

**Evaluation  
of the American Center for Labor Solidarity Program  
in Egypt  
(Grant No. 263-0225-G-6010-00)**

**UNITED STATES AGENCY  
FOR INTERNATIONAL DEVELOPMENT  
EGYPT**

**AEP-I-00-96-90006-00**

**January 20, 2000**

**Evaluation Conducted by Management Systems International**

**Team Members:**

Nevine Hamdan

John Soden

John Warnock, Team Leader

## EXECUTIVE SUMMARY

### Purpose, Duration, and Scope of Evaluation

In November/December 1999, a team of three specialists conducted an evaluation of the American Center for International Labor Solidarity (ACILS) program in Egypt. ACILS, or the Solidarity Center (SC) as it is more commonly known, was established from the separate regional international institutes of the American Federation of Labor - Congress of Industrial Organizations (AFL-CIO). One of these regional institutes was the African American Labor Center (AALC) which began working in Egypt in 1979 and which initiated the SC program in Egypt. The Solidarity Center seeks to promote international labor solidarity by building strong self-sustaining unions through technical assistance; strengthening workers' rights through capacity building; supporting democracy by promoting the role of unions in countries in transition to democracy; and fostering social and economic justice by helping unions confront the change to market economies.

This evaluation covers the AALC/SC program in Egypt funded by Grant No. 263-0225-G-6010-00. The grant, as modified, provided 4.2 million U.S. dollars and 4.3 million Egyptian pounds for activities between September 26, 1995 and September 30, 1999. Activities continue under an oral understanding that a no cost modification extending the period covered will be issued through March 31, 2000.

The objective of this evaluation was to “evaluate and assess the impact of activities carried out under the Solidarity Center grant.” USAID asked the team to evaluate progress to date toward achieving established program goals, identify constraints and successes, and provide guidance and recommendations on future assistance.

The overarching objective of the Solidarity Center program, as articulated in the Solidarity Center’s grant, is:

“To develop within the ETUF and some of its major affiliates a capacity to respond to the changing economic environment and to improve the labor movement’s ability to represent the interests of the Egyptian workers through collective bargaining, dispute resolution, and public policy advocacy.”

Three intermediate results were designed to achieve this program objective. They are:

- 1) Improved effectiveness of ETUF and its affiliates’ management;
- 2) Increased representation of women in the Egyptian labor movement; and
- 3) Increased role of unions in privatization□

The overarching program objective has not been met as of this writing, nor can it be met by the end of the grant period. The fact that the objective has not been met has little to do with the SC’s abilities or lack thereof (or those of the ETUF for that matter). It is related entirely to the failure of **key critical assumptions** made at the time the program was initiated. These critical assumptions had to do with the anticipated pace of privatization, the enactment of a new labor law, and more generally the transition to an open economy.

This Executive Summary concentrates on key conclusions, recommendations and lessons learned. A fuller description of these can be found in the main report, along with a detailed discussion of the findings that led to the conclusions and recommendations.

## **CONCLUSIONS**

### **ACHIEVEMENT OF THE PROGRAM OBJECTIVE**

While the program objective cannot be met until such a time as significant privatization occurs, the team concluded that the logic underpinning the objective made great sense. Essentially, the Solidarity Center, with USAID support, was trying to pre-position the ETUF for eventual independence. Pre-positioning expands the understanding of union officers and members as to what independence entails. It creates skills in the tactics and tools that unions in free economies use to protect the interests of their members.

With no such preparation and a transition to a market economy, workers would be tremendously disadvantaged. They would be at the mercy of private employers, whose command of resources, political connections, and organizational abilities would exceed those of workers by a huge margin. This would create a serious and potentially destabilizing imbalance in power between business and labor, an imbalance that might be all the more tilted if a full democratic transition lagged far behind the economic one.

The potential risk in pre-positioning, however, is that efforts will go for naught in the absence of the anticipated changes. While some of the new knowledge being conveyed with Solidarity Center assistance (i.e., grievance handling) can be and is being applied in the current environment to benefit workers, other aspects (i.e., collective bargaining) cannot yet be used. While a longer time frame in theory leads to greater preparedness, new knowledge and skills without the opportunity for application may soon be forgotten.

The team believes that the Solidarity Center program and its discrete components have been relevant to the purpose of the grant and for the most part (barring funding issues related to the Vocational Training Center, described below) reasonably well administered. They have had an impact on the manner in which union training programs are conducted in Egypt and on the attitudes of trainers and trainees alike. While the number of beneficiaries is still small, compared to the huge size of the ETUF membership, a significant number of key officers and officials have been reached. The groundwork has been laid for a continuing expansion.

As intended by their U.S. designers, the programs have been adapted by the ETUF to Egyptian requirements. The team believes that the training programs are likely to be continued by the ETUF so long as a need continues to be felt. Expansion from the current base may, however, be difficult in the absence of additional funds. At this point in Egypt's evolution to a market economy, the existence of the SC program is both a signal of U.S. support for that transformation and for the workers who might suffer the most as a result of the change. USAID has been active in providing support to businesses and business development in Egypt. Sending a signal of parallel U.S. support for labor might be very important and could have an eventual return (assuming privatization occurs) far beyond the modest size of the investment.

The ETUF and the SC are fully committed to the success of the program. While both suffer from less than perfect management, they appear fully "aboard" on this project. The team believes that they have worked hard to ensure the success of project efforts, despite a certain to-be-expected resistance to change. The SC is likely to continue to use its own funds to work with the ETUF, albeit at a more modest level.

### **INTERMEDIATE RESULT ONE: IMPROVED EFFECTIVENESS OF THE ETUF AND ITS AFFILIATES' MANAGEMENT**

This component has introduced new worker education techniques in Egypt and has successfully educated a significant number of Egyptians on subjects that they themselves judge as important. The quality of this training is good and the number of trainees is starting to grow. SOLIDARITY CENTER has trained a large number of trainers who have demonstrated their success in delivering various workshops. Substantial progress has been made. The 70 trained trainers will continue to have an impact through the courses that they teach. There are still, however, 230 trainers who require upgrading of their skills.

One should not make an assumption that training is enough by itself to change firmly fixed beliefs and attitudes or old ways of doing things. Real interests are at stake, and many will fight to preserve the status quo. Jobs are scarce and suspicion of Western and in particular American motives and intentions is not uncommon. Evidence from other countries where the population has lived for many years under a socialist system and where the transition to a market economy has taken or is taking place suggests that popular attitudes are not easily changed, even in communities which might seem likely to be more responsive to new thinking, such as eastern Germany. However, a start needs to be made somewhere. Developing an awareness of what an independent workers' movement is and how it operates in a free society makes a lot of sense in this environment.

There may be new topics that the ETUF will require assistance in addressing in the coming period. One such topic might relate to child labor. Given the growing worldwide campaign to limit child labor, it is inevitable that this issue will sooner or later become an issue in Egypt for the trade unions. This likelihood, particularly as it effects export industries, is another factor that suggests the timeliness of this issue. Another topic of potential utility could be related to the development of a system of arbitration and conciliation to supplement future collective bargaining processes.

Although the Vocational Training Center (VTC) had trouble getting underway, it has now begun operation. It is the best training institute of its kind in Egypt. The U.S. contribution to the Center is recognized and appreciated. An American flag flies outside the building along with the Egyptian one. It should be noted that the Federation of Construction and Building Contractors, who are intimately involved in the administration and ultimately the financing of the center, view it as a vehicle for technology transfer from the U.S. construction industry. They are however insistent that they will not increase their support for the Center (beyond the current per trainee fees) until the Center expands to offer training in all 15 construction trades.

The VTC could and probably should expand to cover all 15 construction trades. This will take time and outside funding. Based on the training set-up for the five trades currently covered by the VTC, the Center has the possibility of becoming a construction trades "Center for Excellence." Eventually, the team believes that this training will permit Egyptians to compete

for international construction firm jobs in Egypt. It may also eventually help Egyptian firms win construction contracts that now go solely to international firms.

Financing remains a key issue. The only way to protect the current investment may be to assist with the Center's expansion to cover additional construction trades. The VTC cannot cover its current real costs (never mind expansion) until it works out better cost-sharing arrangements. What is probably required for both the expansion that construction firms desire and the longer-term sustainability of the VTC is the establishment of a trust fund, to which both construction contractors and the government would contribute. Unless the problem of sustainability can be solved, it could be unwise to invest additional funds in expanding the VTC. It is possible that revamping the structure of fees to remove hidden subsidies may work. However, this would mean higher fees per pupil and it is not clear that employers will pay higher fees, in the absence of the desired expansion in the number of trades covered and if they continue to fear their workers will then go off to the Gulf to work.

### **INTERMEDIATE RESULT 2: INCREASED REPRESENTATION OF WOMEN IN EGYPTIAN LABOR MOVEMENT**

Overcoming the resistance to women attaining positions of authority in the trade union movement commensurate with their ability is one aspect of the larger problem facing women in Egyptian society. Change is likely to come very gradually. Nonetheless, the project has scored some successes in support of the overall strategy of the ETUF's Women's Committee. Moreover, leading officials of the ETUF believe that the next round of internal elections in 2001 will see a significant increase in the number of women in senior positions. This appears to reflect a decision by the ETUF to be responsive to government policy in this field. As long as the government supports these developments, change is likely to take place.

The impact of the Solidarity Center program on the women participants, particularly those who attended courses in the U.S. whom the evaluation team met, seems to have been considerable. There is evidence of the entire effort having a broader impact, possibly echoing some kind of growing ferment amongst women workers. However, the numbers and people involved in the samples available to the evaluation team have been too small to draw any firm conclusions other than that developments seem hopeful and bear watching.

### **INTERMEDIATE RESULT 3: INCREASED ROLE OF UNIONS IN PRIVATIZATION**

Under this Intermediate Result, the SC sought to increase the knowledge of union officials and staff regarding the viability of Employee Stock Ownership Programs (ESOPs) as a response to privatization in Egypt. Two conferences were held and teaching curricula and materials prepared for the Workers' University. The conferences were useful in expanding union knowledge of ESOPs. Once the curriculum is taught (translation into Arabic is underway now), then knowledge should expand.

### **Financial Management**

The Solidarity Center, since it has been formed from the merger of the four AFL-CIO regional international institutes has developed adequate financial and management systems for its operations. These systems may well have been developed more quickly but the difficulties of

merging the four diverse institutes into one smoothly operating organization were probably underestimated. Based on the evaluation team's thirty years of experience working for and with USAID contractors and grantees, it is concluded that the financial management of this grant by the Solidarity Center is on a par with that found in similar sized non-profit USAID grantees. The team concludes that the SC's financial management has improved over the course of the grant and is now adequate given the size of its operation.

The MIP based accounting system and the Solidarity Center devised chart of accounts are appropriate to the needs of the Solidarity Center and fulfills the requirements of its grants with USAID. The SC's field accounting system and manual are used in its Cairo field office. The new Quickbooks Pro based system is an improvement on the present system but the installation of the Quickbooks system has rightly been delayed until the end of the current grant (March 30, 2000).

The SC/Cairo's willingness to learn from the FAST report and to implement its recommendations is one example of what we believe to be the SC's openness to suggestions for improvement. For more details vis-à-vis specific FAST recommendations, please refer to the main report and to *Annex E*.

## **RECOMMENDATIONS**

It is difficult to make recommendations given the lingering uncertainty vis-à-vis privatization and the passage of the new labor law. It is also difficult to draw recommendations from the team's conclusions when the mission's DG office has indicated that the labor program no longer fits with its strategy. It is possible that there is a stronger fit with the mission's economic growth program than there is with its DG program. The team encourages the mission to explore the fit between the labor program and the EG strategy. If the mission has an interest in its EG strategy in equity issues and in reducing income disparities, there may well be a good fit.

## **THE OVERARCHING PROGRAM OBJECTIVE**

Given that that USAID continues to support privatization and a freeing of labor market constraints, the team believes that some level of support to the SOLIDARITY CENTER program with the ETUF is merited. We believe that the idea of pre-positioning has merit and that much remains to be done to wean the ETUF and prepare it for eventual independence. Since no one has a crystal ball and can determine with any precision when serious privatization will occur, there is a risk that some of the interventions will go for naught. However, it seems shortsighted not to take the opportunity to prepare. We believe that support to the ETUF through SC will be read as an expression of American concern about the rights and interests of workers in that transition. At a symbolic level, we believe that this is important.

USAID/Egypt will need to make logical decisions about how program components fit into its new strategy. The team was not privy to thinking about the new strategy, which was in its final stages of preparation during the team's fieldwork. Recommendations related to individual components are discussed below in the relevant sections.

## **INTERMEDIATE RESULT ONE: IMPROVED EFFECTIVENESS OF THE ETUF AND ITS AFFILIATES' MANAGEMENT**

Visible selective support for the training programs designed to improve the professional competence of the ETUF's officers and staff (more than its membership) should be continued. A continued U.S. contribution to the workers' education process, even if only symbolic, or perhaps especially because it would be symbolic, would be valuable in the period of adjustment that is to come.

If a decision is made to provide follow on assistance, some consideration should be given to introducing the ETUF to issues involved in child labor (especially in the export zones) and also to the development of a system of arbitration and conciliation, to supplement the knowledge gained about collective bargaining.

