



**USAID**  
FROM THE AMERICAN PEOPLE

**Third Annual Report**  
**October 2012 - September 2013**  
**Egypt's Competitiveness Program**

October 2013

This publication was produced for review by the United States Agency for International Development. It was prepared by Chemonics International Inc.



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# Third Annual Report Egypt's Competitiveness Program

October 1, 2012 – September 30, 2013

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## ACRONYMS

APSS	Annual Program Statements
AO16	Assistance Objective 16
BDS	Business Development Services
BOT	Board of Trustees
CPA	Consumer Protection Agency
CR	Commercial Registry
CRA	Commercial Registry Authority
CSRs	Customer Satisfaction Reviews
DCA	Development Credit Authority
DTC	Development for Training and Consultancy
ECA	Egyptian Competition Authority
EBI	Egyptian Banking Institute
ECP	Egypt's Competitiveness Program
EFSA	Egyptian Financial Supervisory Authority
EIFS	Egyptian Institute for Financial Services
ENCC	Egyptian National Competitiveness Council
ERRADA	Egyptian Regulatory Reform and Development Activity
ETA	Egyptian Tax Authority
FDI	Foreign Direct Investment
FEDCOC	Federation of Egyptian Chambers Of Commerce
FSI	Financial Sector Institute
GAD	Government Actuarial Department
GAFI	General Authority for Investment and Free zones
GEP	Global Entrepreneurship Program
GoE	Government of Egypt
GOEIC	General Organization for Export and Import Control
GRU	General Review Unit
GMUs	Governmental Management Units
IDA	Industrial Development Agency
IDSC	Information Decision Support Center
IFC	International Financial Corporation
IMF	International Monetary Fund
IQS	Indefinite Quantity Subcontract
ITC	Industry Training Council
ITDA	Internal Trade Development Agency
ITMAS	Integrated Tax Management Accounting System
LLC	Limited Liability Company
LMIS	Labor Market Intelligence System
LOP	Life of Program
MCSBE	Middle East Council for Small Business & Entrepreneurship
MIC	Ministry of Planning and International Cooperation
MISA	Ministry of Insurance and Social Affairs
MOF	Ministry of Finance
MOIFT	Ministry of Industry & Foreign Investment
MOU	Memorandum of Understanding
MSIT	Ministry of Supply and Internal Trade
MTI	Ministry of Trade and Industry
MTOs	Medium Tax Payer Offices

NGOS	Non-Governmental Organizations
PA	Public Awareness
PFM	Public Financial Management
PMOP	Performance Monitoring Operational Plan
PMP	Performance Monitoring Plan
PSCC	Port Said Chamber of Commerce
RFTOP	Requests for Task Order Approval
RIA	Regulatory Impact Assessment
SBEU	School based Employment Units
SBTUs	School-based training units
SFD	Social Fund for Development
SMEs	Small and Medium Enterprises
SOW	Scope of Work
SSBC	Smart Services Business Center
STOs	Subcontract Task Orders
STTA	Short Term Technical Assistance
TAPR II	Technical Assistance for Policy Reform II
TARF	Tax Analysis and Revenue Forecasting
TOT	Training of Trainers
TVET	Technical and Vocational Education and Training
UBR	Unified Business Registry
USAID	United States Agency for International Development
USG	United States Government
VAT	Value Added Tax
WP	Work plan

## Executive Summary

Egypt's Competitiveness Program (ECP) is pleased to submit the third annual report covering program activities from October 1, 2012 to September 30, 2013. ECP originally was a three year project ending August 31, 2013, with a fourth year option. However, USAID has given ECP a no-cost extension through June 2014. ECP is managed by prime contractor Chemonics International, Inc., in partnership with a consortium of U.S subcontractors: Innove, The Kaizen Company, SEGURA/IP3 Partners LLC, J.E. Austin Associates, and one Egyptian Subcontractor: Developers for Training and Consultancy (DTC).

Implementation of the ECP program was dramatically interrupted with the onset of the January 25, 2011 revolution which led to the overthrow of President Mubarak. This has carried over in the last three years, and can be characterized by a combination of "crisis" interventions on the one hand and a series of "stop and go" initiatives as interim government officials changed; with ECP struggling to implement important development initiatives amid an almost continuous stream of civil unrest from removing Mubarak, elections of President Morsy, and then his removal from government by the edict of the people implemented by the military of Egypt. As of this date, the new transitional government is still in flux, and will likely remain so until a new Parliament and then President are elected; which will likely not be finished until the spring/summer of 2014. All of the above have had effects on the interventions delineated in the original ECP contract.

ECP was created under USAID's Strategic Objective 16, "Conditions for Trade and Investment Improved", to provide technical assistance to enhance Egypt's competitiveness through regulatory reform, streamlined business processes, improved labor skills and productivity, and modernization of the financial sector. USAID/Egypt's overall goal is to promote a globally competitive, educated, and innovative human resources-based economy benefiting Egyptians equitably. Accordingly, under ECP/USAID has focused on four broad competitiveness programs to improve trade and investment:

- (A) Conducive Regulatory Reforms
- (B) Streamlining Business Processes
- (C) Improving Labor Skills and Productivity
- (D) Strengthening the Financial Sector

### Year III Accomplishment's

#### Component A - Conducive Regulatory Reforms

In Year III ECP continued to provide TA to Ministry of Finance (MOF) via the Egyptian Tax Authority (ETA) on restructuring the Integrated Tax Management Accounting System (ITMAS) by contracting with the original French software company to fix major problems in ITMAS. Although substantial effort was made to make the system fully operational, the flaws in the software, the reluctance of the software company to provide adequate assistance has made the effort only partially successful. ECP provided the Egyptian Competition Authority (ECA) provided with TA, software for Digital Forensics, internships with the U.S. Federal Trade Commission. Assistance was also given the Industrial Development Authority (IDA), as well as

assistance to the Consumer Protection Authority (CPA) in public awareness and judges training.

#### Component B – Streamlining Business Processes

ECP finished the TA, software, and training to the Commercial Registry (formerly known as the Unified Business Registry). In Year III, ECP worked with the Alexandria Tamayouz Center in resolving some of its problems, created and opened a new Tamayouz Center in Qalyoubia; and provided GAFI's One Stop Shop with TA to assist businesses similar to the Tamayouz concept. In addition, basic assessments were finished on developing new Tamayouz Centers in several more governorates. ECP continued its grant and TA assistance to the Egyptian National Competitiveness Council (ENCC). Assistance was given to ENCC in their annual conference and its National Competitiveness Report; as well as other reports on Food Security, Tourism, Labor, and the Suez Economic Corridor development.

#### Component C.1 – Skills to Market

Year III saw ECP providing considerable support and training to the Minister of Education, Technical Education Sector (commonly known as TVET). ECP set up School Based Training Units (SBTUs) and School Based Employment Units (SBEUs) in 23 schools across Egypt, and developed and conducted trainings in all of these units under agreements with the Ministry of Education (MOE). Also, training was provided to teachers in these schools developing new methods of training that could be passed on to additional teachers and students. In doing so, ECP worked with private sector businesses and associations to assist them to work with TVET schools in providing market based needs, as well as assisting the businesses in hiring and retraining employees.

#### Component C.2 – Global Entrepreneurship Program

Under Entrepreneurship ECP held numerous conferences, workshops, and various meetings on starting, growing, and providing financing/equity capital for entrepreneurs with high-growth potential in Egypt. Some of these events were "Start-Up Weekends", Mentorship, Angel Investors, and promoting entrepreneurship in Egyptian universities. All activities were quite successful, bringing in hundreds and thousands of entrepreneurs and would be entrepreneurs; all of which has brought entrepreneurship to the forefront of the desires and hopes of existing and potential business people in Egypt.

#### Component D – Strengthening the Financial Sector

ECP continued to provide substantial TA to the Egyptian Financial Supervisory Authority (EFSA) and its Financial Sector Institute (FSI) to strengthen the non-bank financial supervision, and train its employees and the private sector. This component also provided assistance to banks, potential borrowers trying to obtain loans, advocacy training to MSME associations, and assisted the Social Fund for Development (SFD) in assessing their place in the micro and small businesses related to business incubators, business development services; and in creating a National Strategy for MSMEs. In addition, ECP continued to work with HSBC Bank-Egypt to utilize the Development Credit Authority (DCA) Portfolio Loan Guarantee that was developed for the bank.

# Year Three Actions and Results

## Conducive Regulatory Reform (Component A)

ECP is building on the previous accomplishments of other USAID projects to create a framework for regulatory reform in Egypt that is conducive to economic growth. Creating that framework involves improving the regulatory environment to lower risks and costs for business, establishing a sustainable system for devising and implementing regulatory reform strategies, strengthening anti-competition protection, improving commercial laws and improving Egyptian tax and fiscal policies and procedures.

The component life of project expected results (from the contract) include:

- (i) Broad regulatory reforms
- (ii) Commercial law reforms, fiscal reforms and budget transparency, fiscal decentralization, and investment policies

The project has also been asked to provide assistance that was not part of the ECP project, specifically assistance to the Egyptian Tax Authority (ETA) for stabilization of the Integrated Tax Management and Administration System (ITMAS) and the introduction of value-added tax (VAT).

