GOVERNMENT OF ARAB REPUBLIC OF EGYPT

UNITED NATIONS DEVELOPMENT PROGRAMME

Project Title:
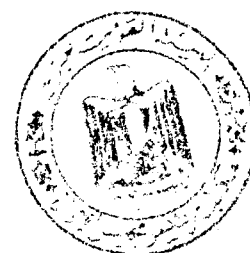
"Support to modernization of Egypt Post, including improved access for citizens"

"New Bosta"

Award Number: 00040473
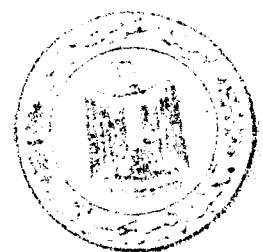
Brief Description

The project is part of the Government of Egypt's commitment to modernize its services to citizens. Egypt Post (EP) has the largest number of widely-distributed outlets of any organization in Egypt and EP offers pensions and saving facilities as well as post and parcel services. The potential benefits of making even greater use of this huge network are being addressed in this project. The network itself needs to be made more comprehensive because business and residential complexes have spread into areas that are not well serviced. Also, the range of services to be provided needs to be made commensurate with a modern information society. These are large undertakings, and all the more challenging given that EP is a traditional bureaucracy. The project has four outputs, two dealing with the organizational issues that have to be faced, and the other two are implementing trials of the modernized EP. The four outputs are: Output A deals with the need to establish a separate Regulatory Body for Universal Postal Services (currently Egypt Post is both the regulator and one of a number of operators). Output B addresses the role of EP, including the effect of deregulation. It will also elaborate Egypt Post's strategy for effective national reach of its services & its regional position. Output C is concerned with the efficient operation of Egypt Post, including development of performance management systems utilizing ICT technologies to create access for all and improve accessibility including mobility and e-commerce. Output D will absorb the largest share of project funds because it is about human change and capacity building throughout a national-widespread organization with over 46,000 employees and 3,600 outlets.

EGYPT POST

Egyptian National Postal Organization (ENPO)

Project Document

for ENPO / UNDP project

"Support to modernization of Egypt Post, including improved access for citizens"

"New Bosta"

June 2005

Contents:

PART 1a SITUATION ANALYSIS

Egypt is moving towards becoming an open, market-oriented economy and that shift entails wide-ranging modernization of various traditional government functions. The advent of internet technology and the World Wide Web have opened up many new possibilities for improving government services, and for making them more accessible to all citizens. The Egyptian government has embraced the possibilities of e-government and Egypt is among the most advanced Middle East countries in terms of ICT infrastructure. The GOE is building on that strong base by re-engineering many government functions to take advantage of global best practices in e-government services. Egypt's postal service was established in 1865 and the Egyptian National Postal Organization has currently responsibility for the management, development and support of all the postal services in Egypt i.e. it is a regulator for the sector as well as a service provider.

The Egyptian National Postal Organization, known as Egypt Post (EP), has over 46,000 employees, manages over 3,600 facilities located all over Egypt, and manages business relationships with over 7,000 Licensed Postal Agents who provide EP's postal services. EP product portfolio includes postal and financial services such as the collection, transmission and delivery of letters, parcels, forms and other specialized postal services. Financial services were added in 1901 and now encompass operating current accounts and savings accounts, postal orders, money collection and bill payment services.

The challenges facing Egypt Post

Egypt Post, like all entrenched, centralized, bureaucracies, faces considerable technical and human challenges when attempting modernization. There are numerous challenges facing EP. They concern its positioning in the national and regional market; its capability to match the expectations of market and stakeholders as a modern postal authority; its capacity to cope with modern technologies especially in communication and computing (internet/email/mobile); its mechanisms to implement EP upgrading programme on a full national scale, given its current resources. To meet these technical challenges Egypt Post is, through this project, developing its human resources based on best-practice principles and shaping its operational plans and pilots with the assistance of outstanding local experts, international consultants, and relevant international organizations. EP has identified adequate funding to meet these challenges.

The most intractable problems when undertaking a profound governmental modernization tend to be in the human resource area. Empirical evidence demonstrates that culture change within any organization is a major challenge. The vast majority of Egypt Post's employees is used to an authoritarian system and can respond favorably to 'change by edict' provided that the proposed changes are clearly explained and are internally consistent. The onus is on the upper levels of the hierarchy to ensure that the changes are logical and simple and beneficial. At the management level, the culture change issue is more difficult. Here people have more ability to influence their work

environment and may therefore pursue personal agendas. This is a universal problem; developed countries also have to struggle with hidden and overt resistance to change in bureaucracies. An example of subtle resistance to change is when supervisors and managers give their formal agreement to change programmes that are advocated by the top level of the organization, but then subvert the planned changes through multiple small omissions and delays. To meet the challenge of culture change in the management levels, Egypt Post is making trial use of the Balanced Scorecard (BSC)[1] as a performance management system which links strategies with actions. If successful at the senior management level, some aspects of the BSC approach will be tailored for local use to encourage and support culture change by managers and supervisors.

