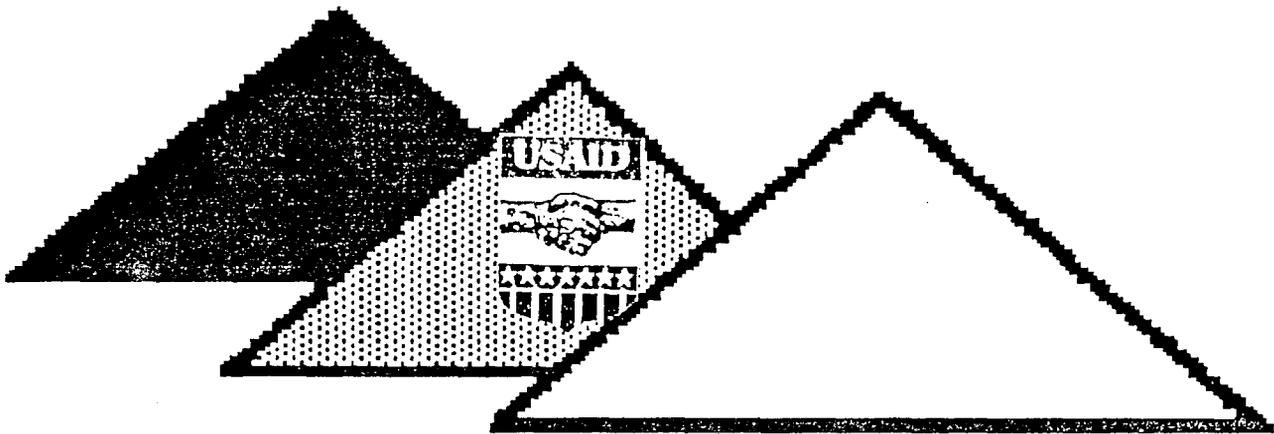


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USAID / EGYPT

Revised, September 1996



STRATEGIC PLAN 1996 - 2001

(Public Copy)

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STRATEGIC PLAN FOR EGYPT
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Revised: September 1996

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EXECUTIVE SUMMARY

The goal of the USAID program in Egypt is: **broad-based sustainable development with increased employment and improved quality of life.**

The strategy has a number of cross-cutting themes. It will:

- ▶ Encourage a more appropriate balance of public and private sector responsibility in the economy, political life and social services;
- ▶ Enhance the participation of non-governmental organizations in development and advocacy roles;
- ▶ Give special attention to Upper Egypt, poor urban pockets and rural areas that are far less economically advanced than the rest of the country; and
- ▶ Address gender concerns across the program, with particular emphasis on female roles in education, health, family planning, and small and emerging business development.

The strategic plan includes seven strategic objectives (SO) and six special objectives (SpO) under four subgoals, as noted below:

Subgoal 1: Accelerated Economic Growth

SO 1: Accelerated private sector-led, export-oriented economic growth.

The greatest threat to Egypt's stability and leadership role in the Middle East is growing poverty among its people. To reduce poverty, jobs must be created. To create jobs, economic growth must accelerate. To accelerate economic growth, private sector-led, export-oriented industry must expand, privatization must accelerate and the government's support for competitive markets must improve. SO 1 expects to help increase economic growth from the current 3.2% (1993/94) annually to 6% by 2001. The private sector's share of GDP is expected to increase from 61.7% (1993/94) to 70% over the same period. This growth should generate more than 1 million more new jobs than would have been created at current growth rates.

SO 2: Increased participation of girls in quality basic education.

Low participation levels of girls in basic education hinder Egypt's attaining sustainable growth and development. To increase participation, demand for schooling must increase in

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high-risk areas of the country. An improved and more appropriate quality of education for girls is necessary as well. A supportive policy environment will likewise facilitate local education improvements. Girls' enrollment in primary schools is expected to increase substantially and educational performance should improve markedly.

SpO A: Increased use of Egyptian universities in quality, demand-driven applied research.

This special objective will be phased-down during this strategy period. In the meantime, it will enhance the applied research of Egyptian universities by establishing stronger institutional linkages with U.S. universities.

Subgoal 2: Improving the Environment for the Growth of Democracy

SO 3: Increased civil society participation in public decision making.

Active involvement of well-organized civil society organizations in public decision-making is important for increasing government responsiveness to public needs and priorities. Legal and regulatory reforms are important for facilitating greater civil society growth and increased participation at the local government level. Enhanced operational capacity of civil society organizations is also necessary to attain improved advocacy results. It is expected that civil society organizations will influence policy formulation more effectively by the end of the strategy period.

SpO B: Increased use of information services by the legislature in decision-making.

Members of the legislature need relevant and reliable information for use in legislative, advisory and oversight functions. Without improved library and information services and the skills to use these services, members cannot effectively represent popular opinion in public decision-making. The quality and responsiveness of legislation are expected to increase over the strategy period.

SpO C: Improved civil legal system.

Egyptian civil court operations and performance must improve to serve the private sector more effectively. More efficient judicial services are critical to achieve better performance. Judges must also be better informed on Egyptian civil law. Over the strategy period a model court system will be developed for GOE replication in other parts of Egypt. Rulings that accurately follow Egyptian law are also expected to increase considerably.

Subgoal 3: Reducing Population Growth and Improving Health

SO 4: Reduced fertility.

Egypt has made notable progress in family planning, reducing its fertility rate to 3.6 (1995) from 5.2 in 1980. The country, however, has reached a "plateau" in contraceptive prevalence. More attention is needed to address obstacles to expanded use of family planning services. Service sustainability is also critical for ensuring quality services for the future. By 2001, fertility is expected to fall to 3.45 per woman during childbearing years.

SO 5: Sustainable improvements in the health of women and children.

Egypt has made impressive strides in child survival, reducing infant mortality to 80.8 (1993) and child mortality to around 62 (1995) per 1,000 births. Egypt has also reached a plateau in this area. To make further gains, knowledge and practices at the household must increase. The quality and use of maternal, perinatal and child health services must rise. Targeting high-risk areas in Upper Egypt is also important. Finally, sustainability of services must be ensured. Infant mortality is expected to drop to 53 and child mortality, to 73 by 2001. A drop in maternal mortality to 139 is also anticipated.

Subgoal 4: Environment Managed for Long-term Sustainability

SO 6: Increased access to and sustainability of water and wastewater service.

The Egyptian government is actively reforming water and wastewater utilities operations, transferring management responsibilities from the central to the local level. Remaining policy issues must be addressed to allow full operation and maintenance cost recovery to help ensure sustainability of the system. USAID will work with the Egyptian government to address these important reforms and improve their capacity to deliver services. By the end of the strategy period, six autonomous water and wastewater organizations will be generating and retaining revenue. In addition, an estimated 8 million Egyptians will benefit from improved water and sewerage systems.

SO 7: Reduced generation of air pollution.

Urban air quality is seriously degraded due to unchecked pollution from industrial plants and vehicles. Cairo is among the worst cities in the world for airborne particulate matter and exceeds international standards for other serious pollutants. This condition has serious health implications for all Egyptian urban dwellers, affecting not only their quality of life but also

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their productivity. The successful adoption of pollution mitigating technologies, supported by appropriate government policies and strengthened environmental management, will lead to a measurable reduction in the generation of air pollution by the end of the strategy period.

SpO D: Approaches to sustainable tourism demonstrated.

This special objective will test approaches to natural and cultural touristic asset management. Progress will be carefully monitored to determine if it should become a strategic objective in 1998.

SpO E: Improved human capacity development system linked to strategic priority areas.

This special objective will provide results-oriented training opportunities to a broad range of Egyptian partner institutions in support of USAID's strategic objectives.

SpO F or Results Package: Broad-ranging technical and financial support provided.

This special objective will respond to priority activities (e.g., the Partnership initiative), unforeseen emergencies, the design of new objectives and analysis and monitoring of other cross-cutting concerns.

STRATEGIC PLAN FOR EGYPT

A. Program Goal

The goal of the USAID program for Egypt is:

- **Broad-based sustainable development with increased employment and improved quality of life**

This goal is based on the Agency's goal of sustainable development. "Broad-based" is added to highlight the importance of attaining widespread distribution of development benefits -- i.e., across regions, socio-economic groups and gender. "Increased employment" directs attention to the economic benefit for individual Egyptians. Finally, "quality of life" accents the desirability of improved living conditions for Egyptians -- e.g., adequate health and family planning services, clean water and air, sanitation and basic education.

Achieving this goal will require more than five years. Nevertheless, the Mission intends to monitor selected trends related to this goal. Three indicators will be tracked: per capita GDP, the unemployment rate and UNDP human development index (HDI) ranking. For per capita GDP, USAID will conduct further analysis to establish the baseline in dollars.

USAID will monitor the official unemployment rate from the 1993/94 baseline of 10%. SO 1 aims to increase the number of jobs. However, job increases are not expected to reduce the unemployment level within the strategy period because of the rapidly rising labor entrant rate and the already high unemployment level of approximately 10% (as a share of the labor force, GOE official statistics). With growth, unemployment is expected to remain relatively constant but a substantial increase would be a concern.

USAID plans to monitor Egypt's ranking on the UNDP HDI. This index includes measures of life expectancy at birth; educational attainment, as measured by a combination of adult literacy and combined primary, secondary and tertiary enrolment ratios; and standard of living, as measured by real GDP (purchasing power parity). The 1995 report ranks Egypt 107th out of 174, placing it at the medium level worldwide.

B. Cross-cutting Strategic Themes

The strategic plan emphasizes a number of themes that cut across the strategy and are important areas for attention and monitoring: public and private roles, NGO participation, regional variational and gender concerns.

1. Public and Private Roles

The legacy of public sector dominance in economic, political life and social services is an obstacle to attaining sustainable development in Egypt. The strategy encourages a more appropriate balance of public and private responsibility across sectors. The net effect anticipated is a much greater reliance on the private sector and a gradual downsizing of the public sector with more efficient and appropriate use of public sector budgetary resources.

Public sector dominance of the economy hinders the development of a dynamic open, private sector-led economy. Public enterprises dominate industry, with SOE accounting for 70% of productive industrial capacity, and the slow pace of privatization limits competition and deters investment. The government owns, operates, maintains and sets fees for all major utilities and transportation services. Open, public dialogue on political and economic issues and authentic collaboration among the private and public sectors has been limited. The strategy encourages a general shift from this directive role to one that establishes the appropriate regulatory and legal environment for the private sector to operate effectively. Program efforts will actively engage Egyptian leaders in a dialogue on appropriate public and private sector roles in a dynamic open market economy and on the needed policy and regulatory reforms to facilitate increased private sector participation and growth. A major thrust is directed to reducing the scope of government controls over the economy through privatization and the elimination of special preferences for the public sector. In agriculture, policy dialogue will continue to emphasize a shift to private producers and suppliers of key inputs and products, private sector demand-driven technology and research, increased cost recovery of water use, and increased private provision of market information. In electrical power and telecommunications, the strategy fosters an environment that will attract private sector investment, principally by encouraging reforms that promote the efficient provision and consumption of these services.

Regarding democracy, the program addresses increased public dialogue on political and economic issues and the need for greater private sector involvement in the decision-making process. In addition, modifications in Law 32 and other laws and regulations that prohibit NGO/PVOs from openly debating public policies free from burdensome GOE oversight will be encouraged. Another important effort is building capacity of the judiciary to serve the expanding private sector more efficiently by increasing contract reliability.

In population and health, the private sector already plays important roles. In population, the private sector provides more than 85% of the contraceptive pills in Egypt and 63% of all

contraceptives. Its role in increasing market share, increasing contraceptive choice, improving quality of service, and securing an adequate supply of contraceptives is critical to achieving the strategic objective. The strategic plan will encourage greater use of private sector services through: (a) generic advertising, (b) training of private sector medical staff in contraceptive technologies and counseling, (c) strengthening private contraceptive marketing, (d) policy dialogue on reducing contraceptive import tariffs and establishing national contraceptive quality standards, and (e) allowing free market forces to determine the supply and price of contraceptives. In health as well, the private sector provides more than 80% of the outpatient services in Egypt. The strategy will also encourage the shift from subsidized curative health care to cost-effective services with increased cost recovery elements where appropriate.

In water and wastewater, the program is supporting increased autonomy and cost recovery, which not only improves sustainability, but will increase the potential for private sector utility financing in selected areas (e.g., high tourist coastal areas). To reduce the generation of air pollution from the inefficient and heavily polluting state-owned industries, opportunities will be sought to link privatization of state-owned enterprises with in-plant pollution prevention and control investments. Additionally, active private sector involvement in the ongoing environmental policy dialogue will be encouraged.

2. PVOs/NGOs

USAID recognizes the important role that PVO/NGOs play in sustainable development, ranging from the delivery to communities of goods and services to roles as catalysts, mobilizers, innovators, analysts and advocates. PVO/NGOs comprise one of the core components of effective local capacity. They are a critical vehicle for articulating collective interests and for ensuring citizen participation in the development process. At the grass roots level PVO/NGOs contribute to the strengthening of civil society. Also, PVO/NGOs are sources of innovation and experimentation with new approaches to development problems. They contribute significantly to resource mobilization to improve their communities.

Over the past three decades, the program has supported numerous activities to help build local capacity through NGO empowerment. Since the early 1980s, assistance has been distinctly redirected to promoting enhanced management and technical capacities of Egyptian NGOs to carry out development activities. The current PVO/NGO grant portfolio of some 22 U.S. PVO/NGOs includes CARE, Catholic Relief Services, Save the Children, the National Council of Negro Women, AMIDEAST, CEDPA, AFRICARE, African American Labor Center, Plan International, Project HOPE, Near East Foundation, Support Centers of

America, Institute of Cultural Affairs, International Executive Service Corps. Grants are also provided to some 33 Egyptian NGOs and subgrants, to an additional 150. Cooperation focuses on improving the capacity of advocacy-oriented NGOs to influence public policy and to enhance the ability of local user groups to influence the quality of local services.

The strategic plan anticipates substantially increasing its use of NGO/PVOs in development activities and advocacy roles across the portfolio. It will also encourage an improved overall environment for their participation in the country. For the 1996-98 period, the proportion of portfolio funds (excluding program assistance and infrastructure) to be allocated to PVO/NGOs is expected to increase from the current 10% to 28%.

Since 1992, the PVO Development Project has worked with a core group of 26 Egyptian NGOs, providing 18 grants to them as well as an additional 11 to U.S. PVOs. Through this core group, upwards of 200 local associations have been assisted with grants, training and technical assistance in a wide range of fields, including credit, agriculture, female education, the environment, health, community development, and disaster assistance. Through the PVO Development Project, 17 of the Egyptian NGOs have improved their institutional capacity to world NGO standards and will soon be eligible for registration with USAID.

Under economic growth, assistance is being provided to business organizations to improve their capacity to lobby for economic reform and educate policy makers and the public on how a competitive market economy should operate. The program also helps establish a local "think tank" that can independently research and advocate economic policy. Improving NGO capacity to provide credit and technical support for small and emerging business growth is an important effort. Small Business Development Associations managing SME credit programs are financed by USAID and other donors. The Alexandria Business Association and Cairo Foundation are major partners in addition to a number of business associations in other parts of the country. In agriculture, PVOs play an important role in transferring technology to farmers. Support for locally established water user associations will encourage greater local responsibility for water resource operations as well.

In female education, two USAID-funded PVOs are already actively engaged in increasing educational access. The approach in this strategic area emphasizes the mobilization of communities under the leadership of Egyptian NGOs.

A key strategic effort to support NGOs is SO 3, which will assist Egyptian civil society by increasing capacity and reducing legal and regulatory restrictions to their participation in public decision-making. By supporting the GOE's rural

development program, the program will encourage partnerships at the local level among NGOs, local government and small business.

In health, NGOs and PVOs can play an important role, especially in areas of high unmet need for maternal and child health services and where geographic targeting is required. USAID and ministry officials have agreed to promote NGO involvement in the health sector.

Finally, in environment, USAID will enlist the energies of NGOs to help raise public awareness on environmental issues and specific actions to combat air pollution.

3. Regional Development and Poverty Alleviation

Upper Egypt, poor urban pockets and rural areas are far less economically advanced than the rest of the country. While accelerated economic growth is a priority for improving the lives of all Egyptians, the Mission believes that identifying and targeting selected areas for special attention is important for ensuring broad-based development and equity. It also can help stem the potentially disruptive behavior, such as terrorism, that has widespread economic impact on Egypt.

Greater attention in health, population and education will be given to Upper Egypt and the rural areas where disparities exist. The health strategy has explicit regional objectives to diminish rural/urban and Upper/Lower Egypt disparities. The strategy will also concentrate more resources on expanding and improving family planning services in rural upper Egypt. Female education will target Upper Egypt governorates as well, where girls' primary enrollments and female literacy lag.

Small and micro-enterprise activities target poor city neighborhoods, as well as rural areas where people try to supplement their incomes by producing and selling farm and off-farm products. The Mission has recently initiated a credit effort with an NGO in Upper Egypt to serve this under-served area. Special incentives for Upper Egypt residents also encourage participation of this poorer region in the Commodity Import Program.

In agriculture, primary customers include approximately 4 million small farm households (with seven to eight people per household), landless laborers and women who produce and process Egypt's main food, cotton and horticultural crops. Plans to support a rural development initiative will benefit several million villagers through their increased participation in local governance. The program is also financing studies on food use and consumption at the household level to assist the government with policy formulation options for ensuring improved food security, especially among the poorest population, in lieu of

current costly and ineffectively targeted food subsidies.

During this strategy period, the program will broaden its geographical coverage for improved water and wastewater services to include smaller urban areas of Upper Egypt.

4. Gender

The Mission's concern with gender as a cross-cutting theme is consistent with the Agency's recently issued Gender Plan of Action, which USAID will take as a guiding document in the preparation of a Mission-specific gender action plan. The Mission has reviewed the potential effects of its strategy on men and women. For the most part, identified results will have significant positive impact on both women and men. Thus, data is not disaggregated by gender. Other objectives are directing more attention to addressing inequities that hinder the participation of women in development activities. Still others address gender issues at the activity level.

SO 2 emphasizes increased female participation in quality basic education using a more sustainable community-based approach to encourage girls' increased school attendance and completion. SO 4 in population focuses on Egyptian women, who, in Egyptian society and culture, carry the principal responsibility for family planning. SO 5 seeks improvements in women's and children's health, which are also important concerns of Egyptian women.

Other objectives direct attention to addressing inequities at different levels. Small and micro-enterprise activities will place more emphasis on increasing the number of women borrowers. While women's participation rates are increasing, their participation remains low because of local and cultural constraints. The Mission will focus on addressing inequities that hinder participation of women in public-decision making by promoting and assisting women's advocacy groups under its civil society organization efforts. The reduced generation of air pollution will also have a particularly positive impact on women, as highly polluted "slum" neighborhoods have a greater impact on women who remain at home throughout the day. In the agricultural sector, the Mission's emphasis on horticultural crops is expected to have a significant and direct impact on income and employment generation for women, as they are most likely to work in the processing and packaging of horticultural crops for export. Finally, the objective to improve human capacity aims at meeting the Agency's target, whereby at least 50% of Egyptians trained annually will be women. This is an extremely ambitious goal given that the current figure is nearer 20%.

USAID will continue to coordinate its gender-specific efforts with those of other donors through its active

participation in the WID donor subgroup's regular meetings (USAID co-chaired the last two years).

C. Mission Subgoals, Strategic Objectives (SO) and Special Objectives (SpO)

SUBGOAL 1: Accelerated Economic Growth

Subgoal 1 supports the Agency goal of broad-based economic growth achieved. Two SOs and one SpO support this subgoal:

SO 1: Accelerated private sector-led, export-oriented growth;

SO 2: Increased female participation in quality basic education in targeted areas; and

SpO A: Increased use of Egyptian Universities in quality, demand-driven applied research.

SO 1 is consistent with the Agency's objectives of "strengthened markets" and "expanded access and opportunity for the poor." SO 2 is consistent with the Agency's objective of "basic education expanded and improved to increase human productive capacity." SO 1 is already at a very high level of achievement; thus, the Mission has decided it will not monitor additional indicators under Subgoal 1.

Accelerating economic growth has clear linkages with other program SOs. For example, in the area of policy reform, appropriate electricity pricing (absence of subsidies) encourages the rational use of energy, which, in turn, leads to reduced fuel use and air pollutant emissions. More efficiently operating thermal power stations also help reduce air pollution. Incentives for innovative solutions to environmental problems can be more effectively developed when the businesses involved are in the private rather than public sector. Further, increased participation of private sector advocacy organizations in public decision-making also nurtures democratic growth. Streamlined civil court operations can facilitate business operations by delivering more timely and efficient services.

Increased female education is important for many SOs. It is an investment that will reap returns not only in a more skilled and productive labor force prepared to compete in the next century, but in improved health and nutritional status, reduced population growth rates, and enhanced skills for participation in the democratic process.

The following sections summarize the strategic plans for SOs 1 and 2 as well as for SpO A. Included are discussions on

rationale, expected impact, customer participation, partners, illustrative approaches, sustainability and performance monitoring.

