

UNCLASSIFIED

PROJECT PAPER

EGYPT

Data Collection and Analysis

263-0142

Agency For International Development

UNCLASSIFIED

AGENCY FOR INTERNATIONAL DEVELOPMENT PROJECT DATA SHEET	1. TRANSACTION <input type="checkbox"/> A = Add <input type="checkbox"/> C = Change <input type="checkbox"/> D = Delete <input checked="" type="checkbox"/> A	E Amendment Number	DOCUMENT CODE 3
2. COUNTRY/ENTITY Egypt	3. PROJECT NUMBER 263-0142		
4. BUREAU/OFFICE Near East	5. PROJECT TITLE (maximum 40 characters) Data Collection and Analysis		
6. PROJECT ASSISTANCE COMPLETION DATE (PACD) MM DD YY 08 31 85	7. ESTIMATED DATE OF OBLIGATION (Under "B" below, enter 1, 2, 3, or 4) A. Initial FY 80 B. Quarter 4 C. Final FY 80		

8. COSTS (\$000 OR EQUIVALENT \$1 =)						
A. FUNDING SOURCE	FIRST FY 80			LIFE OF PROJECT		
	B. FX	C. L/C	D. Total	E. FX	F. L/C	G. Total
AID Appropriated Total (Grant) (Loan)	3,128	1,872	5,000	3,128	1,872	5,000
Other U.S. Host Country Other Donor(s)						
TOTALS	3,128	2,978	6,106	3,128	2,978	6,106

9. SCHEDULE OF AID FUNDING (\$000)									
A. APPROPRIATION	B. PRIMARY PURPOSE CODE	C. PRIMARY TECH. CODE		D. OBLIGATIONS TO DATE		E. AMOUNT APPROVED THIS ACTION		F. LIFE OF PROJECT	
		1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan
(1) SA	200	052				5,000		5,000	
(2)									
(3)									
(4)									
TOTALS						5,000		5,000	

10. SECONDARY TECHNICAL CODES (maximum 6 codes of 3 positions each) 053 968	11. SECONDARY PURPOSE CODE 180
---	-----------------------------------

12. SPECIAL CONCERNS CODES (maximum 7 codes of 4 positions each) A. Code B. Amount	R/AG 2,000
--	---------------

13. PROJECT PURPOSE (maximum 430 characters)

(a) To improve MinAg capacities to collect economic data to carry out analytic and planning work.

(b) To increase the use of analytic materials in policy development and planning activities.

14. SCHEDULED EVALUATIONS Interim MM YY MM YY Final MM YY 0 2 8 3 0 2 8 5	15. SOURCE ORIGIN OF GOODS AND SERVICES <input checked="" type="checkbox"/> JOU <input type="checkbox"/> 941 <input type="checkbox"/> Local <input type="checkbox"/> Other (Specify)
--	---

16. AMENDMENTS, NATURE OF CHANGE PROPOSED (This is page 1 of a _____ page PP Amendment)

17. APPROVED BY	Signature 	Title Director	Date Signed MM DD YY 08/07/85	18. DATE DOCUMENT RECEIVED IN AID/W, OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION MM DD YY 08/13/80
-----------------	---------------	-------------------	-------------------------------------	---

PROJECT: DATA COLLECTION AND ANALYSIS (263-0142)

PROJECT COMMITTEE: Richard Burke, PRG
John Blackton, PRG
William Loris, LEG
William Rice, CON
Raymond Fort, AD/AGR

EXECUTIVE COMMITTEE: James Larocco, STATE ECON
Pierre Elissabide, CIP
Richard Dangler, IIDPS
Raymond Fort, AGR
John Blackton, PRG
William Rice, CON
Michael Hager, LEG

Table of Contents

	<u>Page</u>
I. Recommendation and Brief Description.....	1
II. Project Description, Objectives and Funding	1
A. Background and Problem	1
B. Detailed Project Description	4
1. Overall	
2. Goal	
3. Purpose	
4. Outputs and Assistance Strategy	
5. Inputs	
C. Relation to Program Objectives.....	10
1. Relation to Country Development Strategy and AID Program	
2. Relation to GOE Objectives	
3. Other Donors	
D. Funding	11
III. Project Analyses	12
A. Economic Analyses	12
B. Social Soundness Analyses.....	14
1. Administrative and Decision-Making Environment	
2. Beneficiaries	
C. Technical Feasibility	17
D. Administrative Feasibility	17
1. Overall	
2. The AERI	
3. Administrative Support Officer	
4. Other	

	<u>Page</u>
E. Environmental Considerations	21
IV. Financial Analysis and Plan	21
V. Implementation Arrangements	22
A. General	22
B. Specific AID Responsibilities	22
C. GOE Responsibilities	23
D. Technical Services Contractor	23
E. USDA PASA Responsibilities	24
F. Administrative Support Contractor	24
G. Implementation Schedule	25
1. Overall	
2. Analysis/Planning	
3. Data Collection	
VI. Evaluation Arrangements	27
A. Description and Scheduling	27
B. Agenda for Evaluation	27
VII. Conditions, Covenants and Negotiating Status	28
A. Conditions Precedent	28
B. Covenants	29
C. Negotiating Status	29

ANNEXES

I: Logical Framework

- II. Statutory Checklist
- III. PID Approval Cable and Discussion of Issues Raised
- IV. Draft Project Description For Grant Agreement
- V. Application for Assistance
- VI. Detailed Project Budgets and Cost Factors
- VII. Initial Environmental Examination
- VIII. Waiver Justifications
- IX. Draft Project Authorization Request for Allotment of Funds
- X. Brief Position Description for Long-Term Personnel

Listing of Acronyms Used

USAID (AID)	-	United States Agency for International Development
NEAC	-	AID Near East Bureau Advisory Committee (Washington)
NE/PD/PDS	-	Near East Bureau/Office of Project Development/ Division of Project Development Support (Washington)
AD/AG	-	USAID/Egypt Assistant Director for Agricultural Development
CDSS	-	USAID Planning document; Country Development Strategy Statement
PID	-	USAID project document; Project Identification Document
FY	-	Fiscal Year
RFP	-	Request for Proposal
IQC	-	A particular type of contracting mechanism termed Indefinite Quantity Contract
PD	-	USAID Policy Determination
FAA	-	United States Foreign Assistance Act of 1961, as amended
IEE	-	Initial Environmental Examination
TDY	-	Tour of Duty (abroad)
TA	-	Technical Assistance
LT-ST	-	Long Term, short term
USDA	-	United States Department of Agriculture
PASA	-	Participating Agency Service Agreement
PL-480	-	United States Public Law No. 480
GOE	-	Government of Egypt
MinAg	-	Government of Egypt Ministry of Agriculture
ARC	-	Egyptian Agricultural Research Center
AERI	-	Agricultural Economics Research Institute
LE	-	Egyptian currency denoted pound
ADP	-	Automatic Data Processing

I. Recommendation and Brief Description

A. Recommendation

It is recommended that an AID input of \$5.0 million be authorized to fund a project in Data Collection and Analysis for the Egyptian agricultural sector. This amount, to be provided in the form of a grant, will cover dollar costs of \$3,128,000 and local currency costs equivalent to \$1,872,000. The GCE will contribute the equivalent of \$1,106,000. The full amount will be obligated in FY 1980.

It is also recommended that: (a) local cost financing, with dollar appropriations, be approved; (b) a supplier nationality waiver be approved allowing the purchase, in Egypt, of two U.S. manufactured vehicles with an estimated value of up to \$25,000; and (c) a direct AID contract for administrative support assistance be approved.

B. Brief Description

The proposed project will help the Ministry of Agriculture (MinAg) to overcome data collection and analysis problems that hinder rational decision-making in agricultural planning and policy formulation. This will be accomplished over a five year period through assistance to improve the collection, compilation and storage of basic agricultural data and to increase the amount of analytic work performed, as well as the use of such information in policy development and planning. In the area of agricultural statistics and data collection, improvement is to be achieved through the provision of short-term technical assistance on a regular basis, modest commodity inputs, considerable training and limited amounts of funding for special data collection activities. For planning and policy analysis, short-term teams will be provided initially to examine specific problems with the expectation that in later years a resident analyst will also be provided. Training, commodities and funding for local consultants will complete the assistance package in this area.

II. Project Description

A. Background and Problem

Among all nations of the world, Egypt's agricultural performance ranks relatively high in terms of output per unit of cultivated land area, reflecting an intensive, irrigated cropping system. Nonetheless, it is widely agreed that substantial opportunities remain to further raise production, productivity and the pervasively low rates of growth experienced over the past twenty years. In order to take advantage of these opportunities, numerous constraints to higher production and productivity must be overcome.

Perhaps the most fundamental constraint to an accelerated expansion of the sector is the current set of policies controlling agricultural production. Examples of such policy constraints include: (a) low farm-level cotton prices, leading to reduced production of this valuable crop, for which Egypt has a distinct comparative advantage; (b) limits on summer forage production making it necessary for farmers to strip maize leaves, lowering grain yields; (c) taxes imposed on feed grain imports, despite the tax-free importation of frozen poultry; (d) subsidies on fertilizer purchase prices, while restricting the quantities provided to less than optimal levels; and (e) use of scarce financial resources to reclaim additional desert areas when certain previously reclaimed land has still not proven economically viable, in terms of current production uses. These policies and plans, generally, reflect an earlier GOE strategy that sought to tax agriculture to pay for investment levels necessary to stimulate other economic sectors. As the rationale for this policy has faded, significant change has not followed. The current effects are inefficient resource allocation, low levels of investment in the agricultural sector and production levels which are much below the possibilities.

The continued existence of such policies does not imply that changes are not occurring. Decisions on policy questions and plans are continually being made, and programs to implement them are formulated. Unfortunately, all too often the courses of action decided upon appear, to outside analysts, to be ad hoc and counter-productive in terms of economic growth.

Much of this problem results from the failure of the current system to generate the data and analyses needed for the development of sound plans and rational policies. Decision makers simply do not have the information necessary for sound decision-making. This translates into a reluctance to make meaningful changes because the ramifications are not clear. For example, an increase in the farm-level cotton prices would most assuredly result in an increase in cotton production. However, such a policy shift would most probably affect the farmer's decisions regarding crop mix, demands for cotton ginning facilities, government revenues, etc. Data currently available do not provide the basis for such analyses to be undertaken by Egyptian policy analysts. Hence, the decision maker does not have the benefit of such information with which to weigh alternatives. In the absence of information on the expected economic results of action being contemplated, potential political impacts assume exaggerated importance. Decision makers are then tempted to institute policies which are politically popular (e.g. lower interest rates, etc.) because they do not comprehend the economic costs.

The data collection and analysis problem has three overlapping and inter-related aspects: (1) insufficient economic data is being collected, analyzed and fed into the decision-making process; (2) the capacity to utilize whatever data and analyses are available is not

sufficiently developed; and (3) links which integrate the research and analysis process into the decision-making process, regarding resource allocation, are weak/missing.

All three problematic aspects are present within the Ministry of Agriculture. An array of agricultural and economic data are collected, primarily for statistical reporting purposes. Nevertheless, there are substantial gaps in the data and certain data do not appear to be timely, reliable or accurate. While the sample frame is excellent, sample selection and design are far from optimal. There are few regularly issued reports; bureaucratic constraints limit publication of any reports. The Statistical Division in the MinAg Agricultural Economics Research Institute (AERI), while of sufficient size and well-experienced in field surveys, lacks the necessary expertise to conduct more complex or inclusive programs. Storage and retrieval of data are also problems.

The Agricultural Economics Division of the AERI has over 30 staff members with advanced degrees, giving the Ministry internal capacity to analyze data collected. However, this staff does not have adequate computing equipment and, as a result, has produced very few policy-oriented analyses. The tendency has been to concentrate on preparation of farm budgets and materials to support decisions already made. Outside advisors are employed to supply policy advice although they seemingly make little use of data or formal analysis in the process, generally basing their judgements on past experience, not empirical analysis. The AID-supported Agricultural Development Systems Project provides resources to do analyses and planning, but so far has not managed to mount any meaningful economic analysis efforts. Further, it is not expected, even when the agricultural economics elements are fully operational, that the kinds, quantity and quality of data and analyses required to positively impact upon the problem described above will be produced.

Senior Ministry staff generally recognize the need for and the usefulness of analytic and planning data, at least in an abstract sense. However, when confronted with particular problems or issues these officials do not make extensive use of available data and analytic materials in reaching decisions, nor do they request new analyses. The reasons appear to be largely a lack of experience in the use of such information, or unsatisfactory previous experience in attempting to obtain timely analytic (rather than descriptive) information. Further, data do not flow readily within the system or from outside sources into the MinAg.

While some technical research results are used in the annual budget development process, the utilization of economic research results in such decision-making appears extremely limited. The concept that economic factors should be of importance simply has not been accepted. Further, integration of research and planning into the budgetary allocation process is also constrained by tight budgetary strictures that severely narrow the options, and the lack of program or project evaluation to determine what is effective and what is not.

Two factors that are not part of the data collection and analysis problem per se must also be considered in formulating strategies to overcome this problem. These are: the caution surrounding acceptance by Egyptian decision makers of external advice on policy and planning questions, and the reluctance to examine and deal with controversial issues. The former stems from the not-too-distant past when foreign advisors exercised control and made the decisions. Properly, such a situation, or even the semblance of such a situation, is not now acceptable.

The hesitancy in examining various important issues reflects the existing bureaucratic system which rewards longevity, rather than performance, and may penalize individuals taking positions contrary to current belief or practice. Consequently, there is little incentive for being out front or identified with anything but the conventional wisdom. Both factors bear on how quickly and to what degree policy and planning issues can be addressed.

