



# USAID/EGYPT TRADE FACILITATION PROJECT

# OPTION YEAR WORK PLAN

## AUGUST 1, 2014 – JULY 31, 2015

CONTRACT NO. AID-263-C-1-00003

May 2015

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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**CONTRACT NO. AID-263-C-1-00003**

**SUBMITTED TO**  
USAID

**SUBMITTED BY**  
Nathan Associates Inc.

**UNDER CONTRACT NO.**  
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## SECTION C - DESCRIPTION/SPECIFICATIONS/STATEMENT OF WORK

### TRADE FACILITATION PROJECT

(Option Year sections highlighted below)

#### I. BACKGROUND

The Trade Facilitation Project (TFP) will contribute to USAID/Egypt's assistance objective of improving conditions for trade and investment, and support the overall USG strategic economic partnership with Egypt signed in May 2009. The ultimate objective of this activity is to promote economic growth and job creation and reduce poverty through improvements in the trade environment. This includes a reduction in barriers to trade and the creation of a more efficient internal and external trading system that streamlines the flow of goods at the border and leads to improved administration and growth in Egypt's trade of goods and services within its borders. These improvements should be achieved through reforms that reduce the transaction costs of trade and lower the overall cost of production for the private sector, leading to a reduction in wholesale and retail prices. With lower prices, Egyptian firms can improve their competitive advantage and market share, which will lead to job and wealth creation, the cornerstones of beneficial and broad-based economic growth. Lower costs of production mean lower retail costs to poor consumers.

To achieve these objectives, the contractor shall assist the GOE in designing, supporting and implementing a number of reforms which enhance trade and relate directly to the US-Egypt strategic economic partnership. The contractor will also assist private sector efforts to enhance export performance capacity and capacity to dialogue on trade facilitation issues.

Research has shown that improvements in the openness and efficiency of the trading system, and subsequent increased exports, generally reduce poverty levels in developing countries. Trade liberalization alone, however, without successful entrepreneurship by the private sector may not lead to economic growth, and may or may not positively impact poor people. The links between trade reform and poverty reduction fall into three categories: 1) reductions in the price of tradable goods; 2) increases in wage rates; and 3) improvements in the fiscal position of the government resulting in an increase in government services. Egypt has shown strong economic growth in the recent past, averaging over 7 percent per year from 2005/06 to 2007/08, boosted by an average export growth of 28 percent per year over the same time. For the coming years, experts believe Egypt will continue to show positive growth rates. Targeted trade reform will add to the positive outlook and contribute to reductions in rates of poverty and unemployment.

Prior to the revolution of 2011, the Government of Egypt (GOE) initiated an ambitious strategic plan to double Egypt's exports by 2013. To this end the Ministry of Trade and Industry (MTI), and the United States Trade Representative (USTR), signed a "Strategic

Economic Partnership on Trade-Related and Investment Issues” to facilitate the expansion of trade between the two countries. The strategic dialogue follows reform efforts already undertaken by MTI, including work in intellectual property, the regulatory environment, risk management systems, standards revisions, automation of systems, and customs reforms. In a similar way, MTI has worked on reforms in the domestic trade environment to improve the quality and quantity of goods traded and to address specific public concerns, such as food safety or deceptive advertising. Nearly all these earlier reform efforts were undertaken with significant technical assistance support funded by USAID.

USAID has worked in trade and trade-related activities since the early 1990s. More recently, the Assistance to Trade Reform (ATR) Project (2002 – 2006) focused on Egypt’s WTO obligations. The Technical Assistance for Policy Reform (TAPR II) Project (2006 – 2010) continued the rationalization work, improving ministry-level processes and pursuing reform. The intent for the new Trade Facilitation Project is to build on and continue these efforts where possible, but also to lay a foundation of export capacity building with the private sector that will improve awareness and strengthen domestic private sector support for trade facilitation reforms within Egypt. In a related vein, USAID/Egypt had a competitiveness project, Egypt’s Competitiveness Project (ECP), which works on legal, regulatory and administrative reform to improve the environment for business start-up, expansion and growth and ended June 30, 2014. ECP dealt directly with conditions in the labor market, encouraging public-private sector cooperation in creating a technically sound and educated workforce which will contribute to an improvement in Egypt’s competitiveness. More information about ATR, TAPR II, ECP, and other USAID/Egypt economic growth programs, can be found at [www.usaideconomic.org.eg](http://www.usaideconomic.org.eg).

The base period of the Trade Facilitation Project has seen significant political and social unrest in Egypt. Egypt’s January 25, 2011 Revolution was followed by a twenty-nine month period of political uncertainty, frequent turnover among ministers and agency heads and periodic episodes of social unrest. This political and social unrest has made it challenging for the project to effectively engage with counterparts and focus attention on trade policy priorities. The Egyptian people elected a president in June 2012. The Parliament was dissolved by the Judiciary and Parliamentary powers were assumed by the President and later given to the Shura Council. The new President, Dr. Mohamed Morsi, appointed his cabinet in August 2012. There were, however, many demonstrations and political struggles and President Mohammed Morsi and the government he appointed in August 2012, were ousted after large and widespread popular protests and replaced by an interim government in July 2013. In response to the unstable political situation, the State Department issued, and USAID relayed to its contractors, a mandatory evacuation order for all non-essential personnel effective July 3, 2013. The project had to adjust to the ouster of the sitting government, followed quickly by a mandatory evacuation of non-essential personnel and then a four-month USAID partial ban on expatriate STTA. Then USAID issued a letter on October 13 letter calling for a wind up of all government-related activities. That was followed by a comprehensive review of all project activities and agreeing upon a Wind Up Plan with the Mission. The government for the year from July 3, 2013 until a new President was sworn in on June 8, 2014 was a temporary caretaker government, headed by

Adly Mansour, mandated to write a constitution and hold new presidential elections. Trade policy reform was not a government priority during this year. Presidential elections were held in late May, 2014 resulting in the election of Abdel Fattah el-Sisi, who was sworn in as President on June 8. He in turned named a new Cabinet, which was sworn in on June 17, 2014.

The original Statement of Work (SOW) for the Trade Facilitation Project was written before the January 2011 revolution and anticipated major reforms such as passage of a new customs laws, reforms in the export-import regulations and creation of a food safety agency. Although the Supreme Council of the Armed Forces (SCAF) government and later the Morsi-led government and the Adly-led government stated they were committed to the goals of reviving the economy, increasing exports and assisting SMEs, their attention and cooperation needed to address trade policy reforms was superseded by other policy concerns considered more pressing or higher in priority. That prioritization, along with the absence of a Parliament for many months, turnover among Ministers and agency heads, and the lack of political consensus about fundamental governance issues handicapped project progress on TFP initiatives aimed at securing or implementing policy reform. Therefore, with approval from its COR, and in collaboration with USAID/Egypt, TFP moved to develop alternative ways of directing project assistance to focus on activities in support of developing private sector capacity to succeed in exporting, in particular, to helping ready and willing SMEs to engage in and succeed at exporting.

There have been four modifications to the TFP base period contract: MOD 01 in December 2013 which provided incremental funding; MOD 02 in February 2014 which formally incorporated the Mission's instructions to the contractor regarding activities requiring the contractor to work directly with and for GOE counterparts. The contractor was instructed to stop work on certain activities and to wind-up work on other activities in an orderly fashion by the end of the base period. Mod 03 in May 2014, which extended the TFP base period for two months until July 31, 2014; and Mod 04 at end- July 2014 which exercised an option period from August 1, 2014 through July 31, 2015. Proposed activity for the option period focuses on activities that TFP can undertake mainly with private sector counterparts, but also includes some support for the QIZ and GSP programs. FTTC, GOEIC, the Export Councils and Junior Export Councils, as indicated below.

