Obligation:	FY 2006

Summary: Improved power, telecommunications and water/waste water services are essential to Egypt's overall economic growth and quality of life. USAID's programs in these sectors fall into three categories:

- Construction to expand utility services and coverage;
- Technical and managerial assistance to help utilities operate efficiently, improve services, and recover costs; and
- Institutional and regulatory capacity building to promote private sector participation in financing and management of utilities, enhance service delivery, and improve the overall sustainability of Egypt's infrastructure services.

Most support for infrastructure will end by September 30, 2005, although a few activities will continue until September 30, 2006. During these final years of the program, USAID activities will implement the last construction activities and provide assistance to enhance the sustainability of past investments. New funds will focus on small-scale projects providing services in rural areas currently un-served by modern utility services.

Inputs, Outputs, Activities:

FY 2004 Program:

Egypt utilities management (\$4,400,000 ESF). This funding is intended for construction of sewage collection systems, benefiting about 93,000 low-income residents in four areas of the Minya Governorate. Principal Contractors and grantees include ABBA Susa, Harza, UNICEF, and Planning Development Collaborative (PADCO).

Secondary Cities (\$3,000,000 ESF). This funding will be used for emergency repairs on a pump station in Luxor that threatens to flood the city with raw sewage. This activity is expected to last approximately 20 months. Principal contractors include Chemonics, Washington Int'l. Inc., Contrack Int'l Inc., and Morganti Group Int'l.

Development Credit Authority (\$8,000 ESF Prior Year Unobligated). This activity will provide a guarantee for a portfolio of loans to be made to enhance private sector participation in the water and wastewater sector.

FY 2005 Program:

No obligations are planned for FY 2005.

Performance and Results: Approximately 20 million people benefited from USAID investments in water and sanitation during the last 25 years, including major renovation of the sewage and wastewater systems in Cairo and Alexandria. In fact, once construction activity under Alexandria Wastewater II ends in January 2004, USAID will have financed virtually all of that city's sewage treatment. The result is

improved health for the people, as indicated by the decline in childhood diseases. Major improvements in operations and management (O&M) cost recovery were achieved in the water and wastewater utilities, including increased billings and collections, reduced water losses, improved customer service, and the establishment of management information systems. Among the utilities where USAID has worked, O&M cost recovery improved from 61% in 1999 to 86% by 2002. Despite these improvements, however, full economic sustainability of these investments requires significant increases in water and waste water tariffs.

A number of construction and other activities were completed and other achievements realized during FY 2003. These include the expansion of wastewater maximum treatment capacity by about 780,000 cubic meters in Alexandria, and rehabilitation of the water network to benefit about 60,000 low-income residents through improved water pressure, 24-hour service, and better water quality. Two slow sand water filters were completed in Middle Egypt, serving 60,000 people in rural areas. On-going actions will double their capacity. A new Minya raw water intake will benefit about 350,000 people living in Minya City by providing a greater volume of Nile water to be treated at two of its three water treatment plants. Two agreements were signed for the construction of sewage lines in Minya, benefiting about 31,000 people. The final hand-over was completed for a new water treatment plant in Mansoura with a capacity of 1,200 liters per second, serving 900,000 residents. The final hand-over was completed for two wastewater treatment plants in Nuweiba with capacities of 2,600 and 4,100 cubic meters per day plus an extensive, affiliated network, including wastewater pump stations, gravity sewers, force mains, water line improvements, and house connections, all serving 30,000 residents, at a cost of almost \$14 million. The final hand-over was also completed for two wastewater treatment plants and rehabilitation of two water treatment plants in the Aswan Governorate cities of Nasser City, Ballana, and Kom Ombo, including construction of gravity sewers, force mains, and four wastewater pump stations, serving 175,000 residents. In telecommunications, expansion of the digital switching capacity was completed for 310,000 telephone lines. In power, FY 2003 saw the completion of the Cairo Regional Control Center, which manages the power grid for Cairo's 18 million people. Power plant controls upgrades at Abu Sultan and the Aswan High Dam were completed; and, improvements were also made in the Reactive Power Compensation system of the Egyptian high voltage transmission grid.