B. Detailed Project Description

1. Overall

The project has two discrete, but closely inter-linked components. The first element focuses on improving the MinAg's capability to collect and make available accurate, useful and timely agricultural statistics to improve the data base. The second component is directed toward developing capabilities to carry out needed planning and analysis. This may involve additional data collection related to specific problems being analyzed.

In many respects assistance in both areas is a natural combination. Improving the data base provides an opportunity to improve the quality of analytic and planning documents. Better data without analysis and greater use of data in decision-making would have little effect. Likewise, analysis based on incomplete or faulty data easily leads to erroneous conclusions.

2. Goal

The goal of this project is to stimulate agricultural growth and to promote a more equitable distribution of national income. The contribution of the project activities toward this goal will depend on a sequence of events: better and more timely agricultural data should support improved economic analyses, which in turn influence policy and planning decisions regarding resource allocation and production incentives, thus stimulating agricultural growth. The benefits accrue to the public at large and to the farming community in particular. This sequence is straightforward and logical, but it is dependent on assumptions regarding government concern with the sector and the use and importance of economic analysis in the Egyptian decision-making process.

The goal is consistent with the sector strategy articulated in the USAID Country Development Strategy Statement (CDSS), which targets growth in production, in labor productivity, in output per unit of scarce resources and in employment. The project is intended to assist the GOE to meet a three percent annual growth rate in agricultural production over the planning period.

3. Purpose

The purposes of the project are: (a) to improve MinAg capacities to collect economic data and to carry out analytic and planning work; and (b) to increase the use of analytic materials in agricultural policy development and planning activities. The purposes directly reflect the two related project components that combine to address the problem outlined in the first part of this section.

By project completion it is expected that substantial improvements will be apparent in MinAg efforts to collect and analyze data. This should in turn be reflected in the planning for and development of improved sector policies and programs and in the MinAg decision-making process. The following specific conditions are expected to exist at the end of the project: (a) the MinAg will be operating an effective agricultural statistics program providing improved data accessibility; (b) the range, quality, reliability and timeliness of statistics collected will be improved; (c) an active and effective planning and analysis group will be in operation; (d) an increase will have taken place in the overall quality and amount of planning and analysis; (e) senior level personnel will more actively rely on planning and analytic information; (f) additional agricultural sector policies and programs will have an analytic and rationally planned basis; and (g) a start will have been made toward integrating planning into the MinAg decision-making process on resource allocations.

4. Outputs and Assistance Strategy

(a) Outputs

The project outputs directly reflect the stated purposes. In the data collection area it is expected that additional, more accurate, more reliable and more timely agricultural statistics will result from the project inputs of technical assistance (TA), staff training, equipment and operating funds. The TA Team Leader and five professionals in the fields of sampling and survey design, sampling materials, survey operations, automatic data processing (ADP) and records management will visit Egypt an average of twice per year for periods of 3-6 weeks. It is planned that the team composition and members will not change

over the project period. Formal academic training in statistics, advanced U.S. training in ADP systems and census/agricultural statistics short course training will be provided to 35 individuals. This group will constitute a working core able to continue, over the long-run, the techniques introduced. Only limited equipment will be supplied to facilitate the collection and processing of data in a timely manner. A mini-computer and data storage and retrieval equipment will be particularly useful. Small amounts of supplemental operating funds will allow the conduct of special surveys and the use of larger computers for special problems.

On the policy/planning/analysis side the expected outputs are research studies on particular problems, policy papers and plans for projects and programs. These will result from the inputs of short-term TA teams, a resident analyst, training, commodities and operating budget including funds for local consultants and collaborators. The initial short-term teams will examine a number of issues identified as of special concern to the MinAg. The range of investigations and planning will be expanded over the life of the project. Academic training will be provided to upgrade the skills of six agricultural policy researchers and analysts. Additional shorter-term training in policy analysis techniques will be provided to 15 individuals. The primary equipment will be the mini-computer, previously mentioned, which will enable more rapid, interactive and sophisticated analyses. Considerable funding will be provided for local consultants to assist with policy analysis and research studies. By this method it is hoped a larger group of analysts with experience, interest and MinAg contacts can be created.

(b) Strategy

The proposed project activities fall into two sub-components: statistical data collection and policy analysis/planning. From an agricultural sector or macro-economic planning viewpoint the two project component activities are inextricably linked. However, from an operational/administrative perspective it is recommended that somewhat separate strategies be followed. This is because the proposed activities in statistical data collection follow the traditional AID institution building methodology -- strengthening the capacity of an already operational unit within a government institution to more effectively fulfill its mandate. Whereas, the proposed activities in the area of policy analysis/planning break away from this traditional assistance approach in order to meet the bureaucratic challenges presented by the decision-making process unique to Egypt.

There are certain elements which are common to project activities as a whole. Initially there will be no resident statistical, policy or planning advisors in the MinAg. All technical assistance activities involving U.S. expertise will be carefully selected and scheduled to be focused on specific problems or objectives which are mutually agreed upon by the MinAg and USAID. All project research and technical activities will be coordinated/supported by a resident project administrative person with expertise in one or more of the indicated areas, but with no direct advisory responsibilities. This individual will be provided under a direct AID contract from project funds. Depending on how the project develops during the second year, the short-term groups examining analysis/planning issues may be supplemented by a resident advisor.

For data collection and statistical improvement only short-term assistance over a five year period is proposed per the strategy outlined in "Egypt: Proposed Agricultural Statistics Project." ^{1/} The assistance will be provided on a regular schedule each year to assist with the design, collection and handling of improved data. There would be a gradual phase down of the short-term assistance over the life of the project. The assistance will be provided to the Statistical Research Division of the AERI. (See Figure III-D (2)).

The proposed planning/analysis assistance activities are conceptualized outside of the typical institution building framework. The modus operandi of this project component focuses on maximization of human resource use. This implies no particular institutional boundaries be imposed. The primary objective of the assistance effort is to demonstrate the usefulness of solid analytical work to the Minister of Agriculture in his role as decision maker and senior GOE Cabinet Member. In order to do this, it is proposed that various institutions/individuals with expertise in agricultural policy analysis be tapped (e.g. MinAg and other GOE personnel, Egyptian University staff resources, and U.S. technical assistance).

In order to spearhead this effort and provide maximum credibility to the analytic activities, a small senior agricultural policy advisory group will be formed, operating under the chairmanship of the Director of the AERI. The function of this advisory group is to provide direction to the analytical work by identifying and prioritizing particular problem areas where research and analysis are needed. Having

^{1/} Koffsky, Nathan and Ward Handerson. "Egypt: Proposed Agricultural Statistics Project." Funded under Agricultural Development Systems Project (263-0041), February, 1980.

done so, research assignments will be made utilizing various institutional/individual resources. These resources may be secured by the Ministry as the need is determined through MinAg staff assignments, contracts or grants to Egyptian University staff members and/or through a U.S.-based technical assistance contracting firm. Short-term individuals/teams may also be secured from U.S. and/or local sources in direct response to specific requests from senior Ministry decision-makers for analysis and recommendations on items of immediate interest.

In the policy and planning area certain issues have already been identified for examination. These are: price policy, investment levels in the agricultural sector, fertilizer subsidies, food security and reduction of the government role in agriculture. Additional issues which are currently under consideration for study include rural labor migration, out-migration and remittances, farm household income and international/regional trade.

The researchers will be expected to produce supporting analyses, conclusions, and alternatives which MinAg decision-makers can use for policy recommendations and implementation, within an appropriate time frame. In this manner, a range of available human resources will be tapped while diminishing the appearance of a threat to established organizational units. Within the Egyptian bureaucratic structure knowledge is power, and the concentration of knowledge in a small formal unit may initially appear as a threat to established, but insecure, staff units. The flexible staff will also make it easier to match skills to problems and to secure people who are committed and interested.

With this approach there may be some difficulty in institutionalizing the capabilities in one place but, if the group produces materials of value to the Ministry, we believe internal pressure will institutionalize the capacity in the AERI or as a direct advisory group to the Minister. As long as this vital analytical function is performed there is no hurry to find a permanent "institutional" home. USAID recognizes that in Egypt the bureaucracy is evolving from a "closed" to an "open", or at least more open, organizational structure and that, in any case, informal links are often more important than formal organizational links. One of the primary aims of project activities in the area of policy analysis and planning is to foster a pattern of behavior within the MinAg which focuses on the utilization of "outside" resources in a manner which augments staff capacity.

Briefly outlined, the decision-making process, as regards agricultural policy, is not held strictly within the Ministry of Agriculture. In general, policy alternatives and recommendations are taken from the MinAg by the Minister and conveyed to the GOE Cabinet for discussion and decision. Because agricultural policy decisions are often made outside the Ministry of Agriculture, informal and (if possible) formal links will be established with data collection, policy development and planning personnel in other Ministries via the provision of short-term assistance on particular questions. For example, the Ministry of Economic Affairs has already expressed an interest in such an analytic response capability.

5. Inputs

As indicated, the USAID financed inputs necessary to achieve the specified outputs are technical assistance, participant training, commodities, and other costs. Host country inputs will consist of staff, facilities and operating funds. The breakdown by category of inputs, excluding contingency and inflation, is as follows:

(a) Technical Assistance

A total of 114 work-months of technical assistance will be provided over the five year life of the project. Of this total, 46 work-months will be in the area of data collection (all short-term) and 68 work-months in analysis and planning (32 short-term and 36 long-term). The projected cost of the technical assistance input is \$1,170,000 to be funded by AID. Technical assistance in planning and policy analysis will partially be provided through one AID-financed Host Country Contract, with a U.S. firm selected through the competitive selection procedures. Technical assistance in the area of agricultural statistics will be supplied by an AID-funded PASA with the U.S. Department of Agriculture. Administrative support to both efforts will be available under a separate project-funded direct AID Contract.

(b) Commodities

Relatively limited amounts of commodities will be provided at a total cost of \$296,000. The basic types to be provided will be vehicles and items including a mini-computer to facilitate the compilation, storage, manipulation and retrieval of data.

(c) Training

Both short and long-term or academic training will be funded under the project. For the data collection component, 20 person years of advanced degree training for five individuals plus 17.5 person years of data processing and agricultural statistics training for 30 individuals will be provided. The estimated cost of this training is \$800,000. In analysis and planning, 12 academic years for six individuals and 1.5 years of short courses for 15 persons will be funded. The projected cost of this training is \$360,000.

(d) Other Costs

Several types of other costs will also be funded by AID. The participation by Egyptian non-GOE personnel in analytic and planning activities at a total cost of \$330,000 is budgeted for the life of the project. For the conduct of special surveys the amount of \$45,000 is included. A total of \$120,000 is provided for an administrative person to assist with necessary planning and scheduling of short term technical assistance personnel and with overall project operation. Use of computer facilities is budgeted at \$100,000, while \$160,000 is provided for miscellaneous items (e.g., rental of vehicles, Xerox reproduction, purchase of publications, local travel, etc.).

(e) GOE Inputs

The major GOE contribution to the project will be a total of 558 person-months of professional staff time at an estimated cost of \$348,000, excluding inflation and contingency. An equal level of support staff is projected at a cost of \$70,000. All salaries and incentives for GOE personnel will be paid by the Government of Egypt. In addition, the GOE will provide office space, salaries for trainees, support for in-country training, computer use, operating costs and miscellaneous support valued at \$210,000.

C. Relationship to Program Objectives

1. Relation to Country Development Strategy Statement and AID Program

The 1979 CDSS and the 1980 revision both identify agricultural analysis/policy/planning shortcomings in Egypt and a need for greater attention by the GOE to policy analysis, overall planning and project design. In the 1979 document it was argued that AID efforts to influence agricultural policy through projects and through P.L. 480 agreements would be sufficient. No specific activities in this area were proposed. A year later, and with additional experience, it was concluded that efforts via existing projects and the P.L. 480 agreements were not adequate. Consequently, the 1980 document proposes specific assistance in policy analysis and planning.

The need derives from the importance of policy analysis and planning, which in turn partially depends on accurate and timely data, in following AID's employment oriented growth strategy. To improve resource use in order to increase production requires a system that provides incentives, inputs and opportunities to producers. Such a system in Egypt necessitates simultaneous, but not necessarily parallel, improvements in technology, agricultural institutions and agricultural policies. Existing projects are largely directed at technology and institutional development. However, the acceptance and application of the technology and the use of the institutions often are completely dependent on the agricultural policies in force. In fact, it is our judgment that changes in a number of policies could have productive effects within the limits imposed by available technology and institutions. At the moment, planning and policy development, not technology or institutions, are the constraining factors for the desired production increases of some agricultural crops. Consequently, an effort to improve these policies and plans is a top priority for long-term development that should also yield short-term benefits.

Specific project relationships are foreseen only with the Agricultural Development Systems Project. Links to avoid overlap and to facilitate information exchange will be needed. Effects on other projects will be via policy or planning changes resulting from improved data and analysis. For example, the Major Cereals and Rice Research Projects aim at developing and testing technology that will increase production. Adoption of the technology will depend partially on product prices and input supplies. Both areas may be examined under this project. Similar examples are available for all other research or production efforts.

2. Relation to GOE Objectives

While the GOE agrees that additional agricultural output is needed and of high priority, and recognizes a need for a conducive policy environment, the full range of steps between recognition, development and application of different policies is not completely appreciated. The requirement for and usefulness of analyses and planning in the process is currently recognized only by certain individuals and levels in the government. However, the extent of recognition is growing, and as this recognition increases there is additional pressure for all parts of the GOE to improve their capabilities in this area. The incentive for change does exist if only to defend on-going and planned programs or to preempt other bodies from taking the lead in influencing wide-reaching policy and planning decisions. Nevertheless, a major result of this project is to provide concrete evidence that additional analysis and planning have positive results and should be a top priority.