SO 1: Accelerated Private Sector-Led, Export-Oriented Economic Growth

Rationale

The greatest threat to Egypt's stability and leadership role in the Middle East is the growing impoverishment of its people. To reduce poverty, jobs must be created. To create jobs, economic growth must accelerate. To accelerate economic growth, private sector, export-oriented industry must expand.

Per capita income has been stagnant since the mid-1980s, resulting in a steady decline in living standards. An estimated 22-30% of all households live in poverty (based on income required to meet basic needs). This is a direct result of unemployment--which was officially said to be 17% in 1993. The labor force has about 375,000 new entrants annually, and Egypt needs jobs for these people, as well as the 1,500,000 to 2,000,000 now unemployed. Growth spurred by private sector exports is the surest way to employ the labor force sustainably. That is why this strategic objective concentrates on private sector led, export-oriented economic growth.

For this new country strategy, USAID is combining its economic growth efforts hitherto pursued as four separate objectives. Policy reform, private sector, agriculture, and infrastructure programs have been successful parts of the portfolio in Egypt for 20 years. They are now being integrated into one strategic objective to increase private sector-led, export-oriented economic growth. Egypt has just renewed its commitment to this objective under the aegis of the U.S.-Egyptian Partnership for Economic Growth and Development.

Economic Policy Reform

USAID has been active in the policy reform dialogue for more than ten years, initially through assessments of economic policy related to a cash transfer program. Since 1992 USAID has based the cash transfer program on the achievement of specific policy measures. This Sector Policy Reform Program (SPR) has completed two years and disbursed \$380 million out of a possible \$400 million. The GOE achieved 37 of 40 policy measures that have greatly improved the policy environment, especially for the private sector in terms of financial facilities, foreign trade and the regulatory regime. Substantial advances were also made in tax policy and privatization. The third and fourth years of the SPR were agreed to in June of 1995; the GOE has completed 4

of the 20 measures for the third year and is now making good progress on most of the others. USAID has been the only donor with an active policy reform program since 1994.

USAID has been actively engaged in specific policy reforms in agriculture since 1987. The current program has resulted in the privatization of fertilizer distribution and liberalization of cotton marketing, decontrol of prices and production for most other crops, and the removal of subsidies for credit, pesticides, and fertilizer. The new program is moving further up the marketing chain and will strive to liberalize the marketing and export of horticultural crops and privatize much of the cotton textile industry.

Telecommunications and power are two other areas where USAID is improving the policy environment in order to increase efficiency and sustainability. The power sector is becoming more autonomous through the probable establishment of a regulatory commission in an attempt to rationalize the process of setting rates and thereby make the electricity authority more like a private utility. There are also conditions to raise the rate of return on investment and the self-financing ratio, which will have the effect of reducing subsidies and raising rates to more commercial levels. The release of funds to carry out infrastructure activities is dependent on the achievement of such conditions. The process in telecommunications is similar but progress seems more assured because the telecommunications authority appears to be covering all, or close to all of its costs. The intent is to transform it into a commercial operation that could then be privatized.

Private Sector Development

Private enterprise, including agriculture, is currently growing at about 3.2% a year, just a little more than population growth. A growth rate of 6% is possible by the end of the strategy period if the private sector increases exports and productivity while the public sector privatizes and improves its support of competitive markets. Absent an acceleration in the current growth rate, Egypt will become a relatively poorer country, the plight of its jobless millions will worsen, and concerns about political instability will increase. On the other hand, with a steady increase in the rate of growth to 6% per year, **at least 500,000 jobs could be created annually, through multiplier effects.**

Growth alone would not be sufficient for the transformation of the Egyptian economy. Income disparity, like inadequate growth, is a serious problem. The United Nations Development Program's 1994 Human Development Report spoke to this issue, noting that Cairo, measured as a separate state, would rank 69th in the world for human development (just after Turkey), while

Upper Egypt would be 125th (below Cameroon).

USAID and other donor programs have begun to develop market institutions necessary to support the private sector, but the vast majority of private enterprises continue to be deprived of access to credit, competitive savings opportunities and other essential business services. USAID's microenterprise program, initiated in 1988, directly reaches thousands of the poorest people in Egypt. The program has demonstrated that the credit needs of the poor can be met at market-based rates of interest.

The program has provided credit and other business assistance to more than 60,000 customers, 11% of whom are women. Income and employment increases have been dramatic. However, only 5% to 8% of the country's SME entire client market are now served, so there is much room to expand this work. The tremendous, growing need for additional SME services throughout the country is essential to economic growth and is a focal point of this strategic objective.

Agriculture

Although less than 4% of Egypt's land is arable, a year-round favorable climate, two cropping seasons, fertile soils and a dependable (but finite) supply of high-quality water for irrigation gives Egypt one of the richest endowments of agricultural resources in the world. Agriculture and agri-industry account for about 40% of GDP, 50% of employment and 22% of total commodity exports. Women make up about 40% of the agricultural labor force and are involved in all aspects of production, processing and marketing.

USAID has provided about \$1.26 billion over the past 15 years to support the development of agriculture in Egypt, especially for agricultural research, technology transfer, provision of credit, water resource management and policy reform. An effective research system has been developed, irrigation systems have been rehabilitated and markets have been liberalized. The real value of crop production increased by 34% over the 1980-90 period and real farm incomes (although quite low to begin with) increased by 24% between 1980-86 and 1987-93. Work in agriculture in this strategy period will concentrate on broadening and strengthening policy reforms, and expanding the export of high value crops.

Physical Infrastructure

Reliable power and telecommunications networks are required for economic growth in a private sector-led, exporting economy. Egypt has re-built much physical infrastructure over the last 20 years, after a generation of neglect, but has not yet achieved a sustainable system that can service the needs of a growing,

modernizing economy.

Since 1975, USAID has invested over \$5 billion in infrastructure activities. USAID will continue working in power and telecommunications, in recognition of their vital role in economic growth. Cost recovery is needed to allow for maintenance and expansion of systems. Using its long involvement in both power and telecommunications, USAID will attempt in the coming strategy period to turn Egypt's much improved infrastructure to the country's economic advantage.

Expected Impact

SO 1 targets to increase economic growth from the current 3.2% annually to 6% by the year 2000/01. The private sector's share of GDP is targeted to increase from 61.7% (1993\94) to 70% over the same period. **This accelerated economic growth should generate 1 million more new jobs over the next five years than would have been created at current rates of growth.**

The ultimate customers of SO 1 are the citizens of Egypt, many of whom will benefit from the jobs and income generated by accelerated economic growth. These customers include those mostly private sector businesses and individuals who produce goods and services for the export and domestic markets. A large portion of Egypt's poorest people, such as the approximately 4 million small farmers, landless laborers and women who produce and process horticultural and strategic food crops, and as many as 3 million non-agricultural micro-entrepreneurs in the informal sector are among these ultimate customers. Jobs and income are clearly a high, if not top priority for these customers.

Key Intermediate Results: The following describes the highest level intermediate results for SO 1, incorporating discussion of lower level results that contribute to the strategic objective.

Increased private sector exports (IR 1.1). International competitiveness requires liberalized trade, accelerated adoption of improved products and technologies, increased access to market information, and increased access to reliable power, telecommunications and other important support services. Programs to support policy reforms and increased access to essential services target an increase in non-petroleum exports from \$750 million in 1993/94 to \$2,614 million by the year 2001.

Increased exports and the capacity to compete in international markets have been major factors in explaining the performance of the handful of newly successful economies that are achieving broad-based growth and reductions in poverty and food insecurity. Egypt must also turn to exports to stimulate accelerated economic growth.

Egypt already exports a wide-range of products, but quality in most cases is not up to world standards. Total exports actually declined when non-competitive Eastern European markets collapsed in the late 1980's, and Egyptian businesses have found it difficult to break into new markets. Entrepreneurs lack access to world market information and reliable power and telecommunications services. The introduction of new products and technologies is not keeping pace with changing market requirements. Egyptian producers must develop the capacity to compete on an international basis if they are to improve their export performance.

Increased productivity of private enterprise (IR 1.2).
Increased private sector productivity requires market liberalization, accelerated adoption of improved technologies and management practices, expanded and deepened financial services, improved capacity to promote the growth of SMEs and increased access to reliable power and telecommunication services. Programs to support policy reforms, technology transfer and increased access to essential services target an increase in value added per hectare from LE 635 in 1995 to LE 774 and a doubling of the annual rate of increase in total factor productivity for the private sector by the year 2001.

Economic growth on a per capita basis depends largely on total factor productivity. That is, output increases faster than the combination of labor, capital and raw material inputs because of technological improvements or removal of policy distortions. Improved technology can be in the form of machinery, production processes, management practices or human skills. Improved policies, institutional strengthening and technology transfer will all contribute to increasing the productivity of private enterprises and thereby increase economic growth, employment and economic welfare.

For nearly forty years leading up to the late 1980's, Egypt attempted an inward-oriented, import substitution-based, command economy. The command economy required wide-spread nationalization of private property and assets, state-owned industrialization, protectionism, centrally controlled production, pricing and distribution, and state control of all market institutions and participatory organizations. The result was predictable. Productivity, competitiveness, real wages, real employment opportunities, savings and investment all declined.

By the late 1980's the GOE concluded that the command economy was not working and could not be sustained. In cooperation with the World Bank, the IMF and major bilateral donors, including USAID, the government began to take steps to first stabilize and then adjust the structure of the economy. The GOE looked to the private sector to lead the recovery of economic growth.

The economy has stabilized, but not enough progress has been made on structural adjustment to stimulate a significant private sector response. Private sector market institutions have not fully developed to support private enterprise. Technologies in use by farmers and businesses are not keeping pace with competitive world practices. Improved market support services and production technology, and more progress on structural adjustment are needed to accelerate improvements in private sector productivity.

The Presidents' Council, one of the key elements that form the U.S.-Egyptian Partnership for Growth and Development, has taken the lead in developing a vision for private sector-led economic growth in Egypt. The Council believes there are significant opportunities for Egyptian companies to expand in several fields including high technology and agriculture. The Council views the Partnership as a means of helping companies cut production costs, increase value added, create jobs and expand markets. Among other things, the Council calls for increased transfer of technology, greater transparency, accountability, consistency and rationality in the implementation of regulations governing trade and investment, and further GOE reforms to free markets and encourage greater competition in the financial services sector.

Accelerated privatization and improved GOE support of competitive markets (IR 1.3). Accelerated GOE privatization and improved GOE support for competitive markets require continued stabilization and further structural adjustment of the economy, increased privatization capacity and incentives, improved allocation of water resources, the commercialization of utilities and increased private participation in policy dialogue. Programs to support policy reforms, improve institutional capacity, develop private sector policy advocacy groups, and target the privatization of 195 companies and the improvement of the environment for private enterprise as measured by an increase in the Commercial Policy Index from 41 in 1993/94 to 55 by the year 2001.

Privatization and deregulation contribute to accelerated economic growth and reduced poverty by increasing economic opportunities for entrepreneurs. When new businesses succeed, an enlarged job base is created, expanding the income of the general population. Improved economic policies create incentives that encourage rapid economic growth that is private sector-led and internationally competitive.

In 1991, the GOE passed Law 203, "Reform of the Public Business Sector," aimed at improving the efficiency of State Owned Enterprises (SOEs) and enabling privatization. The law is primarily an incentive to better manage the public business sector. Progress to date on actual privatizations has been slow.

By the end of 1995, only four properties/companies had been sold to investors and ten to employees out of the group of 315 companies that were the focus of the initial effort. SOEs still account for roughly 50% of manufacturing output. With President Mubarak's recent changes to the economic cabinet and announcement that 50 companies will be privatized in 1996, it appears that the program can now be accelerated significantly.

Government imposed prices, cropping patterns, production quotas, labor regulations and marketing restrictions have constrained private sector economic growth. Governmental regulations on business start-ups are complex and time-consuming, further stifling private sector investment and productivity. Significant reform is needed to transform the current public sector role to one of a facilitator of private sector initiative.

To provide expanded access to power and telecommunications services, the responsible GOE organizations need to operate in a more commercialized and competitive manner. They must have more freedom to invest in and attract outside investment for needed facilities, reduce operating costs, improve quality and set prices economically.

Critical Assumption: A critical assumption for achieving SO 1 is that it will be politically feasible for Egypt's leadership to overcome bureaucratic and other resistance to change and be able to actually enact and implement the reforms needed to free the economy and encourage private sector growth. Political power and economic wealth for most of the public and private sector elite in Egypt results from the status quo. These individuals are likely to continue to resist reforms until they see it as being in their interests to change. This resistance has stymied many reform efforts in the past, and may continue to do so. The realization of Egypt's declining economic and political status may be outweighing this resistance and opening the door for real progress in the future.

Customer Participation

The USAID program has long had direct contact with and impact on many of SO 1's customers and with the NGOs, PVOs, business associations and government service organizations that support them. Intermediate customers have informed and guided ongoing programs of assistance and the development of this strategy. Leaders in private, quasi-private and corporate business associations, and ad hoc institutions such as the Presidents' Council were consulted to identify constraints, needs and practical approaches.

It will be important for USAID to continue its participation and dialogue with women's groups to monitor the impact of reforms and economic growth on women's welfare. For example, the command

economy and expansion of education steadily increased job opportunities for women, but these were largely limited to the government sector. It appears that women are now being crowded out of the labor market. GOE plans to restructure and privatize public-sector enterprises, and unify the labor law (which at present provides generous benefits for women in the public sector) may adversely affect women's participation in the labor force.

Partners

The Ministry of Agriculture and Land Reform, Ministry of Trade and Supply, Ministry of Public Enterprise, Ministry of Economy and International Cooperation, Ministry of Public Works and Water Resources, Ministry of Electricity and Energy, Ministry of Transport, Communications and Civil Aviation, Capital Markets Authority and Central Bank of Egypt are our main government partners for private sector business and agricultural programs. The MEIC coordinates all bilateral foreign assistance flows to Egypt and is responsible for the programming of local currency resources generated under cash transfer and Commodity Import Programs. The Ministry of Finance and Egyptian Environmental Affairs Agency are partners in consultations on policy and economic information.

The World Bank (food security and privatization policies), FAO, UNDP, UNICEF (SMEs), and the foreign assistance programs of Canada, Germany (GTZ - credit), Holland, Italy, UK (privatization), Japan, Denmark (SMEs) and the European Union (privatization and irrigation management) are our main donor partners for private sector business and agricultural development programs. Our strongest agricultural ties are with the GTZ, the Dutch (horticulture) and the British. The World Bank is the largest contributor after USAID to irrigation development. The African Development Bank (ADB) and World Bank are the largest contributors after USAID for electrical power development. The ADB has provided 16 loans and grants totaling \$1,259 million and the World Bank 4 loans totaling \$841.6 million.

The 20 or so Egyptian business associations and the Presidents' Council under the U.S.-Egypt Partnership for Economic Growth and Development are key PVO/NGO partners. They are "partners" in that our objectives are shared, "customers" in that they require some assistance to achieve greater effectiveness, and "customer representatives" because they speak for the interests of most of the ultimate SO 1 customer base.

Other PVOs and NGOs are partners by virtue of their specialized areas of interest. Africare and CARE are important partners in the provision of technology transfer and support services to disadvantaged farmers in Upper Egypt. The Egyptian Center for Economic Studies (ECES) conducts studies, seminars and

educational programs to gain acceptance for market oriented policies. The Ford Foundation and National Council for Negro Women are partners in supporting SME activities.

International research organizations are partners in agricultural development activities. The International Food Policy Research Institute (IFPRI), International Irrigation Management Institute (IIMI), IRRI, CIMMYT and ICARDA international research centers as well as USDA and U.S. universities are important partners for food crop, horticulture, market and policy research.

Private sector partners and customers attended workshops, seminars and conferences where the SO 1 strategy was developed and discussed. Business leaders enjoy access to the President and ministries and as such, are a valuable resource in bringing about changes in policy. The Presidents' Council under the Partnership for Growth and Development is a key partner in developing a vision for private sector-led economic growth in Egypt.

The U.S. Foreign Commercial Service and U.S. Embassy are key U.S. Government partners in the private sector development program. The Trade Development Agency, Export-Import Bank and Securities and Exchange Commission (SEC) may become more active partners in the future. The SEC for example has signed a Memorandum of Understanding with the Capital Markets Authority to provide technical assistance.

Finally, the Partnership for Economic Growth and Development's Subcommittee on Economic Policy, Trade, Investment and External Finance (Subcommittee 1) is an important partner under SO 1. This subcommittee is charged with creating a policy and institutional environment that encourages accelerated economic growth and sustainable development in Egypt. The Partnership's Subcommittee on Technology (Subcommittee 2) also contributes to this SO. This subcommittee is concerned with strengthening bilateral cooperation in technology areas.

Illustrative Approaches

The Mission plans to follow four general approaches to achieving SO 1: (1) Policy Reform, (2) Technology and Information Transfer, (3) Institutional Strengthening, and (4) Infrastructure Development. These general approaches conform very closely to the Agency Program Approaches for strengthening markets and expanding access and opportunity for the poor in order to achieve broad-based economic growth.

Policy Reform. Agency Approaches: Improve policies, laws and regulations; make regulatory, legal and institutional frameworks equitable.

The Mission will support policy reform by leveraging specific policy measures through policy-based cash transfer agreements, by providing technical assistance to GOE policy making organizations and by encouraging public awareness and involvement in policy dialogue. Cash is disbursed upon achievement of policy measures that have been agreed upon with the GOE. Complimentary project assistance activities provide technical assistance to conduct studies and strengthen the policy analysis, formulation and implementation capabilities of GOE and private sector institutions. Private policy research, formulation and advocacy organizations are assisted to encourage open, public dialogue on political and economic issues and to enhance the private sector role in the decision making process.

The policy agenda for these activities is focused on creating:

- o a competitive financial sector that encourages savings and efficient channeling of resources to the private sector,
- o a business environment that encourages a competitive private sector, including reduced government role in production, liberalized trade and markets and minimum regulation,
- o macro stability supportive of sustainable growth, e.g. low inflation, external and internal financial balances,
- o freely trading foreign exchange market with the rate reflecting market forces,
- o a sound fiscal situation that ensures stability while encouraging growth, i.e. balanced budget, an efficient tax structure and administration, and prioritized and rationalized expenditures and resource allocations,
- o prudent monetary expansion with interest rates freely determined,
- o incentives for privatization of State Owned Enterprises (SOEs),
- o a framework for the commercialization of public utilities.

Technology and Information Transfer. Agency Approaches: Development of technology, particularly in agriculture; dissemination of information and technology, and other forms of direct support for the private sector; expand small farmers' and microentrepreneurs access to technology, information and outreach services.

To maximize the response to new marketing opportunities, the private sector needs greater understanding of competitive business management techniques, and access to new product ideas,

processing technology for higher value added products and marketing information systems. Increased availability of information will also add to customer awareness and support for privatization and other GOE policy reform actions.

Activities will establish a computer-based communications and information network linking Egyptian associations and connecting them with the world will enhance their roles and contribute to globalization. This system will also facilitate coordination between these partners and the Mission.

USAID will support the transfer of technology directly to Egyptian private businesses through direct consultancies and through backward/forward linkages between primary and intermediary producers, buyers and sellers. Businesses will also be introduced to Total Quality Management concepts through assistance with meeting ISO 9000 certification requirements for quality control.

USAID activities identify and transfer new horticultural production, post-harvesting and marketing technologies to the private sector. Plans are to develop a carefully focused, collaborative strategic research program aimed at resolving the major constraints to increased productivity of the four staple food crops. Linkages with international centers will help ensure strong professional collaboration and regional and international impact of the research results. A market news information service unit will be developed to ensure customer access to international market prices and conditions.

Agri-business partnerships and targeted technology transfer activities will be conducted with PVO partners in targeted areas of upper Egypt. These activities will ensure that low-income farmers have access to productive food crop and export-market oriented technologies through provision of support services to select communities.

Institutional Strengthening. Agency Approaches: Strengthen institutions that support competitive markets; increase access to credit and financial services, particularly for microenterprises.

USAID will provide technical assistance, training and operational support to strengthen the capabilities of Egyptian institutions to provide services or take actions (such as privatization) that support growth of the private sector. Institutional strengthening will broaden the impact of assistance and ensure the sustainability of services for the private sector.

USAID will support the development of an institutional mechanism capable of effectively providing assistance to SMEs through various intermediary organizations, including NGOs, that can provide financial, technical and training assistance to the

SME sector. A new NGO will function as the USAID agent for both developing the organizations and for directly providing finance and technical assistance to SMEs.

Specialized training is planned for regulators, exchange officials, financial intermediaries and specialized institutions to facilitate orderly financial market development. The Development Training 2 (DT2) project will conduct a training needs assessment for these and other SO 1 requirements. In addition, the Integrated English Language Program will contribute to the national upgrading of English as a communicative language, driven by the requirement for Egyptians to effectively express themselves in the international marketplace.

In a departure from past broad-based support to all sectors within the agricultural research domain, the strategy will channel the existing research capability towards two key areas: high value horticultural exports and the four basic food crops (wheat, rice, maize and fava beans). Research institutions will benefit from training, seminars and site visits to improve their setting of research priorities and their delivery of technology to ultimate customers.

A contractor is working with GOE institutions to increase their capacity to prepare privatization transactions. The contractor is helping seventeen holding companies prepare the documentation required to offer SOEs for sale and then working with the owners to engage competent sales agents.

