

about Egyptian bureaucracy. I think this is injustice. There is a great injustice here, because as much as there is bureaucracy here, there is always bureaucracy on the other side, but you wouldn't know it except if you are dealing with it. In some cases, like regional organizations, if the regional organization represents 40 countries, then you have the bureaucracy of 40 member countries, and not only one of them. Let us look at the record. The telephone project in Egypt is ahead of schedule by six months. The Shubra el-Kheima project, the biggest electricity project in the whole Middle East, is ahead of schedule by one year. A few minutes ago I was speaking about the record regarding the use of funds from different sources. With grants from the U.S., more than 90% is used; with loans from the U.S., 98% is used. This is the record as of the 30th of September 1983. And even when you are dealing with different departments, investment for instance, I just want to say what the international press spoke about: the revolution in investment planning in Egypt. As of now, efficiency is the name of the game. The unheard of happened in Egypt. These are some examples of what is taking place.

The Impact of Development  
Assistance on Egypt

ed. , EARL L. SULLIVAN

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Perspectives of the Egyptian Ministry of the  
Economy on the Impact of American Aid on Egypt

by Mostafa El-Said\*

If I try to optimize American aid to Egypt, I have first, to look at Egyptian priorities. These I have to set first, and then examine whether American aid to Egypt is consistent with those priorities or not. Always we will find a gap. So, the next question is, how to close this gap. As Minister of Economy, I would say that there are three basic priorities of the Egyptian economy at this time. The first is to establish a structure of economic growth where agriculture and industry play a more important role than they were doing before. Second, I have to follow economic policies that will help me to decrease the existing deficit in the balance of payments. Third, I have to follow policies in order to decrease the existing deficit in the budget, and with it, all the inflationary pressure which is existing in the economy. Those are the three basic priorities adopted by the Egyptian government according to the existing five year plan.

Is American aid in all its totality and all its details consistent with those aims? I would say that it is partly consistent, partly inconsistent. At least, the priorities of American aid are not completely consistent with Egyptian priorities. If we examine the structure of the aid, we can see that it is divided into two basic parts. Part is used to import the agricultural commodities, and the other part is related to projects. Regarding the question of importing agricultural commodities, one could say that it is required by the Egyptian economy to import wheat and so on. But again, there is the question of the impact of this on the ability of Egypt to develop its agriculture and to increase productivity. Certainly all of us are aware of the economic literature regarding the impact of importing basic foods or basic agricultural commodities on productivity in the agricultural sector. All of us are aware of the negative aspects of this. Whether or not the American aid is aiming at decreasing the existing deficit in the balance of payments, one would like to see if the projects selected are export-oriented, for example, or helping largely in the nature of import substitution. Again, a detailed examination is required. One can see that there are chances to use projects in a way to select those which are more consistent with reducing the deficit in the balance of payments, by concentrating on projects which are export-oriented. But I don't think that the American aid in its allocation of resources is taking this point wholly into consideration. This is not in the mind of those who are allocating the aid. If one examines the projects, for example, one may question whether aid is taking into consideration the aim of decreasing the existing deficit in the balance of payments. One would even say that some of the projects put more pressure on the balance of payments, particularly those which create new needs in the villages, which may result in an increased propensity to import.

Regarding the deficit in the budget, one of the main reasons behind this deficit is that at a time when the government is investing in the public sector, the public sector is not responding by providing the budget with enough

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revenue. This is a result of many factors, and points out that the public sector and its productivity plays an important role in our attempt to ease the deficit in the budget. Whether a reasonable part of the American aid is used in order to contribute toward increasing the productivity of the public sector, so that it in turn will help ease the existing deficit in the budget, is still a question to be asked. Examination of the allocation of American aid shows that the public sector is not getting enough. So, without any attempt to minimize the importance of the American aid to Egypt, the benefits which the Egyptian economy is gaining from the American aid are not as great as what it could gain if American aid were more properly utilized.

There are many ways of improving the existing cooperation between Egypt and the United States. By emphasizing and determining our priorities, we can enter into a dialogue with those responsible for American aid in order to make the aid as consistent as possible with those priorities. The more this aid goes for infrastructure, basic projects, industrialization, and for increasing the productivity of agriculture, the better.

There is a gap between the existing distribution of the aid and what should be. How could this gap be closed? I think the best way is to apply the same method which is used in countries like Israel. The Americans should give us all the aid in cash. We are in a better position to make the best use of it than they are. There is a promise, to be discussed in the Congress this next year, to have at least 200 million dollars of American aid in cash. But, of course, we can't guarantee that this will take place.

The second best way to utilize aid, if cash transfers are not acceptable to the donor, is to make as much effort as we can in order to make the best use of this aid in terms of projects. We are trying as a second best effort to provide those responsible for American aid with proposals for certain large projects, particularly infrastructure projects like sewerage and electricity, in order to be able to absorb as much of the aid as we can in each year. What we were suffering in the past was that the aid was distributed among many small projects and we ended with a large amount in the pipeline. Now we are trying to concentrate on a few large infrastructure projects, particularly those of importance in order to ease the question of development and industrialization. This is considered as our second best tactic in order to make better use of American aid. But this does not exclude that we have to do what we can to secure the agreement on the first best choice, which is to receive aid in cash. This is done for Israel. Why shouldn't it be done for Egypt?

The United Nations  
Development Program in Egypt

by Luciano Cappelletti\*

Let me first of all give you an idea about what the UNDP is because I don't know whether all of you know about our organization. It is not the only organization of the UN that cooperates with the government of Egypt in the area of economic development. There are many others and I think I will list them in order of importance, at least financial importance.

- The World Bank, which is now back in strength in Egypt, and will end up with a very large program very soon, we hope.
- UNICEF has a large program in Egypt.
- The World Food program.
- The Population Fund activities and many others with smaller programs.

The UNDP is the United Nations Development Program. It was set up in 1965 and took the place of other organizations which were there before. The purpose is to provide a financial mechanism to mobilize resources, and to finance programs of economic development in developing countries. The financing of the organization is purely voluntary, which I think is marvellous on the one hand and excruciating on the other, because we depend on the good will of donors. If they feel like giving money they do: if they don't feel like it, they don't. We are always living in some state of uncertainty year to year because governments pledge once a year. In fact, they pledge at the beginning of November and we never know how much they will pledge although reasonable estimates can be made. We never know with certainty how much money will be available next year. In the last pledge that took place, about a month ago, the total amount of money was about 700 million dollars for 1984. It is hoped that we may reach 750 million dollars, which looks very large in itself but of course, if you divide it among 130 countries then it becomes much smaller. In fact, the contributions the UNDP has been receiving throughout the years have been increasing from year to year, but not as much as we had expected. At one point there was the expectation that UNDP would get a 14% increase every year. Of course, that was many, many years ago when the rate of inflation was much higher, so a 14% increase would mean an increase of 3% in real terms. This has not materialized. In the last few years the increase was rather more like 2%, 3% or 4%, but mercifully the rate of inflation has also calmed down.

The UNDP is a universal organization in the sense that it operates in all countries that request its help. In fact, I think we are present in all developing countries, which means about 130 programs and we have a representation in most countries where we operate. A few regional offices cover more than one country: all in all we have about 105 offices in 105 countries. The mandate of the UNDP is to help governments to develop economically. UNDP resources are given to governments on a grant basis and we are not involved at all in capital assistance. We would like to, but the amount of resources that we have preclude any sort of intervention in the field of capital assistance, but only in what is called technical assistance or

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