

EGYPT TRADE FACILITATION PROJECT SECOND ANNUAL WORK PLAN

CONTRACT NO.: AID-263-C-11-00003

January 2013

This publication was produced for review by the United States Agency for International Development. It was prepared by the advisers supporting USAID's Trade Facilitation Project in Egypt. The authors' views expressed in this publication do not necessarily reflect the views of USAID or the United States Government.

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CONTRACTOR: NATHAN ASSOCIATES INC.

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Acronyms and Abbreviations

ACTFA	Advisory Council for Trade Facilitation
ABA	Alexandria Businessmen's Association
ATR	Assistance for Trade Reform project
CID	An Egyptian consulting firm subcontracting to Nathan Associates
COP	Chief Of Party
DCOP	Deputy Chief Of Party
ECA	Egyptian Customs Authority
EEEC	Egyptian Engineering Export Council
EOS	Egyptian Organization of Standardization and Quality
EIRs	Export Import Regulations (Executive Regulations to the Import-Export Law)
ESP	Environmentally Sustainable Production
FSA	Food Safety Agency
FSMU	Food Safety Management Unit
FTS	Foreign Trade Sector within MIFT
FTTC	Foreign Trade Training Center within MIFT
GOE	Government of Egypt
GOEIC	General Organization for Export and Import Control
GSP	Generalized System of Preferences
HTEC	Home Textile Export Council
IPR	Intellectual Property Rights
ITDA	Internal Trade Development Authority
M&E	Monitoring and Evaluation
MIFT	Ministry of Industry and Foreign Trade
MOF	Ministry of Finance
MOSIT	Ministry of Supply and Internal Trade
NCTI	National Customs Training Institute
NCIS	National Customs Information System
NGO	Non-Governmental Organization
PPD	Public Private Dialogue
QIZ	Qualified Industrial Zones
RM	Risk Management
SFD	Social Fund for Development
SME	Small and Medium Enterprises
TAS	Trade Agreements Sector, within MIFT
TFP	Trade Facilitation Project
USAID	U.S. Agency for International Development

Introduction

USAID's Egypt Trade Facilitation Project (TFP) aims to improve Egypt's trade facilitation regime, strengthen its domestic market, and thereby promote job creation, the competitiveness of small and medium firms, and overall economic growth. The project commenced in June 2011 during a period of unprecedented transition in Egypt, ignited by the popular uprising at the beginning of the year. Two years following the resignation of President Mubarak, the government and the people of Egypt continue to face pressing issues and challenges. Progress toward the goals of TFP will contribute to Egypt's goal of regaining economic stability and accelerating economic growth and lowering unemployment. During this period of transition and uncertainty, however, implementation of TFP activities will require an approach that balances a determined focus on achieving concrete objectives with the capacity to adapt rapidly to changes in the political and economic situation and priorities.

PERIOD COVERED

The period covered by this work plan is January to December 2013. It follows a preliminary work plan prepared in August 2011 subsequently revised in January 2012.

GOE

Egypt's first elected President took office in July of 2012 and appointed new Cabinet Ministers in August 2012. TFP engaged with government counterparts in the process of planning and implementing technical assistance, but with mixed success in reaching full agreement, commitment and cooperation for work on major policy reforms that were given priority in the statement of work for the Trade Facilitation Project. The Government had emphasized priority focus on increasing exports, foreign exchange earnings, jobs, and assisting SMEs, but without taking steps toward macroeconomic or trade reforms that would facilitate these ends. Understandably, more fundamental reforms, implementation of a new constitution and election of a new Parliament continue to dominate the immediate policy agenda. TFP will need to continue an approach working with GOE based on identifying GOE and private sector partners whose interests and agenda correspond with the goals of trade facilitation. TFP believes this approach is the best way forward within the current legal and economic framework and environment in Egypt. Significant micro-economic results are possible at the margin in the short run, even if the macroeconomic results are not, because these will follow only from fundamental reforms implemented as a result of new laws and regulations. Additionally, TFP continues efforts to adjust to the fundamental shortfalls and unrealized assumptions in the original statement of work as well as structural changes that are now affecting implementation but were not anticipated in its original statement of work. As this work plan is being drafted:

- Egypt has no sitting parliament. Elections for a new parliament are planned for Spring 2013.
- The New Customs Law has not been passed and may not be submitted to Parliament before the second half of 2013.

- The National Customs Information System (NCIS) is not fully implemented and working in a way that will help implement an integrated risk management system
- A Food Safety Agency has not been created and the draft law to create an agency has not been passed or finalized for submission to parliament.
- Internal trade-related agencies (e.g. ITDA) that in 2010 were located within the Ministry of Industry and Trade (MIFT) have been relocated to the Ministry of Supply and Internal Trade obliging TFP to coordinate with and additional ministry besides MIFT and MOF for ECA. More problematic, has been a lack of interest from MOSIT in cooperating with TFP of TA programs.

GOALS AND SCOPE

The TFP second annual work plan has been designed to respond to Ministry of Industry and Foreign Trade (MIFT) priorities to focus on increasing exports and assisting export-ready SMEs. The plan continues to embody flexibility to accommodate a process of progressive engagement with counterpart agencies and the continual refinement necessary as these agencies become more able to focus on reform priorities.

This work plan is based on the contract Statement of Work (SOW) as issued to Nathan Associates, and as subsequently modified in early 2013. The work plan also builds on work conducted during project year one.

