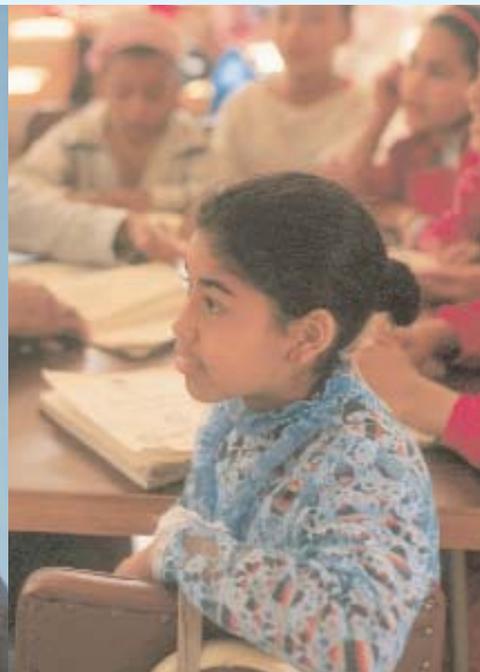




COUNTRY EVALUATION: EGYPT

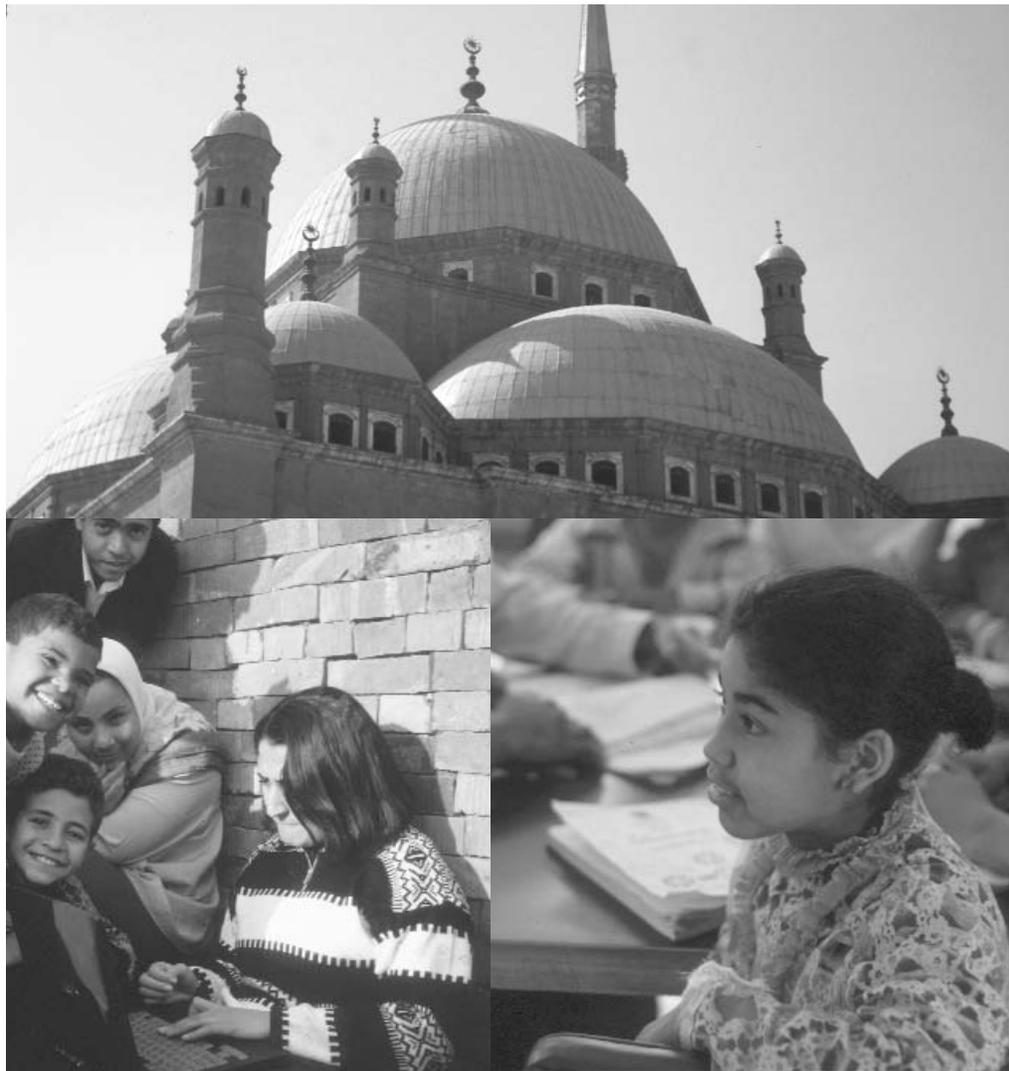
ASSESSMENT OF DEVELOPMENT RESULTS





COUNTRY EVALUATION: ASSESSMENT OF DEVELOPMENT RESULTS

EGYPT



United Nations Development Programme
Evaluation Office

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Foreword

The Assessment of Development Results (ADR) is an independent evaluation that aims to capture and demonstrate evaluative evidence of UNDP's contributions and development results at the country level. A key objective is to find out if UNDP is doing the right things and doing them well. This report assesses UNDP's performance and experience in Egypt since 1997. It looks at the results in relation to the country's key challenges and shares the lessons learned from UNDP's contributions to development. The report also responds to UNDP's improved monitoring and evaluation system to manage results and increase the opportunity to learn more effectively from experience at every level.

The choice of Egypt for this report was particularly relevant, as it is a country that has achieved impressive development results during the past decade. Egypt has been successful in reversing the trend of declining growth that has persisted since the mid 1980s. Along with sustained growth, quantitative progress has been made in the education and health sectors. Although Egypt has made important strides in development, the challenges are still significant. The fundamental challenge facing UNDP in Cairo is how to best leverage its small size into significant macro impact on poverty reduction and development effectiveness. All representatives of the

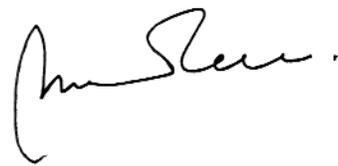
government and of development partners welcomed this evaluation with interest and openness. It is our belief that the UNDP experience in Egypt provides several lessons for enhancing development effectiveness.

Several people who undertook the ADR mission and contributed to this report deserve to be mentioned here. Mr. Eduardo Wiesner, former Finance Minister of Columbia, led the ADR mission. Ruby Sandhu-Rojon was the Evaluation Office (EO) Task Manager. The analysis was based on a number of local in-depth studies on gender and the information and communications technology (ICT) sector, carried out by Ms. Salwa Gomaa of the Public Administration Research and Consultation Center (PARC) as well as a detailed desk review undertaken by David Wright, a research analyst. The ADR focal point in the country office (CO), Rania Hedeya, provided instrumental support throughout the process.

The EO and the ADR Team wish to express special thanks to the Egyptian political leaders, government ministers, parliamentarians, heads of government agencies, heads of non-governmental organizations (NGOs), members of think tanks and policy research institutes, and many others for their support and openness in discussing the past and present challenges of Egypt, as well as the UNDP response to them and its impact on shaping government strategies and

policy making. We would also like to acknowledge the active support of the UNDP CO in Cairo, under the direction of Mr. Antonio Vigilante, the UN Resident Coordinator and UNDP Resident Representative. We are indebted to the entire UNDP team at the CO for their ability to share lessons, their commitment to performance, and their efficient logistical support. The Regional Bureau of Arab States, under the leadership of its Deputy Director, Ms. Flavia Pansieri, played a key role in shaping the development thinking underpinning the evaluation. The Bureau has a particularly important role to play in the dissemination and application of lessons learned across the region and beyond.

By providing deeper insights into the effectiveness and strategic direction of the UNDP programs in Egypt, this evaluation is expected to contribute to improved development results. Furthermore, the Egypt Evaluation contains many elements that could, in turn, inform corporate policy and be useful to other countries and development partners.



Nurul Alam
Acting Director
UNDP Evaluation Office



Executive Summary

BACKGROUND

This report summarizes the findings, conclusions, and recommendations of an independent evaluation of the UNDP's contribution to the social and human development of Egypt over the period 1997-2003. The ADR focuses on whether UNDP Egypt has been able to position itself strategically within the country's policy environment to make a unique and critical contribution. The ADR focuses on the following three objectives:

1. To assess, at the country level, the developmental effectiveness of the current Country Cooperation Framework (CCF) for 2002-2006.
2. To examine the appropriateness and sustainability of the UNDP's strategy in terms of addressing the most pressing issues of poverty, gender disparity, environmental protection, and governance.
3. To draw lessons that could inform policies and to identify policy areas where the activities of UNDP could be enhanced to sustain a relevant contribution to Egypt's long-term development.

The question of resource mobilization was an important aspect of the evaluation, since it is closely linked to UNDP's capacity to provide quality services in an efficient manner and to seize opportunities as they arise. The underlying evaluation question was always ascertaining whether the

activities and resources of UNDP aligned with the medium- and long-term needs and priorities of the country as a whole as well as with those defined in the Millennium Declaration of 2000.

THE NATIONAL CONTEXT

Egypt has been successful in reversing the trend of declining growth that persisted since the mid 1980s. During 1996 to 1999, real gross domestic product (GDP) grew at an average of 5.5 percent, real per capita GDP grew at 3.6 percent, and significant progress in terms of social development was also achieved. Net primary school enrollment rate increased from 63 percent in 1975 to 93 percent in 1999, infant mortality declined from 92 percent in 1980-1985 to 49 percent in 1993-1999, life expectancy at birth increased from 59 percent in 1980-1985 to 67 percent in 1993-1999, and literacy rate increased from 48.2 percent in 1992 to 55.5 percent in 1996.

The structural reforms of the 1990s led to rapid rates of growth reaching 6 percent by the end of the decade. However, these achievements must be viewed within the context of the challenges that Egypt still needs to address, notably unemployment and poverty. The persistence of poverty among certain socioeconomic groups points to economic and social factors underpinning the perpetuation of poverty across generations.

The negative impact of the reform program has fallen primarily on the vulnerable, especially children, the elderly, women-headed households, and the urban and rural poor. Cuts in public-sector investment and the removal of subsidies on

some basic food items have worsened the condition of low-income families.

Many of the most important indicators of human development, such as life expectancy, child survival, immunization, school enrollment, and access to safe water, have improved markedly over the past decade, but disparities in well being and access to services persist along income/social class, urban/rural, and gender lines. Egyptians enjoy higher levels of political freedom than in the past or in many other Arab countries, but the undeniable progress in this area has been hindered by practices that continue to obstruct full political participation.

As we assess the development results in Egypt, it is important to keep in mind the negative consequences of the situation in the Middle East and post September 11 events. Currently, Egypt faces a difficult economic outlook. While growth appears to remain resilient at almost 3 percent, the fiscal situation is hardly improving. At the same time, the pressures for additional public spending are growing. The main policy implication of this perspective is that if growth slows further and the fiscal and exchange rate pressures become more severe, the authorities will probably have to adopt some of the pending macroeconomic and fiscal structural reforms.

One of Egypt's challenges remains the size of its population, despite a decrease in growth rates, especially since the young generation represents approximately 40 percent of the population, reflecting a high dependency ratio. Added to this are challenges of unemployment, regional and gender disparities of poverty, illiteracy, and education. While the government has

made important progress in consolidating its democratic institutions, the persistence of emergency legislation over the past twenty years is regarded by several observers as not conducive to further enhancing civic and political participation.

MAIN FINDINGS

Resource Mobilization

The last ten years witnessed a profound transformation in the way the UNDP Egypt finances its operations. Financing for activities from core resources has decreased from 52 percent (1992-1996) to 17 percent (1997-2001 CCF) and may end up being less than 10 percent when the current CCF (2002-2006) expires. In absolute numbers, the reduction in core financing has been very fast. It has decreased from USD 31.8 million for the period 1992-1996, to USD 15.6 million for the 1997-2001 CCF. It is now estimated that it will be less than USD 7.5 million for the current 2002-2006 CCF.

The counter-balancing process has been one in which non-core resources, that is, resources mobilized from the government, donors, and other “third parties”, have grown quickly, increasing from USD 29.5 million in 1992-1996 to USD 77.3 million for the 1997-2001 CCF. At the end of the current 2002-2006 CCF, non-core resources could reach USD 132.8 million once pipeline projects are approved. In relative terms, this would mean that non-core resources end up financing more than 90 percent of total activities at the end of the current CCF in contrast with 48 percent and 83 percents in the two previous CCFs.

Although being able to generate non-core resources is commendable, it is also important to assure that they are used effectively and targeted to the “right” priorities. In this respect, the evaluation found data indicating that UNDP maintained this alignment in the 1997-2001 CCF and is doing so in the current 2002-2006 CCF. The fact that government cost-sharing financed 80 percent of total non-core funded activities in the first CCF (1997-2001), confirms that this financing was consistent with the right developmental priorities. At the same time, UNDP is making a deliberate effort to diversify its non-core financing, therefore the 2002-2006 CCF will show a lower proportion for government cost-sharing.

In examining the thematic distribution of funds according to developmental priorities for the 1997-2001 CCF and for the current 2002-2006 CCF, it can be seen that in the CCF for 1997-2001, poverty alleviation received 52 percent of all resources. Governance and policy advocacy together represented 18 percent of all resource allocation, and the environment received 16 percent. In the current CCF for 2002-2006, poverty alleviation through job creation and support for capacity development is allocated 48 percent of total core and non-core resources. The environment’s share will probably increase to 22 percent and governance and human development will probably receive 24 percent of the total.

The evaluation confirms that there has been policy consistency since the late 1990s and full alignment between resources and the key thematic priorities of poverty reduction, governance, and the

environment. Furthermore, the interventions address the deficits identified in the Arab Human Development Report (AHDR) 2002.

Of concern in resource mobilization are the issues of sustainability and diversification. An analysis of these two issues should include considerations about the underlying substantive matter that needs to be kept “right” and relevant. That substantive matter is what makes the process a self-sustaining one.

UNDP is conscious of these issues and is responding by staying focused on its strategic framework and alert in identifying innovative projects in “frontier” public policy areas. These two approaches are interdependent as the overall appropriateness of the development strategy is what gives rise to the partnerships that in turn bring about resource and project diversification.

Strategic Institutional Position of UNDP

On the basis of work done in the 1997-2001 CCF, particularly in the area of information and policy advocacy, UNDP has been highly effective in positioning itself at the center of the critical links that often lead to the institutional transformations needed for—and resulting from—development.

UNDP’s focus on institutional transformation is right on target, since it is now widely accepted that institutions and collective rules fundamentally ‘matter’ in explaining long-term social development in countries with different factor endowments. Institutions are sets of formal and informal rules that shape the behavior of individuals. While it is

clear to many scholars and development practitioners that institutions matter, the real challenge is how to go about supplying the “right” institutions, getting rid of the “wrong” institutions, and inducing societies to “demand” better institutions.

A major component of UNDP’s strategy in Egypt included supporting the generation of new information about social problems and situations that hinder development. The dissemination of information and the resulting awareness by the public leads to a proxy of demand by change. A demand is created for new institutional arrangements to deal with the problems that society feels should be addressed—such as in the case of rural poverty, gender disparity, and local development.

UNDP’s role in using information and creating public awareness to induce change is supported by work undertaken by three eminent economists in the area “information economics” who received the Nobel prize in 2001. The ADR highlights four of their tenets that apply to the relevance of UNDP Egypt and its ability to position itself where it counts most:

- Information, imperfections, and asymmetries are pervasive in all economies.
- Most economic markets lack information, and political markets tend to be even more deprived in terms of information.
- One of the key roles of the state is to generate information and to support an environment conducive to a growing demand for information.
- Information affects political processes as well as economic ones.

UNDP has, in effect, put all of the above into use through its advocacy work, by supporting efforts such as the National Human Development Reports (NHDRs), partnerships with the media, and the social marketing initiative. All of these are designed to generate new information and to raise public awareness about key social problems, further generating a good proxy for demand for change and for institutional innovations.

In addition to the above, the other key strategic entry points for UNDP's work included:

- UNDP's comparative advantage as an impartial and trusted partner;
- Upstreaming policy advice into the public sector at large and using pilot experiences to influence general policies;
- Resource mobilization and forging strategic partnerships with the government, donors, multilateral partners, and other stakeholders;
- Opportunities for joint UN programs.

While all of these entry points are important, the evaluation highlights the use of the NHDR for its enormous strategic capacity to gradually transform the structure of Egypt's public sector. Advocacy through the NHDR has the potential to make it more effective, at all levels, in responding to the basic needs of a large portion of the population—particularly the poor and those living in small villages.

The CO has been shifting the focus of Egypt's Human Development Report (EHDR) from the national level to the governorate level. This emphasis on local development as the preferred level of

government to deal with the basic issues of poverty and governance is the “right” strategy for Egypt and for UNDP.

Importance of UNDP's Contribution

There are three interdependent fronts of activity in which the UNDP has been able to make a significant contribution to Egypt's medium- and long-term decentralization. The first front is by proposing innovative and seminal projects that respond to social needs previously not fully discerned or perceived. In this approach, the UNDP has made use of its institutional comparative advantage to support projects such as: human rights training for judges, prosecutors, police, and journalists; enhancing the technical capacity of the National Council for Childhood and Motherhood (NCCM); institutional development of the ICT sector; supporting programs to deal with the HIV-AIDs problem; and supporting a new phase of the project for National Council for Women (NCW) to increase the percentage of women in Parliament.

The second front in which the UNDP plays a critical role is by bringing other donors, multilateral partners, and stake-holders to participate in its “frontier” proposals to address somewhat politically difficult issues. The partnerships thus configured not only bring resources and technical expertise but also provide a distinct institutional strength and legitimacy to raise public awareness about pressing social needs. One innovative project characterizing this is the support to the Northwest Coast Development Plan (which

included a component for the clearance of mines on the northwest coast of Egypt.) UNDP played an instrumental role in helping the Ministry of Planning complete the Northwest Coast Development Plan and succeeded in convincing the government that mine clearance needed to be seen as a development priority and not just a military exercise while convincing donors to support the efforts at the same time. UNDP's partners expressed to the ADR mission that only UNDP could play this galvanizing role. A good example of the recognition earned by the UNDP in its coordinating role is the appointment (in 2002) of the UNDP Resident Representative of the United Nations as Chairman of the Donor Assistance Group (DAG).

The third area where UNDP's contribution can be found is in its special relationship with the government. "Development" means change, particularly the institutional transformation of a society's collective assets. Governments are in charge of nurturing and delivering constructive social change—a difficult challenge for all societies, both developed and developing. In responding to this challenge, the UNDP and the government of Egypt have successfully established a mature partnership. Through their formal and informal dialogue, they have been able to co-sponsor, inter alia, research, surveys, and advocacy activities that induce demand for change in public policies and generate information to facilitate the right supply response from the government. An example of this is the social marketing program and raising awareness about female genital mutilation (FGM) practice.

In terms of Millenium Development Goals (MDGs), there is enough data and analysis to support the conclusion that Egypt was making progress towards the MDGs until the years 2000-2001. This progress came largely as a result of the fast rates of GDP growth observed in the second half of the 1990s. The question now is whether that tendency can be maintained over the coming years when fiscal and macroeconomic expansionary policies may not be sustainable and the external outlook is uncertain. Most UNDP projects respond to supporting progress towards the MDGs. The CO has successfully adopted the role of "campaign manager" in raising public and official awareness about the MDGs. Beyond its own MDG-related projects, UNDP is also responding to its responsibility as a promoter of this commitment throughout Egypt's public and private sectors.

Leadership

The evaluation underscores that the UNDP office underwent (in 2001) a significant reprofiling exercise aimed at creating an internal culture and associated business processes to enable the CO to manage a more focused and higher impact policy portfolio. The reprofiling led to a major shift in the way UNDP did business by making UNDP's program more relevant to Egypt's national development priorities by targeting resources more strategically to areas where UNDP could make a discernable difference to the development situation.

This shift followed a change in leadership of the CO (both the Resident Representative and Deputy Resident

Representative), which articulated the new strategic vision and positioning of UNDP. The evaluation team concluded that the CO is currently:

- Making a critical and positive contribution to Egypt’s long-term social and human development.
- Strategically positioned to sustain and perhaps even deepen its unique contribution to Egypt’s development by using its comparative advantage.
- Leveraging and aligning resources within other key donors, bilateral donors, and multilateral donors to enhance the “collective” contribution to Egypt’s social and human development.
- Working where it matters the most, that is, where the constraints for progress are most severe.
- Addressing the key deficits of governance, gender, and knowledge outlined in the AHDR 2002.

KEY LESSONS LEARNED

Four major issues were raised by the report in terms of lessons learned and emerging opportunities

Choice of Strategy Determines Effectiveness

The most overarching policy implication for the CO as well as for the UNDP as a whole is that effectiveness depends on being right on target when selecting a particular development strategy. The characteristics of that strategy determine developmental effectiveness and are what places the UNDP at the epicenter (or at the periphery) of policy making in a given country. In the case of Egypt, the overall strategy of focusing mainly on institutional

transformations at the local and regional levels is clearly the right policy choice. The effective use of information and advocacy, through the NHDRs for example, to induce demand for change is a key component of UNDP’s strategy. An important lesson learned is that UNDP can and should play a proactive role in triggering processes of change to induce demands for policy innovations. While this carries political risk, not doing much about what matters also carries risk.

Resources Follow “Good” Projects

The successful growth of non-core funding is the result, *inter alia*, of the convergence of the supply of “good” projects and initiatives by UNDP and of the demand for those projects by the government of Egypt and the donor community. The result of the intersection of this supply and demand are partnerships around shared policy objectives. There is an “incentive compatibility” for each partner to maximize its own legitimate interest, all under the aegis of a propitious environment provided for each stakeholder by the government of Egypt. Without this overarching support from the government of Egypt, not much would have been achieved.

While it could be argued that the reduction in core financing has not really hurt the program in Egypt—and may even have had an unintended incentive to generate more non-core resources—this conclusion would not be warranted from a wider policy perspective. The evaluation recommends that a minimum of core resources, in absolute and relative terms, appears indispensable to deepen some key

programs and projects where the UNDP Egypt has a comparative advantage to mobilize resources and nurture partnerships with other donors.

External Economic Conditions are Uncertain

UNDP Egypt would be well advised to factor the growing probability of increasing global and regional difficult external conditions into its short- and medium-term plans for policy making. If they were to become serious, this could compromise much of the welfare and human development advances of the late 1990s and last two to three years. However, this challenge needs to be seen as an opportunity to deepen some structural reforms. Fortunately, several key policy lines can be maintained and even reinforced without significant additional resources—such is the case of the ongoing programs to support local and regional development, reduce gender disparities and adult illiteracy, and engage civil society in governance issues. The fundamentals of these programs do not need to depend on significant additional funding. The modalities and incentives involved in public spending are the determinants of its effectiveness.

Good Management and Policy Strategies Engender Synergies

Even the right developmental strategy needs an efficient management team to implement it. UNDP, after the change in leadership and the re-profiling that took place in 2001, has demonstrated the capacity to perform at high levels of management effectiveness. From an UNDP-wide perspective, the implication

is that COs that can show exceptional performance should be given the right incentives to maintain such levels of initiative and results.

RECOMMENDATIONS FOR THE FUTURE

Given that the UNDP CO is well positioned in Egypt's policy-making environment, the ADR looked at the question of where UNDP should focus during the next five to ten years. Where should UNDP accompany the government of Egypt in deepening the furrows it has already sown? This means answering the question of what policies and projects have the most externalities for sustaining human development over the long haul. While there are a number of possible answers, the evaluation team would like to recommend the following three interdependent areas:

- Regional, local, and village (social and fiscal) development.
- Poverty reduction through sustainable job creation and enhanced quality of public expenditure.
- The development and enhancement of institutional research on the key developmental issues of the country.

No matter what the immediate future may bring, there is little question that Egypt has to seek its own “endogenous” sources of growth within its available resources. Regional, local, village, social, and fiscal development offer the opportunity to increase economic and social welfare by simply applying basic principles of decentralization and subsidiarity to all public-sector activities. This is also the way to better integrate the country and to give it more political cohesiveness.

Poverty reduction and a better income distribution are key long-term priorities of Egypt. The effective way to go about both is to support sustainable job creation and to work on institutional arrangements that enhance the effectiveness of public expenditure for basic education and health. The key guiding principle is that public resources and subsidies in these sectors should go to the consumers of these public goods instead of to the suppliers of the inputs of those goods.

Keeping in mind the long-term vision referred to above and staying in line with the overall analysis of the report, lessons learned, and emerging issues, the evaluation makes the following specific recommendations for the immediate future, focusing on enhancing the current partnership with the national level government and advancing the work agenda at the governorate level:

- Organize a seminar with the national authorities and with the 26 governorates plus the city of Luxor to discuss in depth the findings of the seven governorate-level HDRs that will be finalized in 2003. This would also provide an opportunity to further discuss local-level planning initiatives such as the Decree of Qalyubia Governorate.
- Further support the remaining 20 governorates to produce HDRs.
- Support “Governorates Seminars” as a forum for informal but technical exchange of information and experiences on decentralization issues. A participatory process would provide valuable guidance on how to proceed and would make use of innovative experiences such as El Fayoum as referred to in the report.
- Commission an external and independent evaluation to formulate a diagnostic on the current decentralization framework, identify the main restrictions limiting a stronger local and regional development, and make policy recommendations to strengthen local and regional development.
- In line with the overall activities centered on local development, the EHDR 2004 should concentrate on decentralization.
- Undertake a pilot program to reform/modernize selected public administration institutions/ departments to serve as models.
- Reach agreements with the national government to enhance decentralization policies and studies and “pilot” local development experiments.
- Work informally with governorates to explore ways in which some decentralization experiences can be scaled up into the public sector at large.