### A1. Support for Regulatory Reform

The Egyptian Regulatory Reform and Development Activity (ERRADA), and the main goals of ECP assistance were to institutionalize ERRADA as a principal driver of policy formulation and regulatory streamlining in the GOE, including expansion of the scope of ERRADA to include Regulatory Impact Assessments (RIA), streamlining of administrative procedures and establishment of an online database of all Egyptian laws and regulations. Ideally, each participating ERRADA ministry should be exposed to the RIA process and supporting technical expertise to allow each participating ministry to effectively integrate the RIA process into their own regulatory activities. As opportunities arise ECP will be responsive to requests for RIA technical assistance.

However, in June 2012, a decision was finally made that ERRADA had achieved enough in pursuit of its regulatory reform mission; and there was no longer support from MOF to continue ERRADA operations. ERRADA was officially shut down on the 15th of July 2012, and as of the end of Year III a supportive ministry has not been found that will take on the ERRADA activities.

#### A1.1 Activities and Accomplishments

Due to their shut down, in August 2012 ERRADA equipment was moved to ECP premises after the agreement between MOF and USAID to maintain the system and equipment at ECP, until they decide on the location and affiliation of the new ERRADA. The system and equipment was tested and officially accepted to be complete and functioning by a technical committee including representatives from ECP, ERRADA and MOF. All of the system documentation, databases and modules are now located at ECP. However, as of the end of Year III, a ministry has not yet confirmed or agreed to bring ERRADA under them, although there has been some discussion recently that the Ministry of Investments may be interested in hosting them. If and when a ministry will host them, ECP will provide TA and support to rejuvenate ERRADA.

## **A2. Support for Commercial Laws, Fiscal Reforms, and Investment Policies**

Egypt has in recent years established new entities and implemented reforms in existing agencies with the goals of increasing Egyptian competitiveness and easing administrative burdens on business. To assist in the achievement of these goals ECP is providing assistance to the Ministry of Finance (MOF), Egyptian Tax Authority (ETA), the Industrial Development Agency (IDA), the Egyptian Competition Authority (ECA), the Consumer Protection Agency (CPA,) and the Ministry of Finance in pursuing passage of critical commercial policies, laws and regulations as well as supporting the GOE's efforts to promote sound public finance management and fiscal decentralization.

As a result of changes in leadership within our counterpart Ministries, no work on commercial law drafting was completed during Year III. Nonetheless, significant assistance was provided to the MOF and ETA in terms of training and in support of stabilization of ITMAS, which is critical for increasing revenues and the potential rollout of VAT.

### **A2.1 Activities and Accomplishments**

#### **Support to the Ministry of Finance (MOF):**

##### **Support to the Ministry of Finance in the Implementation of Fiscal Decentralization and Budget Transparency Activities**

In Year III, ECP formulated a comprehensive scope of assistance to MOF. The scope included providing technical assistance and training to ensure the full development and implementation of the MOF Integrated Tax Management and Administrative System (ITMAS) and its roll out to 27 Medium Tax Payer Offices (MTOs), coupled with intensive training and knowledge Development of MOF ITMAS staff.

While ECP provided TA and funding for ETA regarding ITMAS, ITMAS itself was found to be in serious need of reprogramming, and ECP hired Bull (the French company that provided the ITMAS software to fix the programming software). This effort was somewhat helpful to ETA; however it did not fix all the software problems so that ITMAS could be fully functional. This work may continue in Year IV, but on a limited scale. ECP also provided ETA with a framework on integrating VAT into the Egyptian tax structure, but VAT cannot be implemented until there is a fully functional computerized software system for ETA.

#### **Support to the Egyptian Competition Authority (ECA):**

ECP's work with ECA had been placed on hold since the Revolution. In Year III a new chairperson was appointed and collaboration with ECA was officially resumed. A series of extensive meetings were held between the Chairperson of the ECA, Dr. Mona El Garf; USAID; and ECP to discuss support to ECA. During Year III the following areas of support were discussed with ECA, and verbally approved by USAID:

1. U.S. Federal Trade Commission Internship: ECA requested to send two ECA staff members to the Federal Trade Commission on a 2 months internship. One internship was completed in 2013, and the other is scheduled in 2014.



"Mr. Alexis Gilman, FTC Intern"

2. Digital Forensics and Mergers and Acquisitions Experts: ECA requested STTA in the field of digital forensics to provide training to ECA to show the different branches of forensics, different levels of complexity and to provide recommendations to what would be the most suitable digital forensics applications and training courses and hardware for ECA. In Year III the software and hardware was purchased; however the consultant identified was not able to commit for the assignment, and another is to be identified for Year IV.
3. ECA also requested STTA in the field of Mergers and Acquisitions; and this training was delivered in Year III to 14 trainees.
4. Competition paper with ECES and event plus the OECD report launch: ECA requested funding for the development and printing of a paper on competition (policy and inclusive growth). ECA has also requested funding to host a launch event for the OECD report on competition.
5. Research and investigation work: ECA requested the assistance in renewal subscription for Euro Monitor, which is an international database that provides reports on the consumer markets all over the world.
6. Awareness and Advocacy: ECA requested funding to host small one or two day workshops during the months of October and November. ECA also requested assistance in the production of a documentary on ECA and short movies on each violation.
7. Competition Law Practices conference and workshops: ECA requested assistance in providing awareness sessions for judges and lawyers including 1 conference and 2 or 3 workshops to discuss the implementation of the competition policies as well as competition law.

Due to the political and governmental changes in Egypt during Year III, the majority of the proposed activities were delayed or stopped.

### **Support to the Industrial Development Authority (IDA):**

Due to the joint efforts of MOIFT and ECP, collaboration with IDA was activated in Year III. USAID/ECP had several meetings with the Industrial Development Authority to discuss future collaboration. Heads of IDA sectors attended the meetings and presented their views on the needed assistance for the coming year. USAID/ECP group were clear in presenting the main objectives and mandate of Egypt's Competitiveness Program. IDA summarized their needs for future assistance in the following areas:

- Formulating a Corporate Strategy and Structure for IDA.
- Food industry cluster identification and analysis.
- Producing a promotion movie for IDA activities.
- Exploring the limits and possibilities of incorporating IDA in Tamayouz Centers to handle issuing industrial licenses.
- Technical support and training for IDA call center officers.

After additional meetings with IDA in the presence of MOIFT represented by Ms. Nermine Aboul Atta, Head of the Minister's Technical Office, it was agreed that our assistance would cover the formulation of IDA's Corporate Strategy and establishing a representative office for IDA within Alexandria Tamayouz Center.

Again, due to the political situation in Egypt, as well as the fact that IDA's priorities changed during the year, progress on the above was problematic and nothing was accomplished.

### **Support to the Consumer Protection Agency (CPA)**

During Year III, ECP and USAID again met with CPA director and department managers and agreed on resuming activities with NGOs, website development, a possible study tour, and training activities. However, in the later part of Year III we were able to reengage with CPA, and have planned a number of activities and with them. ECP is looking forward in working with them to help them achieve their goals and objectives. Some of the activities accomplished in Year III are as follows:

- ECP assisted in holding the World Consumer Day event for CPA, with 192 people in attendance.
- Assistance was given to hold a workshop for the judges of the Economic Court, and 30 judges participated.
- ECP developed and helped provide one Media session for the CPA.

## **Streamlined Business Processes (ECP Component B)**

ECP Component B has helped to improve the Egyptian business enabling environment by streamlining the processes for starting and operating a business and promoting more open, inclusive and competitive economic policies through support to the Egyptian National Competitiveness Council (ENCC). The ECP component life of project expected results (from the contract) include:

- (i) Simplified business processes including development of a Unified Business Registry (UBR) – now called “Commercial Registry” (CR)
- (ii) Ease of doing business improved through the creation of Tamayouz Centers for permits and licenses
- (iii) Support to the Egyptian National Competitiveness Council (ENCC) which will include development of competitiveness strategies and supporting action plans for key sectors, such as tourism, higher education, and agro-industries

The three Component B subcomponents (CR, Ease of Doing Business, and Support to the ENCC) are complimentary initiatives. The CR will make it simpler and easier to start a business; improving the Ease of Doing Business will make the economy stronger and more competitive and the ENCC publications and outreach initiatives will highlight and quantify the policies and sectors that need improvement as well as promote public-private dialogue to improve policy performance.

### **B1. Commercial Registry**

The Commercial Registry (CR) – formerly known as the “Unified Business Registry” will centralize and consolidate the current registries into one. There are four (4) current registries, managed by three separate organizations:

1. Commercial Registry: Internal Trade Development Agency (ITDA)
2. Export-Import Registry: General Organization for Export and Import Control (GOEIC)
3. Commercial Agent Registry: General Organization for Export and Import Control (GOEIC)
4. Industrial Registry (factories): Industrial Development Authority (IDA)

Prior to the January 25 revolution all three agencies were under the Ministry of Trade and Industry (MITI). IDA and GOEIC are now under the Ministry of Investment and Foreign Trade (MIFT) and ITDA is now under the Ministry of Supply and Internal Trade (MSIT). This has made development of a unified business registry much more difficult because we are now working across ministries. Consequently, USAID has recommended that ECP focus on implementation of the new software system at the Commercial Registry (at ITDA) during Year IV.

#### **B1.1 Activities and Accomplishments**

There are three primary activities in this subcomponent: (i) developing the Commercial Registry; (ii) training and the development of a procedure manual; and, (iii) legal support to draft or update regulations to permit establishment of the Unified Business Registry.