The team recommends that some additional level of assistance be provided to the Vocational Training Center, so that it can achieve full operational status. Despite the delay, the Center is now on its feet and can play a useful role in upgrading the skills of those in the construction trades. However, such support should be contingent on progress in negotiating the sort of trust fund (or parallel arrangement) the Center needs to become sustainable. The Price Waterhouse survey may provide valuable suggestions about how to enhance sustainability. What the USAID could consider supporting is not operating costs, but the costs inherent in developing new curricula and procuring some additional equipment for the remaining construction trades.

## **INTERMEDIATE RESULT TWO: INCREASED REPRESENTATION OF WOMEN IN EGYPTIAN LABOR MOVEMENT**

In view of the ETUF's leadership's belief that there will be a significant increase in the numbers of women in high visibility positions with the Egyptian labor movement, it is recommended that a program be devised to reach out towards these new leaders with a view toward helping them succeed, thus advancing the overall goal of opening more doors for women. These women are operating in heavily male environments and can have great difficulty in bringing about change. Training in techniques and tools that might help them succeed can have an impact on the pace at which women gain a fuller representation of their interests within union circles. Helping women move toward parity in the trade union movement does fit with the mission's cross-cutting emphasis on reducing gender disparities.

## **FINANCIAL MANAGEMENT**

For ease of administrative and financial management for both the mission and the SC, we suggest that for any future support, the mission use the core SC grant run out of the Global Bureau DG Center and the field support system to finance further activities in Egypt. This system allows the mission to put funds into a G Bureau grant for work to be done with the mission. Since accounting is done as part of the core agreement, the mission would be freed up from contractual and financial responsibilities. The Solidarity Center is of course familiar with the system, which has been used by other missions.

The project staff, in consultation with the financial management staff, should review the SC audit report when it is issued and institute improvements as required.

## **LESSONS LEARNED**

Pre-positioning a government-controlled trade union for eventual independence can be a high risk strategy unless change is already occurring. In many if not most environments, it will be very important to take that risk, because the end result of a lack of preparedness could be devastating for workers, should change suddenly come.

The success of the George Meany Center in adapting American training programs to Egyptian needs based on original research in both administrative and craft fields, including gender-related issues, suggests that the Egyptian Solidarity Center program is worthy of closer study by USAID for possible broader applications for 1) other Egyptian training programs and 2) labor programs in other Arabic-speaking countries. The Meany Center materials pay particular attention to gender. Since the mission supports a great deal of training, it may be worth asking the Center if it can share relevant materials. It is possible that the mission's primary training contractor could gain access to these materials, if the mission were to request this.

The professional level of the financial management of for-profit and not-for-profit organizations, be they grantees or contractors, tends to be markedly different. While non-profits should be held to high standards for the management of funds and the timely reporting of expenditures, there is little point in holding up standards that are likely to consistently exceed NGO capacity.

Programs involving the development of independent trade unions do not always fit easily into traditional development (particularly USAID) frameworks, and thus it is probably necessary for USAID to view and administer such programs with a degree of flexibility in the context of the agency's strategic frameworks. Since labor programs naturally include elements related to both democracy and governance, as well as economic growth, USAID might consider how the SC can bridge, and contribute to, both sectoral objectives.

## TABLE OF CONTENTS

<b>EXECUTIVE SUMMARY.....</b>	<b>i</b>
<b>ACRONYMS.....</b>	<b>xi</b>
<b>I. INTRODUCTION.....</b>	<b>1</b>
A. Purpose, Duration, and Scope of Evaluation.....	1
B. Evaluation Team and Methodology.....	1
C. Acknowledgments.....	2
D. Overview of the Solidarity Center Program.....	3
<b>II. FINDINGS.....</b>	<b>3</b>
A. Overarching Program Objective.....	3
B. Intermediate Result One: Improved Effectiveness Of The ETUF And Its Affiliates’ Management.....	6
C. Intermediate Result Two: Increased Representation of Women in the Egyptian Labor Movement.....	13
D. Intermediate Result 3: Increased Role of Unions in Privatization.....	15
E. Financial Management.....	15
<b>III. CONCLUSIONS.....</b>	<b>18</b>
A. Achievement of the Program Objective.....	18
B. Result One: Improved Effectiveness of the ETUF and its Affiliates’ Management.....	19
C. Intermediate Result 2: Increased Representation of Women in Egyptian Labor Movement.....	22
D. Intermediate Result Three: Increased Role of Unions in Privatization.....	22
E. Financial Management.....	22
<b>IV. RECOMMENDATIONS.....</b>	<b>23</b>
A. The Overarching Program Objective.....	24
B. Intermediate Result One: Improved Effectiveness of the ETUF and its Affiliates’ Management.....	24
C. Intermediate Result Two: Increased Representation of Women in Egyptian Labor Movement.....	25
D. Intermediate Result Three: Increased Role of Unions in Privatization.....	25
E. Financial Management.....	25
<b>V. LESSONS LEARNED.....</b>	<b>26</b>

## ANNEXES

### ANNEX A: STATEMENT OF WORK

### ANNEX B: LIST OF PERSONS CONTACTED

### ANNEX C: LIST OF DOCUMENTS CONSULTED

**ANNEX D: TRADE UNION STRUCTURE IN EGYPT**

**ANNEX E: STATUS OF THE FAST REPORT RECOMMENDATIONS**

**ANNEX F: WORKER'S UNIVERSITY INSTITUTES AND BRANCHES**

## OUTLINE OF BASIC PROJECT IDENTIFICATION DATA

1. Country: Egypt
2. Project Title: American Center for Labor Solidarity Program
3. Project Number: 263-0225-6010
4. Project Dates:
  - a. First Project Agreement: March 6, 1996
  - b. Final Obligation Date: November 19, 1998
  - c. Most Recent Project Assistance Completion Date: 3/30/00
5. Project Funding: \$4, 234.577 and L.E. 4,302,435
6. Mode of Implementation: Solidarity Center, USAID Direct Grantee
7. Project Designers: N/A
8. Responsible Mission Officials:
  - a. Mission Director: Richard Brown
  - b. Project Officers: Magda Mahrous, Maria Rendon-Labadan, David Schroder, Raymond Waldron
9. Previous Evaluations: Interim evaluation, December, 1997

## **ACRONYMS**

ACILS	American Center for International Labor Solidarity (aka Solidarity Center)
AFL – CIO	American Federation of Labor – Congress of Industrial Organizations
BCTD	Building and Construction Trades Department of the AFL-CIO
DG	Democracy and Governance
EG	Economic Growth
ESOPS	Employee Stock Ownership Programs
ETUF	Egyptian Trade Union Federation
FAST	Financial Analysis Support Team
ILO	International Labor Organization
MSI	Management Systems International
OMB	Office of Management & Budget
SC	Solidarity Center (aka ACILS)
SOW	Statement of Work
USAID	United States Agency for International Development
VTC	Vocational Training Center at Maadi

## **I. INTRODUCTION**

### **A. Purpose, Duration, and Scope of Evaluation**

USAID/Egypt awarded a contract to Management Systems International (MSI), a private firm based in Washington, D.C. to evaluate the American Center for International Labor Solidarity (ACILS) program in Egypt. ACILS, or the Solidarity Center (SC) as it is more commonly known, was established from the separate regional international institutes of the American Federation of Labor - Congress of Industrial Organizations (AFL-CIO). These regional institutes included the African American Labor Center (AALC) which began working in Egypt in 1979 and which initiated the SC program in Egypt. The Solidarity Center seeks to promote international labor solidarity by building strong self-sustaining unions through technical assistance; strengthening workers' rights through capacity building; supporting democracy by promoting the role of unions in countries in transition to democracy; and fostering social and economic justice by helping unions confront the change to market economies.

This evaluation covers the AALC/SC program in Egypt funded by Grant No. 263-0225-G-6010-00. The grant, as modified, provided 4.2 million U.S. dollars and 4.3 million Egyptian pounds for activities between September 26, 1995 and September 30, 1999. Activities continue under an oral understanding that a no cost modification extending the period covered will be issued through March 31, 2000.

The objective of this evaluation, according to the MSI task order, was to “evaluate and assess the impact of activities carried out under the Solidarity Center grant.” USAID asked MSI to evaluate progress to date toward achieving established program goals, identify constraints and successes, and provide guidance and recommendations on future assistance. The Statement of Work (SOW) for this evaluation (see *Annex A*) provides an extensive list of questions that the team addresses in this report. The report organizes the team's analysis by Findings, Conclusions and Recommendations for each program component, as well as overall Lessons Learned.

### **B. Evaluation Team and Methodology**

In accordance with the SOW, MSI provided a three-person evaluation team comprised of John A. Warnock, a labor specialist and team leader; John E. Soden, an attorney and Certified Public Accountant, and Nivine Hamdan, an Egyptian development specialist. The team spent a week in Washington collecting data and then three weeks in Egypt interviewing key informants and reviewing documents. A debriefing was held for USAID/Egypt on November 21 at the mission. Solidarity Center representatives did not attend the debriefing. The MSI team submitted a preliminary draft report at the meeting and solicited comments. Comments from USAID were received on November 29 and on January 3 and were considered in the preparation of this final report.

Prior to departure for Egypt, the MSI team conducted interviews, both personal and by telephone, with officials of SC/Washington, the AFL-CIO, the George Meany Center, other trade union officials involved with Egypt, USAID and State Department officials, and other informed individuals. The team also reviewed relevant documents in SC prior to departure, as well as documents collected independently as part of their research. Some additional interviewing was done in the U.S. after the team's return from Egypt.

In Egypt, initial briefings were held with USAID and the SC representatives during which details of the Statement of Work (SOW) and expectations for the evaluation were reviewed. The team submitted a work plan and report outline within its first week in Egypt, and provided a mid-course oral briefing on November 14. Meetings were also held with officials of the Egyptian government, the Egyptian Trade Union Federation, the Maadi Vocational Training Center, the Egyptian Federation for Construction and Building Contractors, and other business, union, and NGO officials. The team also met with Egyptian trade union instructors and trainees who had participated in SC seminars and programs. The team also solicited suggestions from SC and USAID on whom they should interview. The team has made a good faith attempt to be inclusive, comprehensive, and responsive to the suggestions of the SC and USAID. A list of persons interviewed is at Annex B. Annex C is a list of documents consulted. Finally, Annex E presents a discussion of each of the Financial Analysis Support Team's (known by the acronym of FAST) recommendations.

This report presents, in separate sections, findings, conclusions, recommendations, and lessons learned in five areas:

- The overall program objective, as laid out in the grant agreement
- Intermediate Result 1: Improved Effectiveness of the ETUF and its Affiliates' Management
- Intermediate Result 2: Increased Representation of Women in Egyptian Labor Movement
- Intermediate Result 3: Increased Role of Unions in Privatization<sup>1</sup>
- The Solidarity Center's financial management of its USAID grant.

### **C. Acknowledgments**

The MSI team wishes to express its thanks to all those involved in the completion of this evaluation. The Solidarity Center staff were available to the evaluation team and the financial staff were particularly generous with their time, even though their auditors were on site doing field work for the first audit of the merged Center. USAID/Cairo and the Solidarity Center/Egypt invested considerable amounts of staff time with the evaluation team. And the

---

<sup>1</sup> Note that this language is taken from the grant agreement. The team's SOW states IR3 as "increased role of unions in social and economic development," wording that appears to come from one of the earlier SC proposals. Regardless of which wording is preferred, the IR appears to have only one meaning, tied to the increase of knowledge about ESOPs (Employee Stock Ownership Programs).

Egyptians did nothing to tarnish their well-deserved reputation for the warmth of their welcome and hospitality.

#### **D. Overview of the Solidarity Center Program**

The proposal for grant funding for the activities covered by this evaluation was first submitted to USAID/Egypt by the predecessor to the Solidarity Center, the African-American Labor Center (AALC) on April 18, 1995 for a 5-year program. The proposal was shortened to a 3-year program and was re-submitted to USAID/Egypt on August 3, 1995. The 3-year proposal was redrafted to fit the USAID strategic planning process on September 9, 1995. Grant 263-0225-G-00-6010-00 was issued on March 6, 1996, funding activities from September 26, 1995 through September 30, 1998 with a total budget of \$4,234,577 and Egyptian pounds (L.E.) 4,302,435 with initial funding obligated at \$1,545,207 and L.E. 874,000. The grant was extended through September 1999. The program continues at this writing under an oral understanding that a no-cost extension will be issued, extending the program for six months thorough March 31, 2000.

The AALC had been active in Egypt since 1979. It sought to assist in the development of the Egyptian trade union movement as a democratic, independent institution capable of promoting the economic, political and social interests of the Egyptian workers. The AALC, and now the Solidarity Center, has always worked through the Egyptian Trade Union Federation (ETUF), and supported programs approved by that body. The current grant is the latest example of USAID support for these activities in Egypt.

The overarching objective, or Primary Result, of the Solidarity Center program, as articulated in the Solidarity Center's grant, is:

**“To develop within the ETUF and some of its major affiliates a capacity to respond to the changing economic environment and to improve the labor movement’s ability to represent the interests of the Egyptian workers through collective bargaining, dispute resolution, and public policy advocacy.”**

Three intermediate results were designed to achieve this program objective. They are:

1. Improved effectiveness of ETUF and its affiliates' management;
2. Decreased representation of women in the Egyptian labor movement; and
3. Increased role of unions in privatization.