The design of the project also recognizes GOE sensitivities in a number of areas, while seeking to improve the pool of skilled manpower. In general, the higher resource use efficiency resulting from project activities should also meet GOE objectives.

3. Other Donors

Numerous other donors are involved in various elements of agricultural data collection, analysis and planning, but on a limited scale. The Ford Foundation has provided funding and technical advice on the conduct of a farm management survey and on analyses of related data. The Foundation has also financed a planning advisor to the Ministry of Economy who has been involved in examining certain agricultural policy questions. The European Economic Community has funded some simulation model work related to the export of agricultural commodities. This has been done through the Institute of National Planning. The World Bank has supported the Master Water Plan group in the Ministry of Irrigation. This group has modeled the water distribution system in Egypt and the agricultural sector in certain governorates. Other planning assistance has been provided in the context of particular projects and generally related to those projects. In nearly all cases the links between analysis and policy development is missing.

D. Funding

The project will be jointly financed by AID and the GOE. Total project cost over five years will be \$6,106,000. The AID contribution will be \$5.0 million, including \$3,128,000 in foreign exchange and \$1,872,000 in dollar-funded local currency. The GOE will contribute 18 percent of the cost, or the equivalent of

\$1,106,000 in local currency. The AID contribution to life-of-project costs will be fully obligated in FY 1980, and the funds will be expended over five years, ending in FY 1985.

The cost of the principal project components is as follows:

<u>Output</u>	<u>(000s)</u>		
	<u>AID (\$)</u>	<u>GOE (\$)</u>	<u>Total (\$)</u>
Data Collection	836	339	1,118
Analytical Studies	1,385	191	1,519
Training	<u>1,193</u>	<u>105</u>	<u>1,298</u>
Subtotal	3,414	635	4,049
Contingency (10%) ^{1/}	336	63	399
Inflation ^{2/}	<u>1,250</u>	<u>408</u>	<u>1,658</u>
TOTAL	\$5,000	\$1,106	\$6,106

^{1/} Reduction of \$5,000 allocated among outputs to reduce total U.S. input to \$5.0 million.

^{2/} Inflation: Dollar Costs @ 10% for first year, 21% for 2nd year, 30% for 3rd year, 39% for 4th year and 49% for 5th year; LE Costs @ 20% for first year, 44% for 2nd year, 66% for 3rd year, 91% for 4th year, and 110% for 5th year.

III. Project Analysis

A. Economic Analysis

Given the impossibility of predicting the economic benefits of better agricultural policy decision making, it is obvious that a traditional cost/benefit or internal rate of return analysis is inappropriate for this project. Hypothetically, only miniscule percentage changes in output or minor improvements in resource use efficiency would more than cover project costs. For example, the annual value of agricultural production in Egypt is in the neighborhood of \$4 billion. Annual food subsidies cost over \$1 billion. A project with an average annual cost of \$1.2 million, that has a reasonable probability of affecting one or more of these areas, would seem a good investment.

There is a question, nevertheless, as to whether there are alternative methods of achieving the same effects at a lower cost, i.e., is the proposed project a cost effective method of achieving the expected impacts? What methods or mixture of inputs other than that proposed might be utilized?

Looking at the major project components separately, funding for the improvement of data collection, will provide for short-term personnel, training (the largest single item), equipment and special surveys. This mix is based on the study team findings which identified serious constraints in each area. Technical assistance is necessary to help establish the means and mechanisms to collect necessary data in a timely and efficient manner. To be able to absorb and effectively use this assistance the recipient statistical staff must have a basic core of knowledge. Academic or classroom training can provide some of this knowledge, but experience gained through guided application is an additional requirement. Technical assistance personnel provide the needed initial experience. Yet a long-term capability depends on the availability of Egyptian staff. A blend of training and TA are indicated. Similarly, if the trained staff do not have the necessary support equipment, their effectiveness is reduced. The limited quantities to be provided will help meet equipment requirements. Finally, the funds for special surveys are to be viewed as "seed" money in demonstrating the usefulness of special surveys and in demonstrating how they should be conducted. These funds will add some desirable flexibility to operations enabling a wider range of learning exercises to be undertaken.

In determining the specific input levels, judgment plays a major role. The capacity of the statistical group to absorb assistance, to provide staff for training and to maintain the level of operation after the termination of AID assistance are major factors in making the judgment that the indicated levels are appropriate.

An obvious alternative approach to the problem of a lack of reliable agricultural statistics is to fund U.S. based TDY teams to conduct periodic surveys for the MinAg. Such TA could be simultaneously programmed with long-term academic training abroad for selected MinAg employees. The advantage of this approach would be one of time. Needed statistical data could be produced fairly quickly and regularly over the project period. However, there is an inherent trade-off to be made; the element of time must be compared to that of building a wider capacity within the MinAg which is capable of continuing and improving the statistical work of the Ministry beyond the project period. In addition, the budget for the TA component would be far greater in order to marshal the numbers of U.S. technicians needed to conduct the surveys for the GOE.

Turning to the analytic component of the project, the major inputs are technical assistance, funding for local consultants, participant training and other costs. The rationale for this mix is largely the same as given for the data collection component -- substitutions or reductions of inputs to any significant degree are not realistic alternatives given project objectives. The greater technical assistance level stems from the perceived need to actually conduct analytic work while also serving as catalytic agents in stimulating and organizing such work by Egyptian personnel. AID concerns with long-term capacity development and GOE concern with the presence of resident advisors leads

to the mix of short term teams and a resident advisor in later years. Support for local consultants in one sense is a form of in-country training aimed also at developing long-term capacities while enabling short-run results. If AID does not provide the funding, since the MinAg is unable, the project will be restricted to the capacities of MinAg staff. The number of participants reflects the limited pool from which to select and certain levels of expertise already available. The "other cost" component provides needed support for the analytic activities by facilitating and funding certain operational costs of the analysts. For all input categories the moderate levels proposed provide greater certainty that the GOE will be able to effectively use and maintain the activities started.

To conclude, the range of inputs for both the data collection and the analytic components of the project is justified. The inputs are directed at constraints, complimentary and reinforcing, while the levels are moderate and sustainable by the GOE. In aiming at both short-term effects and long-term capability development the proposed resource use seems cost-effective.

B. Social Soundness Analysis

As in the case of the economic analysis this project does not lend itself to a traditional social soundness examination. Except for counterpart personnel and those individuals from whom data is gathered there are no direct project participants. Nevertheless, the better data and improved planning/policy environment could have wide ranging impacts across the economy. In the following discussion, the administrative and decision-making environment in which the project will operate and the possible effects of project-induced changes on beneficiaries -- farm families, other rural households and consumers of Egypt -- will be very briefly examined.

1. Administrative and Decision Making Environment

The decision making environment in which the project will operate is exceedingly hierarchical. Even relatively minor decisions are often referred to the highest levels. At the same time, information does not flow well laterally and only very slowly vertically. Things come down the system much quicker than they go up. The difficulties this imposes are compounded by the proliferation of bodies and committees and organizations with what appear to be very similar responsibilities but with little formal means for coordination. Thus, there is intense competition within government for scarce resources. Those that manage to obtain some amount of resources are very concerned with maintaining close control. In such situations there tend to develop competing groups with different memberships. Some individuals can move among groups, but this seems to be the exception rather than standard practice.

For data collection, this situation is probably of little importance except as information is prevented from flowing by a system where publication must be approved by an organization outside the MinAg. However, even these approvals should not be a barrier to internal flow within the Ministry, and it is within the Ministry that much of the information will be of value. Also, the fact that the assistance is to be provided to an established group within the MinAg lessens the element of competition and resource protection. The opportunities for other groups to capture or use the resources will not be available.

For the analytic work the implications of the current system are more extensive. First, there is a potential communications gap between the top and intermediate levels. Hopefully, after appropriate specification of researchable policy areas by the senior advisory committee, the project coordinator will move the request for information down the system. In many cases, researchers who are asked to do analytical work on specific policy issues will be outside the Ministry and the government. Upon completion of specific pieces of analysis, it will be the task of the Technical Committee for Agricultural Policy (See Figure III-D(2)) to assemble and synthesize the reports, prepare executive summaries of the research results for transmission to the senior policy advisory committee for consideration and review with the Minister of Agriculture. The policy analyses and research reports should then be circulated both within and outside the MinAg to help create a pattern of information exchange.

Another problem is being able to utilize the range of available talent on the analytic work. There will be a desire to restrict participants to the narrow, known group. While nothing absolute can be done to overcome this problem, it will be up to AID and contract staff to encourage the use of personnel who appear to be interested and capable, no matter what their institutional affiliation may be. Getting the work done efficiently and quickly should be the criteria for personnel selection.

Similarly, there may be reluctance for Egyptian staff to be associated with findings that challenge the conventional wisdom or current policy. Again, the constraints of a system which does not necessarily reward dissent must be recognized. This may dictate a "go-slow" approach in many instances.

In conclusion, the project may alter the power structure in the Ministry through resource provision and by increasing the knowledge of certain groups. We believe this can be positive as it facilitates the use of additional information in decision-making. Optimally, the wide spread dissemination of information will also serve as a model and help increase the overall flow of information.

2. Beneficiaries

The direct beneficiaries of the project are, of course, the Ministry staff with whom the USAID-financed personnel will be working and who will receive on-the-job, short-and long-term training as well as senior level officials who will benefit from better information and policy guidance. However, according to the project objectives, the

system will allow changes, the ultimate beneficiaries of improved planning and policy should be the farm families, other rural households, and consumers of Egypt.

In the policy area, because these improvements will aim to create a better policy and planning environment in which additional production will occur and to raise the efficiency of resource use, clearly those farmers able to take advantage of these changes will benefit most.

In the absence of information on exactly what changes will occur in what policies and what planning will be performed, one can only speculate on which groups of farmers might be affected and then what the effects on equity will be. In general, the policy changes would probably seek to free the system from government controls and input restrictions. Larger farmers might be able to respond more quickly to these changes. On the other hand, since larger farmers are generally better able than smaller farmers to manipulate or work around the current system, these changes sought should also give substantial benefit to smaller farmers. Nevertheless, the current system also protects smaller farmers and virtually guarantees that smaller farmers share in government services. It will be up to the analysts and policy makers to carefully weigh possible effects on disadvantaged groups before recommending changes.

Similarly, the differential effects of better planning are impossible to predict. The more efficient use of resources should benefit all farmers, while specific plans might be made to assist either smaller or larger farmers. In efforts to increase production it will be necessary for the analysts/planners to weigh heavily the possible effects on employment, input and credit availability, etc. for different groups.

The above statements regarding the effects of policy and planning changes also apply to possible project effects on women. As farmers and members of farm households, women will be affected by changes in policy and resource allocations due to improved planning. Effects may be either positive or negative with the planner/analysts responsible for maximizing the former and minimizing the latter. Introducing additional sensitivity to possible impact of proposed action on various classes of women may be a very important contribution the U.S. funded technical staff can make. They will also ensure that women researchers are assigned to the analytic teams and will help them to achieve a more equal standing in their professional roles.

Finally, assuming that the policy changes and better planning do lead to increased output in the sector, the ultimate beneficiaries will be the consumers of the products and/or the users of the foreign exchange earned.

C. Technical Feasibility

No technical difficulties are foreseen in implementing the activities proposed in this paper. In most instances, the work to be accomplished and the improvements to be made are only intensifications or adaptations of activities already underway. The provision of training will help assure that the technical competence to sustain the more complex or altered programs is available.

In the analysis and planning area the analytic techniques to be employed will necessarily be geared to the capabilities of local staff since they will be required to do most of the work. There is ample evidence that Egyptian economists are familiar with the range of technology, including the use of computers for data analyses and problem solving. Converting the analyses into plans and recommendations is less a matter of technology than experience and orientation.

For data collection, it is proposed that different sampling methods be adapted. This represents only a modification from current practice, rather than something new. The basic techniques remain the same. In the processing of data more sophisticated procedures than those currently used will be introduced. To enable the effective utilization of these procedures a number of staff will be sent to the U.S. for specialized training. The training, technical assistance and available skills will then allow the technology to be effectively utilized. This more advanced technology is actually the only method of processing and retrieving data more rapidly -- one of the major needed improvements for the current system.

D. Administrative Feasibility

1. Overall

In a general sense the MinAg has more than sufficient capability to administer this project. There are a large number of people in the Ministry with administrative ability and experience gained in handling other, larger and more complex USAID-assisted projects. However, the two rather distinct components of this project and the absence of resident technical assistance personnel will complicate the administration. Also, the planned use of non-Ministry, as well as Ministry personnel in carrying out planning/analysis activities is a departure from normal MinAg practice. It is largely for these reasons that a separate direct USAID contract for an administrative support individual is proposed. In this manner a means to assist in overcoming many administrative difficulties is provided.

2. The AERI

The current organizational structure of the Ministry of Agriculture includes an internal departmentalized bureaucracy, as well as many semi-autonomous affiliated institutions responsible to the Minister. An organizational chart is presented in Figure III-D(1). It should be noted that one of the internal Departments of the MinAg is the "Undersecretariat for Agricultural Economics." The primary function of this Department is economic reporting and report writing.