The problem tree on the next page suggests that EP has been operating uncompetitive and without a sustainable development plan in a poorly regulated sector. The private sector is taking away business in the profitable (city) areas, leaving aside the already underprivileged. There are multiple technical and human causes for the challenges faced by EP in seeking to provide the best possible postal, financial and other government services close to citizens and the small businesses of Egypt. Inefficiencies in providing those services inevitably lead to a general sub-optimization of development efforts. The tree then indicates some causes of the problem. Many of these causes will be alleviated by project activities whilst others are being tackled by Egypt Post on a wider scale than the proposed UNDP project.
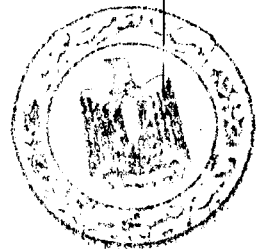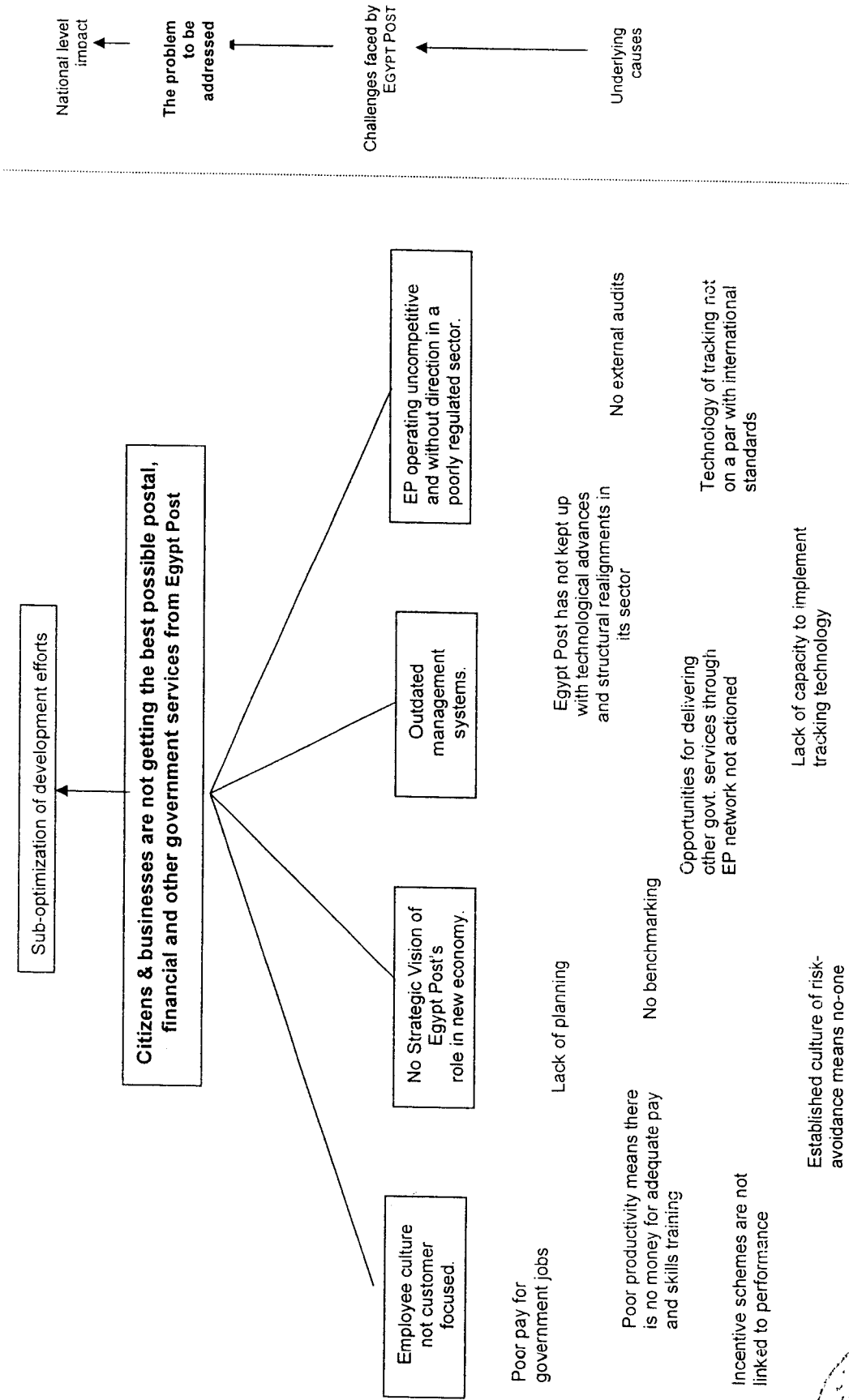
Target beneficiaries

Egypt Post will be the primary beneficiary of the project at both the policy level and the operational level. The professional and technical staff of Egypt Post will directly benefit from the improved workflow arrangements and skills upgrading that will be provided by the project. Another group of direct beneficiaries are the customers who will receive better services in the pilot implementation sites where new services and procedures will be operating. Indirectly, everyone will benefit from improvements in the efficiency of a fundamental national service such as post when the pilots are upscaled to full national implementation.

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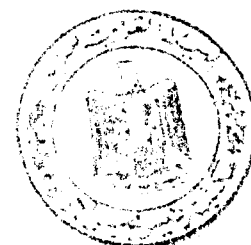
[1] BSC: Balanced ScoreCard is a management tool to balance financial and non-financial views of organizational performance. It assists management to balance internal process considerations with customer requirements – that can be considered as one axis of balance. The other axis balances financial matters like cost cutting and increased revenue against learning and growth, which require financial outlays. Thus monitoring indicators come from the four quadrants and management make plans (and monitor their implementation) against a 'balanced scorecard' so that the financial and non-financial aspects of organizational health are viewed in balance with each other.

Fig 1: EGYPT POST PROBLEM TREE

National level impact

The problem to be addressed

Challenges faced by EGYPT POST

Underlying causes

Sub-optimization of development efforts

Citizens & businesses are not getting the best possible postal, financial and other government services from Egypt Post

Employee culture not customer focused.

No Strategic Vision of Egypt Post's role in new economy.

Outdated management systems.

EP operating uncompetitive and without direction in a poorly regulated sector.

Poor pay for government jobs

Poor productivity means there is no money for adequate pay and skills training

Incentive schemes are not linked to performance

Established culture of risk-avoidance means no-one wants to take decisions

Lack of planning

No benchmarking

Opportunities for delivering other govt. services through EP network not actioned

Lack of capacity to implement tracking technology

Egypt Post has not kept up with technological advances and structural realignments in its sector

No external audits

Technology of tracking not on a par with international standards

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PART 1B   STRATEGY

Government strategy

The Egyptian government is strongly committed to modernization of essential public services, making effective and efficient use of ICT. Egypt is in a strong regional position with regard to ICT infrastructure and is now actively supporting numerous projects to bring e-government services to all parts of the country and all strata of society. Concerning Egypt Post, the Government-approved MCIT Plan lists the following Strategic Objectives:

- Upgrade postal and financial services for the Egyptian society through increased utilization of technologies and advanced market mechanisms.
- Modernize & develop postal and financial services regarding service level, variety, universality, and efficiency.
- Develop Egyptian postal sector to play a leading role regionally and internationally.

Egypt Post currently operates under Law 19 of 1982 and is responsible for the management & development of all postal services in Egypt, as well as for a national savings scheme, i.e. EP is both a regulator for the sector *and* an operator in that sector. However, the government strategy includes separating regulatory and operational functions for the postal sector and making widespread use of ICT and renewing procedures to take full advantage of technological change to improve services, including e-government services, to all classes of Egyptian society in all its geographic locations.

Although Egypt Post is a government-owned and run entity, because it operates under the Ministry of Communications & Information Technology, it has a special legal structure that allows considerably greater flexibility than most government organizations. For example Egypt Post can sign cooperation agreements with international organizations (Article 2D); specify internal policies, rules & regulations without adhering to traditional governmental rules and regulations (Article 7); and alter/devise its compensation system without the need to follow the government personnel systems (Article 16-6).

Egypt Post Strategy

Egypt Post mission is *"Egypt Post is to provide every household, and business entity (including government) across Egypt with the ability to communicate and conduct business with each other and the world through prompt, reliable, secure and economical services for the collection, transmission, and delivery of messages, forms, money and merchandise."* Egypt Post Vision, Strategies, Objectives and Initiatives are outlined in EP Strategy document written in October 2003 and approved by H.E. Dr. Ahmed Nazif (then Minister of Communication & Information technology)

Project strategy

The project strategy assumes that, by supporting the reengineering of Egypt Post in the 4 areas below, the population of Egypt will receive an improved postal and financial service. Egypt Post, because of the large number and wide geographic dispersion of existing outlets, is also a vehicle for deep penetration for various programmes in the government's e-government programme. The four

areas specifically addressed by the proposed project are shown in the SRF (strategic results framework) diagram on the next page.