1



Introduction

The ADR in Egypt was initiated in November 2002. It covers the period 1997 to 2003, that is, the CCF 1997-2001 and CCF 2002-2006. It is part of a series of country evaluations designed to capture and demonstrate evaluative evidence of UNDP's contributions to development results at the country level. It focuses on outcomes and critically examines achievements and constraints in UNDP thematic areas of focus, draws lessons learned, and provides recommendations for the future. It identifies lessons for enhancing performance and strategically positioning UNDP support within national development priorities and UNDP corporate policy directions.

The specific objectives of the ADR are to:

- Support the Administrator's substantive accountability function to the Executive Board and serve as a vehicle for quality assurance of UNDP interventions at the country level.
- Generate lessons from experience to inform current and future programming at the country and corporate levels.
- Provide to the stakeholders in the program country an objective assessment of results that have been achieved through UNDP support and partnership with other key actors for a given multi-year period.

The Terms of Reference (TOR) and description of methodology applied are included in the annexes. In terms of methodology, the ADR

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team would like to highlight that while the preparatory mission initiated the process in November 2002, at the time of printing the ADR report, the CO had already started implementing some of the ADR findings. Given its impressive achievements in economic growth and social development as well as its importance as a regional player, Egypt is perceived to be a success story. Its experience therefore presents for UNDP and the region an interesting case for learning about what has worked.

Strategically located between Europe, the northeast corner of Africa, and western Asia, Egypt has a total land area of approximately one million square kilometers. The majority of Egypt's 65 million inhabitants are concentrated into 5 percent of the country's land area. This is mostly agrarian land, which is concentrated in the narrow Nile Valley and Delta. The high population density puts a heavy burden on Egypt's infrastructure and services and has caused massive migration to Cairo and Alexandria, resulting in urban overcrowding.

Egypt's economy mainly relies on four sources of income: tourism, remittances from Egyptians working abroad, and revenues from the Suez Canal and oil. World Bank data suggests that almost 50 percent of Egypt's GDP in 2000 was generated by the service sector. Tourism, which accounted for 4 percent of GDP in 2000 and is overall the country's largest revenue generator, employing 2.2 million people, was severely affected by the terrorist attacks on the United States in September 2001.

Since the 1990s, the shift to a free market economy and the adoption of economic reforms and structural

adjustment has produced mixed results. Stabilization programs have been successful, and a series of stand-by agreements along with massive external debt relief have helped Egypt improve its macroeconomic performance during the 1990s. Meanwhile, fiscal balance, foreign reserves, and external debt have improved compared to the late 1980s.

Egypt has been successful in reversing the trend of declining growth that persisted since the mid 1980s. During 1996-1999, real GDP grew at an average of 5.5 percent, real per capita GDP grew at 3.6 percent, and significant progress in terms of social development was also achieved. Net primary school enrollment rate increased from 63 percent in 1975 to 93 percent in 1999, infant mortality declined from 92 percent in 1980-85 to 49 percent in 1993-99, life expectancy at birth increased from 59 years of age in 1980-85 to 67 years of age in 1993-99, and literacy rate increased from 48.2 percent in 1992 to 55.5 percent in 1996.

The streamlining and modernization of Egypt's civil service through civil-sector reform and privatization programs is ongoing. Layoffs are partly responsible for the relatively high rate of unemployment, despite national efforts at job creation. The private sector is still not large enough to absorb new entrants into the labor force.

The structural reforms of the 1990s led to rapid rates of growth, reaching 6 percent by the end of the decade. However, these achievements must be viewed within the context of the challenges that Egypt still needs to address, notably unemployment and

poverty. The persistence of poverty among certain socioeconomic groups points to economic and social factors underpinning the perpetuation of poverty across generations. Furthermore, between 2001 and 2003, growth has slowed to about an average of 2 percent at best. Currently, external shocks and fiscal uncertainties are adversely affecting the economy.

AID FLOWS TO EGYPT

Egypt ranks among the largest recipients of overseas donor assistance (ODA) worldwide. Donors' assistance has been an important part of Egypt's development strategy, with assistance flows averaging USD 2.0 billion per year from approximately 35 bilateral and multilateral donors. Egypt constitutes the largest recipient of aid in Africa from Organization for Economic Cooperation and Development (OECD) countries. In 1999, Egypt received USD 1,579 million—representing 10 percent of aid flowing to African countries from OECD members. The next target recipient was Tanzania with USD 990 million, representing 6 percent of aid to Africa.

The largest donor is the United States, which gave USD 799 million in 1999-2000, followed by the European commission (USD 144 million), Japan (USD 129 million), and Germany (USD 102 million). The United States is gradually scaling down its ODA to Egypt during this decade. It is set to reduce its aid by 5 percent per year (representing USD 40 million) until the year 2009. This will make U.S. ODA to Egypt USD 407.5 million. The USAID/Egypt Strategic Plan for 2000-2009 aims to shift

the bilateral relationship from aid to trade and investment.

It is noted, though, that ODA flows started at their highest level of USD 5,439 million in 1990 and then fell significantly to USD 1,579 million in 1999. They declined not only in absolute terms, but also as a percentage of GDP, budget revenue, and exports of goods and services. With the Egyptian population growing from 52.6 million in 1990 to 63.3 million in 1999, and with the falling volume of ODA during the same period, ODA per capita dropped from USD 103.4 in 1990 to a low level of USD 24.9 in 1999. UN agencies contributed 1.3 percent of total ODA flows to Egypt during the 1990s.

UNDP COOPERATION IN EGYPT

A fundamental feature of UNDP's approach to development cooperation is partnership. Between 1997 and 2002, 14 donors, including the government of Egypt, bilateral donors, UN agencies, and NGOs have contributed funds to UNDP's development work in Egypt. Such partnerships form the fabric of the development and knowledge network for which UNDP has become renowned. UNDP and the Egyptian government have forged a solid partnership over 40 years of cooperation, reflected in the large government cost-sharing contribution to UNDP's programs. Moreover, non-core resources have emerged as a substantive source of funding for UNDP-assisted activities during the last few years.

Much of the recent progress in development results has its origins in past events and interventions undertaken in the

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area of economic policy reform. Despite success in the economic and social reforms in the 1990s, fighting poverty and improving the quality of life for millions of people is still a problem, and UNDP's policy and advocacy efforts have had significant success in raising the profile of human development issues and concerns.

UNDP's first CCF for Egypt was planned to provide support to the government's declared national priorities to achieve growth with equity that is sustainable. The proposed UNDP assistance was centered on:

- Poverty eradication and sustainable livelihoods
- Protection of the environment and the sustainable use of natural resources
- Promotion of sound governance

Cross-cutting elements included: capacity building, human resource development and job creation, the consolidation of economic and structural reforms, the provision of basic services, transfer of technology and information, and dissemination activities.

As noted by the Country Review of December 2000, UNDP Egypt made a concerted effort to enhance its policy and advocacy role to provide a strategic focus for its programmatic activities. This represents a shift from the operational support to key institutions to fill the capacity gaps by setting up technical units. The current CCF 2002-2006 is more focused and specific in identifying the following areas:

- Job creation and capacity development
 - Environmental management
 - Governance for human development
- Cross-cutting elements include:

gender, promoting the use of information technology for development, and HIV/AIDS.

Of importance is the change in the strategy in addressing these concerns through policy analysis and advocacy, demonstrating policy setting through pilot projects, partnership, and, in particular, resource mobilization. It refocuses UNDP as a strong advocate for human development, working as an advisor and coordinator of development activities and resources.

The fundamental challenge facing UNDP in Egypt is how best to leverage its small size into significant macro impact on poverty reduction and development effectiveness.

The Egypt ADR has a special focus on the strategic program and advocacy position of UNDP. The selection of the special focus was based on the following: the decreasing resource base for UNDP in core resources, as seen in the trends from 1992 onwards; the increasing non-core resource base (including government cost-sharing and donor) that UNDP has been able to tap; the shift in technical cooperation from operational support to key institutions to fill capacity gaps to one of policy analysis, providing policy advice instead of just funding people, and coordination of development resources; the role played by UNDP as a major partner and recently as Chairman of the Donor Advisory Group (DAG); and finally the sustainability and value added of UNDP's role. The issue of resource mobilization is closely linked to UNDP's capacity to provide quality services in an efficient manner and to seize opportunities as they rise. The

ability of the CO to raise non-core resources is a key litmus test of the relevance of the policy advice and strategic programs. It is also a reflection of the CO ability to partner with others—such as international financial institutions (IFIs), bilateral donors, and the private sector.

The ADR focused on whether UNDP Cairo was able to position itself strategically within the country’s policy environment to make a unique and critical contribution. The underlying evaluation question was always ascertaining whether the activities and resources of the Cairo office were aligned with the medium- and long-term needs

and priorities of the country as a whole as well as with those defined in the Millennium Declaration.

The organization of the report reflects the scope of the evaluation. After this introduction, Chapter 2 presents the country profile with its development performance and key issues in Egypt. Chapter 3 analyzes how UNDP positioned itself strategically and chose its entry points to add value in responding to national development needs. Chapter 4 presents an analysis of national development results and UNDP’s contribution to these. Finally, Chapter 5 outlines the lessons learned and makes recommendations for future intervention.



2 Country Profile

Egypt, situated in the northeast corner of the African continent covers approximately one million square kilometres. Much of this land, however, is desert and only about 6 percent of the entire area is inhabited. Recently, the Egyptian government adopted a policy of land reclamation and fostering new settlements in the deserts.

Egypt occupies an exceptional geopolitical position among the Arab states and on the African continent. Stability of political leadership within Egypt, extensive donor support for Egypt's economic development, and Egypt's role as a mediator in the Arab-Israeli conflict, have all set the country apart from its neighbors during the 1990s. Egypt has prospered in relative terms over the decade—its neighbors have not. In a region characterized by conflict, slow or negative growth in comparison to resource potential, and conservatism, Egypt has pursued cautious but well-grounded development strategies and has received generous donor support in return.

POLITICAL SYSTEM

The Constitution of the Arab Republic of Egypt, adopted in 1971 and amended in 1980, established a democratic system and outlined the role of the public authorities. The executive power is vested in the Head of State, the President of the Republic, who is nominated by a two-thirds majority of

the People's Assembly then elected by popular referendum for a six-year term. The President may be re-elected for other subsequent terms. The President formulates and supervises the implementation of general state policy. He also acts as Supreme Commander of the Armed Forces. The current Head of State is Mohamed Hosny Mubarak, who was re-elected for a fourth six-year term in October 1999.

The government is the supreme executive and administrative body of the State. It consists of the Council of Ministers, headed by the Prime Minister, who supervises the work of the government. The Parliament may withdraw confidence from the Cabinet or any Cabinet member. The People's Assembly is the legislative branch of the State. It approves the general policy of the cabinet, new laws, the budget, and the development plan. According to the Constitution, the People's Assembly is composed of 444 directly elected members and 10 members appointed by the President, who serve for a term of five years. The Shura Council is Egypt's

consultative body, providing advice and proposing new laws and regulations to the People's Assembly. The Judiciary authority is exercised through four categories of courts of justice: the Supreme Constitutional Court, which is the highest judicial body; the Court of Cassation; the seven Courts of Appeal in the various governorates; and the Summary Tribunals in the districts.

The political system is based on a multi-party system. Law 40 of 1977 regulates the establishment of political parties in Egypt, banning the formation of religious-based political parties. There are currently 14 active political parties representing various stands across the political spectrum. The National Democratic Party currently holds the majority of seats in the People's Assembly.

Administratively, Egypt is divided into 26 governorates plus the city of Luxor, each headed by a governor who is appointed by the President. The four urban governorates have no rural population. Each of the other 22 governorates has both urban and rural areas. Nine of these governorates are located in the Nile Delta (lower Egypt) and eight in the Nile Valley (Upper Egypt). The five frontier governorates (the largest by far and most sparsely populated) are located on the eastern and western boundaries of Egypt. Within their districts, local government units establish and manage all public utilities, provide services, and designate industrial areas. Local popular councils are elected bodies that work closely with local government administrative units at various levels (Table Box 2.1).

Box 2.1: The Governates of Egypt

Urban	Lower Egypt		Upper Egypt		Frontier
Cairo	Damietta	Gharbia	Giza	Souhag	New Valley
Alexandria	Dakahlia	Menoufia	Beni Suef	Qena	Matrouh
Port Said	Sharkia	Behera	Fayoum	(Luxor city)	North Sinai
Suez	Kalyubia	Ismailia	Menya	Aswan	South Sinai
	Kafr El-Sheikh		Assiut		Red Sea

Source: EHDS 2000

ECONOMIC STATUS AND SOCIAL SECTORS

The Egyptian economy mainly relies on four sources of income: tourism, remittances from abroad, and revenues from the Suez Canal and oil. Egypt embarked on an intensive Economic Reform and Structural Adjustment Program (ERSAP) in 1990-1991. Market liberalization and privatization are two key strategies of this program. The objective was to transform the sluggish state-dominated economy into a dynamic market economy led by the private sector.

The reform program has been widely credited with restoring the macroeconomic structural soundness of the Egyptian economy. However, liberalization policies also appear to have resulted in higher unemployment and increased levels of poverty in some geographic areas.

The government's commitment to socio-political stability and the protection of vulnerable groups produced a prudently negotiated and designed reform and adjustment program with some increase in social spending despite a fiscal policy to reduce public spending. Social-sector spending is one of the two largest categories of expenditures (the other is interest payments on the public debt). Together, these two categories consume more than half of the recurrent budget. Government commitment to education is strong, as reflected in the proportion of its budget allocated to this sector. Whereas overall budget spending fell from 32 percent of GDP to 28 percent between 1994 and 1999, the share of education rose from 2.9 percent of GDP to 5.2 percent over the same period, with recurrent expenditure increasing

somewhat faster than investment expenditure. Public expenditures on health increased from 1.6 percent of GDP in 1995 to 1.8 percent in 1997, at a time when public spending declined from 34 percent of GDP to 31 percent. Egypt has three main safety net programs, which together accounted for about 2 percent of the GDP or about 4 percent of total government expenditures in 1999. The largest of these programs is the food subsidy program, which absorbed 1.5 percent of GDP in 1999; public spending on food subsidies has increased by only 0.1 percent per annum since the early 1990s.

It is important to note that the food subsidy program, started in the mid 1940s, reflects the government's commitment to ensuring national food security by providing sufficient food to the whole population—leading to a high level of protein and calorie consumption. The food subsidies program (covering bread, flour, cooking oil, and sugar) form part of the government's long-term policy of social equity. Two major problems are related to the subsidy system. First, it benefits equally all income groups and is known to have an urban bias. Second, despite its limited administrative costs (no large bureaucracy for the identification of beneficiaries), the present subsidy represents high costs to the government.

The pace of structural reforms has slowed during the last two years, but growth has remained strong. GDP growth averaged 3.5 percent for 1990 to 1995 and in the second half of the decade rose continuously from 5.0 percent in 1996 to 6.4 percent in 2000. GNP per capita in 2000 was estimated to be USD 1,500.

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IN FEW PLACES IN THE WORLD IS THE CONTRAST BETWEEN LIMITED RESOURCES AND RAPID POPULATION GROWTH AS VIVID AS IT IS IN CAIRO.

Population

The International Conference on Population and Health took place in Cairo in 1994. The choice of venue was significant. Egypt had become a prime example of population growth outstripping available resources. In few places in the world is the contrast between limited resources and rapid population growth as vivid as it is in Cairo: Population density is 31,750 persons per square kilometre, yet the desert is visible on either side of the city.

Less well known is that Egypt's long-standing efforts in family planning have yielded significant results. The total fertility rate of an average Egyptian woman in 2000 was 3.5 children, two thirds of the number of children recorded in 1980 when women, on average, had 5.3 children during their reproductive years.

According to the results of the last census (1996), Egypt had a de facto population of 59.3 million people (excluding the roughly 2.2 million Egyptians living abroad). The annual growth rate between 1986 and 1996 was 2.1 percent (1.85 percent in the urban areas and 2.26 percent in rural areas). More recent estimates put the size of the population at 67 million people. Projections based on the 1996 census and growth rate indicate that Egypt's population will reach 77.5 million people in 2010. The challenges posed by continued population expansion are daunting: each of these 10 million new citizens will require healthcare, education, food, water, a place to live and employment.

Health

Egypt's health system is enormously complex, having evolved from state controlled, socialist orientation to a mixed model of public and private finance and delivery. The health system displays some of the structural characteristics (e.g., centralized control, extensive infrastructure, state responsibility for healthcare for all individuals, and extensive state involvement in the pharmaceutical sector) and strengths as well as many of the problems of the former Soviet Union. It also has many of the characteristics (e.g., multiple public and private sources of finance and delivery, and limited government oversight of the private sector) and problems of the more open-ended, market based systems such as the United States and the non-socialist developing countries.

The Egyptian system has significant strengths and weaknesses resulting from this continuing evolution. In general, it performs well on physical access, macroeconomic efficiency, and basic public health grounds. Extensive public and private infrastructures and near universal physical accessibility, the availability of most types of services and pharmaceuticals, high immunization rates, and the high level of access to safe water and sanitation have all contributed to an increase in life expectancy.

Despite its strengths, the current system faces serious problems. These include geographic, income, and gender disparities in access, use, and outcomes; poor value for money; poor quality and clinical effectiveness; consequent lack of consumer satisfaction; and lack of long-term financial sustainability.

Education

Over the past decade, Egypt has been positioning itself to enter the 21st century with a stronger and more competitive human capital base. Recognizing that its regional and international competitiveness was sliding as market fundamentals shifted rapidly in the face of technological change, Egypt has initiated a series of reforms to upgrade and adapt the education and training of its young population. To underpin this reform effort, Egypt has increased its national education budget by an average of 8 percent per year in real terms during 1991 to 1997. And within the education sector, Egypt has introduced important measures to shift resources to basic education as part of its drive to enroll all children in primary school. Furthermore, Egypt is undertaking systemic changes in tackling issues of decentralization and involving parents and communities in school governance. However, many parties question if the reform is adequate or moving quickly enough as the sector is still seen to be falling short of expectations.

Employment

Egypt's labor market has undergone seismic shifts over the past four decades. The country moved from full but low-productivity employment in the 1960s and early 1970s, to rapid but unbalanced economic growth and rising unemployment in 1975 to 1985, to significant unemployment and declining real wages despite steady economic growth over the last 15 years. The private sector is now expected to become Egypt's largest employer, replacing traditional job creators in the government and public sector.

Expansion of the private sector's capacity to absorb labor will depend on Egypt's ability to deepen economic reform, increase international competitiveness, enlarge the domestic market, upgrade the quality of labor force, enhance the labor market's capacity to match demand for and supply of labor, and achieve a labor-intensive macroeconomic growth path. The following characteristics apply to the Egyptian labor market:

- 40 percent of Egypt's workers earn a living in micro and small-scale enterprises that operate in the informal sector.
- Most Egyptians work in agriculture or the public sector.
- Only 46 percent of the working age population participates in the labor force.
- While unemployment exists among all educational categories, all age groups, and in all governorates, most unemployed people are young, educated, and looking for jobs. Those least likely to find work are young, educated female labor-market entrants living in rural and Upper Egypt.

Environment

Environmental issues increased in importance in Egypt's political agenda following the 1992 Rio de Janeiro UN Conference on Environment and Development. In 1994, Egypt enacted a law for the protection of the environment and appointed a State Minister for the Environment in 1997. The priorities are ensuring public health and protecting Egypt's water and land resources. Four environmental challenges have been

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identified by the government of Egypt as targets for immediate actions: curb air pollution, stop contamination of the Nile, address solid wastes, and protect nature reserves. Also, high on the government's agenda is the conversion of desert land into agricultural lands, industrial zones, and new communities in order to reduce unemployment, alleviate population pressures in major cities, and increase agricultural and manufactured production. Of importance is that Egypt remains one of the most heavily mined countries with approximately 248,000 hectares of land remaining unutilised due to mines and unexploded ordnances.

EGYPT'S MACROECONOMIC CONTEXT AND PROSPECTS

Since the early 1990s, Egypt has gone through three phases of growth and policy evolution. First, during the period 1990 to 1995, it grew at an average rate of 3.8 percent, and implemented a strong

stabilization program and reduced some policy-induced distortions. These measures paid off in terms of a faster rate of economic growth (about 5 percent for the second half of the decade), lower inflation, and reduced tension on the Balance of Payments. Then, during its second phase in the late 1990s, growth was largely driven by expansionary macroeconomic policies. Between 1996 and 1999, the budget deficit rose from 1.3 percent to 4.2 percent of GDP, credit to the private sector expanded rapidly, and at the same time, reforms slowed down and the exchange rate appreciated (Table 2.1).

The third phase covers the years 2001 to 2003. During this time period, growth has rapidly slowed to just slightly more than 2 percent, the fiscal situation does not appear to be improving sufficiently, and the exchange rate had to be floated and is depreciating. In mid 2003, it is clear that external shocks, fiscal pressures, and uncertainties in general

Table 2.1: Egypt's Key Macroeconomic Indicators

Concept	1990-1994 Average	1996	1997	1998	1999	2000	2001	2002	2003 ¹
Real GDP	3.8	5.0	5.5	5.6	6.3	5.1	3.3	2.0	2.6
Current Account Balance	3.5	0.3	0.2	-3.0	-1.9	-1.2	0.0	0.0	-0.1
Fiscal Balance (% of GDP)	-	-	-	-3.0	-3.9	-5.5	5.8	-5.0	-
Overall Fiscal Balance (% of GDP)	-7.1	-1.3	-0.9	-1.0	-4.2	-3.6	-2.2	-2.5	-2.2
Total Govt. debt to GDP (% of GDP)	116.9	96.9	92.6	88.4	88.8	84.7	-	-	-
Inflation (Consumer Price Index)	14.4	7.3	6.2	3.8	3.8	2.8	2.4	2.5	-

Sources: World Bank, IMF

Note: All figures are for fiscal years, i.e., 2000 means 1999-2000.

¹ Preliminary estimate.

are putting pressure on the authorities to deepen the reform process.

The negative impact of the reform program has fallen primarily on the vulnerable, especially children, the elderly, women-headed households, and the urban and rural poor. Cuts in public-sector investment and the removal of subsidies on some basic food items have worsened the condition of low-income families.

Many of the most important indicators of human development, such as life expectancy, child survival, immunization, school enrollment, and access to safe water have improved markedly over the last decade, but disparities in well being and access to services persist along income/social class, urban/rural, and gender lines. Egyptians enjoy higher levels of political freedom than in the past or in many other Arab countries, but the undeniable progress in this area has been hindered by practices that continue to obstruct full political participation.

Currently, Egypt is below the “tax performance” of some other countries in the Arab region. Table 2.2 shows that in Jordan, Morocco, and Tunisia, tax revenues are a larger share of GDP. While there are a number of “local” factors that could explain part of the different tax-to-GDP ratios, a 14 percent tax ratio for Egypt appears to be a percentage that could be improved.

In terms of economic prospects, the country faces not only the current vicissitudes but also immense long-term developmental challenges. Basically, the question remains of how to increase economic growth quickly enough to respond adequately to the need for

employment, basic education, health care, and poverty reduction, particularly in rural areas.

In the short run, these needs will put enormous pressures on the fiscal front. The inclination will be to try to increase public (and particularly) social spending and, most likely, additional public expenditures will be required. But what will be required the most are institutional innovations in the modalities of public spending and of evaluating results. In brief, the key development challenge is not only to spend more on social needs but also to spend better and to finance such expenditures largely by taxes. Social spending, in particular, will need to focus on assuring equality of initial conditions and opportunities in education and health.

As was mentioned in the statement of the Prime Minister before the Consultative Group meeting in Sharm El Sheikh (February 2002), on a medium-term perspective, the

Table 2.2: Country Comparisons of Tax Revenues (% of GDP)

	Jordan 1996	Morocco 1996	Tunisia 1996	Turkey 1995	Egypt 1996-1997
Tax Revenue	16.9	20.9	19.7	13.8	13.9

Source: Handy, Howard, et al, (1998, p.13), *Egypt: Beyond, Stabilization, Toward a Dynamic Market Economy*, Occasional Paper 163, IMF.

government of Egypt is getting ready for integration with the European Union by the end of the next decade. To achieve this critical goal, the government sees the following challenges: “Restoring strong economic growth, efficiency and export driven; preserving macro stabilization; fast creation of jobs

through the enlargement of the small business sector; the improvement of availability and delivery of basic healthcare and family planning services for poor women; the enlargement of micro lending to provide [sic] reasonable social safety net for the poor; the improvement of working skills for school graduates as well as women seeking additional income for the family as well as economic independence; the improvement of the quality of life for the poor through community projects in villages and the poor areas; and finally, the improvement of the environment through small projects to be managed jointly between the Government and the civil society.” Along with the above, one of the requirements for E.U. access is decentralization and local development.

EGYPT PROFILE

People

The 2003 EHDR shows that Egypt has achieved good progress in the field of human development during the period 1996 to 2001. However, the governorate level of analysis shows that there are some significant development disparities in the country. This is further confirmed by the study Subjective Poverty and Social Capital, UNDP, Cairo 2003, which found the following:

- Percentage of poor Egyptians in urban areas: lower Egypt—9.81 percent, upper Egypt—19.19 percent
- Percentage of poor Egyptians in rural areas: lower Egypt—16.57 percent, upper Egypt—34.87 percent
- Total poverty line 20.4 percent

The national Human Development Index (HDI) has risen from 0.589 in NHDR 1996 to 0.680 in NHDR 2003. This increase takes Egypt out of the category of low level of human development and into the medium category of human development (number 115 globally, where the medium category encompasses countries from 54 to 137). The three components of the index have all increased between 1996 and 2003 reports, as seen in Table 2.3.

