

5 *Egypt*¹

BUILDING PRIVATE SECTOR CAPACITY THROUGH TECHNICAL COOPERATION

Introduction

Egypt is a middle-income country, with a total GDP of around \$84 billion (1999/00), or \$1,404 per capita. The private sector plays a prominent role in the economy. In recent years, inflation has been brought under control and macroeconomic performance has improved, with the economic growth rate averaging over five percent in the years 1995-2000. The budget deficit in 1999/00, however, was nearly five percent of GDP. Egypt's external debt is manageable, amounting to \$28.5 billion (2001), or about 32% of GDP. In 1990/91, Egypt embarked on a reform programme, with structural adjustment supported by the World Bank and the International Monetary Fund (IMF). In 1997/98, the process of relatively successful reform led to major cancellations of debt through the Paris Club. The economic programme included major financial sector reforms, including budgetary and fiscal policy, and other trade and economic reforms. It also focused on giving a greater role to the private sector.

With 67.9 million people, Egypt is the 18th most populated country in the world. Population growth rate averaged about 2.3% in the 1990s, compared with 2.6% during

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the 1980s. Gauged by its performance on the 2002 Human Development Index (0.642 in 2000), Egypt is in the middle category of countries, ranking 115 out of 173 countries in the global table. Egypt still has far to go in developing its human resources and capacities, but there are elements in its human development profile that reflect the country's potential for an accelerated process of capacity development. The adult literacy rate (2000) is 55.3%, compared with the regional aggregate of 62%. Egypt's combined gross enrolment ratio, however, is 76% against the region's 62% (1999). Life expectancy at birth is 67.3 years, a shade above the regional average. It has 202 doctors per 100,000 people, compared with 162 for China and 48 for India. Public spending on education is about 5% of GDP (1995-1997), nearly one-third of which goes to higher education. Egypt has a substantial cohort of highly educated people when compared with many other developing countries.

This chapter is in two parts. It begins with an overview of official development assistance (ODA) and technical cooperation (TC). The second part focuses on a study of the private sector, since Egypt is a unique example of a country where the bulk of TC resources has been focused on this area.

Patterns of ODA and TC

The ODA figures for Egypt presented here, based on the OECD definition, cover the whole range of assistance, including grants, TC and soft loans. Egypt ranks among the largest recipients of ODA worldwide. Donor assistance has been an important part of the country's development strategy, with average flows of \$2 billion per year from approximately 35 donors. It received a total of \$25 billion between 1990 and 1999. Official development assistance to Egypt has begun to decline, and is expected to continue to do so. The government and its major donor, the United States, have agreed on a reduction by five percent annually from 1998 to 2007.

Official development assistance flows reached a peak of \$5,439 million in 1990, but dropped by a substantial margin to \$1,579 million in 1999. With population growth from 52.6 million in 1990 to 63.3 million in 1999, ODA per capita has dropped from \$103 in 1990 to a low of \$25 in 1999 (see Table 5.1).

The major donors are the United States Agency for International Development (USAID), the European Commission (EC) and European Union member states, Japan, the World Bank, the International Monetary Fund, UNDP, and regional development organizations such as the African Development Bank and the Arab Fund for Economic and Social Development.

The United States is the dominant donor, on average accounting for almost half of total development assistance flows to Egypt in the 1990s. Because of its location, large and growing market, history, culture and role as a moderating influence in the Middle East, Egypt has long been the United States' strategic partner. Since 1979, Egypt has used its political leadership to foster peace in the region. Both the United States and Egypt have recognized that Egypt must be prosperous and stable for wider

regional stability. Technical cooperation to support economic development in Egypt therefore became vitally important. Project assistance alone amounted to over \$400 million yearly during the 1990s, of which 50% was TC up to 1998, and 80% since then. The agriculture sector received an average of \$50 million annually for policy reform, including training, advisory services and new technologies.

The EC and the EU member states contributed 28% of ODA flows to Egypt during the 1990s. Most of the EU assistance has been directed to small and micro enterprises, industrial modernization, poverty alleviation, employment generation, gender issues and capacity development.

Japan comes next. Its cumulative flows during the last decade reached about \$1 billion, of which the most significant component financed the first bridge spanning the Suez Canal. After a decade-long moratorium on lending, Japan reopened its soft loan window in 2000 to focus on the environment, technology, human development and small and medium enterprises.