Infrastructure Development. Agency Approach: Support for investment in infrastructure.

Infrastructure activities will increase capacity of power and telecommunications services to insure greater access and reliability for the private sector, improve efficiency to minimize operating costs, and enhance sustainability to insure that utilities will continue to meet the expanding need for services. Funds will be obligated based on satisfactory progress on institutional and policy reforms. The funds will then be utilized for the provision of management, technical assistance and infrastructure investment.

Assistance to the power sector requires the GOE to make satisfactory progress on electricity pricing, providing legal autonomy to the EEA and establishing a Regulatory Board for Electricity. USAID will finance the rehabilitation of existing generating facilities and the construction of Regional Control Centers in order to increase capacity and reliability of power supply. Technical assistance will be provided for institutional development of EEA in order to improve operations management and maintenance, and reduce transmission losses and fuel consumption.

Assistance to the telecommunications sector requires the GOE to strengthen ARENTO's autonomy, establish a Regulatory Board and create an environment where the private sector is allowed and encouraged to invest in the expansion of services. USAID will finance the replacement of obsolete lines and equipment and the construction of a Network Operations Center in order to increase capacity and the efficient routing of calls. Technical assistance will be provided for the institutional development of ARENTO in order to improve the organization's financial viability and long range planning capacity.

In addition, the Commodity Import Program is currently providing some \$4 million a week in credit to private sector borrowers to purchase U.S. commodities. This program has expanded usage by targeting smaller businesses, export-oriented businesses and businesses located in disadvantaged areas such as Upper Egypt.

Sustainability

The key to sustainability of SO 1 is greater reliance on the private sector for economic growth and a gradual downsizing of the public sector with more efficient use of public sector budgetary resources. Permanent improvements in the legal, fiscal, regulatory and financial environment within which Egypt's private sector must operate will lead to sustainable economic growth. The strategy will provide incentives to local institutions to access local resources in order to expand operations without requiring additional support from USAID.

The involvement of customers in establishing research agendas and in "demand driving" the technology transfer process will help ensure that market oriented technologies are readily accepted by farmers and exporters. Linkages among U.S. and Egyptian businesses will seek to develop a fees for services structure that will secure funding to cover operating costs.

The private sector is also the key to sustaining the provision of power and telecommunication services. It is estimated that over \$12 billion in new investments in generation, transmission and distribution facilities are required to meet power demand forecasts through the year 2010. With economic pricing of electricity to consumers, this financing burden can be transferred to independent power producers. Energy pricing within a regulatory framework that is broadly consistent with the economic cost of supply will make power generation and distribution a financially self-sufficient activity.

Performance Monitoring

The indicators for SO 1 are: (1) *GDP growth*, which is expected to increase from 3.2% in 1994/95 to 6% by 2001; (2)

private sector share of GDP, which is targeted to increase from 61.7% in 1993/94 to 70% by 2001; and (3) *private sector share of non-petrol exports*, which is targeted to increase from 49.8% in 1993/94 to 70% by 2001.

For IR 1.1, the indicator is: (1) *private non-petrol exports*, which are targeted to increase from \$750 million in 1993/94 to \$2,614 million by 2001.

For IR 1.2, the indicators are: (1) *value added per hectare*, which is targeted to increase from LE 635 in 1995 to LE 774 by 2001; and (2) *total factor productivity*, which has base and targets yet to be determined.

For IR 1.3, the indicators are: (1) *number of privatizations*, which are expected to total 195 by 2001; and (2) *the commercial policy index*, a measure of how supportive GOE policies and institutions are of private enterprise, which is expected to increase from 42 in 1994/95 to 55 by 2001.

SO 2: Increased Participation of Girls in Quality Basic Education

Rationale

Although female education in Egypt dates back over 100 years, serious disparities still remain in access to basic education by girls. Indeed, Egypt has one of the largest gender gaps in literacy in the world. In some governorates of Upper Egypt only 50 girls are enrolled in primary school for every 100 boys, while in some rural pockets the number is as low as 10.

The Ministry of Education (MOE) faces numerous constraints in increasing education for females. Many are systemic, national problems the MOE seeks to resolve over the long term and enlist donor support to do so. Others, however, are local in nature and the Ministry is poorly positioned to address them. Furthermore, the Ministry needs to engage communities themselves in identifying and solving such local problems and must create an environment in which community organizations can utilize educational resources and launch their own solutions.

The panoply of constraints to female education and literacy are often linked and lines of causality blurred. They include an inadequate appreciation of the value of education for girls, compounded by low educational quality and its lack of relevance to girls' and women's everyday needs. Schools are not seen as a part of the community; indeed, the formal educational system is often viewed as an onerous imposition. Community participation is often limited to attending meetings with headmasters who solicit more fees. In principle, education in Egypt should be

free, in reality it is not. The costs of education, direct and indirect, financial and opportunity, appear to be significant factors in low female attendance. The areas of lowest female attendance are among the poorest in Egypt.

Expected Impact

SO 2 is to *increase the participation of girls in quality basic education*. The three primary intermediate results define all the necessary and sufficient conditions for increased female participation. An appropriate supply of education must be available (IR 2.1, *Increased number of schools in which constraints to girls' attendance have been removed*), demand for this service must increase (IR 2.2, *Increased demand for girls' education*), and the broader policy environment must be supportive of quality, flexibility and other incentives to girls' attendance (IR 2.3, *Improved national policy environment*).

USAID intends to increase the educational opportunities for both relative and absolute numbers of girls and young women. This education must be of good quality if the children are to enroll and stay in school. Priority will be given to targeted, high-risk areas rather than to the entire country, or even entire governorates if not warranted. The strategy will emphasize defining and solving, with local participation, local problems that keep girls out of school, rather than focusing on problems generic to the entire educational system. By the end of the strategy period, there should be a significant increase in female primary school enrollment in targeted areas.

Ultimate customers for this SO will be out-of-school girls and girls at risk of dropping out between the ages of 6 and 13 in targeted communities (including approximately 780,000 out-of-school girls in rural areas). Second line customers will be other primary school students in the targeted areas. Intermediate customers will be illiterate young women and mothers in these communities between the ages of 14 and 35, and beyond these, all parents and community members who could support the education of girls. The MOE is also an intermediate customer insofar as receiving technical assistance to develop an enabling environment for local level initiatives.

Key Intermediate Results: The following describes the highest level intermediate results for SO 2, incorporating discussion of contributing lower level results.

Increased number of schools in which constraints to girls' attendance have been removed (IR 2.1) addresses various constraints to female attendance. The school facilities must be of sound, if simple, construction, have space and furniture to accommodate all students, have clean and functioning toilet facilities, and be within a safe walking distance of girls'

homes. The curriculum must be relevant to girls' needs; prepare them to contribute to their families, communities and nation in a manner acceptable to local mores; and offer knowledge as well as learning and problem-solving skills. More student-centered, exploratory and engaging pedagogical approaches are needed. Finally, community involvement is needed to enhance female enrollment and school completion. This involvement includes contributing resources to the establishment of the school and using the facilities for enriching activities (literacy programs, vocational skills training, health and family planning services) that benefit other members of the community. By 2001, increased numbers of schools will support rather than hinder girls' participation.

Increased demand for girls' education (IR 2.2) is a key condition for increasing girls' education. Parental education is probably the most influential determining characteristic in the demand for education. In particular, a direct correlation exists between the education level of mothers and daughters. SO 2 will build on these findings by increasing the number of communities delivering literacy programs to adolescent women and mothers. Increased awareness of benefits is expected to increase the relevance of the education offered as well. Finally, rising educational costs is a significant obstacle to girls' attendance. Families must be able to afford to send their girls to school, especially if they have many children.

Long-term sustainability of these results will depend, in part, on an **improved national policy environment** (IR 2.3). The central ministry must delegate more authority for decision-making and problem-solving to the local level, both for the success of the strategy and for the increased efficiency and effectiveness of the educational system. Other policy reforms that USAID, in collaboration with other donors, may encourage include: reallocation of resources from tertiary to primary schooling; an economic, targeted school construction program; a rationalized personnel structure; and strengthened in-service teacher training. Increased budget allocations for primary schooling and reduced administration expenditures are expected within the strategy period.

Customer Participation

The SO 2 team has made a series of exploratory visits to primary schools throughout the country to interview parents, community members, school teachers and children on the local constraints to increased girls' (and boys') enrollment in primary school. Future activities will formalize this dialogue and its contribution to shaping strategies. The SO 2 team will actively engage customers in developing the solutions to low female participation in education and in implementing these solutions. For example, communities may launch their own local schools by

providing a building, facilitators, and modest materials; or, they may participate in regular meetings to determine relevant school policies and plan additional, non-formal educational activities for these schools.

Partners

Three major partners are collaborating in the educational sector: the GOE, foreign donors, and NGOs. The GOE is responsible for the vast majority of investments in the educational sector. NGOs contribute importantly at the local level, while most donors are making only modest investments. Even the World Bank and the EU officials, who are negotiating with the MOE on a joint program that could total \$200 million, would finance only 1% the education budget. In addition, USAID's renewed engagement in female education has served as a spring board for the establishment of an Education Subcommittee (Subcommittee IV) under the U.S.-Egyptian Partnership for Economic Growth and Development. This subcommittee will set priorities and provide leadership for Partnership activities designed to help Egypt improve education policies and practices in ways that further accelerate economic growth.

Currently, the World Bank is providing approximately \$40 million to finance 100 schools; UNICEF and CIDA together are contributing \$4.6 million to build 200 community schools; the German Bank for Reconstruction and Development has granted \$45 million to construct or rehabilitate 2,300 classrooms; and the multi-donor Social Fund for Development has provided \$3.9 million for school construction. In female literacy, the Social Fund provides approximately \$9 million; Germany gives \$7.3 million for literacy programs for industrial workers; and the British contribute \$1.6 million to the General Authority for Literacy and Adult Education (GALAE) to develop a national strategy, curriculum and instructor training and strengthen programs in two governorates.

Illustrative Approaches

Agency Approaches: Expanding access to education for girls and other disadvantaged groups; improving education policy environment; improving educational institutions; and improving teaching, curricula and educational materials.

USAID will emphasize the empowering of local partners to identify the problems particular to their locations and provide these partners with a "basket" of tools for resolving these problems. Possible packages in this basket will include: enhancing the curriculum with gender sensitive learning material and multi-channel or distance learning systems; training teachers and other personnel in interactive, child-centered teaching methods; assisting GALAE and NGOs to provide mothers, out-of-

school girls and adolescents with literacy programs and other appropriate training; encouraging parents, NGOs and community groups to use schools for community learning activities for females; supporting mass media campaigns to promote female education; and providing scholarships to determine financial obstacles. USAID will also assist the MOE with planning and local-level policy reform formulation.

Sustainability

The plan for sustainability centers on helping NGOs, communities and local authorities find solutions to access and quality problems for female students. USAID will demonstrate to the MOE the utility of the solutions, encouraging adoption. In the process, USAID and others involved will continue to work with the MOE on shifting increased budget resources to basic education. The U.S.-Egyptian Partnership for Economic Growth Subcommittee IV will encourage involvement of the private sector in vocational and tertiary education, thus freeing up more funding for primary education.

All activities will be designed with clearly defined plans for financial and institutional continuation by the appropriate Egyptian counterparts. In general, it is expected that negotiations with the GOE will ensure its assumption of the recurring financial costs of all initiatives; the Ministries of Education and Information will assume responsibility for distance education programs; and the local communities and NGOs will be prepared to assume responsibility for the operation and maintenance of community schools and literacy programs.

Performance Monitoring Plan

The below-listed SO 2 indicators are illustrative. During FY 1996 USAID will obtain private contractor or U.S. PVO assistance to refine indicators and data collection mechanisms to be used to develop base lines and targets.

For SO 2: (1) *increased enrollment of girls in basic education in targeted areas; and (2) girls' performance in USAID-supported schools on MOE third-and six-year exams compared to that of control group.*

For IR 2.1: (1) *increased number of new and existing schools applying a reform package from USAID; and (2) increased number of new community schools established.*

For IR 2.2: (1) *increased number of communities actively-seeking Egyptian NGO assistance to develop community schools and (2) increased parental demand in targeted areas.*

For IR 2.3: *identified policy reforms achieved.*

SpO A: Increased Use of Egyptian Universities in Quality, Demand-Driven Applied Research

Rationale

The valuable resources of Egyptian universities are not properly utilized in the solution of Egyptian development problems due to the absence of a relationship between applied research end-users and the universities. SpO A is a research activity not directly related to the Mission Strategy although the research to be conducted is likely to contribute to several Mission SOs and Agency objectives. According to ADS 201.5.10c, such research activities are to be included in the strategy as special objectives. Furthermore, activities under this SpO are in a phase-down stage, expected to be completed by September 1999, and thereby satisfy another criterion for a special objective. The SpO also supports a Mission "special interest" area by providing an opportunity for U.S. universities, especially historically black colleges and universities, to participate in international development work.

Expected Impact

SpO A is to *increase the use of Egyptian universities in quality, demand-driven applied research*. The three primary intermediate results that contribute to its achievement are: (1) *increased end-user demand for university research services*; (2) *strengthened and expanded cooperative relationships between Egyptian and U.S. universities and Egyptian end-users, especially from the private sector*; and (3) *Egyptian development problems solved by Egyptian university researchers*. By 1999, 75% of a sample of funded research grants will meet quality standards judged by external expert evaluations.

Customer Participation

The customers of this SpO are the different end-users whose problems will be addressed by the applied research activities to be funded. One intermediate customer is the implementing agency of the grant system, the Foreign Relations Coordination Unit of the Supreme Council of Universities. Egyptian researchers participating in the applied research are also important intermediate customers.

The customer plan provides for their involvement in initial outreach activities to identify important applied research problems, in workshops and discussion panels to prioritize problems and formulate a research agenda, and in all subsequent stages.

Partners

U.S. counterpart researchers are important partners under this SpO. Their participation in all the stages of the applied research process will insure the conduct of important and high quality research and the likelihood that Egyptian researchers involved will be used for future development problem resolution.

Illustrative Approaches

The approach involves close collaboration among U.S. and Egyptian counterparts on outreach activities to orient end-users with the available research resources and solicit problems amenable to applied research. Seed grants will fund Egyptian/U.S. efforts to develop well-designed, feasible, research interventions and micro-, mini-, and maxi-linkage grants will finance selected full research proposals.

Performance Monitoring

This SpO supports a demand-driven grant funding process, without a predetermined set research agenda. Accordingly, the Mission proposes these indicators:

For SpO A: *number of successful research projects undertaken to solve Egyptian development problems*, with a target of 75% of a sample of funded research grants judged to be successful by an external expert evaluation panel by 1999.

For IR A.1: *number of implemented research grants with significant end-user cost sharing*, with a target of 50% of a sample of implemented research grants meeting cost-sharing requirements by 1999.

For IR A.2: *number of high quality research products collaboratively produced*, with a target of 75% of a sample of implemented linkage grants judged to be of high quality by an expert evaluation team by 1999.

For IR A.3: *economic benefits accruing to end-users implementing research findings and recommendations*, with a target of 25% of a sample of completed grants with internal rates of return of 30% or more by 1999.

SUBGOAL 2: Improved Environment for Sustainable Democracy

A key constraint to sustainable democracy in Egypt is the highly centralized nature of decision-making. Some of the strongest factors that can address this constraint and contribute to an improved environment for the growth of democracy are a

diversity of "voice" or representation, both through stronger special interest groups, including local government, and through a better informed legislature. Equally important is a more efficient and responsive judiciary, which will strengthen public confidence in the rule of law and provide a peaceful framework for increased citizen interaction with public decision-makers. The strategy addresses these factors, i.e., a weak and uninformed legislature, lack of active civil society participation in the public arena, and a slow justice system that acts as a constraint to the private sector.

USAID has identified this subgoal as a longer term aim of the democracy and governance portfolio. To monitor the country's overall political climate over the plan period, USAID will track annual country trends reported under the Freedom House modified civil liberties index, a broader index used by the Agency for reporting worldwide. According to this index, Egypt has scored a 6 (from a scale of 1 being most free and 7 the least free) over the last three years. The Mission has identified one strategic objective and two special objectives under this subgoal:

SO 3: Increased civil society participation in public decision-making;

SpO B: Increased use of information services by the legislature in decision-making;

SpO C: Improved civil legal system.

The strategy assumes that if the National People's Assembly, which drafts the election laws and also nominates the presidential candidates, is strengthened in its functions, and if representative groups of civil society are given the organizational, regulatory and administrative means to identify and express their interests, conditions should develop that will raise the national desire to improve the election process and play a more active role in political parties. If such needs are articulated, USAID would consider providing assistance.

Emphasis has been placed on maximizing the impact of the program by: (1) enlarging and sharpening activities to which the GOE has already made a commitment (most specifically the legislature and justice sectors); (2) exploring possibilities for strengthening local governance and civil society; and (3) pilot and demonstration activities that the GOE or other donors are likely to replicate and sustain.

The strategic objectives under Subgoal 2 link directly to the Agency's second goal of *sustainable democracies built*. Under this Agency goal, Subgoal 2 directly fits within three of the Agency's objectives: *strengthened rule of law and respect for human rights; increased development of politically active civil*

society; and more transparent and accountable government institutions.

The strategic and special objectives under Subgoal 2 also fit into the ANE Bureau's priorities for democracy and governance. The Mission will directly focus on strengthening local governance and grass-roots participation. In particular, the Mission's support for civil society will, among other things, empower women by strengthening advocacy groups that work to address gender disparities. More generally, the Mission's work with civil society will increase the active engagement of women and NGOs in the development process.

Improving the environment for democratic growth relates to other program SOs. SO 3 will address the lack of an open, public dialogue on issues related to economic growth by increasing private sector involvement in decision-making. Increasing civil society participation in decision-making will bring about the greater use of NGO/PVOs in development activities and advocacy roles across the program. The increased use of information by the legislature is important for discussions on targeted policy concerns related to sustainable development. SpO B will enable more informed policy debates. Improving the legal system through SpO C activities is important to achieving economic growth in that the judicial process will become more efficient and responsive to private sector needs.

The following sections summarize the strategic plans for the three democracy and governance SOs and SpOs. Included under each section are discussions on rationale, expected impact, customer participation, partners, illustrative approaches, sustainability and performance monitoring. As SpO C is just beginning implementation, its team will develop the approaches, indicators, baselines and targets for this objective in FY97.

SO 3: Increased Civil Society Participation in Decision-making

Rationale

A well functioning civil society acts as a counterbalance to state power and enhances popular participation in public decision making in a variety of ways. Yet in Egypt, regulations such as Law 32/1964, the Local Administration Law, and the Syndicate Law of 1993 are serious constraints to widespread civil society participation in the public arena. These laws limit the freedom of association of non-profit professional and special interest groups by stipulating (in the case of Law 32) government participation on the boards of directors and by limiting fundraising and other types of activities. Other laws constrain local administration, affecting their ability to collect and

retain revenues for local needs, among other things. Furthermore, local government units, which include locally-elected representatives as well as local leaders, are limited in their ability to participate fully in self governance by a centralized system in which too many decisions are made in Cairo and money is funnelled to and controlled at the top.

In addition to the constraints formally posed by restrictive laws and regulations, civil society effectiveness is limited by several other factors. One important constraint is lack of vision, another is weak organizational skills. While many civil society organizations have strong leadership, they lack administrative capabilities and techniques that could increase their effectiveness in voicing their special interests in the public arena and carrying on a dialogue with government decision-makers. Other areas of weakness include forward planning, budgeting, organizing and communicating with members, decentralized decision-making authority and project design. USAID will address these constraints by supporting a new GOE initiative in participatory local development (Shrouk) and by strengthening the civil society organizations (CSO) that seek to promote special interests throughout Egypt.

Expected Impact

The highest level result for SO 3 is *increased civil society participation in decision-making*. The key intermediate results that will contribute to SO 3 are: (1) Enhanced CSO Efforts to Influence Government and Public Thinking on Policy Issues, (2) Strengthened CSO Operations and Management, (3) Incremental Devolution of Authorities to the Local Level. The thrust of SO 3 is to improve the ability of CSOs and local government to identify their problems, take responsibility for them, and voice them in the public arena. Active involvement of well-organized CSOs in public decision-making will expand participation and discussion between the government and civil society on issues and questions of public concern. Through increased participation, civil society will have greater confidence in the formal public decision-making process and have the ability to promote an agenda from the village to the national level. In the case of advocacy groups this will occur primarily at the national level, while in the case of community organizations the impact will more likely be felt at the local level. By the end of the strategy period, it is expected that CSOs will participate more in the public-decision making process and have a measurable influence on the formulation of policies and practices that concern them.

The ultimate customers under SO 3 include the constituents of the various CSOs that will receive assistance to help them participate more effectively in public decision-making and villagers involved in Shrouk activities. Examples include Egyptian trade union members and members of 150 advocacy

organizations identified to receive assistance under this SO. The advocacy groups' fields of interest include, among other areas, the environment, education, private enterprise, community development, and the rights of women and children. SO 3 will be working with the leaders and staff of these groups (intermediate customers) that have an advocacy orientation, i.e., they work to change policy, laws or public opinion concerning relevant issues or practices. Another group of intermediate customers under SO 3 will be local government units, composed of popularly elected village councils, local NGOs, village leaders (men and women) and executive councils.