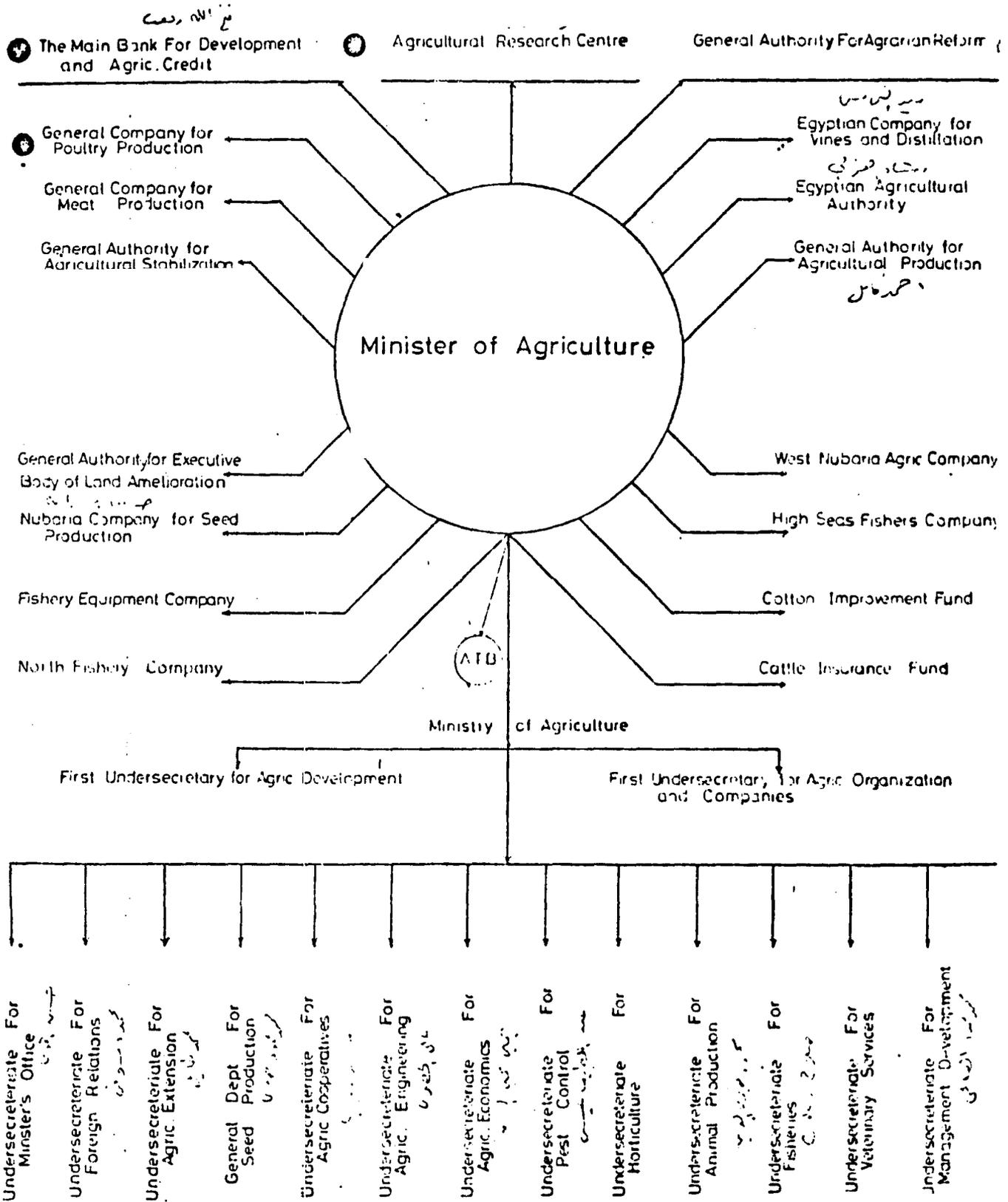
An affiliate institution of the MinAg is the Agricultural Research Center (ARC). The current organizational structure of the ARC includes eleven research institutes, among which is the "Agricultural Economics Research Institute" (AERI). The internal organization is currently represented by two functional divisions: 1) The Agricultural Statistics Research Division; and 2) The Agricultural Economics Research Division. However, the AERI Director, who also serves as the Undersecretariat for Agricultural Economics, has recently submitted a plan for reorganization to the ARC Director which has been approved for implementation. The newly approved organizational chart for the AERI is presented in Figure III-D(2). A further point of interest is the fact that the ARC, and hence the AERI, is institutionally linked directly to the major Egyptian universities, to the extent that there are University legislated by-laws under which the AERI operates.

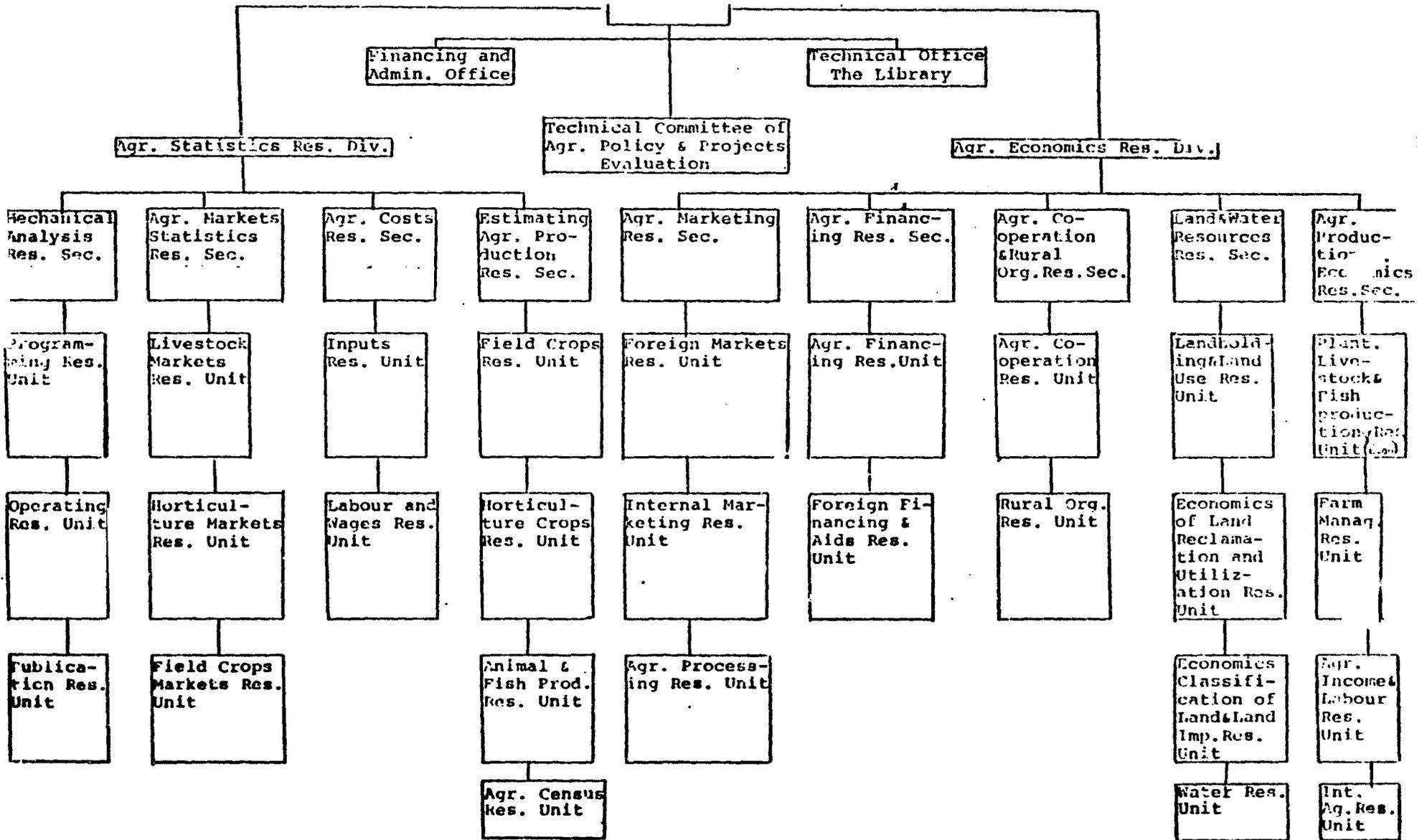
While the MinAg has considerable experience with USAID projects, this proposed project will be the first direct USAID involvement with the AERI, although there are several USAID projects within other institutes of the ARC. The very capable and experienced leadership of the AERI bodes well for the proposed project activities. The Director of the Institute functions as the direct liaison between the research program and the Minister of Agriculture. The AERI currently operates substantial programs in statistics, is involved in budgetary work and has a sizable agricultural economics staff. There is no inherent reason why this structure cannot accommodate the rather modest project activities proposed herein. In certain general administrative areas, such as contract negotiations, the Foreign Relations Department of the Ministry of Agriculture will also be prepared to provide assistance to the AERI.

The proposed project administration/management responsibilities will remain primarily with the AERI; however, the administrative arrangements vary between the agricultural statistics and the planning/analysis project components. Overall project oversight responsibility will remain with the Director of the AERI.

Specifically, the designation of the Agricultural Statistics Research Division Chief as the Egyptian counterpart for the PASA team leader will provide an administrative focal point. A local Egyptian agricultural economist from one of the Universities may

MINISTRY OF AGRICULTURE
AND ITS ORGANIZATIONS & COMPANIES





be contracted on a consultant basis to assist the Division Chief in the technical design of the proposed statistical activities. The strategy is to tie into on-going AERI data collection and processing programs, which should mean fewer administrative difficulties than if new programs were being started. Further, the absence of a permanent resident U.S. staff reduces certain types of logistical and administrative problems, while placing more responsibility on the GOE. In sum, implementation of the data collection activities with the AERI seems to pose no serious administrative problems.

In consideration of the complex nature of the relationship of analytical work in agricultural economics to the political decision-making process within the GOE, the administrative arrangements proposed for the planning/analysis component are somewhat more complex than those for the data collection activities. In recognition of this complex relationship the Director of the AERI has decided to form an ad hoc agricultural policy advisory group. This group will be chaired by the AERI Director and composed of senior agricultural economists from within the GOE and professionals working in Universities and the private sector. It is planned that this advisory group remain small in number and flexible in composition. One function of this group, vis-a-vis the proposed project activities, will be to identify and prioritize the policy issues of interest to the GOE.

The AERI Director has decided to appoint the Chief of the newly formed "Technical Office for Agricultural Policy" as the project coordinator for the proposed planning/analysis activities. The function of this office is to marshal the resources to analyze special policy issues of immediate concern to the Minister. The Chief of this office will also attend meetings of the advisory group. Thus, it will be this person who will translate the research request into active research. The AERI project coordinator will have a U.S. Administrative Support Officer (see Annex X), provided under a direct AID contract, who will assist the coordinator in general administrative matters. It is envisioned that the senior advisory group, working with the AERI coordinator, will identify the broad policy areas of concern to the GOE and will further delineate these areas into a complete set of researchable sub-topics which can be studied independently of one another. It will then be the function of the AERI coordinator, with the assistance of the Administrative Support Officer, to make research assignments to appropriate AERI staff units, to let contracts to professional Egyptian agricultural policy analysts working in non-GOE institutions and to assemble U.S. technical assistance where appropriate. A "study leader" from within the Technical Office for Agricultural Policy will be appointed by the project coordinator for each broad area of policy research. It will be this person who will be responsible for monitoring progress of the research teams working

on sub-issues within his/her broader policy area. Upon completion of the individual studies, the task of final review and assembly of the sub-reports into a final executive summary will be the task of the Technical Office for Agricultural Policy under the direction of the project coordinator and the study leader. These summaries will then be passed to the senior advisory group for consideration and for formulation of alternative recommendations for action. These recommendations will then be presented to the Minister by the Director of the AERI.

Although this administrative arrangement appears somewhat detailed, both the MinAg and AID believe this method will provide for a freer environment in which to maximize the use of a wide variety of economics experience and to promote the use of analytic work in the decision-making process.

3. Administrative Support Officer

As outlined in the Implementation Section and in the brief job description provided in Annex X, the incumbent of this position will assist all involved parties in administering the project. No problems are foreseen in negotiating a direct AID contract with a person already resident in Egypt to provide these services.

4. Other

The only other administrative question relates to the selection of a Contractor for the analysis element of the project. The planned extensive use of short-term teams dictates a capability to locate and field appropriate staff in a timely manner. At the same time the complexity of the issues and the sophistication of Egyptian personnel dictates that high quality personnel be provided, preferably with Egyptian experience so the "learning" period for each team is minimum. Some continuity in team members on the various studies seems highly desirable.

To supply the required services two options appear to exist. Use of a large firm with a large pool of talent that can be juggled to fit the exact requirements of each study with, hopefully, some members on each team with some Egyptian experience is one possibility. The second is a firm centered around a few individuals with proven Egyptian experience willing to devote considerable time to Egyptian questions. In the latter case the core of each team would be largely the same with supplemental special expertise on the particular question being examined. If the Contractor selection process reveals firms of the second type, we would expect MinAg to select from this group to provide continuity, build on previously acquired knowledge and familiarity with Egypt and Egyptian personnel and to reduce "wasted" start up time.

E. Environmental Considerations

As indicated in the Initial Environmental Examination, no direct effects on the environment from this project are foreseen. A negative IEE determination was recommended and was approved by NE/PD/PDS. The IEE is attached as Annex VII.

IV. Financial Analysis and Plan

Funds will be provided to the Ministry of Agriculture on a grant basis. Of the projected total AID input of \$5,000,000, dollar costs will total \$3,128,000 (63%) and local currency costs, \$1,872,000 (37%). All local currency costs will be dollar funded for the reasons given in Annex VIII.

The GOE will provide staff, facilities and operating capital. The value of the contribution, including inflation and contingency allowances, will total \$1,106,000 (all local currency).

As indicated, the expected direct GOE inputs are but 18 percent of total project costs. While lower than the normal target of 25 percent, this is explainable and justifiable. First, the sensitivity of the area precludes a massive initial effort. The project does not propose to include all MinAg planning or statistical operations, nor are large numbers of qualified staff available. Combining modest operations with the salary levels of government personnel makes it almost impossible to bring Host Country contribution up to the 25 percent level for a largely "people" project. At standard GOE salary levels over 200 professional Egyptian staff members on a full time basis would be required to offset the cost of each American staff member. Such a group is hardly modest, cannot be expected and, in any case, is not wanted.