The TFP contract as modified in early 2013 includes illustrative tasks under two major results. These are:

Results and Illustrative Tasks Listed in TFP Contract as modified

Result 1: Trade Facilitation Measures Improved

- Improve the current export / import executive regulations
- Establish a coordinated risk management system for imported and exported products
- Streamline Egyptian mandatory standards
- Advance customs reform measures
- Strengthen the role of public-private dialogue relating to trade across borders
- Support reduction in non-tariff measures
- Improve awareness and use of special export opportunities and preference programs available to Egyptian exporters
- Improve enforcement of IPR border measures
- Support government and private sector efforts to develop successful small and medium enterprise exporters

Result 2: Domestic Market Strengthened

- Promote more efficient distribution/retail sectors
- Overcome deceptive advertising
- Support the food safety system
- Improve enforcement and application of IPR systems in the domestic market
- Expand knowledge of and participation in environmentally sustainable production

PRESENTATION AND FORMAT

The following sections present the second year work plan according to the two major results groups (Trade Facilitation Measures Improved and Domestic Market Strengthened). The period covered in this work plan is January to December 2013, with some estimated duration activities to continue into 2014 until the end of the project base period, May 31, 2014.

Activities on Hold for Year 1 and 2

At the request of USAID and the Government of Egypt, no activities are planned for two illustrative tasks in the work plan:

- Result 1/Task 6: Support Reduction in Nontariff Measures
- Result 2/Task 2: Overcome Deceptive Advertising

Resources for these activities have not been reallocated. This decision will be reviewed during the course of the project annual progress report, after the new government and new advisors are in place, and USAID and the project have met new ministry leadership and their policy goals are clearly defined.

Moreover, based on experience and feedback from GOE counterparts during 2012, this work plan proposes no activity for several counterparts and tasks that had extensive activities planned for 2012. Strategic reasons for this revision are given in general below.

- No activities are planned in 2013 for counterparts and situations where the likely prospects or timing for necessary policy reforms are considered poor. Without concrete prospects for reforms, technical assistance related to such reform can lack focus or simply be premature, (e.g. extensive assistance spent developing implementing regulations, manuals or training programs long prior to issuance of new laws or decrees.)
- Extensive activity that could not be clearly linked to measurable impacts and results was omitted from planning for some tasks for 2013, in favor of pursuing activities with counterparts that showed better prospects for achieving measurable results, e.g. decreased clearance time and costs, or increased exports.

- In cases where prospects for policy reforms change for the better in 2013, TFP believes it will be possible to re-consider and re-deploy resources in response to the changing conditions.
- If no activities are planned in certain tasks, TFP will consider shifting LOE to other tasks more likely to generate results

CROSS-CUTTING ACTIVITIES AND GOALS

One TFP task is clearly cross-cutting, and that is enhancing public-private dialogue (Results 1, Task 5). Public-private dialogue tasks in this plan are spread through other tasks, covering each task's PPD requirements. TFP will report on these separately as needed, but for planning purposes, PPD has already been allocated.

In addition to this task, several project activities are also cross-cutting. These include training, monitoring and evaluation, gender considerations and, sub-grants if these are continued. Some TFP work in these activities is described under the specific heading, but, as conceived, most of the work under these headings cuts across and is woven into the other tasks with particular counterparts.

Training and Capacity Building

A second year training plan has been developed and discussed with the relevant counterparts. Some training plan activities are mentioned in the work plan tables, but not all. For a more complete listing of courses, numbers of persons, expected cost and expected dates of implementation, please refer to the Training Plan. As new activities are added or new training opportunities identified they are added to the plan after approval by the COTR for TFP.

A large portion of training in the project will be on-the-job, learning-by-doing activities that TFP will provide using a staff of bilingual Egyptian professionals complementing international experts. The goal of this approach is sustainability, self-reliance, and improved capacity among the next generation of government professionals—a longer-term result that is important for Egypt's sustained development.

Sub-grant Program

TFP prepared a draft grant manual and procedures, which was submitted to the Mission for review and approval. The sub-grants program budget allocation was to be used to encourage creative approaches and trial efforts by qualified third parties to achieve the desired results for certain project tasks. It was originally envisioned that TFP sub-grants would play a major role in efforts to create popular awareness and participation in programs under the Food Safety Agency. However, the Food Safety Agency has not been created and the Food Safety Management Unit in the MIFT was disbanded in the summer of 2012, and then re-started on a limited basis in October 2012. Moreover, problems regarding the GOE approval of grants issued to NGOs have delayed implementation of this feature of the TFP contract.

Implementation of sub-grant projects in 2013 would leave only about one operating year for grantees to accomplish results before having to wind up their sub-grant activities by March 2014, sixty-days prior to the scheduled end of the TFP base period. Given such a short time to achieve results, and continuing issues related to issuing grants to NGOs, consideration should be given to alternative ways of achieving the desired outcomes other than through sub-grants. Should the prospects for issuing grants improve markedly early enough in 2013 and

the sub-grant program receive confirmation by the Mission, TFP can move quickly to initiate a sub-grant program.

Monitoring and Evaluation (M&E)

Good technical assistance requires effective monitoring and evaluation (M&E). The TFP M&E plan reflects the extensive work TFP and its counterparts have dedicated to addressing not just the general goal of focusing on results but also the need to produce information needed specifically for a USAID-financed technical assistance project. The plan was developed in October 2011 and was revisited and re-evaluated in October 2012 and again in January 2013 when new tasks were developed for the the Project pending contract amendment.

ACTIVITY SELECTION CRITERIA

This work plan addresses the goals and major tasks outlined in the SOW of the contract, the expressed priorities of the Ministry of Industry and Foreign Trade (MIFT), and activities which enjoy support from leadership in counterpart agencies that also demonstrate capability and readiness to partner with TFP. In addition, we have worked to focus on activities that:

- Support and strengthen the private sector in its efforts to increase trade as trade is the engine of job creation, and economic growth;
- Lend themselves to measurable results;
- Are consistent with priorities embraced by the Egyptian public and the newly elected government.

Result 1: Trade Facilitation Measures Improved

TASK 1: IMPROVE EXPORT AND IMPORT REGULATIONS

Counterpart(s)

The main counterpart for this task is the MIFT, Foreign Trade Sector (FTS) and Trade Agreements Sector (TAS).

