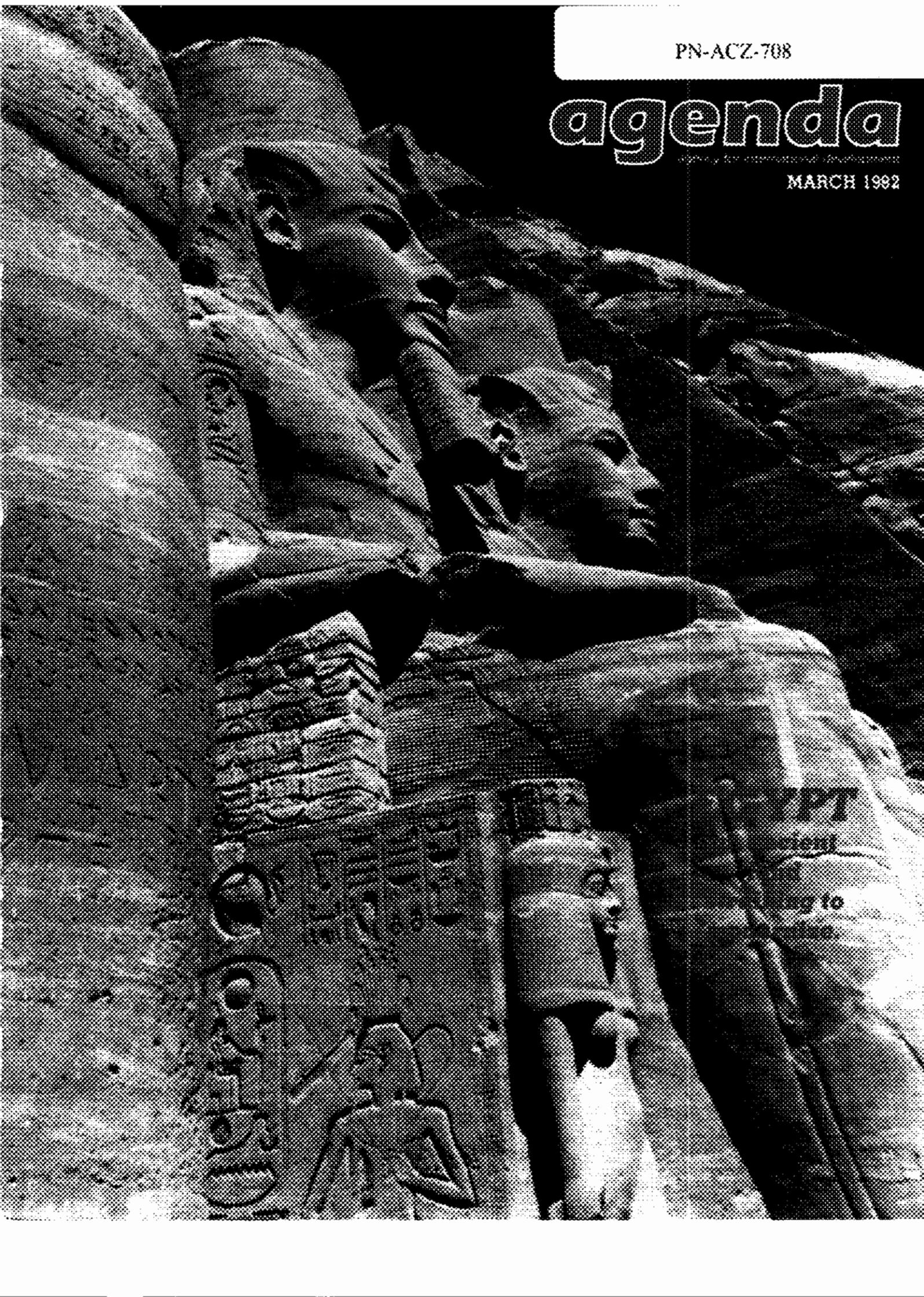


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agenda

Journal for International Development

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DEVELOPMENT UPDATE

Investment by satellite? "Telemission," a new two-way audio and visual satellite will elevate business dealings between Egypt and the United States to new level. Sponsored by the Overseas Investment Corp., the United Nations Development Organization and the Egyptian government, the satellite will allow Egyptian officials to discuss investment possibilities in Egypt with potential investors in New York, Boston, San Francisco, Los Angeles, Minneapolis and Chicago. Opportunities are in food production, food processing, health and medical products and construction materials.

Land reform isn't enough: Ethiopia's experience with land reform provides evidence—if any more is needed—that land reform by itself doesn't produce more food. As a result of land reform, reports the Washington Post, Ethiopian peasants do have more to eat—they no longer have to pay half or more of their crops to landlords. But "because the government has replaced many middlemen with marketing boards using low, fixed prices, the peasants have less incentive to produce beyond their needs. . . . As a result, city dwellers must stand in line to buy limited supplies of teff, the staple grain, at the legal price of about \$25 for a 220-pound sack. Ample supplies are available on the black market for about \$50."

Bananas earn more foreign exchange per acre than any other crop.

You might not expect it, but the International Labor Organization has issued high praise for multinational corporations for bringing jobs to developing countries. An ILO report, however, says only about a dozen Third World countries have benefitted from multinationals' investment over the last couple of decades. The report says that although U.S. firms account for half of the investment in developing countries, recent years have seen faster increases in "annual investment flows" from Japan and East Germany than from the United States.

Reverse transfer of technology is what the United Nations calls the migration of skilled workers from the Third World to such countries as the United States, Canada and England. Between 1961 and 1972, says the U.N. Conference on Trade and Development, the developing countries gave these three countries close to \$44 billion in the form of some 231,000 skilled migrants. Total official development aid from the three industrialized countries amounted to \$46 billion during the same period. The reasons these workers leave their home countries are the same as those prompting migration from the rural to urban areas in the Third World—lack of land, wage and employment gaps and population pressures. Sergio Diaz-Briquets, program director for the Population Reference Bureau in Washington, refers to it as a case of "modernization without development."

If the crow had to walk instead of fly, it might not be such a hardship. In 137 countries of the world, there are over 12 million miles of roads, and that doesn't include China or most of the communist bloc. That distance is equivalent to 27 round trips to the moon, says the International Road Federation, reporting in *Worldwide Projects* magazine. With 21.6 miles of roads, the South Pacific's Cook Islands has the smallest network. The largest is the United States' almost 4 million miles.



Cover: Egypt is a proud country—perhaps none other has a cultural heritage so rich. But now it is struggling to fit into a modern age. The unique characteristics of the land, its people and its history have put a distinctive stamp on AID's relationship with Egypt, but at the same time AID's activities there may well be a microcosm of economic development assistance worldwide. This issue is devoted to articles showing the difficulty of the tasks ahead, and the progress already being made by Egyptians and Americans working together.
 Cover Photo: United Nations/UNESCO
 Photo credits: James F. Bednar, pp. 4, 8, 20; Clyde McNair/AID, p. 3; B.P. Wolff United Nations, p. 5; AID all others.

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Unless otherwise noted, all articles in this issue are by James F. Bednar, writer-editor in AID's Office of Public Affairs.



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AID AND EGYPT

**A statement by W. Antoinette Ford,
Assistant Administrator, Bureau for Near East.**



When President Reagan and Administrator McPherson asked me to join the Agency for International Development as Assistant Administrator for the Near East, I was eager to accept the challenge. AID's Near East development programs include the Agency's largest programs as well as some of the smallest. They cover a wide variety of activities, and are being carried out in a region of great political complexity, volatility and importance. Our programs in Egypt, as you will see in the articles that follow, are a microcosm of most of AID's activities worldwide. At the same time, the program's size, the unique characteristics of Egypt as a country, of its people and of its history, have put a distinctive stamp on AID's relationship with that country. Egypt was the first country I visited after assuming my current responsibilities. I hope that this special issue of AGENDA will convey at least a small part of what I personally experienced.

U.S. assistance to Egypt was resumed in 1975 against the backdrop of a major U.S. foreign policy initiative to achieve peace and stability in the Middle East. The AID component of this assistance is designed to accomplish three objectives in support of Egypt's development: stability, productivity and equity. The relative emphasis given to each of the three objectives and the mechanisms for achieving them have evolved since 1975, as circumstances changed and we gained experience in working with the Egyptians (and they with us). Nevertheless, the basic goals have remained the same.

PL-480 Title I loans and the Commodity Import Program promote stability by providing balance of payments support for the purchase of essential food commodities, raw materials and intermediate goods.

Increasing productivity is addressed in a variety of ways and in many sectors. In the first place, much basic infrastructure—port facilities, power systems, telecommunications—that had deteriorated or had been destroyed had to be replaced. Inefficient and outmoded industrial plants are being rehabilitated

New Trade Financing Facility Gets Underway

AID's new Trade Financing Facility (TFF) in Egypt, which became operable in December, will enable U.S. exporters to better compete with foreign companies for Egyptian business. U.S. firms have lost bids to provide Egypt with requested commodities because, even after offering the lowest, responsive price, they have been unable to offer financial terms that are competitive with concessional financing offered by non-U.S. firms.

The TFF was established under the Commodity Import Program and financed with a \$25 million AID grant. The decision to assist any particular transaction with TFF earmarked funds must be made with the concurrence of both AID and the Government of Egypt.

TFF financing is available only when a U.S. firm already has offered Egypt the lowest responsive price for requested goods and both U.S. and non-U.S. companies are competing for the same commodity supply offer.

Funds from the TFF may be used to finance up to

50% of the total contract price, with a maximum limit of \$10 million per individual transaction. The Government of Egypt will determine the actual amount to be financed through the facility on a case-by-case basis.

The Government of Egypt and AID believe the TFF will help increase the participation of American firms in Egypt's economic development. At the same time, both countries expect the facility to create a wider selection of cost-competitive goods and related services to help Egypt minimize its import bills.

For more information, please contact:

Project Development Office

Near East Bureau

U.S. Agency for International Development

Washington, D.C. 20523

or

Office of Commodity Management and Trade

USAID

American Embassy

Cairo, Egypt

M. Peter McPherson, right, AID Administrator, with Fattah Ibrahim, Deputy Prime Minister of Egypt, upon the signing of a \$300 million grant agreement.

and modernized. The long-neglected private industrial sector is being paid special attention. Although Egyptian agriculture already is highly productive, ways are being found to increase that productivity further through research and extension activities, more direct support to farmers with credit and cooperative programs, and improvements to the irrigation system upon which all Egyptian agriculture depends. Upgrading of human resources through training programs in the United States, direct transfer of technology, and assistance to Egypt's many educational and scientific institutions is contributing to productivity throughout the economy.

The goal of equity is being pursued in a variety of ways as well. Urban water and sewer systems and comparable infrastructure improvements in small towns and villages are examples. Another is improvement of health programs, especially those aimed at reduction of infant mortality and delivery of health services to previously unserved elements of the population. Population programs are stressed not only for their national economic importance, but also



because effective family planning directly affects maternal and child health. In education, efforts are aimed at improving access of primary school children to relevant education, with particular attention to increasing the education of girls and women and rural students.

These goals cannot be achieved overnight. But Egypt is making rapid progress toward them and we are proud of AID's contribution.

United States and Egypt Sign \$300 Million Grant Agreement

The United States and Egypt have signed a \$300 million grant agreement to strengthen Egypt's economy and enable that country to buy hundreds of commodities from American suppliers.

The agreement was signed at the State Department by M. Peter McPherson, Administrator of the U.S. Agency for International Development and Fattah Ibrahim, Deputy Prime Minister of Egypt.

"Under the AID commodity import agreement," McPherson said, "Egypt can buy goods it needs to increase agricultural and industrial production and create jobs. The goods, all to be purchased in the United States, could include tallow, corn, cooking oil, tin plate, fertilizers, pesticides, trucks, agricultural machinery, earthmoving equipment, and hundreds of other items."

The new \$300 million grant is divided into three parts:

- \$150 million to buy basic supplies from the United States.
- \$100 million for basic investment in goods and raw materials in various sectors of the Egyptian economy, such as agriculture, industry, health and education.
- \$50 million for continuation of funding for the new Trade Financing Facility in Egypt.

"The most important objective of U.S. economic assistance to Egypt—and other countries in the Middle East—is to help bring peace to the area," McPherson said. "We do this primarily through AID's Economic Support Fund, which includes the Commodity Import program we announced today."

"We expect that the grant agreement signed today will help Egypt continue its economic progress."

EGYPT: IN PURSUIT OF PROGRESS

An ancient land pushes into a modern age.