1- Restructuring the organization to split of the regulatory functions from its operational activities;

2- Reviewing the reach and range of postal, financial and other locational services offered and possibly to outsource some non-core activities;

3- Pilot implementation of new operating procedures and management mechanisms, and how new and existing services are delivered and how they are marketed;

4- Retraining staff to be more customer-oriented and performance-oriented in their approach to work.

UNDP strategy

UNDP's current Country Cooperation Framework (CCF)[2] with the Egyptian Government has 'Governance for Human Development' as one of its major themes. Within that major theme, the project contributes to two SRF sub-goals:
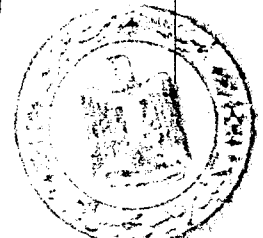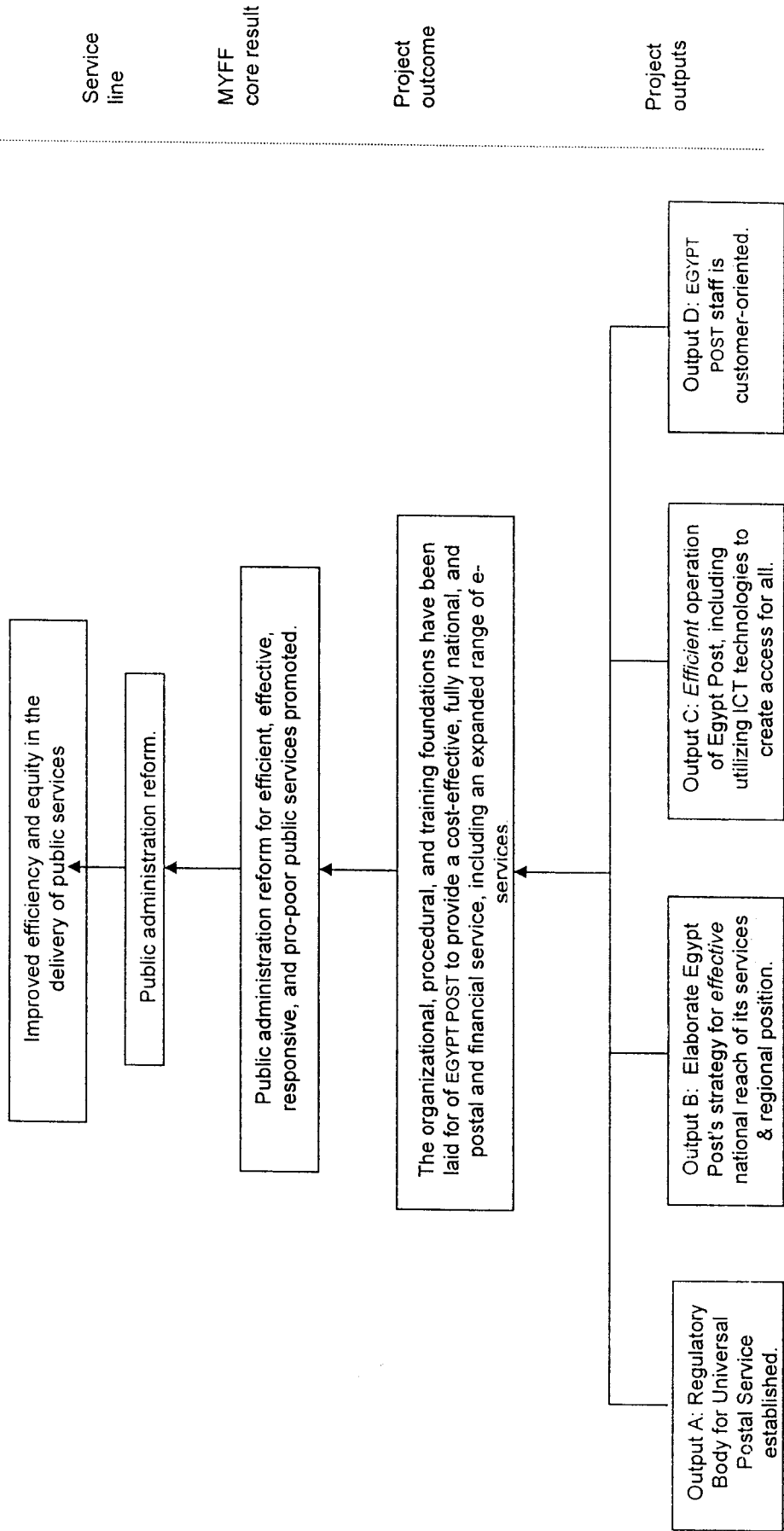
(a) National, regional and global cooperation that widens development choices for sustainable and equitable growth (the project will address the regional status and role of postal services);

(b) strengthened capacity of key governance institutions (by making better use of the postal network of outlets for delivery of government services).

UNDP is committed to providing technical and/or financial support to efforts in re-engineering and restructuring institutions that impact sustainable human development. Specifically, the CCF commits UNDP to continue supporting the creation of legal and regulatory frameworks for ICT for e-government and e-business. The project is creating a regulatory body for universal postal services.

In this project UNDP's advocacy focus also comes to the fore. The poor and disadvantaged, it has often been noted, fall behind in the 'digital divide' if market forces are left to operate without restraint. UNDP is therefore keen to support Government actions which make special efforts on behalf of the poor and disadvantaged to ensure equal access to government services. Egypt Post's existing network of outlets is the most extensive network in Egypt and the project will make it even more comprehensive. The project is to include analyzing the current network coverage to determine its weak points and identify areas that are poorly covered. Further, determination of selected network timing and quality will be provided by various schemes that are the basis for measuring the network's efficiency. Development of a customer satisfaction index will provide, for the first time, an independent quantitative measure of a government service. The project is also introducing a systematic way for selecting and creating a portfolio of services that make the best use of the currently underutilized huge EP network. It will also develop trials to provide all government services (e- or not). Furthermore, the policy focus of ensuring access for all to services at consistent and affordable prices is a practical application of acting on behalf of the poor and disadvantaged, and hence fully in line with UNDP strategy.

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[2] Second Country Cooperation Framework (2002-2006) for Egypt

Fig. 2: SRF under UNDP Multi-Year Funding Framework (MYFF)

Service
line

MYFF
core result

Project
outcome

Project
outputs

Improved efficiency and equity in the
delivery of public services

Public administration reform.