One of the reasons for this medium level of HDI in Egypt is that it is affected by Upper Egypt’s index falling to 0.649. This is basically due to a low average per capita GDP and a low education index (see Table 2.4).

The NHDR 2003 analysis shows that there are significant disparities among governorates and within them. The data for the NHDR shows that the

Table 2.3: The Evolution of Egypt’s Human Development Index (HDI) 1996-2003

	1996	1997-1998	1998-1999	2000-2001	2003
Life Expectancy Index	0.685	0.695	0.698	0.702	0.702
Education Index	0.569	0.599	0.614	0.643	0.682
GDP Index	0.503	0.598	0.632	0.649	0.655
HDI	0.589	0.631	0.648	0.665	0.680

Table 2.4: Human Development Indices in Egypt, 2003 Report

	Human Development	Life Expectancy	Education Index	GDP Index
Urban Governorates	0.756	0.718	0.796	0.755
Lower Egypt	0.678	0.709	0.685	0.640
Upper Egypt	0.649	0.687	0.623	0.638
Frontier Governorates	0.711	0.703	0.724	0.705
All Egypt	0.680	0.702	0.682	0.655

majority of the areas in governorates in Upper Egypt are characterized as having low human development, while the main population centers of Cairo, Alexandria, Suez, and Port Said (urban governorates) are within the high human development range. For example, the holiday resort of Sharm Al Sheikh City is the highest ranking local district, with 97 percent of adults literate, an average annual income of USD 18,728, and life expectancy of 67 years. At the other end of the scale, most areas in upper Egypt in the south have low levels of human development. The lowest ranking is the city of Dar el Salam in Sohag Governorate, where less than

one in three adults are literate and average earnings are USD 1,302 a year. Nonetheless, life expectancy is 67 years, on par with the much better off Sharm al-Sheikh.

Again, in terms of regional disparities a case in point is illiteracy, which remains at approximately 50 percent in many of upper Egypt's governorates, although the national average in 2001 was 34.4 percent. The total level of literacy (15+) is 65.6 percent, but this declines to 54.2 percent when female literacy is calculated. There does appear to be a correlation between illiteracy and poverty and subsequently with high population growth.

Map 2.1: Human Development Index in Egypt Governorates 2001

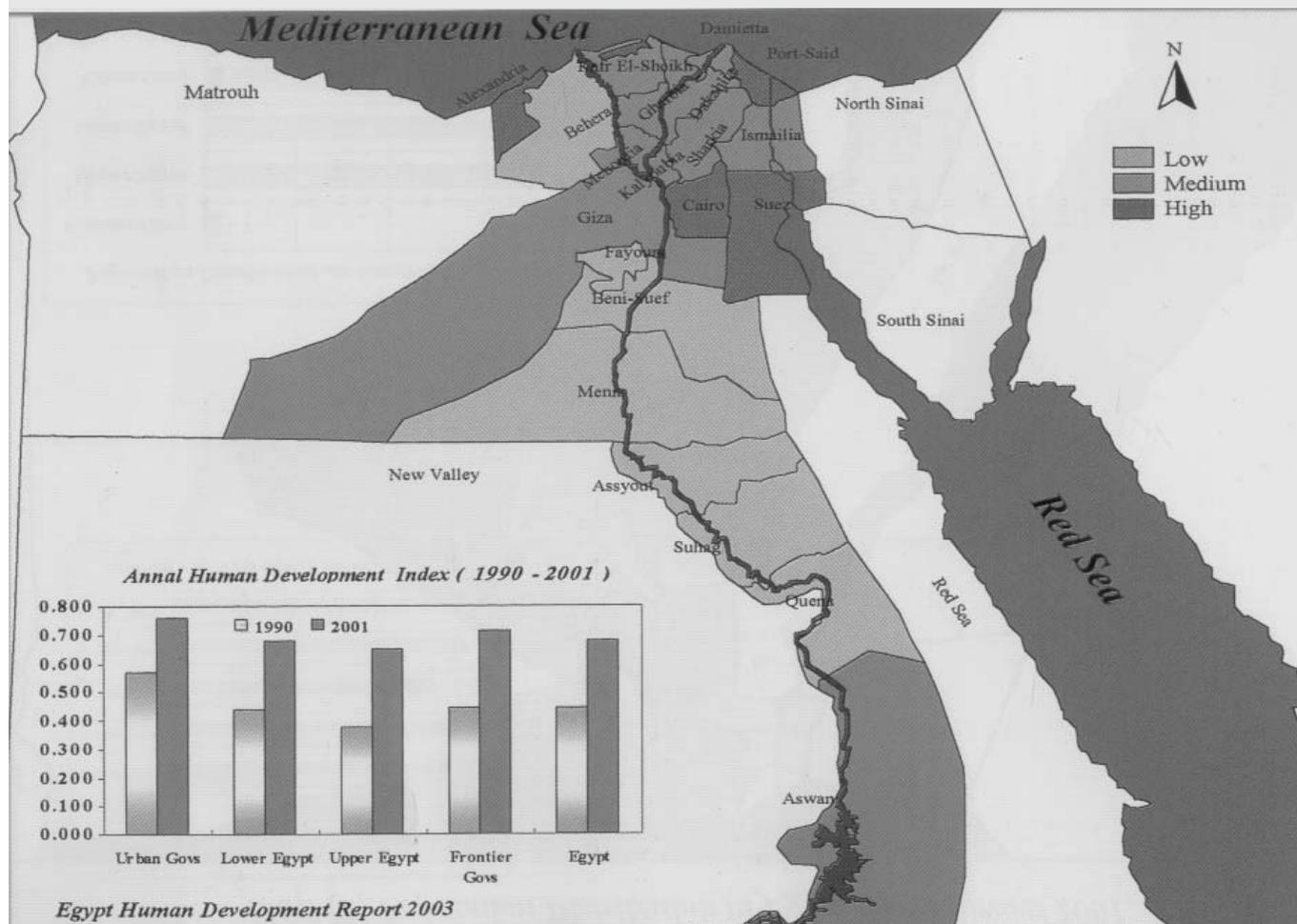


Table 2.5: Human Development on the National Level (HDI)

Progress	Deprivation
Human Development Index	
<ul style="list-style-type: none"> - HDI as per ENHDR 2003 reached about 0.680 - Port Said Governorate (0.774) and Suez Governorate (0.753) were in the first rank of the HDI 	<ul style="list-style-type: none"> - Some governorates suffer from low HDI compared to that on the national level. El Fayoum Governorate (0.599) and Suhag Governorate (0.609) were in the last rank in the HDI
Health	
<ul style="list-style-type: none"> - Between 1976 and 2001, the average life expectancy rose from 55 to 67 years - Between 1976 and 2001, the number of people with access to potable water increased 70.9% to 91.3% - Between 1961 and 2001 infant mortality decreased from 108 to 30 deaths per 1,000 live births 	<ul style="list-style-type: none"> - Still 105,900 children under 5 years of age died according to the 2001 data
Education	
<ul style="list-style-type: none"> - The rate of enrollment in basic and secondary education has increased from 42% in 1960-1961 to 86% in 2000-2001 	<ul style="list-style-type: none"> - There were 2,383,500 children not attending basic and secondary school in 2000-2001 - There were 17,915,000 illiterate persons in Egypt in 2001
Food and Nutrition	
<ul style="list-style-type: none"> - Nutrition and hunger are not a problem in Egypt 	<ul style="list-style-type: none"> - 161,100 children less than five years old suffered from malnutrition in 2001
Income and Poverty	
<ul style="list-style-type: none"> - GDP per capita increased from Egyptian Pound (L.E.) 2,176 to L.E. 5,537.6 during the period 1992-1993 to 2000-2001 - The percentage of poor households has decreased from 35% to 20.1% from 1990 to 2000 - The governorate with least poor people is Dammiatta (0.9%) 	<ul style="list-style-type: none"> - Still 13,153,000 persons live under the poverty line; 3,833,700 of them are destitute poor according to 2000 data
Women	
<ul style="list-style-type: none"> - The literacy rate has increased from 12.5% to 54.2% during the period 1960-2001 - The total female enrollment in basic and secondary education has increased from 32% to 83% between 1961-1962 and 2000-2001 - Maternal mortality decreased from 174 in 1992 to 60.7 per 100,000 live births in 2001 	<ul style="list-style-type: none"> - Women's participation in the political, economic, and social fields is low, e.g. they represent only 10% of the membership of professional syndicates and 2.3% of the People's Assembly - Women's unemployment rate is 19.8% versus 9% as the combined-sex average - Maternal mortality of 60.7 per 100,000 live births is still high
Children	
<ul style="list-style-type: none"> - Infant and child (defined as less than five years of age) mortality has declined - The number of children vaccinated has increased to 97.9% in 2001 	<ul style="list-style-type: none"> - 8.8% of children are underweight and suffer from malnutrition - Infant mortality is still too high at 39.1 deaths per 1,000 live births

Civil Society

Non-governmental and other civil society organizations in Egypt have limited capacities and capabilities. While there are some small consumer-society NGOs, there is no effective consumer movement in Egypt. Similarly, there are numerous societies that distribute aid in kind to the poorest and most marginalized in society but do not perceive their essential intermediary role as representatives of the very poor and marginalized in participatory local development process. The very poor do not have a voice in official participation structures because they are too busy seeking out the means of survival.

Political participation and participation in civil society institutions is low and shows little sign of improving. Grassroots participation in decision making is not taking hold in Egypt. The level of apathy among citizens towards the political process is noted by the low voter turnout.

Media

Egyptian media generally prefer to reflect the status quo rather than taking the lead in stimulating constructive dialogue to help shape and influence public opinion or decision makers. An active and informed citizen participation depends upon the media becoming an organ that supports the role of civil society. Presently, the role of the media is underutilized, relative to its potential as a catalyst for popular participation.

MILLENNIUM DEVELOPMENT GOALS

The government has made some progress towards achieving the MDGs and is

potentially on track on all of them. However, progress to date has been somewhat uneven—fast and sustained in some MDGs (such as child and maternal mortality, and curbing malaria and other diseases) while slower in others (such as poverty reduction, education, gender empowerment, and the environment.) This raises questions of sustainability of progress in some areas. A study conducted in mid 2002 by the PARC, concluded that out of the eight MDGs, all but one goal (related to HIV-AIDS) would probably be met. Practically in all of these goals the “state of supportive environment” was either “strong” or “fair”. Table 2.6 shows the specifics of each goal.

There is enough data and analysis to support the conclusion that Egypt was making progress towards the MDGs until the years 2000 and 2001. This progress came largely as a result of the fast rates of GDP growth observed in the second half of the 1990s—growth that largely came from expansionary macroeconomic policies during that period. This led to increases in employment, transfers, and wages, which tend to alleviate poverty. The question now is whether that tendency can be maintained during the coming years when fiscal and macroeconomic expansionary policies may not be sustainable and the external outlook is so uncertain.

An analysis of Egypt’s national development achievements as well as UNDP’s contributing role needs to be examined within the context of the Arab region. The AHDR 2002 notes that while Arab countries have made significant strides in many areas of human

Table 2.6: MGDs Status at a Glance

Goals/Targets	Will the Goal/Target Be Met?				State of Supportive Environment			
	Probably	Potentially	Unlikely	Lack of Data	Strong	Fair	Weak but Improving	Weak
Eradicate Extreme Poverty and Hunger		x				x		
Achieve Universal Primary Education		x			x			
Promote Gender Equality and Empower Women		x				x		
Reduce Child Mortality	x				x			
Improve Maternal Health	x				x			
Combat HIV/AIDS				x			x	
Combat Malaria and Other Diseases	x				x			
Ensure Environmental Sustainability		x				x		

Source: Public Administration Research and Consultation Center, PARC, *Reporting on the Millennium Development Goals at the Country Level*, Egypt, August, 2002, page 7.

development over the last few decades, there exist deeply rooted shortcomings in Arab institutional structures. These shortcomings are summarized as the three deficits relating to freedom, empowerment of women, and knowledge.

CONCLUSIONS AND POLICY IMPLICATIONS

An important point to note as we assess the development results in Egypt is the negative consequences of the situation in the Middle East and post September 11 events. Currently, Egypt faces a difficult economic outlook. While growth appears to remain resilient at almost 3 percent, the fiscal situation is hardly improving. At the same time, the pressures for additional public spending are growing. The main policy implication of this perspective is that if

growth slows down further and the fiscal and exchange rate pressures become more severe, the authorities will probably have to adopt some of the pending macroeconomic and fiscal structural reforms.

One of Egypt's challenges remains the size of its population, despite a decrease in growth rates—especially since the young generation represents about 40 percent of the population reflecting a high dependency ratio. Added to this are challenges of unemployment and regional and gender disparities of poverty, illiteracy, and education. While the government has made important progress in consolidating its democratic institutions, the persistence of emergency legislation during the past 20 years is regarded by several observers as not conducive to further enhancing civic and political participation.

The EHDR 2003 notes that “Improvement in the quality of life for all Egyptians, and particularly the poor and marginalized, depends upon making the cultural and structural changes that will strengthen the culture of participation, democratization and decentralization.” For UNDP Egypt, these challenges are significant in that its programs become even more necessary.

Beyond macroeconomic reforms, UNDP’s ongoing programs could be further enhanced without much additional resources in areas such as: local and regional development, participatory planning, more intensive work in all fronts to reduce gender disparities, reduction in illiteracy, and engagement of further civil society in all governance issues.



3 The Strategic Position of UNDP in Egypt

This chapter analyzes how UNDP positioned itself strategically and chose its entry points to add value in its response to national development needs and changes.

PROGRAMMING PRIORITIES

Egypt's long-term development strategy, Vision 2017, focuses on raising the standard of living and ensuring the well being of its population through balanced development among its governorates. Within this long-term vision, the main objectives of the National Development Plan 2002-2007 are:

- Improving quality of life and standard of living
- Increasing employment opportunities and reducing unemployment
- Reducing poverty incidence and provision of social security for poor families
- Increasing rates of economic growth
- Increasing female participation in development
- Improving human resources
- Preserving the environment

***IN TERMS OF
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DEGREE OF CONTINUITY
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WITH THE EMPHASIS
REMAINING ON THE
THREE AREAS OF
GOVERNANCE,
ENVIRONMENT, AND
POVERTY.***

CCF 1997-2001

UNDP's first CCF (1997-2001) for Egypt was planned to provide support to the government's declared national priorities to achieve growth with equity that is sustainable. The proposed UNDP assistance was centered around: poverty eradication and sustainable livelihood; protection of the environment and sustainable use of natural resources; and promotion of sound governance. During this period, the importance of national execution (NEX) and policy dialogue with the government was put at the center of UNDP's cooperation.

Most significantly, Egypt was a pioneer for the implementation of UNDP's NEX programs and projects. The NEX modality succeeded in giving overall responsibility and leadership to national authorities and proved to be a more cost-effective modality for technical cooperation. The NEX modality helped in enhancing national capacities through the creation of: think tanks to define and manage long-term strategy development; task forces to define substantive development policies; technical secretariats to manage policies and development resources in specific areas; and operational units to implement activities.

The Country Review of the first CCF, undertaken in 2000, found that while there was not a significant change in the focus of the CCF, UNDP had made a concerted effort to enhance its policy and advocacy role and to provide a strategic focus for its program activities. The UNDP CO had articulated its mission to be "focused on advocating the adoption of sustainable human development policies and supporting

operational activities which demonstrate ways to create jobs, protect the environment and promote sound governance." The Review also stated, "There could be some difficulty in achieving a strategic balance in the utilization of limited available UNDP core resources between support for operational activities and activities related to policy and advocacy in areas of UNDP's global agenda that may not be critical or the immediate priority of the Government at the present time" and in line with this recommended that the CO pursue more aggressively resource mobilization from bilateral donors and private sector.

CCF 2002-2006

The current CCF is more focused and policy oriented in identifying the following areas: job creation and capacity development; environmental management; and governance for human development. Of importance is the change in strategy in addressing these concerns through policy analysis and advocacy, demonstrating policy setting through pilot projects, partnership, and, in particular, resource mobilization.

In terms of thematic focus, there is a high degree of continuity in programming with the emphasis remaining on the three areas of governance, environment, and poverty. In terms of poverty, the focus of the CCF is on job creation and capacity development, building upon the experience with Social Fund for Development (SFD) (a safety net created to address the social impact of major reforms), which demonstrated the effectiveness of innovative labor-market

policies to support the government's strategy to increase employment. The current CCF will support projects to create some 750,000 jobs a year for new labor markets; assist the government in the implementation of the National Employment Program; train and upgrade the skills of the labor force; develop a labor market information system as well as create a demand and supply matching system; and support small- and medium-scale enterprises through innovative approaches such as Integrated Business Support Centers. The CCF will also address the "digital divide" through programs using ICT for development.

In the area of environment, the CCF will mainly focus on providing advice to the government on environmental management policies, strategies, and practices; supporting the implementation of demonstration projects; and acting as a catalyst to foster partnerships at the international, regional, and local levels among the donor community, international agencies, civil society organizations, private sector, and research institutes. At the upstream level, the CCF will support developing national policies and strategies included in the National Environmental Action Plan (NEAP) working towards creating an enabling legal, institutional, and regulatory climate for environmental protection and sustainable development programs. Priority areas are water and wastewater management, energy conservation, and agricultural development.

In the area of governance, the current CCF refined its focus on strengthening the state and empowering civil society. The specific support will be geared

towards decentralization and participation in planning, institutional development, and support to human rights and governing institutions.

In 2001, the UNDP CO also undertook an effort to align its operations and portfolio to better meet the vision of the Administrator's Business Plan of 2000 through an internal re-profiling exercise. This aimed at creating an internal culture and associated business processes that would enable the CO to manage a more focused and high-impact policy portfolio. The principal object of the reconfiguration was to provide a platform for a more focused and policy-oriented country program, to engineer an improved understanding of the link between the CO strategic direction and performance, to enhance internal communication and strengthen the vision and execution of its external communication portfolio, and to improve and augment the nature of strategic partnerships with the government and external donors.

Together, these changes represent a major shift in the way in which UNDP is doing business and is driven by a number of underlying assumptions. Key among these is making the UNDP program more relevant to Egypt's national development priorities and targeting resources more strategically to areas where UNDP could make a discernable difference to the development situation. This has translated into making a break from traditional institutional development projects to support more actively innovative pilot initiatives, which have a potential to have a wider policy impact.

The evaluation underscores that this shift followed a change in leadership of

the CO and that the new leadership is responsible for articulating the new strategic vision and positioning of UNDP. This change has been reflected in the current CCF and through the streamlining of the Egypt Strategic Results Framework (SRF). Consequently more emphasis is placed on support to women's empowerment; the use of ICT for development, particularly in education; and supporting small and medium enterprises. These adjustments are all the more relevant with national priorities and in line with the deficits noted in the AHDR.

The evaluation found that the evolution between the first CCF 1997-2001 and the second CCF 2002-2006 enabled UNDP to establish a conceptual framework. From the beginning of the implementation of the current CCF, a more assertive focus was placed on the general approach of raising public awareness about key development problems. Also, a more intensive coordination framework was adopted with the support of the government of Egypt.

On the basis of work done in the first CCF (1997-2001), particularly in the area of information and policy advocacy, UNDP is currently highly effective in positioning itself at the center of the critical linkages that often, if properly activated, lead to the institutional transformations needed for—and resulting from—development.

UNDP's focus on institutional transformation is right on target as it is now widely accepted that institutions and collective rules "matter" in fundamental ways in explaining long-term social development in countries with different

factor endowments. Institutions are sets of formal and informal rules that shape the behavior of individuals. Douglas North (1990) has stressed that a distinction should be made between "institutions" and the "organizations" that emerge from them to administer and to enforce those rules.¹

It is clear that UNDP Egypt's ongoing program is aligned with the findings of the AHDR of 2002. The CO has embarked on a strategy to use the AHDR as a strong background justification and validation of new projects under the CCF. This has helped to increase the urgency of project preparation, counterpart interest, commitment, and resource mobilization potential. The synergy also created a chance for national counterparts to be seen as addressing the AHDR deficits and therefore projecting a greater ownership of the report.

KEY STRATEGIC LINKAGES

Cutting across the thematic areas, UNDP's work was guided by the following key strategic linkages (or functional entry points):

- **UNDP's comparative advantages** as an impartial and trusted partner and use of information and public participation and innovative capacity.
- Upstreaming **policy advice** into the public sector at large and using pilot experiences to influence general policies.
- **Resource mobilization and forging strategic partnerships** with

¹North, Douglas Institutions, Institutional change and Economic Performance Cambridge University Press

the government, donors, multilateral organizations, and other stakeholders.

- **Opportunities for joint UN programming.**

The focus on these four entry points or linkages of information—advocacy, policy dialogue, piloting of new solutions and partnership building—cut across the thematic priorities. Operationally they are applied to each one of the developmental priorities of poverty reduction, gender disparity reduction, institutional capacity building, environmental protection, governance, and human development in general.

UNDP's Comparative Advantages

The CO defined several elements to comprise UNDP's comparative advantage. These include: UNDP's position as a trusted and impartial partner of the government; use of information and public participation; policy analysis, advocacy, and dialogue; innovative capacity; and knowledge networking.

Impartiality

Capitalizing on its position as an impartial and trusted partner of the government, UNDP worked to increase awareness in human rights treaties and norms, which is a sensitive area. For many years, Egypt's human rights record has been in the spotlight. Although Egypt has adhered to 18 UN conventions of human rights and 60 of the International Labor Organization (ILO) as well as the African Charter on Human and Peoples' Rights, it is understood that more needs to be done to integrate these standards into national laws and practices. Using the opportunity

created by the 50th anniversary of the Universal Declaration of Human Rights, UNDP developed a project for Capacity Building in Human Rights. The project aims to spread knowledge about citizens' rights according to Egypt's legal framework; provide training on human rights issues for police, prosecutors, and judges; provide information for media; and build government capacities for reporting according to the UN human rights instruments. Another gap, which the project is filling, is the lack of substantive information about human rights norms and practices through the establishment of an English and Arabic Web site. The government is giving this issue its attention, and the proposal by the National Democratic Parties to establish a human rights National Council is a big step forward—warranting even further capacity building.

Information, Policy Dialogue, and Advocacy

A major component of UNDP's strategy in Egypt included supporting the generation of new information about social problems and about situations that hinder development. The dissemination of information and the resulting awareness by the public leads to a proxy of demand by change (see Box 3.1). A demand arose for new institutional arrangements to deal with the problems that society feels should be addressed—such as in the case of rural poverty, gender disparity, and local development.

Information, policy dialogue, and advocacy were undertaken through a series of activities. It would be difficult to find an initiative with more project and policy implications than the NHDR.

A MAJOR COMPONENT OF UNDP'S STRATEGY IN EGYPT INCLUDED SUPPORTING THE GENERATION OF NEW INFORMATION ABOUT SOCIAL PROBLEMS AND ABOUT SITUATIONS THAT HINDER DEVELOPMENT.

Box 3.1: Public Awareness is the Prerequisite of the “Demand” for Improved Public Policies

Reform processes face the predicament that while new policies or institutions can, in principle, be “supplied”, what really matters is that they be demanded by the public at large. Supplying a decentralized bank, for instance, to control inflation, is not as critical as a demand for price stability that is backed by political incentives to reward those who deliver that stability. But public awareness about the costs of inflation and about the distribution of those costs is needed first. Without it, there is no real demand for price stability. Public awareness is the pre-condition for that demand.

Within the conceptual framework developed by UNDP, the element of “information” underlies this strategy. UNDP is inducing change by providing information and creating public awareness; consequently the public, based on this new knowledge, demands change; for example, through information provided on HDI, local committees can request changes in the way budgets are allocated, schools are established, or where health clinics are located.

Since it was first launched in Egypt in 1994, it has engendered several initiatives. The NHDRs have been a critical advocacy tool in helping to identify discernable pockets of deprivation and to better understand the disparities that emerge from analyzing the local human development picture. The CO is using the NHDRs as a tool for supporting social policy reform.

As will be seen in Chapter 4, while the NHDRs were quite effective when first initiated, the process and production of these advocacy tools underwent a significant change. On the one hand, the NHDR was institutionalized through the Institute of National Planning, yet on the other hand, the UNDP’s reduced participation in subsequent NHDRs led to a considerable decrease in their importance and efficiency in raising the pertinent issues.

With the change in leadership and the refocusing of UNDP’s strategy, the 2003 NHDR witnessed a much more active role played by UNDP in its preparation and use as an advocacy tool. This turnaround is significant with UNDP having recaptured the NHDR as an important advocacy tool for change and revised its intervention.

The EHDR 2003 has rightly focused on local and regional human development. This deserves to be highlighted because of its enormous strategic capacity to gradually transform the structure of Egypt’s public sector. After all, the EHDR has the potential to make the public sector much more effective, at all levels, in responding to the basic needs of a large proportion of the population, particularly the poor and those living in small villages (see Box 3.2).

In essence, the EHDR 2003 and related research and survey work have the following key developmental attributes:

- Facilitating the development of a rating system of performance for the different governorates, thus, encouraging emulation or inter-jurisdictional competition to see who responds better to the basic needs of the local population (and why.)
- Facilitating the targeting of calibrated measures to deal with chosen local situations through the systematic gathering of specific local data.
- The growing availability of data and information allows for the measurement of specific results and allows for those results to drive decision making, which leads to enhanced accountability of the local leadership. This emphasis on local development

as the preferred level of government to deal with the basic issues of poverty and governance is the “right” strategy for Egypt and for the UNDP.