## II. SCOPE

Through direct interaction with the Ministry of Industry and Trade and Foreign Trade (MIFT), and other line ministries, USAID/Egypt identified several essential objectives that contribute to the shared goals outlined in the trade dialogue and improve Egypt's public and private sectors' capacities to engage in trade. USAID/Egypt has articulated several key goals within TFP:

- Improved regulatory control of trade across borders;

- Improved application of export standards;
- Reduced time of clearance in port;
- Improved risk management system in the importation and exportation of goods;
- Reduced trade of counterfeit products circulating in the Egyptian economy;
- Improved IPR application and enforcement;
- Improved internal trade environment;
- Improved food safety system; and
- Support work underway with other bilateral and multilateral donors.
- Increased exports in specific sectors (e.g. processed foods, Ready Made Garments (RMG), home textiles, automobile parts)
- Improving the capacity of private sector export councils through implementing successful pilot models for SMEs to enter the export markets.
- Successful examples of assistance for developing and improving exporting readiness for small and medium enterprise exporters

These goals will require that the contractor assist both government and private sector efforts to expand trade and to improve its efficiency. Special emphasis will be placed on the innovativeness of the approach to these goals and the degree to which links can be made between the required deliverables and the indirect employment and income effects among the poor in Egypt. Likewise, special consideration should be given to generating links with other USAID/Egypt activities, including ECP.

For the option period, the key goals of the project remain as stated. Also, as stated in the base period SOW, the activities suggested for achieving those goals should be considered “illustrative” and are not meant to be an exclusive or pre-emptive list of activities. The illustrative list gives guidance and allows the Mission and contractor sufficient flexibility to deploy project resources toward alternative initiatives that could arise during the option period if those alternatives are feasible and offer more promise of results toward achieving the stated project goals.

In general, during the option period, TFP will focus on continuing and expanding on those tasks that involve working with the private sector to: (a) support private sector awareness of and capacity to advocate for trade facilitation goals through the process of public private dialogue, b) support awareness among private sector firms, including SMEs, of special trade preference programs, such as QIZ and GSP with the USA; c) complete related tasks with certain government agencies begun under the base period that are useful to the private sector such as assistance to promote GOEIC lab services to SME exporters, and launching the Food Safety Management Unit website, delayed due to Ramadan observances, and support others including FTTC, Export Councils and Junior Export Councils that benefit private sector SMEs: d) support private sector efforts to develop and support successful SME exporters, and e) assist private sector efforts to reduce energy consumption. These are areas in which TFP efforts during the base period met with sufficient success to demonstrate that: (1) demand exists for additional technical assistance in these areas, and (2) results are possible within the option year period (12 months).

### III. OBJECTIVES

The TFP is designed to address key constraints to improving Egypt's trade environment while providing support to Egypt in fulfilling its commitments under the Strategic Economic Partnership. Key counterparts will include both government departments and agencies and private sector firms and associations. The expected results are categorized broadly in two groups: reform measures and improvements that take place at the border and others behind the border. There are two major results and a number of illustrative tasks corresponding to each result. The main results and illustrative tasks listed here are explained in detail below.

- 1) External trade made more efficient and consistent with international standards.
  - Improve the current export / import executive regulations
  - Establish a coordinated risk management system for imported and exported products
  - Streamline Egyptian mandatory standards
  - Finalize customs reform measures
  - Strengthen the role of public-private dialogue relating to trade across borders
  - Support the non-tariff measures database initiated by the MTI and the World Bank
  - Improve enforcement of IPR border measures
  - Improve awareness and use of special export opportunities and preference programs available to Egyptian exporters
  - Support government and private sector efforts to develop successful small and medium enterprise exporters
  
- 2) Internal trade process improved and 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 private sector businesses' knowledge of and participation in environmentally sustainable production

The final two illustrative tasks listed under Results 1 were added by MOD 01. They reflect the Government's high priorities and the Mission's decision to direct more support toward the private sector, especially SME exporters, in an effort to produce and accelerate trade-related benefits for the Egyptian economy. In the extension period, this will continue as a key project objective.

The challenge of technical assistance focused on developing SME exporters is to spread and maximize the impact beyond the immediate SME beneficiaries who receive the most attention and resources from the technical assistance. Additional goals include wider benefits from this assistance for the broader Egyptian economy in terms of expanded jobs, income and economic growth. However, an economic or market-failure problem appears to be a lack of information and/or sufficient resources available to exporters, at least to new export ventures in Egypt. The contractor will address the problem for selected SMEs with direct assistance and address the larger problem, the missing market function, with two best practices. First,

the contractor will use demonstration effects to spread awareness about export-related successes and resources available in and outside Egypt, generating broader interest in adopting similar techniques among additional SMEs, sectors, export councils and trade-related associations. Second, the contractor will build capacity among private sector institutions whose mission is to develop new exporters as well as among additional promising SME exporters.

The main extension period tasks to be considered are described below and categorized into two kinds of support that address the immediate needs of selected SME exporters and the broader goal of spreading and sustaining the impact of useful technical assistance.

The first category of TFP support, direct assistance to SME exporters, is provided mainly under Task 9, which improves on and expands TFP's Export Development Pilot Program in the extension period (EDPP-2). This is a task the contractor will undertake in partnership with appropriate private sector institutions including "core partner" Export Councils, new SMEs in these councils that were assisted in EDPP-1, and appropriate "graduate" SMEs from the previous EDPP-1. Support to them could include a program of group training courses; more detailed one-on-one "coaching" for both new and previously assisted SMEs on issues specific to each individual SME exporter; and support to attend up to one trade show or mission. "Non-core" partners could include business associations or export councils and support could include participation in group training courses for SME members from each organization and in larger TFP events or conferences/ workshops on trade-related issues.

The second category of TFP support would be institutional capacity building to management and professional staff of trade-related partner organizations. This would be provided under Task 5 (public-private dialogue) to key staff (rather than SME members) of partner business associations and other export councils and under Task 8 (special preference programs) to the QIZ Unit and GSP Unit management and professional staff. These partners could have access to all of TFP's broader training courses and export-related events including larger TFP events or conferences/workshops.

MIFT is the key Ministry responsible for the trade sector in Egypt. The Ministry of Finance, represented by the Egyptian Customs Authority (ECA), and the Ministry of Supply and Internal Trade (MOSIT) also have essential roles. ECA is responsible for customs related policy implementation, such as tariff collection, electronic manifest, export and import data base, clearance of imported goods, and temporary release. MIFT (formerly the Ministry of Trade and Industry) has the mandate to cooperate with the USG in improving trade relations with the US and to meet Egypt's goal of doubling external trade by 2013. Improvements at the border will assist the GOE as they attempt to meet this ambitious goal while simultaneously meets its commitments to the Strategic Dialogue. As for MOSIT, it is the ministry responsible for domestic trade issues and oversees a number of important agencies such as Internal Trade Development Authority and Consumer Protection Agency.

MIFT does not work in isolation; as regulatory authority over trade and the trade sector is spread across several ministries. It is anticipated that the MIFT will take necessary actions and play coordinating role with other Ministries to facilitate the implementation of tasks described below. TFP will emphasize relationships with counterparts in MIFT, MOF, and other key stakeholders such as business associations, export councils, NGOs or other

agencies including private sector firms with potential to promote trade facilitation or achieve successful examples of export development that can be replicated and expanded.

The “Wind-Up Plan” provided to the contractor as part of MOD 02 provided updated instructions to the contractor regarding appropriate counterparts. As stated in the Introduction to the Wind-Up Plan, “Trade Facilitation Project (TFP) was designed mainly to work with various Government of Egypt entities. However, due to political disruptions and new legal restrictions, the TFP Work Plan has been amended to refocus work on the private sector with the objective of increasing exports by small and medium sized Egyptian firms.”

## IV. TASKS AND RESULTS

### RESULT 1: TRADE FACILITATION MEASURES IMPROVED

Trade facilitation refers to all measures taken by control agencies at the border to reduce the time of clearance of exported and imported goods, simplify procedures and requirements for international trade, and comply with international agreements and standards.

In Egypt, international trade is an administratively complex operation, involving various GOE organizations. The main agencies present at the border are Customs Authority, Port Authority, the General Organization for Export and Import Control (GOEIC), and sometimes the Ministry of Interior. In addition, there are other departments and organizations that have important roles in trade facilitation but are not always involved at the border, including Egyptian Organization for Standardization, Trade Agreement Sector, Ministry of Health, Ministry of Agriculture, and Ministry of Transportation. Nongovernmental stakeholders include private sector importers, exporters, carriers, consignees, insurance companies, banks, and transport operators.