Public administration reform for efficient, effective,
responsive, and pro-poor public services promoted.

The organizational, procedural, and training foundations have been
laid for of EGYPT POST to provide a cost-effective, fully national, and
postal and financial service, including an expanded range of e-
services

Output A: Regulatory
Body for Universal
Postal Service
established.

Output B: Elaborate Egypt
Post's strategy for *effective*
national reach of its services
& regional position.

Output C: *Efficient* operation
of Egypt Post, including
utilizing ICT technologies to
create access for all.

Output D: EGYPT
POST staff is
customer-oriented.

Output A: Regulatory Body for Universal Postal Service established. **00045798**	Output B: Elaborate Egypt Post's strategy for effective national reach of its services and regional position. **00045799**	Output C: Efficient operation of Egypt Post, including utilizing ICT technologies to create access for all. **00045800**	Output D: EGYPT POST staff are customer-oriented. **00045801**

A1: Produce strategic plan for Postal Regulatory Body:
- research market forces (local, regional, international);
- research best practices:
- set migration schedule for regulatory functions to new body.

A2: Establish the Regulatory Body:
- draft laws & regulations;
- set administrative systems & processes;
- establish operational logistics;
- identify audit mechanism;
- train staff in appropriate specialized skills.

A3: Produce an action plan for technical requirements of the Management Master Plan.

A4: Develop and implement MIS aspects of the Management Master Plan.

B1: Increase effectiveness of services to various customer groups:
- locational services for organizations' collaboration
- with government bodies as outlets for their services (in-sourcing).

B2: Develop EP portfolio relationships that
- separate core processes from outsourcing
- address balance between profit-based competition and universal access principles

B3: Develop simulation model of EP's entire network: use model to improve reach of EP services, aiming for universal access.

B4: Maintain/increase Regional & International Relationships
- governance issues;
- standardization issues;
- Arab & African postal treaties.

B5: Develop Strategy Document
- internal evolution from functional structure to "line of business' structure;
- relationships with customers, competitors, regional players.

C1: Develop a Management Master Plan that includes operational logistics, procedures, MIS and marketing plan;

C2: Implementation of Mgmt. Master Plan in selected areas, including
- monitoring &evaluation procedures that include independent measurement of customer satisfaction;
- operational logistics;
- audit mechanism for quality, pricing, universal access;
- marketing channels for IT accessibility;
- MIS aspects of the Management Master Plan + logistics & procedures.

C3: Implementation of monitoring aspects of Management Master Plan, including monitoring & evaluation procedures that use independent measurement of customer satisfaction; MIS that integrated ERP with BSC, audit mechanism for quality, pricing, universal access;

C4: Introduce improvements in accessibility through IT pilots for marketing and distribution channels (including e-commerce) and IT partnership arrangements.

D1: Develop and implement a Culture Change programme:
- Survey expectations & ambitions;
- develop & test models of culture change:
- select relatively self-contained subdivisions of EP in which to implement the culture change prog.

D2: Develop a Careers Plan for EP:
- research industry best practices;
- develop and document career paths,
- develop & document HR policies, including performance based remuneration.

D3: Undertake phased training & recruitment according to the plan:
- Top management
- Middle Management
- Supervisors & specialists
- General staff: back office; postmen; counter staff.

Part Two: PROJECT RESULTS & RESOURCES FRAMEWORK

The role of government in a modern mixed economy is, *inter alia*, to ensure fair provision of basic economic services, frequently by regulation of the market rather than by direct provision of the service. Standards can be set by government to ensure universal access and high quality service at affordable prices and then leave the market to provide services at competitive prices. Currently EP is both regulator and service provider but during the project period the operational responsibilities of Egypt Post will be separated from the regulatory ones.

The universal service commitment has to be honoured, but that commitment is not tied to a single delivery method or provider. Furthermore EP has to look strategically at its future because the mail component of its services is declining. In Egypt, the savings facilities offered by EP are profitable and showing strong growth, thus obscuring the decline in traditional mail services but they can be expected to continue declining. Following international experience EP is looking to develop other sources of revenue, particularly by judicious use of its vast national network of outlets. There is great potential to expand locational services.

Project Outputs: The four project outputs are of two types:

WHAT should EP do? Outputs A & B relate to separating regulatory functions from operational ones and to re-thinking EP's services and its delivery methods and strategies.

HOW to achieve EP choices? Outputs C & D relate to re-engineering the managerial and planning processes, culture change, and skills upgrading needed to implement the chosen strategy.

Output A: Regulatory Body for Universal Postal Service established

There is general acceptance that liberalization, privatization and competition, if well managed, contribute to national goals of universal and affordable access. It is in the public interest to have an effective & efficient service in the mail and merchandise delivery sector. To ensure that the deregulation is socially advantageous and not exploitative, the project will assist Egypt Post to investigate options for legal and administrative changes to bring about an appropriate separation of EP's regulatory and operational functions. This output will produce a strategic plan for the best way to achieve a regulatory body suited to Egypt's current needs, including the sequencing and method of transferring EP's present regulatory functions to the new body. Establishing a regulatory body will take about 2 years. Policies regarding regulation of the industry (without stifling enterprise) need to be debated widely with stakeholders. Laws and regulations to implement the procedures envisioned in the Strategic Plan for the regulatory body will need to be drawn up; the administrative systems and operating procedures will need to be established and documented in guidelines, including an audit mechanism; and staff will need to be hired and trained in appropriate specialized skills.
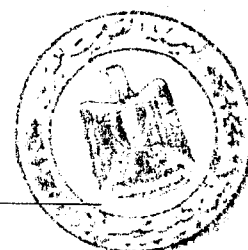
A1: **Strategic plan for Postal Regulatory Body**

In order to produce a strategic plan for a Postal Regulatory Body, the project will establish a core team with a mandate to conduct a number of studies relevant to developing a suitable regulatory organization. The research will cover market forces (local, regional, international) and experiences of other postal regulatory regimes. The core team will then develop a vision document and propose strategies and initiatives that will be exposed to extensive policy debate at stakeholder meetings where the proposals will be scrutinized from the perspectives of universal access, competitiveness and competition. The policies and initiatives will be combined into a Strategic Plan for Egypt's Postal Regulatory Body.

Policy issues

Policy workshops will be held around the country. Policies need to balance competing interests. For example, universal access principles require uniform pricing of services whereas the profit motive of the private sector requires higher pricing in remote areas; cross-subsidization is a contentious subject for liberal economists. The liberalization will entail setting a scheme of measures to determine the quality of service that needs to be adhered to by all operators and customers should also be made aware of those quality standards and that they are entitled to receive service according to those standards. This will require transparency of many functions and performance measures. In addition, the open use of the network to enable the operators to utilize EP upstream or down downstream facilities requires investigation. Open exchange of several key operational data for tracking and tracing of mailed items should be studied and this should be balanced for privacy vs. information flow, especially in light of the national address information system currently being developed by EP.