With the EHDR 2003, UNDP played a more proactive role and led the process to calculate the HDI at the regional and local level. For the first time, the HDI was calculated for all of Egypt’s 451 local administrative units and human development reports were prepared for 7 governorates. This represents a monumental task undertaken between UNDP and the Egyptian government of mapping poverty and human development trends across Egypt.

The Evaluation team witnessed the launching of the first HDR for the governorate of Qalyubia. Following the launch in mid 2003, the Governor issued a decree making the Governorate HDR (the country’s first) a compulsory reference tool for local planning. The report includes the HDI for all the governorate’s villages—another first. The Qalyubia local authority has accepted the report’s main recommendations and has started to reallocate resources among the local districts based on its findings.

Another advocacy tool that the CO has initiated is the Country Progress Report on the MDGs. In preparing the first MDG report, UNDP used the MDGs as a key instrument for policy dialogue with government officials, civil society, and academia through a series of public debates. As noted in Chapter 1, on the progress towards the MDGs, the PARC study showed that all goals, with the exception of HIV/AIDs, would probably be met. In line with this, UNDP

Box 3.2: Voluntary Benefit Taxation at El Fayoum Governorate: Precursor of National Policy?

The ADR team noted interesting local development taking place at the El Fayoum Governorate, where the authorities are nurturing a critical fiscal process that, in principle, could be considered for other Governorates. Applying a version of “benefit taxation”, the authorities have been able to finance some public works through voluntary contributions by the local citizens. Responding to the demand for public works and services, the governor obtained a special permission from the national government to accept “voluntary” tax revenues from some of its approximately two million residents. The money was received and invested. Now that the precedent exists and is working well, it could be used as a pilot project for the government as a whole. Although El Fayoum is not the typical Governorate, this experience could inform policy options for a gradual process of fiscal development at the regional and local level.

is using the MDG to advocate for further awareness and work on HIV/AIDs.

Information Technology for Development

Information is critically important in enhancing the effectiveness of public and private markets. Following this development vector, UNDP supported the government in defining a vision for the use of ICT for development through a series of projects in telecommunications. The ICT to Foster Egypt’s Sustainable Human Development is one such project that was launched by the Ministry of Communications and Information Technology (MCIT) and the UNDP with the ultimate aim of alleviating poverty. It is a good example of a critical contribution by UNDP to the institutional development of the new MCIT. This project has supported human resource development to the telecommunication sector, the Post Office, and the ICT Trust Fund. The project has several different components.

The “Mobile Internet Units”, for example, are being used to increase the exposure of secondary school students and teachers in poorer districts to ICTs by training them in areas such as basic computer skills and the use of software applications such as word processors and Internet browsers. “IT Illiteracy Eradication” is being promoted via the dissemination of CD-ROMs containing interactive tutorials teaching the Arabic alphabet. “Community E-Libraries” are being established that will contain approximately 1,000 texts in Arabic that will be user-friendly to the illiterate, blind, and physically disabled. “Smart Schools” aims to reduce computer illiteracy at the preparatory level to 0 percent, and are being piloted in 50 public schools. Finally, “Community Development Portals” are being developed that will provide pertinent socioeconomic and development information on a Web-based platform. Eventually, free e-mail addresses will be issued as well. The underlying rationale is that information on employment and socioeconomic services could empower individuals and improve their chances for

sustainable development. To date, the initiatives are receiving positive feedback from the government and community (see Box 3.3).

The support UNDP proposed in the ICT sector was based on information and guidance that it was able to source through its knowledge network. For example, the IT Literacy Eradication CD-ROM is based on experience from India. In light of this, the ADR team emphasizes that UNDP Egypt is trying to function as a knowledge organization by accessing experiences from elsewhere and putting them into practice.

Other innovative examples in this area include UNDP’s support to the NCW to set up a Geographical Information System that tracks the status of women’s education, health, political participation, and participation in the formal and informal sector. See Box 3.4 for another example of an innovative UNDP project.

Innovative Capacity

The evaluation team would like to highlight the Northwest Coast Development Project as an example of using UNDP’s innovative capacity. UNDP capitalized on the ceremonies in 2002 marking the 60th anniversary of the battle of El Alemein to persuade donors to support the clearance of WWII landmines that are currently preventing the development of Egypt’s Northwest Coast. UNDP played an instrumental role in helping the Ministry of Planning complete the Northwest Coast Development Plan and succeeded in convincing the government that mine clearance needed to be seen as a

Box 3.3: Feedback on the UNDP ICT Initiatives

“UNDP was the only organization wanting to introduce information and communication technology into Egypt,” explained Karim Kasim, the community service focal point for the Information and Communication Technology Trust Fund, a division of Egypt’s Ministry of Communications and Information Technology that administers the community centers. “People had no idea of IT before.” There was only one Internet service provider at the time and it was expensive, even for middle-class society. Kasim called the centers “a unique example” of the government, UNDP, and the private sector working together.

development priority and not just a military exercise.

In Chapter 2, the ADR referred to Egypt “turning to its deserts” for expansion to respond to the population density issue. In line with this, the government is starting the “Toschka” mega initiative, which aims to reclaim 420,000 hectares in Southern Egypt by diverting Nile waters from the Toschka overflow basin through a 360-km canal into the desert. The ultimate goal is to develop arable land for agriculture, create jobs, and establish human settlements. UNDP assisted the government in conducting an impact review of two such mega national projects and provided recommendations to adjust some of the policies and implementation modalities. This is critical support due to the heavy costs involved and the potential impact on limited water resources in these types of projects.

Another aspect of UNDP’s work that needs to be emphasized is the use of gender as a cross-cutting element in its work and the development of innovative activities that address underlying shortcomings. The AHDR 2003 noted that, “The utilization of Arab Women’s capabilities through political and economic participation remains the lowest in the world in quantitative terms, as evidenced by the very low share of women in parliaments, cabinets, and the workforce and in the trend towards the feminization of employment.” In this respect, the Egyptian Constitution grants women the full right to participate in political and public life and specifically refers to the right to vote and to nominate. The different laws also

Box 3.4: Think Twice: Social Marketing and Communication Campaigns for Empowering Young People in Egypt

This four-year project aims to create an improved environment for children and young people in Egypt to make choices and take opportunities. It will use social marketing techniques and popular communication tools to educate adults on the rights of the child and promote positive and empowering attitudes towards young people. Through this it aims to influence a change in adult behavior. The project will target the rights of female children, promote youth participation, and highlight the need to protect children at risk (street children, working children, children exposed to violence, and children at risk from the dangers of drug abuse and HIV/AIDS). Within this context, the project will target a variety of groups including children/young people, parents, schools, policy makers, and communities through an integrated campaign. The campaign design will rely on a number of social communication interventions including public service announcements, public events, use of radio and television, and direct communication approaches that can be implemented at the local level.

established equality in work, pay, and membership of different political forums. Nevertheless, the available data on women’s political participation in Egypt reveals a gap between acquired rights and the actual observation of these rights. For example, female representation in Parliament is as low as 2 percent and their representation in the Shura’a Council and the local popular councils is also extremely low.

In its new phase of collaboration with the NCW, UNDP will support the Council in enhancing the political participation of women through the establishment of a Center for the Political Empowerment of Women within the Council to build a cadre of women with enhanced substantive and communication skills for a political career. It is hoped that these women will run for the upcoming parliamentary elections in 2005 and the elections for the local popular councils in

**IN THE HANDS OF LOCAL
DECISION MAKERS, A
GOVERNORATE HDR
COULD BE SEEN AS
HIGHLY INSTRUCTIVE
BLUEPRINT FOR LOCAL-
LEVEL POLICY MAKING.**

2006. The project will support the start up of the Center through:

- Articulating its goals and Action Plan
- Formulating an advocacy strategy and media campaign
- Developing training manuals and organizing training programs
- Identifying an initial target group of women trainees
- Developing a guidebook on “How to Run and Manage Election Campaigns”

This type of support is innovative for the region and addresses one of the deficits mentioned in the AHDR.

The ADR team would like to note that senior government officials (including ministers and parliamentarians), research and policy institutes, and donors recognized the analytical and key policy dialogue contributions made by UNDP. Through the NHDRs and other policy initiatives, UNDP has been able to pave the way for an open dialogue on poverty. This is evidenced by the DAG position paper on Social Development for the Consultative Group Meeting 2001, in supporting the government to develop an anti-poverty action plan. Efforts such as the NHDRs will certainly help Egypt make progress towards cutting the rate of severe poverty in half and other targets of the MDGs. As mentioned by the UNDP Resident Representative, “In the hands of local decision makers, a Governorate HDR could be seen as highly instructive blueprint for local-level policy making.”

The EHDR 2003 states, “For Egypt to maintain and advance her position in the world it is important to give people a voice in the issues that affect them. This

involves collecting and making available relevant information so those in power can be accountable for delivering what has been agreed.” In the opinion of the ADR, UNDP is responding well to this challenge and is taking informed risks in selective advocacy.

Demonstrating Policy Setting

A second key component of UNDP’s strategy in Egypt was to develop pilot demonstration projects based on policy analysis that address critical dimensions of human development for replication at a national level. This section will illustrate key pilot projects that were developed in several thematic areas to respond to the issues of governance, poverty, and environmental management.

Participatory Planning

With regards to changing cultural factors, UNDP is working with other development agencies to build best-case experiences that will facilitate civil society empowerment in its interaction with state bureaucracies. The UNDP project with the Ministry of Local Development is an example of increased participation among governorates, employers, and local citizens. The project is working with public and executive leaders responsible for local development, as well as with other components of civil society operating through participatory organizational structures—such as the Development Partners Council. The Council comprises ministries, governorates, the public sector, trade chambers, workers’ syndicates, cooperatives, research centers, parliamentarians, universities,

and media, among others. The council's role is to discuss issues, goals, policies, instruments, and obstacles in order to help formulate and stimulate public opinion and social content in a democratic way.

This project is unique in that, for the first time, it enables all local development partners to meet together. A series of roundtable meetings are held to discuss objectively and scientifically the local human development indicators—basing calculations on empirical rather than theoretical data. The meetings normally discuss:

- Indicators and gaps in local development
- Plans and projects implemented by participating sectors
- The degree of compatibility between plans and the requirements needed to tackle gaps and improve indicators

UNDP will continue to support government efforts to transfer the socioeconomic and physical planning processes from central to regional levels and to set up appropriate forums for the participation of the private sector and other stakeholders, including civil society, in development planning at the local level. Specific measures, such as holding public forums and facilitating dialogue between the government and the private sector in three regions of the country, will enable citizens and business interests to influence physical planning. The aim will also be to enhance the capacity of local administration to minimize rural-urban disparities, gender disparities, and regional differences. One major achievement in this area, as already mentioned, is the analysis of human

development trends, including the calculation of HDI indicators, for the first time at the governorate, Markaz, and village levels. In one demonstration project, UNDP and the Information and Decision Support Centre (IDSC) will remove existing impediments to access of information in one governorate and measure the extent of improved information exchange and access by different government departments and citizens.

A very pertinent example of linking policy advice to demonstration pilot projects is the Municipal Initiatives for Strategic Recovery (MISR) program. Following the launch of the NHDR 2003, Prime Minister Atef Ebeid and the Minister of Planning concluded an agreement with UNDP to help prepare the MISR “crash program” to support intensive revitalization projects in the 58 most deprived local districts at the bottom of the HDI ranking. Field missions will identify the most urgent needs in local communities selected under the program. Local communities will be asked to fully participate so that plans are based on the priority needs identified by the community itself. According to UNDP Resident Representative, “The participation of local authorities and community involvement in the planning, implementation and monitoring of the initiatives will be key to the success of the MISR programme. Indeed, it is envisaged that all local partners from government and civil society will be consulted.”

Environment

In the current CCF, UNDP has developed an innovative pilot project to

PAST UNDP COOPERATION, PARTICULARLY THROUGH THE SFD, HAS DEMONSTRATED THE EFFECTIVENESS OF INNOVATIVE ACTIVE LABOR MARKET POLICIES TO SUPPORT THE GOVERNMENT'S STRATEGY FOR ENLARGING JOB OPPORTUNITIES AND PUTTING THE LONG-TERM UNEMPLOYED BACK INTO THE JOB MARKET.

show the clear link between sustainable environmental management and poverty at the governorate level. The project, Systematic Approach to Solid Waste Management, undertaken in collaboration with the Egyptian Italian Environmental Cooperation Program (EIECP), will strengthen the institutional capacity of the rural Egyptian governorates for managing municipal and agricultural solid waste. A pilot project will be implemented in El Minya Governorate with the intent of developing management mechanisms for efficient and cost-effective handling of municipal and agricultural solid waste in an environmentally sound manner.

The project will assess the solid waste management (SWM) data available for El Minya and develop an objective planning framework for the governorate in a participatory manner. A capacity building program will be developed and implemented for the staff of the Environmental Management Unit of the governorate. A monitoring and evaluation process will be developed along with an accompanying SWM decision support system for data collection and analysis. The SWM planning framework will be pilot tested in El Minya Governorate and the results used to develop a model SWM planning framework for use by other rural governorates. Staff of the Egyptian Environmental Affairs Agency will receive training in SWM and use of the model SWM planning framework.

As a project of the larger EIECP, the outputs of the El Minya SWM Project will be integrated with solid waste implementation components in another

EIECP project, the Siwa Environmental Amelioration Project, and the policy work of the Legal and Institutional Framework Project, which addresses solid waste management legislation. The intent is that the El Minya SWM Project will serve as a demonstration site for testing and implementing measures designed to effectively devolve management of municipal and agricultural solid waste to the level of the governorate and its local subdivisions.

Job Creation and Capacity Development

Past UNDP cooperation, particularly through the SFD, has demonstrated the effectiveness of innovative active labor market policies to support the government's strategy for enlarging job opportunities and putting the long-term unemployed back into the job market. Through the Business Enterprise Support Tools project in the current CCF, UNDP will demonstrate best practices in supporting micro and small businesses through a self-sustainable business support center model using integrated approaches to job creation. The project builds upon the SFD's existing business technology development centers by establishing integrated business support centers in two pilot communities—Beni Suef and Menya—to provide a variety of services including information, training, consulting, physical premises, and access to financial mechanisms all from one organization. The project facilitates access to business development support services to micro and small enterprises throughout Egypt via a nationwide free hotline.

In terms of UNDP's pilot activities, it is clear to the evaluation team that the approach addressed national priorities and at the same time kept the link between policy dialogue and the ensuing pilot projects very strong. Recognition of the projects identified is evidenced by the support from other donors as well as the response from the government, as is evidenced by the MISR program.

Resource Mobilization and Strategic Partnerships

Overview

Resource mobilization is closely linked to UNDP's capacity to provide quality services in an efficient manner and to seize opportunities as they arise. The ability of a CO to raise its non-core resources is a key litmus test of the relevance of the policy advice and strategic programs. In this section, the ADR illustrates how UNDP used resource mobilization as a proxy indicator to display a high degree of effectiveness in partnership building.

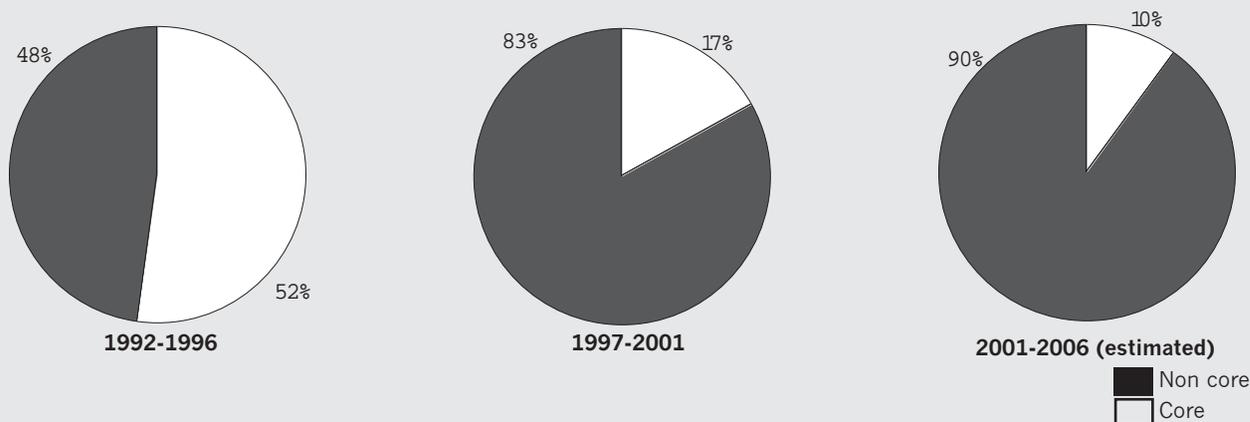
Over the past 10 years, a profound transformation has taken place in the way

UNDP in Egypt finances its operations. This transformation is reflected in Figure 3.1: 52 percent of UNDP activities between 1992 and 1996 were financed by core resources, but only 17 percent of UNDP activities were financed by core resources for 1997-2001 CCF; it is estimated that this figure will be 10 percent or less when the current CCF 2002-2006 ends. The counterbalancing process was one in which non-core resources, that is, resources mobilized from the government, donors, and other actors, grew very quickly, rising from 48 percent of total funds in 1992-1996 to 83 percent for the CCF 1997-2001. At the end of the current 2002-2006 CCF, this proportion could be as high as 90 percent and could reach \$140.3 million once projects currently in the pipeline mature.

CCF 1997-2001

In order to understand the evolution of resource mobilization for UNDP Egypt, it is important to note the decline of core resources, which fell from USD 5.2 million in 1997 to less than USD 2 million in 2001. This represents a decrease from 35 percent in 1997 to 8

Figure 3.1: Egypt: Financing by Main Sources of Funds 1992 - 2006



percent in 2001—within the same CCF period. The loss of core financing was compensated by non-core resource mobilization which went from USD 9.7 million in the year 1997 to USD 20.1 million in the year 2001. Its relative share rose from 65 percent to 92 percent between these two years. For the period 1997 to 2001, non-core resources financed 83 percent of total activities.

In examining non-core expansion, the growth of government cost-sharing is the largest explanatory factor. It more than doubled from 1997 to 2001, increasing from USD 7.7 million to USD 16.9 million. The second biggest source of non-core growth was Global Environmental Facility (GEF) funding, which grew tenfold, albeit from an incipient USD 202,000 in 1997 to USD 2.4 million in the year 2001. Curiously enough, bilateral funding declined in absolute terms from USD 1.1 million in 1997 to USD 685,000 in 2001.

Table 3.1 disaggregates the sources of bilateral cost sharing non-core funding

for the 1997-2001 CCF and shows the relative importance of each one. Within the multilaterals and bilateral donors, the USAID program is the largest (USD 1.5 million), followed by the World Bank (USD 877,000), and the government of Canada (USD 750,000).

Within non-core funding as a whole, the government of Egypt provided the largest share (USD 61.5 million) or 80 percent of total funding. It is interesting to observe that two environment-related sources, i.e. GEF and the Montreal Protocol, provided almost USD 10 million, which is more than double what was financed by all multilateral and bilateral donors. This is a manifestation of the importance that the environment is gaining as a priority as well as an instrument (trust funds) for resource transfer.

One cannot look at resources without looking at how the funds were used (see Box 3.5). Table 3.2 shows the thematic distribution of the main sources of non-core funds. In essence, it shows the relative priorities followed by multilateral and bilateral donors, the government of Egypt, and other donors and trust funds.

The general picture that emerges is that, in the case of bilateral and multilateral funding, there was significant dispersion, as 44 percent of the resources went to “miscellaneous” projects, 27 percent to governance projects, and 16 percent and 13 percent to job creation and the environment, respectively. The apparent miscellaneous dispersion observed should be put into context. After all, multilateral and bilateral donors only financed USD 3.9 million out of a total of USD 77.2 million. As for projects

Table 3.1 Sources of Bilateral Non-core Funding for 1997-2001 CCF

NON-Core Funding	1997 - 2001	
	\$*	%
Multilateral and Bilateral Donors		
USAID	1,534	39
Government of Denmark	144	4
Government of Japan	157	4
Government of Netherlands	20	1
Government of Italy	0	0
Government of Canada	750	19
Government of Finland	219	6
World Bank	877	22
Other (SWISS and IFIs)	242	6
Subtotal	3,943	100

* USD Thousand

Source: UNDP Cairo, Office

Box 3.5: Resource Mobilization Per Se is not What Really Matters

While non-core resource mobilization is important, what really matters is the mobilizing of resources for strategic projects and programs. That is, for programs that will induce sustainable long-term institutional transformations at a given sector or level of government. Such is the case, for example, of the partnership with the Ministry of Communications and Information Technology, where the UNDP manages the ICT Trust Fund jointly with the Ministry to create public-private partnerships to support the supply and use of information and communications technology through six interlinked projects. The projects provide several means with which to distribute information throughout the country, via an infrastructure system that includes: hundreds of IT clubs, community centers equipped with computers connected to the Internet, several SMART schools that will offer computer-lab based tutorials, and a mobile unit to close the gaps in locations still out of reach and provide a movable platform for training. The projects also highlight the importance of making available appropriate information content through a Web-based information portal, literacy promotion efforts, and the creation of electronic libraries.

Furthermore, the projects are designed to promote local entrepreneurship through the adoption of a franchising concept to expand the reach of the IT clubs. Through the franchising mechanism, local entrepreneurs will be able to purchase a package that will include hardware, software, an Internet link, and tailored information services. Financial support would be available through a number of partners including the Social Fund for Development.

financed by the government of Egypt, job creation absorbed 66 percent of the total. In the case of “other donors” funding, 89 percent of the total was concentrated in the environment sector.

The picture for the relative importance of different priorities financed by both core and non-core funds appear in Table 3.3. The combined picture that emerges is that more than half (52 percent), of total resources was assigned to job creation with USD48.0 million invested in the critical poverty reduction area. Poverty reduction priority (52 percent) is followed closely by the environment (16 percent) and by “governance” (15 percent).

The broad picture that emerges from this overview of the first CCF 1997-2001 is that of a program well aligned with the country’s human development needs and driven basically by the government’s own priorities and resources. Three findings deserve special recognition: first, the fast growth of government co-

Table 3.2: Egypt: Non-core Financing by Main Sources of Funds and Thematic Focus (1st CCF 1997-2001)

Non-Core	1997 – 2001	
	\$*	%
1. Multilateral and Bilateral Donors		
a. Policy/Advocacy	0	0
b. Governance	1,071	27
c. Job Creation	644	16
d. Environment	503	13
e. Miscellaneous	1,726	44
Subtotal	3,944	100
2. Government of Egypt		
a. Policy/Advocacy	194	0
b. Governance	8,325	14
c. Job Creation	40,903	66
d. Environment	3,098	5
e. Miscellaneous	9,028	15
Subtotal	61,548	100
3. Other Donors ¹		
a. Policy/Advocacy	291	2
b. Governance	244	2
c. Job Creation	60	1
d. Environment	10,503	89
e. Miscellaneous	666	6
Subtotal	11,764	100
Total (1 + 2 + 3)	77,256	

* USD Thousand

Source: UNDP Cairo, Office

¹ Includes NGOs, UN Agencies, Program CS, thematic trust funds, GEF, MP, C21.

Table 3.3: Egypt: UNDP Resource Allocation by Thematic Focus, First CCF 1997-2001

Source		Thematic		1997 – 2001	
				\$*	%
Core	A.	Policy /Advocacy		2,270	14
	B.	Governance		4,216	27
	C.	Job Creation		6,405	41
	D.	Environment		688	4
	E.	Miscellaneous		2,083	13
		Subtotal		15,662	100
Non-core	A.	Policy /Advocacy		485	1
	B.	Governance		9,640	12
	C.	Job Creation		41,607	54
	D.	Environment		14,105	18
	E.	Miscellaneous		11,420	15
		Subtotal		77,257	100
Core +	A.	Policy /Advocacy		2,755	3
Non-core	B.	Governance		13,856	15
	C.	Job Creation		48,012	52
	D.	Environment		14,793	16
	E.	Miscellaneous		13,503	15
		Subtotal		92,919	100

* USD Thousands

Source: UNDP Cairo Office.

financing which, in absolute numbers, more than doubled from USD 7.7 million in 1997 to USD 16.9 million in 2001; second, the very substantial and fast growth of trust-fund financing for the environment; and third, the low relative importance of financing by multilateral and bilateral donors. Out of a total USD 77.3 million for the period 1997 to 2001, they represented only 5 percent of total

non-core funding and approximately one quarter of total core funding (USD 15.6 million). This analysis is important in terms of alignment of programs and resources as well as the capacity of the CO to attract partners.

CCF 2002- 2006

In looking at CCF 2002-2006 and the main sources of funding, several aspects emerge (see Table 3.4). The first is the low core resource availability for the period, USD 1.5 million per year, but even this ex ante “allocation” is already being reduced in the years 2003 and on second, while total resource use fell in the year 2002 (USD 18.9 million) compared to 2001 (USD 22.6 million), this is changing. The year 2003 will probably end up not below the level of year 2001 (approximately USD 23 million) if some pipeline projects evolve successfully. Already, it can be anticipated that 2003 will double (USD 37.4 million) the total of resource use in the year 2002 (USD 18.9 million).

As the share of non-core funding increases, the policy question that emerges is how to diversify the components of that financing. This has important implications because while the Cairo office is certainly right in leveraging its own resources, at the same time it may

Table 3.4: Egypt: Evolution of Financing by Main Sources of UNDP Funds second CCF 2002-2006

Source of Financing	2002		2003		2004		2005		2006		Total 2002-2006	
	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%
Core	1,500	8	1,500	4	1,500	10	1,500	37	1,500	66	7,500	10
Non-core	17,446	92	35,927	96	13,016	90	2,551	63	767	34	69,707	90
Total	18,946	100	37,427	100	14,516	100	4,051	100	2,267	100	77,207	100

Source: UNDP Cairo, Office

Notes: Dollar amounts are in USD Thousands. Above non-core amounts are approved projects as of mid 2003 and do not include the pipeline for 2003 to 2006.