If indirect GOE inputs were included, there would be no problem in meeting the 25 percent goal. The GOE spends over \$400 million annually in the agricultural sector. In a real sense this expenditure makes the data collection, policy and analysis work needed and relevant. On that basis some percentage of these inputs could logically and reasonably be attributed to the project. However, while over time the data, analysis and planning efforts may affect a significant proportion of investments, there is no real basis on which to make an allocation. Therefore, no credit has been given to the GOE for any such investments -- a very conservative position.

To summarize, the level of GOE input appears modest; however, the inclusion of only direct inputs understates the real input. For a data, planning and analysis project of a modest scale and a low-key operating method it is not reasonable to expect the GOE to increase the level of its direct contribution.

Finally, the level of recurrent costs upon project completion is modest. The MinAg will be able to provide this amount and continue the activities started.

Table
Summary Financial Plan

	AID			GOE			TOTAL		
	<u>\$</u>	<u>LE Eq.</u>	<u>Total</u>	<u>\$</u>	<u>LE Eq.</u>	<u>Total</u>	<u>\$</u>	<u>LE. Eq.</u>	<u>Total</u>
Staff	777	393	1,170	-	420	420	777	813	1,590
Commodities	296	-	296	-	-	-	296	-	296
Training	1,193	-	1,193	-	106	106	1,193	106	1,299
Other Expenses (other Costs)	80	675	755	-	110	110	80	785	865
Subtotal	2,346	1,068	3,414	-	635	634	2,346	1,702	4,050
Contingency <u>1/</u>	228	108	336	-	63	63	228 <u>1/</u>	172	400
Inflation	554	696	1,250	-	408	408	554	1,104	1,658
TOTAL	3,128	1,872	5,000	-	1,106	1,106	3,128	2,978	6,106 <u>2/</u>

1/ Reduced by \$5,000 to lower USAID project input to \$5.0 million.

2/ Reduced by approximately \$2,000 due to accumulated rounding error.

Table
Projections of Expenditures by Fiscal Year

											Combined Total in Dollars		
	1981		1982		1983		1984		1985		Total		
	AID \$	GOE LE	AID \$	GOE LE	AID \$	GOE LE	AID \$	GOE LE	AID \$	GOE LE	AID \$	GOE LE	
<u>PERSONNEL</u>													
<u>TA</u>													
- Long Term			65		130		130		65		390		390
- Short Term	200		210		130		130		110		780		780
- Local Consultants	30		90		90		90		30		330		330
GOE Staff		48		66		72		60		48		294 ^{2/}	420
<u>COMMODITIES</u>													
Vehicles	120		30		20						170		170
Mini-Computer	60		-		-						60		60
Other	18		14		14		10		10		66		66
<u>TRAINING</u>													
In Country Participant	-		8	4	8	4	4	2	-	-	20	10 ^{2/}	34
	408	22	326	18	281	16	148	8	10	-	1173	64 ^{2/}	1266
<u>OTHER COSTS</u>													
Administrative	40		40		40		-		-		120	-	120
Computer Time	10		20	7	30	10	30	10	10	10	100	37 ^{2/}	153
Special Surveys	5		10	-	15	-	10	-	5	-	45	-	45
Miscellaneous ^{3/}	20	4	40	4	40	4	40	4	20	4	160	20 ^{2/}	188
Facilities		4		4		4		4		4	-	20 ^{2/}	28
<hr/>													
Subtotal	911	78	853	103	798	110	592	88	260	66	3414	445 ^{2/}	4050
Contingency	87 ^{1/}	8	85	10	79	11	59	9	26	7	336	45 ^{2/}	400
Inflation	106	16	239	45	339	72	363	80	203	73	1250	286 ^{2/}	1659
<hr/>													
TOTAL	1104	102 ^{2/}	1177	159 ^{2/}	1216	193 ^{2/}	1014	177 ^{2/}	489	146 ^{2/}	5000	776	6106 ^{4/}
Combined Total \$		1250		1403		1492		1267		698		6106	

- ^{1/} Reduced by \$4,000 to lower U.S. total to \$5.0 million.
- ^{2/} Converted to dollars at LE.7 per \$1 to enable last column to be calculated.
- ^{3/} Includes rental of vehicles, xeroxing, purchase of publications, local travel, etc.
- ^{4/} Reduced by approximately \$4,000 due to accumulated rounding error.

Table
Funding of Project Inputs/Outputs

Inputs	Additional Statistics	Better Statistics	Research Studies	Policy Papers	Plans & Designs	Trained Manpower	Total
<u>PERSONNEL</u>							
TA							
-Long Term			117	117	117	39	390
-Short Term	216	216	100	100	100	48	780
-Local Consultant Staff	- 146	- 146	110 43	110 43	110 42	- -	330 4
<u>COMMODITIES</u>							
Vehicles	75	75	10	10		-	170
Mini-Computer	-	40	10	-	10	-	60
Other	29	13	0	5	10	-	66
<u>TRAINING</u>							
In Country Participant	- -	- -	- -	- -	- -	34 1266	34 1266
<u>OTHER COSTS</u>							
Administrative Support	20	30	30	30	10	-	120
Computer time	5	6	61	40	41	-	173
Special Surveys	30	15	-	-	-	-	45
Miscellaneous	51	50	33	32	22	-	188
Facilities	7	7	5	5	4	-	28
Subtotal	579	598	528	492	466	1385	4050
Contingency ^{1/}	57	59	53	49	46	138	400
Inflation ^{2/}	237	245	225	209	191	547	1659
TOTAL	873	902	806	750	703	2071	6106

^{1/} Reduction of \$5,000 allocated among outputs to reduce total U.S. input to \$5.0 million.

^{2/} Allocated in proportion to subtotal for each output.

V. Implementation Arrangements

A. General

The project will be implemented over a five year period. Technical assistance in planning and policy analysis will be provided through one AID-financed Host Country Contract, with a U.S. firm selected through the competitive selection procedures set forth in AID Handbook 11, Chapter 1. Technical assistance in the area of agricultural statistics will be supplied by an AID-funded PASA with the U.S. Department of Agriculture. Administrative support to both efforts will be available under a separate project-funded direct AID Personal Services Contract.

Certain project commodities will be procured by the MinAG utilizing AID procurement procedures established in Handbook 11. Other commodities will be procured by the USDA PASA. Prior AID approval will be required for all procurements and awards in excess of \$50,000 or the Egyptian pound equivalent. Contracting procedures will also be approved by AID for those host country procurements of either goods or services in excess of \$10,000.

Arrangements for offshore training will be the responsibility of the USDA and the contractor. In-country training will be coordinated by the administrative contractor in collaboration with USDA, the technical assistance contractor and MinAg personnel. Funds for in-country training will be released directly to the MinAg on the basis of training plans developed. Disbursement will also be the subject of a condition precedent in the Grant Agreement in order to assure development of effective training plans.

B. Specific AID Responsibilities

The USAID/Egypt Assistant Director for Agricultural Development, or his designee, will have AID management responsibility. Day-to-day monitoring will be performed by the appointed USAID Project Officer. Project implementation plans and annual up-dates prepared by MinAg, PASA and contractor staff will facilitate management and monitoring. Technical backstopping will be provided by the AD/AG, the Project Officer and other USAID offices as required.

To allow more rapid implementation of activities in the planning/analysis area AID staff will assist in developing scopes of work for the first two short-term teams. It is planned that the GOE will request that the scopes of work be performed by AID-arranged IQC contract teams using project funds.

C. GOE Responsibilities

The GOE will be responsible for establishing a senior agricultural policy advisory group for the planning/analysis work and for making necessary internal organizational adjustments to allow the data collection assistance to be utilized effectively. This will include arranging for cooperative efforts with individuals or groups outside the MinAg.

The AERI will have primary responsibility for the data collection activities and play a primary role in analysis/planning. The AERI will generally coordinate and guide project activities to meet project objectives. Specifically, the AERI, in collaboration with the senior advisory group committee on the planning/analysis work, will:

(a) develop implementation plans for project assistance; (b) fully implement the data collection activities and provide cooperating staff for the policy/planning work; (c) maintain necessary records; (d) arrange for the procurement of certain commodities; (e) identify training participants; and (f) assist in evaluating project activities. In addition the AERI, or other groups designated, will establish and maintain channels of communication with USAID/Egypt to keep AID informed of project activities and progress.

Over the life of the project there may be a concentration of responsibility in a particular section or sections of AERI. Final decisions will be up to the Ministry after necessary consultation with AID.

D. Technical Services Contractor Responsibilities

The technical services contractor, including any sub-contractors, will be responsible for providing the necessary short-term personnel to work on particular areas of immediate policy or planning interest and, beginning during year two, a resident expert in Egypt if the GOE and USAID should determine that a resident would be beneficial.

In collaboration with the MinAg, the contractor will prepare a schedule of assistance including priorities, and develop scopes of work for short-term contractor personnel. A brief position description for the long-term staff member is provided in Annex X. Briefly, this individual will be responsible for stimulating, coordinating and guiding analysis/planning activities with the objective of developing local capabilities. Thus, in addition to being an experienced analyst, the individual must also understand personnel motivation and institutional development techniques. The long term staff member will also assist in contracting with Egyptian professionals for studies, as well as in preparing plans for studies by local individuals or groups. The Contractor will also be expected to assist in placing participants in U.S. training facilities.

E. USDA PASA Responsibilities

Under a five year PASA the USDA will be responsible for providing short-term expertise on a regular basis to enable the development of a more comprehensive and effective data collection, storage and retrieval effort. This will involve the preparation with the GOE, of a schedule of activities and assistance to implement these activities as well as overall guidance on agricultural statistics programs. The USDA will also bear complete responsibility for implementing a training program for Egyptian personnel in this area. This will include both degree and non-degree programs and the placement of individuals identified with the GOE in appropriate institutions. The USDA will also procure certain commodities.

In carrying out these responsibilities the USDA will be expected to consult regularly with AID and to keep AID fully informed of work being performed.

F. Administrative Support Contractor

This individual will provide assistance in Egypt to the GOE, the USDA and the technical services contractor in the logistics of short-term data collection and planning/analysis groups, in participant selection and processing and in commodity procurement. In the absence of resident contract technical assistance or PASA staff, s/he will also act as their on-the-ground representative in dealing with AID and/or the GOE. As time and circumstances permit s/he may also become substantively involved in the development of scopes of work, preparation of analyses or in advising on areas of particular competence and expertise. Annex X briefly describes the responsibilities of this position.

G. Implementation Schedule

<u>Project Action</u>	<u>Completion Date</u>	<u>Month of Project</u>	<u>Implementation Responsibility</u>
(1) <u>Overall</u>			
Grant Agreement Signed	8/80	0	AID/GOE
Initial Conditions Precedent Met	9/80	1	GOE
Administrative Contract Signed	9/80	2	AID/GOE
RFP Issued	10/80	2	GOE/AID
PASA Agreement Signed	10/80	2	USDA/GOE/AID
Vehicles Ordered	10/80	2	GOE/AID/Contractor
Host Country Contract Signed	4/81	8	GOE/Contractor/AID
Equipment Ordered	4/81	8	GOE/AID/PASA
First Major Evaluation	2/83	31	AID/GOE
Second Major Evaluation	2/85	55	AID/GOE
Project Completion	8/85	60	
(2) <u>Analysis and Planning</u>			
Scope of Work for First Study Prepared	10/80	3	GOE/AID
Scope of Work for Second Study Prepared	11/80	4	GOE/AID
First Study Completed	2/81	7	GOE/Contract Team
Short Term Policy Participants Depart	2/81	7	GOE/AID
Second Study Completed	4/81	9	GOE/Contract Team
Scope of Work for Third Study Prepared	4/81	9	GOE/Contractor

<u>Project Action</u>	<u>Completion Date</u>	<u>Month of Project</u>	<u>Implementation Responsibility</u>
Long Term Advisor Arrives	8/81	13	GOE/Contractor
Third Study Completed	8/81	13	GOE/Contractor
Academic Participants Depart	8/81	13	GOE/Contractor/AID
Studies Underway	Continues	13-60	GOE/Contractor
Short Term Teams	Various Times		GOE/Contractor
Short Term Participants	2/82	19	GOE/Contractor/AID
Academic Participants	8/82	25	GOE/Contractor/AID
Short Term Participants	2/83	31	GOE/Contractor/AID
Academic Participants	8/83	37	GOE/Contractor/AID
 (3) <u>Data Collection</u>			
First PASA TDY's	12/80	5	GOE/AID/PASA
Academic Participants TDY's	1/81	6	GOE/AID
Academic Participants	1/81-7/85	6-59	GOE/PASA
Academic Participants	8/81	13	GOE/AID/PASA
Census Participants	According to Course Scheduling		GOE/PASA
Data Processing Participants	8/81	13	GOE/AID/PASA
"	8/82	25	GOE/AID/PASA
"	8/83	37	GOE/AID/PASA

VI. Evaluation Arrangements

A. Description and Scheduling

Annual project evaluations will be conducted with the assistance of the AID project manager. These evaluations will require the participation of the GOE, PASA and Contractor personnel and will focus on project progress. Results will be used, as necessary to modify targets, to alter implementation methods and to focus attention on particular problems.

In addition to the annual evaluations two external evaluations are also planned. Using 1-2 outside experts, these evaluations should provide a greater degree of objectivity while concentrating on determining the likelihood of the project achieving the stated purposes. The first evaluation in year three of the project will have an additional responsibility of recommending changes for the project to meet objectives in the given time frame. The second evaluation in year five will assess what project effects have been and what they indicate for similar future activities. The scheduling of these evaluations is indicated in the implementation section of this paper.