Understanding the market

EP's current level of understanding of the potential and actual market needs to be augmented by a number of studies in order to have adequate information to make good choices regarding regulation. The project will fund these studies.

Deliverables

- Recommendations from Policy Workshops with Stakeholders.
- Market Studies
- Strategic Plan for Egypt's Postal Regulatory Body.

A2: **Develop the legal framework and governance scheme for Postal Regulatory Organization**

The first step is to decide the institutional base for the postal regulatory body. Two options are under consideration: (i) as part of NTRA, and (ii) as an independent body, created from the ground up by EP staff and consultants. The next step is to conceptualise the regulatory requirement of the relationships of the new body with the government (MCIT), the operators (EP
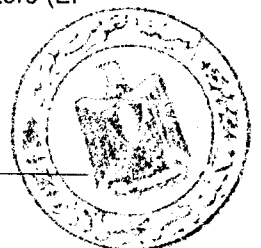
and others), and the customers. Some postal regulators have a relationship with the parliament (UK) replacing the direct link with the government. So there is need to develop:

- The law & executive regulations, which will set relations between the regulatory body and the government (MCIT, which is the responsible part of the executive arm of government and also the liaison with the legislative arm of government, namely parliament)

- The audit and governance scheme, which will set relations between the regulatory body and the operators and will be the key component of licensing criteria.

- Relations between customers of postal services and the regulatory body will be embodied in the complaints and redress mechanism, whereby the public can obtain redress for incompetence or wrong-doing by any operators. It will be linked to licensing so that failure to adhere to license conditions activates penalties or license cancellation.

Each of these fields of regulation will be the subject of intensive and extensive debate prior to finalization.

Deliverables

- A draft of the law and executive regulations
- Governance & Audit guidelines for postal operators.
- Description of the mechanism that guarantees customers' rights.

A3: Develop management system and organizational structure

Regardless of whether the institutional base will be within NTRA or an independent organization, many administrative & technical people will need to be hired, and receive additional training in many cases as there are few people with experience in regulatory work. Indeed, training curricula will have to be developed for instruction in how to perform some of the Postal Regulator's functions. Human Resource Policies need to be developed, including career development paths that will attract and retain suitable staff. Consultancy support to develop these policies and assistance with hiring and training will be provided by the project. A review of the organizational structure can also be supported. In parallel with developing Human Resource policies, the new organization must create internal operational policies and procedural manuals and in order to do the work covered by its mandate.

Deliverables

- Organization chart and an integrated set of job descriptions.
- Performance-based management system.
- HR policies manual and procedural manuals.

A4: Develop and implement relevant information systems

The regulatory body will need to develop an effective and efficient information system for interacting with the customers from one side and the operators from the other side. The

processing of these data and information in a timely manner is critical for regulatory management. It is proposed that an automated information scope index is to be developed to monitor the information that will be electronically captured, processed, and stored. The regulatory body will also use a Balanced Scorecard approach to complement its management information systems.

Deliverables

- Automated Information Scope Index.
- A Management Information System
- A Balanced Score Card System.

Output B: Elaborate Egypt Post's strategy for effective national reach of its services & regional position

The Strategic Plan for Egypt Post that was drawn up in 2003 called for various studies to assist EP in re-configuring itself. The results of the Market Study and Process Modelling Study (part of the information strategy plan) provide new data to guide the choice of key strategic directions. New issues have emerged and the Plan now needs to address coverage effectiveness regarding EP's various customer groups and widening its relations with other regional and international counterparts. EP management is investigating how to operate under a "line of business" structure rather than a functional structure in the belief that it will lead to better coverage. Also under investigation are core competencies versus activities that can be outsourced (eg. auditing), taking into consideration that some services should be retained in the national interest. The advantages of competitiveness can be obtained without necessarily having competition with profit-based organizations. Furthermore, there is a need for a new look at the product portfolio in light of the ever-evolving availability of new ICTs. The project will develop simulation models of the whole locational network of postal receiving, processing, warehousing and delivery points. The model will be used to investigate means of improving the current reach of services. This is an urgent task because there are underserved areas, which tend to be in areas of recent industrial development and the accompanying spread of residential areas.

This output will deliver an updated Strategic Plan for Egypt Post, in stages during the course of the project. Implementation of some aspects of this overall Strategic Plan for Egypt Post will occur as part of Output C, which is concerned with the efficient operation of Egypt Post.

B1:   Increase effectiveness of services to various customer groups

The main services that EP traditionally provides to individual customers are to be improved through the project. Development of the mix of services will be studied, the delivery options will be evaluated, and the quality of face-to-face interactions between EP and its individual customers will become infused with a 'service' attitude.
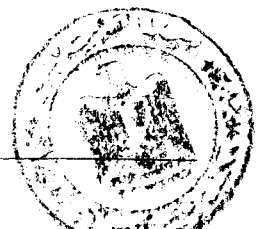
EP's customers are not only the private individuals who post and receive mail, or walk into Post Offices to collect their pension, or obtain some other service. EP also have corporate and government customers. For example, GoE's e-government initiative is streamlining, automating and making most of its services to Egyptian citizens over the web. However, a large percentage of the population does not have computers so the EP's vast network of outlets is (potentially) the GoE's major interface for achieving universal access. MSAD is making a pilot project with EP in 150 post offices. The e-government services will be available on EP's computers for individuals to access these services online and/or staff to do it on behalf of people who are illiterate or unable to use a computer. Evaluation of the 150 pilot projects will be the foundation for developing a model for "universal windows" and a national roll-out of the "universal window" at all post offices is expected to follow. The contractual relationship with MSAD will increase its customer base.

Deliverables

- A study of financial market position
- A study of logistics market position
- A plan for logistics market development.

B2: Develop local portfolio relationships

Egypt Post's core functions of collection, transport and delivery of mail items, merchandise, money and forms are supported by non-core functions. These non-core functions may be outsourced and independent measures of performance of core functions are to be developed. Examples of non-core functions that could be outsourced are IT system updating and maintenance, the training function, maintenance and management of the fleet. There are two types of decisions: (1) Conceptual decisions concerning what should be outsourced and what should be done internally; what are the implications on other sectors of any given decision (mainly that existing distribution of employment may be critically affected by a major change in service delivery), and how to balance the commitment to encourage private industry (profit motive) versus universal access principles. (2) Implementation decisions – criteria for selection of potential suppliers; cost considerations such as that some services may be acceptable to outsource but it is not possible to find competent suppliers at the right price. Another important element is the development of a governance scheme for the contractors. Further, EP needs to develop a future-oriented product portfolio and to research marketing channels, including e-access for financial services.