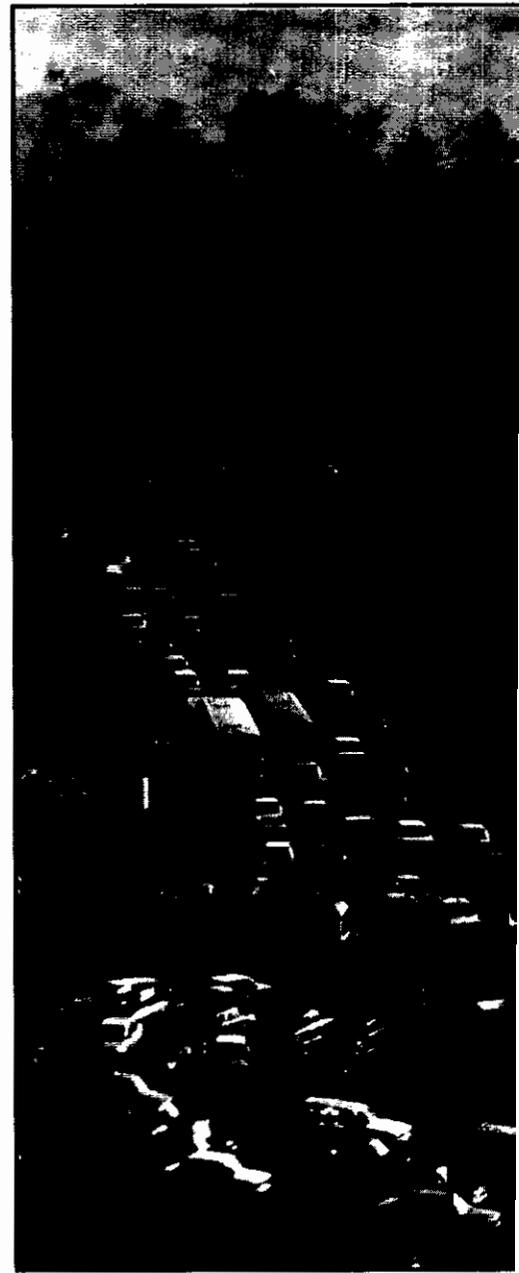


My travel alarm cuts through the pre-dawn hush of the middle class hotel in Luxor, a small city just across the Nile from ancient Thebes. The city is dark—another electrical brownout—not as common today as in the past years, but still occurring now and then throughout Egypt. So, by candlelight I prepare for a trek by bus into the Egyptian countryside and a taste of what is everyday life for most of the nation's 44 million people.

Hopscotching across the sleeping bodies of porters, busboys, clerks, and cooks strewn across the lobby floor, I reach the cool of the street. The dust parches my throat. No surprise; there has been no rain here in Upper Egypt for months and none is expected. This region will accumulate an inch at the most this year.

At this hour the streets, too, are quiet, not as they will be by mid-morning—churning with activity in heat of 100 degrees or more. But now the peace is broken only by the clatter of the horse-drawn cab carrying me to the bus depot.

There, despite the hour and in contrast to the tranquility elsewhere, a crowd has gathered. They are common folk, most bound for villages and outlying areas along the route to Quena and Aswan. The signal to board is given and I am swept up in a rush that soon fills every seat. It's just the beginning.



In a short time we make our first stop, to pick up more passengers, and now the bus is overloaded. There are people everywhere.

Surprisingly, the now-intense heat and the crush of bodies produce a kind of calm. A rhythmic, almost hypnotic music drifts in and out over the sound system. An old woman, wrapped in black cloth and veil and crouched on the aisle floor, closes her eyes and sways to the tune.

The beat-up bus, age 5-going-on-30, careens along what is a relatively good road paralleling the Nile.



Virtually the only source of water for the entire country, the Nile threads its way for 500 miles from Upper Egypt in the south to the Mediterranean Sea in the north. But the river only sustains a meager 4% of all of Egypt's land. And that is, in effect, a narrow strip of fertile soil in an otherwise constant desert. Almost all of Egypt's people are crowded onto that narrow green strip.

An hour or so out of Luxor, our bus stops, this time for a very young woman, a baby in her arms. Clearly

it is her first, but like most women here, she will probably have six or seven more. And, going by statistics, one or two of them won't live beyond infancy.

Through a growing cloud of dust that seems to increase with the temperature, I can barely make out fields of wheat, sorghum and sugar cane. There are farmers at work there, using tools that are little changed from what generations of farmers before them have used. Their families sit on the ground in the shade of palm trees. A water buf-

falo turns a pump bringing water to the fields from an irrigation canal. The beast is blindfolded—so it won't see that it is tracing an endless circle, I am told.

Now we leave the pavement and bump along a country road. Flat-roofed, mud brick houses come into view and fly by, a few at first, then more in a blur. The horn blares and men in long flowing robes and turbans, women balancing baskets of live ducks or green peppers on their heads, and children, some of them leading herds of sheep and camels, scurry out of the way.

I have to brace myself to avoid falling into the passenger next to me as the bus halts abruptly. The old woman in the aisle now struggles to get up, and the men next to her quickly raise her above their heads, as if she were no more than a bundle of black rags, and pass her hand-over-hand to the door and outside. The bus shudders and moves on.

When endless dust totally defeats my efforts to see through the peephole I have scratched in the dirt-encrusted window, I surrender, as the old woman did, to the music. Soon we will reach Aswan and the end of the journey.

Egypt is a proud country—perhaps none other has a cultural heritage as rich. But now it is struggling to fit into a modern age. What is clear to the observer is that the route to in-

dustrialization is, and will be for some time, strewn with formidable obstacles. At least one of them is shared by most developing countries: too many people on too little land. But Egypt has added burdens: an economy drained by a 30-year state of war—now ended—and a 20-year experiment—now discarded—with a centrally controlled economy characterized by tight controls and burdensome subsidies.

According to official record in 1974, while pursuing peace, Egypt started to move toward a market-oriented economic system, lessening government intervention. After two previous decades of government regulation of prices, resources, industrial production, agricultural production—and almost every aspect of daily life—the transition has not been easy. A delicate balance of social, political and economic demands has been essential.

Since 1975, recognizing the difficulty of the task ahead—and the great importance of Egypt to U.S. interests in the Middle East and to peace—the United States, through AID, extended a helping hand in the form of the largest foreign economic assistance program in history. Between 1975 and 1981, U.S. economic aid totaled \$6.1 billion. The second-largest program for the same period was in Israel where the total AID economic assistance package was \$5 billion.

Egypt's population has more than tripled in this century alone. Yet the area of cultivated land has remained by and large the same. To change this, the Egyptians, with AID help, are building up research and extension services, improving irrigation systems, and expanding credit and cooperative programs.

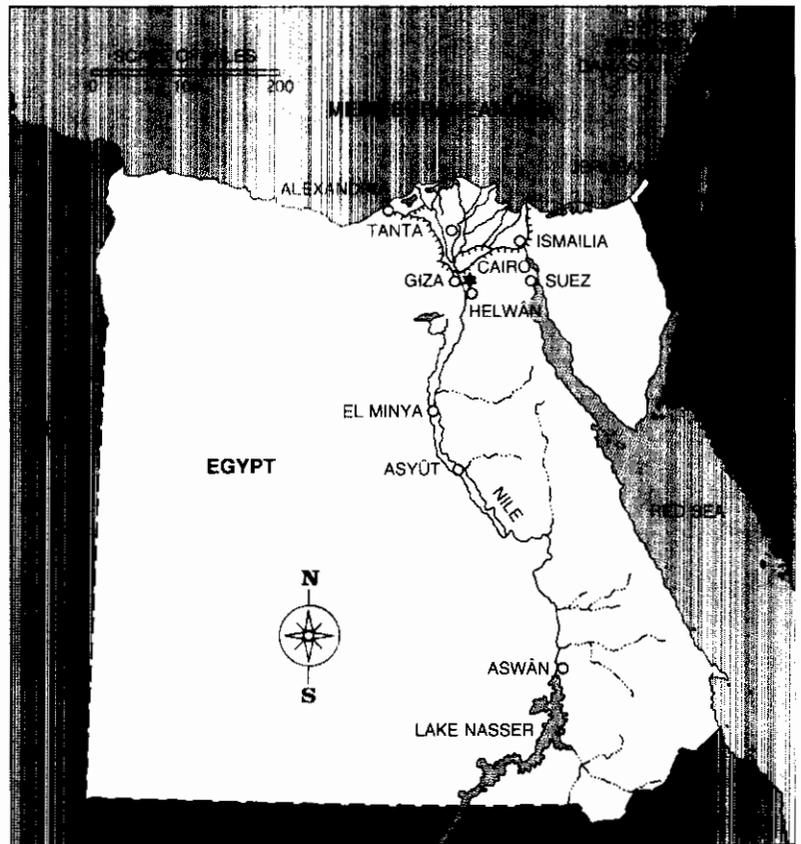
The results will not come overnight. Boosting farm output is a long-range endeavor.

In the meantime, experts told me, there are some serious problems to be addressed. For example, by 1970, because of the limitations of the growing imbalance of what farms

produced and what people needed to eat, 40% of all the food Egypt needed was being imported. As costs have escalated, so has the burden on the economy. Resources that could have been directed to investment, capital improvements and the like, have had to be diverted to pay for the food.

And there has been another economic drain: defense. At one point in the early 70s, 40% of Egypt's gross national product went for arms.

All in all, any regular upkeep or improvement of railroads, highways, telephones, and power plants has been delayed at best. Making the situation even worse was the widespread destruction that the recurring fighting with Israel wrought, particularly in the Suez area. There one still can see rusty, twisted skeletons of troop carriers and armored vehicles and the piles of rubble that once were houses. What many analysts consider the most



Arab Republic of Egypt
 Capital: Cairo (population about 10 million)
 Population: 44 million (1981)
 Land area: 386,100 sq.m. (slightly larger than California, Nevada and Oregon combined)
 Annual population growth rate: about 3.0%—three times the U.S. growth rate
 Gross National Product per person: \$480
 Major agricultural products: cotton, wheat, rice, corn
 Industry: petroleum products, chemicals, fertilizer, textiles.
 Jobs: 50% in agriculture, 13% in industry
 Major exports: petroleum, cotton
 Major imports: food, particularly wheat, vegetable oil and sugar; industrial equipment and materials
 Main trading partners: United States, Italy, West Germany

devastating blow to the Egyptian economy came in 1967 during the Six Day War with Israel, when so many ships were sunk in the Suez Canal that it had to be closed, and with it its three ports, Port Said, Suez and Ismailia. As a result, a major source of revenue, primarily from transit fees—about \$300 million a year—dried up.

A change for the better began to take shape when in 1974 then President Anwar Sadat announced his *Infitah* or Open Door Policy in recognition that something drastic had to be done to stop skyrocketing debt and economic deterioration.

Infitah represented a totally new economic and foreign-policy thrust for Egypt. Sadat reduced ties with the Soviet Union and the Eastern Bloc, ties already frayed after the expulsion of Soviet military advisers in 1972. More importantly, Sadat embarked on the road to peace with Israel, fully aware that this action would be met with hostility by the other Arab nations.

That hostility took the form of a suspension of Arab aid to Egypt, about \$1 billion a year from Saudi Arabia, Kuwait, United Arab Emirates and Libya. But that punitive measure was countered by an increase in Egypt's exchange earnings and by U.S. and Western aid. U.S. economic assistance began in 1975—then a total of \$372 million—almost all for rebuilding after the war. The assistance was twofold: AID set up a Commodity Import Program (CIP) to finance imports of consumer items, raw materials and other goods. In addition, AID provided Food for Peace, PL-480, direct donations of food.

Initial AID projects concentrated on the wartorn Suez zone. The Americans, with the French and the British, helped Egypt clear the Canal; it reopened in 1975. By 1980, its earnings totaled \$660 million a year.

Now an ongoing program to widen and deepen the waterway for super-tankers offers potential earning in-



creases of up to \$1.5 billion yearly by 1985.

Other foreign exchange earnings have increased. For example, about 50% of the oil produced in Egypt is exported; revenues reached about \$2.7 billion in 1980. With the return of the Sinai oil fields, and with continued exploration in the Suez, that figure may go higher.

One of the largest sources of foreign exchange comes directly from the Egyptian people—the 1.5 million who work in other countries. The pay—or remittances—they send home totaled about \$2.7 billion in 1980. These workers teach in Algeria and Saudi Arabia, run oil rigs in Libya, work in health clinics and hospitals in Saudi Arabia and farm in Iraq.

Tourism is still another source of foreign revenue. Earnings from visitors to Egypt's historic ruins and

elsewhere have risen from \$600 million in the mid-70s to \$780 million in 1980. It is expected that the figure will reach \$1.5 billion a year by 1985. In anticipation, Cairo is in the midst of a hotel building boom.

With the picture getting brighter for foreign exchange, AID's program is increasingly focusing on the domestic economy and on shoring up its underpinnings: power generation and distribution, port improvement, water and sewer systems, and communications. No less important is creating a climate that will allow the nation's industries to modernize and expand.

Many industries found themselves part of a growing public sector during Egypt's experiment in central planning. Then, in addition to nationalizing the Suez Canal in 1956, the government took over the financial institutions and foreign branches of



The Aswan High Dam is Egypt's largest single source of power.

European-owned firms. By 1964, all mining, utilities, communications and finance and almost all manufacturing, transportation, trade and large construction firms were absorbed. What was left of the private sector—mostly small and medium-sized businesses—was subject to excessive government regulations, including fixed prices and control of supplies and capital flows.

