



**USAID Global Business, Trade and Investment II  
(GBTI-II) Indefinite Quantity Contract  
EEM-I-00-07-00002-00**

**Semi-Annual Performance Report 2011**

*October 2010 - March 2011*

*Submitted To:*

**Ms. Theresa Stoll  
Contract Officer's Technical Representative  
GBTI II IQC**

*Submitted By:*

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# Semi-Annual Performance Report 2011

## *October 2010 - March 2011*

### I. Introduction/Summary

This report summarizes the work of The Mitchell Group, Inc. (TMG) Consortium under USAID's Global Business, Trade and Investment Indefinite Quantity Contract, Phase II (GBTI II) for the period 1 October 2010 through 31 March 2011. This reporting period covers the last quarter of GBTI II's fourth year and the first quarter of its fifth year.

The TMG GBTI II Team had one on-going task order at the outset of these six months: **USAID/Egypt's (Task Order 2) – Economic Growth Objective Evaluations and Impact Assessment**. Under Task Order 2, the TMG Consortium completed the last evaluation, which was the Final Evaluation of the Technical Assistance for Policy Reform (TAPR II) Program. See Section II below for a summary of the conclusion of that task order.

As noted in Table in Annex A below, the TMG GBTI II Consortium has obligated a total of \$1,708,415 in GBTI-II task order funding to date worldwide. Combined expenditures on these four completed or on-going task orders stood at \$1,645,092 as of 31 March 2011.

#### **Conclusions:**

We believe that our Consortium's experience with Task Orders that foresee a series of evaluations in a sector constitute a cost-effective tool for USAID. Bundling a series of like tasks involving the same broad professional community, under the management of a single USAID IQC consortium take fuller advantage of the initial recruitment efforts, allows a familiarity with the Mission's or USAID client office's management style and operational preferences, and makes it easier for the Mission to access as needed, the services of individual consultants who prove their worth and become known to the client's partners and stakeholders.

### a. On-Going Task Order

#### **Task Order 2: USAID/Egypt – Economic Growth Objective Evaluations and Impact Assessment**

**Ceiling Price:** \$834,568

**Start-End Dates:** 13 November 2007 – 30 September 2010

**Status:** Ongoing

**Description/Purpose:** To carry out a series of evaluations required for selected Economic Growth activities. The results of these evaluations were to provide USAID/Egypt's Policy and Private Sector Office (PPS) with a basis for judging program effectiveness, impact, sustainability and replicability. Furthermore, these evaluations were intended better to inform future resource allocation. The contractor was expected to analyze which specific areas within Egypt have benefited from the identified economic growth activities. To date USAID/Egypt has commissioned, and the TMG GBTI II Team has completed, the first four of six evaluations planned. They are:

1. The Intellectual Property Rights Assistance (IPRA) Final Evaluation;
2. The Technical Assistance for Policy Reform (TAPR II) Mid-term Evaluation;
3. The Egypt Financial Services (EFS) Mid-Term Evaluation;
4. The Assistance for Trade Reform (ATR) Final Evaluation;
5. The Egypt Financial Services (EFS) Final Evaluation; and
6. The Technical Assistance for Policy Reform (TAPR-II) Project Final Evaluation.

**Approach:** USAID/Egypt's Policy Unit in the Program and Project Support Office, working through Task Order CTO Mervat Fikry, TMG which includes institutional partners dTS Inc., International Business Initiatives (IBI), PADCO and local consulting firm Progress 2, negotiated and fielded the six above teams. The details of the first four of these evaluations were provided in the TMG GBTI II Semi-Annual Performance Report 2008 (SAR 08) submitted to the GBTI II CTO on 3 June 2008.

The TMG Consortium completed the fifth evaluation (a Final Evaluation Report of the Egypt Financial Services [EFS] Project) in August 2009, and submitted that final revised report on 22 October 2009. It was well received and fully accepted.