## **II. FINDINGS**

### **A. Overarching Program Objective**

The overarching program objective, quoted in the previous section (and appearing at the top of this page), contains two inter-related components. The first portion of the objective relates to the ability of the ETUF to develop and implement strategies to protect worker interests in a

changing economic environment. The second is tied to the effectiveness of the ETUF in collective bargaining, dispute resolution and public policy advocacy, all tactics used by unions in the west to protect their members. This objective has not been met as of this writing, nor can it be met by the end of the grant period. Both the Solidarity Center and USAID hoped that the ETUF would be able to reinvent itself as a functioning independent trade union in a free market economy. The fact that the objective has not been met has little to do with the SC's abilities or lack thereof (or those of the ETUF for that matter) and almost everything to do with the failure of *key critical assumptions*. These critical assumptions had to do with the anticipated pace of privatization, the enactment of a new labor law, and more generally the transition to an open economy.

Egypt today is a country that has been in transition from a socialist to a market economy for over 20 years. While important progress has been made, many of the structures of the old system remain largely in place. Despite a number of privatizations, the government still "owns" about 75% of the formal economy. Government, business and the trade unions are all linked in a still largely corporatist state structure inherited from the past.

Within this system, prominent individuals can and do hold multiple positions in government and business, trade unions or the professional syndicates for lawyers, engineers, doctors and others. The relationships among these players and with the public is determined by legislation and politics, but they are closely intertwined.

The government is committed to transforming this corporatist state arrangement into a open market economy. The pace of the process, known as "privatization", has been slower than anticipated and, in the field of labor relations, the structures of the old socialist system remain largely intact and operational. Reform is continuing but at a rather stately pace.

Employers are required to join the appropriate industry association; professionals are required to join the corresponding syndicates; and workers join the trade union covering their industries. Conditions of employment are controlled by statute and administrative fiat. Collective bargaining, outside the small private sector, is unknown. It is illegal to strike. In the public sector, worker complaints are settled by committees representing the employer, union and government rather than by U.S.-style grievance procedures or through labor courts of the European variety. Offsetting serious limitation on workers' independent pursuit of their interests is a generous body of legislation that provides comprehensive workers' rights, such as substantial maternity leave and provisions that make it difficult if not impossible for employers to dismiss an employee.

For the past eight years, a new comprehensive Labor Law has been in the legislative pipeline. When **and if** enacted, this law will, inter alia, authorize collective bargaining generally and legalize strikes under certain circumstances. It will not only free up workers – presumably, it will free up employers as well. Labor market reform is something that is desperately needed if private investment levels are to rise. Disappointingly, recent media reports from early January 2000 suggest that the Labor Law is unlikely to be passed any time soon. Political parties, human rights organizations and labor leaders oppose the draft as written. They held a joint press briefing and announced that they would work to stop the bill in the national assembly.

Reports circulating in the autumn suggested that another wave of privatizations was likely to be pending. However, privatization has generally moved painfully slowly and no further progress was evident over the course of preparing this written report.

The main thrust of the Solidarity Center program has been based on giving the ETUF and its affiliates (*see Annex D*) the skills necessary to cope with the situation that will follow the onset of significant privatization, the introduction of collective bargaining and the partial legalization of the strike. This situation is likely to be a very difficult one for workers. Many are poorly skilled and they may well be found redundant. Layoffs are inevitable and, in an economy which is not generating enough jobs for new labor market entrants, may be potentially devastating to family well being. Even those kept on at their places of work are likely to lose the benefits and guarantees to which they have grown accustomed. The ETUF and its affiliates are likely to be faced with serious membership pressure. They could also be faced with serious competition. It is possible that alternative unions will form. The ETUF will certainly face challenges to its guaranteed monopoly on representing workers. It will need to recruit and retain members on the basis of services provided.

The ETUF is in effect a branch of the government. It is not really free to take a position on an important issue that diverges from that of the government. As such, the ETUF formally supports privatization and recognizes that it is inevitable. Its strategy is to ensure that the social, economic and political dislocations that have characterized the same transition in other countries are not replicated in Egypt. Accordingly, the ETUF, the country's only mass-membership organization, works closely with the government, business and the ruling party,<sup>2</sup> to ensure that the tempo of "privatization" is kept to a pace that its membership, and by inference the general public, can tolerate. The existence of this strategy and its interaction with government policy were cited by all senior ETUF officials interviewed and confirmed by the president of that organization and by the Minister of Manpower and Training. This is not to say that the ETUF position represents the views of all its membership. There is reason to believe that there is little enthusiasm generally for and probably considerable internal opposition to continued privatization and labor market reform. Some interlocutors suggested that the average Egyptian worker is fearful of losing his job and is deeply suspicious of Western-inspired "privatization." It would be odd if there were not fear and opposition since very real interests are at stake.

Whatever the real sentiments of the ETUF may be, it is unlikely that reservations about privatization have had much affect on the lack of progress in privatization. The regime is most likely to be concerned about the political ramifications of such a major change – of losing resources and control and creating large-scale discontent.

Solidarity Center projects were designed to strengthen the ETUF's ability to protect workers' interests in anticipation of a relatively rapid transition to a market economy and the passage of the labor legislation that would make collective bargaining both legal and widespread. Thus, at this point, the effectiveness of the ETUF in dealing with the most serious of these problems has yet to be put to the test. It has, however, been trying to prepare itself and its membership for that time.

---

<sup>2</sup> Representatives of the unions and peasants account for about 50% of the members of the Peoples Assembly.

The number of trade union members in the private sector has not increased during the life of this project, possibly because in the continued absence of collective bargaining, the unions have little to offer such workers.

## **B. Intermediate Result One: Improved Effectiveness Of The ETUF And Its Affiliates' Management**

No performance standards or indicators appear to have been established for this intermediate result. As such, it is difficult to determine those management improvements of the ETUF for which the Solidarity Center should be held accountable, particularly in the absence of the expected changes in the environment. It is clear that the ETUF is trying to change. Under the old (and still largely existing system), political loyalty was the main attribute needed to succeed as a union leader. Now, the ETUF recognizes that in order to hold its own against private firms in the coming free economy, officials and staff will need to possess a new mind set and a whole range of skills never before needed. It is trying to gain these skills.

The programs sponsored by Solidarity Center have primarily focused on upgrading the skills and knowledge of union officers and staff, female union members and construction workers. The U.S. designers of these training programs state that they developed them with a view to allowing adaptation by the Egyptians to local needs. Such adaptations in curricula have taken place. Many participants believe they have not only benefited significantly from the technical knowledge that they have acquired but have also "broadened" their mental horizons. ETUF officials, at all levels, have expressed their appreciation for the programs and for the personal help and friendship of the many American trainers who have been involved in professional development.

For greater specificity regarding what might have been meant vis-à-vis this IR, we must turn to the lower level results. There are two sub-results that feed into this result: 1) improved quality of labor education programs; and 2) development of the skills of the ETUF's union elected officers and professional staff. The first sub-result targeted the Workers' University and its regional Workers' Education Centers (see *Annex D*), while the second sub-result targeted both the Workers' University and the Maadi Vocational Training Center. The discussion below is divided by target group, for the sake of clarity in the presentation.

### **1. Improved Labor Education System and Strengthened Skills in Professional Staff and Union Members**

Worker education has been an important thrust of the ETUF and of the Solidarity Center program. Over 100,000 union members are trained annually through the Workers' University and its satellite institutions. The purpose of these sub-Intermediate Results (IRs) was to expand the horizons of union officials and trainers (and eventually workers themselves) and to open them up to new techniques and approaches. Under the socialist system, the main role of trade unions was to administer labor law and not to represent works' interests. Worker education programs were used to indoctrinate officers and the rank-and-file in the party line.

According to both Egyptians and Americans directly involved in Solidarity Center programs, U.S. funding of the Solidarity Center has not only increased the skill levels of officers

and staff of the ETUF but has had a significant impact on the way in which such training is conducted in Egypt.

Modules have been designed for the following subjects:

- Workplace Democracy,
- Privatization,
- Grievance Handling, and
- Guidebook for Editors

The Guidebook for Editors is in use. It is a handbook for union staff working on local or affiliate newsletters. The ILO thought it was very well done and has picked it up for use in other Arab countries. The content of the course on Grievance Handling is also of use, in the everyday handling of worker grievances. The module on workplace democracy is valuable, even in the current environment, because its principles can be applied. Finally, the module on privatization is meant to explain privatization's advantages, clear up misconceptions, and help union officials and staff understand their role in a changed environment. All these modules have relevance even in a slowly changing environment.

In addition to the above-described modules, modules on Instructional Systems Development, Collective Bargaining, Organizing, and the History of the Egyptian Labor Movement were developed with earlier USAID funding and are still being used by instructors throughout the Egyptian labor education system. The modules on Conflict Resolution and Gender Issues have not been developed yet and are not in process at this writing.

Available statistics indicate that 70 out of 300 instructors have been trained as trainers for the new curricula. Interviews suggest that most of the trained instructors and their hundreds of students are enthusiastic about the new training programs. Twenty instructors (16 men and four women) from the Workers University were trained in the U.S. (in Maryland at the George Meany Center) and Egypt. They in turn trained another 50 of their colleagues. These 70 instructors have transferred their knowledge on Workplace Democracy, Privatization, Grievance Handling, and Collective Bargaining to a total of 1601 participants over a four year period (September 1995 to September 1999).<sup>3</sup> This means that each trainer has taught these new modules to approximately 23 students, since they themselves were trained. This does not on the surface appear to be an outstanding record but it is useful to keep in mind that these trainers teach subjects other than the ones for which new modules were developed. In addition, the student base will grow substantially over time, so that the original investment will continue to produce gains. Furthermore, the number trained may be less important than who has been trained. Selection of trainees is roughly equivalent to the selection of army officers for training. Those who are felt to have significant leadership potential are the most likely to be selected for training.

The SC has more than met the training commitments that it made in the grant agreement, as follows:

---

<sup>3</sup> Note that this does not represent the total number of individuals trained under the grant. The total number of participants in seminars and workshops between November 1995 and November 1999 is 3358 (or 2098 men and 1460 women).

- 3 modules developed in new subject matters
- 10 new instructors trained in interactive teaching methods
- 10 courses taught by the ten instructors

Until the training of trainers was accomplished, the quality of the teaching offered was generally very low. Reportedly, the typical trainer checked off attendance, read a set of prepared materials to the class and then went home. To have revamped the teaching style of one-third of the faculty and to have trained them to teach several new curricula is an important step forward in preparing union leaders and staff to understand the coming new world of a market economy. If they do not understand the basic parameters of this economy and how they fit into it, they will be poorly placed to defend their interests.

The team talked to several of the 20 teachers who were trained in the U.S. and who then trained other teachers. They were uniformly enthusiastic about the training they received and about how it had benefited their work. Indeed, while it is only impressionistic and not quantifiable at any level, the team found the Workers' University to be an impressive place. The affect was full of energy, and students and teachers appeared interested and committed

The U.S. designers of the training modules and courses provided under this component are confident that their work "has legs," i.e. that their programs and techniques have been accepted and modified by the Egyptians who will ensure that they will survive and have a permanent effect on the country's labor unions. Some of the modules developed by the George Meany Institute have been taken up by the UN's ILO for use in labor training programs throughout the Arab world. In addition, a pamphlet on trade union communication prepared by another American expert has been translated and circulated throughout Egypt and in other Arabic-speaking countries. These are good proxy indicators for the quality of the training and materials prepared by the Solidarity Center.

A focus group was held with eight prior participants in the new courses at the Workers' University. The majority of trainees interviewed indicated that the training was useful, and that they have applied lessons learned from the courses to every day tasks they face in the process of running trade unions. Participants trained by Egyptian trainers rated them highly. The Solidarity Center conducted a follow-up evaluation with participants of training courses conducted on Workplace Democracy and Collective Bargaining. Among a total of 375 participants, an overwhelming majority responded in a positive manner to twelve separate questions related to the quality, relevance, and delivery of the courses.

At this time, no meaningful figures are available on overall costs per trainee. This is because the SC training program is run through the Workers' University so it is difficult to separate out costs for the specific SC modules.

## **2. Improved Ability of the Union to Upgrade Members' Skills**

In practice, this sub-result is tied to the support given to establishment of the Vocational Training Center (VTC) in the Cairo suburb of Maadi by the construction workers union. The purpose of the project is to transform largely unskilled union members employed by contractors into skilled craftsmen who will return to their companies at higher rates of pay. U.S. specialists have been involved in the development of both the VTC's physical plant and its instruction modules, which have been adapted by Egyptian trainers to local practices. The VTC operates

under the direction of a tripartite board of directors (government, Egyptian Federation of Construction and Building Contractors and the union), but its guiding spirit is the president of the construction workers' union, who is also a member of the national assembly. It has also benefited from direct Egyptian government support.

The idea behind the VTC has been carefully planned. There are roughly three levels in the Egyptian construction arena: 1) local contractors consisting largely of state-owned firms and represented by the Egyptian Contractors' Association; 2) local firms doing mostly large scale residential units and represented by the Arab Contractors' Association; and 3) international firms which have an effective monopoly on the very big construction project requiring a lot of skill. The best money to be earned is with the third group, but they do not hire Egyptians in any skilled jobs. Instead, they bring in skilled third country nationals. The hope of the Center is to train Egyptians to the level at which they can start to qualify for some of these better-paying assignments. The hope of the Egyptian Federation of Construction and Building Contractors is that with more skilled employees, they might eventually win contracts that now go only to international firms.

