

Third Party Evaluation 2010
The Ministry of Foreign Affairs of Japan

Country Assistance Evaluation of Egypt

-Summary-

March 2011

Preface

This report is a summary of the *Country Assistance Evaluation of Egypt* undertaken by the International Development Center of Japan requested by the International Cooperation Bureau of the Ministry of Foreign Affairs (MOFA) of Japan.

Since its commencement in 1954, Japan's Official Development Assistance (ODA) has contributed to the development of partner countries and finding solutions to international issues which vary with the times. Recently, there have been increased domestic and international calls for more effective and efficient implementation of ODA. MOFA has been conducting ODA evaluations mainly at the policy level with two main objectives: to support management of implementation of ODA and to ensure its accountability. Those evaluations are conducted by third parties to enhance their transparency and objectiveness.


The evaluation study was conducted with the objectives of (1) reviewing Japan's overall assistance policy for Egypt, including the Country Assistance Program for the Arab Republic of Egypt (June 2008), to draw lessons as a useful reference in policy formulation for assistance to Egypt and its effective and efficient implementation going forward and make recommendations, and (2) also ensuring accountability by widely publishing the evaluation results.

Prof. Tetsuo Matsumoto, Professor Emeritus/Specially Appointed Professor, Nagoya University, acting as a chief of the study team, and Ichiki Tsuchiya, Research Fellow, Institute of Developing Economies, Japan External Trade Organization being an advisor for the study, made an enormous contribution to this report. Likewise, MOFA, the Japan International Cooperation Agency (JICA), and the ODA Task Forces as well as governmental organizations in Egypt, donors and non-governmental organizations (NGOs) also made invaluable contributions. We would like to take this opportunity to express our sincere gratitude to all those who were involved in this study.

Finally, we wish to add that the opinions expressed in this report do not reflect the views or positions of the Government of Japan or any other institution.

March 2011

Country Assistance Evaluation of Egypt (Country Assistance Evaluation)

<p>1. Country Assistance Evaluation</p>	
<p>2. Country: Arab Republic of Egypt</p>	
<p>3. Evaluators:</p> <p>(1) Chief Evaluator: Tetsuo Matsumoto (Professor Emeritus, Nagoya University)</p> <p>(2) Advisor: Ichiki Tsuchiya (Research Fellow, Institute of Developing Economies Japan External Trade Organization)</p> <p>(3) Consultant: <i>International Development Center of Japan</i></p>	
<p>4. Period of Evaluation study: From September 2010 to March 2011</p>	
<p>Conservation Centre in the Grand Egyptian Museum (Technical cooperation project)</p>	

Outline of the Evaluation

1. Evaluation Results

Japan's ODA to Egypt, from 2000 to 2009, received high rating in every evaluation criteria; "*Relevance of Policies*", "*Effectiveness of Results*", and "*Appropriateness of Processes*". From a diplomatic point, Japan's ODA had been undertaken by a careful consideration of the diplomatic importance of Egypt which has the geopolitical importance in Africa and Middle East and the sustainable development in the regions.

As the situation in Egypt is changing from day to day, following the large-scale demonstrations that broke out in Cairo and other major cities across Egypt on January 25, 2011, that demanded the resignation of President Mohamed Hosni Mubarak and also economic reforms. On February 11, 2011, Vice President Omar Suleiman announced the resignation of President Mubarak and the handover of management of state affairs to the Supreme Council of the Armed Forces.

This evaluation study covers Japan's ODA policy towards Egypt in FY2000-2009, commenced with a survey in Japan in September 2010 and carried out field surveys in Egypt from October 31 to November 13 2010. The evaluators conducted substantive evaluation analysis in the same period from September 2010 to January 2011, accordingly, this study does not include the recent events in Egypt since January 25, 2011.

Given the actual situation in Egypt, the evaluation team reviewed the "Summary of the Evaluation and Recommendations" to consider its usefulness. As a result, the team

confirmed that Japan's assistance to Egypt to date has been implemented with the three main objectives of *"Realization of Sustainable Growth and Employment Creation"*, *"Poverty Reduction and Improvement of the Living Standard"* and *"Promotion of Regional Stabilization"* and that each case of assistance is based on the needs of the Egyptian people seeking employment creation and the reduction of poverty-based disparity and thus Japan's ODA to Egypt has universal values in its content. Therefore, the summary of the evaluation has not been revised even after the change of government.

While the recommendations have not been changed in terms of the medium- and long-term direction of assistance, the team added a provision for short-term support, taking into account the situation in Egypt as of February 2011.

Furthermore, attributed to the recent revolution, the governmental structure of Egypt is still uncertain. An upcoming presidential election is expected in September 2011 and people's assembly elections are expected at a later date. Thus, the future directions of Japan's ODA may change largely based on those situations.

2. Main Recommendations

(1) Recommendations in Considering the Formulation and Direction of Policies

i. Strengthening of the Strategic Nature of the Country Assistance Program(CAP)

It is necessary to reconsider specific assistance strategies to ensure more effective assistance from a "selection and concentration" standpoint on areas of assistance, one of the recommendations pointed out in the *"Enhancing Enlightened National Interest – Living in harmony with the world and promoting peace and prosperity"* issued by the Ministry of Foreign Affairs of Japan in June 2010, while maintaining the presence of Japan's assistance.

ii. Further Strengthening and Expansion of Regional Cooperation

Trilateral cooperation for the purposes of development of Africa and peace in the Middle East is one of the areas which the Egyptian Government has placed great expectations, and the team has seen some achievements to date in this area. It is desirable to seek further expansion of the trilateral cooperation for the future.

iii. Review of the Assistance Approach

In view of Egypt's economic and social conditions, some aid organizations from other donor countries are reviewing their assistance policies toward Egypt or even withdrawing their assistance. Given these trends, Japan should also reexamine its assistance to Egypt by reviewing the assistance approach.

iv. Stronger Cooperation with Private Sectors

It is important to strive to proactively utilize from the knowledge of private sectors and tackle the issue on an all-Japan basis.

v. Short-Term Support for stabilizing the Situation in Egypt

It is meaningful for Japan to extend additional short-term assistance to support Egypt's stabilization at an early date.