Arab countries constituted most of the balance of total ODA flows to Egypt during the 1990s. The volume has become quite modest, declining from \$2.2 billion in 1990 to less than \$50 million in 1999.

Official development assistance flows to Egypt through international or regional institutions represented on average about three percent of the total during the 1990s. United Nations agencies contributed 1.3% of total ODA flows to Egypt during this period. Although international and regional institution contributions to ODA flows were not large, their contribution to capacity development was significant because of their influence on both the volume of aid and the focus on TC by major donors.

Total TC flows to Egypt have been very substantial, amounting to \$7 billion during the 1990s. Annual inflows of TC were much better sustained than ODA, ending the decade at about the same level as they began. As a proportion of total ODA, TC climbed from less than one-sixth to almost half. In terms of GDP and budget revenue, TC declined steadily until 1998, and then increased (see Table 5.2).

The United States provided the bulk of TC, while EU members and the European Commission ranked second, followed by Japan. The USA and EU together offered 89% of the total, while Japan's share was about three percent during the same period (see Table 5.3).

Available statistics on sectoral distribution of TC indicate that during the 1990s as a whole, the agriculture sector was the largest beneficiary, but that the private sector received increasing amounts during the second half of the decade. The private sector received over \$300 million during the 1990s from USAID alone.

TC Practices and Policies

The government established the Ministry of International Cooperation (MIC) in the mid-1970s to manage foreign assistance. In December 2001, the MIC became the

TABLE 5.1: ODA FLOWS, 1990-99

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
ODA (US\$ millions)	5,439	5,025	3,603	2,401	2,695	2,014	2,199	1,981	1,951	1,579
ODA per capita	103.4	93.6	65.7	43.0	47.2	34.6	37.0	32.6	31.5	24.9
ODA/GDP (%)	11.3	15.0	8.7	5.1	5.2	3.3	3.3	2.6	2.4	1.8
ODA/Gov. budget (%)	46.3	58.6	29.1	17.3	17.4	12.3	12.2	10.4	9.7	7.3
ODA/Exports of G&S (%)	39.8	34.7	21.3	12.4	17.9	11.3	12.2	10.2	10.2	8.4

Sources: World Bank Global Finance Development 1999 and 2000; IFS Yearbook 2000; Joint Arab Economic Report, 1999; www.cbe.org.eg/annual_time_series, and www.OECD.org.

TABLE 5.2: TC FLOWS, 1990-99

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
TC (US\$ millions)	812	757	827	975	594	744	635	570	472	768
TC/ODA (%)	14.9	15.1	23.0	40.6	22.0	36.9	28.9	28.8	24.2	48.6
TC/GDP (%)	1.7	2.3	2.0	2.1	1.2	1.2	0.9	0.8	0.6	0.9
TC/budget revenue (%)	6.9	8.8	6.7	7.0	3.8	4.5	3.5	3.0	2.4	3.6

Sources: World Bank Global Finance Development 1999 and 2000; IFS Yearbook 2000; Joint Arab Economic Report, 1999; www.cbe.org.eg/annual_time_series, and www.OECD.org.

TABLE 5.3: DONORS' SHARE OF TC IN THE 1990S

	Total	USA	EU & EC	Japan	UN Agencies	Other
US\$ billions	7.16	5.44	0.91	0.24	0.16	0.41
% of total	100.0	76.4	12.6	3.3	2.2	5.7

Source: OECD 2001

Department of International Cooperation (DIC) within the Ministry of Foreign Affairs, headed by a State Minister.

Practices regarding the appropriation of TC vary according to different donors. In some cases, donors take the initiative in proposing grants and loans for specific programmes and sectors. The DIC then consults the concerned ministry regarding its priorities. After reviewing and agreeing on priorities, terms and conditions, DIC and representatives from the concerned ministry discuss the TC agreement with the donor. The donor then prepares the final agreement for a TC project/programme, and may submit a draft Memorandum of Understanding (MOU) to allocate the local currency

TABLE 5.4: TC FLOWS FROM SELECTED DONORS BY SECTOR, 1990-99 (US\$ MILLIONS)

	USAID	EU	AFSED	Total
Private Sector	326.4	265.5	0.3	592.2
Banking Reform	-	3.3	-	3.3
Social Fund	-	16.6	-	16.6
Agriculture	1,184.8	106.8	-	1,291.6
Health	346.9	139.5	1.8	488.2
Education	263.3	90.0	-	353.3
Tourism	15.0	-	7.3	22.3
Environment	5.4	18.3	23.7	47.3
Power	200.0	-	0.5	200.5
Telecommunication	200.0	-	-	200.0
Sector Policy Reform	66.3	38.7	-	105.0
Promoting Democracy	34.3	-	-	34.3
NGOs & PVOs	29.5	-	-	29.5
Total	2,672.0	678.7	33.5	3,384.0

Sources: USAID, EC, Arab Fund for Social & Economic Development (AFSED)

counterpart funds associated with some programmes. Agreement is reached, often after long consultations.