Table 3.5 : Egypt: Non-core Financing by Main Sources of Funds, 2002-2006

Non-core	2002		2003		2004		2005		2006		Total 2002-2006	
	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%
A. Government Cost Sharing	13,435	77	21,194	59	4,534	35	588	23	0	0	39,751	57
B. Bilateral Cost Sharing	1,232	7	8,060	22	5,631	43	824	32	0	0	15,747	23
C. GEF	1,261	7	6,249	17	2,703	21	1,139	45	767	100	12,119	17
D. Montreal Protocol	904	5	80	0	65	0	0	0	0	0	1,049	2
E. Others ¹	434	2	273	1	35	0	0	0	0	0	742	1
F. NGOs	180	1	71	0	48	0	0	0	0	0	299	0
Total Non-core (A+B+C+D+E+F)	17,446	100	35,927	100	13,016	100	2,551	100	767	100	69,707²	100

* USD Thousands

Source: UNDP Cairo, Office

¹ Includes program CS, thematic trust funds, and C21.² Resources approved as of mid 2003.

find it convenient to diversify and to retain several degrees of independence.

Table 3.5 shows the composition of the non-core funding for the current 2002-2006 CCF. It can be seen that, over the period, it is anticipated that the share of government cost sharing is projected to decline to 57 percent, a lower figure than the 80 percent registered for the whole 1997-2001 CCF. However, while it is declining in relative terms, it is increasing in absolute numbers (i.e., from USD 12.9 million in 2000 to USD 21.2 million in 2003).

Table 3.5 also shows the fast growth of bilateral cost sharing. It already has grown from USD 1.2 million in 2002 to USD 8.1 million in 2003. In relative terms, this share has risen from 7 percent in 2002 to 22 percent in 2003. This growth is fully consistent with what the Cairo office is supposed to do, that is, leverage its resources and build partnerships with other donors where it matters the most (around developmental priorities.)

The previously observed growth of funds in the environment and trust-fund related activities continues in the current CCF. In the year 2003, GEF will provide USD 6.2 million, which represents

Table 3.6: Egypt: Non-core Financing by Main Sources of Funds, second CCF 2002 – 2006 (USD Thousands)

Non-Core	2002 – 2006	
	\$*	%
A. Multilateral and Bilateral Donors		
USAID	376	2
Government of Denmark	460	3
Government of Japan	1,157	7
Government of Netherlands	457	3
Government of Italy	11,099	70
Government of Canada	190	1
Government of Finland	119	1
World Bank	645	4
Other (SWISS + IFIs)	1,243	8
Subtotal	15,746	100
Percentage of Total Contribution (Donor % out of Non-Core resources)		23
B. Government of Egypt	39,751	57
C. Other Donors ¹	1,039	1
D. GEF	12,119	17
E. Montreal Protocol	1,050	2
F. Total (A + B + C + D + E)	69,705	100

* USD Thousands

Source: UNDP Cairo, Office

¹ Includes NGOs, UN Agencies, Program CS, thematic trust funds, C21

almost the total (USD 6.4 million) for the entire 1997-2001 period.

Table 3.6 disaggregates the sources of non-core funds for the whole 2002-2006 CCF. Within the multilateral and bilateral donor's share (23 percent of the total), two developments deserve to be noted.

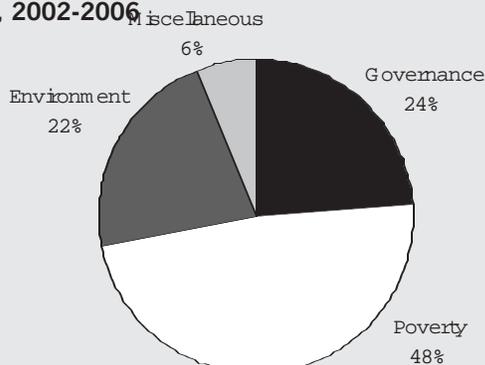
Table 3.7: Egypt: UNDP Resource Allocation by Thematic Areas, second CCF 2002-2006 (USD Thousands)

Source	Thematic or Priority Areas	2002-2006 \$	%
Core	A. Governance for Human Development	1,226	38
	B. Job Creation and Capacity Development	1,112	34
	C. Environmental Management	936	29
	D. Miscellaneous	41	1
	Subtotal	3,233	100
Non-Core	A. Governance for Human Development	16,354	23
	B. Job Creation and Capacity Development	34,200	49
	D. Environmental Management	15,015	22
	E. Miscellaneous	4,138	6
	Subtotal	69,707	100
Core + Non-Core	A. Governance for Human Development	17,580	24
	B. Job Creation and Capacity Development	35,312	48
	C. Environmental Management	15,951	22
	D. Miscellaneous	4,097	6
	Subtotal	72,940	100

\$ USD Thousands

Source: UNDP Cairo Office.

Figure 3.2: Egypt: Core And Non-Core Thematic Resource Allocation, 2002-2006



First, the emergence of the government of Italy as the largest donor, with an ex ante, contribution of USD 11.1 million, or 70 percent of total donations. Second, the decline in the share of USAID, which may end up being only USD 376,000 for the cycle in comparison to USD 1.5 million for the period 1997-2001.

Other donors whose share will probably decline are Canada, Finland, Denmark, and the World Bank. The GEF donation amount will double from USD 6.5 million in 1997-2001 to USD 12.1 million in 2002-2006.

Thematic Allocation by Resources

It is important to look at the allocation of resources, core and non core, to the thematic priorities in order to discern whether funds follow national priorities. The thematic taxonomy (seen in Table 3.7) is based on the current CCF.

At the level of core financing, the highest priority is governance for human development, with a share of 38 percent of total core funding. Job creation and capacity development follow with 34 percent, and environmental management receives 29 percent of all core financing.

At the level of non-core financing, job creation and capacity development have the largest share (49 percent of total non-core funding.) Governance for human development and environmental management both received similar shares of approximately 22 percent each. When both core and non-core resources are combined (see Figure 3.2), job creation and capacity development appear as the highest priority with a total of 48 percent of total funding. This seems well aligned with the global priority of poverty

reduction. Few, if any, factors have more to do with poverty alleviation on a sustainable level than job creation; this is fully consistent with the MDGs.

In disaggregating further the thematic priorities of the different sources of non-core funds (see Table 3.8), it can be appreciated that multi-lateral and bilateral donors also favor job creation, assigning 68 percent of their resources to this area. The first priority of “other donors” is the environment, where they assign 93 percent of their resources. The government of Egypt gives the highest priority to poverty-related areas by assigning it 59 percent of its contribution. The assignment of resources with strategic priorities is also consistent with the thematic transitions and greater focusing that took place between the CCF 1997-2001 and CCF 2002-2006 (see Table 3.9).

There is one analytical conclusion that flows inescapably from this overview of the observed structural changes that have taken place in the resource mobilization environment of UNDP Egypt in the last few years. That conclusion is that “resources follow projects.” It is the quality of projects that matter, and quality is largely what gives origin to resources.

The successful growth of non-core funding is the result, inter alia, of the

Table 3.8: Egypt: Non-core Financing by Main Sources of Funds and Thematic Focus second CCF 2002 - 2006

Non-core	2002 – 2006	
	\$*	%
1. Multilateral and Bilateral Donors		
a. Governance for Human Development	3,152	20
b. Job Creation and Capacity Development	10,697	68
c. Environmental Management	0	0
d. Miscellaneous	1,898	12
Subtotal	15,747	100
2. Government of Egypt		
a. Governance for Human Development	12,470	31
b. Job Creation and Capacity Development	23,351	59
c. Environmental Management	1,822	5
d. Miscellaneous	2,109	5
Subtotal	39,752	100
3. Others Donors ¹		
a. Governance for Human Development	732	5
b. Job Creation and Capacity Development	152	1
c. Environmental Management	13,192	93
d. Miscellaneous	132	1
Subtotal	14,208	100
Total (A + B + C)	69,707	

* USD Thousands

Source: UNDP Cairo, Office

¹ Includes NGOs, UN Agencies, Program CS, thematic trust funds, GEF, MP, and C21

convergence of the supply of “good” projects and initiatives by UNDP and of the demand for those projects by the government of Egypt and by the donor community. The result of the intersection of these supply and demands are partnerships around shared policy objectives. There is an “incentive compatibility” for each partner to maximize its own legitimate interest all under the aegis of a propitious environment

Table 3.9: Transition from CCF 1997-2001 to CCF 2002- 2006

CCF 1997 – 2001	CCF 2002 – 2006
High level of government cost-sharing	Search for diversification
Declining core resources	Further decline of core resources
Human Development Report	Further focus on local and governorate development
Low multilateral cost-sharing	Higher multilateral cost-sharing
Poverty reduction and job creation is main priority	Poverty reduction and job creation continuous main priority
Awareness of human development issues	Deepening of human development issues

provided for each stakeholder by the government of Egypt. Without this overarching support, not much would have been achieved.

A closely related second conclusion is that core financing continues to be indispensable. Those resources, over which the Cairo office has considerable discretion to allocate, remain of critical importance for the overall development performance of the office. Such financing is really “seed capital” to nurture projects that only an agency such as UNDP may be qualified to engender and support. Without core financing or without the additional resources that the CO generates from the non-core resource mobilization, it would be difficult to achieve as much as the CO has in the last few years. While it could be argued that the reduction in core financing has not really hurt the program in Egypt—and may even have had an unintended incentive to generate more non-core resources—this conclusion would not be warranted from a wider policy perspective. After all, a minimum of core resources, in absolute and relative terms, appears indispensable to deepen some key programs and projects where the UNDP Egypt has a comparative advantage to mobilize resources and nurture partnerships with other donors.

Two major and interdependent policy implications flow from these findings and conclusions:

- The appropriateness of the development strategy is what generates the funds.
- Strategic planning and good management pay off.

If the developmental strategy is on target, i.e., addresses the more severe

social and economic problems, there is a high probability that third-party resources will follow the projects that correspond to that strategy. It is for this reason that being “right” about development strategy is so critical. As the evaluation report has highlighted, UNDP has focused on a strategy aimed at critical institutional transformations and has been able to bring around it wide support by the government and by the donor community.

The second policy implication is that even the “right” strategy needs an efficient management team to implement it. The Cairo office, after the reprofiling that took place in 2001, has demonstrated the capacity to perform at high levels of management effectiveness. From a UNDP-wide perspective, the implication is that offices that can show exceptional performance should be given the right incentives to maintain such levels of initiative and results.

Resource Sustainability and Diversification

Having established that UNDP has been successful in mobilizing non-core resources, the question of sustainability arises, particularly with regard to what could be considered “excessive” dependency on co-financing from the government of Egypt. Assessing sustainability is, in general, an exercise in risk analysis. In the specific case of the UNDP in Egypt, this would involve:

- The probability of what could go wrong
- Finding ways to diversify the source of funds

This risk analysis should include not only considerations of durability over

time but also the underlying substantive matter that needs to be kept “right” and relevant. That substantive matter is what supports the sustainability of resource mobilization.

The answer to the questions “What could go wrong?” depends on how the government of Egypt and other donors see their partnership evolving with the UNDP. If they came to the conclusion that such partnerships should be phased out, then there would be a serious sustainability risk for resource mobilization. The counter balance of this would need to be a constant effort by the CO to stay focused on the “right” strategy for Egypt and to maintain its institutional and technical capacity to provide the government of Egypt with the support it may need over time.

Staying on target with the right strategy is not a static approach but one where the UNDP would need to be adapting and adjusting to the dynamics of the global parameters of the current strategy. This would involve staying one step ahead of the opportunities that may arise at the more specific micro-institutional settings in the policy environment. This is what will make resource mobilization sustainable over time—for example, making sure that the UNDP is building, in the right sequence, the blocks of a successful program towards local development and a stronger national—regional integration.

The process of diversification is related not only to reducing resource dependency from one particular third party but also to changing the modality of the support that UNDP may be giving the government. This may mean working

with the government to help it change its institutional in-house frameworks in ways in that will enable it to do, on its own, what it now does in conjunction with the UNDP.

According to the evaluation team, UNDP is fully conscious of these sustainability issues and is responding in two ways. First, by staying focused on the current strategy path and its dynamics while recognizing emerging issues. Second, by pursuing a policy of diversification that includes the private sector, as is evidenced by the ICT for development projects. These two approaches are interdependent, as the appropriateness of the development strategy is what gives rise to the partnerships that, in turn, bring about diversification. A good example is the new partnership with the government of Italy.

Forging Partnerships

A fundamental feature of UNDP’s approach to development cooperation is partnership. Between 1997 and 2002, 14 donors, including the government of Egypt, bilateral donors, UN agencies, and NGOs, have contributed funds to UNDP’s development work. Such partnerships form the basic fabric of the development and knowledge network for which UNDP has become renowned.

Following from the earlier section and what really deserves to be underlined is that the numbers reveal a process of policy convergence around key developmental priorities. Convergence of individual multilateral and bilateral donors around shared views about how best to help Egypt and how to be effective in doing it. UNDP instituted a “never

**A FUNDAMENTAL
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**A LARGE PROPORTION
OF UNDP EGYPT'S
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FROM THE GOVERNMENT
OF EGYPT.**

alone” policy to ensure that partners are involved in projects from the initial developmental stages. An example is the partnership with Italy and the debt swap mechanism. In October 2001, UNDP initiated a discussion process with the Italian Cooperation Office to review their respective portfolios and to explore possible joint-policy initiatives. UNDP made clear from the beginning that this was not a fund-raising opportunity, but the search for a thorough strategic partnership built around common advocacy interests and shared analysis of social and sustainable development. The proposals presented to the Italians represented critical and central innovations for the overall program of UNDP. As a result, UNDP was able to access funds from the Italian Debt Swap mechanism, which is locally managed by the government and the Italian Embassy.

UNDP and the Egyptian government have forged a solid partnership over 40 years of cooperation, reflected in the large government cost-sharing contribution to UNDP's programs. A large proportion of UNDP Egypt's resources come from the government of Egypt. A recent innovation in the partnership with the government is the decision to establish a database for development assistance to Egypt. UNDP will support the government's efforts to increase its technical capacity to more closely monitor donor-assisted projects as well as to evaluate their impact to ensure better matching of government and donor priorities. In addition, an external Assistance Management and Information System will be established in the Ministry of Foreign Affairs, which

will be able to indicate the volume of aid flows to particular regions of the country.

The Donor Assistance Group, DAG, is probably the most important informal network working in Egypt. It gathers donor countries and bilateral and multi-lateral agencies and aims at enhancing policy dialogue and coordination amongst its members vis a vis the government. There are more than 30 actors in the DAG and there are 22 UN institutions represented locally and often regionally. It has eight thematic sub-groups. An excellent example of the work of the DAG is the policy paper it prepared at the end of 2001 titled, DAG Position Paper on Social Development in Egypt for the Consultative Groups Meeting. The importance of this paper extends beyond the actual Consultative Group Meeting (that occurred in Sharm El-Shiekh in February 5-6, 2002), as it represents a commendable effort at coordinating policies from different perspectives. In addition, UNDP is playing a major role in a joint donor initiative to advocate for a Poverty Reduction Action Plan. The appointment of the UNDP Resident Representative in Cairo as Chairman of the DAG is a recognition of UNDP's capacity to coordinate and to enhance the contribution of each member and of the Group as a whole. UNDP's participation in the DAG also provides a strategic entry point for it to further expand its partner base.

Apart from the government and bilateral donors, UNDP has also managed to forge close links with the private sector. This link with the business community will be further reinforced through the projects in the IT sector and job creation

already referred to earlier. Civil society organizations are also important partners, especially in the environment programs with GEF and in some sensitive areas such as human rights.

Opportunities for Joint UN Programming

A critical component of UNDP's functional entry points is the identification of opportunities for joint UN programming. UNDP has actively sought to develop partnerships with other members of the UN family in Egypt. UN coordination has been strengthened and the UN country team has been involved in a number of joint inter-agency exercises, such as the production of the Common Country Assessment and the UN Development Assistance Framework.

Recognizing the value of collaborative work and building upon the comparative and substantive capacity of different agencies, funds, and programs, over the last few years, UNDP has consistently identified programs to work together.

A key example is the UN joint program established in 2002 in support of the NCW that draws upon the collaborative and financial support of four UN agencies and funds: UNDP, UNICEF, UNFPA, and UNIFEM. The joint collaboration ensures a more effective and catalytic contribution to the enhancement of the development process (see Box 3.6).

Within the framework of the UN 10-year program to improve the quality and level of girls' education, the UN team in Egypt, UNICEF, ILO, UNDP, UNIFEM, UNFPA, UNESCO, and the World Bank jointly supported the NCCM and the Ministry of Education in

Box 3.6: The Success of the NCW

The most remarkable achievements of the collaborative program in the area of capacity building include the development of a functional and operational technical secretariat for the NCW that is able to fulfill increasing workloads on implementing mandated roles and responsibilities of the Council. Second to this is the self-expressing success in assisting NCW to anchor itself politically through a number of high-profile activities. Today, the NCW technical secretariat has a corporate image, prestige, networks, and well-respected presence as an organization. The collaborative program contributed knowledge and both financial and management resources towards building these. It also invested heavily in human resource development and created in-house training management capacity. (Independent Evaluation Report of the Joint Program 2002.)

organizing a workshop to identify a UN joint program on girls' education in Egypt. Following this, the UN team signed a joint UN project to build the capacity of NCCM to coordinate the preparation of the National Action Plan for Girls' Education. The UN team led by UNICEF, established a technical secretariat within NCCM to follow up on the preparation of local plans for girls' education through a participatory process. Seven workshops were organized in the seven governorates where the gender gap in girls' education was more than 5 percent. The project provided technical support for the facilitation of the workshops, formation of the action plans, and synthesis of the seven local plans to prepare the National Action Plan for Girls' Education.

To raise collective and individual awareness on violence against women, harmful practices, and rights of the girl child, UNDP and the NCCM initiated an extensive preparatory process that involved the National Taskforce on FGM

Box 3.7: FGM-Free Village Project Determined to Make a Difference

The effects of female circumcision, otherwise known as female genital mutilation (FGM), still blight the lives of millions of women across Africa and the Middle East. In many parts of Egypt, the practice is an expression of female disempowerment. But today, Egypt's anti-FGM campaigners have another ally in their cause to stamp out the practice that often leaves women in pain and causes health problems during their lives.

UNDP and the National Council for Childhood and Motherhood (NCCM) are the heart of a high-profile coalition of national and international organizations that have pooled funds to support a campaign to stop FGM in 60 villages across six pilot governorates in Upper Egypt. But the USD 2.6 million project faces numerous challenges in changing societal attitudes. Female circumcision is a longstanding practice in Egypt and is deeply rooted in inherited traditions and popular beliefs. Local communities and families often believe that circumcision will preserve the chastity of young women and stop promiscuous behavior.

But according to UNDP Resident Representative in Cairo, Antonio Vigilante, "the truth is [sic] that FGM is based on ungrounded popular myths, has no roots in any religion, and in fact causes many long-term physical and psychological problems for women, while undermining their quality of life and sense of fulfillment." With surveys estimating that 97 percent of Egyptian women are circumcised, the project will set out to dispel these myths and give women back their dignity.

National authorities together with civil society and human rights activists have been struggling to eliminate this practice for years. In this context, the new project gains momentum, especially at a time when many laws and policies are being reviewed in today's Egypt.

Over a three-year period, the FGM-free village project will work to reverse existing community peer pressure and to convince people to emancipate themselves and their girls from the practice of FGM. The project will utilize various educational and training tools to educate families, community leaders, health workers, and religious leaders on how to work together to eliminate FGM. A social advocacy and awareness campaign is also part of the initiative and will be broadcast on national Egyptian TV and radio.

Sustainability of the project will be secured through creating strong networking between the local non-governmental organizations and community leaders on the one hand, and the NCCM together with governmental organizations on the other. Sustainability will also be ensured through the launch of a public advocacy campaign that will aim to change people's attitude and their way of thinking. Once the approach has been successfully tested and evaluated, the project will expand to other villages.

The project marks an important and innovative example of donor coordination. For many years, donors in Egypt have been of one voice in condemning the practice of female circumcision and according to Vigilante, who chairs the Donor Assistance Group, "the FGM project has challenged Egypt's donor community to go beyond loose collaboration and undertake joint program activities in support of national institutions. They have jointly advocated against this harmful practice and now they are practicing what they preach: jointly financing the project once the national institutions have taken the lead."

together with UN agencies and members of the Donor Assistance Group (DAG) to prepare the FGM-free village model project (see Box 3.7). The experience demonstrated the partnership initiative that is the first of its kind to moderate both vision and resources on a priority theme. The project was launched in January 2003, and since then, support to

the FGM has converged under the umbrella of NCCM on the national side and under UNDP (as the coordinator of DAG and UN agencies' support) on the international side.

UNDP has also strengthened its partnership with the UN volunteer (UNV) program through a volunteer strategy with a link being made with

volunteerism as a development tool. This goes beyond just fielding volunteers. Over the course of the last three years, UNV played an instrumental role in providing volunteers to the initial UNDP ICT project through the Technology Access Community Centers. In addition, UNDP is working with the UN country team to put in place a system to monitor progress towards achieving the MDGs at the country level.

CO Management

The ADR team would like to highlight the structural changes introduced by the management of the CO to become far more focused and policy oriented. The CO established the Policy Group, which has the mandate to monitor and direct the CO's policy and advocacy portfolio. The establishment of this group was an internal response that the CO adopted in order to align its operations with UNDP's corporate definitions of a policy advocacy organization. The CO also reorganized the structure of the office, replacing the traditional hierarchical structure, which had senior management at its apex, with a flat round structure, with senior management, administration, and the Policy Group at its center, encouraging a more proactive and decentralized approach. This restructuring rests on greater delegation of authority, encouraging innovation, and has had the effect of multiplying the number of opportunities for creating partnerships, mobilizing resources, and communicating key policy messages. In addition to the Policy Group, a new integrated program section, coordination unit, and communications unit was established.

In the context of this change, the role of national officers in UNDP has been further strengthened, in that all program staff are encouraged to be advocates, policy advisors, and communicators with government, civil society, donors, and other partners. This change in role is important for two reasons: first, it entails an empowerment of the staff and a continued focus on policy (in terms of future leadership changes); second, it requires a change in the culture of its staff as the UNDP transforms from a technical cooperation agency providing operational support to a policy oriented one .

An additional aspect in the internal management of the CO to be highlighted is the introduction by the CO of the results based management (RBM) approach in its planning monitoring and reporting process in 1999. Following that introduction, the CO has worked to integrate the RBM culture into the office through a number of initiatives, such as training program and project staff in RBM concepts and practice as well as adopting a results oriented project management system. The system translates the RBM approach into a system that enables planning, monitoring, reporting and managing of results at the

Box 3.8: Poverty, Gender and Governance are Better Dealt with through Local Choices

Decentralization per se is not what matters. After all there are many national public goods, like monetary policy, that are more efficiently delivered in a centralized way. What decentralization brings is enhanced effectiveness, because it is at the local level that poverty, governance, and gender problems confront the state in the first place. It is at that level where the most relevant information is available and where solutions can be tailored to the particular circumstances of that particular location. The local level is where government really begins and where it should end.

level of UNDP projects across the Egypt. The system represents a significant shift towards improved accountability of results at the project level.

In summary, the evaluation team found that UNDP responded well to the key national development priorities and challenges. Of importance is that UNDP went beyond just advocating and brought lessons learned from its piloting and demonstration activities to the national agenda. In addition, it linked its entry

points of information/advocacy, pilot setting, and partnership to apply them to the critical areas of unemployment, governance, and environmental management.

The evaluation validates, as already mentioned, the focus on governance and the identification of local development as a key entry point to addressing poverty disparities. The evaluation team finds that the strategic position UNDP has carved for itself will enable it to make a contribution to Egypt's social and human development.



4 Development Results and the UNDP Contributions

The ADR recognized two main categories of results by the UNDP:

- Institutional achievements
- National policy/action plan and legislative changes

The institutional achievements refer to new institutional capabilities and practices established and functioning within the national structures that were influenced by UNDP's work. The national policy, action plans, and legislative changes refer to those during the ADR review period towards which UNDP made a significant and acknowledged contribution. At the same time, the ADR team acknowledges that UNDP is but one partner in many in working towards outcomes and that national results are attributed primarily to the government.

While the focus of the ADR in Egypt is on strategic positioning, an important aspect of the ADR is an analysis of national development results and UNDP contribution to these, including how well UNDP positioned itself in identifying key areas of intervention and responded to the evolving development situation and difference it made to national development in Egypt. The ADR approach does not seek to draw a direct link between UNDP's work and the changes in Egypt's ultimate HDI. The ADR looks to find credible links where results can be attributed to UNDP.

POVERTY ALLEVIATION AND HUMAN DEVELOPMENT

UNDP started the decade of the 1990s with an innovative approach in technical cooperation through the establishment of a think tank, composed of Egyptian intellectuals from different disciplines, to address at the policy level the social challenges and the real living conditions of Egyptian citizens. The think tank identified critical gaps and called for strategies to create preconditions for sustainable development. These included:

- How to bring the social dimension into the process of macroeconomic reform to mitigate the negative impact of structural adjustment policies on the poor;
- How to strengthen people's capabilities;
- How to evolve holistic systems of planning and program implementation;
- How to activate civil society's involvement in mainstream development.