The sustainability of USAID and Egyptian Government investments in the infrastructure sector is jeopardized by reluctance to charge higher user tariffs in the water and wastewater sector, and to a lesser extent, in the power sector. For this reason, the program implements its activities with special focus on legal, regulatory, and institutional reform issues to facilitate more rational tariff setting, better cost recovery, and to encourage greater private sector participation (PSP).

USAID's engagement of the GOE in a continuing policy dialogue led to the development of enabling legislation for the creation of a water regulatory agency and reform of the governorate-based water and wastewater utilities into a nationally-based holding company. USAID also promotes specific private sector participation (PSP) activities through the sponsorship of a feasibility study and transaction design for a concession of Alexandria's water and wastewater services, and the creation of a partial loan guarantee targeting PSP deals through USAID's Development Credit Authority and Commercial International Bank, Egypt's leading private sector bank.

US Financing in Thousands of Dollars

Egypt

263-018 Infrastructure	ESF
Through September 30, 2002	
Obligations	3,342,795
Expenditures	2,809,252
Unliquidated	533,543
Fiscal Year 2003	
Obligations	25,370
Expenditures	133,687
Through September 30, 2003	
Obligations	3,368,165
Expenditures	2,942,939
Unliquidated	425,226
Prior Year Unobligated Funds	
Obligations	8
Planned Fiscal Year 2004 NOA	
Obligations	7,400
Total Planned Fiscal Year 2004	
Obligations	7,408
Proposed Fiscal Year 2005 NOA	
Obligations	0
Future Obligations	0
Est. Total Cost	3,375,573

Data Sheet

USAID Mission:	Egypt
Program Title:	Environment and Natural Resources Management
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	263-019
Proposed FY 2004 Obligation:	\$9,940,000 ESF
Prior Year Unobligated:	\$0
Proposed FY 2005 Obligation:	\$0
Year of Initial Obligation:	FY 2000
Year of Final Obligation:	FY 2009

Summary: USAID/Egypt's environment program provides assistance to economically depressed urban and rural communities, in targeted areas, to realize more employment, greater economic development, and better living conditions through improved environmental services. The program provides technical assistance and training in the areas of lead pollution cleanup in Greater Cairo, sustainable economic growth in the Red Sea Governorate, and integrated water resources management.

Inputs, Outputs, Activities:

FY 2004 Program:

Livelihood and Income from the Environment Program (LIFE) (\$8,000,000 ESF). This program includes the following activities:

Lead pollution clean up involves the remediation of five contaminated closed lead smelter sites in the highly populated area of Shoubra El Kheima. The activity's initiation is based upon receipt of a Government of Egypt (GOE) commitment to exert greater effort to enforce environment laws and regulations. It will reduce health risks in the area, create jobs for community residents and other stakeholders and be the first remediation of this type in Egypt. It will build basic GOE and private sector capacity to enforce environmental laws and regulations and undertake similar cleanups nationwide. The activity will institute public participation processes by holding public hearings and reviews of environmental impact assessments involving local residents, NGOs and media representatives. It will also involve significant co-payments from land-owner beneficiaries whose land is being remediated. Contractor to be determined.

Sustainable economic growth in the Red Sea Governorate provides technical assistance and training to protect and manage the natural and cultural assets that are essential for the growth of the tourism industry on the Red Sea. To ensure equitable distribution of the economic and social benefits of tourism, the activity will provide training to local communities, introduce professional marketing approaches, assist in starting small-scale businesses and provide loans through the Development Credit Authority (DCA). The activity will provide technical assistance to the GOE to expand the area zoned for ecologically sensitive land use, implement a conservation management plan for the southern sector, undertake environmental cleanups of targeted areas, and promote environmental education and awareness. Principal contractors, grantees and agencies include: Governorate of the Red Sea; Ministry of Tourism, Tourism Development Authority; Ministry of State for Environmental Affairs, Egyptian Environmental Affairs Agency; planned Inter-Agency Agreement with the U.S. National Park Service.

Integrated water resources management promotes local development and governance by consolidating authority and decision-making at the district level and fostering links to stakeholder associations and civil institutions to gain their input into water resource management decisions. These two actions will lead to more efficient use of water resources and higher economic returns per cubic meter of water used. Ministerial decrees continue to be used to accelerate transfer of the management of district-level water resources to Water User Associations (WUAs) in advance of GOE approval of changes to Law 12/1984.