#### **Task 1: Improve the current export / import executive regulations:**

**Background:** MTI, through the Trade Agreement Sector and with USAID assistance, started revising the executive regulations of the export and import law no. 118 from 1975. USAID conducted an analysis of import and export regulations with the aim of improving the regulations to meet international standards. The observations and recommendations presented in USAID's report covered issues such as intellectual property rights, non-preferential rules of origin, issuance of certificates of origin, export and import controls, system of inspection, control of imported and exported goods, and other trade related issues.

**Requirements:** The contractor shall review the new draft import and export regulations to ensure that it meets international standards for trade facilitation. Subsequent to the issuance of the new regulations, the contractor shall assist in providing technical assistance to put in place rules and implementation procedures; implementing training programs for concerned Egyptian Customs Authority (ECA) and MIFT employees regarding the new regulations; and conducting public awareness workshops for businesses.

#### Expected Results:

- Regulatory obstacles to international trade reduced.
- Exporters' and importers' awareness of the new regulations increased.

#### Deliverables:

- A report including the final recommendations for the revision of the executive regulations.
- At least three awareness events for the private sector about the new regulations.
- At least two training events for the GOE employees concerning the new

regulations.

During an Option Period no activity is planned for this illustrative task as determined in MOD 01 and MOD 02 to the Contract for the purpose of funding activities performed with the private sector per the USAID/Egypt Wind-Up Plan for Nathan Associates.

**Task 2: Establish a coordinated risk management system for imported and exported goods:**

**Background:** There are a variety of Egyptian agencies responsible for inspection at the border. The General Organization for Export and Import Control (GOEIC), ECA, and the Port Authority are involved in nearly all inspections. Each of these agencies has its own risk management system with different and sometimes contradictory criteria. The earlier USAID TAPRII project assisted ECA in obtaining and developing an integrated IT platform called the National Customs Information System (NCIS) with the capability to support a coordinated risk management system between ECA, GOEIC and other border agencies. However, NCIS was not made operational under the TAPRII project that ended in October 2010, and will, in fact require considerable additional investment plus regulatory and management changes within GOE before becoming operational. Should NCIS become operational, this platform will be the preferred TFP vehicle for developing the integrated risk management system. However, if NCIS is not fully functional and readily available for risk management purposes relevant to GOEIC, the contractor will recommend alternate development options and provide support to implement USAID and GOE- approved plans. GOEIC has also requested support for re-organization of its Lab Preparation Department. As this unit assists with the procurement and repair of lab equipment, as well as the upgrading of existing and establishment of new labs, its efficient functioning enables GOEIC labs to undertake the tests required in the conformity assessment aspects of a risk assessment system.

**Requirements:** In coordination with ECA and GOEIC, the contractor shall develop a methodology for the risk management system to ensure consistency and avoid contradictory standards in developing risk profiles of traders. The contractor shall create an appropriate action plan for applying risk management to be implemented gradually by GOEIC with respect to inspection management decisions in coordination with other key authorities, and with recommendations for post-clearance audit or market surveillance functions as needed. The contractor shall provide required training for GOEIC staff and ECA or other border agencies, as well as ensure that the new NCIS and the GOEIC IT systems are, or could be, properly linked and that database sharing rules are implemented or appropriate. Other assistance to GOEIC will include organizational advice and training to improve operational performance of is Lab Preparation Department. Expected results and illustrative deliverables are given below.

Expected Results:

- Volume/Value of imports cleared through the green channel by ECA and GOEIC increased.
- Clearance time by GOEIC and all border agencies reduced.
- Illegal imported products reduced in the market.

- Improved performance by units and system responsible for procuring equipment and supplies

Deliverables:

- A risk management task force or unit in place within GOEIC
- A feasible plan for gradually implementing risk management based inspection in GOEIC
- High level specifications for IT and software requirements and estimated costs for installing updated automated cargo inspection system with RM at GOEIC.
- Revised and approved organizational structure and operating procedures for the Lab
- Preparation Department.
- Training for key personnel in Lab Preparation Department.

During an Option Period no activity is planned for this illustrative task as determined in MOD 01 and MOD 02 to the Contract for the purpose of funding activities performed with the private sector per the USAID/Egypt Wind-Up Plan for Nathan Associates.

**Task 3: Streamline Egyptian mandatory standards:**

**Background:** The Egyptian Organization for Standardization and Quality (EOS) is responsible for the issuance and adaptation of technical regulations and standards in Egypt. EOS has taken steps to harmonize Egypt’s obligatory standards with international standards. However, the private sector and the international community have identified weaknesses in technical regulations that need to be addressed.

**Requirements:** The contractor shall assist in revising the whole conformity assessment system for the chosen sectors (standards, inspection, certification, and testing) for two sectors, as agreed with the GOE and draft an action plan and assist in its implementation. If the implementation and adaptation of these measures are successful, further work may be initiated for other sectors. In order to achieve the expected results, the contractor shall work with all relevant stakeholders.

Expected Results:

- Transaction costs for producers and traders reduced.
- Egypt’s standards harmonized with international standards for selected sectors.

Deliverables:

- An action plan to reform the conformity assessment systems for chosen sectors.
- Policy briefs prepared for EOS for issuing new or revised standards. Training events and
- Workshops delivered to GOE employees and private sector.

During an Option Period no activity is planned for this illustrative task as determined in MOD 01 and MOD 02 to the Contract for the purpose of funding activities performed with the private sector per the USAID/Egypt Wind-Up Plan for Nathan Associates.

#### **Task 4: Support customs reform efforts:**

**Background:** In 2010 under USAID's TAPRII project a new Customs Law compatible with international standards and providing for risk management, conditional release of goods, post audit, facilitation and transparency was drafted and sent to the Minister of Finance. The January 2011 revolution led to postponement of the anticipated submission of the draft law to the People's Assembly in 2011. ECA has indicated that there is a new version of the draft law. A new Parliament is expected to be elected in 2013. When the Law is submitted to the Parliament it could legislative obstacles and could be modified before and during the legislative process. ECA has indicated an interest in TFP assisting by providing a review of the conformity of the current version of the draft Customs Law with best international practice. ECA has also requested other assistance to support and advance customs reforms including assisting with Ministry of Finance and Commissioner approved plans to re-start talks with the supplier of proprietary software needed to activate and finalize the New Customs Information System (NCIS) that was started but not completed under USAID's TAPR-II project.

**Requirements:** The activities below are illustrative of the sub-tasks and support activities that the contractor should engage in with ECA under this task provided full agreement and partnering commitment is reached with ECA.

- Advise on draft of New Customs Law: The contractor shall review it to identify any modifications or language that that could lead to potential issues of non-compliance with international standards and best practice and recommend appropriate revisions To facilitate passage of the new Customs Law the contractor shall closely track it throughout the legislative process and support ECA's efforts to advocate for its passage. Again if supported by the ECA and Ministry of Finance, the contractor shall also review the draft executive regulations and recommend to the Minister of Finance any necessary changes. Once the law is passed the contractor shall support ECA in revising its customs operating procedures to become compliant with the new Customs Law, global conventions and international standards.
- Assist ECA efforts to re-start activities and efforts related to planning and completing user acceptance testing requirements for implementing New Customs Information System (NCIS).
- Provide a customs/organizational expert to review/update plans and recommendations for re-structuring ECA departments and functions.
- Assist ECA with regulatory reform efforts such as improving export regulations and evaluating and improving ECA's voluntary post clearance audit program.
- Provide assistance to ECA training institute, NCTI.
- Support ECA training activities in support of customs reforms
- Support public-private dialogue on customs related issues
- Assist ECA efforts to track and report accurately on cargo clearance times

### Expected Results:

The above activities, in particular passage of the New Customs Law will usher in important results for trade and the economic growth of Egypt, such as:

- Time of customs clearance reduced.
- Transparency in application of customs increased
- Regulatory environment for trade improved.
- Capacity of ECA staff in enforcing IPR border measures improved.
- Capacity of ECA staff in implementing post-audit techniques enhanced.
- Export Procedures and Regulations Improved

### Deliverables:

- Assessment review and report on the new customs law.
- Recommendation for new executive regulation, if requested by ECA.
- Development of customs operating procedures, if the new law is enacted.
- Training of customs officers on post-audit techniques.
- Agreement, plan and special task force within ECA for reactivating work on NCIS
- Recommendations for modernized export regulations
- Procedures and manuals prepared, approved, and applied by the GOE employees.
- Training programs delivered to ECA on activities that improve customs operations (e.g. risk management; post clearance audit, IPR border enforcement).