B. Agenda for Evaluation

As indicated the evaluations must address issues at two levels. The following list provides more detail on the topics to be examined.

1. Operational Topics

- a. Input mix
- b. Input timing
- c. Output achievement
- d. Operating strategy
- e. AID/Contractor/PASA/GOE support
- f. Administration

2. Achievement Topics

- a. Sample design improvement
- b. Data collection improvement
- c. Data processing improvement

2. Achievement Topics - Continued

- d. Data storage and retrieval improvement
- e. Analytic studies completed
- f. Policy papers or recommendations prepared and transmitted
- g. Programs/project plans finalized
- h. Staff members trained and quality of training received

3. Effect Topics

- a. MinAg capabilities in statistics
- b. Range, timeliness and quality of statistics
- c. Effect of analytic work on policies and programs
- d. Perceived usefulness of analysis/planning in MinAg
- e. Presence and role of planning/analysis group in MinAg
- f. Overall role of planning/analysis in decision-making processes

VII. Conditions, Covenants and Negotiating Status

A. Conditions Precedent

To help assure effective project implementation, a number of conditions precedent are proposed for inclusion in the Grant Agreement.

1. Conditions Precedent to Initial Disbursement

Initial disbursement will be made following: (a) receipt of evidence that the members of the Senior Policy/Planning Advisory Committee have been named; (b) naming of the Project Director for the Data Collection Activities; and (c) receipt of specimen signatures.

2. General Conditions for Disbursement

Except for short-term study teams on specific topics arranged by AID on Ministry request, disbursement for technical services in policy/planning will require evidence of a contract acceptable to AID. The identification of cooperating Ministry staff will be required. Release of any funds for in-country training will require evidence of an acceptable training plan.

B. Covenants

Standard provisions in the Grant Agreement will specify AID's right to conduct evaluations and approve all contracts in advance, and will require the GOE to provide local currency and in-hired support as needed on a timely basis.

V. Negotiating Status

The Project as outlined in this paper has been fully discussed with the Ministry of Agriculture and, specifically, with the Special Advisor to the Minister on Foreign Assistance and the Undersecretary for Agricultural Economics. A draft of this paper has been reviewed by these individuals. The Mission expects no difficulty in signing a Grant Agreement following formal AID approval of the project.

LOGICAL FRAMEWORK

I. GOAL

Increased agricultural growth and more equitable distribution of income.

Verifiable Indicators

1. Value added in agricultural sector
2. Physical product
3. Level of labor and other farm inputs used

Means of Verification

1. GOE statistics
2. Farm surveys

Assumptions

Stable economic conditions
Continued GOE concern with agriculture

II. PURPOSE

1. To improve MinAg capacities to collect economic data and to carry out analytic and planning work across the agricultural sector; and
2. To increase the use of relevant analytic materials in policy development and planning activities.

EOPS

1. The Ministry of Agriculture will be better capable of operating an effective agricultural statistics program providing improved data accessibility.
2. The range, quality, reliability and timeliness of agricultural statistics will be improved.
3. Additional agricultural sector policies and programs with an analytic and rationally planned basis.
4. Active planning and analysis group operating in the MinAg able to address short-term issues.

5. Senior level acceptance of importance of planning and analysis.
6. Increase in the overall quality and amount of planning and analysis.
7. Start made on integrating research and planning into MinAg decision processes.

Verification

1. Before/after comparisons.
2. Physical observations.
3. Project evaluations.

Assumptions

Political and economic conditions make changes possible.
Ministry structures permit establishment of groups.
Salary levels sufficient to hold personnel.

III. OUTPUTS

1. Research studies.
2. Policy papers.
3. Project/program plans.
4. Additional agricultural statistics.
5. More accurate, reliable and timely statistics.
6. Trained staff.

Magnitude of Outputs

- 1-2-3-4-5 to be determined during course of project.
6. 50 individuals with on-the-job, short course or long-term training.

Means of Verification

1. Project documents and reports.
2. Physical observations.

Assumptions

Staff made available for training.
Group allowed to work on issues.

IV. INPUTS

Egypt: Personnel
Facilities
Operating funds

AID Funding for LT and ST technical assistance.
Funding for local analysts.
Funding for training.
Funding for equipment.
Funding for computer software and computer time.

Magnitude

See budget and implementation plan

Means of Verification

Project accounts.
Project evaluations.
AID records.

Assumptions

GOE resources available.

5C(2) - PROJECT CHECKLIST

Listed below are statutory criteria applicable generally to projects with FAA funds and project criteria applicable to individual fund sources: Development Assistance (with a subcategory for criteria applicable only to loans); and Economic Support Fund.

CROSS REFERENCES: IS COUNTRY CHECKLIST UP TO DATE? Yes.
EAS STANDARD ITEM CHECKLIST BEEN REVIEWED FOR THIS PROJECT? Yes.

A. GENERAL CRITERIA FOR PROJECT

1. FY 79 App. Act Unnumbered; FAA Sec. 653(b); Sec. 634A.
(a) Describe how Committees on Appropriations of Senate and House have been or will be notified concerning the project; (b) is assistance within (Operational Year Budget) country or international organization allocation reported to Congress (or not more than \$1 million over that figure)?
 - (a) Congressional notification will be submitted following Mission approval.
 - (b) Yes.
2. FAA Sec. 611(c) (1). Prior to obligation in excess of \$100,000, will there be (a) engineering, financial, and other plans necessary to carry out the assistance and (b) a reasonably firm estimate of the cost to the U.S. of the assistance?
 - (a) Yes, firm financial plans have been developed as a part of the project paper.
 - (b) Yes.
3. FAA Sec. 611(a) (2). If further legislative action is required within recipient country, what is basis for reasonable expectation that such action will be completed in time to permit orderly accomplishment of purpose of the assistance?

None required.
4. FAA Sec. 711(b); FY 79 App. Act Sec. 101. If for water or water-related land resource construction, has project met the standards and criteria as per the Principles and Standards for Planning Water and Related Land Resources dated October 25, 1973?

Not applicable.

BEST AVAILABLE COPY

5. FAA Sec. 611(e). If project is capital assistance (e.g., construction), and all U.S. assistance for it will exceed \$1 million, has Mission Director certified and Regional Assistant Administrator taken into consideration the country's capability effectively to maintain and utilize the project? Not applicable.
6. FAA Sec. 209. Is project susceptible of execution as part of regional or multilateral project? If so, why is project not so executed? Information and conclusion whether assistance will encourage regional development programs. Not applicable.
7. FAA Sec. 601(a). Information and conclusions whether project will encourage efforts of the country to: (a) increase the flow of international trade; (b) foster private initiative and competition; (c) encourage development and use of cooperatives, credit unions, and savings and loan associations; (d) discourage monopolistic practices; (e) improve technical efficiency of industry, agriculture and commerce; and (f) strengthen free labor unions. The project will: (a) increase trade by helping create a policy and planning environment conducive to the use of modern technologies and the growth of agricultural production; (b) foster private initiative by encouraging the deregulation of agriculture; (c) indirectly foster cooperatives as direct government intervention in the sector is discouraged; (d) emphasize optimum resource use which implies the efficiency of competition; (e) increase the technical efficiency of agriculture and related industries through planning and evaluation of resource use; and (f) have no effect.
8. FAA Sec. 601(b). Information and conclusion on how project will encourage U.S. private trade and investment abroad and encourage private U.S. participation in foreign assistance programs (including use of private trade channels and the services of U.S. private enterprise). A large portion of services and any commodities will have their source and origin in the U.S. A large portion of services and any commodities will be procured from U.S. private enterprise.
9. FAA Sec. 612(b); Sec. 636(h). Describe steps taken to assure that, to the maximum extent possible, the country is contributing local currencies to meet the cost of contractual and other services, and foreign currencies owned by the U.S. are utilized to meet the cost of contractual and other services. The Grant Agreement will so provide.

BEST AVAILABLE COPY

10. FAA Sec. 612(d). Does the U.S. own excess foreign currency of the country and, if so, what arrangements have been made for its release? No.
11. FAA Sec. 601(e). Will the project utilize competitive selection procedures for the awarding of contracts, except where applicable procurement rules allow otherwise? Yes.
12. FY 79 App. Act Sec. 608. If assistance is for the production of any commodity for export, is the ~~likely~~ ^{commodity} likely to be in surplus on world markets at the time the resulting productive capacity becomes operative, and is such assistance likely to cause substantial injury to U.S. producers of the same, similar or competing commodity? No.

B. FUNDING CRITERIA FOR PROJECT

1. Development Assistance Project Criteria

a. FAA Sec. 102(b); 111; 113; 281a. Extent to which activity will (a) effectively involve the poor in development, by extending access to economy at local level, increasing labor-intensive production and the use of appropriate technology, spreading investment out from cities to small towns and rural areas, and insuring wide participation of the poor in the benefits of development on a sustained basis, using the appropriate U.S. institutions; (b) help develop cooperatives, especially by technical assistance, to assist rural and urban poor to help themselves toward better life, and otherwise encourage democratic private and local governmental institutions; (c) support the self-help efforts of developing countries; (d) promote the participation of women in the national economies of developing

Not applicable.

...ries and the improvement of woman's status; and (e) utilize and encourage regional cooperation by developing countries?

b. FAA Sec. 103, 103A, 104, 105, 106, 107. Is assistance being made available: (include only applicable paragraph which corresponds to source of funds used. If more than one fund source is used for project, include relevant paragraph for each fund source).

Not applicable.

(1) (103) for agriculture, rural development or nutrition; if so, extent to which activity is specifically designed to increase productivity and income of rural poor; (103A) if for agricultural research, is full account taken of needs of small farmers;

(2) (104) for population planning under sec. 104(b) or health under sec. 104(c); if so, extent to which activity emphasizes low-cost; integrated delivery systems for health, nutrition and family planning for the poorest people, with particular attention to the needs of mothers and young children, using paramedical and auxiliary medical personnel, clinics and health posts, commercial distribution systems and other modes of community research.

(3) (105) for education, public administration, or human resources development; if so, extent to which activity strengthens nonformal education, makes formal education more relevant, especially for rural families and urban poor, or strengthens management capability of institutions enabling the poor to participate in development;

(4) (106) for technical assistance, energy, research, reconstruction, and selected development problems; if so, extent activity is:

BEST AVAILABLE COPY

(i) technical cooperation and development, especially with U.S. private and voluntary, or regional and international development, organizations;

(ii) to help alleviate energy needs;

(iii) research into, and evaluation of, economic development processes and techniques;

(iv) reconstruction after natural or manmade disaster;

(v) for special development problem, and to enable proper utilization of earlier U.S. infrastructure, etc., assistance;

(vi) for programs of urban development, especially small labor-intensive enterprises, marketing systems, and financial or other institutions to help urban poor participate in economic and social development.

c. (107) is appropriate effort placed on use of appropriate technology?

Not applicable.

d. FAA Sec. 110(a). Will the recipient country provide at least 25% of the costs of the program, project, or activity with respect to which the assistance is to be furnished (or has the latter cost-sharing requirement been waived for a "relatively least-developed" country)?

Not applicable.

e. FAA Sec. 110(b). Will grant capital assistance be disbursed for project over more than 3 years? If so, has justification satisfactory to Congress been made, and efforts for other financing, or is the recipient country "relatively least developed"?

Not applicable.

f. FAA Sec. 281(b). Describe extent to which program recognizes the particular needs, desires, and

Not applicable.

capacities of the people of the country; utilizes the country's intellectual resources to encourage institutional development; and supports civil education and training in skills required for effective participation in governmental and political processes essential to self-government.

g. FAA Sec. 122(b). Does the activity give reasonable promise of contributing to the development of economic resources, or to the increase of productive capacities and self-sustaining economic growth?

Not applicable.

2. Development Assistance Project Criteria (Loans Only)

a. FAA Sec. 122(b). Information and conclusion on capacity of the country to repay the loan, including reasonableness of repayment prospects.

Not applicable.

b. FAA Sec. 620(d). If assistance is for any productive enterprise which will compete in the U.S. with U.S. enterprise, is there an agreement by the recipient country to prevent export to the U.S. of more than 20% of the enterprise's annual production during the life of the loan?

Not applicable.

3. Project Criteria Solely for Economic Support Fund

a. FAA Sec. 531(a). Will this assistance support and promote economic or political stability? To the extent possible, does it reflect the policy directions of section 102?

This assistance will support economic stability by assisting farmers to increase efficiency and production.

Yes.

b. FAA Sec. 533. Will assistance under this chapter be used for military, or paramilitary activities?

No.

5C(3) - STANDARD ITEM CHECKLIST

Listed below are statutory items which normally will be covered routinely in those provisions of an assistance agreement dealing with its implementation, or covered in the agreement by imposing limits on certain uses of funds.

These items are arranged under the general headings of (A) Procurement, (B) Construction, and (C) Other Restrictions.

A. Procurement

1. FAA Sec. 602. Are there arrangements to permit U.S. small business to participate equitably in the furnishing of goods and services financed?
Goods and services will be procured to the greatest extent possible through competitive procedures which will encourage participation of U.S. small businesses.
2. FAA Sec. 604(a). Will all commodity procurement financed be from the U.S. except as otherwise determined by the President or under delegation from him?
Yes.
3. FAA Sec. 604(d). If the cooperating country discriminates against U.S. marine insurance companies, will agreement require that marine insurance be placed in the U.S. on commodities financed?
Egypt does not so discriminate.
4. FAA Sec. 604(e). If offshore procurement of agricultural commodity or product is to be financed, is there provision against such procurement when the domestic price of such commodity is less than parity?
No such procurement is planned.
5. FAA Sec. 608(a). Will U.S. Government excess personal property be utilized wherever practicable in lieu of the procurement of new items?
Yes.
6. FAA Sec. 603. (a) Compliance with requirement in section 901(b) of the Merchant Marine Act of 1936, as amended, that at least 50 per centum of the gross tonnage of

BEST AVAILABLE COPY

commodities (computed separately for dry bulk carriers, dry cargo liners, and tankers) financed shall be transported on privately owned U.S.-flag commercial vessels to the extent that such vessels are available at fair and reasonable rates.