Then, on 23 September 2009, USAID/Egypt obligated the final tranche of funding for this TO, raising the obligated amount by \$264,568, reaching the ceiling price of \$834,568. In August and September 2010, the TMG Consortium and USAID/Egypt (led by COTR Ali Kamel), agreed upon the sixth and final evaluation, the Final Evaluation of USAID/Egypt's Technical Assistance for Policy Reform II (TAPR II) Program. That team, led by Joseph Lieberman and including Donnie Harrington, James Hanson and Emily Miller, as well as Mohsen Alashmoni, Taba Modamed Shendy, Ahmed Nour and Hani Hamer; and supported by TMG sub-contractors Development and Training Services INC. and Progress2 (Egypt),

began the work on 25 July and completed the assignment and report in October. Mr. Kamel approved the final report on 13 October 2010.<sup>1</sup>

An excerpt of the TAPR II Final Evaluation Report is provided at Annex B below.

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<sup>1</sup> USAID/Egypt COTR Ali Kamel email to TMG Jenkins Cooper and consultant Joe Lieberon dated 13 October 2010.

### Annex A. The Mitchell Group, Inc., Semi-Annual Performance Report 2011

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 Email Address: [chrisb@the-mitchellgroup.com](mailto:chrisb@the-mitchellgroup.com) Telephone: (202) 745-1919  
 Period of Reporting : 10/01/2010-3/31/2011  
 Period of Contract: 12/12/2006 through 12/11/2011  
 Ceiling: \$3.0 billion

Bureau/ Mission	TO status	TO No.	TO Name	Country/ Region of work	Mod. No.	TO Start/ End Date	Ceiling Price	Obligated Amount	Vouchered to date 3/31/11	Total Accrued to Date	Balance (Total Obl. less Total Rec'd)	CTO Name & Office
USAID/ Serbia	Compl	1	USAID/Serbia Assessment of the Economic Impact of the CRDA & SEDP Programs (CRDA & SEDP)	Serbia	1	9/28/2007 4/30/2008	\$331,000.00	\$331,000.00	\$308,245.60	\$308,245.60	\$22,754.40	Sanja Nikolin, USAID Serbia/PRO
USAID/ Egypt	Compl	2	Evaluation of USAID Egypt Economic Growth Program (TAPR-II, EFS, ATR, IPRA)	Egypt	4	11/13/2007 9/30/2010	\$834,568.00	\$834,568.00	\$834,340.46	\$834,340.46	\$227.54	Mervat Fikry, USAID/PPS/ POL
USAID/ Kosovo	Compl	3	Final Evaluation of Kosovo Cluster and Business Support (KCBS)	Kosovo	N/A	5/7/2008 6/16/2008	\$93,976.00	\$93,976.00	\$89,490.48	\$89,490.48	\$4,485.52	Flora Arifi, USAID/ KOSOVO/EG
USAID/ Ethiopia	Compl	4	Mid-Term Evaluation and Cross Cutting Themes, Business, Environment, Agriculture and Trade BEAT (ATEP, EDDP, ESGPIP)	Ethiopia	1	7/23/2008 10/15/2008	\$271,183.00	\$271,183.00	\$247,630.90	\$247,630.90	\$23,552.10	Assefa Abebe, USAID/Ethio pia
USAID/ Ethiopia	Compl	5	Mid-Term Evaluation of the Sanitary Phyto- Sanitary Standards and Livestock & Meat Marketing Program	Ethiopia	1	4/1/2009 5/29/2009	\$79,981.00	\$79,981.00	\$71,025.95	\$71,025.95	\$8,955.05	Assefa Abebe, USAID/Ethio pia
USAID/ Ethiopia	Compl	6	USAID/Ethiopia's WTO Accession Plus Project Evaluations	Ethiopia	N/A	2/25/2010 4/16/2010	\$97,707.00	\$97,707.00	\$62,193.20	\$62,193.20	\$35,513.80	Semunesh Demetros, COTR, BEAT, USAID/Ethio.
<b>Total</b>							<b>\$1,708,415</b>	<b>\$1,708,415</b>	<b>\$1,645,092</b>	<b>\$1,645,092</b>	<b>\$63,323</b>	