The Ministry of Water Resources and Irrigation is strongly supporting the submission to Parliament of amendments to Law 12/1984, together with implementing regulations granting WUAs full legal status under this new law. The program will provide technical assistance and training to the local entities of Zifta and Luxor within the governorates of Aswan, Gharbia Sharkiya and Qena to manage water resource distribution and maintain delivery system infrastructure. The activity will provide technical assistance and training to the private sector to maintain the physical integrity of irrigation canals and create rural jobs. To ensure equitable allocation of water resources and improve water quality management, this activity will train staff to collect and monitor water quality and quantity information. Training will be provided to technical schools and the private sector in the repair and maintenance of agricultural tools and equipment. Contractor to be determined.

Development Credit Authority (\$500,000 ESF). This obligation will support a loan portfolio guarantee with Egyptian private commercial banks for activities that are complementary to the program.

Integrated management program for radioactive sealed sources (\$1,440,000 ESF). This activity helps the GOE increase institutional capacity for enforcement and monitoring of sealed sources of medical waste to prevent any potential air and water pollution that may lead to environmental and health degradation.

FY 2005 Program:

No obligations are planned for FY 2005.

Performance and Results: USAID/Egypt's environmental assistance program works to improve management and preservation of Egypt's natural resources. During FY 2003, USAID-funded programs achieved the following results:

- The Governorates of Giza and Qalyoubia successfully introduced mandatory vehicle emissions testing, with Cairo Governorate to follow by the end of 2003;
- A Red Sea mooring buoy strategy was developed and implemented to support maintenance and expansion of the system, now the largest environmental mooring system in the world;
- Solid waste contract management units have been established in the Governorates of Cairo and Alexandria and soon in Qalyoubia to provide public sector oversight and monitoring for private sector solid waste privatization;
- A loan guarantee agreement with the National Société Générale Bank was signed to promote clean energy and ecotourism projects;
- (5) An Energy Efficiency Learning Supplement was produced and approved by the Ministry of Education; and preparatory and primary level teachers were trained to introduce students to the different forms and usage in the schools covering the governorates of Cairo, Red Sea, Alexandria, Minya and Sharkeya;
- A strategic plan to accelerate natural gas use in the industrial and commercial sectors in Egypt was completed and approved by the Egyptian Holding Company for Natural Gas. Economic and environmental benefits associated with the full implementation of the plan are significant leading to annual reductions in particulate matter emissions and improving environmental conditions for the overall population; and
- Wadi Gamal-Hemata, an 80-km coastal stretch in the Southern Zone of the Red Sea, was declared a protected area.

US Financing in Thousands of Dollars

Egypt

263-019 Environment and Natural Resources Management	ESF
Through September 30, 2002	
Obligations	298,236
Expenditures	198,181
Unliquidated	100,055
Fiscal Year 2003	
Obligations	12,732
Expenditures	19,949
Through September 30, 2003	
Obligations	310,968
Expenditures	218,130
Unliquidated	92,838
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2004 NOA	
Obligations	9,940
Total Planned Fiscal Year 2004	
Obligations	9,940
Proposed Fiscal Year 2005 NOA	
Obligations	0
Future Obligations	0
Est. Total Cost	320,908

Data Sheet

USAID Mission:	Egypt
Program Title:	Healthier, Planned Families
Pillar:	Global Health
Strategic Objective:	263-020
Proposed FY 2004 Obligation:	\$29,750,000 ESF
Prior Year Unobligated:	\$0
Proposed FY 2005 Obligation:	\$26,900,000 ESF
Year of Initial Obligation:	FY 2000
Year of Final Obligation:	FY 2009

Summary: The population and health program ensures that effective primary health care is available to all, emphasizing maternal, childcare and family planning services. USAID finances technical assistance, training, and NGO grant programs to improve health services and grassroots outreach ensuring access for rural women and the poor. USAID also contributes needed medical equipment, contraceptives and support to renovate and upgrade health clinics. Women and children are a priority target group.