Overview

The Export/Import Regulations consist primarily of Ministerial Decree 770/2005 issued by the Ministry pursuant to the Import and Export Law No. 118/1975, and ministry- issued instructions for Inspection and Control Procedures of Imported and Exported Goods. An English translation of this decree was made under the USAID-funded ATR project in 2005. Among other things, these documents spell out the rules and regulations under which GOEIC and private sector importers and exporters must operate. There is also a decree issued by the Prime Minister (1186/2003) covering import and export of foods.

Activities and Results in Year One

In a meeting with representatives of the Foreign Trade Sector and the Trade Agreements Sector on June 19, 2012, the TFP and USAID were informed that the Ministry was not contemplating major changes in the Export Import regulations and would not need any assistance from TFP on this task.

Activities Planned for Year Two

Only minor training activities are planned with MIFT for year two, except for assistance that may be directed toward the QIZ and special export program under MIFT. Some private sector associations and related government agencies (Customs) have indicated that they are interested in learning more about issues and possible changes to regulations. TFP remains available to assist MIFT and will continue under Task 5 (PPD activities) to assist business associations to improve their awareness and articulate their viewpoints and concerns, raising the level of dialogue with the government in support of improving export and import regulations.

TASK 2: ESTABLISH COORDINATED RISK MANAGEMENT SYSTEM FOR IMPORTS/

Counterpart(s)

The principal counterpart for this task is the MIFT, Foreign Trade Sector and the General Organization for Export and Import Control (GOEIC), the implementing agency for these regulations. Related counterparts are Trade Agreements Sector, ECA and EOS. The Activities in the Statement of Work for this task assume that the New Customs Information System (NCIS) would have been placed successfully into operation and would be available for use by the GOEIC and TFP. However, NCIS has not been placed into operation. (Separately, TFP has been asked to help with re-activating work on NCIS. See discussion

under Task 4.). The absence of NCIS has required development of an alternative approach to introducing RM at GOEIC.

Overview

With respect to border protection and inspection workloads, risk management refers to a computer-aided information system that enables an agency to fulfill its dual missions of facilitating trade and protecting against threats to public health and safety. Around the world, governmental agencies responsible for border protection are turning increasingly to risk management to help them manage the growing volume of imports. As global trade volume continues to grow, most governments are finding their budget and human resources for border management increasingly strained. Egypt is no exception to this trend and stands to benefit even more because of its dual inspection regimes and division of responsibilities between Customs (responsible for tariff collection and protecting against smuggling) and GOEIC. While GOEIC's traditional focus was on testing industrial products for meeting Egyptian quality standards, their responsibilities have evolved in the direction of inspection and testing mainly for safety and health.

Activities and Results in Year One

During its first year, TFP assisted GOEIC to: (a) determine whether a Risk Management System, independent of NCIS, would be feasible and beneficial for GOEIC to implement, (b) train selected personnel in the basic concepts of Risk Management, (c) create a Risk Management Project Unit, (d) train unit personnel in the basics of project management, (e) develop basic RM data and case studies, (f) develop a plan for introducing/transitioning to a risk-based inspection regime and (g) identify options and develop high-level specifications and cost estimates for procurement of computer-based RM software.

Progress on this task has been satisfactory, but has reached a critical point requiring official Ministerial support prior to taking major next steps. Ministerial approval is needed: (a) for a proposed step to undertake a pilot project application of Risk Management and (b) to authorize GOEIC to officially prepare to transition to use of automated risk management as the inspection regime. This step has been complicated by lack of a post-inspection "market surveillance" authority within the Ministry of Industry and Foreign Trade, a problem that cannot be solved by a decree from the MIFT.

While awaiting official decrees supporting RM, TFP proposes to undertake selected tasks that will increase GOEIC's capacity to implement automated risk management, assuming Ministerial approval will be forthcoming and that budget resources for implementing a new AIS system with RM are identified. Also related to Risk Management, TFP will continue to assist GOEIC to improve the capacity and functioning of its Laboratory Preparation Department, which has responsibilities for insuring that GOEIC labs are properly equipped and staffed to meet certification standards. This also involves procurement of equipment for testing. Other TFP activities in year two include training for MIFT/TFS in Risk Management principles and support for public-private dialogue activity that will improve GOEIC's ability to serve the export/import community.

Activities Planned for Year Two

- Continued training for the Risk Management Unit in GOEIC.
- Training for selected staff of MIFT/TFS in basics of Risk Management.

- Virtual trial of risk management principles applied to a sample period covering a selection of cargo inspections – a learning trial that will not require changing current MIFT regulations or GOEIC operations but will require extensive GOEIC cooperation.
- Assistance with helping GOEIC to issue the first or “Technical part” of a two-stage tender for automated RM software and upgrades to hardware.
- Assistance to help upgrade and re-organize the Laboratory Preparation Department in GOEIC.
- Public-private awareness/dialogue activities and capacity building at GOEIC (& MIFT) to improve its ability to communicate with and serve (a) importers, (b) exporters and business public.
- Update of studies on “Release Times” for goods inspected and tested by GOEIC.

Results Expected - Year Two

- Development of risk criteria for at least 25 selected parameters including (a) products listed on manifest and on GOEIC’s Annex 8 List, (b) countries of origin; (c) importers; (d) imported foods or (e) other.
- Improved awareness, skills, expertise, organizational materials and data system guidelines needed for introducing and eventually applying RM based inspection rules.
- Ministerial support for proceeding towards official adoption of RM at GOEIC.
- Updated data and improved capacity at GOEIC for monitoring and reporting on key performance indicators related to clearance times.
- Refined specifications for Ministry to procure new IT hardware and software, if funding support is clear.
- Issuance of Tender for Technical Requirements for RM software, if funding is clarified.
- Updated estimates of economic costs and benefits related to implementation of risk management system in GOEIC.
- Improved organizational materials for operation of Lab Preparation Department.
- Pilot Test of RM application, if authorized by MIFT.