During an Option Period no activity is planned for this illustrative task as determined in MOD 01 and MOD 02 to the Contract for the purpose of funding activities performed with the private sector per the USAID/Egypt Wind-Up Plan for Nathan Associates.

### **Task 5: Strengthen the role of public-private dialogue:**

**Background:** A variety of organizations provide a platform for public-private dialogue on trade related issues. These include Egypt's system of Export Councils as well as private sector associations such as AmCham and Alexandria Business Association. Also during the last four years, the Alexandria Committee for Trade Facilitation (ACTFA), a committee established by ECA with USAID support, has addressed trade issues related to customs. Other organizations and associations have also taken a role of ensuring regular and fruitful dialogues between the business community and the GOE to solve problems and implement reforms.

**Requirements:** To strengthen further public-private dialogue on trade facilitation issues, the contractor shall make recommendations and provide technical support to expand and strengthen the role of ACTFA and other non-governmental organizations. The contractor shall work with border agencies to ensure discussion covers a broader area of trade facilitation related issues with ACTFA and other organizations supporting public-private dialogue.

Expected Results:

- Improved public-private dialogue on trade issues.

Deliverables:

- Assessment of organizations supporting public-private dialogue on trade issues.
- Advocacy and development plan for ACTFA and other organizations.

**Under Task 5, Option Period illustrative tasks include:**

Build Capacity in Private Sector Associations Facilitating SME Exporters including capacity for Public Private Dialogue to support trade facilitation and development of SME exporters:

**Background:** The main counterparts supported will be interested and willing private sector associations such as export councils and business associations with private sector members. The contractor will be selective about choosing counterparts for this activity who can fulfill the requirements for activities or events that can support the goals of (a) building private sector support for trade facilitation; (b) expanding and supporting assistance to developing SME exporters. The main purpose of this assistance will be to help improve their capacity to provide support private sector exporters with useful functions and activities such including market research, export requirement and preference information, promotion, trade mission and other support activities. The contractor will select one or more associations/councils able to support SME exporters and work with TFP, basing the selection on capacity and willingness to engage. Possible candidates could include the Business Women of Egypt 21; the Alexandria Business Association (ABA), the Ready Made Garment (RMG) or other appropriate Export Councils or other associations.

**Requirements:** The contractor will work with appropriate private sector organizations to build their capacity to assist and support private sector export firms, in particular SMEs, with information, awareness building, and other services that help firms learn about, make export requirements, opportunities and resources available to assist their exporting plans. After identifying suitable, willing partners the contractor will enter into agreements to provide training and capacity building assistance and to support activities that help develop new exporters, especially SMEs.

Expected results:

- More useful, strategic information (export market and other export requirement) information provided to members.
- More and better guidance to members regarding exporting-related resources and programs available in Egypt and internationally.
- More attention paid to guiding and assisting firms with exploring and implementing mutual assistance arrangements based on concepts of “clustering” or “cooperating to compete” and “clustering” opportunities for mutual support among SME.

Deliverables:

- Agreement with selected private sector institutions to build awareness and capacity of members.

- Technical assistance such as advice and training programs delivered to management and staff of private sector associations or export councils to build capacity to provide services to support export ambitions of members especially SMEs.
- Technical assistance and financial support for materials critical to organizations in serving members such as member directories; online website directories; marketing training toolkits; and trade show check lists.
- TFP-supported events to assist partners with efforts to provide information and other services to export-oriented members, in particular to SMEs, and to build awareness of key issues, for example, of the importance of IPR to manufacturers, through a launch event for an IPR manual (which was scheduled but was not completed by the end of the base period, due to technical delays during recent periods of instability in Egypt).

Indicators:

- Increased active participation especially by SMEs and women-owned firms.
- Participation of members at trade-related training / events sponsored by partner, e.g. if BWE is selected as a partner, attendance by women-owned SMEs at trainings.
- Examples of “cluster-like” behavior among SMEs to reduce costs and risks of exporting and entering new markets, such as information sharing, joint ventures, etc.

**Task 6: Support reduction in non-tariff measures:**

**Background:** Periodically GOE and International donor agencies address the problem of reducing non-tariff measures as barriers to trade. Prior to the revolution of 2011, GOE and a number of donor agencies including the World Bank, the International Trade Center (ITC), UNCTAD, and the WTO, launched an initiative to collect and disseminate data, provide capacity building, and analyze the impact of non-tariff measures (NTMs) on international trade for selected countries, including Egypt. The project seeks to increase transparency and foster dialogue on harmonization, streamlining and reform. MTI will submit a database on NTMs to the World Bank in fall 2010.

**Requirements:** If an initiative addressing NTMs manages to assemble relevant data of NTMs, then after the database submission, the contractor shall work with MTI to develop an agenda for removing the major NTMs to improve the transparency of Egypt’s trade policy and facilitate increased trade flows.

Expected Results:

- Transparency and awareness of Egypt’s trade policy related to NTMs improved.
- NTMs in select areas decreased.

Deliverables:

- Agenda and recommendations for removing major NTMs.

During an Option Period no activity is planned for this illustrative task as determined in MOD 01 and MOD 02 to the Contract which fund activities performed with the private sector per the USAID /Egypt Wind-Up Plan for Nathan Associates.

## **Task 7: Improve the enforcement of IPR border measures:**

**Background:** IPR is a key area of cooperation under the US – Egypt Strategic Economic Partnership. MTI is taking steps to address enforcement of IPR by finalizing IPR border measures enforcement regulation that will be implemented by ECA and other agencies at the border. This task builds on previous USAID assistance in IPR measures at the border.

**Requirements:** Following full and public commitment from MIFT to issue required executive regulations reforming the current system, the contractor shall work with the affected agencies to develop an action plan for coordinated implementation of the IPR border measures regime, including procedures, manuals, trainings, public awareness and coordination with the private sector. The contractor shall implement the action plan with the concerned authorities, with special focus on upgrading the skills of ECA in enforcing IPR border measures. Implementation of this task will need to be coordinated among various border agencies.

### Expected results, if MIFT revises and implements new IPR Border Measures

- Number of infringed and counterfeit products entering Egypt reduced.
- New IPR border measures procedures established and implemented by the concerned authorities.
- ECA staff trained on IPR border measures and identification of counterfeit goods.

### Deliverables:

- An action plan for the implementation of the new IPR border measures regulations.
- At least four training programs for GOE officials on the application of new regulations.
- At least two public awareness events to educate businesses about new regulations.

During an Option Period no activity is planned for this illustrative task as determined in MOD 01 and MOD 02 to the Contract which fund activities performed with the private sector per the USAID /Egypt Wind-Up Plan for Nathan Associates.

## **Task 8: Improve awareness and use of special export opportunities and preference programs available to Egyptian exporters.**

**Background:** By virtue of Egypt’s trade agreements and developing country status, a number of Egyptian exports qualify for special or preferential treatment by importing regimes in other countries. These programs have the potential to improve the competitiveness of Egypt’s products in the global market, contributing to export growth, but only when they are fully understood by and accessible to the private sector and well administered by GOE. The contractor will support efforts and programs within the public and private sector to improve

exporters' awareness of and ability to participate in these preferential programs. Examples of such programs can be found in bilateral agreements Egypt and USA or between Egypt and the EU (e.g. Generalize Special Preferences) or in regional agreements to which Egypt is a partner such as COMESA. One example of work that the contractor should expect to support involves the QIZ protocol between the United States and Egypt.

The U.S. Qualifying Industrial Zone (QIZ) initiative has proven one of the more successful preference programs for increasing Egyptian exports to the United States. Since starting in 2005, Egyptian exports to the United States qualifying under the QIZ protocol have risen from \$266 million to more than \$1 billion. While many Egyptian firms have taken advantage of the QIZ program and successfully expanded their export sales, the program potential remains under- utilized, particularly in terms of diversifying Egypt's QIZ exports. Moreover, the small QIZ unit within MIFT has limited capacity to support exporting companies and encourage greater participation in the program.