The CR IT accomplishments for Year III include: (i) software is ready for use; (ii) the Trademark interface is complete; (iii) the Cairo office data has been migrated; (iv) 40 commercial registry employees were trained on the new system; and, (v) the analysis and workflow for the Tax Authority interface has been mapped. The system has been ready to go live but the Commercial Registry staff has not been able to secure permission from the Minister of Supply and Internal Trade to use the system. When the approval is received the software can be installed in the data center and the Cairo office can begin using it. The plan is to begin with the Cairo, Giza and Alexandria offices because they are the largest and account for the vast majority of CR transactions. The Commercial Registry is part of ITDA, which is part of the Ministry of Supply and Internal Trade.

Relations between the two organizations deteriorated over the last year until the entire ITDA board of director was replaced. The Commercial Registry has been waiting for permission to proceed with the new system. The main outstanding activity is to implement the IT system in 21 offices and provide additional training. Until permission has been received from the Minister the ECP activities with the Commercial Registry have effectively been suspended.

The second main ECP activity for the commercial registry was training. The objective of the training, like the new IT system, is to make the process for registering a company faster, easier and better. ECP supported training on Customer Service and Code of Ethics to improve the customer experience. The feedback from the training revealed that the Commercial Registry lacked standard procedures. ECP assisted in developing, producing and distributing a standard procedure manual. One hundred (100) copies were printed and distributed to the eight-six CR office managers. A total of 235 individuals participated in the training and the development of the procedure manual as detailed in the table below.

An additional and final training for the CR users was provided by ECP in Year III, called “Juniper” training. This training is related to security of the CR and related IT network.

The fourth area of assistance to the Commercial Registry was legal support. ECP completed: (i) a new draft new commercial registry law for ITDA; (ii) a new draft of the Trade Name law for ITDA; (iii) the procedures manual for commercial registry processes; and, (iv) a legal opinion regarding the Tax interface and unification registration number for ITDA management and the Tax Interface Committee.

While the CR activities were completed in Year III, the launch of the CR system has not taken place yet, and still requires the approval from the minister to go ahead with the launch and to start transferring data. ECP stands by to assist when the Minister approves of the transfer of the data.

## **B2. Ease of Doing Business**

The ECP life of project (LOP) expected results, from the contract, for Ease of Doing Business, include:

- Reduction in time to issue licenses in selected governorates
- Establishment of a Regulatory Impact Assessment (RIA) mechanism in Alexandria and other selected governorates
- Increase in business operations in the selected governorates

The primary goal of this ECP subcomponent is to build upon earlier efforts and create customer service centers which make it faster and easier to start a business and obtain required permits and licenses. Our critical assumption is that improvement in the ease of doing business will foster and enable an increase in business operations. More business means greater economic growth, more jobs and increased tax revenues.

The Tamayouz Centers were designed to expedite the approval processes for *starting a business*.

## **B2.1 Activities and Accomplishments**

The Tamayouz Center in Alexandria is a success but there are still challenges. ECP is working with the Federation and the Alexandria Chamber to improve the service delivery further by reducing the opportunities for corruption. The approach includes: (i) a baseline survey so that we can quantify the improvement and the impact of the center; (ii) replacing the Tamayouz manager; and (iii) increasing the marketing campaign so that potential customers know about the center and the service cost and time required. ECP was considering hiring the Manager, but this now appears to be on-hold.

In June 2013 a new Tamayouz Center was opened in Qualyoubia in a very systematic and well thought out plan. U.S. Ambassador Anne Patterson officiated at the opening, along with the Governor of Qualyoubia This new center has been extremely successful, and will be the pilot project for potentially three new centers in Port Said, Assuit, and Sohag for Year IV. Initial survey and research on the three proposed centers took place in Year III.



## **B3. Support for National Competitiveness**

The ECP LOP expected results are: (i) Key recommendations of the Competitiveness Strategy implemented; and, (ii) Improved competitiveness rank in tourism, agro-industry and higher education. These activities will be carried out by the Egyptian National Competitiveness Council (ENCC) an Egyptian NGO. ENCC has been and is supported by ECP through a grant mechanism.

### **B3.1 Activities and Accomplishments**

The ENCC activity areas supported by ECP during Year III included: (i) the National Competitiveness Report; (ii) the Tourism Sub-Council; (iii) Tourism Conference; and, (iv) the Conference on Food Security.

ENCC's 9<sup>th</sup> National Competitiveness Report is scheduled to be finalized, printed, and then a conference will be held in the last part of 2013.

With the assistance of ECP's tourism expert from Ireland, ENCC was able to hold a workshop on tourism, provide assistance to their sub-council on tourism, and to develop a report entitled "National Sustainable Tourism Strategy 2013-2020" – presenting the same to the GOE. In addition, ENCC held a conference titled "Tourism in Egypt: The Way Forward and New Horizons". At this conference there was substantial discussion on the tourism strategy

developed by ECP's consultant, and ENCC is supposed to present the strategy to the Minister of Tourism.

On March 12, 2013 ENCC hosted the "Food Security Concept and Definition: An Integrated Approach" conference. The main objective of this conference was to establish a common understanding among Egyptian stakeholders of the threat to food security. Key concepts and definitions were debated to establish the consensus required for policy reforms. The workshop contributed to achieving ENCC's vision and mission by raising public awareness, enhancing interactive dialogue among all partners of the Egyptian society, and creating a general consensus on the reforms required to improve food security and competitiveness.

ECP has also provided TA to ENCC on developing its sustainability, and is continuing to do so, as without substantial grants and funding from USAID other donors, it doubtful ENCC will be able to survive.

## Improved Labor Skills and Productivity (ECP Component C)

Improving the skill level of the Egyptian labor force and its productivity in the targeted sectors is critical to ECP's goal of enhancing Egyptian competitiveness through increased productivity and employment. Component activities look to remedy the weaknesses identified in the World Economic Forum's most recent Global Competitiveness Report with respect to labor market efficiency. Two major efforts comprise the component's activities: improving technical vocational education and training to meet the demands of the market place and supporting and nurturing entrepreneurship development. The activities of the two sub-components support the common goal of job creation. In both efforts ECP recognizes the importance of incorporating gender equity in all its activities. Global research has clearly demonstrated that increasing employment opportunities for women through improved vocational training and entrepreneurship activities are critical factors in fostering economic growth. As an example with SBEU and SBTU, the numbers to date are:

- SBEU – employed are 1986 Female, and 3900 Male
- SBTU – trained are 1609 Female, and 4395 Male

The component results include: (i) improved skills to market through Technical and Vocational Education Training (TVET); (ii) promotion of entrepreneurship activities; and, (iii) support for development of a PPP for the proposed Cairo University International Branch (Note: This task is currently on hold.)

These initiatives are mutually reinforcing as together they improve the skill levels of the Egyptian labor force, enhance the productivity of targeted sectors critical to Egyptian competitiveness and encourage entrepreneurial business startups which contributes to job creation.

### C1. Skills to Market

#### Key Counterpart: Ministry of Education, Technical Education Sector

To improve productivity and employability, ECP focuses on employer labor demand to identify and support training that result in increased labor productivity and employment. ECP's vocational training efforts target the three sectors identified as having the greatest need for improved skills and potential employment: food processing, ready-made garment production and tourism. ECP concentrates its efforts in the secondary technical schools and in-company training in the target sectors, but will explore the feasibility, on a case by case basis, of offering training at other Egyptian institutions. Currently, the Skills to Market Component works in Port Said, Beni Suef, Alexandria, Sharkia, Luxor and Red Sea (Hurghada) governorates, and anticipates moving into Aswan, South of Sinai, and possibly additional governorates where tourism represents an important source of employment potential. Program expansion is also under consideration in to Ismailia, Assuit, and Fayoum where ready-made garment operations are well established. Finally during ECP Year III consideration was given to further expansion in Alexandria and Port Said governorates to include the petrochemical sector. ECP principal counterparts in all these activities are the Ministry of Education, Technical Education Sector and the MIFT's Industrial Training Center (ITC).

## **C1. Activities & Accomplishments**

### **I. Cooperation with Ministry of Industry & Foreign Trade**

#### **A. Development of Labor Market Intelligence System (LMIS) Framework**

In cooperation with the Industrial Training council (ITC), ECP/ TVET supports the establishment of a Labor Market Intelligence System (LMIS). An ECP consultant provided the framework for an optimal LMIS. The framework will provide a design for an LMIS with the capacity to map the entire set of interlinked institutions and processes that determine the flows of job opportunities and labor supply in industries in the 29 governorates of Egypt. The aim is to provide a blueprint for a practical model that the Ministry of Industry and Foreign Investment (MOIFT), Government of Egypt (GoE), can use to develop an optimal LMIS. The study aims to:

- Determine the fundamental features required by an optimal LMIS
- Examine the financial and institutional dimensions of the LMIS
- Evaluate the feasibility and extent of involving relevant stakeholders, such as the private sector
- Design a blueprint from which the MOIFT can develop a fully functioning LMIS

#### **B. Signed the Recruit, Retrain, Retrain (3R) program MOU with the Industrial Training Counsel (ITC):**

The Recruit, Retrain, Retain program is composed of four phases: (1) Assessment of the human resources status in twelve Food Processing and Ready Made Garment companies selected in Sharkia (10<sup>th</sup> of Ramadan) and Alexandria (Borg El- Arab); (2) Training of ETPs and industry representatives; (3) Introduction of interventions; and, (4) Real-time implementation. Interventions were introduced in Year III to participating companies to obtain their feedback, and acceptance. Around 120 participants joined a series of workshops designed to build the capacity of Human Resource managers, Production Managers and Supervisors, Finance, Quality Control, and Marketing officers.