(2) Recommendations in Implementing Assistance

i. Ensuring the Steady Implementation of Projects of Diplomatically Strategic Importance

Among Japanese assistance, there are some projects which are particularly important from the perspective of diplomatic strategy and which the Egyptian government has high expectations. Regarding this kind of projects, Japan should give special attention to ensure the steady implementation of these projects in an effective and sustainable manner, after they are concluded, and to make use of the effects of the projects for more favorable diplomatic relations between the two countries from a longer-term perspective.

ii. Documentation of Background and Developments to the Formulation of the CAP

Information on the formulation process of the CAP becomes important at the time of country assistance evaluation and also for the review of the CAP itself. It is recommended to put the formulation process in writing and store such documents as materials attached to the CAP.

iii. Further Strengthening of Public Relations Activities

Japan's ODA projects undertaken in Egypt are unlikely to be widely recognized. It is recommended that public relations be strengthened in an appropriate way for each target group (e.g. The general public, Japanese tourists to Egypt).

(Note: The opinions expressed in this summary do not necessarily reflect the views and positions of the Government of Japan or any other institution.)

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Map of Egypt

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Chapter 1 Background and Objectives of the Evaluation

1-1 Background and Objectives

The Arab Republic of Egypt (hereinafter referred to as “Egypt”) is located at the interface between Asia, Africa and Europe, embracing the Suez Canal and situated in a geopolitically strategic location. With Cairo, the capital city, providing the seat of the headquarters of the Arab League, Egypt has some position like a center of Arabic diplomacy and plays an important role in regional issues such as the Middle East peace process or peace-building in Iraq and Sudan. It undertakes multilateral diplomacy, giving importance to activities within the African Union (AU) and solidarity with Islamic and non-aligned countries as well as cooperation with Western nations. Egypt holds significant influence in the Arab and Islamic world, and its social stability, economic development and the strengthening of its constructive role within the region is important for peace and stability in the Middle East and Africa.

As the Middle East is the world's major energy supplying region, ensuring peace and stability of this region is crucial for the security and prosperity of the international community, including Japan. And Japan has recognized this and actively made effort toward peace and stability in the region. Thus Japan regards Egypt as a diplomatically important country which plays a constructive and crucial role concerning the peace and stability in the Middle East.

Economically, Egypt has gradually shifted from a socialist system to a market economy since the 1970s and realized high economic growth since the mid-2000s. In 2010 the annual growth rate was at around 6%. Consequently Egypt has been ranked as one of the lower middle-income countries with its gross national income (GNI) per capita standing at US\$2,070¹ in FY2009. On the other hand, people with low income are not getting the full benefits of the country's economic growth (over 40% of the population live on less than \$2 per day, and unemployment is still high (8.4% in 2007/2008)), and income disparity, regional disparity and gender disparity remain as major challenges.

Japan has been actively supporting Egypt through their grant aid, loan assistance, technical cooperation and grant assistance for grassroots human security, etc. Since the commencement of third-country training in 1985, Japan and Egypt have also been implementing joint assistance projects in African countries and the Middle East as partners in trilateral cooperation. In this context, Japan formulated the Country Assistance Program (CAP) for Egypt in June 2000. On June 2008, Japan revised the CAP, considering the need to support Egypt in its “Transformation into a Competitive and Stable Economy and Society” around the three main pillars of “Realization of Sustainable Growth and Employment Creation”, “Poverty Reduction and Improvement of the Living Standard”, and “Promotion of Regional Stabilization”.

¹ World Development Indicators database, World Bank, 27 September 2010.

In recent years, the environment surrounding ODA (Official Development Assistance) has undergone significant change both internationally and domestically. The Ministry of Foreign Affairs of Japan conducted a review of the ODA policy and summarized the outcome in a report entitled, "Enhancing Enlightened National Interest – Living in harmony with the world and promoting peace and prosperity", issued in June 2010, which called for (1) Implementation of More Strategic and Effective Aid; (2) Promotion of Public Support and Understanding; and (3) Mobilization of Financial Resources for Development. With the next review of the CAP for Egypt planned for 2012 and given the review results in the "Enhancing Enlightened National Interest" report, it is important to examine the results of Japan's ODA policy toward Egypt to date and present lessons and recommendations that serve as a useful reference in considering the direction of assistance going forward.

Evaluation was conducted for the following purposes in light of the situation described above surrounding Japan's overseas assistance:

1. Make an overall evaluation of Japan's ODA policy toward Egypt to date, obtain lessons and recommendations conducive to the formulation of the policy and effective and efficient implementation of assistance going forward and reflect them in the future policy;
2. Draw lessons from the past ways of assistance to the Middle East, trilateral assistance and assistance to countries where Japan is not the largest donor and reflect them in Japan's ODA policy for similar countries/regions; and
3. Ensure accountability to the Japanese people through the publication of the evaluation results and give a feedback to help enhance understanding about Japan's ODA among the governments of Egypt, other donor countries or organizations.

1-2 Scope of the Evaluation

The evaluation targets Japan's ODA policy for Egypt in general and its analysis examined the assistance over the last 10 years, from FY2000 to FY2009. In the evaluation work, the team reviewed Japan's assistance projects during this period, i.e. all loan assistance, grant aid and technical cooperation commenced in FY2000 or later.

1-3 Evaluation Framework

In the analysis, the team first reviewed the ODA policy objectives, based on the Ministry of Foreign Affairs' "ODA Evaluation Guideline Fifth Edition" issued on February 2009, and then evaluated it from the three criteria of "Relevance of Policies", "Effectiveness of Results" and "Appropriateness of Processes". Specifically, the team conducted the analysis and evaluation as follows:

(1) Review of Policy Objectives

The team made a systematic review on policy objectives in order to define the scope of the evaluation. The CAP for Egypt was formulated ahead of the resumption of the

suspended yen loans in June 2000 and later revised in August 2006 with the necessity to consider the involvement of the Board on Comprehensive ODA Strategy and also the new environment surrounding of Japan's ODA, including the revision of the ODA Charter. Later the current CAP for Egypt was formulated in June 2008, but the part of *"Future direction of assistance for Japan to pursue"* and *"Assistance policy by priority challenges"* have stayed unchanged since the revision in August 2006. Thus, the team prepared a goal chart of Japan's ODA policy toward Egypt (Figure 1) based on the current CAP for Egypt.