Aid and TC have been hitherto managed in a somewhat *ad hoc* fashion. Since there was no overall national strategy setting out clear priorities, the government did not attempt to match requirements with specific offers. There was no mechanism for systematically reviewing, monitoring and assessing implementation, and review sessions between government and donors relied heavily on donor documents, reporting and statistics. Some projects received TC from a number of different donors, but for the same purposes. Training provided to individuals was not always based on a coordinated assessment of priority needs among government agencies. Despite this, there was no evident movement of individuals from the public to the private sector, because of relatively secure working conditions in government.

Management is also complicated by the fact that TC procedures and processes differ from one donor to another. Donor systems and policies affect the modalities and priorities of TC. During the 1990s, however, there has been a tendency for donors to favour programme over project-based TC. In part, this shift reflects changes in the direction of development as a whole. In the 1980s, TC heavily supported infrastructure projects. Under the economic reform programme, policy formulation, social development and poverty alleviation received higher priority, with TC shifting to support these objectives. The programme approach has given more flexibility in the use of funds and

enabled quicker disbursement, and cuts administrative burdens for both the donors and the Government. More importantly, it is more conducive to capacity development than the project approach. A mix of project/programme approaches continues to operate, although the programme approach is expected to predominate in the future.

Among bilaterals donors, the programme approach has been adopted increasingly by the United States and the European Commission, while Japan has retained its preference for project-based TC. Technical cooperation from UNDP has also been programme-oriented and designed to address the main priorities of the National Development Plan: agriculture, industry, human resource development, information systems, public services and advanced technology. The programme approach has been an important change and has helped to concentrate TC more on the priority objectives of Egypt's development.

Several recent changes can be noted in the TC practices of donors and the Government. Apart from the greater focus on programmes, with TC increasingly linked to policy reform and sector-wide approaches (SWAPs), donor-side changes include more emphasis on social development (i.e. the Social Development Fund) and poverty reduction issues. Technical cooperation has also helped to bring the human development dimension into the mainstream of policy making and public discussion.

Donors are also more actively engaged with the private sector, enabling them to play a lead role in economic development, particularly through business expansion and export promotion. Finally, donors have improved coordination among themselves through a number of informal arrangements, and are tapping more into the local expertise.

On the government side, changes have included a greater focus on institutional capacity building. There is also a greater awareness of the potential role of TC, which has led to increased demand.

Conjointly, there is a better mutual understanding as a result of more extensive donor-government consultations in defining sector priorities and policy implications. This has led to more participation and ownership by national authorities in the implementation of TC.

Donor Coordination

Donor coordination takes place at three levels. The Consultative Group (CG) meeting, chaired by the World Bank, is held every three years. There is good coordination between donors and the Government in such meetings. In the mid-1990s, bilateral and multilateral donors also formed the Donor Assistance Group (DAG), consisting of 40 members excluding Arab countries. The DAG meets monthly in Cairo, and it has eight sectoral subgroups that convene as needed. The CG and the DAG deal with issues of both capital and technical cooperation.

The DAG has recently succeeded in inducing Egypt to focus more on its social development agenda and to pay more attention to democratic and institutional

reforms. National institutions are invited to DAG meetings from time to time. The National Council for Women, for example, is a member of a DAG subgroup. The formation of DAG is a major improvement in harmonizing donor and government efforts. Instead of repetitive discussions with individual donors, the government can hold collective meetings. This arrangement, however, needs to be strengthened. "Coordination" among donors mainly consists of an exchange of views and information. There has been no systematic attempt to concert common positions, for example, regarding the effectiveness of TC with respect to capacity development. Mutual efforts by both donors and government in this regard are essential. A DAG Position Paper on Social Development in Egypt addressing issues related to poverty and the main challenges for the future was recently prepared for a Consultative Group meeting.