Inputs, Outputs, Activities:

FY 2004 Program:

Healthy mother and health child (\$5,075,250 ESF). USAID will extend the successful safe birthing and newborn survival interventions to cover an additional one million women and their children under age five in Upper Egypt. The program includes health facility renovation, improved health planning, community education and outreach through NGO grants, health provider training and oversight, provision of equipment, and adoption of quality control standards for maternal/child health services. In addition, USAID provides technical assistance and support for national polio eradication efforts, community-level education about the harmful effects of female genital cutting, and extension in 15 new districts of a World Health Organization-mandated approach to caring for ill children. Principal contractor and grantees: John Snow International and UNICEF.

Family planning and reproductive health (\$11,134,980 ESF). USAID supports universal availability of quality family planning information and services for the 16.4 million women of reproductive age, with special activities aimed at reaching priority groups, including two million young families, 1.9 million poor rural women and 1.4 million poor women in urban slums. The program funds renovations and upgrades of equipment in 30 health and family planning clinics in rural or urban slum areas; provides technical assistance to improve services and sustainability of Egypt's largest NGO clinic network of 88 family planning and women's health clinics; and provides contraceptives to ensure their nationwide availability at affordable prices. USAID will work to help this network become fully sustainable before support for the program is phased out in 2008. Principal contactors: CATALYST Consortium (Pathfinder, Future Group International).

Infectious disease surveillance and response (\$3,500,000 ESF). USAID technical assistance, information systems, and training enhance Egypt's monitoring and control of key infectious diseases. New epidemiological surveillance units will be established in the remaining eight of Egypt's 27 governorates. USAID will extend the information campaign and provide education on infection control; fund two HIV/AIDS voluntary counseling and testing centers, fund a sentinel behavior surveillance site for HIV/AIDS and sexually transmitted infections, and advise the Ministry of Health and Population on tuberculosis control. USAID will also refine the targets and indicators for measuring this program's success. Principal contractors: U.S. Naval Medical Research Unit 3 in Cairo, U.S. Center for Disease Control and Family Health International.

Focus on family health (\$3,670,000 ESF). Formerly health policy and information, this activity was revised during FY 2003 to reflect new U.S. priorities. It will increase the number of family health clinics that offer quality-assured health care in the Suez and Minya governorates. USAID will also fund clinic renovations and upgrades of equipment. U.S. health experts will assist GOE officials in organizing effective interventions for health priorities. Principal contactors: Abt Associates, Dept. of Health and Human Services.

Communication for healthy living (\$3,732,980 ESF). Health communication messages provided through television, radio, printed materials and health workers promote the use of basic health services and inform people about important ways of preventing illness and disease. USAID will provide technical assistance and funding to public and private organizations for health communication activities. Principal contractor: Johns Hopkins University.

Health work force development (\$2,636,790 ESF). Five Egyptian medical and nursing schools will participate in the revised education programs for training physicians and nurses this year. U.S. experts will assist Egyptian instructors in introducing new teaching methodologies, curricula and student assessment methods, and make more U.S. based knowledge resources available to Egyptian medical and nursing faculty/students. USAID will work with the GOE to encourage the assignment of greater numbers of nurses and physicians trained by this program to poor urban and rural areas. Principle contractor: Johns Hopkins University.

FY 2005 Program:

Healthy mother and healthy child (\$4,000,000 ESF). USAID plans to continue polio eradication efforts and extend safe motherhood and childbirth activities in five new districts.

Family planning and reproductive health (\$11,209,990 ESF). USAID plans to continue to improve the quality of family planning services nationwide, increase availability to priority groups, and increase spacing between births to improve the health and survival of mothers, infants and young children.

Surveillance and response to infectious diseases (\$3,050,000 ESF). USAID will ensure the efficiency of the nationwide epidemiology and surveillance units, expand the infection control program to all of Egypt, and continue to bolster quality control of public laboratories.

Focus on family health (\$4,220,000 ESF). USAID will continue to develop integrated family health care delivery in Suez and Minya, extend these efforts into a governorate in the Delta region, and convert 20 facilities into integrated family health clinics.

Communication for healthy living (\$2,983,130 ESF). USAID will continue TA and funding for implementing partners to plan, develop, and disseminate health education messages. Local communities will benefit from NGO grants to mobilize resources and community action to address local health problems.