Despite the wealth of expertise available during the formative stage, the development of the VTC was plagued by a succession of delays. It took four years for the Center to begin offering training in five of the building crafts. The delays seem largely to be linked with inadequate or untimely provision of funding. Some of these delays were linked to SC management weaknesses while others were at least partially tied to USAID's sometimes slow processing of Egyptian pound advances,<sup>4</sup> particularly in the early days of the grant. Funding problems meant that the VTC was developed piecemeal and it took much longer to have everything needed in place to begin training. Further delays were caused by the months-long tie up of US training equipment in customs and the difficulty of finding good instructors at the salaries which the VTC could afford to pay. Actual training only began in July 1999. The Center's popular American interim director left in 1999 and has been replaced with a highly respected Egyptian.

In the view of the Building and Construction Trades Department (BCTD) of the AFL-CIO, the group working with the Egyptian Construction Union to develop the VTC, inadequate provision was made by the Solidarity Center for funding their overhead costs associated with the project. In addition, SC was slow to obtain advances from USAID to cover project expenditures. BCTD notes that it was obliged to invest \$80,000 of its own funds in developing the Center, something it has rarely done since its members do not like it to spend money on overseas assistance.<sup>5</sup> It is also important to note that the Egyptian Construction Union invested funds of its own, a factor that shows more than a little ownership of the VTC.

The grant agreement called for the vocational center to teach bricklaying, tile setting and other trowel crafts, as well as electrical, plumbing and carpentry skills. It did not specify for training to be offered in all 15 building trades. The team could find no evidence that there was any plan at the outset to offer training in all 15 construction trades. Recently, the Egyptian

---

<sup>4</sup> This was particularly the case for requests for larger advances. Most of the large advances requested by the SC were for the BCTD's work with the Vocational Training Center.

<sup>5</sup> It was finally agreed that the BCTD, through its international arms, would assume direct responsibility for overseeing any future USAID assistance to the Center. This matter is now being pursued by the various parties involved.

Federation of Construction and Building Contractors began pressing the VTC to expand to cover all 15 trades. Training is currently offered in five of the six areas mentioned above. Training in plumbing, welding and ironworking are not provided at this time, although equipment and modules exist for this training. The VTC has been unable to identify a competent instructor for the welding component and seemingly no employers have referred employees for training in the other areas.

There have been a total of 97 trainees to date commencing in July 1999. This number includes course instructors, who first had to be trained themselves. At the time of the team's fieldwork, the first class had graduated and the second was in training. The vocational center's full capacity is 240 students in two shifts: 120 per shift for a three month training period. The Center is not yet operating at full capacity, with 78 trainees out of a possible 120 in the second class. The VTC's administration believes that it's break-even point would be reached at 120 trainees per session. The team is skeptical that this estimate will survive the results of Price Waterhouse survey.

The following statistics show the numbers trained and in which fields, including trainers:

<b>Field</b>	<b>Trained</b>	<b>In Training</b>
Bricklayers	9	15
Tilelayers/plasterers		23
Carpentry	8	20
Electrical	17	20

Of those trained, whom are not now functioning as trainers, some were sent by construction firms and others were sent by the Ministry of Labor under a special scheme for young people. All graduates are working. In some ways, it may be good that the initial numbers were light. The Center's leaders saw the first courses as experimental, and a test of the faculty and the students. Now, they can build on what they learned in the first two sessions, making curriculum adjustments, where needed.

The numbers of trainees in the second class of trainees would have been substantially higher in November had it not been for the fact that the Federation of Contractors was waiting to see if one of its members could force the VTC to train non-union "subcontractors" or individuals who would not be regular employees of the firm (and therefore not entitled to become union members). One firm had signed up to send 90 of its employees to the VTC for training. It then became apparent just before course start up that the firm wanted those 90 to work as independent subcontractors to the firm as not as employees belonging to the union that runs the VTC. This is an old dodge to block unions from gaining access to a firm. It is important to keep in mind that few private firms in Egypt are unionized at this point in time. The culprit firm canceled its applications at the last minute, and the VTC was unable to fill the slots for that session.

USAID asked about the relevance of marketing the Center's offerings as a way of attracting more trainees. The team is not certain that marketing would be of much value given the VTC's modus operandi. The government decides who is accepted for training. The trainees come from two sources: the Ministry of Labor and the members of the Federation of Construction and Building Contractors. Thus marketing to individuals (who would be unlikely

to be able to afford the fees in any case) would not make much sense. Since Federation members know about the VTC, the team does not find that the lack of information is an issue.

The Egyptian Federation for Construction and Building Contractors reported that the quality of the workers trained at the Maadi facility is very high.<sup>6</sup> In the Federation's view, there are no real equivalent institutions in Egypt. The team was informed that some of the first graduates were offered jobs in the Arab states due to their good qualification. These points suggest that the training offered is of a high caliber. The question in the scope of work about employee performance and labor productivity in the building trades is premature at this writing, since the vocational center has just begun to graduate skilled workers.

Vocational Center staff are currently trying to determine whether the members of the Egyptian Federation of Construction and Building Contractors have an adequate number of students they wish to send to additional courses, to justify expansion. This situation takes on added significance in light of the fact that the pending new national labor law will require certification by schools such as the Maadi center of all workers to be employed in the 15 recognized crafts. The Egyptian Federation for Construction and Building Contractors has insisted that it will not contribute more to the operation of the center than the current training fees until the VTC can offer certification in all of the 15 crafts; i.e., that it will not subsidize the operation until it is (in their eyes) fully established and functional.

The sustainability of the training center is questionable at this writing. The Center charges per course training fees, but these fees do not include the cost of food or lodging. In fact, it is not clear what the fees are based on. Other legitimate cost considerations, such as depreciation for machinery and capital investment, do not appear to have been taken into account in calculating fees. This is precisely why the Price Waterhouse survey is being done. The Center appears to be subsidizing a cost that should be born by the employers of the trainees. Sustainability ultimately is linked to firms working in the construction industry. The powerful Federation of Construction and Building Contractors is on the VTC's Board of Directors and is supposed to encourage its members to send their employees for training. As noted above, employers linked to the Association are unwilling to support the Center, beyond paying the per capita training fees for those staff whom they send for training, until it provides training in all 15 construction trades. Construction firms see the Center as a way to obtain the certification that the new labor law is likely to require (when signed into legislation) and are using their potential support as a bargaining chip to press the Center to expand. They do not want to be obliged to accept only employees trained in government or ILO vocational schools, because they think the quality of the graduates is poor. They want well qualified workers who can help them win contracts.

In meetings with the Federation of Contractors, it was made clear that they view the center as the potential leader in the construction training field in Egypt and that they have a strong interest in it as a vehicle for the transfer of American technology in the construction field. They hope that the Center's U.S. connection will continue and that the AFL-CIO will be

---

<sup>6</sup> During the finalization of this report, the mission commented by email that it had heard that less attendance was poor. This was never raised by anyone as an issue while the team was in Egypt. Given that employers were paying for many of those attending the courses and that the Contractors' Association has found the quality of graduates to be very high, we doubt that attendance is a systemic problem. The possibility remains of course that there were disciplinary problems with some of the youth sent by the Ministry of Labor under its special youth scheme.

involved in the Center's expansion. However, it is important to note that the interest of construction firms is somewhat tempered by their view that a significant number of the VTC's graduates are likely to work only a limited time in Egypt before finding jobs, at much higher rates of pay, in other Arab countries. In short, the Federation anticipates some sort of a "brain drain" problem.

It would seem possible to expand the VTC to cover additional trades, but funding for the start-up costs does not currently seem to be available from any of the parties involved, either directly or peripherally, with the VTC.

### **3. El Omal Newspaper**

El Omal is a weekly newspaper with a circulation of 25,000. Subscriptions account for almost 80% of its circulation; the other 20% is based on newsstand sales. The total production cost per weekly issue is LE 10,000, which is divided equally among printing costs and salaries of journalists and overhead or roughly LE 500,000 per year. Revenue comes from advertising, which amounts to LE 420,000/year. The ETUF contributes LE 75,000/year in the form of free office space.

The grant agreement called for the Solidarity Center to provide the newspaper with computers, desktop publishing capabilities and training in new technologies available in the newspaper preparation business. These were provided, according to plan. . A total of nine computers were purchased mainly for El Omal newspaper along with scanners, color printers, software, and adapters. The trained professionals now using this equipment consist of two layout & design workers and three workers for word processing and transcribing. One woman was among those trained. There is a full time staff of eight journalists and many freelancers and cartoonists.

With this help, El Omal was not only able to increase the number of pages to twelve from eight pages but also to cover 80% of publication costs in-house. The remaining 20% of publication costs consist of paper purchases and printing done at government-funded Gomhuria printing press, which is the cheapest contractor. It would not be cost-effective for El Omal to acquire its own presses, which would require a huge capital investment in both the machinery and a place to locate it. This constitutes a sharp improvement. Before the assistance, 20% of the processing was done in-house while the remaining 80% was handled by the government printing plant.

El Omal's acting editor states that the newspaper hopes to become self-sufficient through increases in advertising revenues in two years.<sup>7</sup> The increase in length makes the newspaper more attractive to advertisers. In addition, El Omal has a plan to start distributing the newspaper to every workplace where unions are present. There are 2000 local committees through which additional distribution could take place. The editor believes that further increases in circulation will draw yet more advertisers.

---

<sup>7</sup> Note that the grant agreement did not anticipate sustainability.

### C. **Intermediate Result Two: Increased Representation of Women in the Egyptian Labor Movement**

Overall, women constitute over 20% of trade union membership. Yet they occupy only 900 out of 22,000 elected union positions, or 4% of all positions. This represents progress, but it is clear that female union members have a long way to go.

Important developments concerning women in the trade unions have taken place during the lifetime of the grant. In response to pressure from above and below, the ETUF, for the first time, has elevated a woman to a senior position and placed her in charge of its Women's Commission. This individual is very pro-active and has taken advantage of her SC training to advance women's issues. In addition, women in the trade unions have benefited from the vocal support of Egypt's first lady, who has taken an interest in their struggle. As a consequence of the work of the head of the women's commission and more general support from Mrs. Mubarak, there has also been a significant increase in the number of women elected to local office in the unions. Some plant committees are now completely controlled by women.

These developments have permitted the Solidarity Center to take advantage of the relatively small number of training grants available for study in the U.S. and for associated programs. A total of nine female trade unionists attended seminars in Maryland during the period from September 1995 to September 1999. The evaluation team met with six of these women. They were enthusiastic about their experience, although some wished that the U.S. program had included more on "organizing" techniques. The team believes that U.S. organizing techniques have no relevance to Egypt because such techniques are intimately tied to U.S. labor relations law and how the National Labor Relations Board interprets that law. Choices about what to cover need to be made in any training program. Not every interesting topic can be included. The team finds that the choices that were made were appropriate for the Egyptian context. The nine women trained in the US have conducted many seminars with approximately 1244 participants over the life of the project in order to promote women in trade unions.

The associated programs referred to above are training programs run by the Workers' University throughout Egypt. They are loosely modeled on the one attended by the nine women at the George Meany Center in Maryland. They appear to be intended to signal the importance of women's issues to the broader public and community of workers as well as to build self-esteem and skills in the participants. Participants voiced enthusiasm about these in-country programs for women, the inauguration of one of which the evaluation team attended.

A total of sixteen different topic areas were offered in the women's program. Some of these subjects were offered multiple times. For example, the workshop on the **Promotion of Women in Trade Union Structures** was offered ten times, while **Activating Women in the Trade Unions** was offered twice. A total of 58 workshops were held. Eight of these were held outside of Cairo. Five workshops for candidates aspiring to union offices were held in Alexandria (3), Ismailiya and Asyut. Three workshops in **How to Run a Small Project** were held in Gamasa, Alexandria and Port Said. A detailed list of the workshops offered for women in the trade unions is as follows:

<b>Workshop Topic</b>	<b>Number of Times Held 11/95 – 11/99</b>
Promotion of Women in Trade Union Structures	12
How to Run a Small Project	10
Elected Officers	8
Working Women in Society	5
Labor Law (including women and labor law)	5
Social Services	3
Women's Conference and Related Issues	3
Activating Women in the Trade Unions	2
Labor Standards (new in 1999)	2
Scientific Approaches to Trade Unions Issues	2
Collective Bargaining	1
Child Labor	1
Development of Skills	1
Working Women in Rural Development	1
Trade Unions and Environmental Law	1
Environment	1

At the national level, there is an increase from four to seven of women in executive leadership roles in ETUF affiliate unions. One of these seven, Aisha Abd al-Hadi, is a Vice President of the Chemical Union. She is also the one female member of the ETUF national executive board (formally, ETUF Secretary for Women and child Affairs). This represents an increase of one from the time the SC program began. Federation elections were held in 1996 and will again be held next year. At the local union level, there is an increase from 627 in leadership roles to 900 women holding positions. These statistics come from ETUF records. Baselines, targets set in the grant agreement and actuals are compared below:

	<b>National Union Level</b>			<b>Federation Level</b>			<b>Local Union Level</b>		
	<b>Baseline</b>	<b>Target</b>	<b>Actual</b>	<b>Baseline</b>	<b>Target</b>	<b>Actual</b>	<b>Baseline</b>	<b>Target</b>	<b>Actual</b>
Leadership Position Held by Women	4	7	7	0	2	1	627 or 300 <sup>8</sup>	700	900

In other words, SC met the target at the national level, missed the target by 1 at the Federation level, and exceeded the target by 200 at the local level.

<sup>8</sup> There is an inconsistency here that the team was unable to resolve. The grant agreement gives the baseline as 627 women. The team was consistently told that 300 was the baseline. It is possible that the figure in the grant agreement was an educated guess and that later data collection showed the number to be 300. In either case, progress has been substantial.

