

CALL for INTEREST

Title: Egypt the Road Ahead: Towards Generating Long term Growth and Employment

Reference n°: MED-2013-2012

Date: 30/03/2014

Contracting authority (organization performing the purchase)

French Development Agency – Cairo Office- 10 Sri Lanka Street, Zamalek, Cairo- Egypt, in collaboration with the African Development Bank -Cairo office, 72bn Al-Maahad Al-Eshteraki, Afreximbank Bldg, 5th Floor, Héliopolis, Cairo, Egypt.

Preamble

The French Agency for Development (AFD) is a public industrial and commercial institution defined under the banking act as a specialized financial institution. AFD is the key actor of the French development aid, with the mission to participating to the financing sustainable and inclusive growth.

Thanks to the large number of financial instruments which it has developed and improved, the AFD supports public authorities, the private sector and other associations in implementing an extremely diverse range of economic and social programs. Its work extends to five continents as well as to the French Overseas Departments and Territories.

The AFD's actions for economic growth and environmental protection are directly linked to the Millennium Development Goals (MDGs). These priority development goals were set in 2000, by the United Nations, with the goal of halving the level of worldwide poverty by 2015.

The AFD is involved in the promotion of global public goods, and can respond to crisis situations. The Agency also establishes financial and intellectual partnerships with other funders, and is committed to defending French influence in the development sector.

With specific regard to Africa, Asia, the Mediterranean basin, the Middle East, South America and French Overseas Departments and Territories, the AFD provides an effective and reactive response thanks to its network of agencies and its subsidiaries. The AFD Group comprises more than a thousand agents who provide their skills, expertise and commitment to development on a daily basis.

Full information about the AFD is available at the following link: www.afd.fr

The African Development Bank (AFDB) was founded in 1964 with an objective to promote inclusive growth in Africa that leads to long term development by expanding a competitive economic base that creates employment opportunities across age, gender and geography. It helps countries to gradually transition to green growth which spurs innovation, job creation and economic development.

Full information about the AFDB is available at the following link: www.afdb.org

Scope of the consultation

The Arab Springs have put the issue of unemployment decrease, especially among the young people, at the top of the economic and political agenda of the post-revolution Governments. Jobs to be promoted differ across countries according to their dominant features, such as level of development, demography, endowments, and institutions. While it is not governments' primary function to create value-added and jobs, targeted government

interventions are fundamental to promote their creation and production diversification (Hausmann and Rodrik, 2003)¹.

Moreover, development strategies matter for achieving sustainable and inclusive growth trajectory. Both the endogenous and empirical growth strands of literature indicate that the economic specialization is not neutral for long run growth. A 6% annual growth rate will not have the same impact in terms of long run growth and job creation potential if generated by rentier activities or by competitive sectors able to stimulate entrepreneurship and capacity to innovate.

Egypt has one of the highest demographic growth of the MENA countries, 1.7%² in 2011, leading to 1,4 M more people each year. The labor market absorption capacity of the 700,000 new job seekers is an old but persistent challenge for policy makers. The average annual growth rate of the economy over the last decade (2000-2010) was, with 5%, commendable but insufficient and not inclusive enough to make a dent in the official unemployment rate which remained around 10% of the declared active population (leaving aside informal unsecure jobs). The unemployment rate is today on a rising trend.

The origin of the Egyptian revolution is multiple but the Egyptian population expressed its distrust in the prevailing economic model and social contract promoted during the last three decades. Time to reform had come. Even though reforming in a period of political transition is challenging, the current economic model, based on producing primarily for the domestic market is not viable anymore. Developing competitive exporting activities will be crucial for growth and job creation.

Against this background, AFD in collaboration with AFDB, intend to launch a study, co-financed by the African Development Bank, aiming at identifying the activities which could be the engine of long run growth and decent jobs creation in the forthcoming years in Egypt. The analysis should go as deeper as data availability and consistency allow it. International comparisons may be relevant in some parts of the study to highlight the strengths and weaknesses of the Egyptian economic specialization. The tasks to be carried out include:

- A review of the literature including a methodology proposal, -
- A review of the available databases in Egypt needed for this study, including reliability and consistency assessment (CAPMAS mainly).
- Identifying the sectors generating the source of long-run growth and the optimal specialization path in Egypt
- Identifying the employment creation and skills dynamic implied by this specialization path, including recommendations if terms of public policy.

This study should be publishable in AFD/AFDB book collections.

NB: This information do not replace the terms of reference that will be sent to selected applicants.

Eligibility criterion

The following criterion will apply to select applicants:

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|---------------------|-----|
| - Technical aspects | 70% |
| - Financial aspects | 30% |

The AFD and AFDB reserve the right to shortlist only 4 applicants in collaboration with the African Development Bank on the basis of the expressions of interest received. The 4 selected applicants will have the better results after rating and application of the criteria here above.

The consulting services are to be provided from May 2014. The volume of work deemed necessary is estimated around 200 days of experts, including a PhD economist with at least 10 years research experience in growth strategy; a junior macroeconomist with at least 5 years' experience, a junior political economist with at least 5 years' experience, one or several statisticians with at least 5 years' experience in database construction and data analysis, a PhD econometrician able to use the most recent techniques to estimate the empirical models. Involvement of Egyptian specialist(s) is required especially on the data aspects.

¹ Hausmann R. and D. Rodrik, "Economic Development as Self-Discovery", Journal of Development Economics, Elsevier, 72(2), 2003, pp. 603-633.

² Data source : *World Development Indicators*, World Bank, 2012 if not otherwise indicated.

The contract with the consultant will be signed and managed by AFD in cooperation with the African development Bank.

The AFD together with AFDB now invite consultants from any country to indicate their interest in providing the services. Interested consultants must provide information evidencing that they are qualified to perform the services. Consultants may associate to enhance their qualifications. In the case of foreign consultants, participation of Egyptian specialists will be required. The consultant's key experts shall be fluent in English and the consultant's reports shall be drafted in English.

Required documentation to assess eligibility and relevance of the offer

The AFD and AFDB ask you to communicate all the documentation you think useful to learn about your company and evaluate it according to the criterion here above. Interested consultants must provide information evidencing that they are qualified to perform the services (commercial booklets, description of similar assignments, experience in similar conditions, availability of appropriate skills among staff, etc.).

The AFD and AFDB will use this documentation to establish the eligibility and the ranking of the applications, according to the criterion here above.

Confidentiality

Any information regarding the AFD and AFDB included in this document or provided separately must be kept confidential by the service provider. He accepts not to divulge or publish any information regarding this call for interest.

In the same way, any document provided by the service provider will be considered as confidential.

Contacts

Expressions of interest, and related documentation, shall be sent by mail, in one global attached file, in English, putting under « object »: "MED-2013-2012: Egypt the Road Ahead: Towards Generating Long term Growth and Employment"

at the following addresses: djoufelkith@afd.fr; c.muthuthi@afdb.org

Only one mail is sufficient.

Your electronical answer must not exceed the size of 6 Mbites. If so, please send your application via several mails.

AFD and AFDB reserve the right not to send any Request for Proposal after this Call for Interest.

Deadline to send the applications

The expression of interest must be received **no later than Sunday, April 20th, 2 pm, Cairo time.**