(2) Relevance of the Policy

The team examined the consistency through the goal chart (Figure 1) in tune with (1) Development needs of Egypt; (2) Japan's higher policies such as *"ODA Charter"* and *"Medium-Term Policy on ODA"*; (3) International priorities like MDGs (*Millennium Development Goals*); and (4) Other donors' assistance or Japan's comparative advantages in this area.

(3) Effectiveness of the Results

The team identified Japan's assistance objectives and relevant indicators for priority areas, and reviewed and analyzed the inputs and results of Japan's assistance. However, as no quantitative target levels were established neither on objectives nor priority areas, it is infeasible to judge the degree of achievement by comparison of the target levels and achieved levels. And it is naturally difficult to measure accurately the degree of contribution of Japan's assistance against time series variation. Therefore, the team made a comprehensive judgment on the effectiveness while making full use of information obtained from interviews with people involved both in Japan and in Egypt.

(4) Appropriateness of Processes

The team examined the systems on both the Japanese and Egyptian sides for the process of formulation, implementation of assistance policies and the decision-making. The team also examined the appropriateness in terms of definiteness of these processes, information collection and analysis structures, cooperation and information sharing among parties concerned to ensure the ownership of the Egyptian side and the public relations mechanism.

1-4 Evaluation Steps

The evaluation was conducted for the survey between September 2010 and March 2011. During this period, three study meetings were held with the participation of officials of MOFA and JICA (Japan International Cooperation Agency). Specific work procedures are described below:

(1) Formulation of the Evaluation Design

The team, under the direction and supervision of the chief evaluator, consulted with relevant organizations and departments of MOFA and JICA, and developed a draft evaluation design, including evaluation objectives, subjects, criteria and work schedule. The team also developed a framework of evaluation, which includes specific evaluation items, evaluation indicators and data gathering methods, for use in conducting examinations on the basis of the three viewpoints of the evaluation analysis described above.

(2) Literature Reviews and Interviews in Japan

In line with the evaluation design, the team collected information in Japan through a literature review on the trends of assistance to Egypt by donors and statistical data about Egypt. And the team also conducted interviews with officials of MOFA and other assistance-implementing organizations.

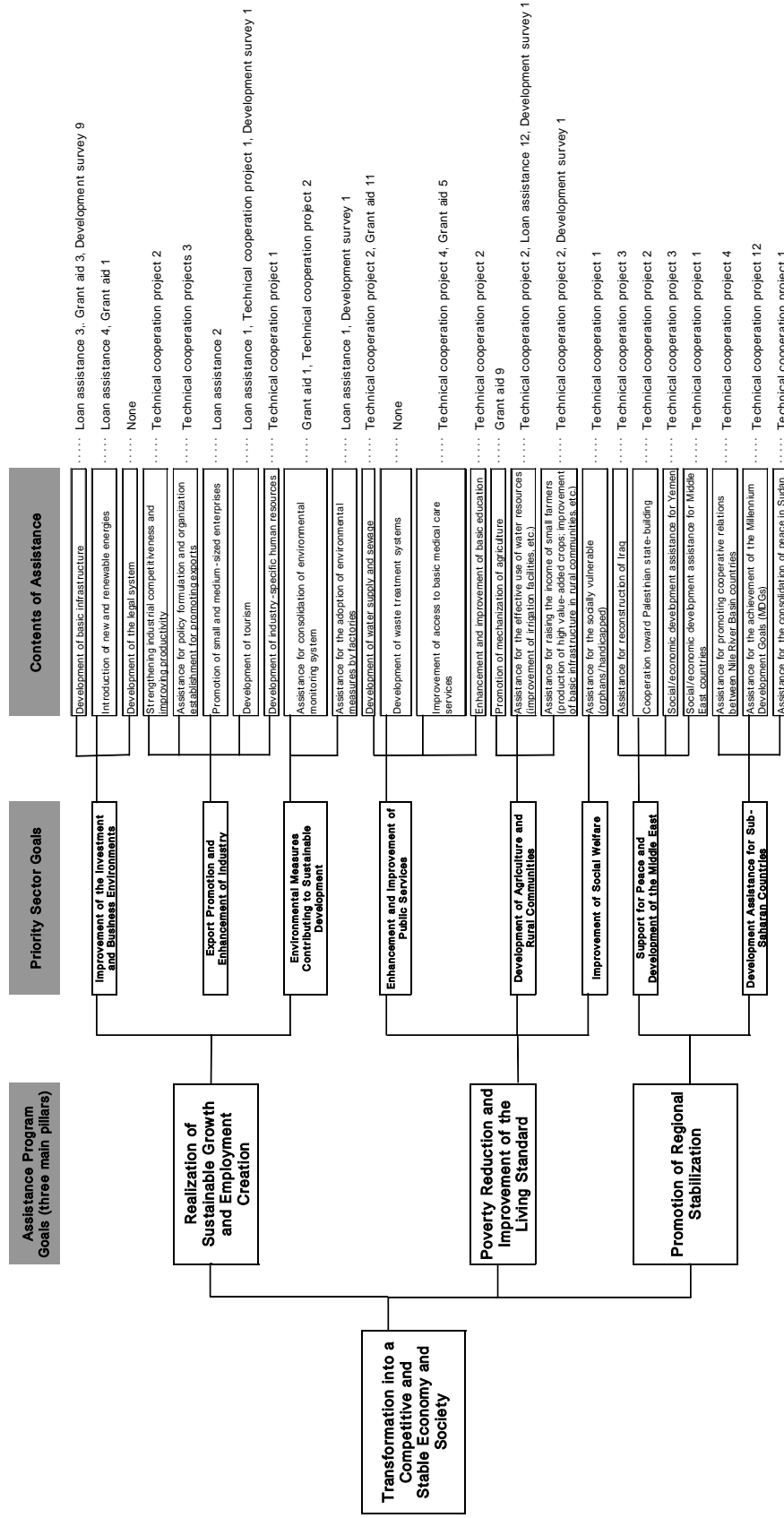
(3) Field Study

On the basis of information collected in Japan, the team conducted the field study in Egypt between October 31 and November 13, 2010. The team visited Cairo, Giza, Sharqiya and Alexandria to conduct interviews with Japanese official organizations and private sector entities, Egyptian government agencies and cooperation organizations, other donors or beneficiaries, etc., and observed some sites of assistance projects.