During the fourth phase, two iterations of the 3R workshops at the 10<sup>th</sup> of Ramadan and Alexandria, Borg El Arab were developed and delivered. Each of the iterations consists of three separate workshops of 7 days and as follows:

1. Organizational Structures, Job Descriptions, and Job Classifications at each of 10<sup>th</sup> of Ramadan and Borg El-Arab Industrial Zones
2. Two 2- Day Workshop/Retreat on the Proposed Performance Management System at each of 10<sup>th</sup> of Ramadan and Borg El-Arab Industrial Zones
3. Two 2-Day Seminar for HR Managers and their Senior Assistants at each of 10<sup>th</sup> of Ramadan and Borg El-Arab Industrial Zones
4. In order to sustain the 3R project, USAID/ECP is planning to provide a series of orientation sessions to enhance the aptitude of 7 – 9 local HR experts to carry out consulting assignments consistent with the 3R model.

USAID/ ECP and ITC will be working together to invite business people to two conferences in both governorates to present the 3R project findings, outcomes, and achievements. The two events aim at securing business people support to further sustain the 3R project and maximize results.

### **C. Signed the National Program For Training For Employment (NPTE) MOU with the Industrial Training Counsel (ITC)**

NPTE aims to contribute to Egyptian Government's priority economic goal of reducing unemployment and underemployment rates. The Program also assists in meeting the industry's need for different types of skills, thereby enhancing its productivity and competitiveness.

Through the MOU signed in Year III, ITC and ECP intend to implement a demand-driven mechanism to train, qualify and employ young male and female jobseekers in Year IV, subject to availability of USAID funds. After this phase, both Parties will evaluate the success of the project and discuss potentials for replicating the model.

## **II. Collaboration with Ministry of Education, Technical Education Sector**

USAID/ECP is collaborating with the Ministry of Education, Technical Education Sector to improve the quality of education and employment rates for graduates.

### **A. School Based Training Unit (SBTU)**

In ECP Year I, ECP signed a Memo of Understanding (MOU) with the Ministry of Education for the implementation of a pilot vocational training in the support of "soft" skills, e.g. training for trainers, active learning, etc. for ready-made garment production and food processing in technical high schools in four (4) target governorates. Amendment of the signed MOU between the Ministry of Education and ECP was signed during ECP Year II to add new governorates into ECP/ TVET activities, including the Red Sea, South Sinai, Assuit, Fayoum, Luxor, Ismailia, Damietta, and Qalyoubia.

During ECP Year III the ECP/TVET team visited the technical secondary schools in the newly added governorates to orient them on the ECP/ TVET activities and to select appropriate cadres for the School Based Employment Units (SBEU) and School Based Training Units (SBTU). Around 23 SBEUs and SBTUs have already been established and activated..

#### **• SBTU Capacity Building**

ECP supports the MOE's efforts to improve the quality of vocational education that leads to higher productivity in 23 selected technical secondary schools through the creation of SBTUs. These units, modeled on the MOE Teacher Cadres in public academic schools, link teachers and target industries to ensure training course content provides the skillset demanded by the market. During the first, second and third years, ECP conducted ten intensive one-week courses for eighty six (86) teachers from twenty three (23) target schools and MOE officials.

Twenty three SBTUs have been established in the represented schools (7 in Alexandria, 3 in Port Said, 4 in Beni Suef, 3 in Sharkia, 1 in Luxor, 1 in Red Sea (Hurghada and 4 in Fayoum). After training, teachers returned to their schools to complete three tasks with ECP technical assistance: (i) conducting a school training needs assessment and an assessment of the gaps; (ii) designing the first year training plan to address and prioritize the identified gaps; and, (iii) finalizing the first SBTU training package. Seventeen

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Training Course by SBTU in Beni Suef

schools completed their tasks and started delivering training course content. Ongoing support was provided to cascade training implemented by the SBTUs' cadres. It is expected that the last group; 26 teachers from 6 schools (2 in Alexandria & 4 in Fayoum) will complete their TOT program by December 2013.

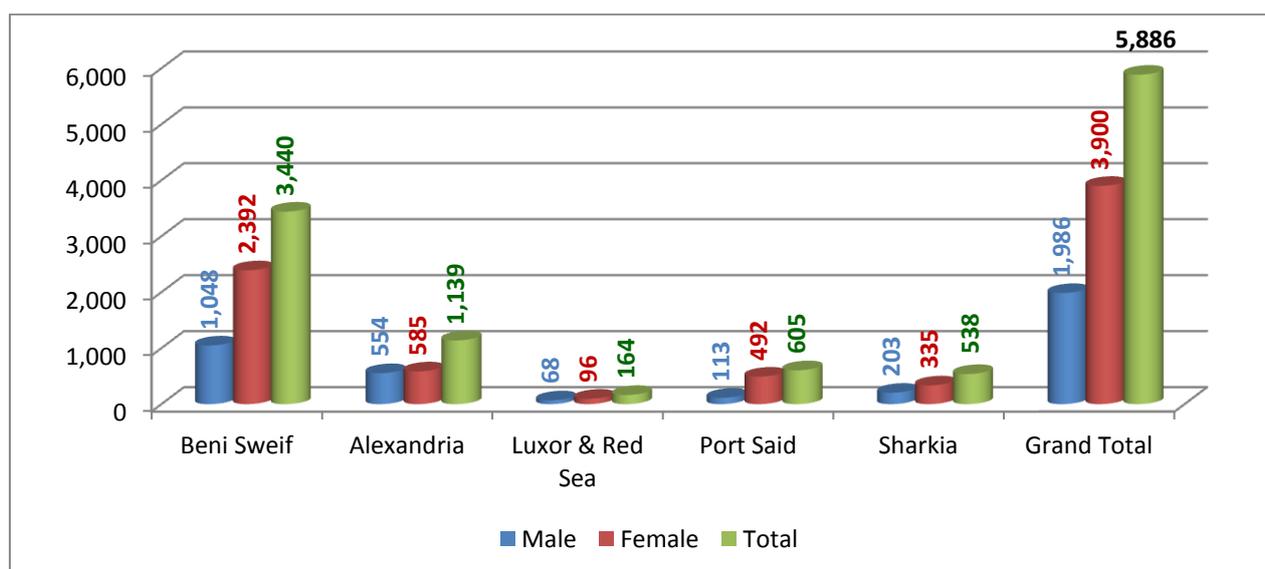
- **School Teachers Training**

The ECP team observed the training at several schools and provided support through feedback and field visits. ECP provided the skills needed by SBTU members to conducted training needs analysis at their schools. Based on training needs assessment results, SBTU members came out with a list of training needs priorities; including

- Active learning
- Computer skills (PowerPoint, Excel, Photoshop)
- Presentation skills
- Accreditation & Quality
- Classroom Effective Management
- Attractive School
- Critical Thinking

As the technical schools move toward adapting a dual education system (allowing students receive classroom education and practical training with companies), training programs were developed to fulfill teachers and school staff needs in order to promote student-centered instruction, critical thinking, and problem solving.

During ECP Year III, SBTUs trained around 1073 teachers in their schools on various topics. **5886 secondary technical school instructors and school staff have been trained throughout ECP program life.** The graph below presents the total number of trained teachers and school staff under ECP/SBTUs



- **Technical Training**

ECP in cooperation with the International Organization for Migration (IOM) hosted three batches of Training of Trainer Program (TOT) for technical teachers at the Tourism and Hotel Affairs field. Three 10- day TOT programs were organized in House Keeping, Restaurant, and Kitchen fields. A total of 23 technical teachers from ECP supported Hotel Affairs & Tourism schools from Hurghada, Luxor, Aswan, Alexandria, and Fayoum governorates joined the TOT programs. The program is considered a great opportunity to empower teachers with appropriate training of trainers' skills as well as technical skills to be able to use student-centered instruction and promote critical thinking, and problem solving.



**Decentralization:**

ECP/ C1 in cooperation with Girls' Improved Learning Outcomes (GILO) project (a USAID funded project and working mainly in the Decentralization Development in the Egyptian Education Sector) organized a two-day workshop in Alexandria to support the decentralization concept at the MOE level. Around 32 MOE technical education seniors joined the workshop. The workshop aimed at building the capacity of the MOE seniors from ECP supported governorates to be able to employ the decentralized budget allocated for the technical schools in the targeted governorates.

**B. School- Based Employment Units (SBEU)**

At the recommendation of ECP, the MOE issued a decree authorizing the establishment of School-Based Employment Units in technical secondary schools. The decree specifies incentive payments for the employment cadres, based on annual plans, performance, and number of people receiving employment. ECP/ C1 works closely with the MOE/ Technical Education sector to issue a Ministerial decree specifying the budget line item for the SBEU performance incentives.