TASK 3: STREAMLINE EGYPTIAN MANDATORY STANDARDS

Counterpart(s)

The main counterpart for Task 3 is the Egyptian Organization for Standardization and Quality (EOS) within the Ministry of Industry and Foreign Trade.

Overview

EOS plays a central role in two tasks in the project SOW:

- Result 1, Task 3: Streamline Egyptian Mandatory Standards
- Result 2, Task 3: Support the Food Safety System

EOS also plays a supporting role in other tasks related to trade facilitation (such as Result 1: Task 2, Establish a coordinated risk management system for imports) because standards and conformity assessments are linked to enforcement. EOS has partnered with previous USAID-

funded technical assistance projects that have resulted in improvements in the quality of standards, conformity with international practice and capacity at EOS—providing a strong foundation upon which EOS and TFP will build. EOS has a supporting role in Result 2 Task 5, which calls for improving environmentally sustainable production, but implementation for this task currently focuses more on private sector investment in energy conservation technology, rather than on changing government policies or standards.

Activities and Results in Year One

TFP met periodically with EOS in 2011 to discuss work plan elements and approaches. Discussions were complicated by urgent demands placed on EOS following an EU ban on fresh produce exports from Egypt, following an outbreak in Europe traced to E-coli–infected imports of fenugreek seeds sprouting from Egypt. TFP and EOS agreed to a program of TFP assistance that would focus on selected sectors and products.. A detailed plan was developed with EOS but all work on the task stopped with the removal and replacement of the Chairman of EOS in January 2012 and was not continued by the successor chairman. Also, TFP is concerned about the ability of activities under this task to produce priority results in terms of exports and SMEs capacity to export. TFP is in discussions with EOS and MIFT as to the appropriate extent of technical assistance that should be provided to EOS under this task. The activities described below are carry-over activities that were planned for year one and not implemented,

Activities Planned for Year Two

No major activities are planned for EOS in year two. The program and detailed work plan and draft scopes of work that TFP developed and agreed to with EOS in November and December 2011 will be put on hold. However, some of the activities that TFP is planning with the Food Safety Management Unit in the Ministry will overlap with an involve participation with EOS. Other activities will not be undertaken in year 2 while TFP concentrates on other counterpart activities that offer stronger prospects of achieving results in priority areas of exports or improved clearance times for imports. TFP will continue to track trade facilitation achievements by EOS in the such as elimination of unnecessary mandatory standards eliminated.¹

TASK 4: SUPPORT CONTINUATION OF CUSTOMS REFORMS

Counterpart(s)

Principally, Egyptian Customs Authority (ECA) under the Ministry of Finance, with related involvement of MIFT/FTS, GOEIC and EOS and IPR agencies.

Overview

The activities described in the contract Statement of Work for this task assumed that the New Customs Law would be passed by Parliament in 2011 or 2012, but the plan for this was interrupted by Egypt’s revolution. On orders from the Judiciary, the post-revolutionary parliament elected in 2011-2012 was dissolved in June 2012. As of end 2012, new parliamentary elections are planned for Spring 2013. TFP activities in this task to date have not focused on the Draft Customs Law but have supported ECA priorities for training, re-

¹ EOS was scheduled to eliminate nearly 900 unnecessary mandatory standards covering textiles and apparel in 2012. This follows from work done under prior technical assistance projects with EOS.

equipping the National Customs Training Institute (NCTI) and trying to revive the National Customs Information System (NCIS) .

Activities and Results in Year One

- 40 ECA staff trained in IPR Border Measures Protection and Ethics and Integrity.
- Computer, printers and video training equipment worth \$95,000 procured to replace equipment lost or damaged at NCTI.
- Plan and recommendation for re-starting work on NCIS. ECA NCIS Task Force created and given training.
- Re-start of negotiations between ECA Task force and vendor ICS.

Activities Planned for Year Two

A new acting commissioner for ECA was appointed in August of 2012. He has strongly supported work to date with the ECA Task Force on NCIS, but there are serious concerns and challenges facing an effective re-start that would result in full implementation of NCIS in the future. Pending clarification of ECA's commitment to proceed to full adoption of NCIS, TFP will continue to support the ECA NCIS task force acting as special advisor to ECA. In addition to supporting efforts with NCIS, the ECA commissioner has also asked TFP to help with the following:

- Continue support to ECA Task Force working to re-activate testing and implementation of NCIS
- Review draft New Customs Law for conformity with international standards.
- Support ACTFA and public private dialogue on customs reforms. [This could include an updated study of ECA's voluntary Post Clearance Audit Program.]
- Update an earlier TA study on organization and efficiency.
- Review export procedures at ECA for recommendations to expedite clearance and improve efficiency

Plans for the last two of these activities are still in development.

Results Expected – Year Two

- Customs Law reviewed for conformity with international standards and obligations
- Agreement reached between ECA and ICS on plan to re-start user acceptance testing
- Completion of acceptance testing for key NCIS modules needed for mainstream ECA operations.

Another potential result from cross-cutting activities (other tasks) include:

- Improved information and data sharing with GOEIC. Also see results in Task 7 related to IPR protection

TASK 5: STRENGTHEN ROLE OF PUBLIC-PRIVATE DIALOGUE

Counterpart(s)

Principally GOE Agencies, MIFT Export Councils, the Advisory Committee on Trade Facilitation in Alexandria (ACTFA), other private sector association leaders, chambers of commerce, responsible scientists and private sector leaders, responsible.

Overview

This task was envisaged a supporting and cross-cutting task related to fundamental policy reforms in the Ministries of Trade and Finance. Those policy reforms did not materialize in 2012, but both GOE and private sector are placing a higher priority on articulating and communicating with each other about key policy issues. Accordingly, TFP has discussed with GOE counterparts, companies and business associations, steps the project can take to help foster improved public-private sector dialogue.