The think tank's work indicated the need for production of a human development profile for Egypt as a basis for formulating sustainable human development strategies. The Institute of National Planning was identified as the appropriate national institution to undertake independent analysis, to upgrade the database, and to establish an HDI for Egypt.

With the support of the government, through the Ministry of Planning, and with UNDP, the Institute produced the first EHDR in 1994. At the time when this first EHDR was produced, Egypt's ranking in terms of human development in the global human development report

was 124 out of 173 countries (HDR 1993). Aply, the first EHDR questioned why Egypt with its rich cultural heritage and significant social concerns ranked so poorly.

The release of this report made a national impact and was used by UNDP as a model for other NHDRs and was shared with all UNDP offices. The report, although criticized for the shortcomings of the data used, brought the glaring geographic and gender disparities in Egypt into sharp focus. Concerned with the uneven development, the Minister of Local Administration, with the Institute of National Planning and UNDP, convened a roundtable of all the 26 governors in July of 1994 to examine the causes of the disparities and identify practical and effective solutions.

The governors agreed on a unique and bold 21-point declaration, which endorsed the holistic concept of sustainable human development. It also made a commitment to creating an effective mechanism to translate the concept into action. The creation of the governor's roundtable and review of the report and implications in the governor's forum linked analysis and policy debate to decision making. One notable impact was the transformation of the Governors Forum into a government institutional arrangement—the Cabinet of Governors, a monthly meeting between all governors and line ministries under the auspices of the Prime Minister.

The EHDRs, as a flagship advocacy tool, have raised awareness about human development issues and directed attention to the social dimensions of

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development and the implications of economic reform on people. This role has become increasingly critical as the gap between growth and social development persists. The EHDRs published to date have served as an advocacy tool for a variety of government and non-government human development causes and interests in the government, the opposition in parliament, governorates, ministries, civil societies, the media, the donor community, and others. In some cases, the EHDRs have contributed to the budgetary formation process whereby governorates use them to argue their case for resource allocations from the central government. The EHDR provided a stimulus for governors, most of whose background is law and order, to become familiar with development problems and concepts.

A significant result of the EHDR and the consistent message of human development was translated into major level policy statements and initiatives at the highest level by the government of Egypt. In 1999, an International Consultation on Social Development was held in preparation for the National Conference for Social Development in 2000 as well as the International Process for the Social Summit in Copenhagen and its follow up. The conference was intended to assist national policy makers in identifying the most effective approaches to promote social development in Egypt.

In her keynote address, H.E. Mrs. S. Mubarak recalled that the economic reform initiated in 1991 had brought abundant fruits in terms of higher rates of economic growth starting from 1993. But

the acceleration in economic activity promoted by structural adjustment did not have the expected impact on social development. President Mubarak emphasized the need for evenness in development and declared, “Economic security and comprehensive development can only be achieved by giving priority to human development in our national plans and in our economic and social programs.” Although notable achievements had been made in all social sectors, there was a need to formulate social strategy that would integrate sectoral programs into a coherent whole and thereby strengthen the overall impact of social policies on the disadvantaged.

Through the NHDR and other policy initiatives, UNDP has been able to pave the way for an open dialogue on poverty. One result was the greater openness to acknowledging poverty in the country. In comparison to previous years the word “poverty” is now acknowledged and used in public speeches. This is further evidenced by the DAG position paper on Social Development for the Consultative Group Meeting 2001, in particular, its support to the government to develop an anti-poverty action plan.

LINKING THE MACRO TO THE MICRO

Lessons have shown that policy impact is more likely when linked to downstream pilot initiatives that can demonstrate potential results in a concrete manner. Given the tight resource constraints that contrast with the large scale of social and poverty problems in Egypt, it is unreasonable to expect a marked direct

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impact of the Country Program on satisfying basic needs and eliminating social-economic disparities. Rather than attempting to achieve direct impact alone, UNDP used its limited TRAC funds to leverage considerable donor and government resources to reduce poverty through the SFD. Support to the SFD is the largest of any UNDP project.

**HUMAN DEVELOPMENT
AS A PROCESS OF
ENLARGING PEOPLE'S
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Egypt's SFD, established in 1991, is an important government initiative that not only serves as a social safety net to cushion the short-term adverse affects of the stabilization and reform program but also has indirectly begun to serve as a vehicle that highlights the need to focus public policy at the grass roots level. It has evolved into an important organization in Egypt for the efficient implementation of programs for poverty reduction.

Coupled with the rhetoric on poverty alleviation, UNDP initiated a pilot project with the SFD on the development of the microfinance sector through Microstart in 1999 (Box 4.1). The project, a pilot for sustainable microfinance based on international best practices, is a model for future replication and being mainstreamed into the SFD's larger lending operation.

Linked to this is UNDP's support to the government to create a national employment program. This program includes training, upgrading and modernizing employment services, upgrading labor market information, developing emergency employment schemes, and developing a strategy for small-scale sectors to absorb labor. This is reflected in the change to the labor law, the establishment of an agency for Small and Medium Enterprise (SME), and the

policy to encourage National Banks to give credit facilities to SMEs.

PUTTING GENDER ON THE AGENDA

Human development as a process of enlarging people's choices cannot occur when the choices of half of humanity are restricted. UNDP places the empowerment of women high amongst its overarching goals at the corporate level. In terms of gender, UNDP Egypt's support is evidenced by the sharp difference between the content of the first and second CCF, underscoring the fundamental political change at national level in favor of women's advancement. The establishment of the NCW in 2000 provided the opportunity for more substantial and catalytic support.

The NCW was entrusted with the task of empowering women economically, socially, and politically, thus requiring close cooperation between the Council, line ministries, and other government and non-government entities and the media. Without high political leverage, this could not have been possible, as the Council enjoys the double advantage of reporting directly to the Presidency and having the First Lady as its President.

To promote gender mainstreaming at the national level, UNDP took the lead to strengthen the Technical Secretariat of the NCW to adopt a participatory approach to prepare the National Framework for the Advancement of Women, which was presented to and endorsed by the Second Conference of the Council in March 2001. Based on this document, UNDP supported the Council to mainstream gender in the

Box 4.1: Microcredit and High Tech Generate Livelihoods in Egypt — More than 600,000 People a Year Seek Work in Tight Market, by Joseph Vess

Every year, Egypt's population grows by some 1.1 million people, and approximately 600,000 new entrants flood the job market. As a result, creating new job opportunities and reducing poverty are key government priorities. Nationally, unemployment now hovers above the 10 percent mark, while an estimated 40 percent or more of the population earn a living working in micro or small-scale enterprises in the informal sector. Indeed, small enterprises are being seen as one solution to the glut of new labor. Already, small and micro enterprises provide 77 percent of jobs in the non-agricultural private sector, and the government expects informal sector enterprises to employ half of the annual new entrants to the labor force over the next 20 years.

Started in 1999, the MicroStart program is one of many ongoing projects where UNDP is assisting Egypt's efforts to create jobs and reduce poverty. UNDP is also assisting in the national employment program, which is being implemented in coordination with the Prime Minister's office. This program aims to develop an employment-intensive growth strategy, improving the development of the Egyptian labor force with an eye toward making it more internationally competitive and creating a more conducive environment for innovation and development, all stumbling blocks for Egypt in the past.

Generating More than 6,000 Job Opportunities in Fayoum

Fayoum is Egypt's largest oasis. It contains acres of green fields, palm trees, and lakes that make it stand out from the Sahara desert like a lone star on a dark night. But the economy is largely agrarian, and many farmers continue to till their fields the way their families have for generations.

In less than three years of operation, MicroStart Egypt has generated a total of 6,437 jobs in the governorate and has lent millions of Egyptian pounds to Fayoum's working poor, many of whom are no longer quite so poor.

MicroStart Egypt's loan capital is provided by the Social Fund for Development, which decides which local non-governmental organizations (NGOs) to fund. UNDP, with a focus on strengthening NGOs, provides financial training for MicroStart administrators and provides technical assistance about microcredit implementation and best practices in other developing economies.

The loan recipients are primarily economically-active poor women. They are usually enthusiastic about expanding their businesses, whether they are farming, weaving baskets, or selling candy, snacks, and cigarettes from a corner kiosk. They are between 21 to 60 years of age, and most have incomes of less than 400 Egyptian pounds or USD 71 per month. Currently, 62 percent of the recipients of MicroStart loans are women, well more than the initial target of 50 percent women.

The loans carry a 16 percent interest rate, usually over 12 months, a rate that is high enough to make sure that repayment is taken seriously and that also allows local NGOs to reinvest and expand their programs. The interest rate is a little higher than the commercial banks to guarantee the sustainability of the microfinance institutes and to cover risk as well as the running cost in the absence of the collateral. The loans, which range in size from no more than USD 215 for the first loan to a maximum of \$445 for the second, have a 99 percent repayment rate. As a result, the NGOs have been able to sustain their program by themselves.

"The vision of MicroStart is to activate the people and make productive villages," explains Ahmed Abdel Akher, the Social Fund for Development's Fayoum regional office manager. "It will also decrease poverty and unemployment in Fayoum, but we need to expand into other districts." The Fund hopes to enlist at least ten more microfinance institutions into MicroStart in Fayoum over the next five years, and later on perhaps expand even further in Egypt.

THE NATIONAL FIVE-YEAR PLAN 2002-2007 WAS ENDORSED BY PARLIAMENT IN EARLY 2002 AND CLEARLY REFLECTS THE GOVERNMENT'S VISION FOR THE ADVANCEMENT OF WOMEN.

Fifth National Five-Year Plan (2002-2007). This was achieved through:

- Organizing several sensitization and brainstorming sessions with planners in 21 line ministries;
- Partnering with UNIFEM and national research institutions to develop manuals and conduct training on gender planning, strategic planning, gender responsive budgeting, and auditing;
- Designating Equal Opportunity Units/ Focal Points in different line ministries;
- Organizing one-on-one meetings with planners in the different line ministries to discuss specific projects and programs in sectoral plans.

UNDP actively pursued mobilization of resources and used the advantage of being part of the DAG and Gender Sub-Group to enlist other agencies in a Joint Collaborative Program. The first three agencies to respond to UNDP's call were UNIFEM, UNICEF, and UNFPA.

The National Five-Year Plan 2002-2007 was endorsed by Parliament in early 2002 and clearly reflects the government's vision for the advancement of women. This is evidenced by the budget and resources allocated for women-specific projects and commitment to ensuring that women benefit from development projects undertaken by the different ministries and at the local level.

In addition to the NCW, the NCCM is also mandated to mobilize support to women and children. With regards to the NCCM, UNDP was also instrumental in supporting the council to coordinate and lead the formation of the National Action Plan for Girls,

which was integrated in the National Five-Year Plan 2002-2007. UNDP also provided both councils with the professional capacity to deploy the tools for results-based management in the development of their strategic orientation and in resource mobilization.

BUILDING HUMAN, SOCIAL, AND INSTITUTIONAL CAPITAL: ICTS FOR DEVELOPMENT IN EGYPT

While the ADR covers the period 1997 to 2003, it is important to highlight support prior to this period that has had a significant contribution to development results. In this perspective, it is necessary to examine the catalytic institutional capacity building support that UNDP initiated in the area of ICT.

In 1985, the IDSC was established with UNDP support to assist the Egyptian Cabinet's decision-making process in socioeconomic development and to serve as a catalyst for building Egypt's information infrastructure. It has since evolved into an instrument for building a national information infrastructure and Egypt's IT industry. The IDSC, with strong government backing, supported the introduction of the Internet in Egypt in 1993. To begin with, the IDSC and the Regional Information Technology and Software Engineering Center, provided Internet services free of charge for three years to government agencies, NGOs, and private companies in order to increase awareness and boost the number of users in sectors such as trade, healthcare, and social services. IDSC also established more than 1,400 information and decision support centers in all of Egypt's

governorates as well as in the capital, major cities, and more than six hundred villages. While these centers were initially constructed with a primary focus on supporting government users and clients, they have broadened their services and are seen by locals as gateways to ICTs. These local IDSCs have trained well over 200,000 people in the last four to five years. The IDSC has also initiated Internet road shows, such as a summer 2001 Nile boat show that exposed Nile villagers to the internet.

IDSC has also helped provide the Internet to numerous ministries and has launched various Web sites on Egypt, such as the national tourism and health sites, some of which have evolved into full-blown operations. Working alongside the Ministry of Industry and the General Organization for Investment, the IDSC has also helped improve Egypt's environment for software business development by modifying the Copyright Law to protect computer software and databases against piracy. A database has also been established to help promote awareness of intellectual property rights at local, regional, and international levels.

Since its foundation, the IDSC has also been instrumental in helping to improve Egypt's institutional capacity. For example, the IDSC has participated in public-sector reforms by providing support to the government for the economic planning process and has helped the government form the policies for its structural adjustment program. Concerted efforts were undertaken between the Central Bank of Egypt, UNDP, UNCTAD, and IDSC to help form a debt-management

system. The IDSC has also established a comprehensive database for Egypt's natural resources to allow for their optimal use and allocation for sustainable development. The Egyptian Environmental Information System was created in partnership with UNEP and the Egyptian Environmental Affairs Agency (EEAA).

The Egyptian government created the MCIT in September 1999 to strengthen further ICTs' positive impact on human development and to help make ICT development a national priority. The MCIT's National Plan for Information and Telecommunications Development includes disseminating modern ICTs throughout Egypt, developing an internationally competitive local ICT industry that will create jobs (see Box 4.2), and producing ICT systems that can be used to enhance productivity, improve living standards, and provide an enabling environment for business.

Through its partnership, UNDP has helped the Egyptian government define a vision for the use of ICTs to speed up human development. This vision includes increasing employment chances in the ICT sectors and developing an information society that can aid in the fight against poverty.

ENVIRONMENT: THE RISE OF ENVIRONMENTAL CONCERN AS A POLITICAL ISSUE

Unlike the industrial states in Europe and the United States, where environmental concern started through grassroots movements that managed to influence decision makers and put environmental issues on the national and international

THROUGH ITS PARTNERSHIP, UNDP HAS HELPED THE EGYPTIAN GOVERNMENT DEFINE A VISION FOR THE USE OF ICTs TO SPEED UP HUMAN DEVELOPMENT.

Box 4.2: Internet Cafes and High-Tech Jobs

Egypt's job creation plans go well beyond small traditional enterprises, and the government has made a major push to promote Internet access and the development of computer skills to generate employment opportunities. Only an estimated 2.5 million of 70 million Egyptians have regular Internet access, and although that number is growing, a home or office computer is beyond the means of most of those Egyptians. Many professionals and students rely on low-cost public centers to seek access to the outside world.

These technology centers have helped spawn new businesses. In Zagazig, the capital of Sharkeyya governorate, which lies north of Fayoum and Cairo in the heart of the Nile Delta, the establishment of a Technology Access Community Center has been accompanied by the opening of at least 20 independent Internet cafes. Zagazig became wired in 1999 due to the efforts of UNDP, Egypt's Ministry of Communications and Information Technology, and local investors.

Esam Rizk, the center's director, estimates that approximately 340 jobs were created indirectly last year, thanks largely to training courses in subjects like html, Photoshop, and general computer and Internet use that exposed Zagazig's citizens to skills they would not otherwise learn. Mr. Rizk also noted that the center allows people in all walks of life, especially those who rely on cutting-edge research such as medicine and agriculture, to do their jobs better and more efficiently.

The true beneficiaries of Egypt's push to develop information technology will be the country's youth. At present, 80 percent of the center's patrons are under the age of 30, and 40 percent are under 20. Fourteen year-old Mohamed Hesham has been coming to the Zagazig center since it opened, and after teaching himself Web design on the Internet, he is making money designing sites for a poultry company and a group of architecture students, among others. Salwa Ali, a former employee of the center who designed an online course in computer skills that is still used, opened her own Internet café three years ago. Women make up nearly 40 percent of the center's patrons, providing many educational opportunities they might not otherwise have in a country where only one third of the women are literate.

Tech Skills Attract Employers' Attention

These added skills attract the attention of employers in Cairo and Alexandria who have farmed out work to people in Zagazig, or, in some cases, have even opened offices in the city, where labor costs are cheaper. The Zagazig tech center maintains an online database of jobs for prospective employers and for job seekers. These postings include offers from other Arab countries, which often look to Egypt for qualified Web developers.

"UNDP was the only organization wanting to introduce information and communication technology into Egypt," explained Karim Kasim, the community service focal point for the Information and Communication Technology Trust Fund, a division of Egypt's Ministry of Communications and Information Technology that administers the community centers. "People had no idea of IT before. There was only one Internet service provider at the time and it was expensive, even for middle-class society." Kasim calls the centers "a unique example" of the government, UNDP, and the private sector working together. The success of the Technology Access Community Center, as well as the firm belief that the IT industry will be playing an increasingly critical role in Egypt's development, has laid the foundation for a new USD 11 million program, which will expand IT projects across the country during the next two years. Supported by UNDP, Egypt's Ministry of Communication and Information Technology and an Italian debt-swap agreement, the program has the potential to create many more jobs as well as introduce hundreds of thousands of Egyptians to the benefits of IT.

political agendas, in Egypt it was the state that first demonstrated interest in environmental issues. Environmental protection acquired an important position on the government agenda for three reasons:

- The willingness of foreign donors to provide financial support for environmentally sound projects encouraged the government to meet certain environmental standards.
- In pursuing a nationwide strategy for development, the government has come to acknowledge the indispensability of environmental protection as a requisite for sustainable development.
- The government desires to be a role model for developing countries and maintain a position of leadership in the region by following the international community in its environmental concern.

Egypt has participated in all declarations related to the environment since the Stockholm Declaration in 1972 and has ratified more than 35 conventions relating to environmental activities. Egypt also took part in the African Ministerial Conference of the Environment, the Council for Arab Ministries Responsible for the Environment, the Mediterranean Ministerial Council for the Environment, and the Organization for Cultural and technical cooperation. Given the rise of environmental protection as a policy consideration, the government relied on the following strategies for institutionalizing this concern: establishment of coordinating body for policy formulation and environmental management (i.e., EEAA), development of a

national action plan for execution of environmental activities, and creation of the legal frame work necessary for the implementing of environmental policies.

UNDP support has managed to cover the core of environmental problems in Egypt by addressing both environmental management mechanisms and key environmental problems. In the area of environmental management, UNDP supported the creation of a policy unit to strengthen the capacity of the EEAA and the Ministry of State for Environment, the reformulation of the NEAP, and the preparation of Egypt's Initial National Communication on Climate Change.

A key result of UNDP's intervention in environment is the reform of the NEAP. With the support of UNDP, EEAA managed to learn from the criticism that was directed toward the first NEAP of 1994 and to formulate a more integrated plan for 2002 to 2017. The first plan that was formed under the supervision of the World Bank was criticized as lacking prioritization of environmental degradation and not paying attention to the relationship between poverty and the environment. The second plan involved an extensive and innovative consultation process reaching more than 400 stakeholders from central government, local administrations, the business community, media, NGOs, national universities, the scientific community, and "special" groups such as women and youth. The scale and depth of the participation of the NEAP exercise is unprecedented in the context of national environmental planning and has contributed significantly to the

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construction of a common environmental agenda. In addition to providing useful planning tools for policy makers and donors, products such as the NEAP, Environmental Profile of Egypt, and digital environmental atlas (the latter two are unforeseen outputs that have resulted from the NEAP process) offer didactic value and could assist capacity development and awareness-raising activities within local government, professional associations, universities, and schools, provided they are adapted to the target audience.

It is clear to the evaluation team that UNDP's work in Egypt has had a significant bearing upon recent national policy and institutional change. One of notable areas in which UNDP has had significant influence is in the establishment of a Social Development Agenda for Egypt that takes into

consideration the aspects of human development. Also, UNDP has kept a constant focus on the thematic challenges of Egypt—poverty and job creation—and has initiated some innovative responses using ICT for development.

The ADR team believes that UNDP is on the right track in meeting the outcomes defined in its SRF, but more so in supporting the government in addressing and sustaining the MDGs. The assessment did not identify any major areas of UNDP failure in Egypt and further recommends that UNDP Egypt be considered a country-level success story. UNDP Egypt has been able to aptly balance the thematic priorities with the functional linkages. However the ADR would like to note that the political and macroeconomic situation in the region could very easily turn the tide and UNDP needs to be constantly aware of this.



5 Lessons Learned and Recommendations

KEY LESSONS AND ISSUES

The ADR team found that UNDP has certainly contributed significantly to the changing development context in Egypt in two ways in particular.

The first way is through addressing the relevant thematic areas of governance, poverty, and environment. UNDP support was consistent but became more focused and refined following the lessons of the first CCF as well as following the recommendations of the Country Review in 2000. As the report has already noted, the thematic concentration evolved from the experience of the first CCF but was also in response to the government's changing needs—such as the support to the NCW or the specific targeting of job creation in the area of poverty. While UNDP has addressed gender as a cross cutting element and while it is reflected in the programs of poverty, governance, and environment, the evaluation feels that this is one area that could be further strengthened building upon existing partnerships and experiences.

The second way the UNDP has contributed to the changing development context is through the establishment of a conceptual framework and identification of key links/entry points that allowed it to take informed risks on selected advocacy initiatives. In establishing this framework, it should be noted that the CO made a concerted effort to

change the way it does business normally. The ADR found that the CO had created a platform for a more focused and policy-oriented program—putting the office ahead of the policy curve. As a result, there was a noticeable increase in UNDP’s upstream activities.

The evaluation team was able to attribute this shift to the change in management in the CO. The new leadership in the office had the foresight to reshape UNDP as a legitimate and strategic partner, providing relevant and effective policy given its resource constraints. The CO leadership was able to capitalize on the past experience and to build upon existing relationships with the government to introduce the changes.

An important conclusion for the evaluation is that the UNDP program became more relevant to Egypt’s national development priorities and it targeted resources more strategically to areas where UNDP could make a discernable difference to the development situation. A critical example of this is the recent NHDR and accompanying activities with a focus on local development and participatory planning, which have been identified as key in terms of addressing the challenges of Egypt.

In undertaking its analysis, the ADR team found that the following key elements account for the success of UNDP in Egypt.

- UNDP’s position as a trusted and leading partner in overcoming development challenges
- Capability to mobilize resources and to build wide constituencies for change and political anchoring

- Advocacy and information for policy dialogue

Trusted and Leading Partner

In the area of governance, UNDP capitalized on its comparative advantage of being an impartial and trusted partner of the government to work on increasing public awareness on human rights and initiate a capacity-building program through the training of members of the justice system and media. This is a milestone, as human rights are a sensitive issue in Egypt. Furthermore, UNDP lends legitimacy, as was expressed to the evaluation by the MCIT. UNDP is no longer viewed as just a post box for funding but an important partner that brings ideas and other partners to the table. This is clearly evident from the ICT programs that have enabled the donors, the government, UNDP, and private sector to come together to support Egypt’s vision on ICT for development.

Resource Mobilization and Constituency Building

UNDP clearly recognizes that the government is its main partner and this is reflected through the large government contribution in cost sharing as a percentage of non-core resources. At the same time, co-financing with other partners has also emerged as a significant source of funding for UNDP. The fear in this is whether such large amounts of non-core funding will undermine UNDP’s substantive focus or the sustainability of its activities. In line with this, the evaluation found that the partnerships are based not just on resources but also on a convergence on strategic programs. UNDP succeeded in

UNDP IS NO LONGER VIEWED AS JUST A POST BOX FOR FUNDING BUT AN IMPORTANT PARTNER THAT BRINGS IDEAS AND OTHER PARTNERS TO THE TABLE.

promoting a number of joint donor policy initiatives such as the Poverty Reduction Action Plan, the human rights training program for the police and the judiciary, the initiative on stopping female circumcision, and the clearance of landmines. Through its partnership with the MCIT, it was able to develop a partnership with the mechanism for the Italian debt swap.

It should be recognized that UNDP has taken considerable efforts to diversify its resource base but at the same time recognized that, in the long term, the government will always be the most significant partner, especially as donors decrease resources. However the ADR would like to point out that in order for UNDP to ensure a certain independence of strategic interventions, there needs to be a minimum core-resource base.

The lessons learned from UNDP's ability to transform its way of functioning into a strategic policy-oriented organization while increasing and diversifying its resource base serve as an example for UNDP as a whole. The ADR found that leadership is key in this transformation.

Providing the Information to Shape Policy

UNDP Egypt provides a success story in examining advocacy tools and the use of information to advance issues on the national agenda. The use of the NHDRs for supporting social policy reform has been mentioned already. But in addition, the ability of the office to use other global-level advocacy tools to promote areas of work is very important. In particular, the evaluation noted the use of

the AHDR as means of justifying activities such as the program on political empowerment for women. UNDP's work with the government has highlighted that development in the country is far from being uniform—this analysis has been supported by the NHDRs and the MDG report. In line with this, support to the national institutions to monitor poverty and development trends as part of a poverty mapping exercise is extremely critical in terms of targeting those poor populations. This also enables UNDP to position itself in terms of emerging issues and to address the question of local development.

UNDP's role in using information and creating public awareness to induce change is in fact supported by work undertaken by three eminent economists in the area "information economics" who received the Nobel prizes in 2001. The ADR highlights four of their tenets that apply to the relevance of UNDP Egypt and its ability to position itself where it counts most:

- Information, imperfections, and asymmetries are pervasive in all economies.
- Most economic markets lack information and political markets tend to be even more deprived in terms of information.
- One of the key roles of the state is to generate information and to support an environment conducive to a growing demand for information.
- Information affects political processes as well as economic ones.

UNDP has in effect put all of the above into use by supporting initiatives such as the EHDR, partnerships with the

media, and the social marketing initiative. All of these are designed to generate new information and to raise public awareness about key social problems, further generating a good proxy for demand for change and for institutional innovations.