Key Intermediate Results: The following paragraphs describe the three key intermediate results for SO 3, incorporating a discussion of lower level results that contribute to these results.

Enhanced CSO efforts to influence government and public thinking on policy issues (IR 1): The advocacy-oriented NGOs in Egypt fall into the general categories of private enterprise, women's issues, health issues, community development, environment, human rights and general civil society interests. Under this result, USAID will offer training and technical assistance to improve CSO formulation of policy positions, improve their advocacy skills and increase the number of attempts CSOs make to influence government and public opinion.

Strengthened CSO operations and management (IR 2): The proposed NGO Service Center will offer training to CSOs to enhance their management skills, improve their management and fund-raising systems and ensure that new systems are adopted, instill standards of wide-spread participation within CSOs, and strengthen linkages between CSOs. In addition, USAID will work with NGOs and a larger donor group to reduce restrictions on civil society organizations. Under this IR, efforts will be made to increase actions by CSOs to identify specific restrictions and to suggest alternatives to the GOE; donors will interact with NGOs to gain a better understanding of their problems, suggest solutions and agree on a common agenda; and donors will initiate a dialogue with the GOE on these issues.

Incremental devolution of authorities to the local level (IR 3): Under the Partipatory Rural Governance Program (PRGP), USAID will assist with devolution of fiscal and operational authorities and the extension of democratic principles at the level of local government. This will involve: fiscal - regulatory change to ensure that funds for SHROUK are deposited into local accounts which are controlled by the local representative SHROUK sub-committee, and identification and enactment of new mechanisms to allow local government to generate new revenues dedicated to local investment; operational - issuance of transparent guidelines for SHROUK operation which are

widely publicized and followed, procedures to ensure that operational and maintenance (O&M) costs are fully considered in plans and responsibility is assigned and accepted for (O&M) by appropriate entities, mechanisms are adopted to ensure that GOE funding is available for long-term local projects, and procedures are identified and followed to ensure that environmental impacts are addressed at the planning stage; and democraticization - procedures to ensure that a majority of the SHROUK sub-committee agrees to use of all funds; SHROUK sub-committees are following the published guidelines; procedures to ensure that the private sector is not disadvantaged in competitive bidding for projects; and incentives to ensure that women's opinions and needs are fully and practically incorporated in local level decisions and actions.

Customer Participation

During the planning of SO 3, key ultimate and intermediate customers of each activity were consulted to determine their specific needs related to the SO. For example, focus groups of potential ultimate customers have been extensively consulted on their opinions regarding decentralized services. Ultimate and intermediate customers will play an integral part in carrying out SO objectives. Staff of recipient CSOs under the current PVO Development Project write their own grant proposals and scopes of work for technical assistance to be funded under the project. For nearly all results under SO 3, the customers are members and constituents of selected CSOs, including participatory local councils. These customers will be surveyed as a key component of the performance monitoring plan.

Partners

Partners that contribute to the achievement of SO 3 include the GOE, other donors, PVO/NGOs, and other U.S. Government agencies. Within the GOE, key ministries include those concerned with local administration, social affairs and international cooperation. Key donors include Denmark (approximately \$10.3 million), UNICEF (approximately \$2.7 million), the World Bank (potential \$40 million), UNDP (approximately \$0.3 million), WHO (approximately 0.3 million) and Switzerland (anticipated \$71 million). U.S. PVOs that directly contribute to SO 3 results include CARE, the National Council of Negro Women, the African American Labor Center, Catholic Relief Services, Save the Children and the Near East Foundation. Finally, the State Department and USIS are key partners in this area through the U.S. Embassy's Institutional Development Working Group.

Illustrative Approaches

Agency Approaches: Encouraging legislation promoting the organization and operation of CSOs; increasing the effectiveness

of CSO management; increasing democratic governance within CSOs; increasing CSO participation in policy formulation and implementation; and increasing local government participation in decision-making.

USAID plans two new results packages under this strategic objective. One will aim at strengthening CSOs oriented toward special interests and advocacy issues, serving as a follow on to the existing PVO Development Project. It is anticipated that this results package will include: (1) developing leadership, planning, management and team building skills through training courses; (2) setting up a service center which would offer logistical support such as secretarial and accounting skills, computers, photocopiers, meeting rooms, and other commodities and human resources to alleviate the operational costs of small PVOs; (3) improving the capacity of Egyptian NGOs to network with one another and with government agencies at the local, regional and central levels; (4) creating an endowment fund to provide operational support and possibly to provide small loans to Egyptian NGOs on a matching basis for economic development and grant seed money for feasibility studies and technical assistance; (5) initiating a dialogue with the GOE that is directed towards reforming policies that prevent or deter the formation and function of an independent civil society; and (6) training NGOs in communication skills to allow them to express opinions effectively in the public arena.

A second results package will concentrate more directly on shifting centralized responsibilities and functions to local units through a sector policy reform program. This results package will support a GOE program focusing on participatory rural development at the grass-roots level. USAID is proposing to concentrate on reducing existing legal and regulatory restrictions that inhibit local decision-making so that an environment is created to stimulate the success of this GOE effort. The Mission is proposing an initial two-year effort in this area. A policy matrix is currently under discussion with the GOE in preparation for a late FY 96 obligation.

Sustainability

Building the capacities of local NGOs by providing training and technical assistance will support their sustainability. The establishment of an endowment for CSO development and training in fund raising strategies and techniques will support financial sustainability as well as a fee for services structure at the service center. The promotion of networking to help represent the interests of CSO boards will also help sustain CSO development. Finally, promoting the legislation and policy changes that reduce restrictions on civil society will contribute to its sustainability by allowing it to become better advocates of their constituents' interests as well as have more flexibility

in raising funds.

In local governance, sustainability issues are being addressed through the focus on an improved legal and regulatory environment for local empowerment (decentralization). In addition, under the GOE rural development program that the Mission will be assisting through a sector reform program, participating local communities are providing partial funding for activities. This revenue sharing increases the likelihood that the activities will be sustained, especially where concerns for operations and maintenance are built into the design and budget. Also through the sector reform program, environmental sustainability of local infrastructure will be encouraged, and a long-term financial plan that sets benchmarks for the phasing out of international donor support for the GOE program will be developed. All of these are issues included in the policy matrix currently under discussion with the GOE.

Performance Monitoring Plan

Below are the key indicators for SO 3. Once a contractor has established baselines for all activities, current baseline estimates will be revised to reflect actual baseline data gathered. Performance evaluation techniques will be developed jointly by USAID and the contractor by mid-FY 1997.

For SO 3, increased civil society participation in decision-making, the indicators are: (1) percent of SHROUK villages whose male/female citizens believe that the SHROUK committee responds to their development needs/priorities, (2) index of village ownership and responsibility for development management, (3) percent of SHROUK committees still engaged in development decision-making after two years; (4) number of target CSOs who think the government is (a) more open to considering their views and (b) more open to allowing CSOs to express their views to the public; (5) number of target CSOs who believe that they have more influence on government decisions; (6) number and significance of government decisions CSOs think they have affected.

For Result 3.1, enhanced CSO efforts to influence government and public thinking on policy issues, the indicators are: (1) number of issues for which advocacy undertaken; number CSOs involved in advocacy; number issues around which there is joint CSO collaboration; (2) number of CSOs undertaking civic action/advocacy for the first time; number undertaking on a continuing basis; (3) scale rating advocacy among a selected group of CSOs (i.e. a 5-point rating scale that looks at e.g. quality and quantity of public outreach - use of mass media, distribution of posters/brochures, organizations of citizen meetings, attempts to reach government decision makers); and (4) amount of media coverage on issues being promoted by CSOs (quality, quantity, media support for CSO positions).

For Result 3.2, strengthened CSO operations and management, the indicators are: (1) Number of CSOs with improved management systems in operation nine months after installation/training (by type of management system - i.e., accounting, personnel, planning, monitoring); (2) number of CSOs obtaining acceptable annual audits/number correcting significant audit findings; (3) number of CSOs whose Boards meet as required by law/number with active Boards; (4) number of CSOs which raised c% more funds than the previous year; (5) number of CSOs which increased a) number of members or b) number of volunteers by x% over the previous year.

For Result 3.3, incremental devolution of authorities to the local level, the indicators are: (1) Devolution of fiscal authority: (a) procedures adopted ensuring (i) SHROUK committee control of GOE SHROUK funds; (ii) SHROUK committee controls sub-accounts; (iii) majority of SHROUK committee members approve expenditures; (b) number of new long-term mechanisms accepted for financing rural development programs; (c) use of new long-term financing mechanisms by village SHROUK committees or other local entities; (2) devolution of operational authorities: (a) SHROUK guidelines are (i) accepted by GOE; (ii) widely disseminated and (iii) adequately publicized; (b) percent of SHROUK committees implementing SHROUK guidelines, (c) percent of local unit plans for which O & M considerations are appropriate, that include and are meeting commitments to cover O & M costs; (d) mechanism created to ensure that funding exists when needed by SHROUK committee for longer term projects; (e) percent of Shrouk committee infrastructure proposals which address and minimize adverse environmental impacts. (3) expanded democratic authorities: (a) key recommendations from study of women's participating in SHROUK committee implemented; (b) new practices/procedures for SHROUK committee leverage over GOE service delivery accepted; also 1.a.iii above.

**SpO B: Increased Use of Information Services by the
Legislature in Decision Making**

Rationale

The People's Assembly and Shura (Consultative) Assembly do not have access to sufficient information to assist them in their parliamentary functions. In a democracy the most important function of the legislative body is to act at the central level as an offsetting power to the executive and as the main voice of the public, assuring that its views and needs are fully represented in decision-making and policy formulation. Chief responsibilities of a parliament include: to legislate; to debate national issues; to represent its constituents; and to hold the executive accountable. While there is a long history of formal democratic institutions in Egypt dating back to its first

parliament in the 1860s, many of these institutions, including the People's Assembly (PA) and the Shura Assembly (SA), do not play the strong roles originally identified for them. Among the critical factors impeding the effectiveness of these organizations are the inadequate availability and flow of reliable information. Members and staff are limited in their ability to comment productively on government bills, analyze the budget and propose legislation because they lack sufficient information services that include in-depth analyses and briefing resources. Library resources are difficult to access and incomplete. Members and staff need training to intensify their demand for and understanding of the use of information, while staff need training in analytic techniques and ways of providing information to members. SpO B will address these constraints to improve the effectiveness of this important democratic institution.

Expected Impact

The highest level result within SpO B's results framework is *increased use of information services by the legislature in decision making*. The key intermediate results that will contribute to SpO B are: (1) *improved members' abilities to make use of improved information services*; and (2) *improved information services*. The legislature, whose power offsets the executive, allows more representation of popular opinion in public decision-making. It can play a crucial role in the improvement of a democratic enabling environment. The provision of relevant and reliable information services and the expanded use of information based on solid research will enhance the quality and impact of the legislative, advisory and oversight functions carried out by the legislature. By the end of the strategy period, the legislature is expected to be using improved information services in decision making effectively.

While the ultimate customers of SpO B are the citizens of Egypt, they are represented through the 454 elected members of the People's Assembly and the 264 members of the Shura Assembly. The gender breakdown among members of the Assemblies is 96.5 percent men (693 members) and 3.5 percent women (25 members). The staff of the PA and SA information services and administrative infrastructure, of which 450 will directly benefit from services provided, consists of 36 per cent men (162 staff members) and 74 per cent women (288 staff members).

Key Intermediate Results: The following two paragraphs describe the two key intermediate results for SpO B, incorporating a discussion of lower level results not reflected in the results framework.

Improved members' abilities to make use of improved information services (IR B.1). For the information services to

be incorporated in the legislative process, the users (i.e., the members of the PA/SA) need to acquire a heightened understanding of and demand for information in the decision-making process. For members to utilize the improved information services in the legislative process, they need to understand the usefulness of information in public policy formulation, legislative reviews and debates, parliamentary oversight of government, and responsiveness to constituents' needs. Also, members need to be aware of the various information services that will become available to them in the assemblies. It is expected that members' demand for information services will increase substantially over the strategy period.

Improved information services (IR B.2). To promote increased use of information services in the legislative process, the technical capacity of the existing information resources needs to be expanded and improved. This includes improving: public policy research and analysis; relevant background information and issues briefs; library services to be more responsive to legislative needs; management of human resources in support of information services; and the application of relevant automation technology. Over the five-year strategy period, members of the legislature should become increasingly satisfied with the information services provided.

Critical Assumption: A critical assumption for achieving this SpO is that the *increased information provided to the legislature will continue to be accessible to all members of the national representative bodies.* The Assemblies' current internal rules of procedures, the organization of their staffs, and the main targeted areas for assistance (library, committees, computer center, research) all provide for the free and equal access for all members, including members of the opposition parties and independents. The rules of procedure assure members the right to receive all information needed for the proper execution of their functions. In addition, the library and computer center are currently accessible to all members and it is assumed they remain as such. In order to achieve the expected results under SpO B, it is essential that access to the increased information remain open to all members of the legislature.

Customer Participation

During the planning stage of this strategic objective, key committee heads and staff of the parliament were consulted to determine the information and analysis needs of the legislature. In addition, a liaison person appointed by the parliament worked closely with the planning team to ensure that results focused on customer needs. The principal vehicle of customer involvement in the achievement stage is annual surveys of members for their evaluation of the quality and utility of goods and services provided them under this SpO. The activity will also

institutionalize a customer feedback mechanism in an appropriate office of the legislature to monitor the quality of products produced and adjust staff development and training plans to meet customer needs.

Partners

The SO Team has identified a number of partners who share the same commitment to the strategic objective and with whom they will cooperate to achieve the results of the SpO and secure customer participation at all levels. Among the key partners identified are the host government, represented by the PA/SA Speakers and Secretaries General, and the US Embassy's Institutional Development Working Group, which aims to coordinate and strengthen the Mission's policy dialogue with the GOE concerning issues related to democracy and governance. Other than consultation workshops on gender issues funded by UNICEF, USAID is the only donor working with the legislature.

Illustrative Approaches

The main approach identified for achieving this SpO will be activities that contribute to the technical capacity and institutional development of the legislature. Development of a demand for and understanding of the use of information in the legislative process will be accomplished primarily by sending 26 key members on carefully programmed observational study tours to observe other members of parliaments at work and how they use staff and information. Development of services to meet the information needs of the members and increasing the efficiency and effectiveness of the institution so it contributes to a stronger, more sustained legislature will be accomplished through a series of seminars, workshops and other training, mainly in Egypt, to instill more knowledge of research techniques, briefing preparation, use of libraries and sector analyses. Assistance to renovate and update the library and management training will complete the results package. About 100 computers will also be procured to achieve the results detailed in the framework.

Sustainability

Sustainability of a strengthened legislature depends upon institutionalization of the training and financing functions. A plan for ensuring the continuous support for these activities is a priority of the achievement phase. The main elements of this plan are: (1) take over by PA/SA management and staff of all monitoring and feedback actions done initially by, or under the close supervision of, the institutional contractor; (2) development of a management tool to assist the legislative leaders and staff in assessing their on-going training needs and assuring that staff services continue to meet members' demand; (3) strengthening local universities and training centers to

serve as the main training resources to ensure long-term availability; (4) creation of in-house trainers within the PA/SA; (5) arrangements made through local firms for installation, maintenance, repair, and general support of commodities procured; and (6) early assumption of recurrent costs associated with commodity maintenance, replacement and upgrading within the PA/SA annual budget.

Performance Monitoring

Below are the key indicators for SpO B. Baseline data will be gathered by the prime contractor for this activity by mid FY 1996. Once the baseline data is gathered and analyzed, targets for all indicators will be set in relation to these baselines.

For SpO B, the indicator is: *PA/SA actions indicate that more information is used in the decision-making process.*

For Result B.1, the indicator is: *increase in member demand for information, with 30% and 25% increases targeted for PA and SA members, respectively, by 2001.*

For Result B.2, the indicator is: *percent of members who perceive that information services have improved, with 40% and 30% increases targeted for PA and SA members, respectively, by 2001.*

SpO C: Improved Civil Legal System

Rationale

The judicial system is unable to be fully supportive of the growing private sector because delivery of justice is slow and judicial personnel are not fully briefed on new laws and regulations affecting the private sector. Egypt's justice system cannot provide efficient legal services to support private sector-led economic growth for the following reasons: the system is currently set up to serve a planned socialist economy; it is burdened with delays and backlogs and is susceptible to corruption; litigation costs are unreasonably high; and commercial users neither have fair access nor extensive confidence in the quality of the system. These inadequacies create a lack of confidence by the general public in the rule of law. In addition, they impose constraints on the newer and smaller Egyptian private investors and the foreign trade and investment community who cannot trust that contracts entered into will be enforced or that justice will be delivered in a timely fashion. SpO C will address these constraints to improve the effectiveness and efficiency of the civil legal system.

Expected Impact

The highest level result under this SpO is an *improved civil legal system*. The key intermediate results that will contribute to SpO C are: (1) *improved efficiency of two pilot court systems*; and (2) *judges more knowledgeable of Egyptian civil law*. SpO C seeks to improve the operation and performance of Egyptian civil courts as well as the quality of judicial and legal services with respect to commercial and other aspects of modern law so that the legal system can serve the emerging private sector more effectively. By the end of the strategy period, it is expected that the GOE will want to replicate the pilot courts in other parts of Egypt. In addition, there will be an increase in court rulings that accurately follow Egyptian law.

Those who use the pilot civil courts (individual and private sector entrepreneurs) suffer most from these inadequacies and thus are the ultimate customers of this strategic objective. Judges and court officials are considered intermediate customers who will be trained to perform their functions more effectively and efficiently. Eventually, citizens, businesses and NGOs throughout Egypt using the services of better trained judges will benefit.

Key Intermediate Results: The following describes the two key intermediate results for SpO C, incorporating a discussion of lower level results that contribute to these results.

Improved efficiency of two court systems (IR C.1). The efficiency of two pilot court systems will be improved by streamlining and automating the administrative process. In addition, there will be an increased use of legal information in two pilot court systems through computerized legal data bases. It is expected that the greater efficiency of the pilot courts will contribute to the improvement of the civil legal system and provide a replicable model for the rest of the civil courts in Egypt by the end of the strategic period.

Judges more knowledgeable of Egyptian civil law (IR C.2). A higher rate of rulings conforming with Egyptian civil law will help improve business and general public confidence in the legal system. Over the five-year strategy period, all Egyptian judges (about 3000) will be trained to upgrade their knowledge of civil law and judicial skills, which should improve the quality of rulings in civil cases.

Critical Assumption: A critical assumption for achieving this SpO is that *corruption will not be a significant barrier to judicial reform*. Present day rent-seeking opportunities rest along several steps in the court procedures. For example, severely underpaid bailiffs who serve subpoenas execute judgements are vulnerable to bribery. In addition, many court

administrators request monetary rewards and/or favors from those requiring their services in order for them to perform their professional duties. As court procedures are streamlined and automated, those benefitting financially from the current inefficient process may be reluctant to cooperate in carrying out the proposed reforms.

Customer Participation

During the planning stage, the SO Team relied on a USAID-funded judicial sector assessment that studied the needs of ultimate customers of the Egyptian courts. In addition, studies of the needs of the National Center for Judicial Studies (NCJS) and courts involved strong input from intermediate customers regarding training and automation needs of judges and court officials. Although this SpO has yet to reach the achievement stage, it is expected that regular meetings among USAID, the contractor, and the Ministry of Justice will serve as the primary means of including the intermediate customers of this SpO in the achievement process. In addition, contractor staff will be encouraged to meet frequently with the business community, especially before changes are made in the training curriculum, to assure that the new courses focus on private sector issues. The monitoring and evaluation plan for SO achievement will include customer satisfaction surveys of both intermediate and ultimate customers.

Partners

Partners that contribute to the achievement of SpO C include the GOE, PVO/NGOs, and other U.S. Government agencies. Within the GOE, the key partner is the Ministry of Justice. The World Bank has shown an interest in improving civil courts, but to date has no activities in this area in Egypt. AMIDEAST is a key U.S. PVO partner under this SpO. Finally, the State Department and USIS are key partners in this area through the U.S. Embassy's Institutional Development Working Group.

Illustrative Approaches

Agency Approach: Improve the timeliness of the administration of justice.

A mix of activities combining training, technical assistance and commodity procurement are planned to achieve the results under SpO C. Examples of these activities include: analysis and assessment of curricular and administrative needs for the NCJS; development of courses for new judges, and programs for continued legal education for mid-career and senior judges; streamlining and automation of procedures in pilot courts; training of judges on personal computers (PC); training in governance and economic law reform; and U.S.- based International Visitors Programs,

academic exchanges, and visiting scholars.

Sustainability

While it is intended that the GOE will replicate the achievements of the two pilot courts, financial resources may be needed to do so. Thus, USAID will consider encouraging other donors to fund the replication of the court system successfully developed in the two pilot courts. In addition, the GOE will be asked to begin assuming the costs of maintenance and supplies for all activity-funded PCs within the third and fourth year of the activity, as well as relevant training costs. Sustainability of the training function will be handled by creating a permanent staff of trainers at the NCJS. Professors at the center will be drawn from practicing judges to assure full knowledge of procedures and practices. Training will be provided in teaching methodology to the rotating staff of judges.