**THE MITCHELL GROUP, INC.**

**SEMI-ANNUAL PERFORMANCE REPORT TABLE**

**GBTI II IQC, Contract No: EEM-I-00-07-00002**

Contractor Contact Name:	Mr. Christopher M. Brown		
Email Address:	<a href="mailto:chrisb@the-mitchellgroup.com">chrisb@the-mitchellgroup.com</a>	Telephone:	(202) 745-1919
<b>Period of Reporting :</b>	<b>10/1/2010 through 3/31/2011</b>		
Period of Contract:	12/12/2006 through 12/11/2011		
Ceiling:	\$3.0 billion		

Bureau/Mission	TO status	Task Order Number	TO Name	Country/Region of work	Mod. Number	TO Start Date	TO End Date	Ceiling Price	Obligated Amount	Vouchered to date 5/31/11	Total Accrued to Date	Balance (Total Obligated minus Total Received)	CTO Name & Office
USAID/Serbia	Compl.	1	USAID/Serbia Assessment of the Economic Impact of the CRDA & SEDP Programs (CRDA & SEDP)	Serbia	1	9/28/2007	4/30/2008	\$331,000.00	\$331,000.00	\$308,245.60	\$308,245.60	\$22,754.40	Sanja Nikolin, USAID Serbia/PRO
USAID/Egypt	Compl.	2	Evaluation of USAID Egypt Economic Growth Program (TAPR-II, EFS, ATR, IPRA)	Egypt	4	11/13/2007	9/30/2010	\$834,568.00	\$834,568.00	\$834,340.46	\$834,340.46	\$227.54	Mervat Fikry, USAID/PPS/POL
USAID/Kosovo	Compl.	3	Final Evaluation of Kosovo Cluster and Business Support (KCBS)	Kosovo	N/A	5/7/2008	6/16/2008	\$93,976.00	\$93,976.00	\$89,490.48	\$89,490.48	\$4,485.52	Flora Arifi, USAID/KOSOVO/EG
USAID/Ethiopia	Compl.	4	Mid-Term Evaluation and Cross Cutting Themes, Business, Environment, Agriculture and Trade BEAT (ATEP, EDDP, ESGPIP)	Ethiopia	1	7/23/2008	10/15/2008	\$271,183.00	\$271,183.00	\$247,630.80	\$247,630.80	\$23,552.20	Assefa Abebe, COTR, USAID/Ethiopia
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USAID/Ethiopia	Compl.	6	USAID/Ethiopia's WTO Accession Plus Project Evaluations	Ethiopia	N/A	2/25/2010	4/16/2010	\$97,707.00	\$97,707.00	\$94,358.26	\$94,358.26	\$3,348.74	Semunesh Demetros, COTR, Senior Trade Specialist, BEAT, USAID/Ethiopia
<b>Total</b>								<b>\$ 1,708,415</b>	<b>\$ 1,708,415</b>	<b>\$ 1,645,092</b>	<b>\$ 1,645,092</b>	<b>\$ 63,323</b>	

**Annex B. Report Summary**

(Excerpt of USAID/Egypt Final TAPR II Evaluation begins on next page.)



**USAID**  
FROM THE AMERICAN PEOPLE

# TECHNICAL ASSISTANCE FOR POLICY REFORM (TAPR-II)

FINAL REPORT

September 2010

**This publication is made possible by the generous support of the American people through the United States Agency for International Development (USAID/Egypt) under the Technical Assistance for Policy Reform (TAPR-II) Final Evaluation. The contents are the responsibility of the authors and do not necessarily reflect the views of USAID or the United States Government.**

## **TAPR-II FINAL EVALUATION REPORT**

**Prepared For USAID/Cairo**

Submitted by the Mitchell Group, Inc.

### **Report Prepared by**

Joseph Lieberman, Team Leader

Donnie Harrington, Team member

James Hanson, Team member

Emily Miller, Team member

### **With the Support of:**

Moshen Alashmoni

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### **In Collaboration with**

The Mitchell Group, Inc.

Development & Training Services, Inc.