(4) Information Analysis and Report Writing

The team sorted out and analyzed information obtained from the literature review, interviews and the field study. The team made comprehensive evaluation judgments for each evaluation item by criteria, identified both promoting and disrupting factors for the effects of assistance, and then derived lessons and recommendations. All of those findings were incorporated in a final evaluation report.

Figure 1 Goal Chart based on the Japan's Country Assistance Program for Egypt



Note: The number of cases by scheme described to the right of each item in "Contents of Assistance" is obtained by the evaluation team through the analysis and tallying of loan assistance, grant aid, technical cooperation projects and development surveys conducted in FY2000-2009.

Source: Prepared on the basis of the Country Assistance Program for Egypt (June 2008)

Chapter 2 Japan's Assistance to Egypt in the Period Subject to the Evaluation

2-1 Basic Policy for Assistance to Egypt

During the evaluation coverage period from 2000 to 2009, Japan's CAP for Egypt was formulated twice². Each CAP cites the following points as the significance of assistance to Egypt and that recognition basically remains the same.

- Egypt is a major country located at the interface between Asia, Africa and Europe, embracing the Suez Canal and situated in a geopolitically strategic location. Egypt holds significant influence in the Arab and Islamic world, and its social stability, economic development and its constructive role within the region is important for peace and stability in the Middle East and Africa.
- As the Middle East is the world's major energy supplying region, ensuring peace and stability in this region is crucial to the security and prosperity of the international community as a whole, including Japan.
- Japan has been actively working toward peace and stability in the region and regards Egypt as a diplomatically important country which plays a constructive and crucial role concerning peace and stability in the Middle East.
- Meanwhile, Egypt is still in the developing stage in terms of society and economy, and alleviation of the income disparity, regional disparity and gender disparity remain as major challenges. In light of Egypt's financial conditions, assistance from the international community is essential for the country to continue its stable economic growth and to succeed in achieving the MDGs and poverty reduction.
- Given the above, in order for Egypt to continue to play a constructive role for the peace and stability in the region and to maintain the stable supply of energy, it is highly meaningful for Japan, from the perspective of its diplomatic strategy, to support Egypt's self-help efforts for further development and reform through the effective and efficient use of ODA.

"ODA Country-by-Country Data Book 2009" issued by MOFA has the following passage:

"Egypt accounts for one-quarter of the Arab population and also has significant influence over the African continent. If this country gets on the track of sustained development driven by self-help efforts, its success story should

² However, the Country Assistance Program for Egypt formulated in June 2000 was revised in August 2006, because it was formulated before the provision of yen loans to Egypt (Japan had put off new yen loans to Egypt until 2001 as the country had received structural adjustment facilities from the World Bank since 1991) and without the involvement of the Board on Comprehensive ODA Strategy and also because the environment surrounding Japan's ODA changed significantly, including the revision of the ODA Charter. The basic policy and priority areas of the Country Assistance Program for Egypt formulated in June 2008 inherited the basic policy and priority areas of the Country Assistance Program for Egypt formulated in August 2006 without change. (See "Policy for Work on the Revision of the Country Assistance Program for Egypt" (January 24, 2005) and "ODA Country-by-Country Data Book 2006" of the Ministry of Foreign Affairs.)

wield strong influence over a wide area and also bring about a positive outcome in joint efforts already under way between Egypt and Japan as trilateral cooperation efforts for the development of Sub-Saharan Africa and progress in democratization in the Arab world.”

2-2 Actual Performance of Assistance

Japan has always regarded Egypt as a priority recipient country in the Middle East, and provided ¥578.1 billion in loan assistance (on a basis of notes exchanged), ¥148.5 billion in grant aid (on a basis of notes exchanged) and ¥57.3 billion in technical cooperation by 2009. In FY2008, Egypt ranked 14th among recipient countries of Japan's grant aid (excluding aid for debt relief) (on a basis of net disbursements; \$33.22 million, or 1.68% of the total) and 21st among recipient countries of Japan's technical cooperation (on a basis of net disbursements; \$16.73 million, or 0.55% of the total). Egypt also ranked 13th among recipient countries, with the total of yen loans which reached ¥539,255 million until FY 2008 (on a basis of notes exchanged, excluding yen loans for debt relief), the second largest recipient in the Middle East after Turkey, which came in 12th³.

Japan's ODA to Egypt over the 10-year period of FY2000 to FY2009 is shown in Table 1. Japan's loan assistance in this period was large enough to amount to ¥145.5 billion, about three-quarters of the total amount of assistance extended during the 10-year period, with the remaining one-quarter consisting of ¥33.0 billion in grant aid and ¥14.2 billion in technical cooperation (the amount of technical cooperation implemented by JICA until FY2008). On average, Japan has annually given grant assistance for grassroots human security in about seven cases, accepted over 100 trainees, sent about 80 experts overseas and provided equipment worth around ¥140 million.

³ Japan's ODA White Paper 2009 and the ODA Country-by-Country Data Book 2009, the Ministry of Foreign Affairs.