Deliverables

- Report identifying which functions currently performed in-house can be outsourced, and whether some intended new functions should be done on outsourcing basis.
- Guidelines for outsourcing contract negotiation, contracting, and monitoring.
- A set of performance measures for each outsourced function.
- Performance measures for core functions.
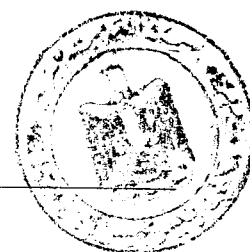
B3: **Develop simulation model of EP's entire network and use model for planning**

Currently EP does not have a map showing all of its outlets, post boxes, collection centers etc. To collect all of this data will be the first step for building a computer model that can be used for simulation of various scenarios and possible options to improve the reach of EP services. Another study will be needed as input to the model showing who is still not receiving services that EP is committed to providing.

Deliverables

- Map of all locations, outlets.
- Study of customer reach for EP financial, and postal services.
- Simulation model of network performance.
- Guidelines for planning the network based on analysis of network coverage.

B4: **Maintain/increase Regional & International Relationships**

EP is Egypt's representative at various international organizations like UPU, Arab Postal Committee, and African Postal Organization. In addition, there is a commitment for WTC regarding GATS for liberalization of courier services. There is a need to incorporate the different regional and global standards and codes that are set for mail and packages. Bilateral treaties are negotiated between neighbouring countries.

Deliverables

- Regional mail exchange agreements

- International agreements developed with Egyptian perspective adequately represented.

B5: **Develop Strategy Document.**

The EP strategy needs to be periodically revised because the environment in which it is operating is changing fast, plus the organization itself is undergoing major transformation. All of the activities undertaken as part of output B feed into the strategy document.

Deliverables

- Evaluation of initial performances period (2007-2008) with recommendations for adjustments.
- Potential portfolio additions and marketing channels (including access for financial services).
- Report on regional developments in the postal sector and EP's positioning in the sector.
- Revised Strategy Document.

Output C: Efficient operation of Egypt Post, including utilising ICT technologies to create access for all.

The operations of Egypt Post will undergo considerable change as a result of this project and this is the time to restructure the management systems of EP along with splitting of operational and regulatory functions. This output will deliver a Management Master Plan (MMP) and will implement some key aspects of the Plan in selected areas. A Management Information System (MIS) based on Enterprise Resource Planning (ERP) and the Balanced ScoreCard (BSC) approach to management will be developed, as well as complementary administrative systems & processes. These will be documented (including operational guidelines) and included in the MMP and then will be implemented on a trial basis in three regions. Similarly the monitoring and evaluation procedures (including external measurement of customer satisfaction) will be developed in the MMP and implemented as part of the trials. A major effort will be devoted to improvements in accessibility of existing products through IT pilots for marketing channels, delivery procedures and IT partnership arrangements.
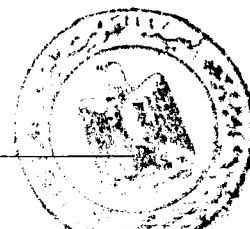
C1: Develop Management Master Plan

It is planned to establish an ERP and BSC as the basis for the management system. It will be cascaded over a number of years, starting with senior management in the early years of the project and then involving the departmental level and then the section level.

EP needs to understand the nature, direction and speed of information flows within the organization. Many of the information flows can probably be streamlined and automated but first the existing situation needs to be mapped. Then there will be a lengthy period as each business process is examined to see how it can be streamlined. Then the automated network can be designed and its accompanying manual information flows can be documented. The Automated Information Scope Index is a measure of the degree of automation, obtained by dividing the number of automated transactions by the total number of transactions. The measure will be used for measuring the impact of initiatives, and for periodic monitoring exercises to see if there have been unplanned changes, thus alerting management to investigate the causes of any such change.

Deliverables:
- Matrix of current information flows
- Automated Information Scope Index methodology.
- Management Master Plan including operational logistics, procedures, MIS and marketing plan.
- Customer Satisfaction Index and audit mechanism.
- Draft of Guidelines (manual) for operating procedures.

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C2: Implement logistical aspects of Management Master Plan

In order to improve the efficiency of EP's network a major study will be undertaken on electronic tracing of mailed items. To obtain the data to analyse the flows of mail, electronic tracers will be put into unidentified mail. The tracers will report on the route and timing of the mail, providing key information for a study on the efficiency of the postal network. Based on study results (the tracer study, and others) network development needs will be identified in regard to collection, sorting and distribution activities. A phased plan for deployment of improved logistics in each area will be developed, for implementation by EP's regular maintenance & development processes.

Deliverables:

- Report on the results of electronic tracer study and analysis.
- Proposal for collection network development.
- Proposal for sorting network development.
- Proposal for distribution network development.
-

C3: Implement monitoring aspects of Management Master Plan

EP has limited knowledge of what goes on in its vast network. A key aspect of the Management Master Plan, namely the monitoring and evaluation function will be developed as part of this project. Using the simulation model, a variety of monitoring mechanisms consistent with ERP and BSC will be evaluated and the most promising option will be given field trials in selected areas. It is expected that by the end of the project period a workable management monitoring system, cascaded down through all levels of the organization, will have been established in the selected pilot areas. Thereafter, the rest of the organization will receive similar change programmes.

Deliverables:

- Preliminary proposals for M&E systems, for iterative analysis in the simulation model.
- Recommendations on the M&E systems to be given trial exposure.
- Criteria for selection of pilot departments & sections.
- Developed BSC for selected departments & sections.
- Periodic reports on results of trials based on BSC.

C4: Pilots for accessibility improvements

This activity is aimed at finding ways to improve accessibility. A number of pilots will be run. The initial trials are likely to be in the areas of e-commerce and e-delivery. Development of procurement agreements and schemes with major manufacturers, warehouses and retail stores via ordering and payment from customers' accounts with Egypt Post is one of the major collaborations. The use of mobile IT technologies (PDA) (i.e. by postmen on their rounds and by transportation vehicles). GPS (Global Positioning Systems) are used in many countries to keep track of things and people on the move so the trials are not about whether it is a good thing to do but whether local conditions make it

cost effective for Egypt to make a complete commitment to having all mobile elements equipped with GPS.

Another type of pilot study will look at using electronic signatures for certified mail.

Another pilot investigation will explore the revenue-earning potential of selling EP's address information system.

Deliverables:

- Reports based on pilot project results:

(i) Potential for EP to deliver services via mobile telephones, based on pilot project results.

(ii) Potential for EP to deliver services via vehicles, based on pilot project results.

(iii) Potential for using e-signature for certified mail.

- Agreements / contracts with delivery firms for use of EP address information.

Output D: Egypt Post staff are customer-oriented

This output is planned to absorb the largest share of funds allocated to the project because Egypt Post employs over 46,000 people in more than 3,600 facilities, distributed around all parts of the country. Re-training so many people is a massive task but essential for EP to have employees that are fully effective in operating EP as an automated multi-service provider. The task is particularly challenging because the training programme needs to cover both cultural aspects and technical skills, including some totally new skills.