Realizing the importance of linking training to employment, ECP focuses on strengthening the employment services in each target school through the establishment of school-based employment units. Thus, the following activities were implemented:

- **SBEU Capacity Building**

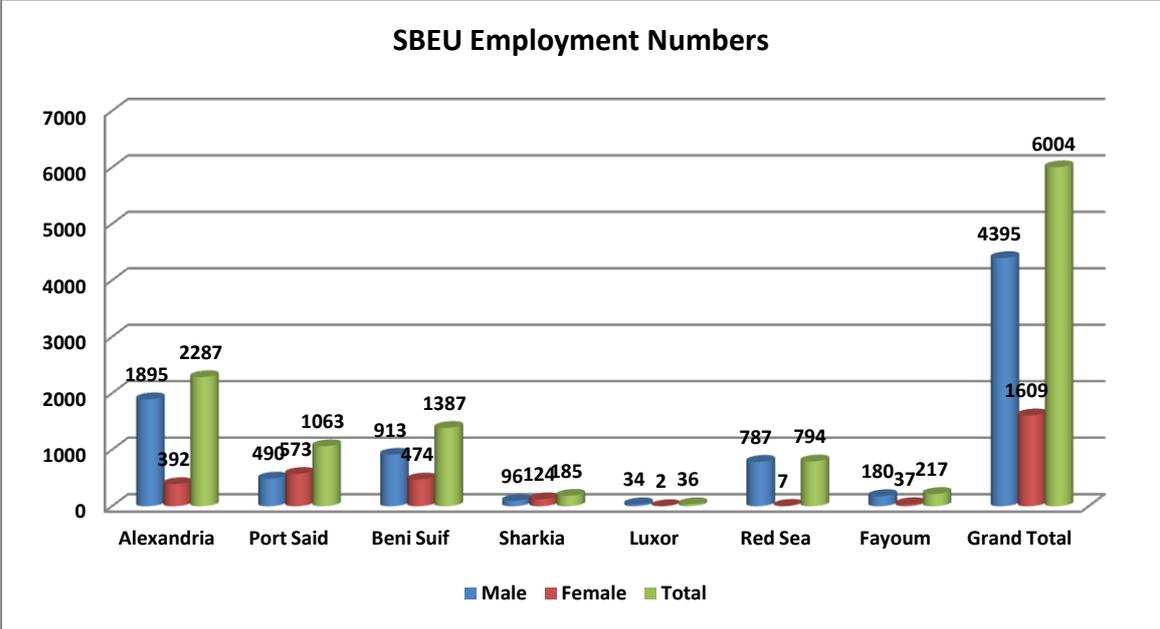
During the first, second and third years, ECP conducted the introductory SBEU workshops for around ninety two (92) participants. The workshops were attended by school principals, candidates for SBEU cadres, and MOE Technical Education staff, along with private sector representatives, to explore the feasibility of establishing SBEUs in twenty three (23) pilot schools.

During ECP Year III six teams (24 teachers) from six new schools were selected and trained to establish six additional SBEUs. The total number of SBEUs is 23 schools in seven ECP Year Three Annual Report October 2013

governorates. SBEU members were trained on employability skills in order to disseminate the training to their beneficiaries during the school camps. SBEUs are now able to assist their clients to enter the job market. A series of employability skills training programs were provided in the target schools; including soft skills, such as work ethics, CV writing, interviewing skills.

- **Job Placement**

Thanks to ECP’s technical assistance, SBEUs have been able to assist private sector companies fill available vacancies, and retain their labor. **Around 3484 job opportunities were created and filled during ECP Year III. More than 6004 job opportunities have been filled throughout the ECP project life.** The graph below shows the number of employed youth due to ECP/ SBEUs' assistance in the seven governorates.



- **Private Sector Support**

SBEUs in Beni Suef received a request form Samsung Company to assist them secure employees for their newly opened factory in Beni Suef. ECP provided TA and directions to the SBEUs to communicate and Samsung and others on Public Private Partnerships. As such, 470 job opportunities were filled in Samsung facilities through Beni Suef and Fayoum SBEUs.

SBEUs in Sharkia work closely with the Egyptian Canadian Company for Ready Made Garments, where a new factory-based classroom was established. SBEUs facilitated the process and assisted the company to obtain all MOE necessary approvals. Sharing the



Samsung representatives in visiting ECP schools in Beni-Souf

success story, more company- based classrooms will be opened in other governorates.



Borg AL Arab industrial school SBEU in cooperation with the labor office in Alexandria organized a successful employment fair on October 20, 2012; 25 companies participated in the employment fair and over 1800 participants visited the fair. 5,000 job opportunities were offered during the successful event.

- **Organization of School Camps**

TVET team has worked closely with the SBEUs to design school camps, where employers, job seekers, investor association representatives, MOE, MOMM, social fund representatives, and parents gather and meet in the same place. Employers and Human Resource specialists are invited to provide orientation sessions; work ethics, job requirements, job descriptions, rights and duties, occupational safety and health. SBEU members provided a number of training programs; job search, CV writing, interviewing, teamwork, communication skills, etc.

SBEUs from different schools and governorates organized 21 school camps. 29 companies from different specializations (Ready – Made Garment and Food Processing) joined these camps providing around 780 job opportunity.

### **C. Refresher Workshops**

SBTU & SBEU refresher Workshops are organized on quarterly basis by ECP. 8 refresher trainings (4 SBEU & 4 SBTU workshops) were organized with average of 120 participants in each workshop. The purpose of this is to instill sustainability of the process. MOE technical sector head, MOE undersecretaries, technical education managers and coordinators, SBEUs and SBTUs members joined the refresher workshops. His Excellency, Minister of Education, Dr. Mahmoud Abu Al Nasr, joined the last SBEU refresher training.

Teams from different schools presented achievements, success stories as well as challenges. Refresher workshops are considered great opportunities for unit members to interact with undersecretaries and technical education heads in the respective governorates to address and overcome challenges.



## **C2. Entrepreneurship Promotion**

The Entrepreneurship Promotion subcomponent worked to engage and encourage entrepreneurs in creative and technical development, resulting in new job-creating businesses.

The ECP “Life of Project” (LOP) contract for Entrepreneurship Promotion outlined the following expectations for success:

- Improved connection and coordination among local entrepreneurship organizations, universities and research organizations;
- Increased availability of mentoring opportunities for entrepreneurs;
- Wider access to finance;
- Improved capacity and business development in Egypt;
- Increased media coverage of Egyptian Entrepreneurs;
- At least 100 participants from ECP-supported events will start their own businesses;
- At least 300 young perspective entrepreneurs will graduate from entrepreneurship trainings;
- Improved legal environment for entrepreneurs in Egypt.

The need for entrepreneurship promotion to bolster innovation to strengthen the Egyptian economy is greater than ever, and serves as a model of potential growth in post-conflict areas in the Middle East. ECP will respond with urgency to support the development of Egyptian entrepreneurs, whose impact has vast, resonating potential for job creation and economic growth.

### **C2.1 Global Entrepreneurship Program (GEP) and Supporting Egypt’s Entrepreneurs (SEE): Activities and Accomplishments**

ECP/GEP’s goal focuses on starting, growing, and financing entrepreneurs with high-growth potential; that creates employment and introduces new ideas into the marketplace.

ECP’s goal under both the GEP program and the USAID-financed SEE initiative is to promote and enhance the overall development of the entrepreneurial ecosystem of Egypt, by fostering a new generation of job-creating startup businesses.

In Year Three ECP/GEP supported 10 different startup promotional and training events across the country, such as: *Start-Up Weekends* in Mansoura, Assuit and Giza, *Start-Up Cup* in Cairo and Alexandria, *Build a Business Workshops* in Cairo and Alexandria. In addition, ECP assisted two events that supported women entrepreneurs including the *Alexandria Business Women Association Event* and *women’s Mentors event*. ECP/GEP also focused on improving access to mentor support by holding several mentor trainings, developing 12 new Master Mentor trainers and supporting the Mentor Awards with Injaz and Endeavor to motivate new mentors to join the ecosystem. ECP/GEP surpassed original target of attracting 1000 participants with over 2,000 people participating after three years. These events were covered extensively by the Egyptian media, and raised public awareness of Egyptian entrepreneurship. Egyptian media is eager to provide coverage of all these events; as they represent new development opportunities for the country. To date, ECP/GEP has attracted over 350 instances of media involvement since the beginning of the project.

ECP/GEP successfully helped catalyze two startup training programs during the third year with an NGO and private sector accelerator. ECP/GEP procured 2 licenses for a startup training program in the United States called the StartUp Academy. These programs are progressing nicely and one has received support from GAFI.

These entrepreneurship activities have sparked success through the launch of 63 Egyptian Startups that have participated in the ECP/GEP-sponsored events; 14 of these entrepreneurs have received commercial financing. ECP/GEP estimates that at least 300 jobs have been created from the opening of these companies.

In order to facilitate increased access to financing for the entrepreneurial endeavors, the subcomponent is catalyzing Angel Investment groups throughout Egypt. ECP/GEP has supported Angel Investing training in Cairo and Alexandria. It also initiated and facilitated new relations between entrepreneurs and angel investors. Evidence of long-lasting impact of Angel Investing, was demonstrated with the launching of the Cairo Angel Group, which was formed with the help of ECP/GEP. ECP/GEP has also facilitated seven Angel Investment deals worth close to 3.55 Million Egyptian Pounds.

Even more impressive is that many of the initiatives that ECP/GEP started over the past three years are now becoming more sustainable. StartUp Weekend Giza and Assuit, ECP/GEP helped find private sector companies sponsor these events, which reduced their need for financial support from them. StartUp Weekend Giza ECP/GEP was successfully supported with just two volunteer international speakers recruited by ECP, at very little expense. There are also two sustainable startup training programs being implemented in Egypt which started up in June of 2013. Cairo Angels which ECP/GEP supported with technical assistance and connection to entrepreneurs has been able to make nine deals in the last year. ECP/GEP was able to catalyze and build sustainable entrepreneurship initiatives over the last year.

Additionally, one goal of ECP/GEP is to ensure gender balanced participation in all activities with participation of 30% women. ECP/GEP is diligently progressing toward this goal; already having achieved about 25% women participation. Additionally, several of the startup businesses ECP/GEP has worked with are managed by women entrepreneurs including; Sweet Heaven, SuperMama and EventUs.