From the above, an important lesson learned is that UNDP can and should play a pro-active role in triggering processes of change to induce demands for policy innovations. While this has political risks, not doing much about what matters also carries risks.

FUTURE DEVELOPMENT CHALLENGES AND VISION

The issues that emerge from the ADR and merit continued support to ensure an equitable and sustained human development to break the cycle of poverty are the following:

- Poverty and Disparity: Reducing disparities; increasing access to productive, remunerative employment; and promoting inclusion are viewed as essential for political stability and continued growth. There is a continued need to help identify discernable pockets of deprivation and to better understand the disparities that emerge from analyzing local human development.
- Participation and Human Development: There is an important relationship between participation and human development that requires an increased emphasis on grassroots participation and its role in local development. As articulated in the EHDR 2003, in order to improve the quality of life of all Egyptians, there is a need for structural and cultural change that will strengthen

the culture of participation, democratization, and decentralization.

Given that the UNDP office is well positioned in Egypt's policy-making environment, it is important to ask the question of where it should focus over the next five to ten years. Where should it accompany the government of Egypt in deepening the furrows it has already sown? This means answering the question of what policies and projects have the most externalities for sustaining human development over the long haul. While there are a number of possible answers, the evaluation team would like to recommend the following three interdependent areas:

- Regional, local, and village (social and fiscal) development
- Poverty reduction through sustainable job creation and enhanced quality of public expenditure
- Development and enhancement of institutional research on the key developmental issues of the country

No matter what the immediate future may bring, there is little question that Egypt has to seek its own "endogenous" sources of growth within its available resources. Regional, local, and village social and fiscal development offer the opportunity to increase economic and social welfare by simply applying basic principles of decentralization and subsidiarity to all public sector activities. This is also the way to better integrate the country and to give it more political cohesiveness.

Poverty reduction and a better income distribution are key long-term priorities of Egypt. The effective way to go about both is to support sustainable

**UNDP CAN AND SHOULD
PLAY A PRO-ACTIVE ROLE
IN TRIGGERING PROCESSES
OF CHANGE TO INDUCE
DEMANDS FOR POLICY
INNOVATIONS.**

job creation and to work on institutional arrangements that enhance the effectiveness of public expenditure for basic education and health. The key guiding principle is that public resources and subsidies in these sectors should go to the consumers of these public goods instead of to the suppliers of the inputs of those goods.

This takes the debate into dealing with issues of “distributive justice” that are particularly complex and require considerable attention to technical and institutional details. Enhancing the effectiveness of public expenditures may be even more difficult than raising additional resources. And yet that is where the real sustainable solution lies. In terms of longer-term support and strategic positioning, UNDP could support institutional research programs in these areas by building upon the experiences of other countries that have embarked in this domain.

While raising public awareness is an initial step in creating a proxy for public demand for institutional change, it is important to deepen the understanding of the complex issues underlying the right supply and institutional responses. Not any one supply or response is efficient or effective. Not any modality of response will have as its outcome an increase in collective welfare. Experience and many scholars suggest that the “right” institutions do not emerge spontaneously, nor are they risk free of “capture” by well-informed private or public rent seekers. In fact, endogenous and self-interested policy making could be one of the characteristics in many developing countries. One way to hedge

against the risk of the wrong institutional evolution is to preempt the improvisation of dysfunctional institutions by undertaking research and empirical studies on what is actually happening in a given sector and exploring how improved policies and institutional innovations can “leap-frog” well-known market or government failures.

In many developing countries, numerous examples can be found where the initial or original policy supply response was poorly designed or implemented because the “right” information and the policy conviction to take a given route were missing (not because of self-interested public choices.) This could be the situation in most “public goods markets”, such as basic education, health, social safety nets, labor policy, and intergovernmental fiscal and financial relations. In these areas, UNDP could play a greater role by asking donors to support long-term institutional research and in seeking a stronger impact of research results on the formation and evaluation of public policies. The basic strategy is to begin studies well ahead of the time that the political window of opportunity may arise. In other words, to do the work well ahead of the emergence of vested interests.

RECOMMENDATIONS AND NEXT STEPS

In terms of thematic focus, UNDP Egypt has correctly identified local development initiatives as central with the common thread underlying many of its projects, being that the problems of poverty, gender disparity, governance, and the environment can be effectively addressed

by strengthening local institutions and by raising local public awareness about those problems. At the same time, UNDP is also cognizant that an effective process of decentralization has complex fiscal and political requirements and must, therefore, involve an enhanced partnership with the national level of government as well as with donors.

Keeping in mind the long-term vision referred to above and in line with the overall analysis of the report, lessons learned, and emerging issues, the evaluation makes the following specific recommendations for the immediate future on how to advance the work agenda at the governorate level, focused on enhancing the current partnership with the national-level government :

- Organize a seminar to discuss the findings of the 7 governorate-level HDRs that will be finalized in 2003 with the national authorities and with the 26 governorates plus Luxor. This would also provide an opportunity to further discuss local-level planning initiatives such as the Decree of Qalyubia governorate.
- Further support the remaining 20 governorates in producing HDRs.
- Support Governorate Seminars as

forums for informal but technical exchanges of information and experiences on decentralization issues. A participatory process will provide valuable guidance as to how to proceed and will make use of innovative experiences such as El Fayoum.

- Commission an external and independent evaluation to formulate a diagnostic on the current decentralization framework, identify the main restrictions limiting a stronger local and regional development, and make policy recommendations to strengthen local and regional development.
- In line with the overall activities centered on local development, the main theme of the EHDR 2004 should concentrate on decentralization.
- Undertake a pilot program to reform and modernize selected public administration institutions and departments to serve as models.
- Reach agreements with the national government to enhance decentralization policies and studies and “pilot” local development experiments.
- Work informally with governorates to explore ways in which some decentralization experiences can be scaled up into the public sector at large.



Annexes

ANNEX 1: PEOPLE INTERVIEWED

UNDP

- Dr. Rima Khalaf, Assistant Administrator and Regional Director RBAS
- Ms. Flavia Pansievi, Deputy Director RBAS
- Ms. Maha Bahamdoun, RBAS
- Mr. Moez Doraid, RBAS
- Mr. Antonio Vigilante, RR/RC
- Ms. Sophie de Caen, DRR
- Ms. Rania Hedeya, ADR focal point, RBM Officer
- Ms. Samia Guirguis, Assistant RR, focal point Environment Program
- Ms. Naglaa Arafa, Program Analyst, Focal Point Gender
- Ms. Laila Darwish, Assistant RR, focal point Job Creation Program
- Dr. Hamed Mobarek, Policy Advisor
- Mr. Amin El Sharkawi, Assistant RR, focal point Governance Program
- Mr. Sherif El Tokali, ICT specialist
- Mr. Michele Ribotta, Head Coordination Unit
- Mr. Mohamed Bayoumi, Program Analyst, GEF focal point
- Ms. Sana Zemri, Aid Coordination Officer

- Mr. Christopher Louise, Head of Information Communication and Reporting Unit
- Mr. Guillaume Delalande, Junior Programme Officer, Coordination Unit
- Ms. Dina El Naggar, Program Analyst, FGM & Social Advertising Project

Government

- Ambassador Mahmoud El Said, Director of International Cooperation, Ministry of Foreign Affairs
- Mr. Ibrahim Hammouda, Advisor to H.E. Minister of Planning
- Mr. Rafaat Radwan, Director Information and Decision Support Center, Council of the Minister
- Dr. Tarek Kamel, Adviser to H.E. Minister of Communication and Information Technology
- Dr. Hoda Baraka, Advisor to H.E. Communication and Information Technology
- Ms. Ghada Howeidi, Director International Relations Department, Ministry of Communication and Information Technology
- Ambassador Dr. Laila Eleish, Acting Director, Department of International Cooperation, Ministry of Foreign Affairs
- Dr. Osman Osman, Minister of Planning
- Dr. Faysa Abou El Naga, Minister of State for Foreign Affairs
- Dr. Ibrahim Moharam, Head of ORDEV (Organization of Reconstruction and Development of the Egyptian Village), Ministry of Local Development
- Dr. Medhat Hassanein, Minister of Finance
- Dr. Momtav El Sayed, First Under Secretary of the Minister of Finance
- Dr. Saad Nassar, Governor of Fayoum
- Ms. Dalia Lotayef, Advisor for International Affairs and Technical Cooperation
- Dr. Ahmed Nazif, Minister of Communication and Information Technology
- Mr. Ahmed Maher Arafa, Head of the Central Administration of the Minister's Office, Ministry of Local Development
- Dr. Mahmoud El Sherif, Chairman of Local Development Committee in Parliament
- Ms. Omneya Helmy, Director Technical Cooperation Department, National Council for Women
- Mr. Mahmoud Abdl-Hai, Director, Institute for National Planning
- Dr. Mohammed Bakry, General Manager for the Planning and Monitoring Group, Social Fund
- Dr. Mosheera Khatab, Secretary General, National Council for Childhood and Motherhood
- Ambassador Ahmed Haggag, National Project Director of the Human Rights Project
- Ms. Nadia Ebeid, ex-Minister of Environment of Egypt and Technical Cooperation, Egyptian Environment Affairs Agency, UNDP
- Dr. Forkhonda Hassan, Secretary General, National Council for Women
- Dr. Ibrahim Yassin, National Project Director, Energy Efficiency
- Dr. Wageeh Hanafy, Director, Department of International

Cooperation, Ministry of Foreign Affairs (MOFA)

- Dr. Talatt Abd El Malek, Head of the Monitoring and Evaluation Department, Department of International Cooperation, MOFA
- Dr. Emad Adly, National Coordinator for GEF Small Grants and LIFE
- Mr. Adly Hussein, Governor of Qalyobia
- Dr. Saad Taha Allam, Institute of National Planning

NGO

- Dr. Bahy El Din Hassan, National NGO on Human Rights

Researchers

- Dr. Salwa Gomaa, PARC Research Institute, Cairo University
- Ms. Nematalla Adel Guenena, Director, EQI Research Center

UN Agencies

- Mr. Chris Czerwinsky, WFP Director
- Mr. M. Ayub, Director, World Bank

Donors

- Mr. Rick Mctaggart, Canada
- Mr. Poul Nyborg, Denmark
- Mr. Tomochika Uyama, Japan
- Ms. Cheryl Williams, USAID
- Mr. Peter Flik, Netherlands
- Mr. Guido Benevento, Italian Coop.

ANNEX II: ACRONYMS AND ABBREVIATIONS

ADR	Assessment of Development Report
AHDR	Arab Human Development Report
CCA	Common Country Assessment
CCF	Country Cooperation Framework
CO	Country Office
DAG	Donor Assistance Group
EEAA	Egyptian Environmental Affairs Agency
EHDR	Egypt Human Development Report
EO	Evaluation Office
ERSAP	Economic Reform and Structural Adjustment Program
GDP	Gross Domestic Product
GNP	Gross National Product
HDI	Human Development Index
HDR	Human Development Report
ICT	Information Communication Technology
ILO	International Labor Organization
IMF	International Monetary Fund
MDG	Millennium Development Goal
NCW	National Council for Women
NCCM	National Council for Childhood and Motherhood
NHDR	National Human Development Report

NGO	Non-Governmental Organization
NHDR	National Human Development Report
ODA	Overseas Donor Assistance
OECD	Organization for Economic Cooperation and Development
PARC	Public Administration Research and Consultation Center
SFD	Social Fund for Development
UNDP	United Nations Development Program
UNICEF	United Nations Children's Fund
WHO	World Health Organization

ANNEX III: TERMS OF REFERENCE — COUNTRY EVALUATION: ASSESSMENT OF DEVELOPMENT RESULTS (EGYPT)

Background

The EO of the UNDP launched a series of country evaluations, called Assessments of Development Results (ADRs), in order to capture and demonstrate evaluative evidence of UNDP's contributions to development results at the country level. Undertaken in selected countries, the ADRs focus on outcomes and critically examine achievements and constraints in the UNDP thematic areas of focus, draw lessons learned, and provide recommendations for the future. The ADRs will also recommend a strategy for enhancing performance and strategically positioning UNDP support within national development priorities and UNDP corporate policy directions.

The overall objectives of the ADRs are:

- Support the Administrator's substantive accountability function to the Executive Board and serve as a vehicle for quality assurance of UNDP interventions at the country level.
- Generate lessons from experience to inform current and future progra-

mming at the country and corporate levels.

- Provide to the stakeholders in the program country an objective assessment of results (specifically outcomes) that have been achieved through UNDP support and partnerships with other key actors for a given multi-year period.

An ADR was initiated in Egypt in November 2002. It will cover the period 1997 to 2002, i.e. the 1997-2001 First CCF and 2002-2006 Second CCF. The assessment will, however, attempt to point out where support prior to this period may have served as foundation for current achievements.

The strategic areas of support where intended outcomes are planned in Egypt are shown in Table A3.1.

National Context

Egypt, situated in the northeast corner of the African continent covers approximately one million square kilometres. Much of this land, however, is desert and only about 6 percent of the entire area is inhabited. Administratively, Egypt is

Table A3.1: Strategic Areas of Support for Egypt

Governance	Poverty	Environment	Gender	UNDP support to UN
<ul style="list-style-type: none"> ▪ Dialogue that Widens Development Choices ▪ Local Governance 	<ul style="list-style-type: none"> ▪ Human and Income Poverty in National Poverty Frameworks 	<ul style="list-style-type: none"> ▪ Environment Management and Energy for Livelihoods 	<ul style="list-style-type: none"> ▪ Gender Equality for Decision-Making Processes 	<ul style="list-style-type: none"> ▪ Effective Operational Activities

Source: RBMS, SRF 2000-2003

divided into 26 governorates plus the city of Luxor. The four urban governorates have no rural population. Each of the other 22 governorates has both urban and rural areas. Nine of these governorates are located in the Nile Delta (lower Egypt) and eight in the Nile Valley (Upper Egypt). The five frontier governorates (the largest by far and most sparsely populated) are located on the eastern and western boundaries of Egypt.

Egypt occupies an exceptional geopolitical position among the Arab states and on the African continent. Stability of political leadership within Egypt, extensive donor support for Egypt's economic development, and Egypt's role as a mediator in the Arab-Israeli conflict, have all set the country apart from its neighbors during the 1990s. Egypt has prospered in relative terms over the decade—its neighbors have not. In a region characterized by conflict, slow or negative growth in comparison to resource potential, and conservatism, Egypt has pursued cautious but well-grounded development strategies and has received generous donor support in return.

Egypt embarked on an intensive Economic Reform and Structural Adjustment Program (ERSAP) in 1990-1991. Market liberalization and privatization are two key strategies of this

program. The objective is to transform the sluggish state-dominated economy into a dynamic market economy led by the private sector. The reform program has been widely credited with restoring

Box A3.1: Economic Indicators

- GDP purchasing power parity: \$247 billion (2000 est.)
- GDP composition by sector: agriculture, 17%; industry, 32%; services, 51% (1999)
- Population below poverty line: 22.9% (FY95/96 est.)
- Household income or consumption by percentage share: lowest 10%, 4.4%; highest 10%, 25% (1995)
- Labor force: 19.9 million (2000 est.)
- Labor force by occupation: agriculture, 29%; services, 49%; industry, 22% (FY99)
- Unemployment rate: 11.5% (2000 est.)
- Budget: revenues, \$22.6 billion; expenditures, \$26.2 billion, including capital expenditures of \$NA (FY99)
- Industries: textiles, food processing, tourism, chemicals, hydrocarbons, construction, cement, metals
- Industrial production growth rate: 2.1% (2000 est.)
- Agriculture products: cotton, rice, wheat, beans, fruits, vegetables, cattle, water buffalo, sheep, goats
- Exports: \$7.3 billion (free on board 2000 est.)
- Exports commodities: crude oil and petroleum products, cotton, textiles, metal products, chemicals
- Exports partners: EU 35%, Middle East 17%, Afro-Asian countries 14%, (1999)
- External Debt: \$ 31 billion (2000 est.)
- Economic aid recipient: ODA, \$2.25 billion (1999)
- Currency: Egyptian pound, EGP
- Fiscal year: 1 July- 30 June
- Exchange rates: Egyptian pounds per U.S. dollar, market rate, 3.8400 (January 2001)

Source: USAID Egypt, 2001

the macroeconomic structural soundness of the Egyptian economy. However, liberalization policies also appear to have resulted in higher unemployment and increased levels of poverty in some geographic areas. Although poverty estimates vary widely, the 1995-1996 EHDR (using the lower poverty line) places the percentage of Egyptians who are poor at 22.5 percent in urban areas and 23.3 percent in the countryside, with rural Upper Egypt the highest at 33.7 percent.

The government's commitment to socio-political stability and the protection of vulnerable groups produced a prudently negotiated and designed reform and adjustment program with some increase in social spending despite a fiscal policy to reduce public spending. Social sector spending is one of the two largest categories of expenditures (the other is interest payments on the public debt.) Together, these two categories consume more than half of the recurrent budget. Government commitment to education is strong, as reflected in the proportion of its budget allocated to this sector. Whereas overall budget spending fell from 32 to 28 percent of GDP between 1994 and 1999, the share of education rose from 2.9 percent to 5.2 percent of GDP over the same period, with recurrent expenditure increasing somewhat faster than investment expenditure. Public expenditures on health increased from 1.6 percent of GDP in 1995 to 1.8 percent in 1997, at a time when public spending declined from 34 percent to 31 percent of GDP. Egypt has three main safety net programs, which together accounted for about 2 percent of the GDP or about 4 percent of total government expenditures in 1999. The

largest of these programs is the food subsidy program, which absorbed 1.5 percent of GDP in 1999; public spending on food subsidies has increased by only 0.1 percent per annum since the early 1990s. The pace of structural reforms has slowed during the last two years, but growth has remained strong. GDP growth averaged 3.5 percent for 1990 to 1995 and in the second half of the decade rose continuously from 5.0 percent in 1996 to 6.4 percent in 2000. GNP per capita in 2000 was estimated to be \$1,500.

Nevertheless the negative impact of the reform program has fallen primarily on the vulnerable, especially children, the elderly, women-headed households, and the urban and rural poor. Cuts in public sector investment and the removal of subsidies on some basic food items have worsened the condition of low-income families.

Many of the most important indicators of human development such as life expectancy, child survival, immunization, school enrollment, and access to safe water have improved markedly over the last decade, but disparities in well being and access to services persist along income/social class, urban/rural, and gender lines. Egyptians enjoy higher levels of political freedom than in the past or in many other Arab countries, but the undeniable progress in this area has been hindered by practices that continue to obstruct full political participation.¹

Egypt Profile: People

Social indicators: Egypt, 1970 and 1996

Estimates of poverty vary greatly (from 25 percent to 47 percent of the population.)

¹Common Country Assessment, December 2001

These figures represent the aggregate incidence of poverty at the national level. However, such estimates mask a much more complex picture that is only revealed when the data on poverty are further disaggregated to reflect its incidence geographically and by gender. In this estimation, the “lower poverty line is used.” The first disparity between urban and rural Egypt is revealed as follows:

	1990-91	2000	2015
Total Urban	20%	18%	15%
Total Rural	29%	21%	9%

The second disparity is between metropolitan areas and other urban areas, and between urban areas in Lower Egypt and urban areas in Upper Egypt:

	1995-96	2000	2015
Metropolitan	16%	9%	0%
Urban Lower Egypt	22%	18%	6%
Urban Upper Egypt	35%	36%	39%

The third disparity appears between rural areas in Lower Egypt and rural areas in Upper Egypt, as estimates reveal the following:

	1995-1996	2000	2015
Rural Lower Egypt	15%	11%	0%
Rural Upper Egypt	34%	35%	38%

The fourth form of discrepancy is revealed when the incidence is further disaggregated by gender. “Feminization of poverty” is especially estimated to affect women-headed households (20 percent of total households.) Even with an overall decrease in the incidence of poverty, the situation in Egypt reflects uneven development, serious rural-

Box A3.2: Population Demographics

- Population: 69,536,644 (July 2001 est.)
- Age structure: 0-14 years, 34.59% (male 12,313,585; female 11,739,072); 15-64 years, 61.6% (male 21,614,284; female 21,217,978); 65 years and over, 3.81% (male 1,160,967; female 1,490,758) (2001 est.)
- Population growth rate: 1.69% (2001 est.)
- Birth rate: 24.89 births/1,000 population (2001 est.)
- Death rate: 7.7 deaths/1,000 population (2001 est.)
- Net migration rate: -0.24 migrant(s)/1,000 population (2001 est.)
- Sex ratio: at birth, 1.05 male/female; under 15 years, 1.05 male/female; 15-64 years, 1.02 male/female; 65 years and over, 0.78 male/female; Total population, 1.02 male/female (2001 est.)
- Infant mortality rate: 60.46 deaths/1,000 live births (2001 est.)
- Life expectancy at birth: total population, 63.69 years; male, 61.62 years; female, 65.85 years (2001 est.)
- Total fertility rate: 3.07 children born/woman (2001 est.)
- HIV/AIDS: adult prevalence rate, 0.02% (1999 est.); people living with HIV/AIDS, NA; deaths, NA
- Ethnic groups: Eastern Hermitic stock (Egyptians, Bedouins, and Berbers) 99%; Greek, Nubian, Armenian, other European (primarily Italian and French) 1%
- Religions: Muslim (mostly Sunni) 94%; Coptic Christian and other 6%
- Languages: Arabic (official), English and French widely understood by educated classes
- Literacy (definition—age 15 years and older can read and write): Total population, 51.4%; Male, 63.6%; Female, 38.8% (1995 est.)

Source: USAID Egypt, 2001

urban dichotomies, as well as the problems faced by Upper Egypt in both rural and urban areas.

Wide disparities persist between Upper Egypt (the south) and Lower Egypt (the north) and between the rural and urban populations. Fertility rates in Upper Egypt are twice those in Lower Egypt; infant and child mortality rates are three times higher in rural areas than in urban areas; and maternal mortality rates are five times higher. In Egypt, progress in education has not been evenly

distributed between men and women and boys and girls. Although girls have been a significant proportion of school enrollments for many years—in 1980, girls were already 40 percent and today make up almost half of total primary school enrollments—adult female literacy lags far behind that of men, which suggests that girls’ enrollment rates may overstate actual school attendance.

Compared to 25 years ago, Egypt has made large strides in increasing life expectancy and reducing fertility and infant mortality rates. Population growth has slowed to about 2 percent per year, from 2.4 percent in the early 1970s. However, Egypt has the eighteenth largest population in the world and the largest in the Arab countries. Gross primary and secondary enrollments have increased considerably. Child malnutrition is low and compares well to countries at similar income levels and within the region. But some indicators, such as school enrollment rates and access to healthcare are measures of inputs, and some outcome indicators, such as literacy, infant mortality, child mortality, and maternal mortality, do not reflect the high levels of inputs.

For example, primary school enrollment has been higher than 70

percent for the past 25 years and close to those in comparator countries, yet illiteracy rates are still about twice the average of comparator countries. In spite of almost universal access to healthcare, which is higher than in most countries at similar income levels, infant mortality is about 30 percent worse than in the comparator countries; and maternal and child mortality rates are still high and no better than in comparator countries. The child mortality rate for girls in Egypt is more than 25 percent higher than boys; this disparity is far higher than in any other country in the Region. Although the proportion of GDP spent on education and health is similar to or greater than in comparator countries, the efficiency of service delivery in these sectors clearly needs improvement. Survey results suggest other factors inhibit women’s well being and potential for improvement: women have limited financial autonomy and limited freedom of movement. Any strategies to improve the quality of life would have to include interventions to overcome biases against girls and women.

Egypt’s long-term development strategy, Vision 2017, focuses on raising the standard of living and ensuring the well being of its population through balanced development among its governorates. The major challenges facing Egypt are maintaining growth (taking globalization as a given and maximizing Egypt’s share in international trade), creating employment (increasing personal income by promoting technology), improving governance (giving priority to a new social contract/major role for youth in development), and improving the

Box A3.3: Health Demographics

	1970	1996
Life expectancy, years	51	65
Total fertility, no. of children	5.9	3.3
Maternal mortality, deaths per 1,000	NA	170
Infant mortality, deaths per 1,000 births	158	53
Access to healthcare, %	NA	99
Gross primary enrollment, %	72	100
Gross secondary enrollment, %	35	74
Illiteracy, %	60	39

Source: World Bank, 2000

social infrastructure (institutional support to all organizations in society.)

An important point to note as we assess the development results in Egypt is the negative consequences of the situation in the Middle East and of the September 11 events. An assessment of this impact conducted by the government of Egypt and the World Bank has shown that the socioeconomic development context has been significantly altered. GDP growth in 2002 will most likely not exceed 2.3 percent as opposed to 4.5 percent forecasted before September 2001, while the tourism and transport sectors are recording severe losses. The balance of payments is projected to record a deficit of USD 1.8 billion in the current fiscal year and the foreign exchange market has come under considerable pressure. Job security is further decreasing and the poorest segments of the population are more seriously threatened. A slow down of the economy would slow down not only the economic reform process but could also result in hampering the government's initiatives on the social development agenda.

Aid Flows to Egypt

Egypt ranks among the largest recipients of ODA worldwide. Donors' assistance has been an important part of Egypt's development strategy, with assistant flows averaging USD 2.0 billion per year from approximately 35 bilateral and multilateral donors. Egypt constitutes the largest recipient in Africa of aid from OECD countries. In 1999, Egypt received USD 1,579 million—representing 10 percent of aid flowing to African countries from OECD members. The next target recipient

was Tanzania, with USD 990 million, representing 6 percent of aid to Africa.