With the Support of Progress2 of Egypt

## TAPR II FINAL EVALUATION

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## I. Executive Summary

### A. Background and Main Points of the Evaluation and Brief Summaries of the Seven Components

**The purpose of the evaluation was to assess the design and implementation of TAPR II, to identify successes and problems and to recommend ways to strengthen performance.**

Begun in 2005, in the early stages of a reform-minded Egyptian government, TAPR II will end in October 2010 with a number of positive results. It is a successful USAID project. The concept of carefully selecting and developing demand-driven support for reform, while allowing easy shifts in resources when the government's commitment to activities changes, has generally worked well under USAID management and the implementing firms of TAPR II. There was a smooth transition of TAPR II contract management from BearingPoint to Deloitte, which occurred with the sale of Bearing Point's public services practice in 2009. The various government counterparts and recipients of support have expressed their gratitude for the high quality of the USAID team and the quality of consultants and training that were provided under TAPR II. Of course some of the support has not led to reforms. In part, this reflects the varying government interests in reform changes, particularly as elections near.

**The overall objective of TAPR II is to provide a comprehensive and flexible source of technical assistance to Egyptian reformers to help them define and implement their policy reform vision.** When the project was being developed, USAID expected to be under increasing staff constraints. Prior to TAPR, there had been 18 USAID contracts and 12 COTR's. The process of negotiating individual assistance agreements with the GOE and obtaining approval within the USG was time consuming. As a result it was decided that effective management of the USAID program required that activities be grouped into fewer implementation units that would permit funding to be shifted between sub-objectives and activities. As a result of these management changes, TAPR II was redesigned as an umbrella project, with seven major components. The components were in the areas of the trade environment, financial sector modernization, and macroeconomic stability, enabling policy environment for the private sector, facilitating services for the private sector, human resources, and program support.

The TAPR II evaluation team consisted of four economists. Over the period July 19 to August 13, 2010 the team spent 15 work days in Cairo collecting data and interviewing key participants. Each TAPR II component was analyzed for effectiveness, efficiency, impact and sustainability using a data collection protocol which is described in Section III below.

**TAPR II assistance was highly valued by the Egyptian clients** and was directly relevant and resulted in the implementation of important reform measures. It is the conclusion of the evaluation team that TAPR II was successful in providing key support to GOE reform initiatives. The following are the major successes in each component:

- The Egyptian Customs Authority was transformed, a new customs law drafted, tariff rates reduced and customs clearance time reduced from 14 to 9 days.
- Support for the Real Time Gross Settlements Payments System (RTGS) in the Central Bank reduced liquidity risk to the bank; the Egyptian Bankers Institute (EBI) was internationally accredited; the Egyptian Insurance Supervisory Authority (EISA) switched to risk based supervision with the associated reorganization of EISA and the formation of the Egyptian Financial Supervisory Authority (EFSA);
- Support led to income, sales and stamp tax reforms and reforms in tax administration.
- New and existing trade related agencies and their institutions were strengthened and received international recognition; facilitated the establishment of a commercial court.
- Three new activities consolidating and reducing regulatory red tape were established: the Smart Services Business Center, Tamayouz and the Egyptian Regulatory Reform and Development Activity, in addition to modernizing the Commercial Registry in 20 locations. The Egyptian National Competitiveness Council was established and became operational under TAPR II.
- The groundwork for US-Egyptian academic partnership agreements based on legal and business higher education degree/certificate programs were successfully completed.
- An effective Performance Monitoring and Evaluation Plan for the TAPR II contractor was developed and M&E support provided to USAID.

The evaluation did find that in several cases top level GOE officials were extremely interested in specific reforms, but after a year or two there were changes in Government Ministers or other political changes that ended those efforts. Also, TAPR II information technology programs suffered delays and problems. Early enthusiasm generated by TAPR II housing and privatization studies did not generate reforms. The Capital Market Authority and initially the Central Bank of Egypt decided they did not need much TAPR II assistance. The following sections provide a brief summary of results for each of the seven TAPR II Components. (Section IV provides more details on each of the components).