## **C2.1 Developing Entrepreneurship Skills Status Activities and Accomplishments**

ECP is focused on creating awareness in Egypt about entrepreneurship to young people at universities. ECP/GEP is concurrently working to direct more private sector funding into entrepreneurship programming.

ECP Activities supported student awareness events at three universities including: Information Technology Institute, Cairo University, Alexandria University and the Assuit University; where about 800 students learned what it means to become an entrepreneur. In most cases ECP/GEP has been invited to speak to students about why they should become entrepreneurs, but in some cases like at Cairo University ECP/GEP organized the event itself.

Attracting private sector funding to support entrepreneurial activities will be crucial for sustainable growth post ECP/GEP involvement. Fortunately, ECP was able to motivate 10 private firms to support different entrepreneurship events through Corporate Social Responsibility program financing; as well as motivate over hundred Egyptian successful business people to volunteer over 100 days of mentoring time.

## Strengthened Financial Sector (ECP Component D)

ECP's Strengthened Financial Sector (ECP Component D) activities enhance Egypt's competitiveness by strengthening the financial sector including non-bank financial services, pension reform and access to finance by small and medium size enterprises (SMEs). The component life of project expected results, from the contract, include:

- Support for the Egyptian Financial Supervisory Authority (EFSA) and the development of a regulatory framework for insurance, mortgage, capital markets, financial leasing, factoring, and microfinance companies;
- Improved regulatory framework for the pension system in Egypt; and,
- Improved Access to Finance for SMEs.

ECP is working with Egyptian Financial Supervisory Authority (EFSA) and its Financial Sector Institute (FSI) to strengthen non-bank financial supervision; and, with General Authority for Investment and Free Zones (GAFI) on improving SME formalization and access to finance, as well as assisting the Social Fund for Development (SFD) in assessing and developing a strategy for Business Incubators and Business Development Services (BDS).

Unfortunately, since the revolution the implementation of the new Pension Law and the development of the new pension system were suspended. In the last quarter of Year 3, the GOE has decided to cancel the new pension law completely. As a result, ECP is no longer expected to provide TA in relation to public pension reform. Hence, the results and deliverables for pension reform will not be met and have to be taken out from ECP expected results.

A brief list of accomplishments in ECP Year III include:

- Initiated work with EFSA on establishing a non-bank financial arbitration center.
- Developed a training program for FSI for insurance brokers' license renewal.
- Supported FSI launch its new training program for compliance officers of securities companies that ECP developed in Year II.
- Supported FSI in delivering two training programs to Judges in the non-bank financial services legal and regulatory framework.
- Developed SFD BDS strategy and action plan based on market assessment of BDS supply and demand in four governorates and assessment of SFD BDS capacity.
- Initiated work on developing MSMEs national strategy in association with SFD and engaging different government and private sector stakeholders.
- Developed operations manuals and supported capacity building of SFD Business Incubator Department.
- Delivered training in business incubator management best practices to a number of existing and potential incubator managers to encourage developing this job as a profession in Egypt.
- Provided manuals and training to build capacity of GAFI Foreign Direct Investment (FDI) newly established unit.
- Developed and produced a series of guides for start-up, formalization, related to industrial and tourism activities; as well as a separate guide for accessing finance for SMEs.

- Awarded and executed IQS Sub-Task Orders (STOs) in governorates of Alexandria, Port Said, and Sharkia. IQS STOs were completed in June 2013 and resulted in providing technical assistance to 106 SMEs, of them 16 got access to finance (loans) amounting to EGP. 15.5 million;
- Continued support to HSBC and DCA resulted in the origination of three loans of EGP 15.6 million under the DCA Portfolio Loan Guarantee program;
- Completed an assessment of potential BDS centers including GAFI Bedaya Center, AUC Entrepreneurship and Innovation Program (AUC-EIP), and 4 business associations to identify areas of support to develop BDS to SMEs;
- Completed an assessment of potential incubators (including AUC-EIP, EBDA associations and IMC) to determine areas of assistance to expand services to entrepreneurs; and
- Completed a series training workshops to build advocacy capacity of 29 MSMEs associations in five governorates (Minya, Port Said, Alexandria, Sharkia and Cairo).

## **D1. Non-Bank Supervision**

Technical assistance under this subcomponent includes three main areas: (i) non-bank financial regulations; (ii) the non-bank financial services training institute - FSI; and, (iii) the EFSA financial arbitration center. The developments in Egypt have had a marked impact on the stability and priorities of our counterparts. However, ECP regained engagement during ECP Year III.

### **D1. Activities and Accomplishments**

According to the ECP contract, activities in this subcomponent fall into five categories: (i) new rules and regulations for non-bank financial markets; (ii) market awareness workshops; (iii) training institute business plan, organization chart, and manuals; (iv) training programs for non-bank supervisors and professionals; and, (v) business plans, organizational chart and manuals for the EFSA arbitration center.

#### **New Rules and Regulations, and market awareness workshops for Non-Bank Financial Markets**

EFSA has five new/revised laws pending approval by the Parliament: revised mortgage finance law; a new private health insurance law; a new private pension funds law; a revised financial leasing law; and, a new non-banking financial supervision law (including microfinance). Given the present political transitional period in Egypt, none of the above laws have been passed in 2013. Their status will be closely monitored during Year IV and TA will be provided by ECP as and when needed.

#### **FSI Training Institute Business Plans, Organization Chart, and Manuals**

Work on business plan, organization chart and policy and training procedures manuals were completed in Year II.

#### **Training Programs for Non-Bank Supervisors and Professionals**

In Year II, ECP assisted FSI in developing materials for a training program for compliance officers of securities brokerage firms. In Year III, ECP focused on further developing the curricula of FSI with training programs that are priorities to the financial markets;

- Assisted FSI to deliver the first round of the Compliance Officer training program that is considered its first 100%-FSI production.
- Developed materials for a training program for SMEs to help them be listed and start trading on Nilex as alternative mechanism for raising funds.
- Developed materials for a training program for insurance brokers' license renewal.
- Assisted FSI deliver introductory and advanced training programs to Judges in capital market laws and regulations.

### **Business Plan, Organizational Chart and Manuals of EFSA Arbitration Center**

In Year II, ECP worked with EFSA on developing a plan of action for establishing the arbitration center that was approved by EFSA Chairman. Implementation of the plan was lunched in Year III by:

- Conducting a survey of types and numbers of financial disputes presented as complaints or grievances to EFSA to assess the expected scope of the potential arbitration center.
- Conducting a survey of exiting arbitration centers and whether they have roles in arbitration of non-bank financial disputes.
- Presented to EFSA Chairman and legal consultants international best practices in financial arbitration centers by the Expatriate Advisor Mr. David Thomas, former Chief Ombudsman and Chief Executive Officer of UK Financial Ombudsmen Services.

## **D2. Pension Reform**

As mentioned above, the GOE has decided to cancel the new pension law completely. As a result, ECP is not expected to provide TA in relation to public pension reform. Hence, the results and deliverables for pension reform will not be attained.

## **D3. SME Access to Finance**

Promoting SME formalization and access to finance is a high priority for the GOE, as well as SME business development services (BDS). Main counterparts who worked with ECP during Year III were SFD, GAFI, MIC and MSMEs associations. In addition, ECP managed to execute one round of IQS STOs to assist SMEs in three governorates to receive financing.

### **D3. Activities and Accomplishments**

- To organize and reformat fragmented efforts to develop the MSMEs sector toward a well-defined vision and strategic goals, the Social Fund for Development and USAID initiated development of a national strategy for MSMEs. A Prime Minister decree was issued to develop this national strategy and has assigned SFD the role to coordinate among governmental and non-governmental stakeholders and donor agencies to develop a nationwide strategy. ECP provided TA to the process by recruiting the expatriate Advisor Stephen Silcox who developed a draft discussion paper reviewing prior efforts for developing strategies for MSMEs sector in the past few years, and presented proposals for mission, vision, goals, objectives and pillars of the strategy and framework for the action plan.

Prodigious efforts were exerted in identifying and approaching stakeholders, and a series of group meetings were arranged and lead by ECP team that covered governmental

ministries and authorities, donors, banks, MFIs, MSMEs and supporting associations. These group meetings served two purposes; (i) role identification and awareness on programs already being implemented for the sector, and (ii) paved the way for the next phase in discussing the main pillars of the proposed draft strategy (referred to in the Discussion Paper).

The discussion paper is further reviewed and will serve as a source of information for further discussions among stakeholders to develop and draft the strategy and first action plan in Year IV.