Activities and Results in Year One

- Re-established contact with ACTFA and ABA
- GSP Briefings for Egyptian Exporters in Alexandria and Cairo
- Training for ABA staff in basics of Generalize Special Preferences and QIZ
- Meetings and briefings on Trade Preferences with AmCham, US Embassy and Export Councils
- Participation in AmCham events related to trade and customs.
- TFP website developed and operating; TFP materials developed.
- Successful public-private cooperation on B2B trade show for five Egyptian Export Councils

Activities Planned for Year Two

TFP activities planned for 2013 are similar to those successfully implemented in 2012, and are mainly linked to other tasks in Results 1. In addition, in cooperation with counterpart government agencies and private sector associations, TFP is proposing capacity building activity composed typically of the following activities:

- Assessment of institutional communication and awareness capacity with recommendations for improvements.
- Specific proposals for assistance with materials, websites and communication skill building.
- Surveys of public opinion/recognition of government function and performance.
- Cost sharing for key stakeholder events.
- Cost sharing and capacity building on key communication materials/tools such as directories or a lexicon of key terms.

In 2013 TFP plans to undertake brief assessments of communications strategy and capacity for several Egyptian Export Councils, the QIZ unit and ACTFA, using local Egyptian consultants.

Results Expected – Year Two

- QIZ Unit website restored and improved.

- A website built for ACTFA.
- 2 “Communications & Public Outreach” capacity assessments of GOE agencies.
- Broader representation within ACTFA (e.g. more exporters, more women.)
- One activity to improve public perception of private sector role in economic growth.

TASK 6: SUPPORT REDUCTION IN NONTARIFF MEASURES

No activities were planned or undertaken for this task during the first year work plan and none are planned for Year Two. This task originally presumed close cooperation between the MIFT and the World Bank on a program that was a ministerial priority with TFP providing technical assistance. Early in the first year of the project, USAID and TFP were informed that it is not considered a priority by MIFT, so TFP has not planned activities under this task. Given that all tasks are “illustrative”, TFP sees no need to delete the task completely. Should the situation change and MIFT request assistance that fits under this task, TFP believes it will be possible to plan and implement activities on a limited basis without negatively impacting performance in the other tasks.

TASK 7: IMPROVE AWARENESS AND USE OF SPECIAL EXPORT OPPORTUNITIES AND PREFERENCE PROGRAMS AVAILABLE TO EGYPTIAN EXPORTERS

Counterpart(s)

The main counterparts for this task will be export councils and other export-oriented associations and NGOs and export firms. One special counterpart will be the unit within MIFT responsible for administration of the U.S.-Egypt Qualified Industrial Zone (QIZ) protocol.

Overview

TFP will support efforts and programs within the public and private sector to improve exporters’ awareness of and ability to participate in preferential programs available to Egyptian exporters, such as bilateral agreements between Egypt and USA or between Egypt and the EU (e.g. Generalized System of Preferences, GSP) and QIZ, or regional agreements to which Egypt is a partner such as COMESA.

Activities Planned for Year Two

- Assistance to selected private sector and GOE channels (websites/printed materials) capable of serving as contact points and disseminating information about special preference programs
- Assessment QIZ Unit (in MIFT) capacity and needs to perform its mission.
- Support to QIZ unit for training and equipment replacement/upgrade
- Events supporting promotional and awareness activities with existing and potential QIZ producers.
- Research on QIZ potential for increasing exports

Results Expected - Year Two

- Increased awareness of special preference programs by Egyptian Exporters
- Increased volume of exports utilizing special preference programs.
- Increased exports to United States under QIZ and GSP programs, more than \$25 million.

TASK 8: IMPROVE ENFORCEMENT OF IPR BORDER MEASURES

Counterpart(s)

The main counterparts for Task are the Foreign Trade Sector (FTS), the Egyptian Customs Authority (ECA) and the General Organization for Export Import Control (GOEIC) and Egypt's IPR agencies.

Overview

TFP has two IPR-focused tasks in this work plan—this one dealing with border protection for IPR and the other dealing with improving internal protection for IPR (See Results 2 Task 4). Ideally successful results in each one reinforce the potential for and impact of results in the other.

Activities and Results in Year One

- Training in IPR Border Measures for 60 ECA and GOEIC Staff on measures for identifying and dealing with counterfeit goods entering Egypt. Carried out in partnership with U.S. Border Protection Agency and the US Embassy's Office of Homeland Security. Two week long workshops, one in Cairo and one in Alexandria.
- A list of priority recommendations developed by ECA and GOEIC officials for improving border protection for IPR.
- Two high-level interagency meetings hosted by MIFT/TFS with ECA and office of Trademarks on draft ministerial decrees to authorize ECA agents to act on MIFT behalf in dealing with counterfeits entering Egypt as imports. Interagency meetings were held to finalize a new draft chapter to replace Chapter 9 of the EIRs, covering intellectual property rights (See Results 1, Task 1).
- A nine-month plan to assist MIFT with finalizing drafting and then produce manuals and training needed for implementation of the new EIRs in 2012. However, MIFT priorities for undertaking this changed early in 2012, and all work on this activity stopped.

Activities Planned for Year Two

Discussions between MIFT and Trademark Registry and development of steps that would enable MIFT to access the Registry's database of Trademarks registered in Egypt.

Results Expected - Year Two

TFP expects to develop instructions and access connectivity that would facilitate MIFT access to the Trademarks database.

TASK 9. SUPPORT EFFORTS TO DEVELOP SUCCESSFUL SMALL AND MEDIUM ENTERPRISE EXPORTERS

Counterpart (s)

The main counterparts for this task are Egyptian exporting firms; the Egyptian Export Councils including the Engineering Export Council (EEEC) and the Home Textile Export Council (HTEC).