**Component A (Trade and Investment) helped Egypt make significant improvements in the trade environment.** Timely, expert technical advice from the contractor's component leaders, and by their long and short term advisors, guided by active oversight by USAID, capitalized on opportunities as they arose to improve trade facilitation and strengthen institutions. The Egyptian Customs Authority (ECA) has undergone a transformation, thanks to USAID's sustained assistance. Another major hurdle achieved with TAPR II assistance is parliamentary approval of the World Customs Organization (WCO) Kyoto Accord in January, 2008, demonstrating Egypt's commitment to international standards and best practices in customs laws and operations. A new customs law was drafted, procedures simplified and a system of risk management introduced that reduced the need for physical inspections and decreased customs clearance times from 14 to 9 days.

Tariff rates were reduced and simplified and the Ministry of Trade and Industry was strengthened and made more effective in compliance with WTO and other international trade agreements. TAPR II's demand-driven design allowed quick response to support the startup of a new Food Safety Agency. Timely project support, coupled with strong leadership, advocacy by the Chamber of Food Industry, and an effective public awareness program, built momentum for the creation of the Food Safety Agency and weathered challenges by opponents

of the reform. Another promising initiative to improve trade facilitation, increase WTO compliance and pave the way for increased trade is harmonization of trade standards in textiles, garments and food.

**An issue of concern with Component A is the completion and turnover of the automated information system.** Almost one half of Component A resources is allocated to the National Customs Information System (NCIS), which may not reach its potential without strong leadership to resolve political and technical issues. The NCIS may be turned over to the ECA by the end of the project, if the remaining steps are implemented on schedule. However, without further assistance, ECA will be left to operate the system without the support and training originally envisaged, and the system may not operate according to international standards. Also, without further support, the risk is high that the system will fail to achieve many of the objectives it was designed to provide.

**Another concern is the loss of momentum on major policy reform.** In spite of government assurances and TAPR II assistance, progress has stalled and the prospects are slim for the passage of major legislation, such as the customs law and the food safety law, before parliamentary and, perhaps, presidential elections. Finally, although the project has been very successful in strengthening government agencies, the lack of inter-ministerial coordination constrained progress. Improvements in the Egyptian trade and investment environment increasingly depends on an integrated approach, bringing together all government agencies with mutual interests and motivating them to work together to facilitate trade and growth.

**Component B (Financial Sector Modernization) has been an effective, demand-driven response to support the financial sector and economic growth.** This component supported three major institutional improvements-- the Real Time Gross Settlements Payments System (RTGS) in the Central Bank, improvement and international certification of the Egyptian Bankers Institute (EBI), and upgrading the Egyptian Insurance Supervisory Authority (EISA). In addition, TAPR II supported the set-up of the Egyptian Financial Supervisory Authority (EFSA), the on-going development of a retail payments system, and pension reform, which began in component C, that has been partially enacted. The TAPR II Contractor Team Leader for Component B and the USAID Activity Manager for this component were prompt and responsive in providing high quality consultants and training, as well as being effective in shifting funds between sub-components or closing them, as appropriate. The resources provided under Component B effectively supported the Financial Modernization. It was coordinated with other donors through regular meetings of donors working in the financial system. These meetings were hosted by the World Bank, which was a major lender supporting financial reform, and involved the African Development Bank, the European Union, and NGOs. TAPR II's support for upgrading EISA and the set up of EFSA were important underpinnings for the World Bank's large loans. TAPR II support for improvements in EBI led to EBI's winning a contract to train Iraqi bankers, which was carried out through the Egypt office of the World Bank.

**Two issues that affected parts of Component B were USAID consultant fee limits and the potential risks of a demand driven project.** USAID limits on consultant fees appear to have contributed to reduced requests for TAPR II support from the Central Bank, at least initially, and the Capital Market Authority. Fees for consultants working in these areas are often much higher than USAID consultant fee limits. The institutions

may have judged consultants' quality by salaries--a low salary is equated with low professional skills. Similarly, consultant fee limits on local hires may have reduced the ability to use local consultants these two TAPR II sub-components, as well as the inability to use local professionals for other TAPR II components. Unless there is an extremely unique need for high priced experts, we do not see any benefit in trying to go beyond the USAID max. If the GOE demands \$1,500 a day consultants, which exceeds the USAID fee limitations, they should pay for them with their own resources or use other sources of technical assistance provided by other donors such as the IMF or the World Bank Group. USAID projections for requests for technical assistance should take into consideration the possible affects of their fee limitations. Some technical advice and interactions did develop regarding support to the CBE under the TAPR II project, but the Capital Market subcomponent was subsequently closed because of lack of requests for support, as well as a change in focus of the Capital Market Authority. Finally, overemphasis on responding to specific requests for support may lead to support for activities that may not be the most current in the financial sector. This potential issue could become a concern given the recent international financial crisis and the resulting major changes in the financial sector and its regulation that are occurring worldwide.