D1: Develop and implement a culture change programme

The culture-change aspects will require research on the psycho-social bases for resistance to change and to elucidate motivations for culture change in the Egyptian public service sector. This research will investigate (i) attitudes toward customers, and (ii) employees' attitudes towards their own role in the organization. The psycho-social models of culture change to be developed will recommend a variety of approaches to culture-change, as appropriate in different circumstances. The suggested options will be tested in a variety of locations to establish the best ways to achieve the desired attitude change amongst staff.

Deliverables:

- Survey framework, focus group outline, questionnaires.
- Report on analysis of survey results.
- Recommendations from workshops that discuss and evaluate survey results.
- Reports on strengths and weaknesses in pilot implementation.
- Plan of culture change programme, including criteria for selection of subdivisions in which to implement the culture change programme, and implementation schedule.

D2: Develop a Careers Plan for EP

The envisioned EP will be much more flexible and pro-active than traditional government service providers and the new Human Resources System will be developed in line with 'best practice' principles and procedures. Aside from explicit hiring and firing policies, there will be job descriptions for all positions, developed in an integrated way so that reporting lines are explicit. The Careers Plan should clearly identify career paths that people working for the organization can aspire to. Training associated with each career path should be specified, and whether the training will be provided by EP or not. New skills will be needed in the new EP and recruitment as well as re-training will feature in Human Resource Planning. Careers Plans will be closely tied to HR policies and the project will attempt to introduce performance-based remuneration as part of this output. Explicit job descriptions and regular performance feedback from supervisors should enable employees to pursue their chosen career path within EP. The full implementation of the training and recruitment plan will extend beyond the project, both in time and resources.

Deliverables:

- HR Policies, career paths etc as part of an "Integrated HR System Implementation Plan".
- Recommendation for an Integrated HR system
- Various reports on selected deployment of HR system.

D3: Undertake phased training & recruitment

The new EP services and operating procedures will require many skills that are not currently available within the organization. Counter staff will need internet skills as well as to develop a 'service' attitude to customers. Network technicians and programmers will be needed as well as many IT maintenance people. A sales force with specializations in various new disciplines will be part of the new EP. The range of skills needed will determine the range of training courses that need to be developed, either for internal implementation when training of trainers in existing units is appropriate, or for outsourcing, in which case a strong supervisory role (and mechanism) within EP needs to be developed.

Skills upgrading (as opposed to training for new skills): The current level of skills of a type that will continue to be needed will be evaluated – perhaps by random sampling and testing in order to obtain a realistic assessment of upgrading needs. Appropriate training programmes will be developed.

Deliverables

- Needs assessments
- Skill levels assessments
- Course outlines and curricula
- Training Schedules
- Attendance Records
- Evaluation Reports.

PART III   MANAGEMENT ARRANGEMENTS

The project will be executed by the Egyptian National Postal Organization, known as Egypt Post. attached to the Ministry of Communications & Information Technology (MCIT) and is planned to run for four years commencing July 2005 and ending June 2009. EP will provide space for operations of the project and identify the space allocated with a distinct mark (e.g. a plaque by the entrance door) in Arabic and English that states the name of the UNDP project.

The National Project Director (known as the Programme Director within EP) will be nominated by the MCIT and he will report directly to the Egypt Post Chairman. The selection of the National Project Director will be in accordance with the principles of UNDP and should be transparent and open, giving full and equal opportunities to all candidates. Selection will be made on a competitive basis with paramount consideration to efficiency, competence, and integrity. Selection should also be made by consensus between the Government and at least one UNDP staff member should be present on the interview panel. The TOR s should clearly identify the outputs, remuneration and evaluation process and should be agreed upon by both the Government and UNDP. The National Project Director's appointment is on an annual basis and is subject to a performance review each year. The National Project Director will be responsible for the overall management of the project and will appoint an Output Coordinator for each of the four project outputs and these persons will oversee the day-to-day operations of the project. Terms of reference for the Programme Director and Output Coordinators are attached.

Steering Committee

This Committee has overall oversight of the project's strategic objectives. The Steering Committee must approve each year's annual work plan and any variations that alter the Project Outputs or overall budget figure (variations to indicative activities and lower levels in the workplans can be made by the Management Committee). The Steering Committee will meet annually in January (or more frequently if necessary) and will be composed of:

Chairman: EP Chairman
- UNDP Representative
- MOFA Representative
- MCIT Representative
- EP Representative

Ex officio: The EP Programme Director (UNDP Project Director)
- Output Coordinators & Managers
- Other persons relevant to the agenda.

Minutes: The Programme Director will act as secretariat for the committee, being responsible for convening the meetings, preparing the agenda, overseeing preparation of materials for presentation to the meeting and for preparing and distributing minutes of the meetings.
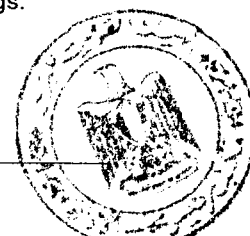
Management Committee:

This Committee is responsible for approving quarterly work plans (including variation up to the level of Indicative Activities) and budget line changes within activities. The Project Management Committee will meet at least every 6 weeks and will be composed of:

- UNDP Representative
- Egypt Post Representative
- The Programme Director
- Output Coordinators & Managers

The Programme Director will act as secretariat for the committee.

MONITORING & EVALUATION:

Results-Based project monitoring by the Project M&E unit and UNDP will be through the preparation and use of a Project Operation Plan (POP), a detailed Annual Workplan (AWP) for each year of the project's duration, quarterly progress reports, and annual progress reports (APRs). The Project Director is responsible for the timely submission of the mentioned documents to UNDP. The format for these documents will be provided by UNDP.

Other sources of information for monitoring are the minutes of Management and Steering Committee meetings as well as presentations prepared for the Steering Committees and JMCs. These presentations will provide the basis for macro-level internal project evaluation. The annual workplans, annual reports and presentations to the SC & JMCs may also provide the basis for external evaluations. The project will also be subject to a Tripartite Review (joint review by representatives of government, executing agency and UNDP) a least once every twelve months.