Performance Monitoring

The principal activities under SpO C have yet to begin. As one of the first steps under the results package, the contractor will assess the type and quality of baseline data to be collected, identify data sources, and develop measurement instruments that will ensure valid and reliable data. The key activities under this SpO will be those designed to improve the efficiency of two pilot court systems. As this will be a pilot effort, a monitoring and evaluation plan has been developed to verify the replicability of pilot activities. The activities will test two major assumptions: (1) that improving efficiency of courts by streamlining and automating court administrative systems will decrease case processing time; and, (2) that increasing judges' knowledge of Egyptian civil law will make decisions more responsive to private sector needs. To test these assumptions, the activity will use control courts to measure the impact of these two major interventions.

Below are the key indicators for SpO C. It is anticipated that actual results for measuring at the strategic objective level will be available in FY 1998.

For SpO C, the indicators are: (1) *model courts accepted by the GOE for replication*; and (2) *increased percentage of rulings that accurately follow Egyptian civil law*.

For Result C.1, the indicator is: *percentage reduction in civil case processing time in two pilot court systems*.

For Result C.2, the indicator is: *percentage increase in pre- and post-course scores*.

SUBGOAL 3: Reduced Population Growth and Improved Health

USAID has identified this subgoal as a higher level aim of the Mission's health and population portfolio. For a number of historical and institutional reasons, USAID's population and health activities are organized and run as separate programs. Over the strategy period, however, population and health activities will be increasingly linked in areas where they can be mutually reinforcing.

USAID has identified two strategic objectives under this subgoal:

SO 4: Reduced fertility; and

SO 5: Sustained improvements in the health of women and children.

Reducing population growth and improving health of women and children reinforce each other. In order to achieve maximum results, the Mission will work to improve the health of mothers and children while simultaneously working to reduce fertility. Fertility reduction directly and dramatically improves maternal and child health by reducing the incidence of high-risk births. As women and children are those most in need of effective and quality services, improving their health does much to further the health of the nation as a whole.

While focusing its efforts on tracking results at the SO level (e.g. total fertility rate, maternal mortality ratio), the Mission will also monitor some of the proposed indicators for the Agency's population, health and nutrition goal and other broader trends at the subgoal level. For example, USAID will track annual changes in life expectancy, population size and population growth rate. These indicators, although beyond the manageable interest of the Mission, are important basic indicators of the health and well-being of Egyptians generally.

In 1950, the population of Egypt was less than 21 million. Currently the population is over 60 million growing at roughly 2.2%. If the GOE meets its ambitious goal of replacement level fertility rate of 2.1 in 2015, the population of Egypt will stabilize in the year 2070 at about 108 million people, slightly less than double the current population. If current fertility rates remained constant, the population in 2070 would be 283 million, more than four times the current population.

Life expectancy is a proxy for the overall health status of the population. In 1960, life expectancy at birth for men was 51.6 years and 53.8 years for women. By 1976, life expectancy had only improved slightly, to 52.7 for men and 57.7 for women.

Currently life expectancy for men is 62 and for women, 65 years. Women are living longer than men, but only by an average of three years, while in the developed world the average is eight years. Improvements in the health of women and children will influence life expectancy. As many of the acute, childhood diseases are coming under control, the problems of chronic diseases such as hypertension or cardiovascular complications, are assuming greater importance in affecting life expectancy.

The subgoal of reducing population growth and improving health directly supports the goals of the Agency, of the ANE Bureau and of the G/PHN Center. The strategic objectives under the subgoal link directly to the Agency's third goal of *stabilizing the world's population and protecting human health in a sustainable fashion*. The Mission strategic objectives correspond to three of the four Agency objectives under this goal: (1) *sustainable reduction in unintended pregnancies*; (2) *sustainable reduction in child mortality*; and (3) *sustainable reduction in maternal mortality*.

USAID has chosen not to focus on the Agency's fourth objective under this goal -- sustainable reduction in sexually transmitted infections (STI) and HIV transmission among key populations -- because Egypt is thought to have very low rates of STI/HIV transmission, and there is little recognition of the dangers of HIV/AIDS epidemic in Egypt. USAID is conducting an assessment of the HIV/AIDS area in April 1996 and based on that analysis, will decide what interventions may become necessary in the future. In order to prevent an AIDS epidemic in Egypt, diagnosis, treatment and prevention of STIs are part of reproductive health care activities under the Healthy Mother/Healthy Child project.

The ANE Bureau's priorities for population, health and nutrition (PHN) include contributions to global objectives, pre-transition programs, and transition sustainability. Because of its large size and severity of its PHN problems, Egypt contributes to the global PHN situation. Egypt is one of the Global Bureau's 15 PHN priority ("joint programming") countries. Taken together, the size of these 15 countries, the population affected, and the magnitude of expected improvement, will result in measurable, global scale impact. Thus, this Mission subgoal will contribute to the Agency goal of stabilizing the world's population and protecting human health.

Reducing fertility and improving the health of women and children supports many other program SO. A healthy population of manageable size is fundamental to sustainable development. Improvements in health and population encourage economic growth by creating a healthier population and work force and by slowing the population growth rate. Improving the environment for the growth of democracy is reinforced by reducing population and

improving health because democracy may be threatened by a young, dissatisfied population that does not have access to education or other social benefits. An environment managed for long-term sustainability is also affected by reductions in population. The lack of proper environmental safeguards, magnified by a burgeoning population, will impact negatively on the environment.

The following sections summarize SO strategic plans for population and health. Included are discussions of the rationale, expected impact, customer participation, partners, illustrative approaches, sustainability and performance monitoring.

SO 4: Reduced Fertility

Rationale

The population strategy addresses these key constraints and opportunities to reduce fertility over the 1996-2001 period.

Supply of Family Planning Services: The quality of family planning services offered by many providers in Egypt is improving with USAID technical support; but continued efforts are required to increase utilization, reduce discontinuation and ensure that clients receive appropriate, high quality care. The 1992 Demographic and Health Survey (DHS) indicates that while about 20% of married women of reproductive age nationwide would like to delay their next birth or not have any more children, they still are not using contraception ("unmet need"). Egypt's national long-term contraceptive prevalence rate (CPR) objective of 74% can nearly be met simply by improving and expanding services enough to satisfy this unmet need.

Demand for Family Planning Services: In remote and poorly-served geographic regions, demand and awareness still need to be created among large numbers of families. Furthermore, 53% of married women of reproductive age (MWRA) are currently not using contraception and represent potential additional demand.

Financial Self-sufficiency: While the share of services provided by the commercial private sector is financially self-supporting from fees paid by customers to providers, public sector and NGO-provided services are heavily dependent on internal and external subsidies. In the interest of long term sustainability and efficiency, the Egyptian national family planning program should continue to reduce its dependency on USAID and other international donors and to re-examine government subsidies.

Institutional Capacity: Although major progress has been made in creating institutional capacity in family planning

planning services enable couples to voluntarily take control of the spacing and number of their pregnancies. Nationally, as more couples make use of family planning services, the national fertility rate will decline.

Increased use of family planning services requires that there be a supply of services that is adequate in coverage and of good quality. While adequate supply of services is a prerequisite for utilization of services by clients, supply alone does not assure utilization; increased demand is also necessary. "Demand" for services includes favorable attitudes toward family planning, perception of the value and benefits of spacing and/or limiting pregnancies, and awareness of the possibilities and resources available to families. By 2001, increased demand coupled with enhanced supply should contribute to achieving an increase from 47.9% in 1995 to 53.8% of married women between ages 15 and 49 using contraceptives.

Strengthened sustainability of family planning systems (IR 4.2) will contribute to reduced fertility. Fertility reduction occurs over a long period of time as families choose to space and limit pregnancies throughout their reproductive years. To affect fertility, changes in reproductive behaviors must be permanent. Therefore, the systems that support these changes must be in place, fully institutionalized, and financially sustainable.

Strengthening sustainability requires increased cost-recovery and other local revenue generation, reduced costs and reduced external subsidies to lower the system dependency on unpredictable external financing. Reducing and targeting internal subsidies will cut distortions in supply and demand and make services more responsive to market forces, essential if services are to be permanently and reliably available to clients at appropriate prices. Strengthened sustainability also requires trained human resources, effective management systems, strategic planning capacity, and effective communication networks if services are to respond to the pressures of a rapidly-growing number of clients on a permanent basis. Finally, strong political commitment, adequate allocation of resources, and less restrictive regulations for both the public and private sectors create an enabling environment for the operation of permanent, good quality, sustainable, and affordable family planning services for all families that desire them. Strengthened sustainability of family planning systems should result in an increase in the GOE budget allocation to population sector activities from 45% (1994) to 48% by 2001.

Critical Assumptions: To achieve the expected results, the following general conditions outside the control of USAID must hold true: (1) political, social, and economic conditions (including natural and man-made occurrences) will favor smaller families and not lessen Egyptians' desires to limit family size;

and (2) proximate determinants of fertility (age of marriage, breast feeding, etc.,) will continue to favor reduced fertility.

Customer Participation

In developing the strategic plan for SO 4, the 1988, 1992, and 1995 Demographic and Health Surveys (DHS) provide a rich and detailed source of information about customers. The DHS gives insight into the health and reproductive lives of married women of reproductive age, including awareness of family planning, attitudes about family size and birth spacing, use of family planning methods, sources of services and information, quality of care received from providers, and more. Information from the DHS is supplemented by other research dealing with specific issues. In addition, the SO 4 team frequently travels to project sites to converse directly with family planning users and with local service providers -- the customers of the program.

Partners

Partners that contribute to the accomplishment of SO 4 include the GOE, the private sector, other donors and, to a lesser extent, NGOs and PVOs. The role of the GOE is crucial in achieving the strategic objective since it controls and regulates the work of all health care organizations and all service providers. It is also responsible for regulating the production, importation, and pricing of all contraceptives. Finally, it is responsible for health and population policy formulation. Among the different GOE partners, SO 6 will directly support the complementary work of three ministries. First, the *Ministry of Health and Population* will be supported in its improvement, expansion and coordination of family planning services throughout the country. Second, the *National Population Council* will be supported for work in: (1) family planning policy, (2) research and documentation, and (3) advocacy of family planning before public opinion and national leadership groups. Third, the *Ministry of Information* will be supported for the development of information, education, and communication (IEC) interventions.

The private sector includes private commercial providers including private physicians, clinics, and hospitals; private pharmacists; and pharmaceutical companies. These partners provide more than 85% of the contraceptive pills in Egypt and 63% of all contraceptives. Their role in increasing market share, increasing contraceptive choice, improving service quality, and securing adequate supplies of contraceptives is therefore critical to achieving the strategic objective.

Other donors supporting family planning in Egypt include UNFPA, the World Bank, UNICEF, EC, JICA, DANIDA, and CIDA. Their contributions are estimated at about \$3 million a year. USAID will continue to coordinate activities through an active

population sector donors group to ensure program complementarity and promote common policy-related positions.

PVOs and NGOs are not major providers of family planning services nationwide and make a very small contribution to this objective and thus USAID is not providing major assistance to them during the strategy period. USAID, however, may support PVO/NGO activities in areas such as sustainability, new technologies and approaches, policy, community mobilization and women's roles. USAID will continue to support CSI, a model NGO, to develop and showcase state-of-the-art approaches to quality care, management, and cost recovery.

Illustrative Approaches

Agency Approaches: Developing new and/or improved contraceptive methods, family planning service approaches and technologies; improving the host country environment for the acceptance, expansion and adoption of family planning services and practices; and expanding the availability, quality and use of sustainable family planning services.

To achieve the proposed results of SO 4, the Mission will undertake a number of approaches. To increase the use of family planning services, supply will be enhanced by: expanding the ongoing Quality Improvement Program; ensuring ongoing contraceptive commodity support to the public sector and selected NGOs; training providers to improve their skills in counseling and service provision; and expanding support for quality family planning services in the private commercial sector. Increased demand for family planning services will be achieved by: supporting mobile teams, outreach workers, and other interventions targeting geographic areas of low prevalence; supporting and expanding information, education and communication activities; and strengthening referral systems network to maximize linkages between maternal and child health and family planning services.

To strengthen the sustainability of family planning systems, financial self-sufficiency will be increased by: developing and implementing mechanisms to enhance institutional cost recovery capacity; and converting, as appropriate, sub-project funding mechanisms from input-based to performance-based output payments. Institutional capacity will be strengthened by: enhancing and broadening knowledge and skills of managers, providers, and systems staff; strengthening and expanding management systems; and refining strategic planning skills. Finally, the policy environment will be improved by: utilizing information to create awareness and support for policy change among decision makers; developing partnership agreements with other donors and stakeholders to address policy reform and GOE budgetary support issues; conditioning selected disbursements on the implementation

of policy reform; and conducting high-level annual policy seminars.

Sustainability

The single largest component of assistance under this strategy addresses long-term sustainability, broadly defined. Besides the kinds of institutional strengthening activities described above, USAID plans to develop approaches to improve sustainability, including: (1) policy dialogue on pricing and importation of contraceptives; (2) income-generation through fees; (3) extensive use of managing for results and performance-based disbursement to enhance productivity and efficiency; (4) establishment of a safety net for the poorest to receive family planning services; and (5) reduction of unit costs by consolidating services in fewer, better-quality distribution points.

Performance Monitoring Plan

The population sector has traditionally produced excellent empirical data for monitoring program results at the national level through the Demographic and Health Survey (DHS). The DHS, however, has two limitations for result monitoring purposes. First, DHS surveys are cumbersome and expensive, and therefore are performed only every four or five years. Second, DHS surveys provide information only about customers; information concerning other categories of strategic results -- policy, financial self-sufficiency, and institutional capacity, for example -- must be found elsewhere. For these reasons, the DHS will provide baseline data for a number of the key indicators of the results associated with the strategic objective, but other sources of information will be used for most monitoring purposes. Below are the key indicators for SO 4 results.

For SO 4, the indicators are: *total fertility rate*, which is expected to decrease from 3.63 in 1995 to 3.45 by the end of the strategy period.

For IR 4.1, the indicator is: *contraceptive prevalence rate*, which is targeted to increase from 47.9% in 1995 to 53.8% in 2001.

For IR 4.2, the indicator is: *increased inflation-adjusted GOE contribution (percentage of total budget) for population activities in the public and NGO sectors*, which is expected to increase from 40% in 1992 to 48% over the five-year strategy period.

SO 5: Sustainable Improvements in the Health of Women and Children

Rationale

Although infant and child mortalities have declined rapidly in the past years, deaths among young children remain unacceptably high (infant mortality rate of 62.7 and total under five mortality rate of 80.8 per 1,000 live births, 1995 DHS) for a country with good access to care and a moderate amount of spending on health. While the post-neonatal mortality rate shows steady reduction, that of neonatal mortality, or death within the first month of life, has declined very little. Consequently, deaths of newborns under one month now comprise more than 50% of all infant deaths.

Despite significant gains in child health over the past ten years, great variation exists across regions: infant and overall child mortality rates are twice as high in rural Upper Egypt (119 and 144, respectively) as in urban governorates (55 and 68, respectively), and are more than three times higher among mothers with no education. Although the maternal mortality ratio (MMR: women dying of causes related to pregnancy and child birth per 100,000 births) has probably declined over the last decades, it is still unnecessarily high, 174 per 100,000 live births. This, too, varies greatly within Egypt: the MMR is 217 for Upper Egypt, with levels as high as 544 in Assuit and 386 in Qena. Rural Egyptians, in particular, suffer from a variety of endemic communicable diseases, of which schistosomiasis and hepatitis B and C are the most significant. USAID is targeting more resources to these high-risk areas of Upper Egypt in an attempt to narrow the gap in regional disparity and improve the health status of the poorest Egyptians.

The causes of maternal and neonatal mortality are largely due to substandard reproductive and perinatal health care or failure of families to seek care when needed. Further progress in achieving the SO is limited by five underlying systemic problems: (1) the low *quality* services found throughout the public health care network as well as the irregular and unregulated quality of care in the private sector; (2) the *policy* environment; (3) lack of *management* training for health service managers who are often doctors assigned by seniority; (4) *funding* and internal allocation of resources, leading to unsustainable services; and (5) limited *community participation* in the health sector. These interrelated systemic problems affect the private sector as well as public health programs. SO 5 will address these problems in order to obtain sustainable improvements in the health of women and children.

Expected Impact

The highest level result for this SO is *sustainable improvements in the health of women and children*. The key intermediate results are: (1) *increased knowledge and improved health behavior in households*; (2) *improved quality and increased utilization of maternal, perinatal and child health services*; (3) *new tools and approaches to combat selected endemic and emerging diseases developed and disseminated*; and (4) *improved environment to plan, manage and finance sustained maternal and child health systems*.

Sustainable improvements in the health of women and children in Egypt will be realized through the achievement of the four *interrelated* intermediate results outlined above. Each is designed to contribute to the SO, but is mutually dependent on the others. For example, the gains realized in child survival cannot be sustained without attention to health care financing. Sustainable programs require strong policy leadership and community understanding and involvement. Egypt will never reach an acceptable health status nationwide and contain the costs of health care without effectively controlling highly prevalent endemic diseases afflicting its population. Sustainable improvements in the health of women and children will result in a reduction in the number of deaths of children during the first year of life from 61 (1995) to 53 per 1,000 and for children under five per 1,000 live births from 80.8 (1993) to 73 in 2001, as well as reduce the number of maternal deaths per 100,000 live births from 174 (1992) to 139 by the end of the strategy period.

The ultimate customers served by SO 5 are Egyptian women of child-bearing age and children under five. Their health and welfare are influenced by a wide network of intermediate customers from the household level, represented by husbands and the extended family, to the broader community, which includes neighbors, formal and informal local groups and leaders (including religious leaders). Intermediate customers also include people who can influence public opinion to promote better health, such as health providers (both public and private), professional nurses, midwives, doctors and pharmacists, and traditional birth attendants and barbers. Intermediate customers share circles of influence in the Ministry of Health and Population (MOHP), in government-owned institutions, and in medical schools. They exist in other ministries such as finance and planning where decisions are made concerning the allocation of scarce public resources that affect the sustainability of government health services, and they are in professional medical associations and private voluntary organizations/non-governmental organizations (PVOs/NGOs) whose activities benefit the health sector.

Key Intermediate Results: The following paragraphs describe the four key intermediate results for SO 5, incorporating discussion of lower level results not reflected in the results framework.

Increased knowledge and improved health behavior in households (IR 5.1) is the first prerequisite for better health status. Although access to health care is nearly universal in Egypt, people often do not seek care early enough, especially for preventive child health care, prenatal consultations, and problems of pregnancy. Therefore, health seeking behavior is particularly important. Within the five-year strategy period, increased knowledge and improved health behavior in households should result in substantive increases in: 1) infants that are exclusively breastfed for the first five months of life; and (2) pregnant women that seek prenatal care.

Improving the quality and increasing the utilization of health services provided to women, infants and children (IR 5.2) is the central focus of this strategic objective. Egyptian families spend a considerable amount for health care and the GOE finances a wide array of services. The objective is to ensure that these investments are used for cost-effective health interventions and pay off in better health status among the users. This can be accomplished through defining a basic package of essential reproductive and child health services and promoting compliance with clinical and counselling guidelines for quality care by both private and public practitioners. Another important dimension to improving service utilization is to ensure that health care is culturally acceptable and that providers treat patients and their families respectfully. In the next five years, the improved quality and increased utilization of maternal, perinatal and child health services should result in substantial reductions in: (1) case fatalities for women referred for obstetric emergencies; and (2) the number of deaths of infants within the first month of life.

New tools and approaches to combat selected endemic and emerging diseases developed and disseminated (IR 5.3) are essential, especially for those afflicting rural populations. These include schistosomiasis, which contributes to anemia in women, and hepatitis B and C, which are highly prevalent in rural communities. As part of a strategy to sustain improvements in health, it is more cost effective to prevent the damage caused by these diseases rather than treat the deadly consequences later in life. By the end of five years, new tools and approaches to combat selected endemic and emerging diseases should result in the reduction of Egyptians infected with schistosomiasis and other diseases.

Improving the environment to plan, manage and finance sustainable maternal and child health systems (IR 5.4) is a critical element of SO 5. Child survival gains cannot be sustained without a national policy environment that puts a priority on resources for these programs. The technical accomplishments of defining and ensuring provision of quality care to mothers and babies will not be effective without policies that establish protection of maternal and child health as a priority, assign resources to accomplish it, and capably manage the processes required to ensure impact. When this strategy period ends, an improved environment to plan, manage and finance sustainable maternal and child health systems should result in an increased share of funding allocated for primary and preventive services by the GOE.

Critical Assumptions: Assumptions critical to achieving the SO are the continued success in reducing unwanted fertility and that no major epidemics occur within the time frame of the strategy period.

Customer Participation

The primary tool that engages the ultimate customer at the strategic planning level is the Egyptian Demographic and Health Survey (DHS), a nationally representative household survey. The main objective of the DHS is to provide information on levels and trends in fertility, family planning use, infant and child mortality, maternal and child health indicators and related male attitudes. Responsibility for quality control and supervision in achieving results from health services must shift to the local community to encourage wider participation, the marshalling of local resources and to take advantage of the higher levels of accountability. To encourage that shift, greater emphasis will be placed on developing Egyptian NGO capacity in the health sector and on using mass media campaigns. To reach women and children in monitoring, particularly those in Upper Egypt, USAID and the GOE are extending efforts to district-level health offices to improve the reliability of their health data collection and reporting systems. Surveys and studies will complement that data, including a follow-on to the 1992-93 National Maternal Mortality Study, which provided the maternal mortality ratio baseline data.