While the system was well-inten-

tioned—its objective was equal distribution of wealth and income—the trouble with it, economists say, was that it encouraged inefficiency; there was not enough competition, and there were too many workers with too little to do. Decision-making became more centralized, and this de-emphasized the need and the incentive for individual initiative. The result: economic stagnation. Growth rates dipped.

U.S. LEADS IN ECONOMIC ASSISTANCE.

For the past few years, Egypt has received an average of \$2 billion a year in foreign economic assistance from all sources. While the United States' program, totaling \$1.2 billion in 1980, has accounted for over half of the total, other donors have made important contributions:

World Bank funds, \$450 million in 1980, have contributed to the widening and deepening of the Suez Canal, drainage projects in the Delta and Upper Egypt, power plants, telecommunications, and railway improvements throughout the country.

West German funds, about \$150 million in 1980, were mainly grants for improving fertilizer production, the water supply in Cairo, a Suez power plant, an Aswan claybrick factory, a cement factory, sugar plants and several power plants.

Japan's aid, totaling \$175 million in 1980, was a combination of commodity import financing and project funding. Major projects include Suez Canal reconstruction, Alexandria port renovation, Cairo water supply improvement, power plants, Cairo airport improvements and an iron and steel plant.

Sadat's Open Door policy set a new course. It called for a liberalization of the economy, encouragement of foreign investment, increased support for the private sector and decentralization of government, and control and economic decision-making at the local level.

But there has been some anxiety about the shift. After more than 20 years of government domination, both the bureaucracy and some interest groups, facing massive readjustment, are reluctant to let the market control resources and prices.

Despite this resistance, with U.S. help, Egypt has been able to bring about change. AID has helped to pinpoint specific measures needed to improve efficiency in public sector industries including large construction firms and textile manufacturers. Moreover, AID has encouraged investment in privately-owned plants either by making technical assistance or credit available for expansion.

The Open Door policy also has encouraged foreign investment. Between 1975 and 1979, national investment averaged about 25% of the GNP—up sharply from the average 14% during the preceding five years. By comparison, during the same period, 1975-1979, U.S. private investment represented 14% of the U.S. GNP. And from these foreign investors, the Egyptians are learning new technology and better management. Egyptian Law 43, passed in 1974, allowed foreign firms to bring in equipment without having to pay a tariff. Foreign investors now may form joint ventures with public sector companies. Benefits include tax holidays and a guarantee against nationalization. Already Union Carbide, Squibb and Coca-Cola have set up operations. By 1980, new foreign, private (non-oil) investment had reached about \$400 million a year, compared with \$100 million just three years earlier. The total U.S. private investment is now over \$2 billion.

Also part of Sadat's plan, Egypt's

efforts to diminish the role of the central government is not unlike President Reagan's efforts to increase the role of state governments. The 25 Egyptian "states" are called governorates. In addition to a governor appointed by the president, each has village chiefs and councils. Until recent reforms, decisions, even those directly affecting a village, were made in Cairo and carried out by the governor. Trying to reverse this hierarchy has been difficult, since few village leaders have the know-how to fully carry out their new responsibilities. Here, too, AID is helping—by training some of these leaders and by aiming various projects at giving added decision-making responsibility at lower levels. For example, one project not only provides guidance in making decisions, but also makes credit available for setting up small-scale profit-making enterprises—fish and poultry farms and pickling factories, to name a few. Another project supports villages trying to improve their own roads, public transportation, and water and sewer systems.

The social and economic benefits achieved under the centralized system have been retained with ongoing emphasis on public education, health and on helping people buy food. Primary and preparatory school registration has tripled in 20 years. The number of hospital beds has more than doubled and 2,500 clinics with professional staffs have been set up. Egyptians have been protected from worldwide inflation by the government subsidies of such basic necessities as flour, rice, sugar and tea.

While these programs have achieved social improvements, they also have produced a heavy drain on the economy. The food subsidies have cut deeply into the national budget. By 1980 the subsidy program cost \$1.7 billion—an amount equal to Egypt's 1979 budget deficit, or over 10% of the GNP.

But to make any change in the subsidy program is fraught with moral



Many of today's farming methods mirror those of thousands of years ago.



Many families cannot wait for housing projects to be completed.

and political pitfalls. Even with the subsidies, many Egyptian families spend between 70% and 80% of their income (average income is \$630 a year, compared with the U.S. average of \$12,000 a year) on food. In January 1977, when the government attempted to reduce subsidies on flour and some other foods the people rioted—there were 80 deaths. The subsidies were restored. Now, still attempting reform but determined to protect the poor, the government is planning to introduce a food stamp program this year. It was Sadat's wish; and Egypt's new president, Hosni Mubarak, has vowed to follow through with it.

But resistance to overhauling the subsidy program can be found in industry as well. Its stake is in the cost of energy. The heretofore fixed low price for fuel is about one-fifth that of world prices. Business leaders say this has freed industry from concerns about energy efficiency and has encouraged growth; if the subsidies end, entire industries will be forced to make major production

changes or raise prices drastically. The situation is reminiscent of that encountered recently by the American auto industry.

"Detroit is retooling to the tune of \$8 billion," one AID economist in Cairo told me. "And Egypt's industries may well have to do the same."

In the end, the success of the Open Door policy and the peace initiative depends on the support of the people. That support depends on an economic and political stability that is fragile. With 3,000 people now crammed onto every square mile of arable land (as compared with 133 people per U.S. square mile), the nation's health clinics, hospitals and water, sewer, housing and transportation systems cannot handle steadily increasing numbers.

In response, the government has targeted population growth and, with AID support, has encouraged a more comprehensive family planning program. A massive public information campaign has placed billboards throughout the country, run televi-

sion and radio ads and used other techniques to promote the idea. AID's population projects also help increase the availability and supply of contraceptives. In addition, AID has several other projects aimed at improving life for most Egyptians. For example, although there are networks of hospitals, schools, clinics and social centers already throughout the country, over the years the quality of services they offer has deteriorated. Now AID is helping to train personnel and modernize facilities. Other AID projects are attempting to lessen the number of infants who die because of poor sanitation and unsafe water.

Without doubt Egypt has taken several important steps forward. Economic growth is between 8% and 10% a year now, compared to 3% in the early 1970s. The balance of payments is improved. The Suez Canal and the ports of Alexandria, Suez and Port Said are working more smoothly and are handling more trade than ever before. Cairo's telephones, while not perfect, are much better than they were five years ago when it was difficult, if not impossible, to call across the city. Buses, trucks and trains are moving people and goods between villages and cities. Rural areas have new wells and water pumps, bringing clean water closer to the homes. Parts of Alexandria now have a sewer system for the first time. Electricity is becoming more available, brownouts, less common. Farmers can borrow money to improve their livestock or buy threshers or diesel irrigation pumps. A recent World Bank report concluded that "vitality characterizes the Egyptian economy."

But Egypt's hold on that vitality is tenuous. U.S. foreign assistance to Egypt is therefore crucial to satisfying economic and social needs, giving time for the process to take hold. The AID program is helping develop a self-supporting Egyptian economy. But, as so many told me, no one should underestimate the difficulties involved. □

STOPGAP

U.S. assistance is buying
time for development.

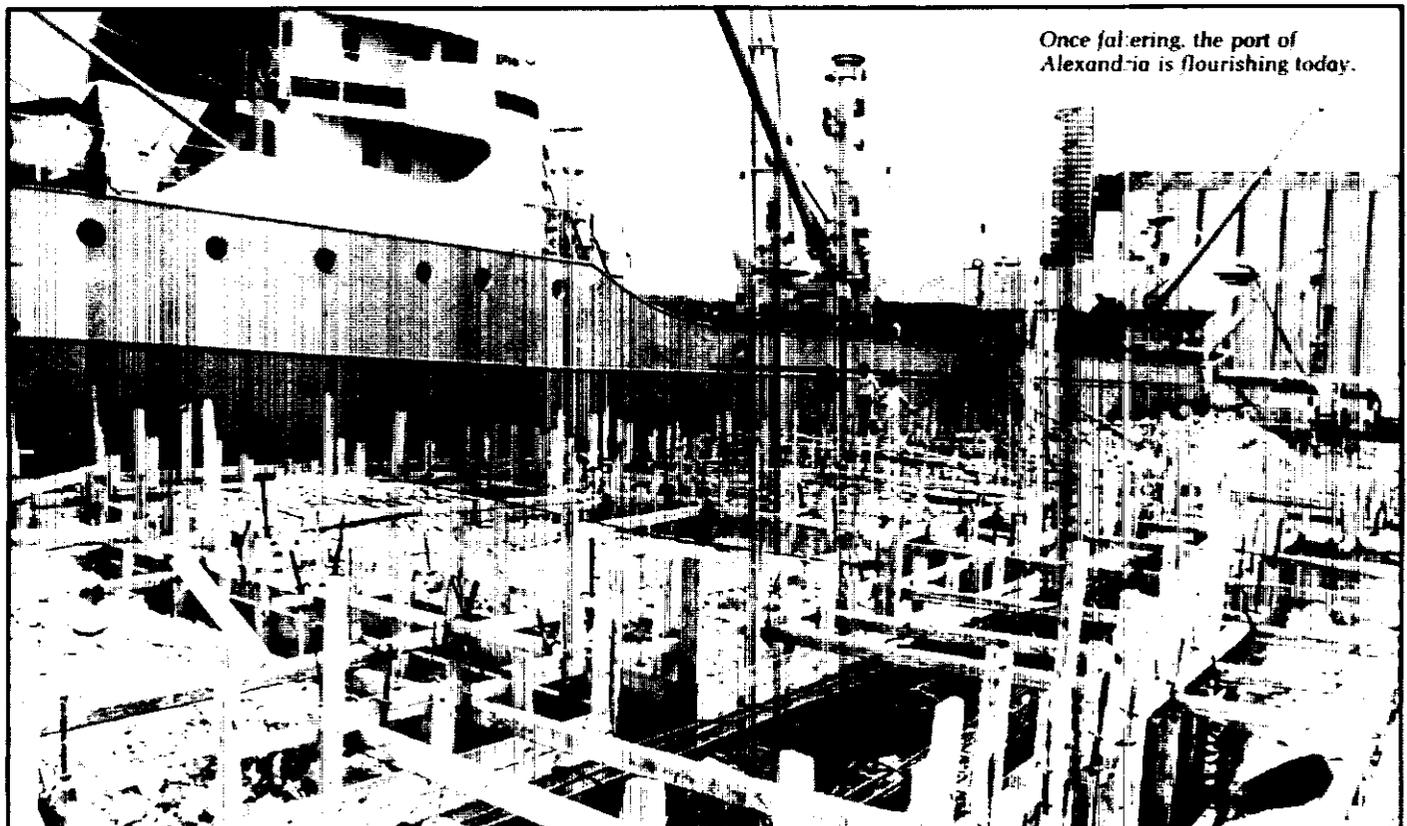
Huge diesel trucks roar out of Gate 10, the port of Alexandria's main exit. These giant mechanical beasts of burden groan under the weight of piled-high cargo: bags of grain, flour, fertilizer, cement, plywood, rolls of newsprint paper, steel cable. By late in the evening, some of the trucks will be rolling down the streets of Cairo, delivering their cargo to factories, stores or construction sites. Others will still be en route to delivery points in Upper Egypt, miles to the south.

Inside the port, cranes and forklifts work furiously to unload the ships. At one dock, giant vacuum machines hum as they draw grain from ships' hulls into waiting burlap sacks. Barefoot workmen quickly sew the bags shut with needle and thread. At another dock, a crane loads bales of cotton, one of Egypt's most important exports, onto a ship. And nearby, railcars laden with coal slowly head out of the port, bound for Egypt's steel mills. In the background, giant silos tower over the dizzying commotion.

The scene in the port is in stark contrast to what it was just six years ago, following the aftermath of a devastating war. Then the only functioning port in the country because of the closing of the Suez Canal, Alexandria was bending under the strain. Designed 150 years before, it had been little changed since. And with Egypt having to import about 40% of its food, Alexandria was faltering. At times as many as 100 ships were anchored outside the port awaiting a berth.

The badly needed food rotted or became pest-infested in ships' hulls or on the docks. Because there were no storage facilities, unloaded cargo lay in piles wherever there was space. The aging equipment and trucks frequently broke down, and when they did, they were abandoned where they stood until spare parts could be found.

Two "stopgap" measures were primarily responsible for changing this scenario. They were AID's Commodity Import and Food for Peace programs—both



Once faltering, the port of Alexandria is flourishing today.

aimed at providing short-term relief while Egypt invested in much needed, longer-term development programs.

The Commodity Import Program (CIP) finances imports of U.S. equipment, raw materials, agricultural goods, and consumer items. The Food for Peace Program provides help to Egypt in two ways: Under Title I, low-interest, long-term loans cover the cost of importing U.S. food; under Title II, food is given on a grant basis for distribution at maternal-child health centers, rural schools, orphanages and other child

HOW CIP WORKS IN EGYPT

The Commodity Import Program has been a major avenue for U.S. business entering the Egyptian market. By CIP requiring, with very few exceptions, U.S.-manufactured commodities, U.S. businesses are introduced to Egypt and then usually expand beyond the CIP-financed imports.