The contractor will work with the QIZ unit on research and capacity building needed to (a) to improve functioning of the unit, mainly its ability to provide its support services to Egyptian companies, including program education, compliance verification, business-to-business matchmaking, and export market information; (b) identify new sectors and products with promising export potential via the QIZ program and (c) to build awareness of these among private sector firms and investors.

**Requirements:** To strengthen ability of GOE and private sector exporters to make intelligent use of special preference programs available to Egyptian Exporters.

Expected Results:

- Increased awareness of special preference programs by Egyptian
- Increased volume of exports utilizing special preference
- Increased exports to United States under QIZ and GSP

Deliverables:

- 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.
- Events supporting promotional and awareness activities with existing and new producers.
- Research on QIZ potential for increasing exports

**Under Task 8, Option Period illustrative tasks include:**

**Background:** During the option period the contractor will work to raise awareness of private sector firms, especially SMEs, about the opportunities, requirements and benefits from

exporting from Egypt through special preference programs such as the Qualified Industrial Zone Program (QIZ) under the protocol between the U.S., Israel and Egypt, and U.S. Generalized System of Preferences (GSP) Program. The QIZ program allows goods manufactured in the designated Egyptian zones and meeting other requirements to enter the U.S. market duty-free. The (GSP) Program offers tariff reductions to goods from qualifying “developing countries”, including Egypt. The contractor will partner with the QIZ Unit and the GSP Unit in the Ministry of Trade and Industry (MTI) that are responsible for promoting awareness of these programs. The purpose is to improve private sector awareness and use of special export opportunities and preference programs of the U.S. that are available to Egyptian firms and help contribute to expanded exports, jobs and income in Egypt.

**Requirements:** The contractor will undertake activities to increase awareness of special trade preference programs available to Egyptian exporters. Promoting the QIZ program in Egypt may pose challenges because of the requirements that exporters use a minimum percentage of inputs from Israel. The contractor will be sensitive to the need to avoid potential negative repercussions. Illustrative activities include: support to QIZ and GSP Units to promote special preference programs; awareness-raising events among SMEs about incentive programs; research on eligible export products under preference programs. Project support to the GSP Unit will depend upon renewal by the U.S. Congress of the overall U.S. GSP program.

Expected Results:

- Increased awareness of special export preference programs by Egyptian exporters
- Better informed SMEs and women-owned export firms
- Increased quantity and variety of Egyptian exports making use of special incentive programs offered by USA

Deliverables:

- Technical assistance to partners in QIZ and GSP units in MIFT/GOE to build capacity, and in the GSP Unit pending Congressional renewal.
- Training /events for associations or firms, including groups of SMEs and women-owned firms regarding the QIZ and in the GSP Unit pending U.S. Congressional renewal of the program.

Indicators:

- Increase in exports from Egypt under the QIZ Program
- Increase in the number of firms aware of and using QIZ and GSP programs in an end-of option period survey compared to an earlier baseline survey conducted by TFP.

**Task 9: Support efforts to develop successful small and medium enterprise exporters**

**Background:** Increasing exports and assisting small and medium enterprises are two priorities of Egypt’s first elected government since the 2011 revolution. Both policies are consistent with USAID development strategy for Egypt and also have a long history of

support from predecessor Egyptian governments. “Increased exports” is an outcome that depends on the private sector investment and initiative – which can be encouraged by supportive government policies and programs. The Ministry of Industry and Foreign Trade currently supports a system of private sector-led Export Councils charged with responsibility for enhancing the development of national exports. The Social Fund for Development (SFD) supports business development services assistance to a number of SMEs, including a subset that is ready and willing to enter the export market. Some private sector associations and even individual firms also have programs to assist SMEs to begin and expand exporting through trading agencies or through internationally- linked export value chains.

**Requirements:** Work with GOE to improve/initiate policies that are fundamentally sound and necessary for export promotion. In addition, the contractor will work with appropriate GOE partners such as Egypt’s Export Councils to support activities and innovations that increase the capacity of Egyptian firms, including SMEs to export. Cooperate and work with other agencies such as the FTTC or the Social Fund for Development to support programs that offer to assist SME exporters with training or other assistance. The contractor will also explore and support programs offered by private sector associations (e.g. Alexandria Businessmen Association, NGOs or by private sector firms that can successfully help SMEs to enter export markets directly, through trading companies or through sales to global value chains.

Expected Results:

- Increased Egyptian Exports.
- 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.

Deliverables:

- English language directories of Egyptian producers that make it easier for importers to research and locate Egyptian suppliers.
- Research reports/systems that help identify promising export opportunities.
- Increased private sector participation in export fairs and export missions co-supported with export councils, especially by SMEs.
- Events supporting understanding of exporting fundamentals and programs.
- Improved websites offered by export councils
- Training in basics of exporting for SMEs.

**Under Task 9, Option Period illustrative tasks include:**

**Background:** The contractor will continue with, and improve on its Export Development Pilot Program (EDPP) developed in the base period. The full EDPP program ended with 19 firms (13 from Home Textiles and 6 from Automobile Parts sectors). TFP, in partnership with the two export councils provided training, coaching and financial assistance to attend at least one trade show for each SME. Outside of its structured EDPP program TFP also assisted another 20 firms to participate in four other trade shows or missions on a cost share basis. Just the EDPP SME firms participating in trade shows reported more than \$1.8 million of orders at shows attended plus expectations of another \$6.5 million in projected future sales.

**Requirements:** During an option period, TFP will implement a second round of its EDPP, EDPP-2, which will focus on helping a select number of promising SMEs to enter the export market or expand their exports. Contractor will undertake this work in partnership with private sector associations that support development of SME exporters, so that the private sector institution can continue and sustain such efforts in the future. During the option period TFP will also work with SMEs and private sector associations to achieve a “demonstration” effect based on successful experience of selected SMEs or clusters of SMEs, documenting the success stories and disseminating the result to other SMEs and export-related associations. TFP’s capacity building work with private sector partners was described in Task 5 earlier. This task focuses on (a) assistance to SME firms; (b) development of success stories, and (c) activities that will also reach a larger number of export firms for purposes of awareness building or spreading examples of success (e.g. demonstration effect).

Under this approach illustrative tasks can include, first, to improve EDPP-1 with a new cadre of SMEs in an EDPP-2, aiming to recruit a new batch of participating firms from two to three sectors/export councils such as Home Textiles, Engineered Products and Processed Foods. Secondly, TFP will partner with up to two other business associations/NGOS to include appropriate SMEs from those associations in the core EDPP-2 program. (These firms will most likely be firms in compatible sectors, who may or may not be current members of an export council). Thirdly, TFP will continue a program of advice and mentoring for appropriate SMEs that were reliable participants in the initial round of EDPP training, having demonstrated both willingness and capacity to absorb additional training and produce additional results. TFP will help them mainly with mentoring that addresses particular priorities and also guide them toward using other export development resources from the private sector. Fourthly, TFP will continue to assist QIZ firms and related export councils (RMG and Food Processing) with special trade missions to the U.S. (Note: this task, (#9) focuses on the SME who have QIZ status, while Task 8 focuses on the institutions responsible for increasing awareness of QIZ programs).

TFP will work with selected private sector SMEs that are members of selected export councils or business associations. It will partner with up to three councils on SME assistance programs including in that program candidate SMEs from up to two other associations as appropriate, selecting and focusing on SMEs that show export promise that can be at least partially realized as results within 10 months. The individual SMEs will be selected from and with confirmation by partner Export Councils, Junior Export Council private sector board members, and business associations / trade-related organizations.

The contractor will also support the Egyptian Foreign Trade Training Center (FTTC) by helping it better train its trainers of SME export managers to improve management of their export development. Illustrative support would include training of FTTC trainers in Egypt by ITC Geneva, upgrading of the FTTC website; and procurement of IT equipment (laptops, projector) for a mobile training unit to extend the reach of FTTC in training SMEs not based only in the Cairo or Alexandria areas.