The Impact of TC on Capacity Development

The general perception that TC has had a generally positive impact on capacity development in the country is largely based on impressionistic evidence. Most institutions that have received TC, viewed it positively, not surprisingly. What follows is a brief assessment of selected projects by different donors, from which the nature and extent of capacity development can be discerned.

Economic Policy Initiative Consortia (EPIC): The project began in 1996 and ran for a four-year period. The US-based International Center for Economic Growth provided technical and research support towards building a community of Egyptian scholars and institutions committed to research. It also provided advice on economic policy reform to Egyptian policy makers, and engaged business, academia, media and research communities in its programmes. The project included a component to train young Egyptian economists through doctoral and post-doctoral studies in the United States. The project developed a strong sense of local ownership and participation and contributed to developing capacities in economic policy analysis. The quality of these analytical skills (as seen from resulting documents) has improved significantly as a result.

Education Sector Assistance Strategy: The education system in Egypt faces enormous challenges if it is to contribute to the country's development agenda. In recognition of this, the government has worked with the World Bank and the European Commission since 1996 on a framework for education reform at all levels. In 1997, the Ministry of Education articulated a long-term vision with input from both partners that recognized the need to improve the quality, efficiency, equality and quantity of education. The paper called for a national dialogue and increased community participation, focusing on enhancing quality as a priority. The Bank produced an informal sector note consistent with this vision.

The assistance included informal policy advice to the four ministerial committees in charge of formulating the national strategy for educational reform by 2000. The World Bank (IDA) financed interventions that supported the strategies being developed. This work in the education sector exemplifies the principles of the Comprehensive

Development Framework. It focused on a long-term vision for the economy and recognized the need for structural changes within the sector. It involved strong ownership at the Government level, and Ministry staff gained useful knowledge from the experience.

UNDP Programme at the Institute of National Planning (INP): The programme's objective is to produce and publish an annual report on human development in Egypt. The institute undertook the preparation of the report with support from UNDP, and since 1997, with additional contributions from UNICEF, UNFPA, WFP and the Social Fund for Development. The reports issued by INP since 1994 have been guided by the conceptual framework and methods developed by UNDP in its 1990 Human Development Report. The concepts and indices used then have been modified in light of the valuable contributions of a large number of experts and specialists in development. In the adaptation process, Egyptian intellectuals have provided an added value that has helped refine the global report in a mutually reinforcing manner. Such an endeavour reflects a good example of putting TC partnership and participation principles into practice, while helping to shape and influence social policy.

External Debt Management Unit at the Central Bank: The EDM Unit publishes Egypt's external debt statistics in a quarterly series, with monthly and daily issues produced for internal use. The Unit has been transformed into a full-fledged separate department at the Central Bank. It uses the United Nations Conference on Trade and Development database software package, which is regularly updated. The Unit became technically independent three years after it started operations, and now provides its expertise and systems to other countries in the region and in Africa. This service has been acknowledged by recipient entities. The EDM documents the impact of TC on capacity development of individuals and institutions domestically, and also on institutional capacities in other countries.

The Banking Institute: The Banking Institute was established in 1991 with financing by a consortium of donors (USAID, EC, the United Kingdom, the Bundesbank of Germany, the Canadian International Development Agency and the Banque de France). The Institute's objective was to enhance the capacity development and expertise of Egyptian bankers, and to strengthen the banking leadership. Its impact has been felt in the upgrading of individual bankers' performances as well as improvements in the institutional capacities of the banking sector. The Institute has since expanded its activities to Central and Eastern Europe, the Arab region and Africa. The number of participants in different programmes undertaken by the Institute increased from 714 in 1991/92 to 15,382 in 2000/01.

Other projects in the Central Bank: In the context of the World Bank's financial sector reform programme, the EC offered \$20 million to undertake six TC projects in the areas of organization, automation, payments systems, bank supervision, reserve management and monetary policy. The projects essentially consisted of a series of studies recommending measures to be implemented. The organizational study has been completed, but was not implemented because decision makers did not accept its recommendations. The automation study was completed and its implementation is

proceeding slowly. The payments system study has been completed and implementation is now under way. The Bank Supervision Department did not apply the recommendations of the study in their entirety, due to lack of expertise. The other projects were confronted with bureaucratic obstacles, lack of competence among local staff, and an equivalent lack of interest from the foreign-staffed Project Management Unit. In terms of capacity development, the projects mostly fell short of their objectives. The PMU did not have a strategy to enable local staff to participate effectively in these projects and ownership/partnership was clearly lacking. The programme was extended twice, ultimately utilizing only \$4 million out of the original \$20 million commitment. The programme has now been terminated.