Health work force development (\$1,436,880 ESF). USAID will expand activities to improve primary health care delivery to an additional ten medical and nursing schools. Practical training sites will be opened to ensure that all new primary health clinic providers have the necessary skills and experience to handle routine cases and deliver preventive services.

Performance and Results: The 2003 Egypt Demographic and Health Survey (EDHS) showed notable progress in several maternal and child health indicators in comparison to the 2000 EDHS. For example, the infant mortality rate declined from 44 to 38 infant deaths per 1000 live births, the percentage of women receiving regular antenatal care coverage (4 visits+) increased from 37% to 56%, and the percentage of births attended by medically qualified staff increased from 61% to 69%. The EDHS revealed that between 2000 and 2003 the contraceptive prevalence rate increased from 56% to 60%; the total unmet family planning need declined from 11.2% to 9.5%; the national total fertility rate declined from 3.5 births per woman to 3.2 with significant improvement in both urban and rural Upper Egypt; and total desired fertility declined nationwide from 2.9 children to 2.5.

US Financing in Thousands of Dollars

Egypt

263-020 Healthier, Planned Families	ESF
Through September 30, 2002	
Obligations	498,872
Expenditures	413,749
Unliquidated	85,123
Fiscal Year 2003	
Obligations	41,690
Expenditures	40,887
Through September 30, 2003	
Obligations	540,562
Expenditures	454,636
Unliquidated	85,926
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2004 NOA	
Obligations	29,750
Total Planned Fiscal Year 2004	
Obligations	29,750
Proposed Fiscal Year 2005 NOA	
Obligations	26,900
Future Obligations	41,000
Est. Total Cost	638,212

Data Sheet

USAID Mission:	Egypt
Program Title:	Democracy and Governance
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	263-021
Proposed FY 2004 Obligation:	\$37,050,000 ESF
Prior Year Unobligated:	\$0
Proposed FY 2005 Obligation:	\$30,100,000 ESF
Year of Initial Obligation:	FY 2000
Year of Final Obligation:	FY 2009

Summary: USAID governance programs respond to Egyptian efforts by civil society organizations and reform-minded leaders in the Government of Egypt (GOE) to support a stronger role for civil society, foster improvements in the administration of justice and introduce the application of participatory models of service delivery. As new programs are designed, in concert with the Middle East Partnership Initiative (MEPI) goals, USAID will explore new areas of assistance, such as media reform, human rights, legal education, women's legal services, criminal justice reform, and political participation. To date, the USG's longstanding approach to democracy assistance has been to implement activities that have full GOE concurrence.

Inputs, Outputs, Activities:

FY 2004 Program:

Enhance democratic, accountable governance and citizen participation (\$20,000,000 ESF). Prospective activities will address a variety of issues central to the development of a democratic society. Based on an expansion of USG policy, high-level inter-governmental dialogue and pending concurrence from the GOE, USAID could begin to collaborate through multi-donor efforts to encourage freer and fairer elections and to promote political party development. USAID will propose to the GOE assistance for independent human rights organizations, legal aid services for women and assistance for university education with a focus on comparative law curricula and activities to promote knowledge of democratic practices. Support for public accountability efforts through NGOs will also be proposed to the GOE in order to assist "watchdog" groups in monitoring public sector budgets and expenditures and to assess and report on the quality of public service delivery. USAID plans to significantly expand support for journalist training and media reform programs conducted in Arabic in Egypt, based on the results of a comprehensive assessment of the mass media environment and opportunities for intervention.

Participation in local development program (\$10,950,000 ESF). USAID will launch this new program to enhance civil society capacity, promote citizen participation in local affairs and improve government responsiveness. This is a new activity, which was not notified last year. The effort will build on and expand past democracy investments to help increase public awareness about the relationship between citizen participation, accountable governance and the effective provision of public services. It will also capitalize on the work of USAID/Egypt's other programs, including those that focus on education, small- and medium-sized enterprises, and community-level infrastructure investments, targeting reform-minded leaders in those governorates where USAID already works. The program will aim to broaden the USG's democracy programs, focusing on citizen empowerment and participation as a means of defining community needs and priorities and advocate for government responsiveness and accountability to those issues.