The largest donor is the United States, which gave USD 799 million in 1999-2000, followed by the European Commission (USD 144 million), Japan (USD 129 million), and Germany (USD 102 million). The United States is gradually scaling down its ODA to Egypt over this decade. It is set to reduce its aid by 5 percent per year (representing USD 40 million) until the year 2009. This will make U.S. ODA to Egypt USD 407.5 million. The USAID/Egypt Strategic Plan for 2000-2009 aims to shift the bilateral relationship from aid to trade and investment.

It is noted, though, that ODA flows started at their highest level of USD 5,439 million in 1990 and then fell significantly to USD 1,579 in 1999. They declined not only in absolute terms, but also as a percentage of GDP, budget revenue, and exports of goods and services. With the Egyptian population growing from 52.6 million in 1990 to 63.3 million in 1999 and with the falling volume of ODA during the same period, ODA per capita dropped from USD 103.4 millions in 1990 to a low level of USD 24.9 in 1999.

UN agencies contributed 1.3 percent of total ODA flows to Egypt during the 1990s.

UNDP Cooperation in Egypt

A fundamental feature of UNDP's approach to development cooperation is

¹2001 UN Resident Coordinator (RC) Annual Report

²Study on Donor Practices, July 2002

³Technical Cooperation for Capacity Development, Egypt Case Study, May 2002

partnership. Between 1997 and 2002, 14 donors, including the government of Egypt, bilateral donors, UN agencies, and NGOs have contributed funds to UNDP's development work in Egypt. Such partnerships form the fabric of the development and knowledge network for which UNDP has become renowned. UNDP and the Egyptian government have forged a solid partnership over 40 years of cooperation, reflected in the large government cost-sharing contribution to UNDP's programs. Moreover, non-core resources have emerged as a substantive source of funding for UNDP-assisted activities over the last few years.

Much of the recent progress in development results has its origins in past events and interventions undertaken in the area of economic policy reform. Despite success in the economic and social reforms in the 1990s, fighting poverty and improving the quality of life for millions of people is still a problem and UNDP's policy and advocacy efforts have had a significant success in raising the profile of human development issues and concerns.

UNDP's First CCF for Egypt was planned to provide support to the government's declared national priorities to achieve growth with equity that is sustainable. The proposed UNDP assistance was centered on:

- Poverty eradication and sustainable livelihoods
- Protection of the environment and the sustainable use of natural resources
- Promotion of sound governance

Cross-cutting elements included: capacity building, human resource

development, and job creation; the consolidation of economic and structural reforms; the provision of basic services; transfer of technology and information; and dissemination activities.

UNDP started the decade of the 1990s with an innovative approach in technical cooperation through the establishment of a think tank, composed of Egyptian intellectuals from different disciplines, to address at the policy level the social challenges and the real living conditions of Egyptian citizens. The think tank identified critical gaps and called for strategies to create preconditions for sustainable development.

Egypt's National Development Reports, as a flagship advocacy tool, have raised awareness about human development issues and directed attention to the social dimensions of development and the implications of economic reform on people. This role has become increasingly critical as the gap between growth and social development persists. The EHDRs published to date have served as advocacy tools for a variety of government and non-government human development causes and interests in both the government and the opposition in parliament, governorates, ministries, civil societies, the media, the donor community, and others. In some cases, the EHDRs have contributed to the budgetary formulation process whereby governorates use them to argue their case for resource allocations from the central government. In addition, the EHDR on social spending led to changes in resource allocations in certain sectors.

Alongside its upstream advocacy efforts, UNDP supported downstream

pilot activities at reducing poverty and creating sustainable livelihoods. Given the tight resource constraints that contrast with the large scale of social and poverty problems in Egypt, it is unreasonable to expect a marked direct impact of the Country Program on satisfying basic needs and eliminating social-economic disparities. Rather than attempting to achieve direct impact alone, UNDP used its limited TRAC funds to leverage considerable donor and government resources to reduce poverty through the SFD.

An assessment in 1998 of the impact of UNDP projects during 1993 to 1997 identified socioeconomic dichotomies and inter-governorate disparities and gender gaps, particularly between urban and rural areas. As a result, a need for improving information and data systems at the local level was identified and UNDP is working to strengthen the local information system to provide tools for better targeting gaps and facilitate actions through national and local decision making¹.

As noted by the Country Review of December 2000, UNDP Egypt made a concerted effort to enhance its policy and advocacy role to provide a strategic focus for its programmatic activities. This represents a shift from the operational support to key institutions to fill the capacity gaps by setting up technical units.

The current CCF 2002- 2006 is more focused and specific in identifying the following areas:

- Job creation and capacity development

- Environmental management
 - Governance for human development
- Cross-cutting elements include: employment generation; skill development; sound governance; financial sector reform; environmental issues; gender; and promoting the use of information technology for development.

Of importance is the change in the strategy in addressing these concerns through policy analysis, advocacy, demonstrating policy setting, partnership, and, in particular, resource mobilization. It refocuses UNDP as a strong advocate for human development, working as an advisor and coordinator of development activities and resources.

The evaluation will look at the results achieved for the period of 1997 to date (2002). The evaluation will also take account of intended results as expressed in the current CCF and SRF, until the end of the current CCF in 2006. The evaluation will consider the totality of the key results and goals in this period, with the main intended objectives described in the various planning instruments of UNDP (UNDAF, CCF, etc) and the UNDP program portfolio.

Objectives of the Assessment

The purpose of the evaluation is to review the experience of development results in Egypt and the contribution of UNDP to national results, draw lessons learned, and recommend improvements. The ADR in Egypt will:

- Provide an overall assessment of the results achieved through UNDP support and in partnership with other key development actors during 1997 to 2006 with particular in-depth

¹Technical Cooperation for Capacity Development, Egypt Case Study, May 2002

assessment on the strategic program and advocacy position of UNDP in Egypt. The in-depth study will examine UNDP's strategic position in a comparative analysis of the shift in technical cooperation from operational support to key institutions to fill capacity gaps to one of policy analysis, advice, and coordination of development resources. The in-depth analysis will be supported by case studies, in gender and ICT in particular, in line with the issues raised in the AHDR. The evaluation should also bring out the historic presence of UNDP in Egypt and draw links from current achievements to early UNDP interventions before 1997, as appropriate. The analysis should focus on how and why the results were achieved to draw lessons, with particular attention to:

- The contribution of UNDP's support to policy advice and dialogue, aid coordination, resource mobilization, and brokerage in delivering development results.
- The value added and effectiveness of UNDP's strategic programme and areas of concentration to provide policy advice and leverage resources towards supporting national development priorities and its capacity to achieve the development results it has defined for itself.
- Provide an analysis of how UNDP has positioned itself strategically to add value in response to national needs and changes in the national development context, with particular attention to:

- The capacity and sustainability of UNDP to mobilize non-core resources in providing quality services through policy analysis and to seize opportunities as they arise.
- The partnership role, especially coordination, with different partners such as the government, UN system, donors, and NGOs—including Donor Assistance Group.

Based on the analysis of achievements and positioning above, present key findings, draw key lessons, and provide clear and forward-looking recommendations in order to suggest effective and realistic strategies by UNDP and partners towards intended results.

Scope of the Assessment

The evaluation will undertake a comprehensive review of the UNDP program portfolio and activities during the period of review, with more in-depth focus on the strategic program and advocacy position of UNDP Egypt. Specifically, the ADR will cover the following:

Strategic Positioning

- Ascertain the bearing of UNDP support on national needs, development goals, and priorities, including relevance, links with the goal of reducing poverty, and other MDGs. This may include an analysis of the perceived comparative strengths of the program and a review of the major national challenges to development. The evaluation will take account of, inter alia, the social development agenda, economic reforms, SFD, DAG Policy Paper, EHDRs, spatial planning, and local

information data collection systems, and the 2002 Millennium Development Goal Report (MDGR). This aims to ascertain the added value of UNDP support in effectively influencing national development results, through, for example, prioritization, selection of strategies, and entry points.

- Assess how UNDP has anticipated and responded to significant changes in the national development context, affecting poverty, gender, environment, and ICT. The evaluation may, for example, consider key events at the national and political level that influence mechanisms for monitoring poverty and inequality such as the efforts currently focusing on supporting the Egyptian government's work on developing the Anti-Poverty Action Plan, the risk management of UNDP, any missed opportunities for UNDP involvement and contribution, efforts of advocacy and policy advice, UNDP's responsiveness versus concentration of efforts, etc. The evaluation will specifically bring out the choices made by UNDP in response to its decreasing resource base.
- Review the synergies and alignment of UNDP support with other initiatives and partners, including that of UNDAF, the Global Cooperation Framework, and the Regional Cooperation Framework. This may include looking at how UNDP has leveraged its resources and that of others towards results, the balance between upstream and downstream initiatives, and the work on MDGs.

The evaluation will take account of, inter alia, the UNDP Technical Cooperation for Capacity Development, the DAG Policy Paper, the joint UN collaborative program for the NCW, environment, and the ICT trust fund. This aims to ascertain how UNDP has leveraged other initiatives for results.

- The evaluation should consider the influence of systemic issues, i.e. policy and administrative constraints affecting the program, on both the donor and program countrysides, as well as how the development results achieved and the partnerships established have contributed to ensure a relevant and strategic position of UNDP.

Development Results

- Provide an examination of the effectiveness and sustainability of the UNDP program by: highlighting main achievements (outcomes) at a national level in the last five years or so (some results have their origin in efforts prior to 1997) and UNDP's contribution to these in terms of key outputs; and ascertaining current progress made in achieving outcomes in the given thematic areas of UNDP and UNDP's support to these. The evaluation should qualify the UNDP contribution to the outcomes with a fair degree of plausibility, and consider anticipated and unanticipated, positive and negative outcomes. It should also gauge the contribution to capacity development at the national level to the extent it is implicit in the intended results, as

well as national ownership as a success factor. The assessment will cover the key results and support in all thematic areas (governance, poverty, environment, gender, HIV/AIDS, ICT, special development situations, and any other areas if appropriate.)

- Identify and analyze the main factors influencing results, including the range and quality of development partnerships forged and their contribution to outcomes, the provision of upstream assistance, and how the positioning of UNDP influences its results and partnership strategy.
- Assess the anticipated progress in achieving intended outcomes, with regard to the SRF outcomes, the 2002-2006 CCF objectives and proposed future programmes, and objectives and the MDGs.
- Provide an in-depth analysis of the following and identify the key challenges and strategies for future interventions in this area. The subject for the in-depth analysis was principally selected due to the decreasing core resource base for UNDP, in a country with considerable government and donor resources, as well as involvement in the past, the complexity in terms of links and synergies, partnership and coordination, and the sustainability of the approach:
 - Analyze the achievements of UNDP policy analysis strategy and advocacy position. This will include review of resource mobilization, partnership, coordination, and effects and lessons from the UNDP support to institutional capacity building

(for example the IDSC, SFD, and Economic Research Forum.)

- Case studies will be presented in the area of gender, ICT, and poverty with reference to partnerships with donors, UN collaboration, policy advice, resource mobilization, and change in approach. Poverty, with respect to the change in approach to the SFD, will also be discussed and environment to illustrate the continuity in terms of approach, partners, and policy advice.

Lessons Learned and Good Practices

- Identify key lessons in the thematic areas of focus and positioning that can provide a useful basis for strengthening UNDP support to the country and for improving program performance, results, and effectiveness in the future. Through in-depth thematic assessment, present good practices at the country level for learning and replication. Draw lessons from unintended results where possible. The experience of Egypt will be especially interesting for the Regional Bureau for Latin America and Caribbean (RBLAC) and Regional Bureau for European Countries (RBEC) in light of resource mobilization and the transition from state dominated to market economies.

Methodology

The assessment will employ a variety of methodologies including desk reviews, stakeholder meetings, client surveys, and focus-group interviews and select site

visits. The evaluation team will review national policy documents that give an overall picture of the country context. (These includes the NHDRs, with the main theme being people as the center of development and bringing the human dimension into focus when evaluating strategic policies or program for development; Anti-Poverty Action Plan, which has partly contributed to making poverty alleviation part of the National Plan; and the overall programming frameworks such as UNDAF 2002-2006, CCA 2001, CCF 1997-2001 and CCF 2002- 2006.)The team will also consider any thematic studies/papers, select project documents, and Program Support Documents, as well as any reports from monitoring and evaluation at country level (in particular the joint gender evaluation, SFD evaluation, and EHDR evaluation), as well as available documentation and studies from other development partners. Statistical data will be assessed where useful. The empirical evidence will be gathered through three major sources of information: perception, validation, and documentation according to the concept of “triangulation”.

A wide stakeholder consultation and involvement is envisaged. The evaluation team will meet with government ministries and institutions at central and province level, research institutions, civil society organizations, NGOs, private sector representatives, UN Agencies, Bretton Woods institutions, bilateral donors, and beneficiaries. The team will visit field/project sites as required, as will be decided by the evaluation team and the EO in consultation with the CO. In terms of methodology, the ADR will

follow the guidance issued by the EO and consist of preparation (with preliminary desk review, program mapping, TOR proposal, exploratory mission to the CO, theme-specific desk research, and local studies and research); conducting the ADR by the country evaluation mission; and use of the ADR and follow-up (dissemination, corporate discussions, CO management response, stakeholder consultations, and learning events.)

Preparatory work at the local level will be carried out in advance to provide a substantive background for the evaluation team. This will include the in-depth analysis of achievements and challenges in the strategic position of the UNDP. Local research institutions and international consultants with expertise in resource mobilization will conduct these studies. This work may entail the review of available reports, collecting additional documentation, conducting select interviews, field visits, analysis, and brainstorming. This work will be based on specific TOR in addendum to these generic TOR.

Expected Outputs

The main expected output is the comprehensive final report on Egypt Country Evaluation: Assessment of Development Results, including relevant annexes with detailed data. In addition, supporting studies will be available (e.g., in-depth analysis and case studies.)

The final report by the ADR evaluation team, according to the suggested outline in the ADR Framework Paper, should at the very least contain:

- Executive Summary of Conclusions and Recommendations

- Background, with analysis of country context
- Strategic Positioning and Program Relevance
- Program Performance
- Lessons Learned and Good Practices
- Findings and Recommendations
- Annexes (TOR, abbreviations, persons met, documentation reviewed, statistics/national development indicators, details on the program portfolio, overview of official development assistance, overview of intended results for UNDP, MDG indicators and status, country map, etc.)

Towards the end of their mission, and prior to leaving the country, the evaluation team will discuss its preliminary findings and recommendations with the Resident Representative and the CO staff and present these to the government and partners. A meeting of key stakeholders can be held at the end of the mission or once the final report is available. The team will use this feedback to finalize the report.

The team leader is responsible for submitting the draft report to the EO, UNDP Headquarters, no later than two weeks after completion of the country mission.

Evaluation Team

The composition of the evaluation team should reflect the independence and the substantive results focus of the exercise. The team leader and all the members of the review team will be selected by the UNDP EO in consultation with the Regional Bureau for Arab States; UNDP, New York; and the CO. The team leader must have a demonstrated capacity in strategic thinking and policy advice and in the evaluation and

management of complex programs in the field. The team composition should reflect a good knowledge of the region, excellent experience in evaluation, and particular expertise in resource mobilization.

The team will comprise three international consultants, one of which will be the team leader, an expert in resource mobilization, and a staff member from the UNDP EO. The staff member from the EO will bring to the team the results-based management perspective, knowledge of the ADR methodology, familiarity with UNDP operations, and knowledge of the UNDP's thematic areas. One or more UNDP staff members from another office will also be part of the team, to bring additional competencies in the UNDP priorities, especially in partnership development and MDGs. In addition, one or more national consultant(s) who possesses broad expertise and knowledge of the national development context in at least one thematic area of the CCF or strategic area under the SRF may also be called upon to support the team. The UNDP CO will assist the EO in the identification of suitable national consultants for recruitment.

Furthermore, the team will base its work on preparatory research and studies by local research institutes, donors, evaluation reports, and surveys. The local research partners will also work in close collaboration with the international team of evaluators during the main evaluation mission.

Management Arrangements

The EO will manage the evaluation and ensure coordination and liaison with

concerned units at Headquarters' level. The Task Manager of the EO will lead the ADR process, in close consultation with the Regional Bureaux and CO Management and the Information, Communication and Results Unit in the Egypt CO. The EO will also ensure substantive supervision of all research and determine the evaluation team composition.

The CO will take a lead role in dialogue and interaction with stakeholders on the findings and recommendations, support the evaluation team in liaison with the key partners and discussions with the team, and make

available to the team all relevant material. The CO will provide support to logistics and planning.

The UNDP EO will meet all costs directly related to the conduct of the ADR. These will include costs related to participation of the team leader, the international and national consultant(s), the EO staff member, the UNDP staff member on the evaluation team, and the preliminary research and issuance of the final ADR report in English. The CO will contribute support in kind. The EO will also cover costs of any stakeholder workshops during the ADR mission.

Box A3.4: Timeline/Key Milestones for the Egypt ADR Evaluation

Milestones	Dates
• HQ desk review and analysis of documentation	October - November 2002
• Exploratory mission to country by EO Task Manager	November 2002
• First draft TOR circulated for comments	December 2002
• Comments received	December 2002
• Draft TOR finalized and distributed	December - January 2003
• Start of research preparatory studies and surveys at country level	January 2003
• Completion of preparatory studies and surveys at country level	February 2003
• Identification/selection of external consultants	November 2002
• Consultations with HQ units and persons	February 2003
• Country mission/independent review by external consultants	March 2003
• Submission of draft report by evaluation team	April 2003
• Circulation of draft report for feedback	April 2003
• Submission of final report	May 2003
• Issuance of final report	June 2003
• Consultations and follow-up	June 2003

ANNEX IV: EGYPT STRATEGIC RESULTS FRAMEWORK (SRF) — OUTCOMES AND OUTPUTS

Outcomes	Outputs
G1- GOVERNANCE	
<i>Goal 1-SGN1- National, regional, and global cooperation that widens development choices for sustainable and equitable growth</i>	
<ul style="list-style-type: none"> • Enabling environment to augment access and use of IT in Egyptian society • Increased use by decision makers of sustainable human development concepts in policy formulation and implementation 	<ul style="list-style-type: none"> • Effects of globalization on Egypt addressed as main theme of NHDR 1999/2000 to be issued in 2002 • Technical secretariats established within economic group Ministries • Catalytic and innovative policy implementation approaches targeted towards Sustainable Human Development (SHD) adopted by the Social Fund for Development • Policy seminars conducted on SHD themes and issues in which key policy and decision makers are invited
<i>Goal 1-SGN3- Increased social cohesion based on participatory local governance and stronger local communities and institutions</i>	
<ul style="list-style-type: none"> • Enabling environment for citizenship and citizen participation created • Planning and budgeting processes at sub-national levels reformed to more effectively incorporate community level perspectives, participation, and needs 	<ul style="list-style-type: none"> • Two plans (regional or five-year plan) developed with input from the private sector and/or civil society organizations • Arabic material on human rights published and distributed to government officials • Four Internet/community tele-centers piloted and best practices disseminated to the government of Egypt and other partners for national replication • ICT TF mechanism operational • Information base on development data and indicators at local government level developed and piloted • Social advertisement campaign launched • Information base on development indicators at local government level developed • Land use maps on geographic information system on development issues for planning completed for Sinai and South of Egypt • Mechanisms for participatory approach for local government enhanced participatory physical planning introduced • Regional plans developed with the input of civil society organizations and private sector

Outcomes	Outputs
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G2- POVERTY

Goal 2-SGN 1- Human and income poverty addressed in national policy frameworks

- | | |
|--|---|
| <ul style="list-style-type: none"> • Expanding job opportunities across the country • Improved national capacity to monitor poverty and the situation of marginalized groups in accordance with the MDGs | <ul style="list-style-type: none"> • 10,800 jobs created • Two integrated business centers established • Data/indicators to achieve a better understanding of poverty features in Egypt available at governorate and Markas level • Survey with focus on women and informal sector prepared |
|--|---|

G3- ENVIRONMENT

Goal 3-SGN 1- Sustainable environmental management and energy development to improve the livelihoods and security of the poor

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|--|---|
| <ul style="list-style-type: none"> • Improved capacity of national/sectoral authorities to plan and implement integrated approaches to environmental management and energy conservation | <ul style="list-style-type: none"> • Four pieces of legislations for energy efficiency proposed to government for adoption • Management plans of protected areas developed • Revised National Environment Action Plan completed and presented to stakeholders for implementation |
|--|---|

G4- GENDER

Goal 4-SGN 1- Gender equality in the decision making process at all levels

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|--|---|
| <ul style="list-style-type: none"> • Increased awareness of participation of women in society | <ul style="list-style-type: none"> • Campaign to induce behavioral change on gender concepts launched • Gender budget analysis prepared |
|--|---|

G6- UNDP SUPPORT TO THE UN

Goal 6-SGN 2- Increasingly collaborative efficient and effective operational activities for development

- | | |
|---|--|
| <ul style="list-style-type: none"> • Sustained and more effective country level mechanisms within the Resident Coordinator | <ul style="list-style-type: none"> • Two joint UN initiatives established |
|---|--|

Source: Egypt SRF list of Outcomes and Outputs

ANNEX V: INTENDED DEVELOPMENT RESULTS

UNDP Themes	CCF 1997-2001	CCF 2002- 2006	UNDAF Focus Areas	Egypt SRF Outcomes
Governance	<p>Promotion of sound governance</p> <ul style="list-style-type: none"> • Management development enhancement • Civil society empowerment 	<p>Governance for human development</p> <ul style="list-style-type: none"> • Decentralization and participation in planning • Institutional development • Support to human rights and governing institutions 	<p>Enhanced governance, institutional capacity building, and civil society empowerment</p> <ul style="list-style-type: none"> • Institutional data collection, analysis, and information system • Promote policy dialogue towards UN conferences, conventions, and MDGs • Maintaining macroeconomic stability, civil society empowerment, equitable growth, and economic modernization • Promote economic institutional environment • Upgrade health system • Upgrade educational system • Develop information and communication technology 	<p>Dialogue that widens development choices</p> <ul style="list-style-type: none"> • Enabling environment to augment access and use of IT in the Egyptian society • Increased use by decision makers of sustainable human development concepts in policy formulation and implementation • Local governance • Enabling environment for citizenship and citizen participation created
Poverty Reduction	<p>Poverty eradication and sustainable livelihoods</p> <ul style="list-style-type: none"> • Promotion of and advocacy for the development of national strategy to eradicate poverty • Satisfying basic needs and eliminating socioeconomic disparities 	<p>Job creation and capacity development</p> <ul style="list-style-type: none"> • The asset base of the poor expanded and protected • An efficient and accountable public sector 	<p>Poverty reduction with emphasis on addressing social and geographical disparities</p> <ul style="list-style-type: none"> • Address the issue of gender disparity reduction in Egypt • Address the rights of children and youth • Address the particular development problems of rural upper Egypt 	<p>Human and income poverty/national poverty frameworks</p> <ul style="list-style-type: none"> • Expanding job opportunities across the country • Improved national capacity to monitor poverty and the situation of marginalized groups in accordance with the MDGs

UNDP Themes	CCF 1997-2001	CCF 2002- 2006	UNDAF Focus Areas	Egypt SRF Outcomes
Environment	Protection of the environment and the sustainable use of natural resources <ul style="list-style-type: none"> • Capacity building for environmental management, protection, and control • Sustainable use of natural resources (land and water) • Promoting the use of appropriate technologies 	Environmental management <ul style="list-style-type: none"> • Sustainable environmental management and energy development to improve the livelihoods and security of the poor • Regional and global instruments for environmentally sustainable development that benefits the poor 	Enhanced natural resources management, environmental sustainability, and food security <ul style="list-style-type: none"> • Promote environmental protection • Ensure the population's food security and nutrition • Maximize water use efficiency 	Environment and energy of livelihoods <ul style="list-style-type: none"> • Improved capacity of national/sectoral authorities to plan and implement integrated approaches to environmental management and energy conservation
Gender		An efficient and accountable public sector <ul style="list-style-type: none"> • Basic skills development among certain groups, such as women, youth, and the disabled Institutional development <ul style="list-style-type: none"> • National action plans for the advancement of women's/girls' education • National council for women (NCW) to set up a geographical information system on the status of women 	Poverty reduction with emphasis on addressing social and geographical disparities <ul style="list-style-type: none"> • Address the issue of gender disparity reduction in Egypt 	Gender equality <ul style="list-style-type: none"> • Increased awareness on participation of women of society
Special development situations UNDP support to the UN				Effective operational activities <ul style="list-style-type: none"> • Sustained and more effective country level mechanisms within the Resident Coordinators

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ANNEX VII: DECREE — QALIOBIA GOVERNORATE — NUMBER 228 FOR THE YEAR 2003 (INFORMAL TRANSLATION)

After consulting law 79/43 in connection with the Department of Local Development and its executive regulations, law 78/47 in connection with the regulations for civil servants working in the country, and the Human Development Report (HDR) for Qaliobia governorate 2003, the following was decreed:

Article 1: When resources are being allocated (for planning purposes) in any sector, they should be in line with the contents of the HDR for Qaliobia Governorate 2003 reflecting fairness and equality for all citizens and bridging the development gap between village, city, and Markaz at the governorate level.

Article 2: A local development plan is to be constructed for each village in

order to achieve integrated development.

Article 3: In order to prepare the outputs of Articles 1 & 2, reference should be made to the contents HDR for Qaliobia Governorate 2003.

Article 4: Specialized committees are to be established to study the contents of the HDR for Qaliobia Governorate 2003 and present it to the Local People's Council in the Governorate.

Article 5: All concerned entities are to implement this decree as of its issued date, 27 May 2003, at the Public Diwan of Qaliobia Governate.

Adly Hussein
Qaliobia Governorate



UNITED NATIONS DEVELOPMENT PROGRAMME

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