7. FAA Sec. 621. If technical assistance is financed, will such assistance be furnished to the fullest extent practicable as goods and professional and other services from private enterprise on a contract basis? If the facilities of other Federal agencies will be utilized, are they particularly suitable, not competitive with private enterprise, and made available without undue interference with domestic programs?

Yes.

8. International Air Transport. Fair Competitive Practices Act, 1974. If air transportation of persons or property is financed on grant basis, will provision be made that U.S.-flag carriers will be utilized to the extent such service is available?

Yes.

9. FY 79 App. Act Sec. 105. Does the contract for procurement contain a provision authorizing the termination of such contract for the convenience of the United States?

It will so provide.

B. Construction

1. FAA Sec. 601(d). If a capital (e.g., construction) project, are engineering and professional services of U.S. firms and their affiliates to be used to the maximum extent consistent with the national interest?

Not applicable.

2. FAA Sec. 611(c). If contracts for construction are to be financed, will they be let on a competitive basis to maximum extent practicable?

Not applicable.

3. FAA Sec. 620(k). If for construction of productive enterprise, will aggregate value of assistance to be furnished by the U.S. not exceed \$100 million? Not applicable.

Other Restrictions

1. FAA Sec. 122(e). If development loan, is interest rate at least 2% per annum during grace period and at least 3% per annum thereafter? Not applicable.

2. FAA Sec. 301(d). If fund is established solely by U.S. contributions and administered by an international organization, does Comptroller General have audit rights? Not applicable.

3. FAA Sec. 620(h). Do arrangements preclude promoting or assisting the foreign aid projects or activities of Communist-bloc countries, contrary to the best interests of the U.S.? Yes.

4. FAA Sec. 636(i). Is financing not permitted to be used, without waiver, for purchase, long-term lease, or exchange of motor vehicle manufactured outside the U.S., or guaranty of such transaction? Yes.

Will arrangements preclude use of financing:

- a. FAA Sec. 104(f). To pay for performance of abortions or to motivate or coerce persons to practice abortions, to pay for performance of involuntary sterilization, or to coerce or provide financial incentive to any person to undergo sterilization? Yes.

- b. FAA Sec. 620(g). To compensate owners for expropriated nationalized property? Yes

- c. FAA Sec. 660. To finance police training or other law enforcement assistance, except for narcotics programs? Yes.
- d. FAA Sec. 662. For CIA activities? Yes.
- e. FY 79 App. Act Sec. 104. To pay pensions, etc., for military personnel? Yes.
- f. FY 79 App. Act Sec. 106. To pay U.N. assessments? Yes.
- g. FY 79 App. Act Sec. 107. To carry out provisions of FAA sections 209(d) and 251(h) (Transfer of FAA funds to multi-lateral organizations for lending.) Yes.
- h. FY 79 App. Act Sec. 112. To finance the export of nuclear equipment, fuel, or technology or to train foreign nations in nuclear fields? Yes.
- i. FY 79 App. Act Sec. 601. To be used for publicity or propaganda purposes within U.S. not authorized by Congress? Yes.

BEST AVAILABLE COPY

ANNEX III

W700000000 Page 1
PP 000000
TE BUREAU #0000 1000000
THE MINISTRY ZEF
P 1001047 JUN 68
FM SECRETARY WASHDC
TO AMEMBASSY CAIRO PRIORITY 0010
BT
UNCLAS STATE 100000

23 JUN 68
JOB: 0751
CN: 25003
CHRG: AID
ACTION: AID G
INFO: ABE COM 2/0
CIRCA 10/77

ACTION TO ACA LEC
ACTION TAKEN by Philip
DATE 10/77 INITIALS AW

ADM AID
P.O. 12005: N/A
TAGS:

SUBJECT: DATA COLLECTION PID 203-0142, NEAC REVIEW

1. SUBJECT REVIEW HELD 6/12/68 AND PID APPROVED. MISSION AUTHORIZED TO DEVELOP AND APPROVE PP.

2. NEAC DISCUSSED NEED TO CLARIFY GOV ADMINISTRATION/ ORGANIZATION ARRANGEMENTS FOR PROJECT DURING PREPARATION OF PP. WE UNDERSTAND THAT PROJECT WILL BE ADMINISTRATIVELY LOCATED IN AGRICULTURAL ECONOMICS RESEARCH INSTITUTE AND THAT PROJECT WILL HAVE AN ACTIVE SENIOR POLICY COMMITTEE FOR DEVELOPING RESEARCH AGENDA AND TO PROVIDE SUBSTANTIVE PROGRAM INPUT ON DESIGN AND OPERATIONS OF DATA COLLECTION IMPROVEMENT EFFORT.

3. NEAC RECOGNIZED THAT BETTER ECONOMIC ANALYSES ARE A NECESSARY BUT AN INSUFFICIENT CONDITION TO ULTIMATELY BRING BETTER POLICIES INTO FORCE. TO ENHANCE USE OF ANALYSES NEAC ENCOURAGES THE BUILDING OF LINKAGES TO DECISION MAKERS THROUGH ITS OTHER AID ACTIVITIES AND THROUGH THIS PROJECT BY FINANCING OF ANALYSIS AND SUPPORTING PROGRAMS WITH GROUPS OTHER THAN JUST MINAG. PID MENTIONS THE USE OF EGYPTIAN UNIVERSITIES AND LOCAL CONSULTANTS AND WE ENCOURAGE MINAG TO USE GRANTS FOR SELECTIVE PORTIONS OF THE WORK.

THIS WOULD BROADEN THE NARROW LINKAGE BASE AS WELL AS DEVELOP LINKAGES. THE WORK MIGHT INCLUDE ECONOMIC ANALYSES AND DATA GENERATION THROUGH SUCH ACTIVITIES AS A FARM RECORD KEEPING PROGRAM, ENTER PRICE ANALYSIS, SPECIAL SURVEYS, ASSISTANCE IN SAMPLE DESIGN, TRAINING OF THOUSANDS OF RESEARCH ON ALTERNATIVE DATA COLLECTION TECHNIQUES. NEAC NOTES THE INTEREST TO HOLD IN-COUNTRY TRAINING FOR SHORT COURSES, PERHAPS SOME LONGER-TERM TRAINING COULD BE HELD IN EGYPT AND USE TO CIRCUMVENT OPERATIONS OF RESEARCH AT UNIVERSITIES, SOMEWHAT IN THE MANNER OF OUR USA/AGRICULTURAL COLLEGE RESEARCH ASSISTANTSHIP GRANTS. GENERALLY, IT WAS FEEL THAT TRAINING EFFORT MIGHT BE SOMEWHAT IMPROVED EITHER THROUGH THIS OR RELATED PROJECTS.

4. WHILE FINAL DECISIONS ON PROGRAM TOPICS ARE A JOINT DECISION, WE EXPECT MISSION DURING PI DEVELOPMENT

BEST AVAILABLE COPY

PROCESS TO DISCUSS RANGE OF PRIORITY RESEARCH TOPICS WHICH THE PROJECT IS TO CONSIDER. THE WORK REFERRED MAY SERVE AS A DISCUSSION PAPER FOR THIS PROCESS. THIS WOULD BE AN OPPORTUNITY TO DISCUSS OUR OWN ANALYTICAL AGENDA, IN PARTICULAR OUR INTERESTS IN EMPLOYMENT, WAGE RATES, AND BENEFICIARY ISSUES.

THESE SHOULD BE CONSIDERED AS ONE OF THE PRIORITIES FOR BOTH RESEARCH AND FOR DATA COLLECTION EFFORTS.

TO THE EXTENT POSSIBLE TRAINING PROGRAMS FOR POLICY ANALYSTS SHOULD BE DESIGNED TO DEVELOP REQUISITE SKILLS IN BENEFICIARY AND EMPLOYMENT ANALYSES.

5. NEAC ASSUMES BUDGET ITEMS WILL BE MORE LEVINED IN FP AS MISCELLANEOUS AND CONTINGENCY APPEAR QUITE HIGH IN CURRENT COST ESTIMATE.

6. AID/W CAN DRAFT CONGRESSIONAL NOTIFICATION FOR THE PROJECT AT THE 5 MILLION DOLLARS LEVEL WITH PROJECT CONTENT AS DESCRIBED IN PID. IF YOU HAVE ALTERNATIVE INFORMATION PLEASE ADVISE AS CN AND ACTUAL OBLIGATION LEVELS MUST TALLY.

7. NEAC DISCUSSION RAISED SOMEWHAT SEPARATE BUT A PROJECT RELATED QUESTION OF MISSION'S PLAN FOR THE COLLECTION OF DATA ON A REGULAR BASIS ON RURAL WORKERS. SUCH PLAN WAS REQUESTED IN CESS CABLE. MISSION SHOULD CONSIDER APPROPRIATENESS OF DISCUSSION WITH GOE THE INCLUSION OF SUCH DATA COLLECTION EFFORTS WITHIN THIS PROJECT. IF THIS IS JUDGED TO NOT BE APPROPRIATE, AID/W REQUESTS SUBMISSION OF MISSION PLAN AS PREVIOUSLY CALLED FOR. CHRISTOPHER

BT
#2036

NNNN

ANNEX III

Page 3

State cable 162038, dated June 1980, requested information regarding:

- (1) The GOE administrative/organizational arrangements;
- (2) Building of analytical linkages to decision makers;
- (3) Possibilities of expanding the training component;
- (4) The analytical agenda;
- (5) Miscellaneous and contingency cost estimate.

The following information is provided in response to the above noted points of information.

1. During project preparation extensive discussions were held with the Director of the AERI regarding the policy determination process within the GOE, the role of the MinAg in this process, the current organizational structure of the MinAg and its affiliate institutions and the most dynamic mechanism and institutional unit through which a wide range of human and institutional resources could be utilized in analytic work. The resulting discussion of administrative feasibility presented on pages 17-20 of the PP details the information requested.

2. USAID is in total agreement with the point raised regarding the necessity of reaching beyond the MinAg through the contract and grant mechanisms to create the necessary relationships between institutions/programs which have on-going research functions and the Ministry which has both short- and longer term needs for analytic assistance. This is also discussed on pages 17-20 of the PP.

3. There are a variety of approaches to training being proposed in the PP. Significant numbers will be trained in degree programs abroad as well as in short courses in Egypt. However, the most important type of training envisioned in both areas of statistical data collection/processing and policy analysis is that of guided application of new techniques and skills.

ANNEX III

Page 4

4. The primary agricultural policy areas of concern to the Ministry are listed on page 8 of the PP. It should be noted that the policy areas selected for study by the GOE are synomomous with USAID concerns.

5. "Miscellaneous" other costs have been defined in the Table on page 21(b) titled "Projected Expenditures by Fiscal Year". It should be noted that the figure used for calculation of contingency is ten percent, in contrast to the 15% which is normally used.

ANNEX IV

Project Description For Grant Agreement

Over a five year period this project will support GOE efforts to improve the collection, analysis and use of agricultural data and analytic materials in policy development and planning activities. Additional timely and more accurate data and additional analytic studies will permit a better understanding of the operation of the Agricultural Sector and its relationships with other sectors while also enabling better decisions and plans to be made on sector policies, programs and projects.

In the data collection or agricultural statistics area the improvement is to be achieved through the combination of a) AID-funded short-term technical assistance staff on a regular basis, limited commodities, considerable training and special surveys and b) GOE-provided staff, facilities and operating budgets. For planning and policy analysis short-term teams aimed at examining specific problems are initially proposed with the expectation that in later years a resident analyst will also be supplied. Training, a minimum amount of commodities and funding for local consultants will complete the AID assistance package in this area. The GOE inputs will consist of staff, facilities and operating budgets.

The data collection portion of the project will be carried out within the Statistical Division of the Agricultural Economics Research Institute utilizing staff of this section. Special surveys may involve the limited use of non-section personnel in survey design. The provision of short-term technical assistance personnel on a regular basis, and substantial amounts of training and limited commodities and other costs are expected to produce (a) additional agricultural statistics; (b) more accurate, reliable and timely statistics; and (c) Egyptian professional staff better prepared and able to perform high quality data collection.

The analysis/planning project element will be guided by a committee of senior policy advisors. The technical agricultural policy staff of the AERI will serve as the primary counterpart organization, but collaboration with individuals and groups from universities, other ministries and the private sector will also occur. From short-term technical assistance, probably a resident expert starting in year three, use of local experts, training, and limited commodities the following outputs are expected: (a) Research studies of specific agricultural problems and broader sectoral questions; (b) Cogent policy papers; (c) Plans and designs formed and/or on-going projects and programs evaluated and (d) Egyptian

professionals better prepared and able to perform high quality policy analysis and planning.

Technical assistance will be provided through a USDA PASA for the Data Collection and a Host Country Contract for the Analysis/Planning. An administrative officer will be funded under a separate direct USAID contract to assist with the logistics of the various short-term teams, commodity procurement and participant processing. Both the USDA and the Technical Assistance Contractor will assist in developing the participant training program.

A comprehensive evaluation and review of the project's accomplishments will be conducted during the third and fifth year of the project to determine the effectiveness and utility of completed activities. The evaluation will also serve as a basis for determining the focus of future efforts in these areas.