- A series of advocacy workshops were successfully conducted where 112 participants representing 29 MSME associations in 5 governorates, were trained. Governorates covered are Cairo, Alexandria, Port Said, Sharkia and Minya.
- Developed SFD's BDS strategy and action plan based on market assessment of BDS supply and demand in four governorates (Minya, Port Said, Sharkia and Alexandria), and assessment of SFD BDS capacity both at central office and regional offices. ECP provided further assistance to SFD to implement the BDS strategy and will continue this assistance in Year IV.
- Using three local consulting firms under IQS STOs, ECP provided assistance and handholding to 106 SMEs to submit loan applications and loan files to lending institutions. Approved 16 SMEs received loans amounting to EGP 15.5 million.
- Conducted an assessment of six organizations interested to become BDS providers including Bedaya Center under the General Authority for Investment and Free zones (GAFI), AUC School of Business - Entrepreneurship and Innovation Program (AUC EIP), Alexandria Business Association (ABA), and three other business associations. The report concluded with a collaborative approach that would serve all six organizations in capacity building and rehabilitation to become a provider of BDS. Some of the organizations showed good potential and would be considered as subject to ECP support in Year IV.
- Using expatriate advisor Jim Sanders, ECP assessed plans of three organizations to launch their business incubators (IMC, AUC-EIP, and EBDA Cairo). Recommendations entailed the development of a strategic plan for each of the organizations and a set of capacity building for the incubators' managers, and the development of a national knowledge-sharing and training network for incubators' managers and stakeholders.
- Conducted an assessment of the viability of establishing a business incubator on a piece of land allocated to SFD by the Government in Abu Rawash Industrial Zone. The outcome of the viability analysis is that there is no identifiable market demand for the two options considered: 1) a business incubator, 2) business improvement program for small enterprises focused on the automobile sector. The resulting recommendation is that SFD returns the land to the Governorate of Giza and not to proceed in developing a business incubator. SFD's BOD approved the recommendation.
- Completed the development of two guides for business start-up and formalization (in tourism and industrial sectors). The guides describe, in easy-to-understand Arabic, the processes, requirements, and procedures for incorporation and registration of a business as a legal entity. The tourism guide and the industrial guide were approved for publishing

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by the Ministry of Tourism, IDA, and USAID. The two guides were printed and will be distributed, in Year IV, by GAFI, SFD, IDA, MOT, Chambers of Commerce, and business associations.

- While developing the guides, ECP legal consultants have identified legal and procedural obstacles in the establishing and licensing processes for both industrial and tourism activities and made recommendations to the concerned ministry/authority to overcome those obstacles. The report of obstacles and recommendations were submitted to IDA, Ministry of Tourism, GAFI, SFD and USAID.
- ECP Completed a guide for SMEs to access finance. The guide focused mainly on SMEs access to banking finance with illustrations of alternative financing sources. The guide is in the design phase and will be printed for distribution in Year IV through GAFI One-Stop-Shops, Chambers of Commerce, and business associations.
- ECP Completed Training for existing and potential incubator managers in international best practice in incubator management. The incubator managers program was given to 21 participants and it aims to change the incubator manager job into a profession.
- ECP developed an operational manual for SFD Incubators department, and completed a capacity building training program for its staff.
- ECP developed and presented to SFD two research papers on SBA in US and SBA-like organizations in four other countries to assess best model for SFD to consider applying.
- ECP continued the provision of TA assistance to GAFI in its effort for analysis of FDI data. After ECP assistance in establishing a specialized FDI Unit in GAFI, detailed manual and extensive training was given to the staff on the data gathering, cleansing, and verification. ECP will continue the capacity building of this unit throughout Year IV.
- Continued to support and provide M&E on HSBC's DCA for Egypt SMEs. To date three loans have been put under the guarantee, totaling 15.6 Million EGP. ECP will continue monitoring the HSBC DCA in Year IV.
- ECP initiated an activity to support GAFI and IDA in promotion of investment in Egypt. Investment promotion advisory firm Thatcher Group was contracted to select and train a delegation of successful Egyptian SMEs as business ambassadors to present investment opportunities in Egypt to investors in London and three States in US. The contractor has completed the selection of ambassadors and drafted plans to the trips to London and US. ECP will continue coordination with US Embassy in Cairo and USAID for implementation of this investment promotion activity.

## Management and Operations

The end of 2012 saw the unexpected departure of the Program Director, Douglas Tinsler, for health reasons. This—coupled with the changing political environment and USAID priorities afforded ECP the opportunity to revisit its management and project support structure and by August of 2013 align these with current ECP technical needs. The new structure also capitalizes on local capacity. Highlights include:

- Dan A. Berkshire, Component D Leader, was named Program Director; while Ahmed Hussein assumed Component D Leader responsibilities.
- John Yates, Component A Leader, departed the project in June 2013. Kim Shelsby, Component B Leader and Deputy Program Directors departed in June 2012. Ismail Zidan is now supporting the IT portion of Component A, while Shahira Fouad is helping Dan Berkshire to advance Components A and B.
- Maha Schroder, Component E Leader, departed the project early September 2013.
- Rebecca Logan is the new Deputy Program Manager, and also the Component E Team Leader. Her role has been restructured to fulfill operations, compliance, and program oversight requirements.

The new streamlined project management structure is cost effective and provides for an additional level of quality and compliance control in the upcoming final project year. ECP's project management and technical activities have been affected by the evolving political situation in Egypt since 2011. Nevertheless ECP has responded in-kind, adjusting to the realities of present conditions under USAID's direction. Please see Annex B: ECP Revised Organizational Chart.

## Cross-Cutting Component E

The Cross Cutting Team's strategy in Year III was to provide consistent, robust operational and project management support to the Component Leaders and Program Director to: (i) enable coherent synergies between the program's components; (ii) address counterparts' needs and build their human capacity; and, (iii) ensure efficient execution of project activities, including communications/public awareness resourcing, and administration of the ENCC grant.

### E.1. Training, Procurement and ECP Communications/Public Awareness

#### E 1.1. Training

ECP Training Team's objective is to develop counterpart human and institutional. In Year III, the Team worked with ECP Technical Leads and GOE counterparts to design and execute effective training activities. Despite the rapidly changing environment, ECP continued to exceed its contractual training requirement, both in terms of the number of events and total number of participants. A summary table of events and participants may be found below.

<b>Component</b>	<b>Number of Events</b>	<b>Total Participants</b>
<i>Component A</i>	<i>8 (including 2 offshore)</i>	<i>340</i>
<i>Component B</i>	<i>8 (including 1 offshore)</i>	<i>705</i>
<i>Component C</i>	<i>23 (including 1 offshore)</i>	<i>1906</i>
<i>Component D</i>	<i>7</i>	<i>321</i>
<b>Total</b>	<b>46</b>	<b>3307</b>

In addition to quality and impact, the ECP training team always looks for opportunities to realize savings to the U.S. government. The team examines all cost elements involved and looks for ways reduce costs while maximizing the impact of program resources. This is accomplished by accommodating participants in double and triple rooms, whenever feasible, benefitting from discounted rates on catering for events, and whenever possible, using counterpart venues and facilities

Please see Annex A for a Summary of Training Activities in Year 3

## **E 1.2. ECP Information Technology Resourcing and Commodities Procurement**

In Year III, the ECP IT Department provided three critical functions: 1) full-service project support; 2) limited counterpart technical assistance; and, 3) oversight of counterpart IT procurements and needs assessments. ECP procured \$99,135.29 in commodities/IT equipment in Year III. To date, the total commodities/IT procurement is \$452,103.82 of the contract ceiling of 1 million USD. A summary of Year III activities by Component are as follows:

### *Component A*

- Established a contracting mechanism with Bull, the software provider for the ETA ITMAS system.
- Executed an IQS subcontract with Bull to fix the outstanding SIRs (System Incident Reports) and to stabilize the ITMAS system.
- Executed the first task order (TO1) under the IQS subcontract and performed full analysis and assessment for the outstanding SIRs.
- Fixed the six blocking SIRs inhibiting any potential upgrades for the LTC (Large Taxpayer Center) production environment.
- Procured testing server to support the ITMAS stabilizing project.
- Continued to provide IT technical support to stabilize the ETA ITMAS system.
- Maintained and supported the ERRADA online website, data centers, and IT systems.

### *Component B*

- Procured IT equipment for GAFI's One-Stop-Shop (OSS) at the 10<sup>th</sup> of Ramadan, including: workstations, printers, copiers, LED displays and servers.
- Hired STTA web graphics designer to deliver a new website design for ENCC.
- Procured IT equipment for MOIFT, including workstations, printers and laptops.
- Procured dashboard IT equipment for MOIFT, including servers, LED displays and anti-virus software licenses.
- Procured IT equipment for Tamayouz Qalyoubia, including workstations, UPS devices, server, printers, switches, scanners, and a queuing system.
- Continued to provide IT technical support in finalizing the CRA system.

### *Component E*

- Procured four laptops to be used by the newly hired USAID/ECP team. Also, procured multi-function printer to serve the daily operations of the USAID/ECP team.
- Procured attendance time machine to regulate the ECP staff working hours.

### **E 1.3. ECP Communications/Public Awareness**

The Public Awareness and Communication Department continued in Year III to provide communications and public awareness support to the ECP project, its' Technical Leads and government counterparts as requested. Specifically, the Communications/Public Awareness Department:

- Supported the ECP project by producing communication materials highlighting project activities, such as Success Stories, project videos, photographs, and, technical reports;
- Highlighted the positive impact of ECP/USAID activities on the Egyptian economy among GOE counterparts, entrepreneurs, and the general public through multi-medium, targeted activities and outreach; and,
- Provided limited communication/public awareness technical assistance to GOE counterparts enabling them to understand, respond to and communicate with their key clients, namely the public.

#### Media Impressions Summary Year III

<i>Media coverage</i>	<i>Estimated # of clippings</i>
<i>TV interviews</i>	111
<i>Press &amp; online</i>	221

#### **E 1.3.A. Website**

ECP was tasked with updating the USAID Economic Growth Web Server “www.usaideconomic.org.eg” using internal resources. This activity was put on hold by USAID’s DOC Office in Year III of the program.