Improve administration of justice and rule of law (\$6,100,000 ESF). Building on the achievements of the Administration of Justice Support (AOJS I) project, to end in March 2004, USAID will provide assistance in court administration, training of judges and court personnel, and automation of court systems. The follow-on AOJS II project will assist the Ministry of Justice in replicating the modernized systems, first in

two additional courts and then throughout Egypt, to improve court performance, reduce backlogs and delays, and decrease opportunities for corruption. USAID will conduct an assessment of the criminal justice system, which will address the creation of a public defense entity, criminal procedure reforms, and reorganization of the criminal justice system to alleviate the heavy docket.

FY 2005 Program:

Enhance democratic, accountable governance and citizen participation (\$20,000,000 ESF). With GOE concurrence, USAID will help improve the administration of elections, improve political party registration procedures, finance human rights monitoring groups, support greater government accountability and improve citizen awareness, media reform and journalist training. USAID is also considering support for university-based programs to promote knowledge of liberal democratic practices through model parliament activities, leadership training, and partnerships between American and Egyptian universities in support of democracy studies.

Participation in local development (\$5,200,000 ESF). USAID will continue to support planned activities that promote community participation in establishing local development priorities in selected Egyptian governorates. Once such priorities are identified, the program will assist local communities to communicate those priorities to government officials at the local and governorate levels. The project will draw on its own resources, as well as other elements of the USAID/Egypt program, e.g., education, health, infrastructure, small business promotion, etc. to help the government respond to the agreed upon priorities. Finally, the project will work to expand the use of community participation within other elements of the mission's program.

Improve administration of justice and rule of law (\$4,900,000 ESF). Under AOJS II, USAID will continue to support court administration, training of judges and court personnel, and the automation of court systems in civil/commercial courts, responding to the reform priorities of the Ministry of Justice. The project will assist the Ministry in devising cost estimates and a strategic plan to replicate the automated systems in civil courts nationwide. USAID may also begin to implement activities in the criminal courts, such as support for public defense, criminal procedure reform and institutional modernization, based on the results of its assessment of the criminal justice system.

Performance and Results: USAID has helped improve the capacity of civil society organizations to advocate for change and represent the interests of their constituencies in the public sphere. USAID has also improved lawyers' confidence in the justice system; reduced civil/commercial court backlogs in two pilot courts; and modernized the filing and tracking of cases, creating a model that can be replicated nationwide, beginning in late FY 2004. Finally, USAID has helped support citizens in organizing locally to address priority issues in their communities, laying the foundation for future efforts to promote citizen involvement in improving local service delivery and government responsiveness. For example, The Sohag Children with Special Needs Association and its partner NGOs advocated for the political and legal rights of women. It launched an awareness campaign on women's legal, political, and civil rights that received wide press and broadcast coverage, and held two conferences, attended by senior decision-makers. The network also assisted women in Sohag to obtain 182 civil documents (birth certificates, ID cards, election cards), trained 200 women activists advocating for women's legal rights; and increased women's representation in the network's general assembly and board by 10%.

As a result of these and other achievements, USAID remains well-positioned to respond to political openings and opportunities for reform. By working through knowledgeable and reform-minded individuals in academia, civil society, think tanks, and governmental institutions, USAID is helping to create a network of Egyptians at all levels of society who can advocate for democratic reform.

US Financing in Thousands of Dollars

Egypt

263-021 Democracy and Governance	ESF
Through September 30, 2002	
Obligations	89,602
Expenditures	66,129
Unliquidated	23,473
Fiscal Year 2003	
Obligations	14,270
Expenditures	10,925
Through September 30, 2003	
Obligations	103,872
Expenditures	77,054
Unliquidated	26,818
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2004 NOA	
Obligations	37,050
Total Planned Fiscal Year 2004	
Obligations	37,050
Proposed Fiscal Year 2005 NOA	
Obligations	30,100
Future Obligations	50,500
Est. Total Cost	221,522

Data Sheet

USAID Mission:	Egypt
Program Title:	Improved Basic Education
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	263-022
Proposed FY 2004 Obligation:	\$3,760,000 ESF
Prior Year Unobligated:	\$0
Proposed FY 2005 Obligation:	\$31,200,000 ESF
Year of Initial Obligation:	FY 2000
Year of Final Obligation:	FY 2009

Summary: USAID/Egypt's Improved Basic Education program supports technical assistance (TA), training, and school construction -to promote decentralization in targeted governorates; teaching and education management reforms (including English language skills); and NGO, scholarship, literacy, life-skills; school readiness, and community mobilization programs.