Partners

USAID is by far the largest and most active donor in the health field. Other donors together provide an estimated \$22 million annually. UNICEF and WHO are major players. Active bilateral donor agencies include most European countries and the Japanese. Most other bilateral donor projects involve primary health care activities in one or more districts. World Bank involvement has been limited to schistosomiasis control program

support; however, they are exploring future involvement in health sector reform with the GOE.

Major partners within the GOE contributing to SO 5 include the Ministry of Health and Population (MOHP); public sector organizations such as the Health Insurance Organization (HIO), Cairo Curative Organizations (CCO), and the Teaching Hospital Organization (THO); and other government ministries. NGO/PVOs, including professional medical associations, are also important partners. Private sector partners include private hospitals, pharmaceutical companies, and private health insurance organizations. The mass media, i.e., television, radio and the press, are also important partners.

Illustrative Approaches

Agency Approaches: Improving the host country environment for the expansion and adoption of maternal and child health services; developing new and/or improved child and maternal health approaches and technologies; transferring technology and skills to build local child and maternal health capacity; and expanding the availability, quality and use of child and maternal health services.

Programmatic impact on a number of household behaviors is required to *increase knowledge and improve health behavior of households*. To impact on these behaviors, an information, education and communication program will be implemented that includes a mix of mass media messages reinforced through "face-to-face" communication by health care providers and community change agents.

Improving quality and increased utilization of maternal, perinatal and child health services will involve improving the quality of reproductive and child health services with special emphasis on Upper Egypt governorates considered to be high-risk areas. It will also ensure the sustainability of the established child survival programs.

The approach to *developing and disseminating new tools and approaches to combat selected endemic and emerging diseases* has been to enhance local research capability. Much of the research capability developed for schistosomiasis work is readily applicable to other emerging or reemerging diseases.

Improving the environment to plan, manage and finance sustained maternal and child health systems involves capacity building in the MOHP and other organizations as well as promoting a broad-based dialogue on health sector policy that involves a wide range of stakeholders. A careful analysis of the overall curative sector will be done to determine how curative services should be organized and delivered and how to move the MOHP and

possibly the HIO out of direct hospital-based care provision.

Sustainability

Sustainability is built into each of the primary intermediate results under this strategic objective. Once increasing knowledge, attitudes, and behavior at the household and community levels is established and their positive results felt, such changes tend to be self-replicating. Improving the quality of basic health service for women and children based on low-cost, proven health technologies will strengthen the cost-effectiveness of and demand for such services, which in turn enhances their sustainability. In fact, intensive child survival efforts to date have brought about sustained positive trends in maternal and child health throughout most of Egypt. Therefore, resources for the first two intermediate results will now be concentrated on the remaining governorates with lagging health indicators in order to achieve and sustain similar results there.

The third and fourth intermediate results concern the sustainability of the overall health system, a major constraint for both the effectiveness and sustainability of maternal and child health services. Activities directed at these results will provide information, training, and experience needed to produce and support the next generation of managers. The program will also address the financial viability of the health sector by improving cost recovery from those who can afford to pay, targeting public resources more effectively to the poor, and by better using of private health sector facilities.

Performance Monitoring

The Mission has identified indicators for SO 5 as well as each IR. The health sector is fortunate in having data available from a wide variety of sources, notably the DHS. At the SO level, the three indicators identified below are measured through different studies. Under-five mortality and infant mortality are measured through the DHS. The maternal mortality ratio baseline data are available from the National Maternal Mortality Study conducted in 1992-93. The latter study will be repeated in future years to provide follow-up data.

For SO 5, the indicators are: (1) *under five mortality rate*, which is expected to decrease from 80.8 in 1993 to 73 in 2001; *infant mortality rate*; which is targeted to decrease from 61 in 1995 to 53 in 2001; and (3) *maternal mortality ratio*, which is targeted to decrease from 174 in 1992 to 139 in 2001.

For IR 5.1, the indicators are: (1) *percentage of infants exclusively breastfed for the first 4-5 months of life*, targeted to increase from the 30.7% in 1995 to 75% by the end of the strategy period; and (2) *percentage of pregnant women who seek*

prenatal care, which is expected to increase from 39.1% in 1995 to 80% in 2001.

For IR 5.2, the indicators are: (1) case fatality rate for obstetric emergencies, targeted to decrease from 47 in 1992 to 35 by the end of the strategy period; and (2) neonatal mortality rate, which should decrease from 30.4% in 1993 to 27% nationally and from 47.2% to 42% in Upper Egypt.

For IR 5.3, the indicator is: prevalence of *Schistosomiasis Mansoni* in school children in Kafr El Sheik Governorate, which is expected to decrease from 13.8% in 1994 to 5% in 2000.

For IR 5.4, the indicator is: percentage of MOHP funding allocated for primary and preventive services, targeted to increase from 40% in 1994 to 60% by the year 2000.

SUBGOAL 4: Environment Managed for Long-term Sustainability

USAID has adopted the Agency's environmental goal -- environment managed for long-term sustainability, as its subgoal. In Egypt, especially in the densely populated Nile valley, mitigating environmental threats to natural resources such as air and water is critical to achieving sustainable development and an improved quality of life.

The Mission has identified two strategic objectives and a special objective that contribute to the long-term subgoal:

SO 6: Increased Access to and Sustainability of Water/Wastewater Services

SO 7: Reduced Generation of Air Pollution

SpO D: Approaches to Sustainable Tourism Demonstrated

In establishing these strategies, the Mission drew upon Agency guidelines, ANE Bureau priorities for reducing industrial and urban pollution, and comprehensive GOE, donor and USAID environmental planning efforts that address a range of environmental issues in Egypt.

In determining the level of the Mission subgoal and its two SOs and SpO, a series of interrelated issues were considered regarding linkage to the Agency framework, the level of results that could be manageably achieved at the SO level, and the multi-sectoral, complex nature of environmental management.

The environment is under severe stress in Egypt. To achieve a sustainable environment, the GOE must address effectively

deeply imbedded institutional and technical issues related to natural resource degradation, air pollution, solid waste management, and cultural heritage protection. Inappropriate economic policies, weak institutional settings, unenforceable laws and regulations, outdated technologies, insufficient capital resources, and a growing population further aggravate the GOE's ability to achieve substantial results in the near term.

Experience in the various environment subsectors is uneven and argues for three distinct objectives. While the objectives share some common themes, they vary on the level of progress, extent of investment, Mission experience, and technical approach.

The Agency is using GDP adjusted for environmental degradation for measuring its goal. To substantially affect GDP changes is considered so long term that USAID will follow other country trends at its subgoal level.

SO 6 contributes to Agency Objective 4.3, sustainable urbanization promoted and pollution reduced, particularly to increased access to safe water and sanitation and to decreased deaths due to water-borne diseases. At the subgoal level, the Mission will monitor country trends on the percentage of population with access to safe drinking water and sanitation services.

SO 7 contributes to Agency Objective 4.3 as well as Agency Objective 4.4, increased provision of environmentally sound energy services. The adoption of pollution mitigating technologies will help increase energy efficiency, in turn lowering air pollutant emissions. Indicators at the SO level will contribute to reducing three categories of air emissions identified as indicators under Agency Objective 4.3. The Mission plans to monitor air quality trends in the future, once the GOE with assistance from DANIDA develops a country-wide air monitoring system, expected in about two years.

Activities under SpO D are beginning in 1996 and projected funding for the ensuing 18 months is relatively small. These activities contribute to Agency Objective 4.3, sustainable urbanization promoted and pollution reduced, and 4.5, sustainable natural resource management. No contributions to trend level indicators can be established at this time for this two-year SpO.

This subgoal has objectives with important linkages to most other SOs. The World Bank estimates that social costs to Egypt associated with only two elements of pollution (air and water) are currently \$600 million, climbing to \$1.1 billion in the next decade. Increased water and wastewater service are important to accelerating economic growth and improving the health of women and children. Air pollution also affects the health of Egypt's inhabitants. Health problems from air pollution include

respiratory illnesses, birth defects, neurological damage and blood lead poisoning.

The following sections summarize SO 6 and 7 plans, including rationale, expected impact, results, critical assumptions, customer participation, partners, illustrative approaches, sustainability and performance monitoring. SpO D details are also provided.

SO 6: Increased Access to and Sustainability of Water and Wastewater Service

Rationale

Over the last 25 years, USAID has addressed increased access to water and wastewater (W/W) services by concentrating project assistance in large urban areas. While USAID assistance has dramatically improved W/W infrastructure in recipient cities, it has become apparent that many smaller communities in Egypt also have antiquated and inappropriate utility systems -- if they have services at all. Particularly troublesome are the collection and treatment of wastewater through the pumping and evacuation of septic tanks and sewage vaults. Demand for this service often outpaces city administrators' capacities to deliver. By providing improved services to the smaller communities, the program supports growth of private industry and commerce in those areas and provides a healthier environment for local residents, particularly children.

Focusing on expanded treatment capacity and distribution and collection networks in major cities has resulted in a significantly larger numbers of Egyptians being served. Furthermore, several GAO audits indicate that the new infrastructure is being operated and maintained properly, albeit with significant subsidy from the central government. Thus, more attention is being directed to long-term sustainability of infrastructure. Factors threatening sustainability of present and future investments are threefold: policy, institutional and technical.

Policy concerns: A 1995 presidential decree transferred responsibility for W/W services from the central to the local level in seven governorates. Yet, GOE inexperience with decentralization requires continued assistance to ensure successful devolution of power. Rationalizing water tariffs is also an important policy concern. On the average, Upper Egypt consumers pay twice as much for W/W service as Cairenes.

Institutional concerns: The present W/W organizations are neither completely centralized nor decentralized. Rather, authority and responsibility are dispersed among numerous public

entities at both the national and local levels. Consequently, there are neither well-structured central goals and controls nor sufficient local capital investment or funding for operation and maintenance costs of W/W systems. In addition, GOE central policies restrict autonomy of local organizations, thus limiting decision-making authority of local W/W managers. Incentives are also lacking. Finally, while some progress has been made to balance costs and income, a gap still exists. Public financing instruments such as municipal bonds are not understood and thus not used, forcing municipalities to rely on the central government to undertake new construction.

Technical concerns: In 1991, USAID assisted the GOE to establish a training center and train 4,000 Egyptians in the sector. Despite this success, public utility managers still require additional training for monitoring construction and assessing designs.

Expected Impact

SO 6 is *increased access to and sustainability of water and wastewater service*. Key contributing intermediate results are: (1) *improved recovery of operation and maintenance (O&M) costs*; (2) *improved decentralized utility management* and (3) *improved capacity to deliver services*. The GOE is expected to continue to remove the most serious state-controlled constraints to utility organizational reform and address remaining policy issues effectively. The new policy climate poses a challenge and an opportunity for reform in the service sectors.

Ultimate customers are the consumers of water and wastewater services. Intermediate customers include: local utility organizations; the government at the local, municipal, and governorate levels; and the central government (Ministry of Housing and Public Utilities -- MHPU, and the National Organization for Potable Water and Sanitary Drainage -- NOPWASD).

Key Intermediate Results: The following describes the highest level intermediate results for SO 6, incorporating the discussion of lower level results contributing to the SO.

Improved recovery of O&M costs (6.1) is critical to the long-term viability of the W/W sector. The GOE shares the policy objective of recovery and retention of costs by locally based utility organizations for operations. As the local utility organizations assume control of their financial and budgetary requirements, the self-financed contributions through tariffs will become the measure of sustainable operations. Improved sustainability is expected to result in full recovery of O&M costs in targeted cities by 1997 as well as substantial increases in tariffs for W/W in targeted cities.

Improved decentralized utility management (IR 6.2) is a critical element to increasing access to and sustainability of W/W service. While the GOE has established the framework under which the newly formed economic utility organizations can operate, the central authorities that controlled vital decisions in the past are reluctant to sign over their authority. Improved operational and organizational efficiencies will have marginal impact if the locally based management structure is not held accountable. In the governorates where the municipal utility organizations are prepared to decentralize, USAID will encourage the formation of models for future changes in the sector. Of particular interest are models that encourage private sector participation in system O&M as well as concessionary investment. By 2004, decentralized utilities should be operating more effectively.

Improved capacity to deliver services (IR 6.3) will play a central role in increasing the sustainability of and access to W/W service. The selection of the most appropriate technology to treat potable W/W directly influences the financial viability of an economic utility. Management decisions based on inappropriate treatment process requirements and the training of staff in unsuitable systems operations can consume those financial gains obtained through other reforms. The continual upgrading of systems that offer an appropriate mix of technical and operations improvements will permit the sector to expand and improve general service delivery. Over the next five years, improved capacity to deliver services should result in a substantial increase in sewerage treatment plants and reservoirs, water treatment plants and volume of sewerage treated in those plants, and the volume of potable water supplied via water treatment plants.

Critical Assumptions: To achieve the results identified above, the following general conditions outside the control of USAID must hold: (1) political will exists to increase W/W tariffs and the Egyptian people are willing and able to pay the increased rates; (2) the GOE will continue to support increased authority for local utility management and government officials will continue to work together to resolve issues of decentralization; and (3) qualified Egyptians will continue to be attracted to government service.

Customer Participation

To ensure customer participation in accomplishing SO 6 results, an outreach program will be started to engage the consumer and civil society organizations in the definition and supply of utility services. As a first step, the SO 6 team will work with the SO team for increased civil society participation in public decision making to ensure public participation in urban environmental management. The SO 6 team will focus on community-level mechanisms that will address customer participation issues

that will also impact on strengthening democracy, gender, and environmental health. In particular, community participation will be included in all future W/W activities to ensure that customer needs and behaviors are considered in carrying out institutional reforms.

Partners

Partners that contribute to the accomplishment of SO 6 include the GOE and other donors. Within the GOE, the key partners are the local utility organizations, the government line agencies at the local, municipal and governorate level, and the MHPU and NOPWASD at the central level.

Several other donors are involved in the sector, contributing a total of approximately \$400 million. Most notable are the British and Italians in Cairo, the French and Germans in Alexandria, the Germans in Kafr el Sheikh, the Dutch in Fayoum and the Danish in Aswan. Most assistance finances outdated infrastructure rehabilitation and reconstruction. Donor investment has been declining as more of the existing systems are rehabilitated. Yet several donors have expressed interest in new projects totaling approximately \$200 million. Collaboration with the British in Cairo and the Danish in Aswan contributes to the effectiveness of addressing management reforms and financial autonomy.

Illustrative Approaches

Agency Approach: Increasing the access to water and sanitation services.

A number of approaches will be taken to achieve SO 6. Improving the sustainability of W/W services translates into financial viability and operational autonomy of the utility management unit. Institution building and training in fiscal planning, accounting and management are central to achieving SO results. All new activities will be linked to the adoption of economic business practices by the responsible utility organization. Assistance under the ongoing Secondary Cities activity, along with prospective activities in Cairo, Alexandria and Provincial Cities, will be conditioned upon pricing policies for services that recover all O&M costs, retention of revenues by the utility organizations, and organizational autonomy from central government to set personnel and management objectives.

In support of improved utility management, USAID will continue to assist in improving the condition of existing treatment systems as well as increase the total treatment and service capacity. Improvements in the sector must be matched with increased flexibility to price the services based on local conditions to cover operating costs. If not done, gains made in

the sector will be lost to population increases and undermined by insufficient O&M budgets.

Finally, improved capacity to deliver services will be supported through continued training of the operational and management staff. Improved capacity will also be supported through better design and construction of new and upgraded facilities.

Sustainability

As indicated above, sustainability is a key component of the strategy in the W/W sector. The implementation of cost recovery and autonomy reforms at the utility level will greatly increase the likelihood of sustainable delivery of W/W services on a long-term basis.

Performance Monitoring Plan

Through complementary approaches, ranging from direct monitoring by the SO 6 team to construction management and institutional development contractor reports, USAID will have access to continuous information needed to measure results under the SO. More formalized, periodic assessments will occur through interim and final evaluations. Key indicators, mostly by municipality, for SO 6 are listed below:

For SO 6: (1) *estimated population connected to improved sewerage systems* (2) *estimated population served by improved sewage treatment* (3) *estimated population with access to improved water supply*; (4) *number of autonomous water and wastewater organizations generating and retaining revenue*; and (5) *operating ratio*.

For IR 6.1: (1) *percentage of total O&M costs recovered in targeted cities*; (2) *percentage increase in the price of water*; and (3) *percentage increase annually in the surcharge of wastewater tariffs on the water bills of targeted cities*.

For IR 6.2: (1) *number of autonomous water and wastewater organizations generating and retaining revenue*; (2) *number of financial systems installed based on economic authority principles*; (3) *number of locally based utility organizations*; (4) *adoption of decentralized personnel plans*; and (5) *numbers of trained management staff*.

For IR 6.3: (1) *percentage of wastewater collected and treated*; (2) *number of sewerage treatment plants or enhanced collection and treatment systems*; (3) *volume of sewerage treated in treatment plants*; (4) *number of water treatment plants and reservoirs or enhanced distribution systems*; (5) *volume of potable water supplied via water treatment plants and systems*;

(6) operating cost per cubic meter produced; (7) percentage of operators licensed; and (8) percentage of indirect total staff.

SO 7: Reduced Generation of Air Pollution

Rationale

Air pollution is one of the major contributors to the deteriorating state of Egypt's environment. Both air particulate and lead were ranked in a 1994 Cairo risk assessment among the most severe risks to human health, resulting in 10,000 to 25,000 premature deaths in Cairo each year and a significant reduction in cognitive development (as measured by IQ among Cairene children). In some parts of Cairo, total suspended particles (TSP) in the air are eight times the proposed World Health Organization (WHO) standard.

Many factors contribute to the continued deterioration of air quality. These factors include excessive and inefficient use of energy in industry; ineffective standards for industry, commerce and transportation; and lack of a sustainable institutional framework to manage effectively the threat to air quality deterioration. SO 7 will address these constraints through successful pilot activities and new technology applications while concurrently addressing certain institutional and technical constraints that hinder sustainability.

Expected Impact

The highest level result within SO 7 is *reduced generation of air pollution*. The key intermediate result that will contribute to SO 7 is: *adoption of pollution mitigating technologies*. Successful technologies, supported by appropriate government policies and growing public awareness, will lead to a measurable reduction in the generation of air pollution by the end of the strategy period.

The ultimate customers of this SO are all residents of Egypt, especially in the urban areas of Cairo and Alexandria. Individuals most vulnerable to air pollution, such as the very young and very old, asthmatics, and those whose occupation brings them into closer, more constant exposure to pollution (e.g., traffic police) will gain particular health benefits from the achievement of this objective.

There are numerous intermediate customers who stand to benefit from SO 7 interventions. These include: personnel of industrial plants, bus companies, gas and oil companies, NGOs, and GOE ministerial agencies. Intermediate customers will benefit from technology transfer, human capacity development, improved institutional and policy settings, all of which enable

more effective long-term environmental management.

Key Intermediate Result: A brief discussion of the key intermediate result for SO 7 follows. Lower level results that contribute to SO 7 are incorporated into the discussion.

Reduced air pollution will result from the wide-scale **adoption of pollution mitigation technologies** (IR 7.1) in industry and transport. For this to occur, appropriate government policies are required that provide both the economic incentive and the regulatory stimulus to promote reduced air pollution. In addition, successful pilot activities and demonstrations will lead to a greater likelihood of adoption and replication. Finally, strengthening the technical and administrative capacity of the Egyptian Environmental Affairs Agency (EEAA) so that it can enforce the GOE's air emission regulations will be a critical factor in achieving widespread adoption and replication of pollution abatement and energy efficiency technologies. Within the five-year strategy period, a significant number of pollution prevention technologies will be replicated, a number of plants will have successfully adopted air pollution control technologies, many public sector buses in Cairo will be running on compressed natural gas, and a substantive percentage of vehicles in Cairo will be in compliance with GOE emissions standards.

Critical Assumptions: To achieve SO 7 results, it is assumed that natural gas production will be sufficient to permit continued fuel conversion and that market forces will continue to encourage greater production efficiencies in local industry. Additional critical assumptions include: the GOE enforces environmental laws and regulations; subsidies for diesel fuel are removed; the GOE maintains its policy emphasis on the use of CNG as a transport fuel; and the EEAA has adequate funding, staff resources and institutional capacity to execute its mandate.

Customer Participation

Interaction with the various ultimate and intermediate customers involves exchange of information and perspectives on local development issues plus joint planning of project activities. Public awareness and communications activities will be funded in support of all the air quality interventions. For the results to have maximum impact, research will be carried out with the ultimate and intermediate customers to identify the most effective messages and media mix for each activity. By means of these focused campaigns, customers will obtain a broader understanding and form a crucial constituency that will ultimately support achievement of the desired results. In many activities, intermediate customers (e.g., participating industrial plants) will gather data (such as participating industrial plants) from ultimate customers through targeted

public surveys.