Table 1 Japan's Assistance to Egypt by Type (FY2000-2009)

FY	Yen loan (¥100mn)	Grant aid (¥100mn)	Technical cooperation (¥100mn)	Total (¥100mn)	Grassroots human security grant aid (case)	Grassroots cultural grant aid (case) [¥100mn]	General cultural grant aid (case) [¥100mn]	Trainee acceptance (person)	Dispatching of experts (person)	Provision of equipment (¥1mn)
2000	?	47.20	N/A (27.49)	74.69	9 [0.47]	?	?	142	104	577.66
2001	51.94	27.91	26.36 (21.13)	106.21	8 [0.41]	1 [0.05]	1 [0.49]	150	94	211.81
2002	?	25.09	22.38 (17.39)	47.47	7 [0.42]	1 [0.07]	?	138	77	85.20
2003	215.13	62.37	19.48 (15.20)	296.98	9 [0.62]	?	1 [0.29]	139	68	130.17
2004	57.32	44.17	14.56 (10.53)	116.05	4 [0.18]	1 [0.06]	2 [3.00]	105	70	11.01
2000 - 2004 Subtotal	324.39	206.74	82.78 (91.74)	641.40	37 [2.10]	3 [0.18]	4 [3.78]	674	413	1,015.85
2005	106.65	41.44	12.13 (10.17)	160.22	8 [0.39]	1 [0.09]	?	94	41	51.40
2006	395.58	23.51	14.36 (12.24)	433.45	3 [0.23]	?	1 [0.46]	93	75	40.00
2007	?	21.90	16.25 (14.52)	38.15	7 [0.62]	?	?	83	80	66.92
2008	239.68	27.10	N/A (13.77)	280.55	8 [0.74]	1 [0.10]	?	66	100	42.29
2009	388.64	22.74	N/A	N/A	4 [0.20]	?	?	117	149	223.55
2005 - 2009 Subtotal	1,130.55	136.69	42.74 (50.70)	1,317.94	30 [2.19]	2 [0.19]	1 [0.46]	453	445	424.16
2000 - 2009 Subtotal	1,454.94	343.43	125.52 (142.44)	1,940.81	67 [4.28]	5 [0.37]	5 [4.24]	1,127	858	1,440.01
Cumulative total to 2009	5,781.19	1,484.63	572.65	7,838.47	-	-	-	-	-	-

Note: Figures in parentheses in the technical cooperation column represent technical cooperation extended by JICA. The cumulative total of technical cooperation is the cumulative total of technical cooperation provided by JICA (up to FY2008). General cultural grant aid includes grant aid for cultural assets.

Source: The Ministry of Foreign Affairs, International Cooperation Bureau (ed.), Official Development Assistance (ODA) Country-by-Country Data Book; JICA, JICA Annual Report 2009.

Chapter 3 Results of the Evaluation

3-1 Relevance of the Policy

The team recognized that Japan's CAP for Egypt describes well the significance and the direction of its assistance and also describes about important diplomatic relations between Japan and Egypt. The priority areas described on it also match well the ODA Charter and Medium-Term Policy on ODA. The CAP is also highly consistent with major long-term plan of Egypt, like the Long-Term Vision for Social and Economic Development (2002/03-2021/22), the Sixth Five-Year Plan (2007/08-2011/12) or the country's current five-year plan. .

As for consistency with international priorities, it was confirmed that the CAP contains responses in this regard for each of the eight MDGs listed as the goals to be achieved by 2015. In other areas, the team identified efforts by Japan to conform its CAP to international efforts to deal with the issue of climate change.

Regarding coordination with other donors, Japan has formulated its ODA policy, based on the comparative advantage and selections of its priority areas. However, these priority areas cover very wide range, that contrasts sharply with the actual trends of other donors which have proceeded with short-listing of priority areas over the last 10 years or even start removing their assistance from Egypt.

From the perspective of complementary with other donors, the team identified some

positive changes on the part of Japan to respond to Egypt's wide-ranging development challenges by using different ways and means of assistance for different purposes, as seen in the case where UNDP implements cooperation projects through the Fund provided by Japan, on the area of governance, which is not in the realm of priority areas of Japan's CAP for Egypt.

Based on the above, the team concludes that the direction pursued by Japan's ODA policy toward Egypt is deemed mostly relevant from Egypt's development needs perspective, Japan's higher policies and responses to international priorities are complementary with other donors and also with Japan's comparative advantages.

3-2 Effectiveness of the Results

Japan's CAP for Egypt has set the goals of "*Realization of Sustainable Growth and Employment Creation*", "*Poverty Reduction and Improvement of Living of Standard*" and "*Promotion of Regional Stabilization*". It is difficult to clarify how the inputs and results of Japan's assistance contribute to the improvement of Egyptian society and economy because the proportion of its ODA in the Egyptian overall budget is limited and because no quantitative target levels have been established in the objectives of assistance program. In addition there are many sectors in which a large number of donors, either individually or in collaboration with others, extend cooperation. Taking these constraints into account, the team concluded the results of evaluation as follows:

(i) "Realization of Sustainable Growth and Employment Creation"

Japan supported this sector mainly by loan assistance, with the largest fund infusion, which accounted for over half of Japan's total assistance to Egypt in the study period. Japan's significant quantitative contribution to date has been noted in the area of new and renewable energy, including wind power generation to which the Egyptian Government is assigning policy priority, and Japan can be seen as demonstrating a certain measure of its presence by cooperating with the Egyptian Government's pioneering efforts. Japan has also been involved in the Egyptian Government's policy-making and implementation processes through various schemes, contributing to wide-ranging improvements in the direction, mechanism and specific measures in respective policy areas. Furthermore, at the strong request of the Egyptian side, Japan has been cooperating in the symbolic projects of the Egyptian Government, including *the Grand Egyptian Museum* and the *Egypt-Japan University of Science and Technology (E-JUST)*. These projects could have major impacts and also make a significant contribution in terms of diplomatic importance between the two countries, support for Egypt's strategy on its external policy and enhanced recognition among Egyptian people on Japan's assistance.