The actual allocation of CIP's "line of credit" among Egyptian agencies is up to the Egyptian Government. The Ministry of Finance weighs the requests from the numerous government ministries, then passes the approved requests on to AID. Once those requests are in turn approved by AID, the Egyptian embassy in Washington, invites U.S. companies to bid on the needed commodity for delivery to Egypt. The bidding normally closes after 45 days followed by Egyptian buyers evaluating which supplier fills their needs at the lowest price. After embassy and ministerial approval, a letter of credit is issued authorizing the required funds to be drawn from one of 19 participating U.S. banks. AID then reimburses the U.S. bank. Procedures established by the Government of Egypt are used for the 10% set aside by the private sector importers. Standard international letters of credit are issued by the Egyptian banks through U.S. banks where AID funds are to cover the financing of the letters of credit.

The CIP not only fills Egypt's immediate needs but also gives the Egyptians experience in commercial and international trade practices by allowing them to be the main actors. But the program is carefully monitored by AID. A post audit is done on every transaction and all U.S. suppliers must agree to completely open records. "Actually, the best policemen of the program," says Rance Looper, one of AID's CIP officers in Washington, "are the U.S. businesses competing for the contracts. The bidders assure that commodities offered really meet the published requirements by comparing their own offers with those of their competitors. They immediately notify the buyer and AID of any discrepancies."

Over 400 firms throughout the United States have directly benefited from the CIP. In addition, U.S. trade with Egypt has increased, surpassing \$2 billion from 1975 to 1980. The United States has become Egypt's major trading partner followed by Italy and West Germany. The opportunities offered by an Egyptian market are just beginning for U.S. business.

centers. Together, these programs have accounted for about \$3.1 billion—or 57%—of U.S. economic assistance to Egypt from 1975 to 1981.

The port of Alexandria story shows how these programs have been put to effective use:

In April 1975, AID brought Ernie Ball of PRC Harris Inc. to Alexandria to recommend ways to solve the port's congestion and chaos. Within two months, and at Ball's urging, the Egyptian army brought in a fleet of trucks to move the piles of cargo out of the port. The first step taken, Ball then recommended a list of the new equipment, renovations and changes that had to be made for the port to handle the trade load expected in 1980. His recommendations and a World Bank study resulted in a joint U.S., World Bank, Japanese project.

Japan supplied \$25 million worth of marine equipment such as tugs and barges; the World Bank provided \$55 million for improving the docks and ship berths; and AID financed a \$30 million cargo-handling equipment project. Many of the cranes, forklifts and trucks working in the port today were delivered under this project. Also two prefabricated warehouses were put up to help the stevedores keep their equipment working.

Today, the Egyptian workers proudly show visitors row after row of a well-organized spare parts inventory. In the second warehouse workers repair the trucks, and across the street a renovated workshop repairs the engines. "Before, the so-called repair shops were unsafe and unmanageable," says Ball. "Mud and grease covered the floors and tools. Spare parts were hardly ever available in the port."

Besides equipment to unload the cargo, AID has financed much of the needed transportation equipment to get the cargo—in large part, U.S.-donated food—to where it is needed. Over 700 of the heavily laden trucks were purchased through the CIP. Over 1,100 AID-financed freight cars, including 15 refrigerated cars, and 250 rebuilt diesel engines haul cargo throughout Egypt. These cars make up about 16% of Egypt's total rail cargo capacity. About 250 marine diesel engines purchased through the CIP have upgraded barge transportation on the Nile.

Cutting the waste and spoilage of the grain, tallow and edible oils has been another AID concern. The 96 AID-financed portable grain vacuums unload up to 70 tons an hour. The silos in the Alexandria port are one of AID's projects to improve storage and distribution systems. Similar silos are being built outside Cairo. The silos and the adjoining renovated pier will greatly reduce losses, tripling the grain capacity of the port, therefore reducing the costly waiting time for ships. The automatic unloading and bagging equipment will shorten the time to get the cargo out of the port.



Since 1975 Egypt has imported about 8.7 million tons of wheat and flour alone.

New equipment and technology provided under the Commodity Import Program is giving new life to industry.



"The purpose of the silos is not long-term storage but better distribution," says contractor Harry Collins of Kiddie Consultants. "As part of the project, the Egyptian government is upgrading the railroad tracks in the port. So imports will be able to leave the port by rail, truck or barge."

The pace of the Alexandria port bears witness to the improvements made there. The port handles 90% of all Egypt's imports. While the material moved through the port has increased annually by 6.5 million tons since 1976, the ships' waiting time has been cut by over 20%, saving the Egyptian government about \$22 million.

Now, rotting piles of food no longer are the rule. Replacing them are the neatly sewn bags of wheat, flour and beans arriving—and being delivered—each day through the Food for Peace program.

Since 1975, Egypt has imported about 8.7 million tons of wheat and flour, 276,000 tons of corn, and 1,300 tons of edible beans under the program. In 1981 alone, the PL-480 wheat and flour met more than one-quarter of Egypt's need for wheat, the country's basic food. In cities, every third loaf of bread is made from PL-480 wheat or wheat flour.

AID's "stopgap" programs have gone far beyond Alexandria, contributing heavily to what has been described as Egypt's "new vitality." Raw materials and industrial equipment imported under CIP have

helped Egypt's industries meet the average Egyptian's daily needs for soap, canned goods, matches, food and other basic goods. Over half the tinplate used in Egypt's canning industry is provided with AID financing. Tallow imports provide the base for the entire Egyptian laundry industry. The trainload of coking coal seen in the Alexandria port also was purchased through the CIP. Woodpulp, industrial chemicals and scrap metal are a few of the other AID-financed industrial materials. New equipment and technology is giving new life to industry, and the United States is supplying much of it:

- Food processing equipment and automatic bakeries that can produce 6,000 loaves of Egyptian-style bread per hour.
- A rotary hearth furnace, which cuts production costs by 20% in an aluminum plant.
- Air compressors, chain hoists and other equipment to update four cement plants.
- Printing equipment for several Egyptian newspapers.
- Refining equipment for sugar mills.

Both Egyptian and AID officials agree that a strengthened infrastructure is an essential precondition to improving industrial and agricultural production. Therefore, a high priority has been given to restoring and expanding the power, communications and transportation sectors. The CIP, with its ability



In cities, every third loaf of bread is made from PL-480 wheat or flour.

to get quick results, has played the lead role in AID's efforts to help accomplish these tasks.

The eastern shore of the Suez Canal was returned to Egypt in the disengagement talks with Israel following the 1973 war, and President Anwar Sadat wanted to reopen the canal as soon as possible, to earn badly needed foreign exchange. Beginning in late 1974 the United States, Britain and France began helping Egypt clear the channel of mines and sunken ships. On June 5, 1975, the strategic waterway reopened for international traffic. To accomplish that, AID supplied two dredgers, an elevated dry dock, power plant and electrical equipment and firefighting equipment among other items to the Suez Canal Authority. Most important, CIP financed the Vehicle Traffic Management System (VTMS), which is now guiding ships by radar through the channel. The \$25 million system, the most advanced in the world, allows more and larger ships to travel this waterway. In October 1981, the Egyptian technicians, who had taken part in training, testing and installing the entire system, took over its control.

AID also played a crucial part in the rebuilding of the Suez Canal cities, supplying construction equipment to rebuild the roads. Now that the original task is completed, the equipment is being used in other parts of Egypt.

The CIP has been perhaps the most visible evidence of a U.S. role in Egypt's economic recovery, even to the commoner on the street. Every day some one million Egyptians ride the 1,600 AID-financed buses. In one of Cairo's main squares, a fully equipped ambulance stands ready for any medical emergency. It is one of 135 ambulances financed by

the CIP that make up modern radio-dispatched emergency medical service systems in Cairo and Alexandria.

Early every morning a fleet of 138 garbage trucks and large street sweepers begin their rounds in Cairo and the neighboring towns of Giza and Alexandria. The trucks collect trash from over 7,000 trash containers also financed by the CIP. By improving sanitation, AID also is helping improve the people's health.

Over Cairo's rooftops rise 14 towers bringing telephone service to 400,000 customers. Purchased from Raytheon through CIP, a new microwave system has added over 30,000 new circuits and made the service dependable.

Until 1977, CIP loans financed imports only for government ministries and public sector companies. But since then, about 10% has been set aside for the private sector to encourage development of the market economy. By mid-1981, over 250 firms had participated.

The majority of CIP-financed imports have been either large quantities of needed industrial raw materials and food or heavy machinery for industry and infrastructure. But the Ministry of Education also has received a share—albeit small—of the CIP funds.

In the first years of the program, \$5 million in loans paid for imported laboratory and office equipment for all 11 Egyptian universities. The equipment included medical, dental, pharmaceutical, scientific and library equipment, such as microscopes, microfilm and small computers.

At the primary and secondary school levels, AID has been able to create entire "education packages" that include material for home economics, social studies and industrial arts, among other areas. AID has contracted with U.S. exporting firms to assemble the required material into the packages which are then individually addressed to schools in Egypt. One firm recently put together 350 sets for woodworking classes. Each package included several types of saws, planes, chisels, hammers, squares and clamps. The social science package has included a world globe, a solar system model, and various area maps, all in Arabic. Plastic models of the human torso, and microscopes are included in the science package.

Railroad cars, trucks, food, dental equipment and education packages all have helped Egypt's economy recover and develop. The CIP and Food for Peace programs are important fast-acting development tools. By financing immediate needs, AID has helped Egypt focus on long-range development problems. The government and its people are determined to see the country grow, so that it can stand on its own. These AID programs have bought Egypt the time to make that happen. □

FARMS, FOOD AND GROWTH



Boosting output is critical to meeting human and economic demand.

Beside an irrigation canal along the east bank of the Nile south of Cairo and near Minya, it's possible to gaze out over acres of sorghum and sugar cane swaying in the light breeze. And on any given day, it's likely that in the distance, a strange contraption, looking like a telephone pole on its side, will be moving slowly across an empty field. Probably, several men will be riding a tractor pulling

the contraption and just as likely, they will be listening intently to Erwin Nielsen, agricultural engineer from Colorado State University, explain how to use the machine.

Behind a mud-brick hut near Asyut, a small city down the Nile and farther from Cairo, sorghum, drying in the hot sun, carpets the dusty ground. Once it is dried, women and children will quickly scoop it into straw baskets and

carry it to a waiting blue and yellow machine. A farmer will push the grain into the mouth of the machine and it will spit out clouds of grain and chaff. And on any given day, Mohammed Rifaat, area Catholic Relief Services representative, will tell the farmer how the machine works.

Just a few miles away, agricultural credit specialist Phil Brown will be smiling with satisfaction as

a man with a sun-dried face and toothless grin happily shakes a local bank manager's hand. A loan agreement consummated, the farmer will be able to buy an irrigation pump he badly needs.

Nielsen, Rifaat and Brown are part of AID's effort to help Egypt boost agricultural output. Whether by introducing new machines and techniques, or by developing new high-yield varieties of grains, or by helping farmers obtain credit, AID is assisting Egypt feed itself, and in the bargain, move its economy forward.

Agriculture has been Egypt's economic base for thousands of years. In fact, agriculture may well have started in Egypt. Recent archaeological studies near Aswan have uncovered evidence of domesticated grains, wheat and barley that possibly date back 18,000 years, predating earliest known crop cultivation in Asia by about 9,000 years.

Understandably, with such a heritage, Egypt's farmers are considered by many agricultural experts to be among the best in the world. In the early 1970s, agriculture accounted for 30% of Egypt's gross national product, for over 50% of all jobs, and until petroleum exports soared in 1977, 80% of Egypt's export earnings.

Despite continued increases in agricultural production, the Egyptian farmer has been hard pressed to keep up with the swelling numbers of mouths to be fed. While agricultural production grew by over 2% each year in the 1970s, population multiplied by at least 3% each year in the same period. That means every year there were over a million more people.

This has more than strained agriculture and the economy. Food has had to be imported. Revenue from exports of agricultural and manufactured goods has not been able to balance the cost of food imports. By the 1970s, 40% of the food Egyptian people needed was being im-



Above: Using new methods this farmer produced king-sized onions.

Left: A worker adjusts a machine in a thresher factory.

ported. To tip the balance more favorably, more farmland was devoted to food crops. But the result was a decline in cotton, one of the country's main exports. The decline hurt Egypt's foreign exchange earnings. In the meantime the constant pressure of too many people forced cities to encroach upon farmland.

Faced with these overlapping problems, the Egyptian government has made food security a top priority. Simply stated, food security is insurance against an inadequate food supply, provided by a balanced combination of agriculture, imports and reserves. The balance is critical to the country's economic stability. AID is concerned with helping Egypt keep that balance,

and since 1975, has supported the government's efforts to boost exports of all kinds and to increase farm production, especially by improving the use of land.