Partners

The planned results, if combined with and complemented by actions of the GOE, other donors, the Egyptian NGO community, the private sector and the Egyptian public, will make a major contribution to improving the quality of Egypt's air resources. Without such synergy, the impacts, while still measurable and positive, will be more modest. The GOE has and will continue to play a major role in achieving the SO. Without continued, accelerated governmental commitment and action to articulate and enforce environmental laws and regulations, reductions in air pollution will be hampered. EEAA is the principal partner for successful achievement of SO 7. For the result related to compressed natural gas (CNG) -operated buses, the Ministry of Petroleum's Organization for Energy Conservation and Planning is the primary partner. In addition, the Subcommittee on Sustainable Development and the Environment (Subcommittee III) under the Partnership is an important partner. This subcommittee is concerned with how government policies in various areas, including lead exposure abatement, can affect the sustainability of economic growth and development in the country.

USAID gives high priority to coordination of its environmental program with those of other donors. Quarterly meetings are held with the Environmental Donor Subcommittee to discuss current and planned activities, common approaches to perceived environmental problems, and coordination with the EEAA. DANIDA, CIDA, ODA and UNDP are now or soon will be providing direct support for EEAA institutional strengthening. The large and growing number of donors involved in Egypt's environmental issues presents an excellent opportunity to enhance developmental impacts through increased communication and cooperation.

The NGO community will act as partners in environmental public awareness efforts. In addition, USAID maintains regular contact with the Egyptian NGO Steering Committee and has been approached by that body for support in development of an "NGO Strategy" for the environment.

The long-term willingness of the private sector to convert vehicles to CNG, replicate tune-up service stations, undergo vehicle emissions certification, and apply pollution control and prevention technologies is clearly critical to successful achievement of SO 9. USAID will seek opportunities to share information and fora with the Egyptian private sector to foster their greater participation in policy dialogue as well.

Illustrative Approaches

Agency Approaches: Promoting pollution prevention and control increasing energy efficiency; and introducing innovative clean technologies.

Widespread replication and adoption of pollution-reducing technologies will be promoted through the synergistic effect of proven technologies of successful pilot programs, an improved environmental policy framework, and increased public awareness. Technical assistance is ongoing to achieve air emissions reductions related to pollution prevention technologies and an improved environmental policy framework. An "umbrella" technical assistance contract under the Cairo Air Improvement Project (CAIP) is planned to support policy dialogue, implement pilot programs to reduce air emissions, and integrate a broad range of activities to improve the likelihood of successful results achievement.

The various interventions currently underway (through the Energy Conservation and Environment Project) or planned (through CAIP) will contribute both directly and indirectly to the goal of reduced emissions of air pollutants. Improved energy efficiency, both in industrial plants and private vehicles, will reduce the emission of CO, NOx, SOx and hydrocarbons. Fuel conversion from oil to natural gas in power plants, factories and public transit buses will reduce emissions of particulates and SOx. Improved abatement technologies at lead smelters will reduce emissions of lead and other metals, as will the increased use of low and unleaded gasoline in vehicles. Finally, widespread adoption of various energy efficiency and pollution prevention technologies in industry will reduce the emissions of a mix of these targeted pollutants.

To improve the environmental policy framework, initial success depends on adoption of policy measures linked to SO 1. Specifically, GOE adoption of economic pricing of electricity is encouraged by conditioning capital investment on policy reform and two pollution-related policy measures are included under the annual cash transfer Sector Policy Reform Program.

Sustainability

A number of approaches will be adopted to ensure sustainability in reducing the generation of air pollution. A Lead Smelter Action Plan is being developed that will lay the foundation for sustainability in lead emissions reduction. If compressed natural gas proves to be a viable substitute for diesel, its use and replication should become self-sustaining. Economic benefits derived from vehicle tune-ups will greatly enhance public willingness and ability to comply with GOE emissions standards. Both energy efficiency and pollution

prevention technologies are premised on plants saving money and improving their product through more appropriate industrial processes. Finally, increasing public knowledge of environmental problems and their economic and health costs will strengthen popular support for policy changes to reduce the generation of air pollution.

Performance Monitoring

Two performance monitoring systems will be developed within the year that will establish and refine indicators at the SO and IR level: (1) an air quality monitoring system that measures reductions from emissions directly related to interventions under the CAIP; and (2) a separate and broader air quality monitoring system that tracks reductions in emissions from all replications and adoptions of technologies at the SO level.

For SO 7: (1) *accumulated pollution reduction (in metric tons) of SOx, NOx, and CO*; and (2) *percentage reduction in HC, lead and particulate emissions*.

For Result 7.1: (1) *number of pollution prevention technologies replicated*; (2) *number of plants successfully adopting air pollution control technologies*; (3) *percentage of all public sector buses in Cairo running on CNG*; and (4) *percentage of all vehicles in Cairo in compliance with GOE emissions standards*.

SpO D: Approaches to Sustainable Tourism Demonstrated

Rationale

Tourism is and always has been an important part of the Egyptian economy. Traditionally, visitors have come for the Nile Valley cultural sites; recently the Red Sea and Sinai coasts have become popular destinations. In sustainable development terms, tourist attractions are assets. Egypt's natural and cultural resources will not survive unmanaged and unregulated development. An approach to tourism that integrates environmental and economic sustainability is necessary; otherwise, the tourism sector will be thwarted by development itself. The fundamental challenge of this SpO is to introduce proper conservation and management of Egypt's natural and cultural assets that will contribute to economic growth and employment.

This SpO is an experimental activity in a new program area that merits further exploration. USAID has not previously worked in the tourism sector in Egypt, but is now doing so in recognition of its importance to sustainable development. USAID will carefully monitor progress over the next year to determine whether to develop an SO in 1998.

Expected Impact

The highest level result within SpO D is *approaches to sustainable tourism demonstrated*. The first step towards proper management of the touristic environment is to demonstrate approaches to sustainable tourism. This will be accomplished over the 1996-98 period. The key intermediate result that will contribute to SpO D is: *approaches to natural and cultural touristic asset management tested* (IR D.1). The measure of success is whether effective models have been created to demonstrate appropriate touristic handling of Egypt's natural and cultural attractions. These models will enhance certain resources and demonstrate how to achieve environmentally sustainable tourism. After two years, Egypt will be well on its way to thinking of touristic resources as assets needing proper management and will have appropriate management models for future implementation.

Customer Participation

Ultimate customers under SpO D are the people of Egypt. Intermediate customers include those government, non-governmental and private sector organizations involved with tourism, natural resource protection and cultural heritage preservation. For the ultimate customers to benefit from the demonstration of sustainable approaches to tourism, the intermediate customers must change attitudes and behavior towards natural and cultural resource management. Intermediate customers have been integrally involved in planning the work under this objective, and their full understanding, collaboration, and support are vital to its success.

Partners

For environmentally sustainable tourism to take hold, the spectrum of concerned organizations and individuals, both public and private, must be engaged as partners. All cognizant organizations of the Egyptian government must be involved, including the Egyptian Environmental Affairs Agency, the Ministry of Tourism, the Supreme Council of Antiquities, the Ministry of Economy and International Cooperation, and the various governorate and municipal authorities. Moreover, Subcommittee III of the Partnership will assist Egypt to foster environmentally sustainable tourism development. USAID will also work with NGOs involved in environmental and cultural heritage issues. In addition, the private sector tourism industry must join this effort to conserve non-renewable resources upon which its industry is dependent. Hoteliers and tour operators must be engaged in an effort to ensure their own long-term survival. Other donors in Egypt have also shown a keen interest in participating in the ecotourism program. In the first month of implementation, the program has been supported by both Italy and

Canada. Other major donors in the sector are the World Bank and the European Union. Finally, this effort has a regional dimension. Cooperation among the various Egyptian, Jordanian, Palestinian, and Israeli public and private sectors will benefit the region's tourism industry, cultural and natural resource preservation, and the Middle East peace process.

Illustrative Approaches

Through the USAID/G's Environmental and Natural Resources Policy and Training Project on the natural resources side, and the American Research Center in Egypt for cultural heritage, the program is meant to devise and demonstrate effective approaches for maintenance, management, and use of touristic resources. Various means will be employed, including: enhancing coordination among public regulatory agencies; improving capacity within governmental organizations to implement existing laws and regulations; encouraging public-private partnerships, especially allowing NGOs to work with government in site use and management; introducing and demonstrating appropriate and state-of-the-art technologies in site development and maintenance; assisting in national park and protected areas creation and management; assisting in development of basic planning tools such as an integrated coastal zone management plan, and needed data bases and analyses; and identifying successful touristic models within the region upon which Egypt can build.

Performance Monitoring

The impact of this program will be assessed in terms of improvements at specific sites that have already suffered degradation, as well as the start of enhanced management of natural and cultural resources important to the tourism industry, primarily in the Red Sea region, and elsewhere in Egypt. Reviews of the program will be conducted periodically by Subcommittee III of the Gore-Mubarak Partnership, under whose aegis it is being implemented.

D. Other SpOs

SpO E: Improved Human Capacity Development System Linked to Strategic Priority Areas

Rationale

Historically, participant and in-country training funded by USAID/Egypt has been implemented in a decentralized and fragmented manner. Using 25 or more different contractors to administer training resulted in inconsistent application of Agency policies and the provision of support services for participants as well as limited, if any, measurement of the impact of training on Egyptian institutions.

According to ADS 253.5.2, each Mission shall establish a single training management system for all participant training activities to ensure comparable support. Compliance with this directive requires technical assistance from one entity. Hence, a uniform mechanism is needed to link investment in human capacity development to the accomplishments of SOs and SpOs.

A special objective is deemed the only practical means by which a centralized human capacity development system can be effectively implemented in Egypt. The magnitude of the portfolio and its volume of potential beneficiaries and partners make planning and implementing multiple funding sources impractical. The administration of one centralized contract, funded from one source (the SpO), will facilitate oversight, procurement and monitoring. SpO E is "demand driven" to respond to the training needs of each SO, to be assessed by the central contractor. Allocating core and training funding by each SO would be operationally cumbersome and difficult to do prior to conducting training assessments.

Expected Impact

USAID/Egypt's SpO E is an *improved human capacity development system linked to strategic priority areas*. Improved human capacity development will be achieved through the establishment of a strategically linked, centralized training system. Working through core and extended SpO E teams, SpO E will provide a training management system and associated activities that will demonstrate the results of the provided training under every Mission SO. Upon arrival of the contractor (expected award in August 1996), training interventions will be well planned and designed, effective, relevant, and result in trainees' contributing to the improved performance of Egyptian partner institutions.

Supporting the Mission's SOs, SpO E's customers will be the Mission's core and extended strategic objective teams. These would include all contractors currently involved in participant training, Egyptian partner institutions, NGOs, PVOs and any other partner or beneficiary that SO Teams believe are critical to demonstrating results. Training activities will be focused primarily on Egyptian partner institutions to improve their performance relative to SO and SpO achievement.

Customer and Partner Participation

SO core and extended teams will be actively involved in SpO E training activities in identifying training needs critical to improved partner institutional performance. SpO E teams will approve training plans developed in response to identified training needs. Supporting the SO Teams, SpO E will assist in recruiting and selecting appropriate trainees, develop training

action plans and agreements, implement training follow-up activities, monitor and evaluate training results, and assist in decision-making on future training activities.

Illustrative Approaches

SpO E is a highly participatory support mechanism. It will rely on all Mission's SO core and extended teams in planning for, designing, and implementing results-oriented training interventions. The mechanism will be a centralized, level-of-effort contract, demand driven by SO training needs. Illustrative activities of SpO E include country training plan development; uniform orientation, follow-up, and evaluation system; in-country English language testing and training services; and operation of a new participant training management system.

Performance Monitoring Plan

In concert with the SO Teams, the SpO E contractor will ensure that specific training indicators based on the training objectives are in place. The degree to which human capacity development will be used as one of the "tools" in achieving an SO will be a function of training needs, demand, and the nature and length of training. The indicators established will track the outcomes of training and show the changes that participants introduce into the partner institutions. These effects will generally be intermediate results that will contribute to the achievement of the SO. The SSO monitoring and evaluation system will provide a constant flow of result information, gleaned through institutional impact studies, questionnaires, focussed interviews, training plan updates and adjustments, and result indicators. Specific training results will be measurable in FY 1998 as short-term participants will have returned to their jobs and information will have been collected. Indicators for the SSO mechanism itself follow:

For SpO E: (1) *number of strategically linked training plans developed, with all nine Mission SOs expected to have training plans developed in 1997;* (2) *percentage of partner institutions providing positive feedback on the relevance and delivery of training interventions.*

SpO F or Results Package (RP): Broad-Range Technical and Financial Support Provided

Rationale

Since 1975, USAID/Egypt has financed traditional program development and support (PD&S) activities in addition to PVOs, selected technical assistance activities and conferences and

workshops through a series of dollar-funded Technical Cooperation and Feasibility Studies projects and the local currency FT800 Account. To date, over \$64 million and LE 220 million have been used for these types of activities.

The Mission proposes to continue supporting this type of activity under Strategic Support Objective (SSO B), albeit in a streamlined, focused approach. SSO B is proposed as a separate objective despite the fact that individual strategic and special objectives will have their own PD&S funds. The rationale for this stand-alone mechanism is the flexibility needed by the Mission and the GOE. This objective can be particularly useful in financing selected Gore-Mubarak Partnership activities that do not readily fit within other objectives but are considered priorities of both governments. In addition, this objective can support the design and implementation of pilot activities related to U.S./Egypt/Israel trilateral development and other regional activities.

Expected Impact

USAID/Egypt's SpO F (or RP) is *broad-range technical and financial support provided*. The achievement of SpO F will be measured, in part, through activities and results falling under the different SOs, in addition to selected and limited stand-alone and cross-cutting activities.

Customers will continue to be the actual recipients of activities funded, including GOE ministries and entities that request feasibility studies or other analyses, private sector groups and NGOs benefitting from technical assistance, and individual Egyptians whose attendance at international conferences and seminars is financed by this SpO.

Partners

The primary Egyptian counterpart to the Mission for SpO F (or RP) is the Ministry of Economy and International Cooperation. This ministry will continue to serve in this capacity as the transition is made from the current project to a SpO (or RP). Other partners include technical entities -- government and private -- that design and implement activities funded under this SpO. PVOs and NGOs have been, and are expected to continue to be, both partners and customers, depending on the nature of the activity. As more development collaboration and donor coordination takes place, prospective partners also may include international donor organizations such as the IBRD and UNDP.

Illustrative Approaches

SpO F (or RP) will provide the following strategic support to the Mission: selected feasibility, technical and sector

studies; result/activity designs for unanticipated and priority activities; pre-implementation activities on a case-by-case basis; selected and cross-cutting evaluations, assessments and audits; selected technical assistance activities; implementation, monitoring and accountability requirements support for USAID/Egypt; and conferences, seminars and observational tours on a case-by-case basis.

Performance Monitoring Plan

The Mission will monitor the number of activities financed by the SpO. Where appropriate, substantive results contributing to other SOs will be monitored under the respective SO. The proposed indicator is: *number of activities developed and implemented.*

GOAL
Broad-based Sustainable Development
With Increased Employment and Improved Quality of Life

SUBGOAL 1
Accelerated Economic Growth

SUBGOAL 2
Improved Environment for the Growth of Democracy

SUBGOAL 3
Reduced Population Growth and Improved Health

SUBGOAL 4
Environment Managed for Long-Term Sustainability

Strategic Objective 1
 Accelerated Private Sector-led, Export-Oriented Economic Growth

Strategic Objective 2
 Increased Participation of Girls in Quality Basic Education

Strategic Objective 3
 Increased Civil Society Participation in Public Decision Making

Strategic Objective 4
 Reduced Fertility

Strategic Objective 6
 Increased Access to and Sustainability of Water and Wastewater Service

Special Objective A
 Increased Use of Egyptian Universities in Quality, Demand-Driven Applied Research

Special Objective B
 Increased Use of Information services by the Legislature in Decision Making

Strategic Objective 5
 Sustainable Improvements in the Health of Women & Children

Strategic Objective 7
 Reduced Generation of Air Pollution

Special Objective C
 Improved Civil Legal System

Special Objective D
 Approaches to Sustainable Tourism Demonstrated

Special Objective E
 Improved Human Capacity Development System Linked to Strategic Priority Areas

Special Objective F
 Broad-Range Technical and Financial Support Provided

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S.O.#1: ACCELERATED PRIVATE SECTOR-LED, EXPORT-ORIENTED ECONOMIC GROWTH

**S.O.
ACCELERATED PRIVATE SECTOR-LED,
EXPORT-ORIENTED ECONOMIC GROWTH**

GDP Growth
Private sector share of GDP
Private sector share of non-petrol exports

**I.R. 1.1
INCREASED PRIVATE SECTOR EXPORTS**

Private non-petrol exports

**I.R. 1.2
INCREASED PRODUCTIVITY
OF PRIVATE ENTERPRISE**

Value added per hectare
Total factor productivity

**I.R. 1.3
ACCELERATED PRIVATIZATION AND
IMPROVED GOE SUPPORT FOR
COMPETITIVE MARKETS**

of privatizations
Commercial Policy
Index

**I.R. 1.1.1
LIBERALIZED TRADE**

Effective rate of
protection

**I.R. 1.2.1
LIBERALIZED MARKETS**

Price/marketing Index

**I.R. 1.3.1
INCREASED ECONOMIC STABILIZATION
AND STRUCTURAL ADJUSTMENT**

Budget deficit
Policy Index
Tax revenues

**I.R. 1.1.2
ACCELERATED ADOPTION OF IMPROVED
PRODUCTS AND TECHNOLOGIES**

Adaptors
New products
ISO 9000 certifications

**I.R. 1.2.2
ACCELERATED ADOPTION OF
IMPROVED TECHNOLOGIES AND
MANAGEMENT PRACTICES**

Adaptors

**I.R. 1.3.2
COMMERCIALIZATION OF UTILITIES**

Self-financing ratios
Autonomy

**I.R. 1.1.3
INCREASED ACCESS TO
MARKET INFORMATION**

Users
Business linkages

**I.R. 1.2.3
EXPANDED AND DEEPENED
FINANCIAL SERVICES**

Shares traded
Credit extended

**I.R. 1.3.3
IMPROVED ALLOCATION
OF WATER RESOURCES**

Water use efficiency

**I.R. 1.1.4
INCREASED ACCESS TO RELIABLE POWER
AND TELECOMMUNICATIONS SERVICES**

Installed capacity
Power sales
Connections
Density

**I.R. 1.2.4
IMPROVED CAPACITY TO
PROMOTE SEB GROWTH**

SEB credit extended
NGOs reaching
break-even

**I.R. 1.3.4
INCREASED PRIVATIZATION INCENTIVES**

SPR, APRP measures

**I.R. 1.2.5
INCREASED ACCESS TO RELIABLE POWER
AND TELECOMMUNICATIONS SERVICES**

Installed capacity
Power sales
Connections
Density

**I.R. 1.3.5
INCREASED PRIVATE PARTICIPATION
IN POLICY DIALOGUE**

Advocacy groups
Success index

**I.R. 1.3.6
INCREASED CAPACITY TO PREPARE
PRIVATIZATION TRANSACTIONS**

Transactions to point
of sale

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S.O. #2: Girls' Education

S.O. #2
Increased Participation of Girls in Quality Basic Education in Targeted Areas

I.R. 2.4
World Bank/EC Education Enhancement Program

Indicators:
(i) Increase in girls' primary school enrollment in catchment areas of USAID small schools
(ii) Performance of girls in USAID-supported schools on MOE third sixth year exam vs performance of control group
(iii) Drop-out rate between 3rd & 4th grades

Indicators:
(i) National assessment figures
(ii) Achievement test scores
(iii) National EMIS functioning

I.R. 2.1
Increased number of schools in which constraints to girls' attendance have been removed

I.R. 2.2
Increased demand for girls' education

I.R. 2.3
Improved national policy environment

Indicators:
(i) Number of USAID small schools launched
(ii) Number of small school using multi-grade curriculum
(iii) Number of scholarships provided

Indicators:
(i) Number of education committees formed
(ii) Number of ENGOs trained to support small schools
(iii) Increased demand expressed by parents' in target areas (KAP survey)

Indicators:
(i) Increased local level decision-making authorities
(ii) Allocations between tertiary primary sectors
(iii) Regularized public-private dialogue on education

I.R. 2.1.1
Communities donating & maintaining schools

I.R. 2.1.2
Community groups participating in enhancing & supplementing girls' education

I.R. 2.1.3
TA develops multi-grade, gender-sensitive, problem-solving curriculum

I.R. 2.1.4
Teachers, staff and headmasters training program developed/replicated

I.R. 2.1.5
Scholarship program enabling girls to attend schools

I.R. 2.2.1
Adolescent girls and mothers attending ENGO literacy programs

I.R. 2.2.2
Stakeholders promoting awareness of high returns from educating girls and women

I.R. 2.3.1
GWE Country Coordinator promoting policy agenda in coop with MOE and WB