### **E.2. Grants to U.S. and Non-U.S. Non-Governmental Organizations (NGOs)**

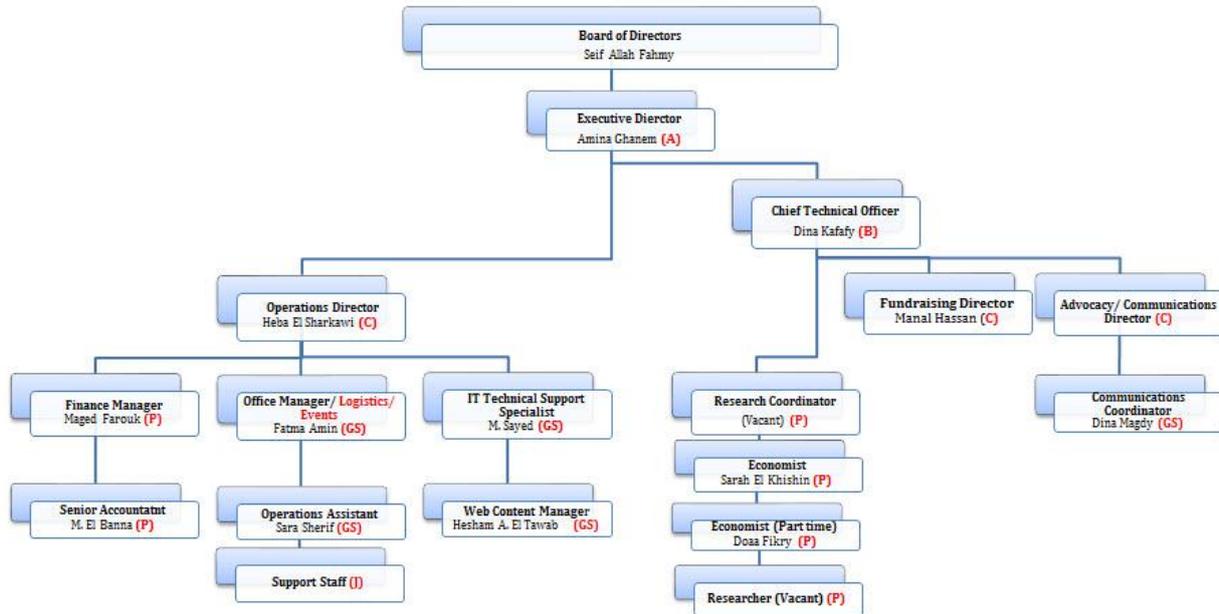
Grants disbursements and activities has become one of the biggest challenges under the ECP program due to the ongoing political situation in Egypt, including the issue related to foreign funding of NGOs. The GOE/Ministry of Insurance and Social Affairs (MISA) had put a hold on approvals for grants to local/international organizations and NGOs. In Year II, MISA approved the pending grant to the Egyptian National Competitiveness Council (ENCC) in the amount of EGP 6,960,000 (\$1,160,000) through 30 April 2013. The ENCC grant is expected to be the only grants awarded under ECP and has been extended to March 31, 2014. Technical details may be found under Component B. Please find below contract administration specifics.

Per section III.B.3 of ECP’s task order, ECP is to provide support to the ENCC to develop specific plans to promote competitiveness in key sectors of the Egyptian economy along with assisting the ENCC to become sustainable. The political climate in Egypt following the January 25, 2011 revolution as well as the most recent political and civil unrest halted numerous activities that were originally approved under ENCC’s work plan in years 1-3, and the continued turnover in governments has led to delays in implementation of activities. With a newly appointed cabinet in July 2013, the ENCC has an opportunity to build upon its previous success and finalize its annual flagship publication – the Egyptian Competitiveness Report (ECR).

In order to align the ENCC’s technical activities with the ECP contract’s extension and the grant fully obligated, the period of performance was extended to March 31, 2014, instead of July 31, 2013. The most recent modification includes an updated ENCC organizational chart to reflect a

simplified structure which will allow for consistent and professional activities as well as potential financial sustainability.

See below the new organization chart as of July 2013:



## ECP Monitoring and Evaluation

In Year II, ECP developed a modified list of performance indicators – with targets - under the Performance Management Plan (PMP). These indicators as detailed and analyzed arose in response to the post-revolution policy environment changes and were based on consultation with the COR, USAID activity managers, and ECP counterparts. In Year III, the M&E activity focused on tracking the values and trends of these indicators, with documentation of the underlying factors, as provided by the component teams and counterparts. Specifically, the Monitoring and Evaluation Team:

- Continued to track progress of ECP performance on a quarterly and annual basis through ECP Performance Monitoring Plan (PMP), preparing summary matrices for the PMP each quarter as well as contributing to quarterly report.
- Tracked Progress of indicators listed in the USAID’s Integrated Management Plan [In consultation with USAID AO16 implementing partners and USAID activity managers]. The USAID’s Integrated Management Plan includes; Assistance Objective 16 (AO16) Plan, and the Annual Program Statement (APS) Plan.
- Prepared for Year 3 Data Quality Assessments for USAID AO16 / APS Integrated Management Plan. Data Quality Assessments are prepared for each USAID partner’s data in the indicators in the Integrated Management Plan.
- Prepared this year data verifications’ file for data reported in AO16/APS Integrated Management Plan.

## Annex A: Summary of ECP Training Activities in Year 3

ID	Component	Program Name	Location	Dates	Males	Females	Total Participants
1	A	METAC Cairo	Cairo	16-18 Oct. 2012	16	7	23
2	A	METAC Morocco	Morocco	27-29 Nov. 2012	13	8	21
3	A	CPA	Cairo	14-Mar-13	155	37	192
4	A	ECA Mergers and Acquisitions	Cairo	12-23 May 2013	9	5	14
5	A	ECA Economic Courts Workshop	Cairo	26-27 May 2013	29	1	30
6	A	ECA Economic Courts Workshop	Cairo	9-10 June 2013	29	0	29
7	A	CPA Judges Training	Cairo	14-15 May 2013	27	3	30
8	A	FTC Internship	USA	28 July-2 Oct. 2013	1	0	1
9	B	Future of Tourism in Alexandria and North Coast	Alexandria	21-Oct-12	106	28	134
10	B	ENCC Tourism Event	Cairo	15-Oct-12	87	43	130
11	B	Republic of Georgia OST	Georgia	25 Feb.- 2 March 2013	5	5	10
12	B	Food Security - ENCC	Cairo	12-Mar-13	149	63	212
13	B	Refreshed Tourism Strategy	Cairo	14-Apr-13	32	28	60
14	B	NQI Training	Cairo	9-20 June 2013			35
15	B	NQI Launch Event	Cairo	18-Jun-13	104	51	155
16	B	Juniper Training	Cairo	25 Aug.-8 Sept. 2013	4	0	4

ID	Component	Program Name	Location	Dates	Males	Females	Total Participants
17	C	SBTU Refresher	Alexandria	19-20 Oct. 2012	70	35	105
18	C	SBEU Refresher	Alexandria	12-13 Oct. 2012	55	22	77
19	C	2012 Global Entrepreneurship Summit (GES)	UAE	10-13 December 2012	4	7	11
20	C	Final Celebration for Cairo Startup Cup	Cairo	10-Nov-13	37	9	46
21	C	ABWA	Alexandria	18-Nov-13	158	20	178
22	C	Women Speed Mentoring	Cairo	2-Mar-13	0	30	30
23	C	SBEU Refresher	Alexandria	19-21 March 2013	72	28	100
24	C	Startup Weekend - Assuit	Assuit	28-31 March 2013	94	19	113
25	C	Mentor Celebration	Cairo	17-Mar-13	78	21	99
26	C	Cairo Awareness	Cairo	20-Feb-13	140	150	290
27	C	Capacity Building Sessions	Cairo/ Alex	1-Feb-13	100	35	135
28	C	Alexandria University Awareness event	Alexandria	7-Apr-13	25	7	32
29	C	Outreach, Business Model Training (Cairo)	Cairo	8-May-13	80	18	98
30	C	Outreach, Business Model Training	Alexandria	14-May-13	53	18	71
31	C	Cairo Startup Cup	Cairo		112	30	142
32	C	Alexandria Startup Cup	Alexandria	21-22 June 2013	25	16	41
33	C	3R Orientation Event- Cairo	Cairo	23-Apr	9	2	11
34	C	3R Orientation Event- Alexandria	Alexandria	16-17 April 2013	1	13	14
35	C	SBTU Refresher	Alexandria	9-11 April 2013	62	29	91

ID	Component	Program Name	Location	Dates	Males	Females	Total Participants
36	C	Employability Skills 4	Alexandria	1-3 Sept. 2013	17	8	25
37	C	TOT- Group 4	Alexandria	26-31 Aug. 2013	11	16	27
38	C	SBEU Refreshment and Sustainability Plan	Alexandria	26-28 Sept. 2013	85	35	120
39	C	Startup Cup - Pitching	Cairo	27-Sep-13	41	9	50
40	D	Founder Institute Event	Cairo	23-Dec-12	129	32	161
41	D	Economic Courts Judges Workshop	Cairo	18-20 Dec. 2012	21	0	21
42	D	Business Incubation Definitions and Principles	Cairo	17-21 March 2013	13	9	22
43	D	Advocacy Training (Minya Association)	Minya	24-Apr-13	20	8	28
44	D	Advocacy Training (Sharkia Association)	Cairo	9-11 April 2013	20	7	27
45	D	Advocacy Training (Alexandria and Port Said Associations)	Alexandria	16-18 April 2013	17	17	34
46	D	Advocacy Training (Cairo Associations)	Cairo	21-23 April 2013	20	8	28
		<b>Total (46 Events)</b>			<b>2335</b>	<b>937</b>	<b>3307</b>

## Annex B- ECP Organization Chart