Overview

TFP works with GOE to improve/initiate policies that are fundamentally sound and necessary for export promotion. In addition, TFP will work with Egypt's Export Councils to support activities and innovations that increase the capacity of Egyptian

firms, including SMEs to export. TFP will also assist with efforts to involve other resources and agencies that can assist SME exporters and the Export Councils, such as the FTTC or the Social Fund for Development, or private sector associations such as the Alexandria Businessmen Association), or NGOs. TFP will also explore options for working with private sector firms that can successfully help SMEs to enter export markets directly, through trading companies or through sales to global value chains.

Activities Planned for Year Two

The following activities are planned for year two and are expected to continue into TFP's third year of operations as well.

- English language directories of Egyptian producers that make it easier for importers to research and locate Egyptian suppliers. (also see Results 1, Task 5.)
- Market and other research reports/systems that help identify promising export opportunities.
- Export fairs or export trade missions co-supported with government and private sector. At least 2 in the next 12-18 months.
- Events supporting understanding of exporting fundamentals and programs. Up to four events in the next 12-18 months.
- Improved websites offered by export councils, 3 websites improved.
- Training in basics of exporting for SME staff from up to 24 SMEs

Results expected - Year Two

- Increased Egyptian Exports, \$ 1million by May 2014
- Increased contacts and inquiries between buyers and Egyptian exporters.
- Increased numbers of SME successfully exporting or supplying to traders or global value chains.
- Increased awareness of export opportunities and programs.
- Better use IT and web-based technology to promote Egyptian exports and exporters.

Result 2: Domestic Market Strengthened

TASK 1: PROMOTE MORE EFFICIENT DISTRIBUTION/RETAILER SECTORS

Counterpart(s)

The counterpart for this activity is the Internal Trade Development Authority (ITDA), an independent authority currently located in the Ministry of Supply and Internal Trade.

Overview

ITDA's mission remains to expand the contribution of the domestic market to national GDP and economic growth. This has not changed despite the recent organizational transfer of this unit from the former Ministry of Trade and Industry, to the Ministry of Supply and Internal Trade. ITDA is a relatively new agency within Egypt's government structure, formed in 2008, but it has significant responsibilities and power. One of its principal operational activities focuses on development of large scale retail/commercial and "logistics" zones outside of Egypt's main cities. Similar to "wholesale outlets" located along major highways in the United States, the zones will offer attractive locations with convenience benefits and savings for consumers who might otherwise do without or be obliged to travel longer distances to a major city for shopping. The zones are expected to create more jobs outside of Egypt's major cities, and improve the logistics infrastructure and systems for internal trade. Presently, ITDA has approximately 80 professional staff including, 16 of which are responsible for the retail and commercial zone development.

Activities & Results from Year 1

In 2011 (July, October and November) and in 2012 (January and March), TFP advisers met with senior ITDA personnel to discuss Year 1 activities that would be priorities for ITDA and would produce measurable results. ITDA shared a slide presentation of ITDA's strategic plan that TFP translated into English and provided ITDA the English version. The focus on assistance discussions narrowed to three areas:

1. Drafting of "informational" guides and other materials to be provided to prospective bidders for both the logistics and commercial parks.
2. Customizing certain software developed under a previous USAID program for ITDA use.
3. Review of internal market laws and regulations with recommendations to simplify and bring them into conformity with best international practice.

However, due to lack of sustained engagement and commitment from the Ministry of Social Solidarity (now Ministry of Supply and Internal Trade) in which ITDA is located, TFP was unable to proceed with full planning and implementation of these assistance requests. .

Activities Planned for Year 2 – Retail and Logistics Parks

In November 2012, ITDA approached TFP to revive talks about possible technical assistance and provided the list below of eight items as suggested areas for technical assistance

- ITDA promotion, national and international levels
- Development of ITDA modernization program strategy
- Modernization initiatives to foster development of strong national players
- Strategy for attracting international players
- Promotion of Egypt as a retail destination
- Licensing, institutional capacity building, process, documents
- Tender and competition and evaluation process
- Geographic zones retail potential (building on study from Boston Consulting)

TFP is currently engaged in talks with ITDA about the content and extent of technical assistance that could be usefully provided in the highest priority of these areas with prospects for measurable results. A draft scope of work and CVs two possible consultants for the tender process and a strategy for attracting international players has been given to ITDA for their comment and approval. The project is awaiting feedback. If ITDA does not respond soon, the Project will drop this task.

Activities Planned for Year 2 – Informal Market

Another department in ITDA also approached TFP in October/November requesting assistance with the informal market. A draft MOU has been drafted and given to ITDA for their approval and signature. The activities planned in Year 2 as outlined by that MOU include: ITDA training and technical assistance, including:

1. Conducting a capacity building assessment of the ITDA staff working on upgrading and formalizing informal market vendor activity;
2. Provide training and technical assistance for ITDA staff aimed at enhancing their skills, knowledge and ability to effectively upgrade and formalize informal market vendor activity.
3. Provide layout design for one informal market location.

TASK 2: OVERCOME DECEPTIVE ADVERTISING

The counterpart for this activity is Egypt's Consumer Protection Agency, currently located in the Ministry of Supply and Internal Trade. No activities are planned for this task in TFP year two. Plans for this task can be re-examined if USAID or TFP receives a request from the Ministry of Supply and Internal Trade to activate this task

TASK 3: SUPPORT FOOD SAFETY SYSTEM

Counterpart(s)

The main counterparts for this task are the Food Safety Management Unit (FSMU) in the MIFT and the Egyptian Organization for Standardization and Quality (EOS)

Overview

More and more countries have been requiring importers and local producers to adhere to rigorous food safety systems. The impact of failing to implement and adhere to such systems affects not only the health of Egyptians but also imperils Egypt's exports to other countries. This was dramatically demonstrated in the summer of 2011, when the EU issued a ban first on seed exports then all fresh produce from Egypt. Other nations (Russia) followed suit, and the EU ban was not lifted until March of 2012.