I.R. 2.3.2
Partnership policy dialogue addressing gender and equity themes

Activities:
NGO outreach
ENGO strengthening

Activities:
Numbers trained

Output:
Number of women completing literacy program

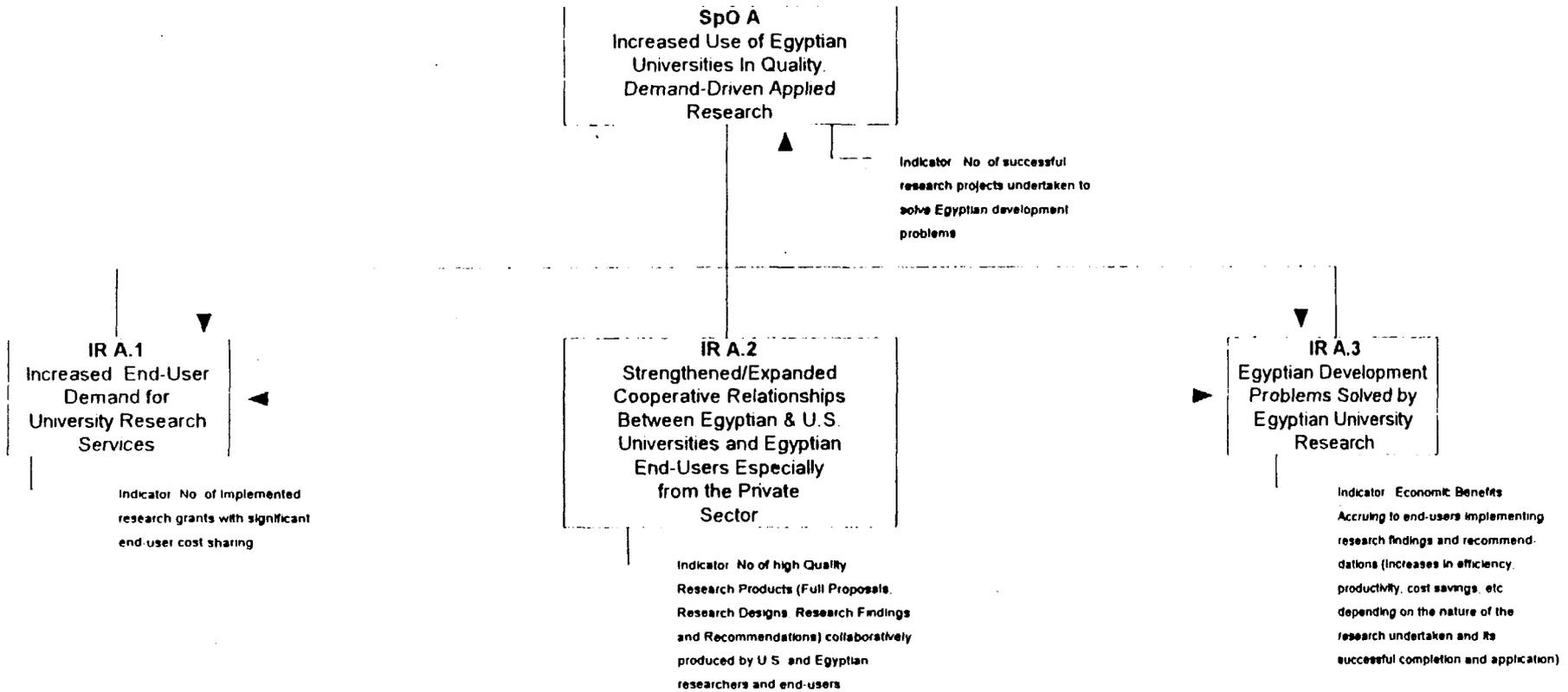
Note:
connection hypothesized to be tested

Outputs:
Mass media campaigns
Statements by religious leaders
Local ENGO awareness activities
Private sector donations

Output:
Exchange visits
Subcommittee meetings

Results Framework for Special Objective A (SpO A)

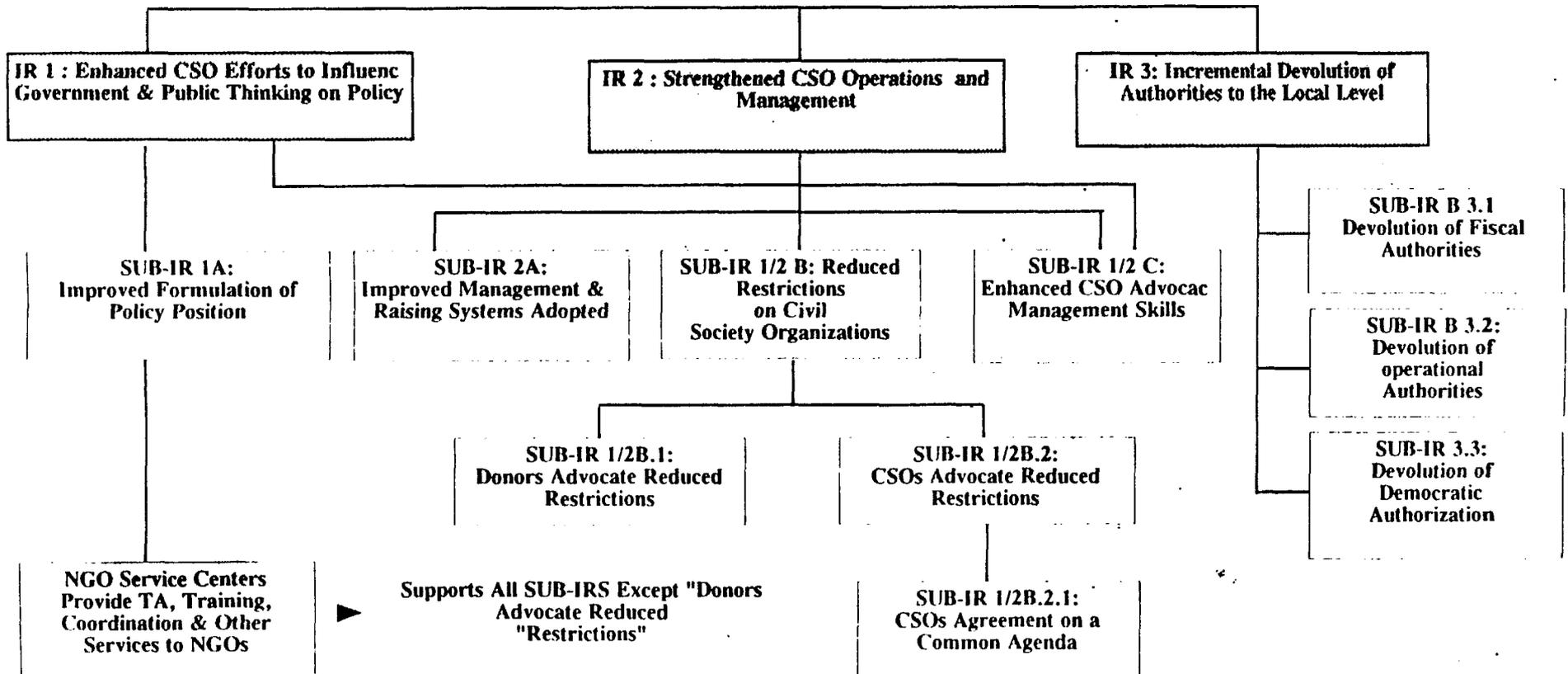
University Development Research



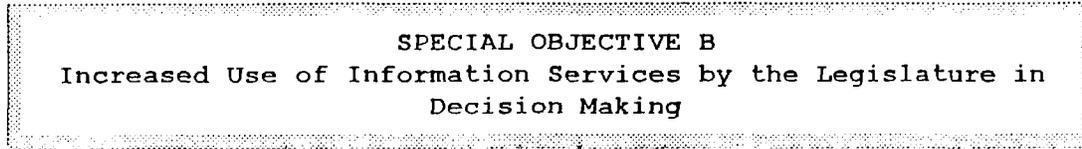
SO3 Increased Civil Society Participation in Decision Making

SO3 Level Indicators:

1. Target CSOs who think the government is a) more open to considering their views; and b) more open to allowing CSOs to express their views to the public.
2. Target CSOs who believe that they have more influence on government decisions.
3. and significance of government decisions CSOs think they have affected.
4. % Shrouk villages whose male/female citizens believe that the shrouk committee responds to their development needs/priorities.
5. Index of shrouk village ownership & responsibility for development management: a) % villages that score high on the index; and b) % villages that score medium;
6. % Shrouk committees still engaged in development decision-making after 2 years.



SPECIAL OBJECTIVE B: INCREASED USE OF INFORMATION SERVICES
BY THE LEGISLATURE IN DECISION MAKING



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Indicator:
PA/SA Actions indicate
that more information
is used in the
decision-making process

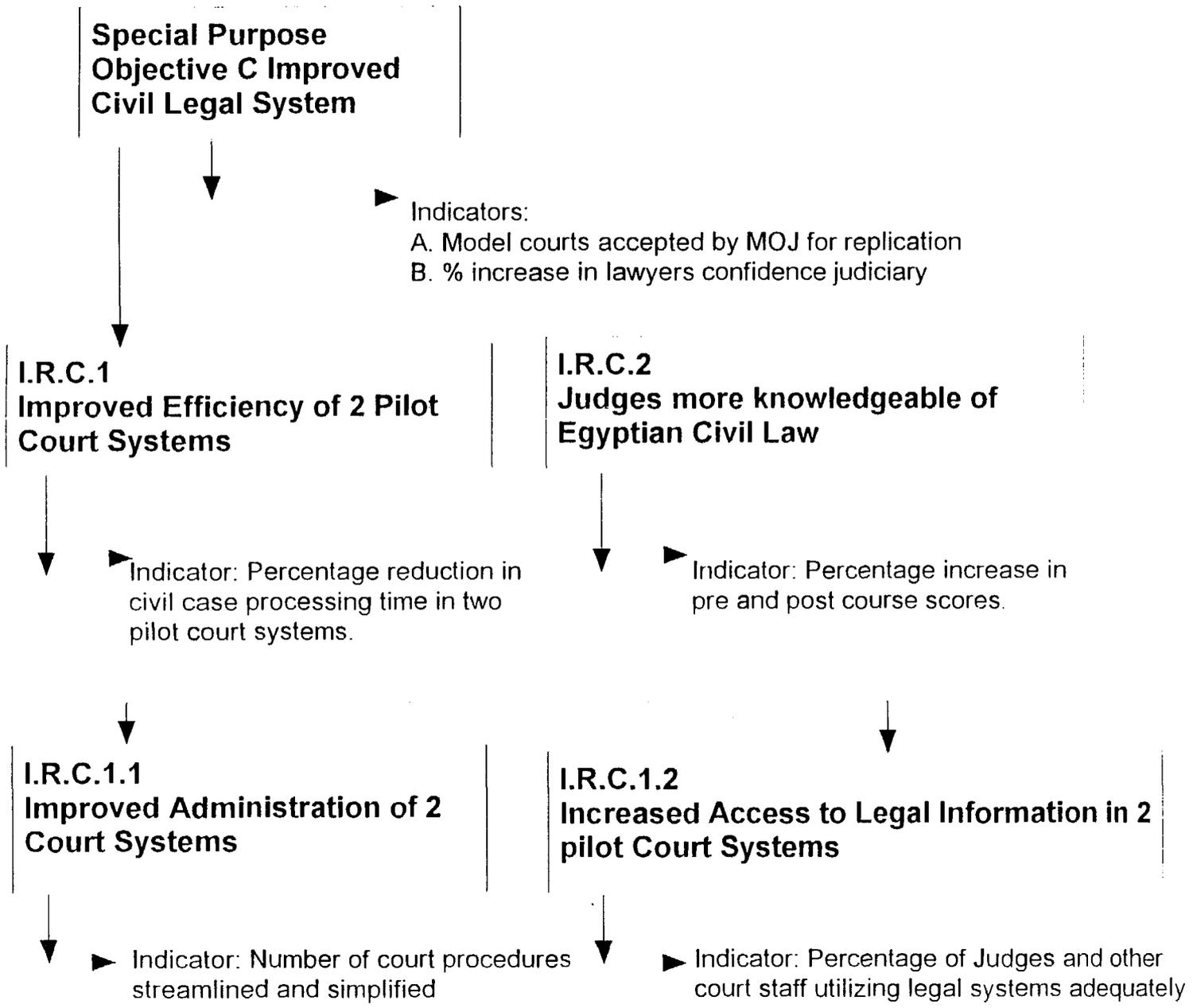
I.R. B.1
Improved Members' Demand for
Improved Information Services

I.R. B.2
Improved Information Services

Indicator:
Members are requesting
information from PA/SA
information services

Indicator:
Members' perception of
improvement in the
information services

SPO C IMPROVED CIVIL LEGAL SYSTEM, - \$17,800,000



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SO # 4: REDUCED FERTILITY

STRATEGIC OBJECTIVE 4
Reduced Fertility

TFR
GFR *

I.R. 4.1

Increased Use of FP Services

I.R. 4.2

Strengthened Sustainability of FP
Systems

CPR
Synthetic CPR

Inflation-adjusted GOE Contribution
in the public sector & NGO sectors

I.R. 4.1.1

Enhanced
Supply

I.R. 4.1.2

Increased
Demand

I.R. 4.2.1

Increased Financial
Self-Sufficiency of FP
Systems

I.R. 4.2.2

Strengthened Institutional
Capacity

I.R. 4.2.3

Improved Policy
Environment

Extended use
failure rate (DHS)

CYPs attribute to
more effective
methods

% of "Gold Star"
clinics

Total Demand
(Met + Unmet need)

CYP in public &
private sectors

Clients' payments as %
of total CYP costs in the
public/NGO's sectors

% mid-level managers
trained/skilled USAID-funded
FP Programs

Population Policy Reform

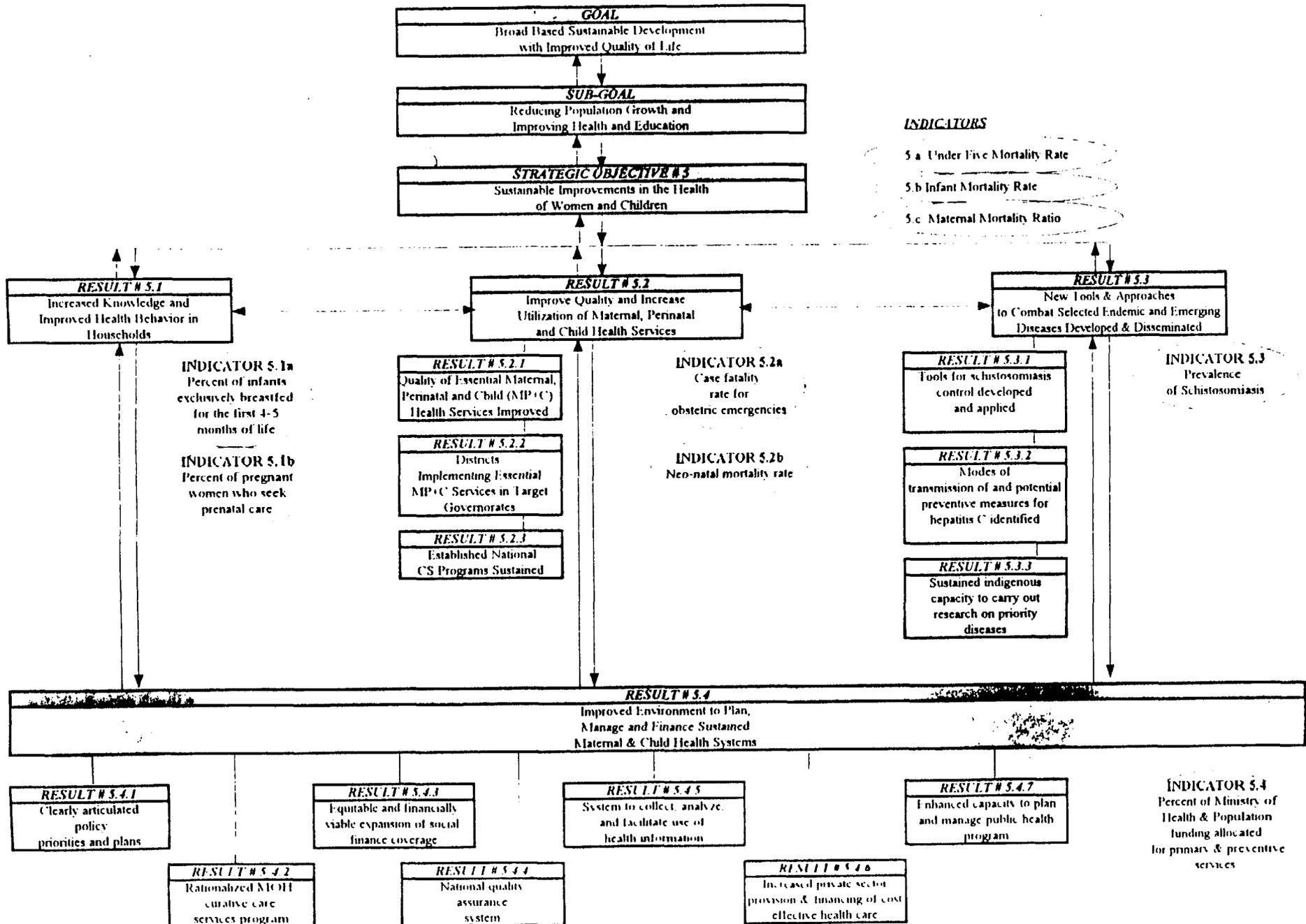
* General Fertility Rate (GFR) = $\frac{\# \text{ births}}{\# \text{ women aged 15-49}}$

x 1,000 in a given year

BEST AVAILABLE DOCUMENT

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RESULT FRAMEWORK SO5



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Strategic Objective No. 6
Increased Access to and Sustainability of Water and Wastewater Service

Result No. 6.1
Improved Recovery of O&M Costs

- Indicators:
- o Percent of O&M recovered
 - o Percent of O&M costs billed per cubic meter produced

- o Tariff model implemented
- o Tariff schedule adopted

Result No. 6.2
Improved Decentralized Utility Management

- Indicators:
- o Financial systems installed
 - o Utility authority formed as regulated municipal utility
 - o Personnel system based on merit
 - o Appropriate and realistic compensation system
 - o Trained management

- o Unified accounting system adopted and installed
- o Personnel system and organizational plan adopted by board of directors, approved by cabinet and CAO, and implemented
- o Management training

Result No. 6.3
Improved capacity to deliver services

- Indicators:
- o Operating costs per cubic meter produced
 - o Percent operators licensed
 - o Coverage in service area
 - o Percent indirect to total staff

- o New sewage effluent outfall designed and constructed

- Indicators
- o Increased access
 - o Operating ratio

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STRATEGIC OBJECTIVE NO. 7
Reduced Generation of Air Pollution

PI:
Accumulated pollution reduction (in metrics tons)
SOx
NOx
CO
Percentage reduction in:
HC
Lead
Particulate emissions

Result 7.1
Adoption of Pollution
Mitigating Technologies

PI:
No. of pollution technologies replicated
No. of plants successfully adopting air pollution control technologies
% of all public sector buses in Cairo running on CNG
% of all vehicles Cairo in compliance with GOE emissions standards

Result 7.1.1
Improved Environmental
Policy Framework

PI:
Electricity tariffs set at economic pricing levels
No. of sector policy reform measures adopted
Vehicle emissions regulations implemented

Result 7.1.2
Technologies Successfully
Demonstrate Reduced Emissions
of CO, NOx, HC and SOx

PI:
From USAID supported interventions
Accumulated pollution reduction (in metric tons) of
SOx, NOx, CO
Percentage reduction in HC
% of natural gas consumed of fuel consumption ratio
Improved fuel consumption ratio to KWH generated

Result 7.1.3
Technologies Successfully
Demonstrate Reduced Air
Emissions of Particulate

PI:
From USAID supported interventions:
% reduction of lead emissions from lead smelters
% reduction in particulate emissions from CNG buses
Emission of lead by vehicles reduced by X% from 1997 levels

Result 7.1.4
Environmental Management
Strengthened

PI:
(From other donor-supported activities):
Environmental Education and training unit established in EEAA
Guidelines established for environmental impact assessments
Environmental information system established
Procedures developed to enforce environmental law
Mechanisms in place for intra-governmental
environmental coordination

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STRATEGIC SUPPORT OBJECTIVE A
Improved Human Capacity
Development System Linked
to Strategic Priority Areas

INDICATORS:

- 1 Number of strategically linked training plans developed**
- 2 Percentage of partner institution providing positive feedback on relevance and delivery of training interventions**

SPECIAL OBJECTIVE D
Approaches to Sustainable Tourism Demonstrated

Indicator: Effective models created

▼
Intermediate Result C.1
Approaches to natural and cultural touristic asset management tested

Indicator: Effective models tested

C.1.1.

▼
Enhanced coordination among public regulatory agencies

Indicator: Effective interagency coordination established for Red Sea Governorate

C.1.2.

▼
Improved NGO-government relationships in site use and management

Indicator: Increased No. of NGOs involved

C.1.3.

▼
Site development and maintenance technologies introduced and implemented

Indicator: No. of technologies introduced
No. of technologies implemented

C.1.4.

▼
Improved Red Sea governorate preserve management

Indicator: Integrated coastal zone management plan developed

C.1.5.

▼
Enhanced regional cooperation in tourism and natural and cultural heritage conservation

Indicator: No. of regional events with active Egyptian participation