(ii) *“Poverty Reduction and Improvement of the Living Standard”*

A lot of projects have been implemented as Japan responded meticulously to the development needs of Egypt. Even though the amount is around one-fifth of the support for the “Realization of Sustainable Growth and Employment Creation” mentioned above, the number of projects (including grass-root human security grant aid) is more than threefold. And the team confirmed that this project has also been carefully developed in line with Egypt’s development plan and by considering Egypt’s needs preferentially. This is believed to have gone a long way toward enhancing the satisfaction of beneficiaries. But on the other hand, Japan’s ODA has been on the decline lately, and going forward. Thus, it is required to implement strategic assistance by accelerating the selection and concentration approach. Some areas have been identified as areas that the Egyptian Government can gradually address in its self-help efforts. Japan appears to be facing a necessity to review the way of cooperation and to shift its support into some areas in greater need or into short-list regions and targets that require larger shares of Japan’s assistance.

BOX 1 Overview and Characteristics of the E-JUST Project

In Egypt the decline in quality of education due to “mass production” of higher education has become a major issue. This project provides support for the establishment and improvement of the Egypt-Japan University of Science and Technology (E-JUST) that is to play the role of an engine for reform of Egypt’s engineering-related higher education.

In this project, Japan provides technical cooperation for seven programs (electronics and communications engineering; computer science and information engineering; mechatronics and robotics engineering; industrial engineering and management systems; materials science and engineering; energy resources and environmental engineering; and chemical and petrochemicals engineering) at three schools in the engineering faculty of E-JUST. E-JUST is expected to bear the role of a model of reform of Egypt’s engineering-related higher education.

E-JUST started the enrollment of participants for a master’s course in February 2010, and held a ceremony to open the school in June 2010. As of November 2010, E-JUST offers four programs, as initially planned.



(iii) *“Promotion of Regional Stabilization”*

The team confirmed that every third-country training project has been implemented in accordance with the social and economic development needs of the Middle East and Africa regions. It is also particularly noteworthy that, compared with bilateral assistance such as training in Japan and the dispatching of Japanese experts, third-country training and the dispatching of third -country experts have the added advantage of making it possible to develop far more human resources at much lower cost.

While the outcome by supporting South-South cooperation depends largely on the capabilities on the part of Egypt; the satisfaction level of participating trainees was found to be generally high, and the team also confirmed the elevation of abilities of each trainees. Behind these achievements, there are some fact that the Egyptian Government has a great deal of experience in their regional diplomacy and that the training organizations have technical prowess and abilities to manage. In addition to that, the strong commitment of parties is essential for the success. . As the Egyptian Government has given high marks to Japan’s support for regional stabilization and also has high expectations of Japan’s continued contribution in this area going forward. Thus Japan needs to further expand its support by diversifying assistance schemes.

BOX 2 Egyptian Training Implementing Institutions Supporting South-South Cooperation

As seen in Japan’s track record of support, third-country training implementing institutions are more or less fixed by area or theme. This is because there are currently only a limited number of institutions that have certain level of facilities to accommodate trainees from other countries and can implement and operate trainings for diversified trainees.

During the field study, the team visited the Egyptian International Center for Agriculture (EICA), which has been accepting trainees from African countries since 1987 and has ample experience as an implementing institution for supporting South-South cooperation. All lessons and lectures at EICA are essentially given in English, but participants’ desks are equipped with microphones and simultaneous interpretation is provided in French, Spanish or Russian from interpreters’ room installed in the rear of classrooms.

In the training class for “Warm Water Fish Production for Africa” that the team visited, among 14 participants were four from French-speaking countries and simultaneous interpreters for English and French were assigned to the class.



Based on the perspective of Japan's contribution to the superior objective, "Support for Egypt's Transformation into a Competitive and Stable Economy and Society", it is being well accomplished through Japan's contribution to the CAP's priority goals. On the other hand, the team can hardly identify visible significant results in terms of the mitigation of disparities, including income, regional or gender disparity.

Considering the above, Japan's ODA policy for Egypt has been effective as individual projects implemented in line with the CAP's three priority goals generally produced positive results and some achievements were identified also with regard to the superior objective of transformation into a competitive and stable economy and society

3-3 Appropriateness of the Policy-Making and Implementation Process

The CAP 2008 has been mostly appropriately formulated and led by the ODA Task Force (TF) consisting of the Japanese Embassy in Cairo, JICA and the Japan External Trade Organization (JETRO) in Egypt and based on the views of the Tokyo Task Force and the Egyptian Government. On the other hand, while "*Selection and Concentration*" in assistance areas were considered an important point in the process of formulating the CAP 2008, its contents are not much different from the older version, CAP 2000.

The formulation and selection of projects were implemented through the appropriate process in accordance with the CAP. The team also noted some efforts to maximize the effects of assistance through coordination among assistance schemes. Communication with the Egyptian Government was mostly smooth, with its needs fully captured through routine dialog. However, "*Selection and Concentration*", such as enhanced assistance in specified areas and prioritization of regions for support, were still on the drawing board and had yet to be implemented in concrete term, although their importance was fully recognized among parties concerned since the formulation of the CAP. Concerning the assistance implementation system, there is room to improve the Egyptian Government's capacity to receive assistance and this improvement can be expected through the formulation of the "*Cairo Action on Aid Effectiveness*".

The monitoring and evaluation of support projects were conducted appropriately by JICA and the Japanese Embassy in Cairo. But the regular implementation of the monitoring and evaluation at the policy level is a remaining challenge for the future.

Cooperation among donors to Egypt takes place individually as well as at periodically-convened donor meetings and irregular sector meetings. Japan has achieved some results by proactively promoting cooperation, coordination and demarcation with other donors, particularly in loan assistance project, but some other donors were exerting efforts to promote cooperation and coordination at the policy and program levels to achieve more effective and efficient implementation of assistance.

Public relations activities for Japan's assistance are actively undertaken in Egypt and Japan's assistance is widely recognized there but compared with this the visibility of Japan's assistance to Egypt remains low in Japan.