While there has been an increase in elected female union leaders, there has been no increase in the number of labor groups representing the interests of female union members. There may have been an increase in female membership, although the team has little hard data to support this. As a specific example, membership of women has increased by 1,000 in the trade union for press, printing and information due primarily to the efforts of one of the female participants from that union. The team heard much anecdotal evidence that there had been a substantial increase in women's trade union activism. This would not be a surprise. In the U.S., women and minorities are among the most active of trade unionists, because they are most in need of the protection that unions afford.

Much remains to be done to represent the interests and concerns of Egypt's working women. The inclusion of women in the early training programs sponsored by the SC came about largely at the insistence of the American trainers and against the wishes of the male union officials involved. Even today, some of the declarations made by male union officials in support of an increased role for women in the labor movement seem more sound bites of the "party line" than a genuine expressions of their beliefs.

#### **D. Intermediate Result 3: Increased Role of Unions in Privatization**

Under this Intermediate Result, the SC sought to increase the knowledge of union officials and staff regarding the viability of Employee Stock Ownership Programs (ESOPs) as a response to privatization in Egypt. This was a minor component of the overall SC program. The SC sponsored two conferences on ESOPs in 1997 and 1999. The National Center for Employee Ownership at Kent State University in Ohio designed the program, prepared background materials and provided a resource person for the first conference. Also in attendance were representatives of the United Steelworkers of American and the Union of Needletrades, Industrial and Textile Employees to discuss the American experience with ESOPs. ADALA, an Egyptian NGO concerned with ESOPs, was an active participant. The two conferences covered the development of ESOPs in the U.S. and in other parts of the world and looked at models that might have applicability to Egypt. Ten trade unionists were also sent to the US to study the ESOPs system in use there. Finding an applicable model has been a challenge. The U.S. model has little real relevance at this point since the Egyptian law establishing ESOPs does not apply to private firms. Egyptian Law 95 provides for the establishment of ESOPs in state-owned companies being privatized. As a rule, at least 10% of the stock must be transferred to the employees. Apparently, Egypt has so far focused on the Hungarian model. Today, there are 27 employee majority owned firms. Some of these are doing very well. For example, five employee-owned land reclamation companies have increased worker salaries quite substantially.

After the conferences, the SC developed a training module and an instructors' manual on ESOPs. These materials are currently being translated into Arabic and will be used as teaching texts at the Workers' University.

#### **E. Financial Management**

Recently the mission Financial Analysis Support Team (FAST) spent several weeks reviewing the accounting practices at the Solidarity Center field office in Cairo. This review resulted in the issuance of FAST report No. 99-16 on July 26, 1999. The report contained twenty findings and recommendations. This report, in part, prompted inclusion into the evaluation SOW

a review of the financial management of the Solidarity Center field office and the backup and support of the financial management at SC headquarters in Washington, DC.

The grant under review was entered into by USAID with the African-American Labor Center (AALC), one of four regional international institutes that had been set up years ago by the AFL-CIO. On July 1, 1997 these four institutes were merged together to form the American Center for International Labor Solidarity. Each of these regional institutes had its own management system and operating style and merging these differing systems and styles into a single organization with a single set of financial and personnel policies has been neither quickly nor smoothly accomplished.

The Solidarity Center has developed its financial management system using the MIP (Micro Information Products) Non-Profit Series accounting software. This MIP software package was developed specifically for non-profit organizations. The SC chart of accounts has been designed to meet all of the requirements and produce the reports that are included in the standard provisions found in US government grants. The brevity of the evaluation work schedule precluded any testing of the financial transactions in Washington. This is normally done in an annual audit to determine if the systems are operating as designed and to express an opinion on the financial statements. The Solidarity Center is having its first audit as prescribed by OMB Circular No. A-133, Audits of States, Local Governments and Non-Profit Organizations, so this testing should be done as part of the audit. Preparations for the audit were well under way when the evaluation team visited the Solidarity Center in Washington, and the auditors were expected the following week to begin their field work. The audit covers the first 18 months of the merged organization's operations. The audit report should be issued on or about January 31, 2000. This report should provide additional guidance vis-à-vis improvements in the SC's financial management system.

SC also has a subsidiary field accounting system for use in its field offices throughout the world. This system is being replaced by a new computer field accounting system based on the Quickbooks Pro software. In connection with the new field accounting system SC has created two field auditor positions, one position has been filled and the other is under recruitment. The acting Finance Director says that it is their intention to have an auditor visit each field office regularly to review the operation of the field accounting system and generally advise and assist the field offices with their financial management. The older field accounting system is satisfactory and is the one that is currently in use at the Cairo SC field office. Installation of the Quickbooks Pro based system at the Cairo field office has been delayed until the close out of the current grant, March 31, 2000.

The Solidarity Center is a non-profit organization and is thus entitled to draw grant funds in advance, either by Letter of Credit for dollars at their bank in the US, or by written request to the mission for Egyptian pounds. The dollar advances have been smoothly transacted but the Egyptian pound advances have not always been requested or processed quickly, particularly early in the grant period. On occasion when the Egyptian pound advance had not been processed in time to meet payment deadlines, dollar advances were converted and used to cover costs included in the Egyptian pound budget in the grant; later Egyptian pounds were used to cover

some costs budgeted in dollars as an offset. USAID permission was not requested in making these transfers, despite procedures that required USAID approval.<sup>9</sup>

Typical of non-profit organizations that can receive advance funding, the financial management of SC is not as tight as that found in for profit contractors. For profit contractors must finance the costs of their activities and then claim reimbursement so they have a strong incentive to keep minimum balances in their field bank accounts and to put in invoices (Form 1034) for reimbursement promptly. Non-profits typically are very slow in putting in invoices clearing advances and reporting grant costs, often submitting invoices 90 to 180 days after the end of the billing period. The Solidarity Center has been no exception in this regard.

The Cairo field office staff administering the grant program consists of an expatriate Field Representative, an Assistant to the Representative and an account clerk plus drivers. Each of the three staff members has many duties including accounting. The nature of the program and small total value and minimal number of financial transactions in the field office precludes having even a single full time financial staff member. There are only 20 to 30 transactions per month. Thus, the average is 1.5 transactions per working day. The FAST report refers to a 'financial manager' but this person, formally the Assistant to the Representative, is better characterized as a general office manager and program facilitator and certainly does not think of herself as the financial manager. Needless to say, the office operates much more informally than a larger, more structured organization would. Many of the FAST findings are reflective of the small informal nature of the operation rather than a major structural flaw or a breakdown in procedure. Both the FAST report author and the evaluation team found that the Cairo field office staff understand that they are not professional accountants and are open to suggestions and readily willing to make improvements.

The evaluation team found that most of the FAST Report No. 99-16 recommendations had been implemented at the time of their visit to the Cairo field office (See *Annex F* for the evaluations team's point by point findings on the FAST recommendations). Most of the recommendations of FAST Report No. 99-16 have been implemented. There are a few exceptions:

- Recommendation 4b is the most notable omission. There is as yet no local personnel handbook or manual, or written personnel policies other than "Egyptian labor law." This seems to follow a well-known generalization that labor unions are notoriously bad employers.
- With respect to Recommendation 20, The SC has not taken a physical inventory of equipment in some years. The SC stated that USAID has in past years hired a contractor who comes around annually and does a physical inventory of USAID-financed equipment. The team's review of the SC's equipment list revealed that most items financed by the grant had been donated to the ETUF, Vocational Training Center or Workers University, and we recommended that such items be removed from the equipment list if proper receipts for the donations were on file.
- Regarding Recommendation 10 concerning the segregation of duties and a "suggestion" (as opposed to a formal recommendation) about hiring additional staff,

---

<sup>9</sup> As the USAID mission points out, in emailed comments sent to the team on 3 January 2000, there are allocation and appropriation issues for which separate budgets are deemed necessary and which should be adhered to by the recipient, unless USAID agrees.

the team finds that additional staff have not been hired to take over responsibility for all financial functions. The SC does not agree with this suggestion, given the small number of financial transactions it handled and the costs that would be involved in hiring an additional staff person.

### **III. CONCLUSIONS**

#### **A. Achievement of the Program Objective**

As noted under the section on FINDINGS, the program objective was not met due the failure of a key critical assumption. The logic underpinning the objective made great sense and may not have been very different from the rationale behind USAID/Egypt's work with the Chamber of Deputies. Essentially, the SC, with USAID support, was trying to pre-position the ETUF for eventual independence. Pre-positioning expands the understanding of union officers and members as to what independence entails. It creates skills in the tactics and tools that unions in free economies use to protect the interests of their members.

With no preparation and a transition to a market economy, workers would be tremendously disadvantaged. They would be largely at the mercy of private employers, whose command of resources, political connections, and organizational abilities would exceed those of workers by a huge margin. This would mean a serious and potentially destabilizing imbalance in power between business and labor, an imbalance that might be all the more tilted if a full democratic transition lagged far behind the economic one. Income inequality is a problem in Egypt. In some parts of the world that have made full transitions to democracy, income inequalities are increasingly recognized as a serious threat to both political stability and democracy. Investing in those who are most likely to be harmed in an economic transition makes sense not only from the tactical standpoint of protecting that transition but also from a moral standpoint related to democratic ideals. This argues very strongly for the need of at least a reasonably prepared trade union movement at the point of transition.

The difficulty and potential risk of pre-positioning, however, is that efforts will go for naught in the absence of the anticipated change. While some of the new knowledge being conveyed with SC assistance (i.e., grievance handling) can be applied in the current environment to benefit workers, other aspects (i.e., collective bargaining) cannot yet be used. While a longer time frame in theory leads to greater preparedness, new knowledge and skills without the opportunity for application may soon be forgotten. A further risk in working with a government-sponsored union is that the assistance has been used to make more effective one of the arms of government power. However, the team judges the risk of this to be very small, given the huge size of the ETUF and the modesty of the assistance delivered.

The team believes that the Solidarity Center program and its discrete components have been relevant to the purpose of the grant and for the most part (barring funding issues related to the VTC) reasonably well administered. They have had impact on the manner in which union training programs are conducted in Egypt and on the attitudes of trainers and students alike. While the number of beneficiaries is still small, compared to the huge size of the ETUF membership, a significant number of key officers and officials have been reached. The groundwork has been laid for a continuing expansion.

As intended by their U.S. designers, the programs have been adapted by the ETUF to Egyptian requirements. We believe that they are likely to be continued by the ETUF so long as a need continues to be felt. Expansion from the current base may, however, be difficult in the absence of additional funds. At this point in Egypt's evolution to a market economy, the existence of the SC program is both a signal of U.S. support for that transformation and for the workers who might suffer the most as a result of the change. USAID has been active in providing support to businesses and business development in Egypt. Sending a signal of parallel U.S. support for labor might be very important and could have an eventual return (assuming privatization) far beyond the modest size of the investment.

The ETUF and the SC are fully committed to the success of the program. While both suffer from less than perfect management, they appear fully "aboard" on this project. The team believes that they have worked hard to ensure the success of project efforts, despite a certain to-be-expected resistance to change. The SC is likely to continue to use its own funds to work with the ETUF, albeit at a more modest level. The ETUF is not now accepted by its counterparts in the industrial democracies because of its persistent failure to show independence from the government.<sup>10</sup> However, the presence of the SC operation in Egypt is indicative of the American labor movement's hope that the ETUF can and will evolve into an assertive and independent organization acting in the best interests of its members.

#### **B. Result One: Improved Effectiveness of the ETUF and its Affiliates' Management**

This component has introduced new worker education techniques in Egypt and has successfully educated a significant number of Egyptians on subjects that they themselves judge as important. The quality of this training is good and the number of trainees is starting to grow. SC has trained a large number of trainers who have demonstrated their success in delivering various workshops. Substantial progress has been made. The 70 trained trainers will continue to have an impact through the courses that they teach. There are still, however, 230 trainers who require upgrading of their skills.

One should not make an assumption that training is enough by itself to change firmly fixed beliefs and attitudes or old ways of doing things. Real interests are at stake, and many will fight to preserve the status quo. Jobs are scarce and suspicion of Western and in particular American motives and intentions is not uncommon. Evidence from other countries where the population has lived under a socialist system for an extended period of time and where the transition to a market economy has taken or is taking place suggests that popular attitudes are not easily changed, even in communities which might seem likely to be more responsive to new thinking, such as eastern Germany. However, a start needs to be made somewhere. Developing an awareness of what an independent workers' movement is and how it operates in a free society makes a lot of sense in this environment.

Training has by and large been given in topics important to independent unions operating in market economies. This transition has not happened in Egypt, so the time for those trained to use all of their new knowledge has not yet come. This transition is viewed by many as being inevitable. However, if it takes a very long time to come, the knowledge of those who were

---

<sup>10</sup> As one example of this, in June the ETUF alienated most of its counterparts by voting with its government at the ILO conference on a key issue being pushed by other union representatives.

trained early in the project is likely to have eroded and may be gone. Prepositioning may only work as a strategy if change is beginning to occur and if the immediacy of it presses in on individuals, forcing a clear recognition of the need for new skills and knowledge. The longer the status quo is maintained, the more likely people are to feel that they can continue to protect it.

The program's success in improving the professional skill levels of the participants may not prove, over time, a completely unmixed blessing. There is in some cases behind the scene's discontent within the ETUF with the "privatization" program and the dismantling of the socialist model economy and the adoption of market economics. Some of this represents simple fear of the unknown and presumably will weaken over time. It would be unwise, however, not to conclude that some of it represents a lingering ideological commitment to the old system that time will not alter. Thus, some of the new skills and knowledge will almost certainly be put to use against the current policy direction of the ETUF. The press even asserts that the trade unions have been marked for infiltration by radical opposition groups of various types.<sup>11</sup> This problem, however, is one that only the ETUF itself can address.