To make the most of Egypt's land, new methods of irrigating, planting and fertilizing, new farm tools, pumps and irrigation pipe are being introduced. Complementing each other's efforts, the Egyptian government has invested in new land development while AID has focused on increasing production of the existing land.

With average yearly rainfall in most of the country virtually nil—eight inches along the Mediterranean coast but zero in parts of Upper Egypt—irrigation is essential to farming. The traditional farmer



Right: With small loans farmers are able to buy better feed for livestock.

Below: PVC pipe needed for irrigation and drainage.



spends hours raising water from the Nile or from canals by water-wheels. They are operated by animal power or hand. These methods provide water, but they make it extremely difficult to regulate the flow to ensure that the crops get water evenly. Many AID projects are aimed at improving irrigation and water management as necessary prerequisites to increasing production. One AID loan is helping install new irrigation pumps at 34 sites in Middle and Upper Egypt. The new main pumping station will increase the production of over 130,000 acres. And by improving irrigation and therefore farm output, this AID project may raise farm family income by 35% for those who own their land, and up to 55% for those who rent.

For centuries, the yearly flooding of the Nile brought new fertility to the farmland along its banks. But the floods were uncontrolled and sometimes would damage crops, villages and cities. Since 1970, however, the Aswan High Dam, built in the south—from which the Nile flows north to the Mediterranean—has controlled the flood waters and supplied yearlong irrigation to farms in Upper Egypt. The water irrigates about 2.5 million acres, enabling farmers to produce two or three crops a year instead of one. The increased availability of water also has made it possible to cultivate such crops as rice in Upper Egypt. But the absence of an adequate drainage system has resulted in ground waterlogging and increased salinity. To reduce the waterlogging, AID and the World Bank are financing the construction of one of the world's largest drainage systems covering an area of 521,000 acres and benefitting 150,000 farmers. The World Bank is funding installation of polyvinyl chloride (PVC) pipe, field drains, collectors and pumps to drain excess water back to the Nile at a cost of \$50 million.



Better "water spreading" makes for better use of land and water.

AID's \$31 million loan has already provided the equipment and technical advice to build three PVC pipe plants in Upper Egypt, now providing pipe that would otherwise have to be imported.

Getting water to and from the fields is only part of improving production. Once there, the water needs to be applied evenly and at appropriate times. Under an AID project and in three pilot areas in the Delta and Upper Egypt, crop production is going up as a result of land leveling, varied irrigation designs, fertilizer schedules and cooperation among the small farmers. By using a local farmer's land for the field test, neighboring farmers can immediately see positive results. Then, often they are willing to apply the new methods to their fields.

"In the first year of the projects," says Nielsen, co-leader of the Minya site, "we identified what was limiting production by testing the soil and water and measuring the amount of water being applied. Soil tests found a com-

plete deficiency of zinc. By adding it, we'll increase crop production by 25%."

Nielsen's team—on contract with AID from Colorado State University—also found that the way water was distributed left little control to the small farmers. The Ministry of Irrigation controls the water flowing from the canal. But AID's installation of a bigger pipe raised the water level and a system of gates controlled the direction to the flow. Then, farmers could manage irrigation of their fields. The gate system requires increased cooperation among neighboring small farmers, most of whom work on less than five acres. So after installing the pipe and gates, the AID project helped organize a small "canal association" of about 30 farmers to schedule the opening and closing of the gates.

"The farmers were very nervous at the first trial," says Nielsen, "because getting water is a matter of life and death. They simply had to trust us that when it was their turn there would be water." The

first trial system was successful and is now being operated by the farmers' association. The AID team is helping set up another association for neighboring farmers.

The Minya site also has introduced new irrigation designs for better "water spreading." Traditionally, the canal water flows into one main ditch or "marwa," then flows into short perpendicular ditches that cut the field into small squares. It was found that water can be distributed more evenly by making long parallel furrows flowing perpendicular to the canal. An added benefit to this design: farm equipment can now move up the long rows, whereas before, their movement was restricted. The project's early tests in corn and broad-bean fields also indicate that less water is used.

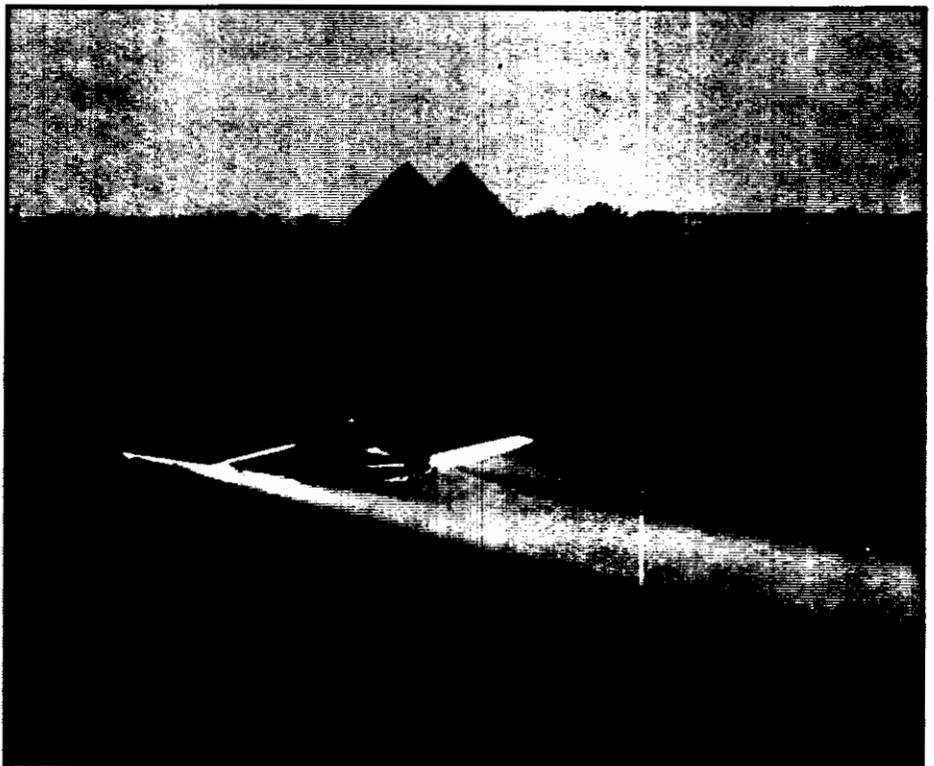
Another problem has been the difficulty of getting machines and vehicles to and from the fields. "As mechanization increases, an internal road system will have to be created," Nielsen notes. The AID project is experimenting with eliminating every other "meska," or narrow banked path between fields, widening the remaining "meska" for traffic.

The land plane is another part of AID's effort to improve water use and increase crop production. The machine makes the fields level, allowing for an even spread of water. At the Delta site, wheat yields have increased by 42% and cotton is up by 36%, mainly because of leveling, according to Tom Ley, project agricultural engineer.

Appropriate technology—material, machines and methods tailored to a country's special conditions—has boosted production not only through better water management, but also through better ways of harvesting. For example, according to tradition, sorghum is threshed by beating it with long sticks. The process, including winnowing, takes nine man-days an acre. A multicrop

thresher-winnower, such as one developed with Ford Foundation support, can cut that time to 45 to 60 minutes an acre. The first Egyptian machines were produced in a Cairo factory in 1977. Over 60 threshers are already being used. With slight adjustment, the small, diesel-powered machine can be used on rice, wheat, sorghum, barley and lentils. Catholic Relief Services, with AID funding, sells machines to small farmers or groups of farmers allowing three years to pay the less than \$2,500 price. By hiring out the machine to other farmers, the small farmers not only can pay for the machine but also can make a profit from their harvest.

Two years ago a small farmer would have difficulty getting credit to buy machinery or even seed and fertilizer. But now an AID pilot project is making credit available through the village banks. The \$25 million grant to Egypt's Principal Bank for Development and Agricultural Credit (PBDAC) is introducing a system that simplifies the loan application procedure, gives more responsibility to the farmer and permits loans on the basis of possible income generation, rather than on collateral. Previously, only land-owners could get credit. The small farmer production project emphasizes giving more authority to the 27 village banks, and farmers deciding for themselves what is best. In the past the Ministry of Agriculture decided for the farmer what and when to plant and which seeds and fertilizers to use. Now, the project's participating farmers decide what they need to improve production and the village bank managers decide short-term loans of up to \$3,600. The project's loan money became available only in mid-1981, but the strong interest has been increasing ever since. Most loans have been for fertilizer and seed, but in dollars the largest amounts have been in two areas: pumps for irrigation and building



An AID-supplied airplane sprays crops near the pyramids of Giza.

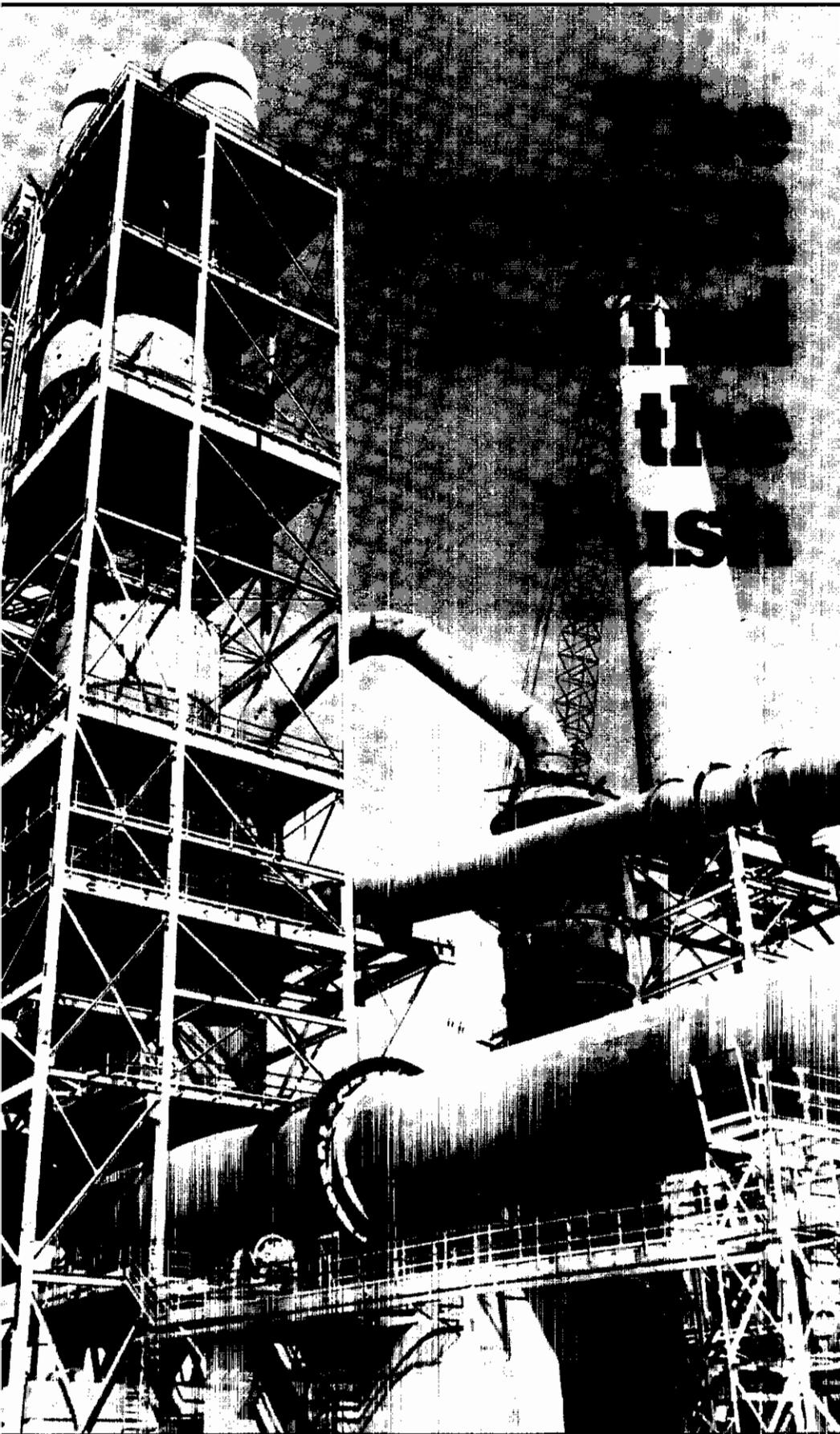
materials and feed for producing better beef, poultry and eggs.

Another major part of AID's project is helping the farmer judge for himself what he needs to improve his crop yields. Trained Egyptian extension workers and technical advisers give him advice on fertilizers, seed varieties and pest control, among other things. In addition, the Soil and Water Research Institute of Cairo is doing soil surveys. The use of a corn seed better suited to the soil than the village maize seed has doubled production. At weekly meetings with the Ministry of Agriculture's Agriculture Research Center workers, small farmers talk about pest, disease and weed control problems and how to solve them.