USAID supports Government of Egypt (GOE) efforts to promote decentralization and the integration of proven models of teaching, management, community and private sector support. Programs also promote school readiness, improved teaching and management practices, and the mobilization of parents and communities for greater local school management. USAID supports formal and non-formal basic education efforts that improve the quality of education and expand girls' access in areas with the greatest poverty and gender gaps. Several activities will be launched in 2004 to support reform, expand girls' scholarships, and increase English language skills. Strong emphasis on gender equity will continue.

Inputs, Outputs, Activities:

FY 2004 Program:

Education Reform (\$3,760,000 ESF). USAID TA and training will help establish decentralized decision-making and improve teaching and school management in select districts of seven governorates. An expanded education reform program will begin January 2004 to assist the GOE in decentralizing the management of pre-university education institutions. Program activities will target communities, educators and school officials at local and national levels, from parents, private sector leaders, and teachers, to school administrators, governors and ministers. Outstanding teaching awards will be introduced, and school inspector services to monitor teacher performance will be strengthened. The program will emphasize primary education and women's literacy. A network of governors will be created as a forum to exchange ideas and experiences with education reform. USAID will work with the Ministry of Education and the Ministry of Higher Education. Principal contractors and grantees include Academy for Educational Development (subs: Michigan State University, Research Triangle Institute, University of Pittsburgh, MACRO); American Institutes for Research (subs: CARE, Education Development Center, World Education); and the International Institute for Education.

FY 2005 Program:

Education reform (\$20,700,000 ESF). This activity will include programs and school construction in seven governorates: Alexandria, Cairo, Minya, Qena, Fayoum, Aswan, and Beni Suef.

Faculty of education reform, English language skills development and participant training (\$5,000,000 ESF). These funds will be used for reform of teachers' colleges, English language and other training.

Scholarships and NGO sustainability (\$5,500,000 ESF). This activity will fund NGO programs in literacy, life-skills, parental education, scholarships, school readiness, women's literacy skills, and program management. USAID will look into methods to expand the girls' scholarship program.

Performance and Results: USAID's basic education activities achieved very important results in FY2003. Key developments include: 1) national and governorate level policy dialogue that increased delegations of authority from the MOE to 15 out of 27 governorates; 2) expansion of USAID support for the GOE reform effort beyond Alexandria to six new governorates; 3) creation of an independent education reform fund in Alexandria to support school improvements and increase teachers' compensation; 4) literacy and life-skills training for over 32,000 women in seventeen governorates; 5) 28 new schools built with community assistance to enroll girls who did not previously have access to education, 6) over 6,000 girls' scholarships awarded; 7) 172 NGOs and private associations mobilized to support education in their communities; and 8) attainment of 90% pass rate for children studying in USAID program supported primary schools, compared to a national average pass-rate of less than 70%.

More than 81,000 girls and young women benefited in FY 2003, well above the USAID target. Almost universal coverage was achieved with the Egyptian "Sesame Street" series, viewed by an estimated eight million children and 54% of their mothers. Working with other donors, the English language program solidified new sector policy reforms with the start-up phase of a major initiative to develop national education standards for pre- and in-service teachers, teacher trainers, and educational leaders. Over 500 teachers, supervisors, faculty members and other educators began to incorporate these new standards into school management systems in FY 2003.

US Financing in Thousands of Dollars

Egypt

263-022 Improved Basic Education	ESF
Through September 30, 2002	
Obligations	82,300
Expenditures	32,113
Unliquidated	50,187
Fiscal Year 2003	
Obligations	49,010
Expenditures	11,731
Through September 30, 2003	
Obligations	131,310
Expenditures	43,844
Unliquidated	87,466
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2004 NOA	
Obligations	3,760
Total Planned Fiscal Year 2004	
Obligations	3,760
Proposed Fiscal Year 2005 NOA	
Obligations	31,200
Future Obligations	28,400
Est. Total Cost	194,670