Vis-à-vis the newspaper El Omal, the team concludes that the paper has made marked improvements in controlling costs and increasing advertising revenues. Plans are in place that should produce additional revenue. The newspaper may come close to sustainability. However, while sustainability might be desirable, the newspaper is not a commercial venture. The team does not believe that the newspaper is likely to fail unless it covers all costs. Trade union newspapers exist because union leadership needs to communicate with members and members want to be well informed about issues that can affect their well-being. El Omal is currently under pressure to keep costs down and revenues up, but the bottom line is that the newspaper serves a "political" purpose for the leadership. The newspaper's operation will be subsidized by the union, if it needs to be.

There may be new topics that the ETUF will require assistance in addressing in the coming period. One such topic might relate to child labor. Given the growing worldwide campaign to limit child labor, it is inevitable that this issue will sooner or later become an issue in Egypt for the trade unions. This likelihood, particularly as it effects export industries, is another factor that suggests the timeliness of this issue. Another topic of potential utility could be related to the development of a system of arbitration and conciliation to supplement future collective bargaining processes. Most systems established to provide private arbitration and conciliation procedures involve the creation of bodies representing both workers and employers who then either choose an outside "umpire" to resolve disputes or who nominate representatives to a panel which then selects an independent chairperson. The details of the system vary by country in accordance with different legal systems and traditions. At present, Egypt only has a statutory system for resolving individual worker grievances (meaning that their rights under the existing labor law have been violated). As long as such a large proportion of the economy is state-owned and unions are more or less confined to that sector, this situation, if not ideal, is at least tolerable. However, if the private sector is to grow, collective bargaining become commonplace and the strike legal, a more elaborate system for resolving conflicts over management and labor's respective collective economic interests as opposed to individual workers' statutory rights, will become essential. Such a system could become crucially important were the current system of statutorily based worker rights ever to be dismantled in

---

<sup>11</sup> This would be surprising if it were not so. Professional associations have been similarly targeted in the past.

favor of contractual ones arrived at by collective bargaining. In that connection, the Federation of Construction and Building Contractors told the team that they would prefer a negotiated rather than a statutory system. Internationally, practice varies by country and there is no universally accepted single model for “interest” dispute resolution.

Although the Vocational Training Center had trouble getting underway, it has begun operation. It is the best training institute of its kind in Egypt. There are only two other similar training centers and neither is as good as the VTC. One of these centers is run by the Arab Contractors’ Association. It provides instruction only in operating heavy equipment, so it does not really duplicate the work of the VTC. The other institution is said to be almost as bad as state vocational training schools, where modes of education that are non-experiential and non-participatory still apply. With time, the excellence of the VTC’s education will be recognized and should attract a full participant load.

The U.S. contribution to the Center is recognized and appreciated. An American flag flies outside the building along with the Egyptian one. It should be noted that the employers, who are intimately involved in the administration and ultimately the financing of the center, view it as a vehicle for technology transfer from the U.S. construction industry. The withdrawal of US assistance at this sensitive juncture when the Center is just getting started could cause a degree of ill-will.

The VTC could and probably should expand to cover all 15 construction trades. This will take time and outside funding. Based on the training set-up for the five trades currently covered by the VTC, the Center has the possibility of becoming a construction trades “Center for Excellence.” Eventually, the team believes that this training will permit Egyptians to compete for international construction firm jobs in Egypt. Until those jobs are open to Egyptians, graduates may well seek other Arab country employment. It may also eventually help Egyptian firms win construction contracts that now go solely to international firms.

However, financing remains a key issue. The only way to protect the current investment may be to assist with the expansion. The VTC cannot cover its current real costs (never mind expansion) under its current cost-sharing arrangements. It is hoped that the Price Waterhouse study will assist in finding a remedy for this problem. What is probably required for both the expansion that construction firms desire and the longer-term sustainability of the VTC is the establishment of a trust fund, to which both construction contractors and the government would contribute. Unless the problem of sustainability can be solved, it could be unwise to invest additional funds in expanding the VTC. It is possible that revamping the structure of fees to remove hidden subsidies may work. However, this would mean higher fees per pupil and it is not clear that employers will pay higher fees, in the absence of the desired expansion in the number of trades covered and if they continue to fear their workers will then go off to the Gulf to work.

While employers would naturally prefer to see their newly trained employees remain in situ, the alternative of seeking employment abroad at much higher salaries is not a bad one for Egypt generally. Increasing opportunities abroad (and the resulting remittances) when the economy cannot generate enough jobs on its own is an approach that has some benefit for the country as a whole

### **C. Intermediate Result 2: Increased Representation of Women in Egyptian Labor Movement**

Overcoming the resistance to women attaining positions of authority in the trade union movement commensurate with their ability is one aspect of the larger problem facing women in Egyptian society. Change is likely to come very gradually. Nonetheless, the project has scored some successes in support of the overall strategy of the ETUF's Women's Committee. Moreover, leading officials of the ETUF believe that the next round of internal elections in 2001 will see a significant increase in the number of women in senior positions. This appears to reflect a decision by the ETUF to be responsive to government policy in this field. As long as the government supports these developments, change is likely to take place.

The impact of the Solidarity Center program on the women participants, particularly those who attended courses in the U.S. whom the evaluation team met, seems to have been considerable. There is evidence of the entire effort having a broader impact, possibly echoing some kind of growing ferment amongst women workers. However, the numbers and people involved in the samples available to the evaluation team have been too small to draw any firm conclusions other than that developments seem hopeful and bear watching.

### **D. Intermediate Result Three: Increased Role of Unions in Privatization**

The SC's modest efforts in introducing ESOPs to the ETUF have been useful in helping the ETUF begin to understand one way that they can plan to protect worker interests in privatization. Once the Workers' University begins to teach the materials developed, knowledge about ESOPs will spread. The study tours to the U.S. may turn out to be useful if the ESOPs law is ever extended to private sector firms; currently, however, the U.S. model has little real relevance to Egypt.

The lack of progress vis-à-vis continued privatization means that the ETUF's growing knowledge of ESOPs could not be put to any real use. Again, this new knowledge is something they must hold in reserve for a period when another wave of privatizations takes place.

Those state-owned industries that have been privatized tended to be those at the most profitable and productive end of the spectrum. It is not apparent that workers would benefit greatly from being given stock in some of the most marginal and least productive of the state-owned enterprises.

### **E. Financial Management**

The Solidarity Center, since it has been formed from the merger of the four AFL-CIO regional international institutes has developed adequate financial and management systems for its operations. These systems may well have been developed more quickly but the difficulties of merging the four diverse institutes into one smoothly operating organization were probably underestimated. The MIP based accounting system and the Solidarity Center devised chart of accounts are appropriate to the needs of the Solidarity Center and fulfills the requirements of its grants with USAID. Based on the evaluation team's thirty years of experience working for and with USAID contractors and grantees, it is concluded that the financial management of this grant by the Solidarity Center is on a par with that found in similar sized non-profit USAID grantees.

Financial management has improved over the course of this grant. The team finds that it is adequate for the size of the operation.

The SC's field accounting system and manual are used in its Cairo field office. The new Quickbooks Pro based system is an improvement on the present system but the installation of the Quickbooks system has rightly been delayed until the end of the current grant (March 30, 2000).

The SC should not substitute dollars for Egyptian pounds or vice-versa without first seeking USAID approval.

The SC/Cairo's willingness to learn from the FAST report and to implement its recommendations is one example of what we believe to be the SC's openness to suggestions for improvement.

Vis-à-vis specific FAST report recommendations:

- Vis-a-vis Recommendation 4b, the SC needs to have a handbook laying out personnel policies. The team concurs with the FAST author that the SC should develop a local personnel handbook or manual.
- With respect to Recommendation 20, the team does not find the lack of an annual inventory to be a major concern, since USAID has been conducting annual inventories via a separately-hired contractor and since most equipment has been donated to the ETUF or the Workers' University.
- Regarding Recommendation 10 (actually a "suggestion" and not a formal recommendation) concerning the segregation of duties and additional staff, the team finds that this recommendation is well intended but not entirely practical given the small size of the staff and the small size of the program. We do not think it would be cost effective to hire additional staff merely to further segregate the financial functions.
- With respect to a FAST concern about the SC using the grant dollar budget for expenditures budgeted in Egyptian pounds, the team believes that this is now irrelevant given the open and free exchangeability of the two currencies (see the recommendations below about using the SC core grant with the Democracy Center and that grant's field support mechanism to finance future activities).

#### **IV. RECOMMENDATIONS**

It is difficult to make recommendations given the lingering uncertainty vis-à-vis privatization and the passage of the new labor law. It is also difficult to draw recommendations from the team's conclusions when the mission's DG office has indicated that the labor program no longer fits with its strategy. In the absence of a strategy that might include labor, it is not easy to offer recommendations about how to prioritize. It is possible that there is a stronger fit with the mission's economic growth program than there is with its DG program. The team encourages the mission to explore the fit between the labor program and the EG strategy. If the mission has an interest in equity issues and in reducing income disparities, there may well be a good fit.

## **A. The Overarching Program Objective**

Given that that USAID continues to support privatization and a freeing of labor market constraints, the team believes that some level of support to the SC program with the ETUF is merited. We believe that the idea of pre-positioning has merit and that much remains to be done to wean the ETUF and prepare it for eventual independence. Since no one has a crystal ball and can determine with any precision when serious privatization will occur, there is a risk that some of the interventions will go for naught. However, it seems shortsighted not to take the opportunity to prepare. We believe that support to the ETUF through SC will be read as an expression of American concern about the rights and interests of workers in that transition. At a symbolic level, we believe that this is important.

USAID/Egypt will need to make logical decisions about how program components fit into its new strategy. The team was not privy to thinking about the new strategy, which was in its final stages of preparation during the team's fieldwork. Recommendations related to individual components are discussed below in the relevant sections.

Some follow-on activities could be focused on areas that have not been addressed in detail to date. For example, the growing international importance of the child labor question and the development of a system of arbitration and conciliation to supplement the future collective bargaining process are areas worth exploring. Also, an arbitration and conciliation project would be made even more useful by the inclusion of employer representatives. See the explanation in the CONCLUSIONS section for further details.

## **B. Intermediate Result One: Improved Effectiveness of the ETUF and its Affiliates' Management**

Visible selective support for the training programs designed to improve the professional competence of the ETUF's officers and staff (more than its membership) should be continued. Most of this work will have to be done by the ETUF itself. However, a continued U.S. contribution to the workers' education process, even if only symbolic, or perhaps especially because it would be symbolic, would be valuable in the period of adjustment that is to come.

If a decision is made to provide follow on assistance, some consideration should be given to introducing the ETUF to issues involved in child labor (especially in the export zones) and also to the development of a system of arbitration and conciliation, to supplement the knowledge gained about collective bargaining. See the relevant paragraph in the CONCLUSIONS section vis-à-vis why such as system is important.

The team recommends that some additional level of assistance be provided to the vocational training center, to help it achieve full operational status. Despite the delay, the center is now on its feet and can play a useful role in upgrading the skills of those in the construction trades. However, such support should be contingent on progress in negotiating the sort of trust fund (or parallel arrangement) the center needs to become sustainable. The Price Waterhouse survey may provide valuable suggestions about how to enhance sustainability. What the U.S. could support is not operating costs, but the costs inherent in developing new modules and procuring some additional equipment for the remaining construction trades.

### **C. Intermediate Result Two: Increased Representation of Women in Egyptian Labor Movement**

In view of the ETUF's leadership's belief that there will be a significant increase in the numbers of women in high visibility positions with the Egyptian labor movement, it is recommended that a program be devised to reach out towards these new leaders with a view toward helping them succeed, thus advancing the overall goal of opening more doors for women. What is recommended here parallels USAID programs which sometimes support training for new female parliamentarians or local council members. These women are operating in heavily male environments and can have great difficulty in making any headway or having any impact. Training in techniques and tools that might help them succeed can have an impact on the pace at which women gain a fuller representation of their interests within union circles. Helping women move toward parity in the trade union movement does fit with the mission's cross-cutting emphasis on reducing gender disparities. This need not take the form of an exclusively trade union oriented initiative. However, it should be kept in mind that working through the trade unions offers the potential for reaching women in all parts of the country and all economic sectors.

### **D. Intermediate Result Three: Increased Role of Unions in Privatization**

The team has no recommendations related to this IR. We believe the Workers' University will start teaching classes on ESOPs, once the Arabic materials are ready. The ETUF is interested in this option. It is a subject with which unions should be familiar once privatization proceeds.

### **E. Financial Management**

The SC should install its Quickbooks Pro field accounting system in its Cairo field office for subsequent USAID grants in Egypt.

For ease of administrative and financial management for both the mission and the SC, we suggest that for any future support, the mission use the core SC grant run out of the Global Bureau DG Center and the field support system to finance further activities in Egypt. This system allows the mission to put funds into a G Bureau grant for work to be done with the mission. Since accounting is done as part of the core agreement, the mission would be freed up from contractual and financial responsibilities. The Solidarity Center is of course familiar with the system, which has been used by other missions.

The project staff, in consultation with the financial management staff, should review the SC audit report when it is issued and institute improvements as required.

Vis-à-vis FAST recommendation 4b, the SC should develop a local personnel handbook or manual.