Other AID-sponsored institution-building projects concentrate on improving Egypt's agricultural research centers. To date the lack of seed varieties developed through research to adapt well to Egypt's soil conditions has limited the amount of rice produced; rice is a principal food for Egyptian people.

It also has limited growth of wheat, barley and sorghum. The poorly staffed and funded nation-wide research system is being revamped through AID projects. Under a \$47 million grant, four research centers are working to develop Egyptian expertise in major cereals. In addition to developing appropriate seed varieties, especially those that are high-yielding, the centers are studying ways of multiplying the seeds, and are testing appropriate machines for cereal production.

Agriculture makes up the largest segment of the Egyptian economy and will continue to, for many years. The country's mild climate and the generosity of the Nile offer tremendous potential for increasing crop yields, not only to meet the need for food, but for exports as well—fruits and vegetables for Europe especially. Through the transfer of technology, by improving extension services, by developing appropriate seed varieties and supplying basic modern equipment to the Egyptian farmer, AID is helping Egypt realize its potential. □



Three...two...one...a rumble fills the air, the ground shakes and the towering 70-foot brick smokestack collapses in an explosion of dust.

The Egyptian army corps of engineers is now one step closer to clearing a site for a new power plant at Shoubrah El Kheima, six miles north of Cairo. The task was to demolish what remained of a 1930s plant that had not functioned since the early 1960s. That dilapidated 80 megawatt (MW) plant, now a pile of rubble, will be replaced by a giant 900 MW thermal power plant, to be financed by AID and by other donors.

The new plant is one of several projects underway to help Egypt meet its energy needs. To date, AID has invested over \$600 million in improving Egypt's power system. This amount, in the form of loans and grants, is for four new power plants, for replacing worn-out parts in existing power sources and for updating the national power distribution system. The help is badly needed: Egypt's existing power capacity will barely meet the country's needs through next year.

If the country's mounting energy needs are not met, Egypt's social and economic growth will falter. At risk are industrial production and expansion as well as the well-being of families whose households depend on power.

The Shoubrah power plant at 900 MW is the largest being built. It is a \$640 million project, and a joint effort by the World Bank, AID and others. AID's \$190 million share—a grant—is providing major parts such as turbines, and technical advice. AID has contracted with Overseas Bechtel Inc. for the design and construction schedule. Bechtel also is overseeing the construction, will test the plant's performance and will train Egyptian personnel in its operation and maintenance.

Another U.S.-based firm, Westinghouse, will supply the turbine generators. Natural gas will power the plant itself.

This is a huge plant, and the plan calls for making it fit on the same 10 acres of land where the old plant—less than one-tenth the size—stood. (The remaining three acres of the entire site planned are now under the Nile and must be dredged. They will be used for storage tanks.) "But the real challenge," says the Bechtel representative, "is coordinating all 12 contractors involved so they don't get in each other's way. With such a small area, there just isn't room for stockpiling or for every contractor to lay out construction materials at the same time." Despite the difficulties the tight space has caused, construction is on schedule. The first turbines are to be in place by the end of 1984 and full operation is set for 1986.

Another AID-financed power plant is rising on the shores of the Great Bitter Lake, through which the Suez Canal flows. Also a thermal plant, this one will have a 300 MW capacity and will restore power for the war-damaged Suez Canal cities as well as provide supplementary power for other areas of the country through a national distribution system. The \$350 million plant in Ismailia will be fueled by oil or natural gas. AID's consulting engineering firm, Gilbert Assoc., is overseeing the plant's construction. General Electric will supply the turbines in this case.

Gas turbine generators are already turning at Talka, and in Helwan, near Cairo, delivering a total of 300 MW to industrial and residential areas. The \$69 million project which covers both areas, is providing power and lighting for factories and homes in Helwan. Originally designed to be a standby source in case of brownouts, both plants have run non-stop from the first just to keep up with demand.

In all, the AID-financed thermal plants in Shoubrah, Ismailia, Helwan and Talka will produce 1,500 MW of electricity, nearly equal to the energy production of the Aswan Dam, Egypt's largest single source of power. In addition, AID has helped

With AID's help, Egypt is meeting its energy needs.

Egypt restore and renovate its power distribution systems and older power plants. Over \$86 million has gone into new generators, cables, transformers, fuse boxes, circuit breakers and spare parts for Cairo, Alexandria and the Suez Canal cities.

The effort to bring electricity to areas far away from Egypt's cities also has progressed rapidly. Since 1971, almost 2 million rural homes have been electrified for the first time, and this in itself has made life easier for about 10 million Egyptians. By the end of 1983, the goal is to reach 19 million people, or about 75% of the rural population.

Since 1970, the Aswan High Dam, built by the Soviet Union in the late 50s, has produced about half of Egypt's total power. It could do more. As early as a year after the dam began operating, cracks started to appear in the Russian-built turbine runners, the yard-thick mounts holding the giant turbine blades in place. Despite Egyptian efforts to correct the problem with regular welding, cracks are still appearing, and are getting worse. So only 10 of the 12 turbines work at a time. In August 1981, a U.S. Bureau of Reclamation team studying the problem at Egypt's request concluded that the only solution was to replace all 12 runners. AID agreed to finance the replacement; it will be done by Allis-Chalmers, the only U.S. firm capable of designing, testing and fabricating runners of this size. The estimated \$100 million project will take seven years.

In the past, Egypt's electrical

power distribution was controlled by a manual-voice dispatch system. It is now outdated. Today, Egypt's electrical network consists of almost 2,500 MW of hydropower from two generating stations, and 1,500 MW of thermal power from 13 stations, 24 substations and miles of power lines. There is a significant variation in the amount of power available from the hydropower plants and each year the electrical system grows by 10%. To adequately monitor all of this, a \$43 million AID project is constructing a national energy control center with a computerized master control linked to 39 remote terminals. Through these terminals the center will keep track of, and control, the entire national power grid, directing power to points where it is needed.

AID has concentrated on strengthening the country's thermal and hydropower capacity. Beginning this year, AID is also funding a pilot project testing a variety of renewable energy sources such as the sun and wind. The pilot sites throughout the country range from using wind to pump water and generate electricity for a remote village solar systems to providing the heat needed in hatcheries and agricultural drying.

Egyptian officials believe the country will have to triple its power output by the turn of the century to meet escalating demands. That may mean developing a nuclear power capacity. If so, the country will probably have to do so without AID assistance—legislation prohibits AID from providing funds for nuclear power.

But with AID's considerable help in planning, building, renovating and expanding thermal and hydropower plants, and in updating distribution systems, Egypt is well on its way to meeting its energy needs. Assured of a reliable power supply, industries will expand; homes, farms and business will operate lights and machines without worry. Especially in this increasingly technological age, these are crucial achievements in the pursuit of modernization. □

STRAINING AT THE SEAMS

Overcrowding has brought cities to the bursting point.



Washing pots in standing water.

For the nearly 20 million people crammed into Egypt's cities, the "crush" of a crowd takes on a literal meaning.

The strain of too many people is taking its toll not only on transportation, but on water, sewerage and housing. All systems appear close to collapse. There are new high-rises beginning to change Cairo's skyline, but below, many of the streets are flooded daily because of overflowing sewers and broken water pipes. And in Alexandria and Cairo, the scarcity of

housing has caused entire neighborhoods to spring up before any sewerage or water could be put in place. Families, unable to wait, move into unfinished apartment buildings while others sleep on a narrow strip of grass that separates the Nile and the expressways.

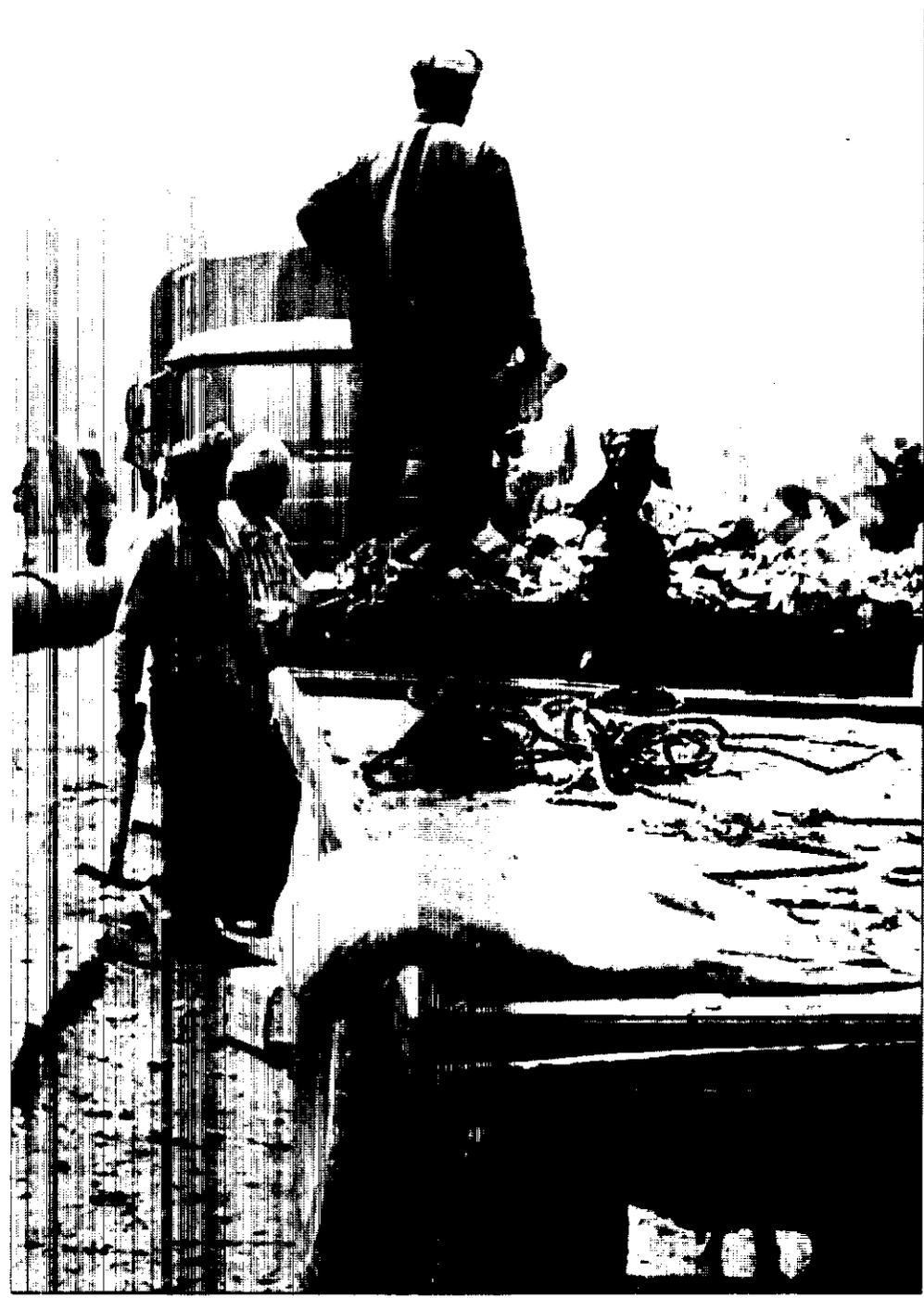
The poorest suffer the most. They are forced to set up dwellings in "squatter" towns on the cities' fringes, and there they await the arrival of basic services. This is a situation common throughout the

developing world, and it is one to which AID is directing considerable effort here in Egypt as well as in other countries.

For the Egyptian government, housing ranks with solving the food shortage on its list of top priorities. The supply of low-income housing is barely keeping up with population growth country-wide and country-to-city migration has caused an especially severe strain on urban areas. There public housing, usually five-story walk-up buildings, cannot meet the demand.



The streets of Cairo are bustling with activity.



These public housing units, with rent subsidies ranging from 50% to 90%, have two major drawbacks: They have drained government housing funds, and have not led to private home ownership among lower-income Egyptians as desired. AID is trying to demonstrate an alternative approach to low-income, subsidized housing that would give the government a better return on its investment while at the same time provide basic housing to those who need it. For example, an \$80 million AID grant is funding half

the cost of building a new low-income community in Helwan, a Cairo suburb. The 7,200 new houses, and the schools, health clinics and other improvements planned will initially benefit about 36,000 people, but that number could go up quickly, since each house is built so that it can easily be converted to a two- or three-story dwelling. The "core" unit contains a kitchen, bathroom with water, electricity and sanitation service. This design will mean that low-income families may buy a

home ranging in cost from \$2,200 to \$5,000. Loan financing for either the purchase or expansion of these houses has been arranged by AID and the Egyptian government through an Egyptian bank, Focier D'Egypt.

In addition, in six neighboring squatter communities around Helwan, new schools, health centers, community centers and water, sewer and electrical needs are being met through the same AID grant. Already, a vocational training center is being built to equip men with the skills needed for construction work.