The activities listed below are illustrative of the support activities the contractor will engage in provided full agreement and partnering commitment is reached with partners, and subject to USAID technical and funding approval:

- Signed partnership agreements with up to 2 – 3 “core partner” export councils for a 10 month partnership to help each provide a program of assistance to promising SMEs.
- Signed agreements with up to two “non-core” private sector associations or export councils to participate in TFP programs of training.
- Partnership agreements with up to 18 new SMEs (not in previous EDPP-1) and up to 6 “graduates” from EDPP-1, to take part in a 10-month program of TA and training.
- Training in export readiness for the new class of SMEs on fundamental trade topics such as trade finance, pricing, costing, contracting, and brand management, including for example, increasing SME awareness of the importance of protecting brands using IPR.
- Coaching for SMEs individually or in small groups on specific export challenges.
- Support to the new SMEs to attend at least one trade show in the option period.
- Support for up to two trade missions featuring only Egyptian products.
- Assistance in identifying and locating export service firms and resource providers.
- Assistance on “clustering” - learning how to form joint ventures and mutual assistance arrangements with other SMEs to reduce costs and spread risks among partners for exploring market opportunities, for procuring services to analyze market information, and to obtain better contracting terms for services such as shipping, warehousing, etc..
- TFP will sponsor events (conferences or workshops) in Egypt targeting a larger number of SMEs on topics of interest to exporters – e.g. Using Export Managers/Trading Firms & Related Resources for Exporters - an “Export Service Provider Souk” event that brings together up to 50 SME exporters with export service providers and resource firms in marketing, logistics and finance and features presentations by service providers and EDPP success stories. These events may overlap with events TFP is planning under Results 1, Task 5 to foster private-public dialogue.

#### Expected Results:

The main result will be a target group of SMEs better prepared to succeed as exporters in the global market place. Improvements will include more trade show experience, improved market information, buyer contacts, client management skills and export sales in new markets. Members of this target group will be examples that can be used as success stories to spread results via the demonstrations effect.

- Number of SME staff trained by TFP through mentoring in various topics
- Number of trade shows, missions and matchmaking events hosted or supported by TFP
- Number of SMEs beginning to explore clustering activities, through export joint-ventures or consortia as a result of TFP support and advice

#### Deliverables:

- Signed agreements with partners in the EDPP-2 Program
- Training and coaching delivered on export-specific issues to new and “graduate”

### SMEs

- Events held on key export-related topics
- Support provided to SMEs on clustering through joint-ventures or consortia in export markets

### Indicators:

- Number of SMEs, particularly female owned or managed, receiving assistance
- Number of trade shows attended for the first time by SMEs assisted by TFP
- Value of export sales during trade shows and projected, as a result of TFP assistance, reported by SMEs, including exports to new buyers and to new markets

## RESULT 2: DOMESTIC MARKET STRENGTHENED

The Ministry of Supply and Internal Trade (MOSIT) is the main authority responsible for monitoring, regulation and enhancement in the domestic market and it is home to several agencies with important roles in the domestic market, including: The Consumer Protection Agency (CPA) and Internal Trade Development Authority (ITDA). In December 2009, the then Ministry of Trade and Industry (MTI) established the Internal Trade Development Authority (ITDA), responsible for all policies and promotional activities related to internal trade. In 2011, ITDA and CPA were transferred to the MOSIT. ITDA is charged with developing modern internal market centers and logistical parks, and with supporting other efforts to upgrade and improve the capacity of informal market sector in Egypt. The CPA is responsible for implementation of all consumer protection laws and regulations. Contractor tasks, shown below are expected to impact a number of GOE priority reform areas.

### **Task 1: Promote improved efficiency within the distribution/retailers sectors:**

**Background:** The retail and distribution sectors in Egypt are plagued by low growth rates, poor management practices, and high transaction costs that contribute to higher prices and negatively affect the competitiveness of Egyptian products globally. The sector is governed by an outdated legal framework and monitored by numerous government entities.

The GOE's Export Promotion Strategy (2010-2013) sets a goal of doubling merchandise exports by 2013. The previous Ministry of Trade and Industry had identified distribution as a vital sector to the achievement of this goal, which once well-functioning and well regulated, will improve economic price mechanisms and encourage competitive behavior. Improving the functionality of the distribution sector is an important step in improving Egypt's global competitiveness by lowering transaction costs, and improving the efficient flow of merchandise trade. For this work, the contractor will work with ITDA, the relatively new agency responsible for the internal market policies and regulations as well as promotion and development of large scale commercial and retail zones and logistical parks.

The contractor can also work with private sector stakeholder associations, such as local chambers of commerce and business associations (e.g. Cairo or Alexandria Chamber of

Commerce, Egyptian Junior Business Association), business leaders or NGOs with platforms and programs aimed at helping to modernize Egypt's retail and distribution sectors.

**Requirements:** The contractor shall review ITDA's mission and programs for opportunities to assist with efforts that will positively impact retail and distribution sector operations in Egypt. The contractor will work with ITDA sections responsible for development of large scale commercial/retail zones and logistics parks. And specific attention should be devoted to programs that benefit the informal markets and encourage formalization. The contractor shall provide the training to upgrade staff capabilities in the (ITDA) in strategic areas.

Expected Results:

- Pilot project implemented to upgrade of at least one informal market site which can be duplicated in other markets.
- Increase in public-private dialogue around the retail and distribution sector development issues
- Capacity of ITDA staff improved. Policies, programs and guidelines according to international best practices are institutionalized in the ITDA.
- Successful pilot project implemented to upgrade of at least one informal market site.

Deliverable

- An action plan including reform measures to be implemented by the concerned

During an Option Period no activity is planned for this illustrative task as determined in MOD 01 and MOD 02 to the Contract which fund activities performed with the private sector per the USAID /Egypt Wind-Up Plan for Nathan Associates.

**Task 2: Overcome deceptive advertisement:**

**Background:** Complaints of deceptive advertising have been on the rise, including false oral or written representations, misleading price claims, and sales of hazardous or systematically defective products or services. MTI is responsible for the laws and regulations dealing with unfair and deceptive advertising. However, the enforcement of the regulation should be implemented by other GOE entities.

**Requirements:** he contractor shall work with MTI and other key players to assess the situation in Egypt regarding the advertisement sector, including reviewing previous material produced by MTI regarding deceptive advertisement, and the legal framework for advertisement in various forms of media. The contractor shall present international best practices for controlling deceptive advertisement and develop a set of reform measures and a timeline for implementation.

Expected Results:

- Advertisements are better regulated.
- Deceptive advertisements are reduced.

Deliverables:

- A report detailing an action plan to improve deceptive advertisement regulations.
- Support for Implementation of a set of reform measures outlined in the USAID-approved action plan.

During an Option Period no activity is planned for this illustrative task as determined in MOD 01 and MOD 02 to the Contract which fund activities performed with the private sector per the USAID /Egypt Wind-Up Plan for Nathan Associates.

**Task 3: Support government efforts to improve the food safety system:**

**Background:** The food safety situation in Egypt is a major domestic market problem that negatively affects trade. Food laws and regulations are outdated. Inspection is undertaken by several agencies from a number of different ministries and is generally ineffective and not risk based. Testing is performed by a variety of labs but most labs are not sufficiently equipped or staffed. There is no fully developed system for traceability, recalls, risk assessment, emergency management, and no clear mechanism regarding how and where new issues are dealt with systematically and on a scientific basis. Under TAPR II, USAID supported the creation of the food safety management unit in MTI to improve its role in food safety, and eventually to be home to the Food Safety Agency, pending passage of the Food Safety Agency Law currently with the Cabinet. Support for the Food Safety Unit has been intermittent since the revolution. Substantial additional assistance to this Food Safety Management Unit (FSMU) in MIFT under this contract is predicated on the formal establishment of a Food Safety Unit or Agency through legislation or a Presidential, Prime Ministerial or Ministerial decree that clarifies mission, confers authority and provides reliable funding.

**Requirements:** Pending legislation or executive orders establishing an apex food safety agency, the contractor shall assist MIFT and its FSMU, the Chamber of Food Industries and other private sector organizations on a limited basis, to advance reforms in certain aspects of the food safety system and to improve the regulatory framework in the market as well as private sector compliance with international food system standards. The contractor shall help with efforts to revise inspection and testing procedures and manuals produced by the FSMU. The contractor shall work with EOS and FSMU to review and confirm that Egyptian standards meet international standards, especially in terms of specific obligatory food safety. Under the direction of USAID, the contractor shall support the food safety management unit to implement a feasible set of the unit's priority tasks such the examples given below as illustrations.