The illustrative activities outlined for the task in TFP's statement of work from USAID assumed that the Government of Egypt would have enacted a new law creating an overarching Food Safety Agency (FSA). A draft of such law was referred to the earlier presidential cabinets for considerations and was expected to be in place near the start of the TFP. But no legislation or other legal enactment measure has been issued and this law and agency is unlikely to be created until sometime after Egypt elects a new parliament in 2013.

Activities Planned for Year 2

TFP has discussed work which would be undertaken with the FSMU in absence of a Food Safety Law that would produce a measurable result. The Unit was reassembled by the new Minister of Industry and Foreign Trade. Three individuals have been given contract through December 31, 2013. TFP will help reactivate the Unit by upgrading and repairing office equipment and working with the Unit on tasks which are related to other Agencies in the Ministry of Industry and Foreign Trade. The project will work on a pilot food sector, such as herbs and spices to delineate the preferred test method and test ranges to ensure the safety of these foods. Dr. Hussein Mansour has agreed to ensure that these test methods are adopted and applied in all food safety labs conducting these tests. If the pilot succeeds, the project will work on additional food sectors in conjunction with the Agency.

TASK 4: IMPROVE ENFORCEMENT AND APPLICATION OF IPR SYSTEMS IN DOMESTIC MARKET

Counterpart(s)

The main counterparts for this activity are the Trademark and Industrial Designs Offices and the Supply Inspectors, all within ITDA in the Ministry of Supply and Internal Trade.

Overview

Businesses in every sector rely on the IPR system to build markets for goods and services and develop their reputation. Enforcement of trademark and other intellectual property rights by Egypt assists them to enter export markets and protect local consumers. Unfortunately, procedural and other delays in examination and enforcement add to the cost of doing business, while the presence of counterfeits and pirated goods in the market, and registration errors undermine the value of creativity, innovation and investment. Egypt has seen measurable improvement in judicial enforcement of intellectual property, including the use of injunctions, and stakeholders have expressed greater satisfaction with the work of the industrial property offices. Nevertheless, there is a need for additional assistance to strengthen both examination and enforcement, and address new IPR treaty responsibilities for improving IPR systems.

Activities and Results from Year 1

In project Year 1, TFP provided the industrial property offices with:

- Best practices memo on merging the industrial property office.
- 3 legal memoranda on the application of three of Egypt's IPR treaties.
- Training for new trademark examiners in the basics and then advanced aspects of trademark examination.
- Training for senior trademark examiners in advanced aspects of trademark examination.

Activities Planned for Year 2 and Year 3

TFP is planning the following activities for years 2 and 3 of the project:

- Updated report on status of new requirements related to Egypt's participation in international IPR treaties and compliance.
- Training for professional staff in basics of writing legal reports for the courts, because wording in many reports submitted to the courts for action on counterfeit goods is too vague.
- Training for judges: one training program with the State Council (Administrative court for cases of industrial property rights) and one program with for the judges of the Economics Court.
- Training for supply inspectors in IPR inspections.
- Design and conduct market survey, pending GOE approval, to gauge the extent of counterfeit goods in selected sectors.
- Joint training/workshop for domestic and border enforcement agency officials to discuss how ideas for information sharing, and other ways to coordinate enforcement (to be coordinated with activities in Result 1, Task7); and to follow completion of market survey.

- Public awareness events with businesses to publicize the results of the market survey of counterfeit and pirated goods and persuade importers and retailers and domestic businesses to deal in legitimate rather than counterfeit goods.

Results Expected – Year Two and Year 3

- Improved GOE ability to survey, monitor and identify counterfeit goods problems.
- Improved capacity of market inspectors, Trademarks staff and judges to contribute to process of IPR protection and enforcement.
- Survey conducted with results indicating the extent of the counterfeit problem in Egypt for selected target commodities.
- Increased number of registrations for the Madrid Protocol.
- Reduced average time for Trademark Office to produce a technical report on infringement cases.

TASK 5: IMPROVE ENVIRONMENTALLY SUSTAINABLE PRODUCTION

Counterpart(s)

The main counterparts for task 5 are the Industrial Development (IDA), the Egyptian National Cleaner Production Center (ENCPC), and private sector associations and companies.

Activities and Results from Year One

In project Year 1, an expert from the World Environment Council (WEC), Ernesto Samayoa made two visits to Cairo to design a work program with Egyptian counterparts in the public and private sector. The first of these visits resulted in a partnership with ENCPC. Mr. Samayoa and WEC then worked long distance with ENCPC on a general structure and selected details of the work plan, including selection of sectors, private sector firms and key performance indicators and operating assistance procedures. A decision to focus on Energy Efficiency helped bring more focus to discussions and work plan design. In late November, Mr. Samayoa visited Cairo and ENCPC again to finalize an action plan to commence in 2013.

Activities Planned for Year Two

Prepare Action Plan

- Finalize implementation plan with ENCPC.
- Select Industry Sector(s) in the food sector for energy efficiency assistance. This task will include the preparation, dissemination and analysis of questionnaire results. -
- Conduct energy audits of the selected companies and develop action plans for adoption of recommendations by these companies.
- Identify energy efficient performance benchmarks for the participating firms.
- Develop case studies
- Support carbon foot printing activities for 2 or 3 companies.
- Raise awareness about energy efficiency through workshops and promotion of best practices and success stories.
- Build capacity in IDA through training.