Technical Cooperation to the Private Sector

The two leading donors – the United States and the European Commission – have provided a considerable amount of TC for private sector development. The Economic Reform Programme called on the country's private sector to build capacities for a process of dynamic engagement with the world economy. The projects that are described below can be viewed as TC activities that have enabled Egypt to address immediate and practical concerns arising from globalization. The objective of these projects was to improve the business practices of enterprises and to enable them to upgrade their technology and skills. Eight of the nine projects listed below with their starting dates were funded by the United States, one by the European Commission.

- Small and Micro Enterprise Development - 1988
- Credit Guarantee Corporation - 1989
- Privatization Support - 1990
- Small Enterprise Credit - 1991
- Egyptian Centre for Economic Studies - 1992
- Growth Through Globalization - 1996
- EEA/Expo-link - 1997
- Centre for Business Support - 2000
- The Private Sector Development Programme - 1996 (EC-funded)

Small and Micro Enterprise Development (SMED): Business associations were selected by USAID as implementing agencies to create viable credit delivery systems for small and micro enterprises. The associations that administer the funds in coordination with local banks are: Alexandria Business Association, Egyptian Small Enterprise Development Association, Assiut Businessmen Association, Small Enterprise Development Sharkeya Association and Dakahleya Businessmen Association for Investment and

Community Development. Their specialized loan officers have reached out to targeted poor areas. Each designs its strategy in collaboration with USAID, with approval by MIC/DIC.

The \$44 million programme is aimed at enabling small and micro enterprises to invest, expand, buy raw materials, upgrade equipment and hire staff. In addition, TC includes training for clients to develop administrative and financial skills, and to solve technical problems. Training was provided by technical experts, advisors and trainers hired locally or from the United States, and USAID selected the auditing and accounting firm. The programme has provided loans valued at approximately \$600 million to more than 220,000 borrowers, resulting in the creation of over 180,000 jobs. From profits generated, another association was established in Kafr Aldawar. The very positive results of this programme led USAID to extend its duration to 2005. In October 1999, the Alexandria Business Association launched a poverty-lending programme targeting female-headed households in poor areas. To date, more than 3,700 women have benefited from this programme, with a 100% repayment rate.

Credit Guarantee Company for Small and Medium Scale Enterprises (CGC): As part of a policy to liberalize the Egyptian economy, alleviate unemployment and encourage the private sector, the government commissioned a local consulting firm to undertake a feasibility study on establishing a private sector credit guarantee scheme. The CGC was then set up with funding in Egyptian Pounds from USAID special counterpart funds. The major partners in this project are the MIC/DIC, USAID and Italy. The United States provided assistance and training support to the staff of CGC (individualized capacity building) and supported a management framework for expanding and diversifying SMEs lending agents (institutional capacity building). The CGC opened in Cairo and now has branches in five more cities.

The Privatization Programme: The USAID provided \$35 million to help government implement its privatization programme through two projects. Four foreign consulting agencies were entrusted with the implementation of the first project, partnering with the technical office of the Minister of Public Sector Enterprises, MIC/DIC and USAID.

Two implementing agencies (foreign but located in Cairo) were selected on the basis of international bidding for the second project, and the main partners were senior officials from the ministries of economy, foreign trade, electricity, transport, communication, housing and construction, public enterprises and MIC/DIC. One of the implementing agencies was tasked with evaluating and preparing companies for privatization, and researching particular industries in order to identify new markets. The second agency was responsible for quarterly follow-up reports on the privatization programme.

The project contributed to capacity development through a total of 80 training courses and seminars for public service personnel. Through continuous consultation and close contact with their Egyptian partners, foreign experts have contributed to capacity development. Implementing agencies have also been hiring Egyptian staff. Auditing by USAID and follow-up by MIC ensure accountability.

Small Enterprise Credit (SEC): The objectives of the SEC were to provide financial, technical and other services to support traditional crafts, familiarize small borrowers with banking rules and procedures, and provide advice on how to regulate their accounts. A national network of lending organizations, NGOs and community development associations was utilized to undertake this work. The major partners in this project are the senior officials of the MIC/DIC, the Ministry of Social Affairs and the National Development Bank (NDB). The NDB has become full owner of the project, relying on its own resources and staff. The bank has been able to organize seminars and symposiums for training banking cadres from Arab countries on this type of financing. It also sends its staff to attend seminars organized by the World Association of Small and Medium Enterprise. This is in addition to creating nearly 50,000 job opportunities and familiarizing the informal sector with banking rules and procedures.