With respect to Recommendation 20, equipment donated to the ETUF or the Workers' University should be removed from the equipment list, as long as proper receipts for the donations are on file. If equipment has been donated and receipts do not exist, they should be obtained. Any remaining equipment funded by USAID should be inventoried annually.

## V. LESSONS LEARNED

Pre-positioning a government-controlled trade union for eventual independence can be a high risk strategy unless change is already occurring. In many if not most environments, it will be very important to take that risk, because the end result of a lack of preparedness could be devastating for workers, should change suddenly come.

The success of the George Meany Center in adapting American training programs to Egyptian needs based on original research in both administrative and craft fields, including gender-related issues, suggests that the Egyptian Solidarity Center program is worthy of closer study by USAID for possible broader applications for 1) other Egyptian training programs and 2) labor programs in other Arabic-speaking countries. The Meany Center materials pay particular attention to gender. Since the mission supports a great deal of training, it may be worth asking the Center if it can share relevant materials. It is possible that the mission's primary training contractor could gain access to these materials, if the mission were to request this.

The professional level of the financial management of for-profit and not-for-profit organizations, be they grantees or contractors, tends to be markedly different. While non-profits should be held to high standards for the management of funds and the timely reporting of expenditures, the team is not certain that there is much point in holding up standards that are likely to consistently exceed NGO capacity.

Programs involving the development of independent trade unions do not always fit easily into traditional development (particularly USAID) frameworks, and thus it is probably necessary for USAID to view and administer such programs with a degree of flexibility in the context of the agency's strategic frameworks. Since labor programs naturally include elements related to both democracy and governance, as well as economic growth, USAID might consider how the SC can bridge, and contribute to, both sectoral objectives.

## **ANNEX A: STATEMENT OF WORK**

### **STATEMENT OF WORK FINAL EVALUATION OF THE AMERICAN CENTER FOR INTERNATIONAL LABOR SOLIDARITY PROGRAM ASSISTANCE TO THE EGYPTIAN TRADE UNION FEDERATION (ETUF) GRANT NO. 263-0225-G-00-6010-00**

#### **Purpose:**

To provide Human Development and Democracy/Democracy and Participation Division (HDD/DP) with a team to evaluate and assess the impact of activities carried out under the American Center for International Labor Solidarity (hereinafter referred to as Solidarity Center) grant. The team shall evaluate the progress to date toward achieving the program's established goals, identify constraints and successes, and provide guidance and recommendations on future assistance.

#### **Background:**

The Solidarity Center provides education and training for workers and their unions throughout Africa and the Middle East, as well as Asia and Latin America. The Solidarity Center also gives assistance in the development of cooperatives and credit unions. Activities include: union leadership exchange visits through funding for travel and attendance at international conferences and meetings; US study tours both long and short term and; technical assistance in worker education and trade union program development. The Solidarity Center also purchases commodities that are related to worker education or union institutional needs such as automobiles, educational equipment, classroom equipment, computers, and printing equipment.

During the sixties, trade unions in Egypt operated within a system of more or less tight governmental controls. With the advent of the seventies, Egypt started moving towards a more pragmatic road of less government controls and a more democratic, decentralized political system and a more mixed economy. In light of these changes, USAID signed a five-year grant with the Solidarity Center to develop within the Egyptian Trade Union Federation (ETUF), and some of its major affiliates, a capacity to respond to the changing economic environment. Specifically, the grant was designed to improve the labor movement's ability to represent the interests of the Egyptian workers through collective bargaining, dispute resolution, and public policy advocacy.

The primary components of the project are:

- 1) Improved Effectiveness of ETUF and its affiliates' management;
- 2) Increased representation of women in the Egyptian labor movement and;
- 3) Increased role of unions in economic and social development.

The following intermediate results guided the program's activities:

1) Improved quality of labor education programs:

High quality, trade union-oriented teaching materials published; participatory, interactive labor education methods used in courses; new seminars replicated by newly trained trainers.

2) Development of ETUF's union members and professional staff's skills.

Recruit and train professional staff in one of the following areas: research, collective bargaining, dispute resolution, legal and legislative affairs, and communication through Egyptian-based seminars. Provide materials to assist in the performance of their professions and provide infrastructure equipment to ETUF's newspaper, El-Omal.

3) Improved ability of the union to upgrade member's skills.

Establish a vocational training program for the building and construction union at the training center in El-Maadi El-Zahra. Train administrative and education/training staff and establish teaching modules for vocational laborers.

4) Increased representation of women in the Egyptian labor movement.

Conduct eight seminars per year in the governorates to teach leadership skills, role of women in democratic trade union movements, problems in the workplace, how to motivate others and organize a women's committee on the local, regional and national levels. Sponsor a study tour to the US for a group of women trade union leaders to attend the Regional Summer Schools for Union Women.

**Statement of Work:**

Evaluators should use the following questions as a broad framework for addressing and reporting on the following concerns: relevance, efficiency, impact and sustainability of the Solidarity Center's program.

*Questions specific to All Components of the Project:*

- 1) What are the Program's accomplishments to date?
- 2) Were there major problems and constraints that impeded program implementation?
- 3) Did the training activities achieve their objectives? Was the training in the US useful, and has there been a follow-up on those who have returned? How many individuals have been trained? In what sector and skills? What has been/will be done to upgrade trainers? What are the costs per trainee?
- 4) To what degree are the Program assumptions still valid as they pertain to program implementation? Where they are no longer valid, was there a negative effect on achieving planned goals?

- 5) Are the levels of participation (quantitatively and qualitatively) of the various actors involved sufficient to meet the goals and objectives of the program? If not, how can this be realistically improved?
- 6) What lessons can be learned from implementation thus far? Make recommendations of changes that would enhance project follow-on activities in light of changes to the Egyptian labor movement scene if any.

*Questions related to the ETUF and its Affiliates*

- 1) Were the curriculum and teaching materials designed in appropriate subject areas?
- 2) How many participants benefited from these new materials?
- 3) How many trainers were trained? How many participants did they each train?
- 4) How many computers were purchased for the three institutes? How many students used the computers?
- 5) How many participants attended the seminars in Maryland? Was this training useful? Has there been any follow up with the participants?
- 6) What is the readership of ETUF's newspaper, "El-Omal?" Is it self-sustaining?
- 7) What lessons can be learned and applied to future assistance for ETUF?
- 8) Did the Vocational Center receive all the tools and equipment needed to be operational? Were these commodities well used? Is the Vocational Center self-sustaining?

*Questions Related to the representation of Women in the Egyptian Labor Movement*

- 1) How many women attended the training in the USA? Was this training applicable to their work?
- 2) Have the number of women in the labor movement increased during the life of the project?
- 3) Have the number of labor groups or organizations representing women's interest increased over the life of the project?
- 4) What components of this project can be applied to future activities related to empowering women in the labor force?

*Questions Related to the Role of Unions*

- 1) Have employee performance and labor productivity in building trades increased over the life of the project?
- 2) Has the vocational training program been established? How many participants are trained every year? Do the trainees get better jobs as a result of this training?
- 3) Has membership in trade unions increased over the life of this project?
- 4) How have unions influenced the labor movement in Egypt?

*Questions Related to the Financial Management of the Project*

- 1) Has ACILS/Egypt established and implemented ACILS Headquarters financial and personnel policies and procedures set forth in ACILS guidance and manuals?
- 2) Has ACILS/Egypt established an adequate accounting and internal control system?
- 3) Determine to what extent has ACILS/Egypt implemented the recommendations contained in USAID/Egypt FAST report no.99-16, dated July 26, 1999.

- 4) Has ACILS complied with USAID financial (budgeting and accounting) and monitoring reporting requirements contained in the grant?

#### Team Composition and Responsibility

The team will be composed of three members, two expatriates and one local consultant. The contractor should identify the local consultant and recruit him/her prior to the arrival of the expatriates in the country. Also, the contractor should complete logistical arrangements before the arrival of the expatriate team. We expect that the team would work in a hotel suite.

Over a four-week period, the evaluation team will meet with the Solidarity Center, the Vocational Center, ETUF, and USAID members in order to understand existing rules and requirements of the organizations and to evaluate past performance and to give advise on follow-up activities. The financial specialist is authorized to work up to 5 days in the Washington DC office of the Solidarity Center in order to obtain all financial records, personnel regulations and financial and procurement manuals prior to his/her arrival in Egypt. Copies of the Solidarity Center's personnel procurement and financial manuals will be left with the Egypt office staff.

#### Team Leader

Labor specialist with proven experience leading teams in design or evaluation of similar types of projects. Extensive experience with labor unions, institutional and capacity building and participant training. Familiarity with qualitative and quantitative data collection methods and their application; excellent facilitation and interpersonal skills, proven success at timely report preparation and delivery. Familiarity with USAID procedures and reporting requirements highly desired, but not required. The Team Leader shall be responsible for the overall coordination of the evaluation, including the initial evaluation design and methodology, orientation and supervision of evaluation team members and preparation and submission of the final report. (Expatriate Position).

#### Financial Specialist

Proven experience in the building of sustainable training institutions as well as familiarity with non-financial needs and delivery systems. Familiarity with ACIL's financial and personnel systems preferable. Knowledgeable about USAID financial rules and regulations required. Proven experience in accounting and testing control systems and financial operations required. Excellent communication skills and interpersonal abilities essential. Prior experience on evaluation teams highly desired, but not required. (Expatriate Position).

#### Labor Specialist

Proven Egyptian's experience with labor unions and gender issues and concerns. Familiarity with both formal and informal structures and processes in the interaction between labor and the government. (Local Hire).

### **Methods and Procedures:**

1. The evaluation team shall base their findings, conclusions, and recommendations on data, documents, and other information provided by the Grantee, USAID project officer, as well as site visits, interviews, and discussions with recipients of the program.
2. The evaluation team shall review project documentation with particular attention paid to the Grant Agreement, progress reports, and financial reviews which will serve as the reference points and base line data for assessing implementation progress and impact. The team shall also consolidate, summarize and analyze data collected by the project's ongoing monitoring and survey system.
3. The team shall interview appropriate USAID, Ministry of Labor, the Vocational Center and Solidarity Center staff. The team shall also interview selected project beneficiaries and shall employ survey and questionnaires in the study when appropriate.
4. The team shall prepare an evaluation report providing findings, conclusions, and recommendations to the questions in the SOW above based on the analysis of information obtained.

### **Timing and Duration:**

The evaluation will be carried out during a four-week period beginning early October 1999. The financial specialist is authorized to work in ACIL's home office up to 5 additional working prior to arriving in Egypt. A six-day workweek in Egypt will be authorized. The first two days of expatriate team presence in Egypt will be used for internal briefings and a review of the SOW with USAID, and the team planning meeting with the Egyptian team member. These meetings will be used to establish working norms, develop schedules, define team member roles and responsibilities, develop a workplan, prepare a preliminary report outline, and otherwise prepare for information collection, analysis, and report tasks.

### **Reporting and Briefing Requirements:**

All reports must be submitted in English, unless otherwise stipulated, to the USAID project manager. The team shall submit 5 hard copies of the final report to USAID, in addition to the Report on disk in Microsoft Word.

1. *Workplan:* The evaluation team shall submit a workplan to USAID within three days of commencing work.
2. *Mid-course Briefing:* Halfway through the evaluation, the team will brief USAID and the Solidarity Center on progress to date. At this time, a draft outline of the final evaluation report should be presented.
3. *Draft Report and Briefing:* The team will submit a draft report to USAID a week before their departure from Egypt. In addition, they will conduct a briefing to present preliminary findings and recommendations of the evaluation. USAID and the Solidarity Center will review the report. USAID will provide written comments on this draft within three days of this report submission.

4. *Final Evaluation Report*: Three days after receiving USAID comments, the team will submit the final report to USAID that reflects USAID written comments. The format of the final report will be as follows:

Executive Summary of findings, conclusions, and recommendations, not to exceed three pages. This is to be provided in both English and Arabic. The remainder of the report will be in English only.

Table of Contents

Introduction and Background (including program description and methodological summary, not to exceed three pages)

Body of Report organized as follows for each component, guided by the evaluation questions presented in the SOW section, not to exceed 35 pages

Major Findings (Evidence)

Conclusions and Recommendations

Lessons learned for broader application to USAID/Egypt

Annexes to include the following: SOW, list of documents consulted, list of persons contacted (and affiliation), Methodology (including a discussion of the limitations of the methodology employed), and other supporting documents.