Results Expected in Year 2 and Year 3

- Strengthening of public and private sector dialogue, cooperation and activities to promote adoption of sustainable production technology and processes.
- Improved understanding by GOE, private sector and public of business-related and trade-related aspects of Egyptian and global environmental policies.
- Adoption of sustainable production technology and processes in the food sector that enhances business efficiency and competitiveness, “greens” the value chain, and advances Egyptian environmental goals.
- Number of new factories applying energy-efficient and environmentally sustainable production (ESP) as a result of TFP.
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Table 1: Work Plan Tasks and Chief Counterparts

Main	Description	Year	GOE and Private Sector Counterparts by Task				
Task		2 Plan	Lead	Support	Other	Private Sector	
RESULT I. TRADE FACILITATION MEASURES IMPROVED							
1	Improve Export/Import Regulations	Inactive	MIFT/FTS	ECA	GOEIC/T'marks	PSA	ECs
2	Coordinated Risk Management System for Imports	In progress	FTS/GOEIC	MIFT	EOS/ECA	PSA	ECs
3	Streamline Egyptian Mandatory Standards	Inactive	EOS	MIFT		TCs	CCs
4	Finalize Customs Reforms	In progress	ECA	MOF	FTS/MIFT	PSAs, ACTF A	ECs
5	Strengthen Role of Public-Private Dialogue	In progress	EOS/GOEIC		ITDA	ACTF A	ECs
6	Support Reduction in Non-tariff Measures	Inactive					
7	Improve use of special export preference programs	New activity	ECs	MIFT/QIZ		PSFs	
8	Improve Enforcement of IPR Border Measures	Limited activity	MIFT	ECA	GOEIC	PSAs ACTF A	ECs
9	Support development of SME exporters	New activity	ECs			PSFs PSAs	
RESULT II. DOMESTIC MARKET STRENGTHENED							
1	Promote More Efficient Distribution/Retailer Sectors	Under discussion	ITDA			NGOs	CCs
2	Overcome deceptive advertising	Inactive	ITDA		T'marks		CCs
3	Support Food Safety System	Limited activity	MIFT	MIFT/GOEIC	EOS, MoH, MoA, FSMU	TCs	CCs
4	Improve Enforcement of IPR in domestic market	Priority	ITDA	Trademarks	CAPMAS	NGOs	CCs
5	Improve environmentally sustainable production	Started recently	MIFT/IDACP	ECPC		PSF	CCs

PSF—Private Sector Firms, PSA= Private Sector Associations; CC = Chambers of Commerce

ECs – Export Councils; SMEs= Small and Medium Enterprises

TC—Technical Committees (public/private expert bodies)

FSMU Food Safety Management Unit NGOs— Non-government Associations

Resources and Scheduling

INTRODUCTION

This section describes the project resources available for carrying out the tasks in the first year work plan. Given the new directions and tasks within the work plan, TFP is recommending a number of key staffing changes.

STAFFING

Key persons

The project has two long term expatriates in key person positions, Chief of Party John Varley and a Deputy Chief of Party, formerly Ms. Jaleen Moroney. Nathan Associates sought and received Mission approval to relieve Ms. Moroney of long-term key person responsibilities in October of 2012, so that she could return to USA to be primary caregiver to her elderly father. She will remain involved with the TFP project and will carry out a number of STTA assignments.

TFP is proposing that the Mission approve Mr. Lindsey Wellons for the long-term expatriate position as Deputy Chief of Party, replacing Ms. Jaleen Moroney and continuing for the duration of the TFP project. TFP is also proposing hiring Mr. Herbert Williamson for a successive STTA assignment that will enable him to be a reliable resource for the project's activities with SME exporters. These two positions will be under Mr. Varley as COP and will give TFP the additional senior manager resources needed to manage the project.

Long-term local staff

The project has mobilized five of its planned seven long-term local staff, and also mobilized Mr. Amr Hegazy, leader of Results 2 components, on an initial STTA that is expected to evolve into a long term assignment.. The other unfilled position is a communications and public awareness specialist. TFP will nominate a candidate for this position by February 2013 so that this candidate can overlap with Ms. Ola Tanani, who will be taking maternity leave by summer 2013.

To support new activities with private sector firms, TFP recommends the following:

1. Hire long term local advisor for task of managing SME assistance program
2. Hire long-term local specialist to coordinate TFP efforts in support of energy efficiency program with private sector firms.
3. Fill position for second "communications and public awareness advisor included in the original Nathan contract an proposal.

Support Staff

The project's support staff is in place.

SHORT-TERM TECHNICAL ASSISTANCE

The TFP project has budget resources for approximately 1,700 person-days of expatriate technical assistance over three years and 2,300 days of Egyptian 1 short-term technical assistance. The first year work plan calls for using an estimated 600 person-days (35 percent) of expatriate assistance during the first year along with an estimated 400 (17 percent) person-days of assistance from local specialists.

SUBGRANTS

The TFP project also has a sub-grant component with total budget resources of \$500,000 that should be used as a resource for supporting the overall objectives of the project and its component tasks. TFP presented USAID with a proposed grants manual in September of 2012. TFP continues to believe that some uses of the sub-grant will be helpful to the project, however implementation currently awaits approval of the manuals and clarification of TFP's ability to give money to local NGOs, without prior approval from GOE. The time available for implementing a successful sub-grants program has shrunk to less than 15 months, which makes it necessary to re-examine this facet of the project to consider if it can still be used properly and successfully to advance goals of the project. Some examples of proposed use of sub-grants were discussed in the work plan, such as the proposal to award a grant to "Best idea for Using Social Media to Improve Food Safety in Egypt". But the calendar time for a successful "Follow-up" to such a competition/campaign award has grown short.

SCHEDULING

The attached tables present the proposed scheduling plans for key tasks in the work plan organized according to the major counterpart or campaign. A second set of tables review the estimated use of expatriate short-term technical assistance, a key resource whose application requires the most management attention.

Scheduling Charts: Schedule of TA Activities for

Result 1, to be attached.

Result 2, to be attached.