Trained craftsmen will answer only part of the housing problem. The short supply of building materials, cement in particular, has hampered the industry. For example, most cement has to be imported. But now, two AID-funded cement plants, one near Suez and the other outside Cairo, offer the opportunity to increase domestic cement production by 25%. The cement plant 40 miles south of Suez will go into production in 1983, using up-to-the-minute technology. Newly developed limestone and clay quarries linked to the plant by miles-long conveyor belts, will supply the raw materials needed to produce one million tons of cement a year.

Where there is housing, basic services must follow, if people are to lead reasonably healthy lives. Poor sanitation and inadequate water and sewers have contributed to what is now a low level of health in Egypt. Insufficient pumping capacity, haphazard chlorination and leaking pipes are among the worst problems of the urban water systems. The raw sewage that backs up into houses and streets presents a particularly serious health hazard as well as a major obstacle to further economic development. The goal of AID's principal urban development effort is to improve those water and sewer systems. A \$96 million proj-



Broken sewer pipes are common in Egypt's cities, as are the pools of fetid water they create.

ect is restoring war-damaged systems serving about 1 million people in the Suez Canal cities of Port Said, Ismailia and Suez.

Population growth, not war, has devastated Alexandria's wastewater system. There are 2 million residents now; 5 million are expected by the year 2000. The city has been dumping its untreated sewage into the Mediterranean Sea, local canals or the already-dead Lake Maryut. But, with AID funding, the Boston firm of Camp, Dresser and McKee (CDM) has developed a waste water master plan for Alexandria. An initial \$87 million in AID money is helping build two primary treatment plants, construct several pumping stations and renovate existing facilities. These are first steps toward putting the master plan into effect.

Ras El Soda, a section of Alexandria, demonstrates both the need for, and the benefits of, proper sewerage at limited cost. This nine-square mile area was originally mined for high-grade sand, but soon it was covered with houses and narrow streets as squatters moved in. Now 110,000 people live there.

The mining had lowered the land level, bringing ground water closer

to the surface. This increased the flood potential.

"The sewerage system has private 'cesspits' in front of houses. These 'cesspits' are supposedly emptied regularly by truck," says Al Weitz of CDM in Alexandria. The flooding has caused even this system to break down. Most cities have two separate pipe systems, one for water, the other for sewage. But in Alexandria, the waste water dumps into the sewers, and they cannot handle the burden. Even getting Egyptians to use less water would have little effect, because they use very little as it is. "An average Egyptian consumes about 30 gallons of water a day, compared to the average 200 gallons that Americans use," Weitz said.

Adding further to the flooding problem in this city is the yearly wet season that lasts usually from December through February. During these months, the water sits on top of the ground. The flooding has been known to be so bad that sewage and water combined are knee-deep throughout Ras El Soda. The AID-assisted project is helping to put a stop to it. A new AID-supported system provides for ditches along the streets to collect the overflow water. The ditches



have dried up the streets, and that has meant that people no longer have to risk disease by wading through sewage, and the heavy machinery needed to finish the system can now get into the area.

While the problems of Helwan and Alexandria have tested both American and Egyptian ingenuity, probably the biggest test has come in trying to help Cairo's poor. That city's sewer system, built by the British in 1910 and expanded in 1930, is in desperate need of repair.

In some neighborhoods, people have paved over manhole covers in an attempt to stop the backup. Other areas flood daily. Initially,



AID is helping rehabilitate sewer systems in Cairo, Alexandria and the Suez Canal cities.

AID funded the clean-up and inspection of over six miles of sewers. It was discovered that 90% of the pipes were clogged with logs, garbage, street litter, sand and even the cooking oil that most Egyptian women use—it is very heavy and congeals like cement in the pipes. The United States and the United Kingdom have agreed to work jointly with the Egyptian government to rebuild and expand the system. One of the steps of what will take 20 years, according to official estimates, will be to train the Cairo Sewerage Authority personnel in maintaining the system.

Besides helping renovate Cairo's sewer system, AID also is helping

plant, built in 1903. The plant provides almost a third of central Cairo's drinking water and, under a \$61 million AID loan, its output will increase by 80%. To get the water to poorer neighborhoods, AID has funded renovation and installation of about 600 public water taps.

Providing housing, water and sewer systems makes up only a part of the formula for improving the lot of the urban poor. Making adequate health care available to all is another. Clinics and health centers run by the Ministry of Health and various universities now provide free health services. But the services need upgrading. In

response to that need, AID is providing \$25 million for renovating facilities and for training personnel. In five pilot districts of Cairo, 22 maternal-child health clinics are getting facelifts, nine general health centers are being built and about 2,000 staff members are being trained in better preventative and curative care.

As part of the overall effort, AID's Commodity Import Program has met many important needs, including:

- Emergency medical equipment (\$5.96 million) including fully equipped ambulances, central dispatching controls and communications equipment for Cairo and Alexandria.
- Refuse collection (\$13.7 million) including 138 garbage trucks, 7,000 trash containers and street sweepers for Cairo, Giza and Alexandria.
- 1,600 buses used by 1 million Egyptians every day.

AID also has encouraged local involvement in its projects. The urban health project emphasizes the use of home visitors. Training curriculums have included 37 courses for community leaders. In still another urban project—this one geared to neighborhoods—AID is encouraging local people to take part in identifying their problems, and in planning and executing the solutions. Neighborhood leaders in demonstration programs in Cairo and Alexandria have decided to concentrate on repairing and maintaining the streets, sewers, water lines, public water taps and on maintaining the streets, and garbage collection.

Despite these achievements, city buses are still dangerously overcrowded, some sewers still back up, and some families can't find decent housing. But with the Egyptian government's concern and dedication to resolving the problems of its cities and with the increasing involvement of community leaders, the outlook is decidedly good. □

They Call It the AMERICAN PROJECT

Grassroots decisions are the goal.

Achmed Kamel proudly leads visitors through the narrow streets in his village in Giza, a governorate outside Cairo that is known for the ancient Pyramids. Shallow ditches dug for the new water pipes line the streets. Kamel, the village leader, points out the many public water taps, and even a few inside homes. At the village wellhouse, the noise of the new diesel pump being tested drowns out the conversation of the workers. "Next week," Kamel declares, "the water will flow!"

In Minya, another "state" in Upper Egypt, a van comes upon smooth pavement, a rarity here, and the passengers wave to the workers on the road and at the adjacent canal. Thanks to the work they are doing, this road, regularly flooded by the canal in the past, will be passable all year now.

In Helmeya, a village in the Nile Delta, there are 27 poultry farms, where there were none just three years ago. The first, set up by the village council, was so successful that villagers decided to copy it. And today, four workers from the original farm work part-time on the others, sharing their acquired knowledge with their neighbors. "The people call this the 'American project,'" explains a local chief executive.

The water system, the road, and the poultry farms are just a part of a bigger "American project"—the country-wide AID effort to help the Egyptian government decentralize. Beginning as far back as the 1952 agrarian reforms, the national government has pursued decentralization—giving more authority to local areas—as a major goal. It is believed that giving villagers a greater stake in their own advancement is an effective way to promote rural development.

The movement began in the 1950s with the introduction of village-level health and social welfare services, cooperatives and government functions. The process continued in the 1970s, with encouragement from a special government group known as the Organization for Reconstruction and Development of the

Egyptian Village (ORDEV). In 1975, the "Decentralization Law," Law 52, set up popularly-elected village councils and village administrators with decision-making authority. For the first time, villages were allowed to keep a "special account," made up of revenue earned. This was in sharp contrast to the past, when all profits went to the central government.

The new law enables these local governments to take direct measures to raise the economic level of the villages, and the living standards of the people. This, however, has been a formidable challenge, and a responsibility that is totally new to the local leaders who lack the ability to budget, plan and implement the projects their villages need.

But with technical and capital assistance from AID, local governments—village councils and district leaders—are now learning how.

AID's Basic Village Services project has funded over 2,000 public projects to improve the rural infrastructure—roads, waterworks, small-scale drainage, canals, and some power sources. Begun in 1979 as a Food for Development project (Title III of the Food for Peace Program), the original \$75 million project was augmented by a \$70 million AID grant in 1980, which helped expand the project's scope to 450 villages in 11 governorates. A major component of the project is training at all levels so that by the end of the project in 1985 the local officials will be able to initiate, plan and execute their own projects. About 1,200 Egyptians will receive training, some of it on-the-job, in basic and technical project administration. The villages choose the projects, submit them to the governorate for review and, once they are approved, prepare the proposal, advertise for bids, evaluate the proposals and award the contract. Once a project begins, the local officials monitor its progress.

The new water system in the village in Giza expanded the existing water system to an additional



Villagers outline projects they want—cattle raising is an example—and receive technical and financial help in carrying them out.

20,000 villagers. An Egyptian contractor laid over two miles of Egyptian-produced pipe, dug the new well, installed several standpipes and fire hydrants, and renovated the pump house—and finished the job about one month ahead of schedule. Beyond the immediate benefits of a reliable and expanded water system, the project's success has given local leaders the ability and incentive to pursue other village improvements. For example, the village is making plans not only to further expand the system but also to improve the drainage in the lower levels of the village.

The road in Minya is another example of the villagers taking the project's original goal one step further. The object was to build an elevated dirt road, but the villagers are going to get it paved, on their own.

Another AID project is helping the village councils increase their revenues by establishing income-generating activities. AID has provided the initial

capital to create a Local Development Fund (LDF) from which small loans are made to the village councils for income-generating activities. The profits from any LDF-financed project go into the village's special account. It gives the village a degree of financial autonomy. At the same time, the projects are helping develop skills of the village entrepreneurs and managers.

Among the first LDF loans was one for expanding a publicly owned pickling factory in Fayoum, an oasis 50 miles southwest of Cairo. The factory had been producing well below capacity because of a lack of funds. When the village's executive head proposed that the village borrow \$43,000 from the LDF, other council members were apprehensive. They feared the factory might compete with the private sector—the local traders in pickled olives. Also, the village had never before borrowed money or paid interest.

Despite misgivings, the idea was approved. Now 80% of the product is sold in Cairo, allaying fears that local traders would be adversely affected. The revenue raised—about \$9,000 in the first year of operation—gives the village an opportunity to do other things—establish new offices for health and social services or build a new youth center, for example.

In Kam El Hagar, a village near the Mediterranean Sea, 21 acres of fallow land have been turned into a profitable fish farm. With financial help from a LDF loan, technical advice from AID contractor, Aquatec International, the fish farm has become very successful. The first year's profits are being used for deepening the ponds. The village also plans to buy ducks for the ponds, which it will sell to further increase its revenues. When asked what he thought were the major benefits of the LDF-financed project, the village leader cited jobs, reasonably priced food and new economic activity.

Throughout the 21 rural governorates, income-generating projects are being financed by the LDF. Just over 200 loans have been awarded totaling \$5.5 million. Training in enterprise development, management and finance has been given to several local officials and ORDEV staff members by the AID contractor, the Bluegrass Consortium of Kentucky (made up of Morehead State and Eastern Kentucky universities). In Egypt, some 1,370 people have attended similar training seminars. Moreover, ORDEV is setting up an academy; it is scheduled to open in the fall.

Improving the rural infrastructure and creating new jobs and more local revenue are a few of the ways AID is helping Egypt's rural development. Other AID projects are encouraging small-scale enterprises in the countryside. And training in management, planning and financing assure continued improvements for rural life in Egypt. □

MAKING THE MOST OF PEOPLE

Training and education are the key to developing this essential resource.



Learning foreign languages is essential in many professional jobs.

I must learn new skills or I will be left behind and my family will suffer. —From Perdita Huston's "Third World Women Speak Out."

A country's most valuable resource may well be its people. Without men and women skilled in business, industry, education, research, health, transportation, the sciences and public administration—all the things that make a country function—any country would be hard pressed to move forward.

Therefore the governments of many developing countries, including Egypt, have made human resource development—in short, making the most of people—a fundamental part of all development efforts. And therefore, training is automatically built into almost all AID-supported programs and projects in Egypt as elsewhere.

A knowledgeable workforce is the key to the process called institution building: the ability not only to formulate but to put into place the programs, policies, procedures and organizations that are essential to sustained, independent growth. To help Egypt accomplish this, AID is working with government officials, and is providing technical advice to private and public companies, universities, financial institutions and health facilities.

For example, an AID grant of \$27 million is training Egyptian scientists, technicians and others in agricultural production, hospital



administration, health services, nutrition, public administration, civil aviation, navigation and foreign investment promotion and negotiation procedures. Since 1975, over 900 Egyptians have received training at universities throughout the United States and have now returned to Egypt to apply their new abilities. AID also is working with medical schools to upgrade their preparation of future doctors and nurses. A center associated with the University of Alexandria is now training about 240 future doctors each year in planning and managing health and family planning services.

The National Academy of Sciences, as part of a \$24 million AID program, is helping the Egyptian Academy for Scientific Research and Technology organize its research. Since 1977, research



An agricultural researcher works with an extension agent.

were based on research done through the institute.