The Egyptian Centre for Economic Studies (ECES): The ECES is an independent, non-profit research institution founded in 1992 by prominent private entrepreneurs. Its objective is to promote economic development by assisting policy makers and the business community in identifying the need for reform, and then implementing change. To expand its activities, the Centre requested USAID support.

The Centre is becoming a key player in providing independent analytical advice to policy makers, and in engaging communities in productive dialogues on economic issues. As a research institution dedicated to serving the government's public policy, the ECES draws heavily on foreign expertise to maintain high standards of service. The Centre is contributing to capacity development for researchers not only within government, but also for the benefit of universities, research institutes and journalists. The Centre is playing an active role in enhancing the economic knowledge of other players in the economy, including NGOs, to widen constituencies supporting the reform process. The Centre has recently received an endowment to ensure its sustainability.

Growth Through Globalization (GTG): This project was initiated with a \$149 million from USAID. Its aim is to promote the adoption of improved technologies and management practices, increase access to market information, promote financial services and build strong private sector associations that can advocate reforms favourable to private sector-led growth. An important priority of the project is export development.

The Egyptian Exporters Association (EEA/Expo-Link): The business sector in coordination with the Government established the Egyptian Exporters Association as a private sector-led organization to assist firms in expanding export activities. The EEA's "action arm" was Expo-Link, a non-profit organization founded under USAID Exporter Service Programmes to increase non-traditional exports. Under the agreement, Expo-Link was to provide assistance to approximately 150 firms and increase Egyptian exports by \$150 million over the life of the project (1997-2001). Expo-Link provided assistance to firms already exporting, or with potential to export, by identifying markets and requirements, and developing marketing strategies. All 47 staff members were Egyptian. Short-term experts, local or foreign, were recruited to respond to specific client needs and after consultation between the Egyptian client and Expo-Link.

There were an average of 30 foreign experts a year; Egyptian consultants were mainly recruited for start-up firms. Expo-Link staff and consultants were available throughout the process for a range of activities, from diagnosing business needs and developing service packages, to ensuring that new techniques and technologies were adapted appropriately.

This process contributed to capacity development at the individual and institutional levels. Exports increased by \$206 million, easily exceeding the target. This achievement is attributed to a large extent to Expo-Link's success in solving the technical and marketing problems of client firms. Egyptian firms traditionally lack strong export departments equipped with trained staff, and this project helped to stimulate a needed export culture.

The Centre for Business Support (CBS): The Centre is a \$12.5 million export-business development programme funded by USAID. The USAID agreement requires CBS to increase Egyptian exports by \$36 million over the life of the project (2000-2003) by supporting the efforts of client firms to compete in the global market. This includes improving business operations, staff development and establishing viable business alliances abroad. The Centre is managed by the US International Executive Service Corps, which has operated in Egypt since 1976 and has completed over 1,900 projects for 1,200 companies. It delivers specialized expertise to small and medium-sized companies and NGOs. Experts, whether local or foreign, are selected after identification of clients' specific needs through consultation between the Egyptian firm and CBS. On average, there are some 200 foreign experts a year, the majority of whom are American. Local counterparts are recruited for short-term assignments and for Egyptian start-up firms.

Private Sector Development Programme: The Private Sector Development Programme (PSDP) for business upgrading, set up with 25 million Egyptian Pounds from the European Commission, provides customized technical and professional expertise to private sector companies and business associations. Services are provided in response to demand and most activities apply the principle of cost-sharing. Because of its success, the PSDP has begun to receive refunds for its services. The components of the programme include:

- **Business training:** More than 125 courses are offered at the European Management Centre, which has trained some 4,000 Egyptian executives.
- **Marketing and export:** Advice has been provided to more than 180 companies producing a wide range of consumer goods.
- **Business cooperation:** More than 100 companies have received assistance in forming strategic alliances with European companies.
- **Information services:** Commercial data and market information is provided to the PSDP and other donor programmes.
- **Institutional development:** The Centre's institutional development division has provided direct assistance to nine business associations.

In conclusion, these examples reveal that Egypt's private sector has benefited from a considerable amount of technical cooperation, including a large proportion of

foreign expertise. This support has resulted in readily measurable and tangible benefits in many cases, and sustainability can be gauged by the continuing solvency of the enterprises assisted.

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