Considering the above, it is concluded that the formulation and implementation of Japan's ODA policy toward Egypt has been mostly appropriate in ensuring the relevance and effectiveness of its assistance policy.

Chapter 4 Recommendations

4-1 Recommendations in Considering the Formulation and Direction of Policies

(1) Strengthening of the Strategic Nature of the CAP

In light of Japan's recent economic and fiscal conditions, it is hard to expect the situation in which the ODA budget will keep increasing going forward. Thus, to consider a concrete strategy for implementing effective assistance from a "selection and concentration" standpoint on areas of assistance while maintaining the presence of Japan's assistance is necessary.

The evaluation team recommends that as the first step in considering the strategy, Japanese government commence with a realignment of the goal chart attached to the CAP. When individual projects are developed for strategically selected subsectors, the goal chart is something that should be referred to for achieving effectively and efficiently objectives established for priority sectors against challenges in the recipient country. However, the current CAP has in effect become something close to a classification table of areas showing the contents of individual assistance projects in respective priority sectors. For example, in considering the effectiveness of results, a question was raised about the significance of independently addressing "*Improvement of Social Welfare*" as one of the priority sectors in the CAP when the amount of assistance and the number of projects in this area are limited, and it was also questioned whether the rounding up of limited results derived from individual projects can be construed as sufficient assistance to respond to this major challenge.

In the realignment of the goal chart, it is important to narrow down the scope of support from the standpoint of "*Selection and Concentration*" in assistance areas. The current CAP has designated three priority goals; "*Realization of Sustainable Growth and Employment Creation*", "*Poverty Reduction and Improvement of the Living Standard*" and "*Promotion of Regional Stabilization*". Though these priority goals are consistent with Egypt's development policies, the priority sectors selected under these goals are wide-ranging so any requested project can fall under the category of either of the three. Thus, it makes it difficult to achieve "selection and concentration".

The government should finalize the goal chart after fully examining; the strengths and weaknesses of Japan's assistance, the trends of other donors' assistance and Egypt's development capabilities while finding the most effective and efficient assistance schemes. For that, it is necessary to pay full heed to the contents of the "*Cairo Action on Aid Effectiveness*", set to be formulated by the end of 2011.

(2) Further Strengthening and Expansion of Regional Cooperation

Trilateral cooperation for the development of Africa and peace in the Middle East is very important for the Egyptian government, and the evaluation team has identified some achievements to date in this area. It is expected for Japan to continue and even seek further trilateral consideration. Since 2003 Japanese government has considered third-country training as the only means of trilateral cooperation, but the government should seek another way to strengthen and further expand this cooperation, for example, the dispatching of third-country experts or support to improve the assistance capacity of the *Egyptian Foreign Ministry's Egyptian Fund for Technical Cooperation (EFTCA)*, etc. It is also possible to plan and implement projects Japan undertakes as bilateral cooperation with a view to establishing links with trilateral cooperation, such as utilization of human resources nurtured at E-JUST as bearers of trilateral cooperation in the future.

In regional cooperation, it is equally important to ensure Japan's accountability to beneficiary countries (countries in the Middle East and Africa). To that end, in addition to regular collection of information on the Egyptian Foreign Ministry's external assistance policy, Japan should leverage expert efforts to proactively explain its support for regional cooperation jointly implemented by Japan and Egypt to beneficiary countries instead of leaving such explanations up to Egypt. For example, when the next CAP is formulated, the team proposes that Japan present its policy of support for regional cooperation jointly with the Egyptian Government by holding a briefing session in Egypt, inviting diplomatic missions of Middle East and African countries in Egypt.

(3) Review of the Assistance Approach

In view of Egypt's economic and social conditions, some of the foreign aid organizations are starting to review their policies toward Egypt and some are even withdrawing their assistance from Egypt. Given these developments, Japan should also reexamine its assistance to Egypt. For example, some Egyptian government agencies with which Japan has been cooperating have improved their organizational and fiscal capabilities and some of them are now capable of carrying out development projects on their own. These developments may partly reflect the achievements of Japan's support. More specifically, waterworks facilities development is one of the areas which Egypt can carry out projects with their own self-help efforts. In such field, the team proposes that Japan shift from the approach of providing direct support through grant aid and technical cooperation to the approach of providing management-level support, supporting the midstream and upstream stages of policy implementation, such as human resources development and administrative management (for example, the dispatching of policy advisers), trilateral cooperation and loan assistance.

(4) Stronger Cooperation with Private Sectors

Given the highly visible presence of Japan's tourism industry in Egypt and the

establishment of E-JUST, a university designed for industry-academia cooperation, it is now essential to cooperate and share information with Japanese companies. Thus now in Egypt, JETRO (Japan External Trade Organization) became a member of the ODA Task Force. It is important to proactively share knowledge of the private sector among ODA Task Force. It could be useful to open up the Task Force to the public, inviting Japanese companies which are related to the theme of each meeting, and that makes it possible to tackle assistance on an all-Japan basis.

The *“Enhancing Enlightened National Interest”* report noted the importance of coordination between official and private approach, which means coordination between ODA and private sectors investments like Other Official Flows (OOF), etc.. This importance is well recognized, but it is hard to fully capture the investment flow of the private sector into Egypt. MOFA basically doesn't have enough information on this. Before seeking such cooperation in earnest, it is necessary to start to build a new system that makes it possible to regularly share with parties concerned with assistance information on OOF and private sector companies' projects.

(5) Short-Term Support for Stabilizing the Situation in Egypt

Protest demonstrations that broke out mainly in cities such as Cairo and Alexandria on January 25, 2011, were initially intended to call for political reform and improvement of living standards. But the demands of the street demonstrators gradually converged on the departure of President Mubarak and finally the Mubarak Government collapsed on February 11, 2011. The Supreme Council of the Armed Forces took over the reins of government from President Mubarak and on February 13 announced suspension of the constitution and the dissolution of the People's Assembly. The Council also declared that it will hold presidential elections around autumn of this year following the revision of the constitution and that it will hand back the reins of power after the new government is inaugurated.