Examples of Expected Results, if legislation is passed:

- Increased availability of updated food safety standards in Arabic.
- Increased awareness of the modern-day threat to society from unsafe practices in the food chain.
- Increased coordination and preparations among government agencies and private sector stakeholders committed to improving food safety

- A more efficient food safety system institutionalized in the areas under the jurisdiction of MIFT

Deliverables, if legislation is passed:

- Food safety lab and inspection manuals are revised and delivered to concerned MIFT agencies
- An updated set of risk criteria to be applied to imports of imported food.
- A report detailing the plan for revising the food standards with EOS and the start of implementation of such a plan.
- Food related conformity assessment systems are upgraded.
- Training for up to 2 persons of FSMU staff.
- Website developed for FSMU to post national and international food safety information making it more accessible to Egyptian public, food-industry professionals, NGOs and decision makers.

During an Option Period no activity is planned for this illustrative task as determined in MOD 01 and MOD 02 to the Contract which fund activities performed with the private sector per the USAID /Egypt Wind-Up Plan for Nathan Associates.

**Task 4: Improve and promote the application and enforcement of IPR systems in the domestic market:**

**Background:** Egypt is seeking to enhance cooperation with the US on IPR application and enforcement within its borders with the goal of encouraging foreign investment to Egypt and boosting bilateral trade. USAID has implemented several reform programs concerning IPR during the past decade, including work with the patent office, trademark and industrial design offices, plant variety office, and copyright office.

Technical assistance will be provided mainly but not limited to the following three IPR areas:

*Upgrading trademarks and industrial design registration:* Egypt has recently joined or is preparing to join new international treaties on IPR. The Trademark and Industrial Design office requires assistance to implement its new responsibilities. The MTI desires to pursue certain reform measures to improve the operation in this office.

*Combating counterfeit and pirated products:* The presence of counterfeit goods is a significant problem in the Egyptian market. Some types of goods counterfeited and sold in Egypt include clothing, leather products, food, automobile and machinery parts, household appliances, beauty products, and pharmaceuticals. The Egyptian Ministry of Health estimates that 20 percent of all pharmaceuticals sold in Egypt are counterfeit, a major public health issue. As for copyrights, there is no clear jurisdiction for enforcement of literary copyrights within the Ministry of Culture, and no inspectors assigned to enforce literary copyrights in the domestic market.

*Conducting IPR training programs:* USAID has provided many IPR capacity building programs for most of the IPR offices including the Trademark, Industrial Design, and Patent Offices. Recently, USAID started to work with judges and prosecutors. Additional training is

required for those involved in enforcement of new concepts, such as cybercrime, e-commerce issues and IPR issues related to franchises.

**Requirements:** The contractor shall provide recommendations on revisions to the legislation and regulations Governing trademarks and industrial designs and help strengthen and improve operations and procedures at the Trademark and Industrial Design office. Provided GOE supports this as a priority, the contractor shall work closely with the GOE, NGOs and private sector associations to combat counterfeit and pirated products, including assessing the infringement situation in Egypt, and development of an approach to address the issue, including an action plan. To support IPR training programs the contractor shall design capacity building programs for IPR enforcement staff such as judges, prosecutors, inspectors, customs officials, lawyers and court experts.

Expected Results:

- The Trademark and Industrial Designs Office starts to implement Madrid protocol.
- Capacity of IPR registration and enforcement staff is improved.
- IPR enforcement system is improved.

Deliverables:

- An action plan to upgrade the capacity of Trademark and Industrial Design
- Trademark and Industrial Designs Office implementing new international treaties
- A report detailing new approaches to combat infringed products and develops a set of priority measures.
- Training program for key concerned parties in IPR enforcement system.

During an Option Period no activity is planned for this illustrative task as determined in MOD 01 and MOD 02 to the Contract which fund activities performed with the private sector per the USAID /Egypt Wind-Up Plan for Nathan Associates.

**Task 5: Improve environmentally sustainable production:**

**Background:** Environmental climate change is having a growing effect on global trade in goods and services. USAID will provide assistance to MTI to develop a plan to improve energy efficiency in the Egyptian industrial sector to become competitive internationally and improve industrial environmental sustainability. This plan is expected to help the government achieve its target of 20 percent improvement in energy efficiency by 2022 from 2007 levels.

**Requirements:** The contractor shall recommend an action plan that identifies criteria for selecting target companies and providing support to companies that agree to partner with the program.

Expected Results:

- Energy efficiency increased at targeted companies/industries.
- Impact of the potential carbon tax decreased for targeted companies.
- Targeted goods produced for domestic and export markets with more energy

efficiency.

- New jobs created as a result of energy efficiency activities created.
- Broader awareness of application and benefits of energy efficient practices in targeted sector.

Deliverables:

- An action plan (including cost estimates) that identifies the sequence of events, anticipated timeline, and proposed key performance indicators. Energy audits and recommended energy efficiency Action Plans for targeted firms.
- Summary report on results achieved, lessons learned from pilot projects with selected firms and recommendations on steps to further promote adoption of energy efficient processes and technology.

**Under Task 5, Option Period illustrative tasks include:**

**Expand Energy Efficiency to Other Sectors**

**Background:** In the base period, TFP helped 10 SME's with 12 factories in food processing to apply energy efficiency principles systems to their operations. Following energy audits of the factories, TFP advisors delivered recommendations ranging from investing in more energy-efficient equipment to conserving energy through recovery and re-use of waste heat, with many adopted.

In the Option Period, the contractor will continue to advise the previous partner SMEs and extend these activities to other firms and the broader food-processing sector and a new manufacturing sector, to be determined at the outset of the option period.

**Requirements:** The contractor will partner with Egypt National Cleaner Production Center and engage with business associations, export councils or chambers with private sector members with manufacturing facilities to carry out a pilot program of assistance to firms willing to participate in a program to reduce their energy consumptions and costs. Illustrative activities include:

- Analyze and identify a second industrial sector that has high potential of energy improvement from partnering with TFP.
- Prepare a list of candidate companies in the food processing and another sector;
- Identify partner industrial association(s) that will support project activities;
- Prepare and hold a Launch Event with public and private sector participation;
- Sign agreements with up to 8 to 10 firms in the newly selected sector;
- Provide the program of Technical Assistance for Energy Efficiency to include:
  - Quick scan assessments or preliminary screening of energy utilization;
  - Formal energy audits over time to establish performance indicators;
  - Reports with recommendations for reducing energy consumption;
  - Information dissemination activities and awareness events

In addition to TFP support with ENCPC for SMEs to conduct energy and water audits and implement recommended improvements, TFP will help expand energy efficiency awareness among the private sector generally through helping the Egyptian National Competitiveness Council (ENCC) hold awareness seminars and workshops. It will also consider support for the ENCC's 2015 Annual Meeting on Competitiveness which is planned to have a focus on Energy Efficiency.

#### Expected Results:

- New factories applying energy-efficient production (ESP) as a result of TFP
- Lower energy usage by the selected firms and energy efficiency increased
- Adoption of sustainable production technology that enhance business efficiency
- Improved understanding by the private sector of global environmental policies
- New jobs due to energy efficiency activities created

#### Deliverables:

- Report on selection of second industry sector, other than food processing
- Continued and new partnership agreements with selected firms
- A Launch event to attract new firms interested in partnering with TFP
- Energy audit reports for partner firms
- Awareness events and activities to dissemination results and success stories

## V. CROSS CUTTING TASKS

### **A. Implementation of Training, and Commodities Procurement**

In order to achieve the results of this project, the contractor will design and implement capacity building programs (training, workshops, tailored courses, mentoring approach, etc.). Human capacity building and institutional development are key objectives of this SOW.

The Contractor shall work with GOE counterparts to develop their capacity in the areas stated above in the two Results. Both offshore (U.S. based and Third Country training) and in-country training will be part of the contractor's annual training plans. The majority of this training will be conducted in country. In addition, public awareness events such as workshops, seminars, roundtables, and media clubs will be held.

Offshore participant training will include U.S. and third country training in free developed countries. One to two events per quarter or up to 8 training events per year for up to 8-10 participants will be conducted. A Plug Figure of US\$1.25million will be the ceiling for all training under the TFP contract.

Commodities procurement will be limited to small IT equipment such as computers, servers, notebooks, printers, and photocopy machines. Two vehicles will be also purchased for

contractor use during the lifetime of the contract. A Plug Figure of US\$0.5million will be the ceiling for equipment for both the contractor use and the GOE procurement requests.