**There are two lessons from Component B.** First, in project management, prompt provision of good technical support was effective and highly appreciated, as was the ability to shift resources easily between project components. Future projects should emphasize these characteristics. Second, support should go to recipients that place a priority on, and have clear ownership of, the request and its likely result throughout the institutions, as was the case in almost all activities of Component B.

**Component C (Macroeconomic Stability) was highly successful in its support of key reforms in tax policy and administration by the Finance Ministry.** The income and sales tax systems and their collection were reformed. The stamp tax, a problem area in most developing countries, was simplified substantially. A plan for integrating the Income and Sales Taxes Departments is being implemented. Tax revenues rose, while opportunities for corruption were reduced. Component C support also contributed to the establishment of the central Public and Private Partnerships (PPP) Unit within the Ministry of Finance (MoF), as well as contributing to the PPP law that was enacted. The pension reform that was shifted to Component B and has been partially enacted. The IMF and World Bank Group provide substantial free support in these areas, worldwide, but, the resources provided by TAPR II and USAID were chosen to provide support for the MOF reforms.

These successes reflected prompt, high quality support under TAPR II and by USAID. They also involved strong interactions with the Tax Department. The Implementing Partner of Component C and USAID managers were effective in closing sub-components and shifting resources when work was completed, or after the counterparts lost interest or commitment.

**Coordination was extensive between TAPR II Component C and the IMF regarding tax reform.** Coordination with the IMF reflected the mutual interests in the fiscal impacts of tax policy and administrative reforms on tax revenues. Coordination also took place with the Netherlands and Spanish governments and the OECD on training of tax administrators. Some coordination also took place with the IMF on the Treasury

Single Account and with the European Union and the World Bank on general issues of public financial management.

**The major issue in Component C is the major support for a large information technology (IT) project.** The required laws have been passed, much of the project has been completed and substantial, hands-on-training was provided to help the Finance Ministry take over responsibility for IT. Nonetheless, at the time of the evaluation mission, it was unclear whether all requirements would be fully completed in the time remaining before TAPR II ends. As is inherent in IT, project specifications were complex, many challenges developed, and for various reasons there were many requests for modifications. Full completion and, perhaps more important, sustainability of this IT effort will depend on continuation of a strong commitment by the Finance Ministry. There is also the risk of losing trained IT personnel to private firms willing to pay higher salaries. A second major issue was the Single Treasury Account sub-component, which is a complex political as well as technical issue. This sub-component lacked support below the Finance Minister. Eventually, the non-treasury government accounts were reduced from thousands to less than 50, the Minister declared results satisfactory and sufficient to yield budgetary savings, and the sub-component was closed.

**Three major lessons emerge from Component C.** First, the success of USAID support depends on verified commitment for the reforms in the recipient institution, not just at the institution's highest level. Deeper support in the recipient institution can be built through interaction with USAID and consultants, but success still depends on long-term involvement of high quality staff, such as those involved with the tax sub-component of Component C. Second, prompt responsiveness and easy transfer of funds between sub-components and components should be continued, because they make a project more effective. Third, IT is inherently more complex than providing advice or technical reports and depends on significant management and training of the recipients, plus a long term commitment from the recipient and USAID.

**Component D (Enabling Policy Environment) helped Egypt make meaningful improvements in the business environment.** TAPR II helped establish new agencies, such as the Egyptian Competition Authority, Consumer Protection Agency, and Alternative Dispute Resolution Center, which are sustainable and helping Egypt move from a socialist to a market economy. Reforms in older institutions, such as the Patent and Trademark offices have enabled business growth and earned regional and international recognition for Egypt as a leader in Intellectual Property Rights reform.