## ANNEX B: LIST OF PERSONS CONTACTED

Michaela Meehan, USAID/G/DG  
Byron Charlton, Coordinator for Africa, ACILS/Washington  
Michael Donovan, Grants Manager, ACILS/Washington  
Peg Bartell, Acting Finance Director, ACILS/Washington  
Dynel Airington, Africa Region Project Accountant, ACILS/Washington  
Michael O"Farrell, ACILS/Washington  
Kate Doherty, Deputy Director, ACILS/Washington  
Helen Toth, International Department, American Federation of Teachers, Washington  
Maryellen Boyd, Office of the President, Building and Construction Trades Dept., AFL-CIO,  
Washington  
Suda Haley, US Department of Labor, Washington  
D. Komerer, US Department of State, Washington  
C. Hodell, Coordinator, Educational Design Unit, George Meany Center, Silver Spring, Md.  
Jean Dearden, Assistant Coordinator, Educational Design Unit, " " " " "  
S. Phillips, Vice President, United Food and Commercial Workers, Washington DC

Maria Rendon-Labadan, HDD/DP, USAID/Cairo  
Dana Fischer, HDD/DP, USAID/Cairo  
Magda Mahrous, HDD/DP, USAID/Cairo  
Nevine Albert, FM/FA/FAST, USAID/Cairo  
N. Zaki, FM, USAID/Cairo  
Gebre Gebremariam, Representative, ACILS/Egypt  
Zeinab Baghdady, Assistant to the Representative, ACILS/Egypt  
Sayed Taha, President, General Trade Union of Building & Wood Workers, Chairman of the  
Board, GTUBWW Vocational Training Center  
Jim O'Leary, Executive Director, International Construction Institute, Rome  
Eng. Fathy Aly M. Abu-Sena, Director, GTUBWW Vocational Training Center  
Instructors, GTUBWW Vocational Training Center  
Aisha Abdel Hady, Executive Board Member ETUF, Secretary for Women and Child Affairs,  
Vice President Chemical Workers Union  
Participants, Women In the Trade Unions Seminar, George Meany Center, various dates  
Mrs. Souad Mohamed Khalil, Giza  
Mrs. Nadia Ahmed Salem, Cairo  
Mrs. Hekmat Ahmed, Alexandria  
Mrs. Nahed Bassiouni, Cairo  
Mrs. Intissar Kamel. Alexandria

Dr. Emad Eldin Hassan, Director General, Workers Education Association, Dean, Workers  
University  
Workers University Instructors Trained Under Grant  
Hesham Ezzat, Director, Workers University Branch, Tanta  
Soheir Goda, Workers University Cairo  
Khaled Ayad, " " "  
Wahba Mohamed Taha " " "  
Ali Akel, Workers University, Alexandria  
Mohamed Gaber, " " "

Nagui Mahmoud, Workers University, Cairo  
Mohamed Hilal El Sharkawi, President, International Trade Union of Hotel and Tourism  
Workers, ETUF Secretary for ESOPs  
Abdel-ghani Hassan, Managing Director, Agriculture & Development Holding Co.  
El Sayed Rashid, President, Egyptian Trade Union Federation, President General Trade Union of  
Textile Workers, Deputy Speaker, Peoples Assembly  
Ahmed El- Amawi, Minister of Manpower  
Mohamed Abdel Halim, President General Trade Union of Agriculture Workers  
Farouk Shehata El- Awady, President, General Trade Union of Banks, Insurance and Financial  
Affairs  
Ali Othman Ahmed, Journalist, Editor, El-Omal, ETUF weekly newspaper  
Paul Smogy, International Construction Institute, Rome  
Paul O'Friel, Second Secretary, U.S. Embassy, Cairo  
Eng. Mohamed, President, Egyptian Federations for Construction and Building Contractors  
Eng. Moustafa M.A. Rizk, General Secretary, Egyptian Federation for Construction and Building  
Contractors  
Gen. Bashir, Training director, Egyptian Federation for Construction and Building Contractors  
Dr. Werner Puschra, Resident Representative, Friedrich Ebert Stiftung, Cairo

## **ANNEX C: LIST OF DOCUMENTS CONSULTED**

Grant Agreement No. 263-0225-G-6010-00

Modification Nos. 1 through 4

Program of Assistance to the Egyptian trade Union Federation, September 26, 1995-September 30, 1998; Second Re-submission to USAID/Cairo, Egypt According to USAID Strategic Planning Process, 3-year proposal, September 9, 1995

Semi Annual Reports from October 1, 1996-March 31, 1997 through April 1-September 30, 1999

Performance Report September 26, 1995 - September 30, 1996

Sub-Agreement between the African-American Labor Center, AFL-CIO and the Building & Construction Trades Department, AFL-CIO, signed November 25, 1996, and modifications

Solidarity Center Program Management Handbook

Solidarity Center Employee Handbook

Solidarity Center Field Office Accounting Policies and Procedures Manual

Solidarity Center Field Quickbooks Pro 99 Manual

Interim Assessment Report, December, 1997

USAID/Egypt FAST Report No. 99-16, dated July 26, 1999

Year -end Progress Report, December 1996 - December 1997, Construction Vocational Training Center, Building & Construction Trades Department, AFL-CIO

Egyptian Labor-Management Vocational Training Program Project Proposal, October 1, 1998 - September 30, 2002, Prepared by the Center to Protect Workers' Rights, research & development arm of the Building & Construction Trades Department, AFL-CIO, June 1998

Integrating into the Emerging Market Era: The New Labor Challenge, a proposal for a four year program for the Egyptian trade Union Federation, submitted by the Solidarity Center, July, 1998

AID Evaluation Handbook, April, 1987

Evaluation of the Free Trade Union Institute/American Center for Labor Solidarity Program in Ukraine - Final Report, August, 1999

Foreign Labor Trends: Egypt: US Department of Labor, 1995

Human Rights Report, US Department of State, 1997

Al Ahram (Newspaper), English Language Edition, various dates, October, November 1999

## ANNEX D: TRADE UNION STRUCTURE IN EGYPT

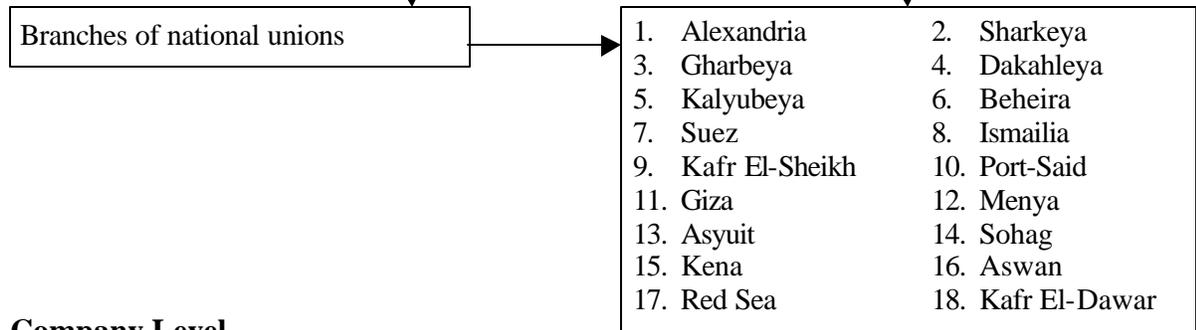
### Egyptian General Trade Union

**23 Affiliates**  
Total Trade Union Membership: 3,400,000

#### National Unions

- |  |                             |
|--|-----------------------------|
| 1. Postal Services                         | 2. Telecommunications       |
| 3. Chemicals                               | 4. Petroleum Workers        |
| 5. Textile Workers                         | 6. Mines & Quarries Workers |
| 7. Military Production                     | 8. Administrative Services  |
| 9. Agriculture & Irrigation                | 10. Commercial Workers      |
| 11. Administrative & Social Services       |                             |
| 12. Railways                               | 13. Public Utilities        |
| 14. Education & Scientific Research        |                             |
| 15. Health Services                        | 16. Food Industries         |
| 17. Engineering & Technological Industries |                             |
| 18. Constructions & Wood Workers           |                             |
| 19. Land Transport                         | 20. Maritime Transport      |
| 21. Air Transport                          | 22. Tourism & Hotels        |
| 23. Press Printing & Information           |                             |

#### Local Federations



#### Company Level

Trade Union Committees  
1641 Trade Union Committees in Egypt  
representing 3,400,000 workers

ETUF EDUCATION BUDGET

1. Led million per year for Adult Education
2. Led 10 million for a four year college

DONORS: in order of budgetary component  
USA  
Germany  
Denmark  
Norway  
ILO

## **\*EGYPTIAN GENERAL TRADE UNION FEDERATION**

1. Postal Services
2. Chemicals
3. Telecommunications
4. Petroleum
5. Textile
6. Mines & Quarries
7. Military Production
8. Administrative
9. Agriculture & Irrigation
10. Commercial
11. Administrative & Social Services
12. Railways
13. Public Utilities
14. Education & Scientific Research
15. Health Services
16. Food Industries
17. Engineering & Technological Industries
18. Construction & Wood
19. Land Transport
20. Maritime Transport
21. Air Transport
22. Tourism & Hotels
23. Press Printing & Information

## **\*Local Federations**

1. Alexandria
2. Sharkeya
3. Gharbeya
4. Dakahleya
5. Kalyubeya
6. Beheira
7. Suez
8. Ismailia
9. Kafr El-Sheikh
10. Giza
11. Menya
12. Asyuit
13. Sohag
14. Kena
15. Aswan
16. Port Said
17. Red Sea
18. Kafr El-Dawar

## **ANNEX E: STATUS OF THE FAST REPORT RECOMMENDATIONS**

The following correspond to the recommendations in FAST Report 99-16:

- Recommendation 1

A separate bank account has been opened to handle USAID grant funds.

- Recommendation 2

SC in Washington and the Cairo field office were reviewing the expenditures.

- Recommendation 3

As noted in the body of the report dollar advances were used to pay costs budgeted in the Egyptian pound budget when pound advances requested were not paid in a timely fashion; later some costs budgeted in dollars were paid for in pounds to offset. Since the Egyptian pound is now freely exchangeable this can be done with little trouble. The evaluation team found that rather than reflecting a 'lack of adequate control over dollar and local currency budgets' this was really a problem of slowness in requesting and processing pound advances. The evaluation team recommends in the report that any further SC activities in Egypt be financed through the core grant to the Solidarity Center administered through the Global Bureau using the field support mechanism. Using this mechanism there will no longer be problems of the two currency budgets or slowness of getting local currency advances.

- Recommendation 4

The field accounting system does have a manual that includes a section on procurement procedures in addition to sections on various types of financial transactions. The manual and procedures are similar to the dozen or so other field accounting manuals the evaluation team has used or reviewed over the years and is adequate for the purposes it has been designed for.

SC does not have a local personnel handbook or manual, or written personnel policies other than "Egyptian labor law." This seems to follow a well-known generalization that labor unions are notoriously bad employers. SC headquarters is suppose to be writing a global local hire handbook.

- Recommendation 5

More detailed information than just the biodata forms have been added to the local personnel files.

- Recommendation 6

A monthly payroll sheet listing all employees with details of their pay, and calculation of their deductions is now in use and approved by the Representative.

- Recommendation 7

There seems to be differences between the field office and the SC headquarters with a fair amount of regularity. The SC office in Washington will not include a disbursement in the cost report if it has not received the original receipt from the field for example. Sometimes the communication of these details is not good. Both the Washington and Cairo offices told the evaluation team that they were making an effort at better communication.

- Recommendation 8

There is now a ledger that lists advances and notes when the advances have been liquidated.

- Recommendation 9

The Representative will formally approve salary increases beginning with the next salary review.

- Recommendation 10

With a total professional staff of only three the segregation of accounting duties will never be perfect. FAST made suggestions on segregating functions between the Assistant to the Representative and the account clerk that have been implemented. For example, one person prepares checks for the Representative's signature while the other now does the monthly bank reconciliation.

The evaluation team feels constrained to comment on the FAST suggestion "that depending on the budget availability and the project life, more staff should be hired in order to segregate the most critical functions in the finance department and maintain proper controls over operations." This fails to recognize that the SC accounting operation averages only 20 to 30 financial transaction per month, that is an average of less than 2 transactions per working day.

- Recommendation 11

A formal contract has been entered into with the computer consultant and the consultant has been instructed to submit a monthly invoice for payment.

- Recommendation 12

Signatures have been haphazard and the SC staff say they are more conscientious about signatures now.

- Recommendation 13

Calculation of amounts due the Egyptian Social Insurance Organization are a part the payroll sheet now used, see recommendation 6 above.

Recommendation 14

The SC staff stated that they were working with FM to determine whether the photocopier should be charged to the dollar or pound budget.

- Recommendation 15

The Representative is now approving final bid evaluations.

- Recommendation 16

The budget line item is now included on the check request form.

- Recommendation 17

The delivery notes or packing lists are now filed with the accounting records.

- Recommendation 18

While most of the purchasing for the Vocational Training Center has long since been completed this recommendation needs to be put into effect in the future and the SC staff agree.

- Recommendation 19

The Representative has promised to authorize every transaction under 'Union expenses' (program expenses) in the future.

- Recommendation 20

The SC staff stated that every year someone from USAID or contracted by USAID has come around to physically count and inspect the equipment. They have not been notified that this practice will not be continued so they do not themselves take a physical inventory. The evaluation team noted that equipment purchased under the current grant has, for the most part, been donated to the ETUF, the Workers' University or the Vocational Training Center. We therefore recommended to the SC that they remove this equipment from their inventory lists but maintain in their files turnover receipts for it.

## **ANNEX F: \*WORKERS UNIVERSITY**

### **\*Institutes:**

Workers Administrative Institute  
Social Insurance Institute  
International Workers Affairs Institute  
Unionists Studies Institute  
Educational Workers Institute  
Industrial Safety Institute  
Educational Population Institute

### **BRANCHES**

- I. Cairo
- II. Alexandria
- III. Behira
- IV. Middle of Delta
- V. Dekhelya
- VI. Delta East
- VII. North Upper Egypt
- VIII. South Upper Egypt

### **\*DISTRICTS**

- I. Cairo
  1. Giza
  2. Helwan
  3. Abdeen
  4. Asbakeya
  5. El Sahel
  6. Shoubra Misr
  7. Shoubra Elkema
  8. Bahteem
  9. Elzaytoon
  10. Benha
  11. Misr El-Gidida
  12. Khanka
- II. Alexandria
  1. Talat Harah
  2. Middle
  3. East
  4. Horia
  5. Institute Assembly