External evaluation of the project should be conducted twice during the lifetime of the project by external consultants. The project shall be subject to a mid-term evaluation as well as a final evaluation. The Terms of Reference for the evaluations will be agreed upon by the Project Steering Committee.
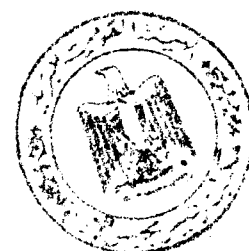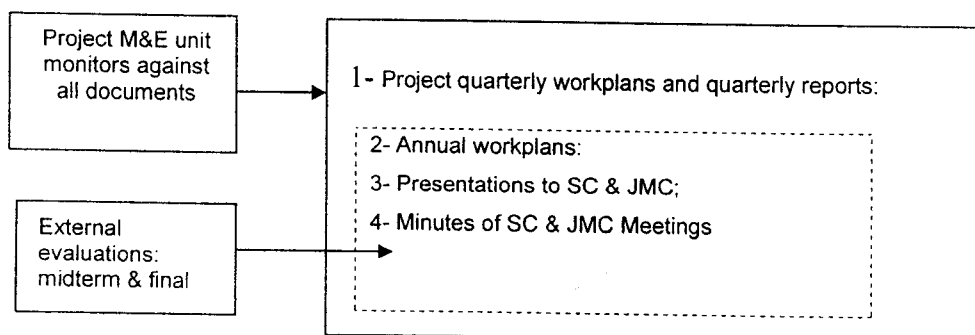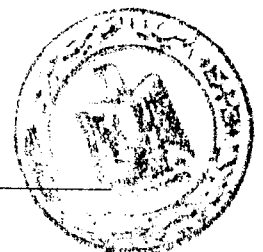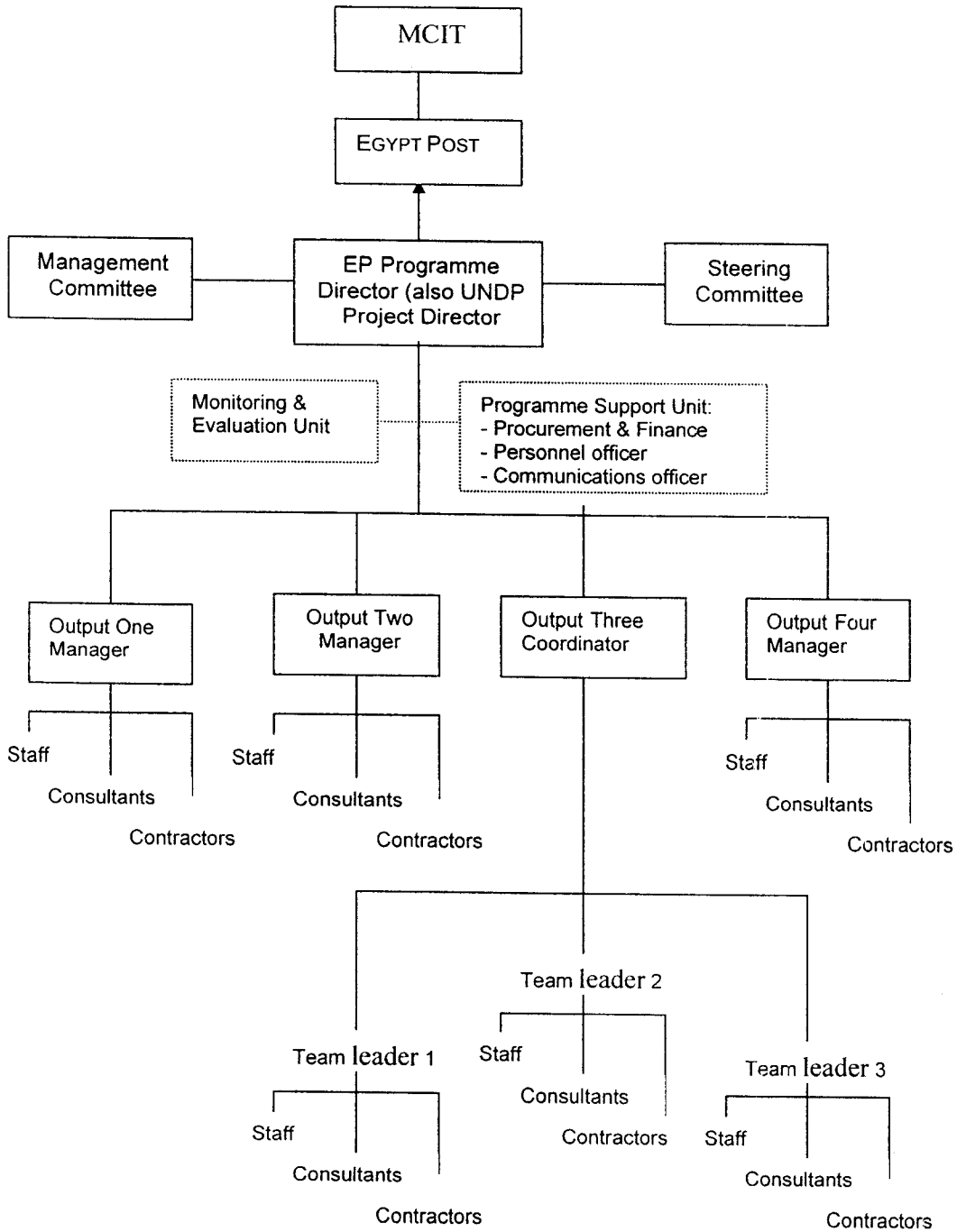
Project M&E unit monitors against all documents	1- Project quarterly workplans and quarterly reports:
	2- Annual workplans:
	3- Presentations to SC & JMC;
External evaluations: midterm & final	4- Minutes of SC & JMC Meetings

Fig3: Project Management Structure

PART IV   LEGAL CONTEXT

This project document shall be the instrument referred to as such in Article 1 of the Standard Basic Assistance Agreement between the Government of Egypt and the United Nations Development Programme, signed by the parties on January 19, 1987. The host country-implementing agency shall, for the purpose of the Standard Basic Assistance Agreement, refer to the government cooperating agency described in that agreement.

The following types of revisions may be made to this project document with the signature of the UNDP Resident Representative only, provided he or she has assured that the other signatories of the project document have no objections to the proposed changes:

- Revisions in, or additions of, any of the annexes of the project document; and
- Revisions, which do not involve significant changes in the immediate objectives, outputs or activities of the project, but are caused by the rearrangement of inputs already agreed to or by cost increases due to inflation.
- Mandatory annual revisions to re-phase the delivery of agreed project inputs or increased expert or other costs due to inflation or take into account agency expenditure flexibility.

PART V   BUDGET

The preliminary budget for the project (in millions of US dollars):

	Year 1	Year 2	Year 3	Year 4	Total
UNDP	0.05	0.1	0.08	0.07	0.3
ENPO	1.2	1.8	1.6	1.5	6.1
Total	1.25	1.9	1.68	1.57	6.4
Type of expenditure	Mostly technical consultants	Mostly pilots		Mostly on embedding the results	

The project will operate with 60-80 personnel, many of whom will be consultants on annual contracts and about 6 major contracts in relation to project activities are expected to be awarded each year. The generic activity breakdown will be approximately:

Research   15%

Pilots   35% (excluding training pilots)

Training   50% (Yr 1, mostly consultants for curriculum development, Yrs, 2 mostly pilots
                and Yrs 3 & 4 on wider implementation of training programmes)