While the collapse of the Mubarak Government brought large-scale street protests to a halt, a spate of labor strikes started occurring immediately afterwards across the country, with Egyptians voicing their dissatisfaction over economic matters. As the street demonstrations stalled economic activities, the Egyptian economy veered off the track of recovery, with the Minister of Finance revising down the country's growth rate for FY2010/11. With food and other prices rising, there are concerns that middle- and low-income people will see their living standards eroded further. While the road has been paved for democratization, it still remains uncertain to have stability anytime soon.

As of February 2011, it seems most likely that Egypt will have a new political system in place over the next year or so and the country's medium- and long-term economic development policy will be mapped out under the new government. For Egypt to make a smooth shift, it is necessary to stabilize the social situation soon by providing direct support for Egyptian people confronted with economic difficulties stemming from the recent string

of protests demonstrations and rising prices. The provisional cabinet already announced plans to raise wages for workers in the public sector and increase the social security fund for low-income earners. The team believes that it is meaningful for Japan to extend additional short-term assistance, aiming for Egypt's stabilization at an early date.

Among conceivable support measures that can be expected to produce quick effects are, measures to create employment, infrastructure building by employing workers laid off in the tourism sector and other affected sectors, capacity-building of NGOs supporting low-income people, and construction and maintenance of irrigation facilities. In particular, as NGOs are expected to take on greater roles going forward, it is necessary to foster human resources to work with NGOs and boost capacities of NGOs. As capacity-building of NGOs is also conducive to increase supports for low-income people, their beneficiaries, it is deemed useful from the medium- and long-term viewpoints.

Also conceivable as support for low-income people are such programs as support for the development of identification cards essential for access to the social security system and training of people at micro businesses (training on tax payment, social security and other systems necessary for corporate operations). All these systems directly benefit low-income people and can be expected to produce results in the short run.

In order for Egypt to achieve democratization smoothly and build a stable society over the medium and long term, it is important to achieve stabilization in the transition stage with support that can produce quick effects. On the other hand, Japan should also consider support that can build on the past achievement to avoid speed-before-quality support.

4-2 Recommendations in Implementing Assistance

(1) Ensuring the Steady Implementation of Projects of Diplomatically Strategic Importance

Regarding Japan's ODA projects that are of particular importance from the perspective of diplomatic strategy and that have high expectations from Egypt, such as trilateral cooperation and E-JUST, it is important for Japan to pay attention to how to maintain and continue the achievements of those projects in an effective and sustainable manner after they are completed; and how to make use of the achievements for favorable diplomatic relations between the two countries from a longer-term perspective. For example, Japan helped to build a bridge over the Suez Canal, the Opera House and a children's hospital at Cairo University more than 10 years ago, the achievements of these projects still remain intact and now are highly recognized by the Egyptian people. Japan should strive to increase the number of these kinds of good practices going forward.

Among assistance projects now under way, E-JUST draws the strongest political will of the Egyptian government and also has high expectations on the Japanese side. During our study in Egypt, the Minister of Higher Education voiced a concern that the political situation in Japan might influence Japan's involvement in E-JUST in the future. In order to maintain and expand good bilateral relations, it is important for Japan not only to maintain its

commitment to this project regardless of political developments at home but also to make sure to develop a mechanism before the end of this project that allows Japan to maintain and expand its involvement (cooperation with Japanese companies, etc.) even after project completion.

(2) Documentation of Background and Developments to the Formulation of the CAP

The CAP for Egypt is the means of conveying Japan's ODA policy to the Egyptian government and Egyptian people as well as to the Japanese people, and it is also important from the viewpoint of information sharing among people involved on both sides, Japan and Egypt. The latest evaluation study found that the process of formulating the CAP for Egypt was not sufficiently shared among parties concerned. Since information on the formulation process of the CAP becomes important at the time of evaluation and also for the review of the CAP itself, the team proposes that the government record the formulation process in written form, organize and keep such documents as material attached to the CAP.

(3) Further Strengthening of Public Relations Activities

As stated above, Japan's ODA projects for the bridge over the Suez Canal, the Opera House and the children's hospital at Cairo University have been highly appreciated by officials concerned within the Egyptian government, and as symbolic projects to be recognized by the Egyptian people have played a major role in making Japan's assistance more visible. In Japan, meanwhile, it is unlikely that Japan's ODA projects undertaken in Egypt are widely recognized. In particular, there is much room for efforts to strengthen public relations activities within Japan concerning the country's support extended through international organizations, such as the International Peace Center for Human Rights in Egypt.

When the team refers to the Japanese people, there are those who have at least some interest in Egypt, like tourists visiting that country for sightseeing, and those who do not have much interest in Egypt. According to information obtained through interviews with staff of a travel company that organizes Japanese tourists travel to Egypt, Japanese visitors in the former category showed interest in ambulances and mobile school vehicles provided as part of grant aid and grant assistance for grassroots human security and tended to seek more information. It is important, with the cooperation of travel companies, to more actively provide these people with detailed information on ODA projects to deepen their understanding. In transmitting information to the general public with less interest in Egypt or ODA, like those in the latter group mentioned before, it is necessary to go beyond the conventional way of providing information in writing and to undertake public relations activities making active use of the visual through such media as television, magazines and meetings. When Japan is offering technical cooperation centering on the development of human resources related to development management support, the government should

give full consideration to ways of raising the recognition effectively, such as the joint development of public relations plans with the relevant organizations in Egypt, in order to continue to secure contacts with general public in Egypt and gain their wide recognition.

Map of Egypt



Photos



Egypt-Japan University for Science and Technology "E-JUST"
(Technical cooperation project)



Borg El Arab Airport
(Loan assistance)



Conservation Centre in the Grand Egyptian Museum
(Technical cooperation project)



Water Management Improvement Project II (Technical cooperation project)



School for the hearing impaired children
(Grant Aid for Grassroots Human Security)



Third-country training held at Egyptian International Center for Agriculture
(Technical cooperation project)