**Champions of economic reform have been supported through effective training and customized technical assistance.** USAID as a partner and the assistance provided by TAPR II are highly valued in bringing about reforms, most of which were built on achievements of previous USAID projects. USAID is uniquely positioned to assist Egypt advance the unfinished agenda of improving the policy environment for business development and economic growth. **Another significant achievement with far reaching impact is the strengthening of the newly created economic courts and the reduction in time required for enforcement of contracts and resolution of other commercial cases, especially noteworthy for the cost effectiveness achieved by coordination with other USAID projects.**

**Even though it was effective in supporting reform champions, the project was less successful in achieving the end goal of policy reform.** USAID acted appropriately to withdraw support from the National Law Commission, but progress stalled on the bankruptcy law and intellectual property law indicating the continued lack of a streamlined, GOE-led process to set priorities and coordinate policy reforms to improve the business climate. Although the flexibility under the TAPR II project allowed quick action to respond to opportunities, such as training judges and supporting mediation, but momentum may have been lost on some reforms due to funding uncertainties, changing priorities, and retooling for new initiatives.

**Sound accomplishments were achieved under Component E (Facilitating Services for the Private Sector).** The stakeholders of regulatory reform – the national, regional and local governments, business associations including the Chambers of Commerce, as well as USAID have largely succeeded in setting and meeting achievable goals, managing expectations and bringing together competent activity managers and technical advisors. Customer service training and incentive pay schemes to SSBC and Tamayouz staff contributed to capacity building of young new graduates, an incentive-based work force, and set a new level of customer service standards, which ultimately benefits the private sector and eases the burden of doing business in Egypt.

Meaningful dialogue between ERRADA and the private sector in the regulatory reforms of greatest interest to business has not occurred to date. A new two tiered approach is under development by ERRADA and the ENCC that will identify and consult directly with the private sector on regulatory issues of specific concern while maintaining public-private roundtables on broader regulatory reform and economic sectors such as agriculture.

**A national competitiveness strategy will be presented to the Prime Minister by the Egyptian National Competitiveness Council in October 2010.** This is positive testimony to the significant progress made under the TAPR II project of turning a loosely formed group advocating the development of a national strategic vision for Egyptian competitiveness into a respected NGO with access to Parliamentarians, guided by a visionary Board of Directors and sector specific competitiveness councils. Sustainable funding beyond TAPR II is necessary for the ENCC to build upon these successes. ENCC's role will need to be broadened to include monitoring and evaluation once a national strategy is adopted and implementation begins.

The evaluation found that **linkages between Tamayouz, (the one stop business support centers) and SSBC (Smart Services Business Centers) are weak and recommends USAID examine the mutual benefits from institutional strategic alignments between the two organizations and organize forums to facilitate the alignment.** The creation of a network of Tamayouz one-stop-shops is recommended between Cairo and Alexandria and for new centers that are rolled out across Egypt. A post-TAPR II transition plan for the SSBC is recommended to set priorities, provide focus and generate energy within the SSBC. The public private partnership between the Government of Egypt regulators and the Chamber of Commerce in Cairo is an excellent example of service integration, cooperation and service based financial sustainability.

Looking to the future, the foundation of success, as proven by TAPR II's own experiences, are a shared vision, setting expectations at the outset, championing an activity at the right time, and when things are progressing well, a light project management footprint. **Financial sustainability is more likely with public-private partnerships, fee-based services or when the GoE can be shown a positive return on leaner regulations and agrees to provide budgetary support.** The Government of Egypt, business associations and industrial development authorities are largely satisfied with Component E outcomes and have benefited from the flexibility of TAPR II's "umbrella approach".

**Component F** (Human Resources) is closed. Recent short term technical support to assist Cairo University plan an International Branch has been placed under Component E.

**Component G** (Program Support) included successful monitoring and evaluation (M&E), along with three economic studies and a newsletter. **M&E is important for effective management since it uses project inputs and performance indicators to measure performance against baseline data.** TARP II's demand driven, flexible approach made it difficult to track activities and sub components since they often changed or were replaced by new activities. In spite of these difficulties, TAPR II **has an excellent Monitoring and Evaluation Plan.** It tells managers how well a project is doing in reaching its objectives and provides effective M&E support to USAID's Economic Growth Office of Policy and Private Sector (PPS). Also, the TAPR II EGLink Newsletter is a useful way to communicate TAPR II results to Egyptian constituents.