### **B. Grants to U.S. and non-U.S. NGO**

The contractor will, upon USAID approval to proceed, provide grant funding to US and Egyptian non-governmental organizations (NGOs) with maximum total value of up to US\$0.5million. The grants program is intended to increase public and private commitment and dialogue, community support to ensure program success, and enhance the sustainability of results. Areas for grants might include food safety, energy efficiency, IPR and, public private dialogue.

### **C. Logistical and technical support for the trade working groups**

There are a number of working groups that have been established between the MTI and USTR to assist in the monitoring and implementation of agreed upon reform measures as per the Strategic Economic Partnership of May 2009. The contractor shall present logistical and technical support, if needed and approved by USAID and the specific trade working group represented by MTI.

### **D. USAID Gender Requirements**

USAID requires that gender issues are taken into consideration while implementing technical assistance projects. In implementing programs, allocating resources, and measuring progress, gender will be taken into consideration in an effort to ensure that the overall program promotes greater gender equity in Egypt. This will specifically include integrating gender-related activities into program implementation which respond to the Egyptian context and building indicators into performance monitoring and evaluation plans to track programs' effects on gender-based constraints and opportunities.

Evidence shows that liberalized trade tends to increase the availability of paid jobs for women, particularly in export-oriented sectors. However, certain barriers, such as discrimination, low quality of skills and gender inequalities in terms of access to resources, may impede women's ability to benefit from trade expansion.

In order to comply with the Mission's gender analysis findings, the contractor must conduct a gender analysis as an initial task under this project to examine gender roles and relations, relative power, and access to resources to see how they affect project results and how the anticipated result will affect gender equality. There are two fundamental questions: 1) How the different roles and status of women and men within Egypt will affect the work to be undertaken; and 2) How the anticipated results of the program might affect women and men differently. It is important to consider the expected results of the programs as well as the current situation as it relates to gender within each program area.

The contractor must develop a strategy for the project and build gender into the work plan in accordance with USAID requirements. Progress of all related activities will be measured and verified using indicators that are disaggregated by gender and will be part of the PMP indicators.

Deliverable:

- o Gender analysis conducted and integrated into the work plan.

**E. Public Outreach Coordination / Egypt Media Guidance**

This guidance addresses public outreach efforts and media opportunities. Communicating the results of development activities that are funded by the American people is a critical component of USAID’s work in Egypt.

The Contractor is expected to enhance USAID outreach and communication efforts in two ways. The first will focus on attracting positive publicity and promoting public acceptance and support for USAID development programs and activities. These efforts will emphasize that US foreign assistance is implemented with USG funding resources from the American Taxpayer to support the joint objectives of the Egyptian and US governments. The Contractor will be responsible to ensure that the American Taxpayers receive full credit for accomplishments achieved through USG funding resources. The Contractor shall coordinate efforts that will result in signing an MOU with the Ministry of Trade and Industry (MTI) outlining the roles and responsibilities of USAID and MTI to secure that proper credit will be given to USAID.

The second is to enhance the outreach capacity of local counterpart organizations collaborating in the project, through capacity-building assistance. These organizations can increase public and private commitment, community support to ensure program success, and enhance the sustainability of programs.

In order to ensure consistency of messaging and compliance with the Foreign Assistance Act of 1961 and other guidance relating to the dissemination of public information, the implementer is required to coordinate with USAID public outreach specialist/Program Office prior to any planned public community event, speaking engagement, media release, or scheduled media interview. The implementer is required to comply with USAID/Egypt outreach and branding regulations.

The Contractor shall ensure that all outreach components are well organized to include all USAID related requirements such as branding and other media related requirements.

**VI. MONITORING AND EVALUATION**

**A. Performance Monitoring Plan**

The Contractor shall submit a Performance Monitoring Plan (PMP) that will be based on a fiscal year calendar and must include the following elements:

- List of key project objectives, expected results and project outputs (output is a count of services delivered or items produced) as well as a brief description of the linkages between the project outputs and its expected results.

- Definition and detailed description of the performance indicators to be tracked including: unit of measure; data source; justification/management utility; baseline values; annual targets; annual actual data; frequency and schedule for data collection; individual responsibility for data collection and availability of data at USAID; and detailed plans for data analysis, review and reporting.

The Contractor is encouraged to propose other indicators that will assist in managing project performance.

Ninety days after award, the Contractor shall submit its Final PMP to USAID together with the Annual Work Plan. The Contractor and USAID will agree upon the final choice of performance indicators useful for timely management decisions and credibly reflecting the actual performance of the project. PMP data must meet reasonable quality criteria of validity, reliability, timeliness, precision and integrity, and be disaggregated by gender as appropriate and feasible.

Expected results are noted under the detailed description of each task, but the Contractor will be expected to set more refined targets during the mobilization period while implementing the Work Plan, subject to USAID review and approval.

## **B. USAID Standard Indicators**

In addition to the illustrative targets and deliverables for each of the two result areas, the Contractor shall report on relevant standard indicators from the Foreign Assistance Framework and the Results Framework.

Relevant Areas and Elements under the Foreign Assistance Framework include: Program Objective: Economic Growth

Program Area: Trade and Investment

Program Elements: Trade and Investment Enabling Environment Improved, Trade and Investment Capacity

Potential standard indicators relating to these Program Areas and Elements are as follows:

- Number of customs harmonization procedures implemented in accordance with internationally accepted standards as a result of U.S. assistance.
- Number of legal, regulatory, or institutional actions (not mentioned above) taken to improve implementation or compliance with international trade and investment agreements due to support from USG-assisted organizations.
- Number of public and private sector standards-setting bodies that have adopted internationally accepted guidelines for standard setting as a result of USG assistance.
- Number of USG supported training events held that related to improving the trade and investment environment.
- Reduction in the cost to trade goods across borders as a result of U.S. assistance.
- Reduction in the number of days required to trade goods across borders as a result of U.S. assistance.
- Number of participants in USG-supported trade and investment capacity building trainings.

- Custom indicators for annual performance monitoring related to intermediate results, Program Areas and Elements may also be considered for use.

### **C. Monitoring and Reporting Documentation**

The Contractor shall prepare monitoring reports and related documentation for all activities under this contract, as directed by the COTR. This documentation shall include routine periodic reports on indicator status. The format of the reports and documentation may change from year- to-year and shall be provided by the COTR. Verification of specific data calculations for all indicators shall be conducted annually. Data quality assessments for each indicator shall be conducted at least once every two years.

**END OF SECTION C**

### **F.6 KEY PERSONNEL**

- (a) The contractor shall furnish key personnel as stated below.

Chief of Party: John Varley

Results 2 Lead: Jaleen Moroney

(b) The key personnel specified above are considered to be essential to the work being performed hereunder. Prior to replacing any of the specified individuals, the Contractor shall immediately notify the Contracting Officer and USAID COTR reasonably in advance and shall submit written justification (including proposed substitutions) in sufficient detail to permit evaluation of the impact on the program. No replacement of key personnel shall be made by the Contractor without the written consent of the Contracting Officer.

- (c) During the Option Period the contractor shall furnish key personnel as stated below:**

**Chief of Party: Lindsey Wellons**

**Deputy Chief of Party: Amr Hegazy**

## Trade Facilitation Project (TFP) Work Plan Option Period August 1, 2014 - July 31, 2015

TFP Option Year Tasks	Aug.	Sep.	Oct	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	Jun	Jul
<b>Management Tasks - Planning, Preparation for Option Year</b>												
Planning, preparation on Option Year with Partners												
Meetings on TFP support with USAID, GOE												
Updated Option Year Budgets & Pipelines												
Staff replacement, new recruitment												
SOW submissions, approvals												
<b>Tasks to Complete (Base Period)</b>												
<b>IPR Book</b>												
IPR Book Translation												
IPR Book Editing English & Arabic												
IPR Book Printing both Eng. & Arabic												
IPR Book Launch Event												
<b>FSMU</b>												
FSMU Website ; TFP helps supervise P.O. with FSMU												
FSMU Website Launch												
FSMU website maintenance as necessary for updating website, to help promote food safety awareness among public and private sector food exporters.												
<b>EEEC</b>												