In addition to projects directed toward research, projects in health, agriculture, housing, and infrastructure—utilities, roads, sewers and the like—all have emphasized one important element: training. Many nurses and doctors from rural and city clinics have taken instruction in family planning including the proper insertion methods for IUDs (intra-uterine devices) and diaphragms. Improper insertions had become a problem: An IUD, if not properly in place, for instance, can at the least negate the contraceptive effect, and at worst perforate the uterus or cause serious infection. Now the doctors and nurses are using AID-provided medical equipment and are receiving clinical experience.

Two training centers for social



Egyptian women learn to use a loom.

programs have ranged from developing crops for semi-arid lands, to biogas production and wool wax. As part of the program, the Denver Research Institute has conducted several woodshops in Egypt and in the United States on research management, marketing, technical assessment and economics.

A new applied research institute created with AID assistance in association with Cairo University and the Massachusetts Institute of Technology is now helping government ministries design and start projects. For example, recent decisions made by the transportation ministry and Cairo Transport Authority about building and maintaining highways in the Delta, about controlling the traffic flow in Cairo, and about installing nationwide railroad signaling controls

Skilled technicians are needed in almost every field.



workers are being established under another AID project. One, in Tanta, third largest city in Egypt, conducts workshops with technical advice from the University of North Carolina in child care and vocational training.

To answer Egypt's need for higher farm outputs, AID is helping rebuild Egypt's neglected research institutions, particularly those working in major cereals—maize, wheat, sorghum and barley. Under the \$47 million grant program, four research centers have been rehabilitated and expanded and are now offering extension programs in 67 districts. The grant provides for the training of researchers and extension workers specializing in cereals.

In another training project, this one funded by a \$5 million AID grant, the International Rice

Research Institute, along with the University of California at Davis and the University of Arkansas, are advising those Egyptian researchers studying rice varieties, agronomy, pest control and mechanization. In the meantime, farmers already are getting assistance from the 20 rice experts trained under this grant.

AID's Small Farmer Production project also has training as a key objective. Agricultural credit specialist Philip Brown is instructing village bankers in bank administration and bank services. Brown believes in learning by doing. So when visiting a bank in a village, he will sit in a corner, saying little, letting the bank manager and the central bank's representatives work together and turn to him only occasionally for technical advice. "I insist on their filling out the forms and making the loans," Brown stresses, "so that when we are gone, they'll know how to do it themselves."

Trucks, cranes, forklifts and buses are among the thousands of pieces of equipment AID has contributed to help rebuild Egypt's economy. But if that machinery is to be kept in working order, the people running and maintaining it must know what they are doing.



A study group at a research institute.



There is a growing need for trained industrial workers.

Therefore with each new arrival, Mack, International Harvester, Massey-Ferguson, Chrysler, Ford and General Motors and other suppliers are providing mechanical training. Some companies bring the mechanics and other workers to training centers in the United States, others train in Egypt.

Because the transportation system depends heavily on this new equipment, there is a need for continuing mechanical training. The national transportation labor union and AID are working together under a \$4.5 million AID grant to establish a vehicle maintenance training center outside Cairo. The center will have nine classrooms and eight workshops fully equipped for work in wheel alignment, cooling systems, brakes, steering, body work, fuel injection, diesel engines and preventative maintenance. The grant is providing short-term instruction for 22 teachers in U.S. truck maintenance centers and in factory, vocational or technical schools. RCA, the AID contractor, is helping set up the curriculum of the training center.

AID's Commodity Import Program has provided Egypt with modern and complex machinery, entire systems, all of which require skilled handling. Cairo's microwave tele-

phone exchange system, for example, is being installed, expanded and maintained by Egyptian engineers who received initial training in the United States from the equipment supplier, Raytheon. Now, Egypt's telephone company has its own training program in Cairo. "Some of the engineers are so skilled," says Raytheon representative Peter Barker, "that they could work on any telephone system in the world."

Another example of AID's concerted effort to train Egyptians: The Vessel Traffic Management System (VTMS), which guides ships through the Suez Canal using the most technically-advanced navigational equipment in the world. In addition to supplying the equipment, AID has assured its smooth functioning by requiring training throughout the project. After intensive course work at the contractor's headquarters in Long Island, NY, the Egyptian engineers played a part in installing and testing the system, thus learning the intricacies of the equipment. The system is now in full operation with Egyptian personnel.

These are a few examples of AID's efforts to provide training and support institutions necessary for the continued economic development of Egypt. Since 1975, over 2,200 Egyptians have received formal training in the United States and in Third World countries. The training now being given with supplied equipment will add to that number several times. Training centers and research institutes established in Egypt with AID's support will give Egypt the ability to meet its own needs. Under a "Peace Fellowship" program, AID is providing one to two year scholarships for up to 1,900 "potential leaders" in disciplines important to Egypt's economic development. Egyptians are learning the skills they need to make sound decisions affecting their country's future. □



A typical billboard reads: "The worries of a large family."

Every 20 Seconds . . .

The pressures of overpopulation are turning Egyptians to family planning.

Every 20 seconds an Egyptian baby is born; 180 every hour; 4,320 every day.

With every newborn child comes the need for food, clothing, shelter, education, and, eventually jobs and a hope for a better life. But even as Egypt becomes more advanced and better able to meet those ever-increasing needs, the rate at which its babies are being born overtakes its efforts and threatens the whole development process. Population and economic analysts agree: No matter how many houses, factories and schools are built, how many jobs are created or how much food supplies are increased, there will be little change for the better for nearly

17.6 million poverty-stricken Egyptians if the population continues to grow at its current 3%-a-year rate.

As early as 1966, Egyptian government officials recognized the potential danger in ignoring population growth and set up a system to provide family planning services and information. By 1977, at least 15% of the country's married couples were using modern contraceptives.

But to bring population growth down to a level that the nation can sustain will require at least doubling that participation.

AID and the Egyptian government are working together to solve the problem of overpopulation. AID has earmarked \$45 million for the effort, and that grant is being used for a variety of projects. One of them is a media campaign to increase public interest and participation in curbing growth. Started in 1977, the campaign has used such themes as "Small families live better," and "Look around you. We have a population problem," and they have appeared on billboards, posters, pamphlets and in newspaper, radio and television advertisements throughout the country. Even in the remotest areas people can find and read newspapers, and about half of all adults can read. For those who cannot, there is a television in almost



Logo: "Family Planning"

every village or neighborhood cafe throughout the country, and a radio in nearly every home. Managed by the government's State Information Service with technical assistance from the University of Chicago, the program has introduced a new logo to heighten awareness of the program in both remote and metropolitan areas. The emblem is now familiar; it can be found on posters, in pharmacies and outside rural clinics, and even on tea coasters.

In one animated television commercial used in the campaign, the symbol flies into a peasant's hands. "What's this?" he asks. "Oh, that's 'tanzeen ossra' (family planning)" comes the response.

The result is that now more people understand there is a problem and are willing to help solve it. Consequently, there is a need to make more contraceptives readily available. Telling people where they can obtain those contraceptives is the second phase of the campaign.

In cities, public health clinics, hospitals and commercial outlets, pharmacies and kiosks, for example, sell them, and in the countryside, government hospitals and clinics distribute them. Condoms cost less than 6 cents apiece in pharmacies or 2 cents in government clinics; intrauterine devices (IUDs) sell for \$5 to \$10 commercially, \$1 in government clinics.

A key to the program's success in rural areas is grassroots promotion. Outreach workers, each known as "Ra-ayda" (Pioneer Villager), go house-to-house with contraceptives and family planning information. As part of the media campaign in the countryside, the message, "Do you know your Ra-ayda?" is broadcast over both radio and television. The "Ra-ayda" not only promotes family planning but also offers health and social services.

So important is community-level understanding that family planning promotion has become part of other AID projects. For example, an AID health project is using the tradi-

Grassroots promotion is a key to success.

tional midwife—the "Daya"—as a promoter of family planning. It is a logical move. The "Daya" participates in 90% of all births and therefore is both respected and trusted by Egyptian women. By training the "Dayas" in family planning techniques and by giving them supplies of contraceptives, the project aims to increase general understanding and acceptance of the concept.

To extend the family planning program to people in cities, AID is working through a private, voluntary Egyptian association called "Family for the Future." It distributes contraceptives through pharmacies and private doctors. The group promotes family planning by organizing "Ramadan parties," named for the association's director, not the religious observance. At the parties, which take place in factories, universities and government ministries, volunteers lead a full range of discussions on subjects related to family planning. In addition to giving out samples of contraceptives, a doctor or nurse explains the health aspects of different methods. Even how family planning is acceptable under Moslem law is discussed: Islam calls for proper planning of all aspects of life, including family size, participants are told.

The third major part of AID's family planning efforts is training health workers. A field training center has been established to provide public health university graduates and social service workers practical experience in planning and managing family planning services. In addition, each year 240 doctors come to this center for clinical experience in inserting IUDs and

diaphragms. Other doctors are similarly training at other centers throughout the country. Without this kind of experience, there would be a higher chance for infections and injuries—perforation of the uterus, for example—resulting from improper techniques.

What effect have these efforts had in slowing Egypt's population growth?

Experts say that during the past few years in which the program has been operating, the rate of growth appears to have stabilized. From 1960 to 1972 the number of births per 1,000 persons declined from 40 to 34, and then from 1972 to 1979, increased again to 39. However, the 1979 figure has held firm since.

"We are cautiously optimistic," says Tom Reese, AID's population director in Cairo.

Encouraging signs are that the awareness campaign has been so successful, the supply of contraceptives, including pills, condoms and IUDs, cannot keep up with demand. AID has provided funds for almost 30 million condoms, 12,000 IUD insertion kits and the raw material for 900,000 oral contraceptives, among other supplies.

Contraceptive use by married couples has risen from 18% in 1979 to about 24% in 1981, Reese points out.

But the success of this campaign does not mean that awareness efforts can be relaxed—quite the contrary, Reese insists. It is essential that the promotional campaign, the training and distributing programs not let up. "You never stop promoting Coca-Cola, do you?" he adds.

In fact, even if the Egyptian government and AID continue to support family planning efforts at current levels, demographers say Egypt's population will increase by 16 million to a total of 60 million by the year 2000. If nothing is done, experts warn, the population will reach 80 million, and that many Egyptians will cripple the country's economic development. □

Italy, land of spaghetti, tortellini and ravioli, is euphoric over its latest concoction: an elaborate new package of foreign aid to help the world's starving millions.

The government has now made support for Third World development a "cardinal point" of its foreign policy. A country which only two years ago gave minimal foreign aid has now budgeted \$1.2 billion for this year, \$1.7 billion for next, and \$2.5 billion for the joint development fund of the OECD (Organization for Economic Cooperation and Development).

—Richard M. Harley
Christian Science Monitor

There are some encouraging bright spots in the 1982 economic picture for our *amigos* in Latin America, despite talk of gloom and doom elsewhere in the world.

True, the boom in some key countries has been slowed and this process may continue for a time, but the region has achieved much more progress than is generally recognized, and will continue a multi-billion dollar customer for this country's products of the farm, industry, ranch, laboratory and technology.

—Ben Meyer
Dallas Morning News

In recent years, American philanthropies have given low priority to foreign assistance and international issues, but a group of key foundations and corporate contributors have now joined to stimulate interest and financial support for these activities.

WHAT THE MEDIA SAY...

As a first step they have established Grantmaking International, a loose coalition of business and foundation representatives concerned about expanding the number and effectiveness of grants for international purposes.

The undertaking has the support of influential philanthropies including Ford and Rockefeller foundations, and such major companies as Levi Strauss International and Cummins Engine. It also has attracted philanthropies with special interests such as promoting arms control, curbing population growth and protecting the environment.

—Kathleen Teltsch
New York Times

The first major cooperative project between Egypt and Israel is slated for launching next month, when a 40-acre plot of waterlogged land in the Nile River delta is turned over to Israeli agronomists.

The joint project, which will combine Israeli technology and expertise with Egyptian crops and labor, should be a major step toward alleviating Egypt's food shortage.

—Evans Johnson
New World

The smaller smacks of foreign assistance now being considered by the Reagan Administration may in some instances produce more rapid, equitable development for poorer countries. Recent increases in foreign assistance for agricultural credit illustrate this point.

—Robert C. Vogel and
Dale W. Adams
Wall Street Journal

The international trade system is suffering from a deep, prolonged crisis, and there is a growing danger of protectionism among the chief economic powers. To avoid that peril, the United States must press for far greater reciprocity in the trade and investment policies of other countries.

Reciprocity means a dramatic change from the "most-favored-nation" principle. It means that other countries should provide us with trade and investment opportunities equal . . . to what we offer them . . .

—U.S. Sen. Robert Dole
(R-KS)
New York Times

Americans always have been a generous people willing to share their good fortune with others in need, including the incredible post-World War II rebuilding of not only friendly countries, but those of former enemies as well.

However, it is understandable that many Americans have become less inclined to support huge foreign aid appropriations at a time when our own country is wracked with serious economic problems and everyone has been asked to tighten their belts.

—Jamestown N.Y.
Post-Journal

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Sharon Isralow