At the start of the project, GOE Ministers were very interested in the TAPR II housing and privatization studies, but the housing studies were not acted on and recently the GOE decided to abandon its privatization program. The Behind the Borders Study should be useful as USAID plans its competitiveness programs.

## B. Summary of Recommendations for each Component

**Component A: The first recommendation is that USAID should continue to support reformers in the next level of trade and policy reforms with a more strategic and integrated approach.** Second, future assistance should build on the success of the Food Safety and Harmonization activities in marshaling the forces of private sector leaders and organizations to define problems, find solutions and influence the political process.

**Component B. If the GOE wants consultants with fees in excess of USAID limits, they should pay for them with their resources,** or they should use World Bank Group or IMF assistance, which is often free. USAID forecasts of requests for technical assistance should not neglect the potential impact of consultant fee limits on requests from the financial sector. Second, support for further financial support for regulatory reform may be needed in the institutions TAPR II has supported, given the major changes that are occurring worldwide in response to the financial crisis.

**Component C: Three major lessons emerge from this component.** First, success depends on **verified commitment for the reforms in the recipient institution,** not just at the institution's highest level. We recommend that for future undertakings USAID analyses go beyond the Ministerial level and assess support at

the working level. Secondly, prompt responsiveness and easy transfer of funds between components and sub-components should be continued, because they make a project more effective. Third, **IT is inherently more complex than providing advice or technical reports. We recommend closer management of IT programs** and recognize this will take long term commitment.

**Component D: This component helped Egypt make meaningful improvements in the business environment.** Champions of economic reform have been supported through effective training and customized technical assistance. **The first recommendation is to strengthen government coordination with the private sector** to reap benefits from the improved trade environment and build support for further reforms. Many regulatory agencies and government institutions have started to consult the private sector, but consultative bodies need to become institutionalized and less government controlled, and a future project would benefit from a representative consultative body for the overall project. Second, **USAID should engage the government in dialog on how to spread the benefits of trade and economic growth more broadly.** Poverty has declined, but expectations have not, and further policy reform to open the market economy may depend on more people feeling the benefits from it. Finally, **USAID should sharpen the focus on an agreed list of major laws and other policies to be reformed, while maintaining flexibility to adjust to the changing environment.**

**Component E: Under this component, Facilitating Services for the Private Sector, the evaluation found that** the Government of Egypt, business associations and industrial development authorities are largely satisfied with Component E outcomes and have benefited from the flexibility of TAPR II's "umbrella approach". **The linkages between Tamayouz and the SSBC are weak. The evaluation suggests that mutual benefits** can be gained from a **strategic alignment** and organizing forums for the sharing of lessons learned and planning into the future. **The Creation of a network of Tamayouz one-stop-shops is recommended between Cairo and Alexandria** and for new centers that are rolled out across Egypt. A post-TAPR II transition plan for the SSBS is recommended to set priorities, provide focus and generate energy within the SSBC. The public private partnership between the Government of Egypt regulators and the Chamber of Commerce in Cairo is an excellent example of service integration, cooperation and service based financial sustainability.

**Component F** is closed.

**Component G: This component demonstrated the importance of a monitoring and evaluation system attuned to the unique needs of a project.** It proved of great value since there was flexibility and a continual opening and closing of TAPR II activities, and sub-components which could have made performance monitoring difficult. The M&E system generated the management information that the project's implementers and USAID needed to keep on top of a broad range of activities TAPR II also provided effective M&E support to USAID's Economic Growth Office of Policy and Private Sector (PPS). The TAPR II EGLink Newsletter is a useful way to communicate TAPR II results to interested GOE and private sector leaders.

At the start, GOE Ministers were very interested in the TAPR II housing and privatization studies, but the housing studies were not acted on and recently the GOE decided to abandon its privatization program. The Behind the Borders Study should be useful as USAID plans its competitiveness programs.