600088

ARAB REPUBLIC OF EGYPT

MINISTRY OF AGRICULTURE

MINISTER'S OFFICE

TO: <i>HON. DEPT/PO</i>
DATE: <i>2007/14</i>
NAME: <i>23</i>

Letter 6/24

Cairo, June 24, 1980

1472

Dr. R. Fort
Ass. Director for Agriculture Development
USAID / Cairo

Dear Dr. Fort

We, in the Ministry of Agriculture, are well aware that additional information on the analysis of agricultural sector questions would be useful in our attempts to create a policy environment and develop programs fostering increased production. Unfortunately we have not had all the personnel and financial resources necessary to improve the agricultural statistics base and the analysis of particular problems.

We are now requesting AID assistance in support of a project to improve data collection and analysis. We prefer a separate project rather than including the assistance within the Agricultural Development Systems Project.

Regarding such a project I have reviewed the draft materials prepared by your staff in collaboration with members of Ministry staff and am in agreement with the activities and approach proposed. We believe USAID assistance in agricultural statistics, in the conduct of specific studies on key issues and in increasing the quality and quantity of analysis and planning work would be very useful.

We look forward to your favourable response to this request.

Cordially yours,

Yussuf Wally
Yussuf Wally

Chairman Agric. Department
Committee for Foreign
Aids.

ANNEX VIDetailed Project Budgets and Cost FactorsI. U.S. Overall

	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>TOTAL</u>
<u>TECHNICAL ASSISTANCE</u>						
Analysis/Planning						
- Economist/Analyst		65(22)	130(43)	130(43)	65(22)	390(130)
- Short Term	100(35) <u>3/</u>	90(30)	50(17)	50(16)	30(10)	320(108)
Data Collection						
- Short Term	<u>100(35)</u>	<u>120(40)</u>	<u>80(27)</u>	<u>80(27)</u>	<u>80(26)</u>	<u>460(155)</u>
Subtotal	200(70)	275(92)	260(87)	260(86)	175(58)	1170(393)
<u>COMMODITIES</u>						
Analysis/Planning						
- Vehicle	20(-)					20(-)
- Miscellaneous	5(-)	5(-)	5(-)	5(-)	5(-)	25(-)
Data Collection						
- Mini-Computer and Data Storage	60(-)					60(-)
- Vehicles	100(-)	30(-)	20(-)			150(-)
- Miscellaneous	<u>13(-)</u>	<u>9(-)</u>	<u>9(-)</u>	<u>5(-)</u>	<u>5(-)</u>	<u>41(-)</u>
Subtotal	198(-)	44(-)	34(-)	10(-)	10(-)	296(-)
<u>TRAINING</u>						
Analysis/Planning						
- 6 Individuals for 2 years each	66(-)	111(-)	66(-)	22(-)		265(-)
- 15 Individuals for 5 weeks each	20(-)	15(-)	15(-)	15(-)	10(-)	75(-)
- In Country Short Courses		8(-)	8(-)	4(-)		20(-)
Data Collection						
- 5 Individuals for 4 years each	111(-)	111(-)	111(-)	111(-)		444(-)
- 5 Individuals for 1 year each	111(-)					111(-)
- 25 Individuals for 6 months each	<u>100(-)</u>	<u>89(-)</u>	<u>89(-)</u>			<u>278(-)</u>
Subtotal	408(-)	334(-)	289(-)	152(-)	10(-)	1193(-)

ANNEX VIPage 2

	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>TOTAL</u>
<u>OTHER COSTS</u>						
<u>Administrative</u>						
Analysis/Planning	40(13)	40(13)	40(14)			120(40)
- Local Consultants	30(30)	90(90)	90(90)	90(90)	30(30)	330(330)
- Computer Time	10(10)	20(20)	30(30)	30(30)	10(10)	100(100)
- Miscellaneous	10(10)	20(20)	20(20)	20(20)	10(10)	80(80)
<u>Data Collection</u>						
- Special Surveys	5(5)	10(10)	15(15)	10(10)	5(5)	45(45)
- Miscellaneous	10(10)	20(20)	20(20)	20(20)	10(10)	80(80)
Subtotal	105 (78)	200(173)	215(189)	170(170)	65(65)	755(675)
Complete Sub- total	911(148)	853(265)	798(276)	592(256)	260(123)	3414(1068)
Contingency (10%)	87 ^{2/} (15)	85(27)	79(28)	59(26)	26(12)	336(108)
Inflation ^{1/}	106(30)	239(116)	339(182)	363(232)	203(136)	1250(696)
GRAND TOTAL ^{4/}	1104(193)	1177(408)	1216(486)	1014(514)	489(271)	5000(1872)

1/ Inflation: Dollar Costs @10% for first year, 21% for 2nd year, 30% for 3rd year, 39% for 4th year and 49% for 5th year; LE Costs @ 20% for first year, 44% for 2nd year, 66% for 3rd year, 91% for 4th year and 110% for 5th year.

2/ Reduced by \$4,000 to lower total to \$5.0 million.

3/ Numbers in parenthesis show local currency portion.

4/ Method of Calculation: Complete sub-total dollar costs minus local currency portion used to calculate dollar cost inflation. Local currency portion used to calculate local currency inflation separately. Combine both to obtain total dollar cost inflation. Example: FY81 911-148 = 763 x 10% = 76.3. 148 x 20% = 30. 30+76.3 = 106.

II. GOE OVERALL

	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>Total</u>
A. <u>STAFF</u>						
Analysis/Planning						
- Professional	3,000 (2)	4,500 (3)	6,000 (4)	6,000 (4)	3,000 (2)	22,500 (15)
Data Collection						
- Professional	9,000 (6)	12,000 (8)	12,000 (8)	9,000 (6)	9,000 (6)	51,000 (34)
Special Fund	46,220	52,760	60,020	47,800	36,000	242,800
Subtotal	58,220	69,260	78,020	62,800	48,000	316,300 (\$451,857)
B. <u>COMMODITIES</u>						
	-	-	-	-	-	-
C. <u>TRAINING</u>						
Analysis/Planning						
- Participant						
Salaries	3,000	6,000	3,000	1,500	200	13,700
- Short Course						
Support	-	4,000	4,000	2,000		10,000
Data Collection						
- Participant						
Salaries	8,280	8,640	6,480	3,600	-	27,000
Subtotal	11,280	18,640	13,480	7,100	200	50,700 (\$ 72,429)
D. <u>OTHER COSTS</u>						
Analysis/Planning						
- Facilities	2,000	2,000	2,000	2,000	2,000	10,000
- Computer Use	-	5,000	8,000	8,000	8,000	29,000
- Operating/						
Miscellaneous	1,000	1,000	1,000	1,000	1,000	5,000
Data Collection						
- Computer Use	-	2,000	2,000	2,000	2,000	8,000
- Facilities	2,000	2,000	2,000	2,000	2,000	10,000
- Miscellaneous	3,000	3,000	3,000	3,000	3,000	15,000
Subtotal	8,000	15,000	18,000	18,000	18,000	77,000 (\$110,000)
Subtotal	77,500	102,900	109,500	87,900	66,200	444,000 (\$634,285)
Contingency	7,750	10,290	11,000	8,800	6,600	44,440 63,485
Inflation ^{1/}	15,500	45,276	72,300	80,000	72,900	285,876 408,394
GRAND TOTAL	100,750	158,466	192,800	176,700	145,600	774,316 (\$1,106,165)

1/ 20% for first year, 44% for 2nd yr, 66% for 3rd yr, 91% for 4th yr, 110% for 5th yr.

2/ LE to \$ = Conversion factor = 0.7

ANNEX VI

Page 4

III. Cost Factors

A. Technical Assistance

Person -Year = \$130,000
Person-Month = 10,000

Breakdown of \$ 130,000 assuming 2 year tour of duty and family with two children.

Base Salary	\$ 36,000
Fringe Benefits (including Workman's Compensation)	12,000
Post Differential Allowance	3,600
- Shipment of personal and household effects (one way)	7,000
- Shipment of automobile (one way)	3,000
Education at \$ 4,000 per child	8,000
Housing	20,000
Rest and Recuperation Travel	1,000
International Travel	4,000
Domestic Travel	1,000
Miscellaneous	2,000
Contractor Overhead	<u>30,000</u>
	\$ 127,600

Rounded to \$ 130,000

B. Commodities

Pickups/Sedans	\$ 10,000
Mini-Computer (including data storage and retrieval)	60,000

C. Training

Long-Term Academic	\$ 22,000/year
Short-Term Academic	1,850/month
Short-Term-(Special Course)	1,000/week

D. GOE

Full Time Professional Staff	LE 5,000/year
Support Staff	LE 1,000/year
Salaries of Participants while In Training Status	LE 100/month

ANNEX VII

USAID/CAIRO, EGYPT

THRESHOLD DECISION
BASED ON INITIAL ENVIRONMENTAL EXAMINATION

Project Location: EGYPT

Project Title: Data Collection and Analysis

Funding (Fiscal Year and Amount): FY 1980 - \$5.0 million

IEE Prepared By: Marcua L. WINTER Date: 2/19/1980

Environmental Action Recommended:

A Negative Determination is recommended

Mission Decision:

(Approval/Disapproval of Environmental Action Recommended in the IEE)

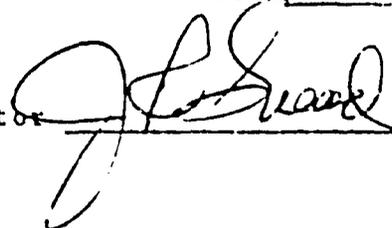
Approved: _____

Disapproved: _____

Date: _____

Clearances:

Environmental Coordinator

 Date: 3/17/80

INITIAL ENVIRONMENT EXAMINATION
NARRATIVE DISCUSSION

1. Project Location: Egypt

2. Project Title: Data Collection and Analysis

3. Funding (Fiscal Year and Amount):
FY 1980 - U.S. \$5.0 million (SA)

4. IEE Prepared By: Marcus L. Winter Date: 2/19/80

5. Action Recommended:
A Negative Determination is recommended.

6. Discussion of Major Environmental Relationships of Project Relevant to Attached Impact Identification and Evaluation Form:

No direct effects on the environment from this project are foreseen. The project's purposes are to improve MinAg capacities to collect economic data and to carry out analytic planning work and to increase the use of analytic materials in policy development and planning activities. The data collection activities will not alter the environment in any way. The planning and analytic work to be performed may involve or examine potential activities that could affect the environment. Appropriate consideration and examination of environmental impacts will be a part of this analytic and planning process. However, the project does not include funding for the application of the plans or recommendations developed, nor can we predict in advance exactly what issues, projects or questions might be examined. Therefore, and for these reasons, a negative IEE determination is recommended.

IMPACT IDENTIFICATION AND EVALUATION FORM

Impact Identification
and Evaluation

Impact Areas and Sub-areas

A. LAND USE

- | | |
|--|-----------------------------|
| 1. Changing the character of the land through: | |
| a. Increasing the population | <u> N</u> |
| b. Extracting natural resources | <u> N</u> |
| c. Land clearing | <u> N</u> |
| d. Changing soil character | <u> N</u> |
| 2. Altering natural defenses | <u> N</u> |
| 3. Foreclosing important uses | <u> N</u> |
| 4. Jeopardizing man or his works | <u> N</u> |
| 5. Other factors: | |
| <u> NONE</u> | <u> </u> |
| _____ | <u> </u> |
| _____ | <u> </u> |

B. WATER QUALITY (Harbor Waters):

- | | |
|-----------------------------------|-----------------------------|
| 1. Physical state of water | <u> N</u> |
| 2. Chemical and biological states | <u> N</u> |
| 3. Ecological balance | <u> N</u> |
| 4. Other factors: | |
| <u> NONE</u> | <u> </u> |
| _____ | <u> </u> |
| _____ | <u> </u> |

N- No environmental impact
L- Little environmental impact
M- Moderate environmental impact
H- High environmental impact
U- Unknown environmental impact

ANNEX VIII

WAIVER JUSTIFICATIONS

a. Recommendation for Dollar Funding of Local Costs

The local currency cost of the proposed project is \$2,987,000 million, or 49% of total project costs. Part of this cost, \$1,106,000 represents personnel and other in-kind contributions which will be provided by the GOE. The remaining \$1,872,000 represents support for the TA team and operating expenses to be funded by AID. To require that the GOE pick up these costs, i.e. all costs but the foreign exchange costs, would obligate the GOE to bear 49% of the costs of the project. Given the current tight restrictions on expansion of the GOE budget, it would be unrealistic to require the GOE to provide such a share of the total project cost. To do so would inevitably introduce delays and would endanger project success. Furthermore, it would greatly reduce the project's net contribution to development capital. The Mission, therefore, proposes to fund \$1.9 million of the project's local costs (63%). This is proposed in accordance with FAA Section 612(b).

The source of AID-provided local currency will be dollar purchases. At present, the projected availability of excess currency pounds is fully programmed for other activities. Due to the high level of AID activity in Egypt, excess currency cannot cover the needs for project costs and other purposes. If additional excess currency becomes available for this project, it will be used in preference to dollar-funded purchase.

It is therefore, recommended that \$1,907,000 be allocated for dollar purchase of Egyptian pounds to help meet the local currency costs of the project.

b. Request for Waiver of Supplier Nationality Requirement for Vehicle Procurement

It is proposed to purchase for the use of project personnel two motor vehicles (sedans or pickups) of U.S. manufacture from an Egyptian supplier for delivery out of bonded storage in Alexandria or Port Said. Procurement on this basis in lieu of purchase from the United States is necessary in order to (a) rapidly initiate project implementation and (b) facilitate the work of short-term team and the Administrative Officer. The remaining project vehicles (8) will be procured from the United States.

Project Implementation calls for the rapid inauguration of data collection and analysis/planning activities. To avoid delays due to a lack of transportation and to bridge the gap until the majority of the vehicles to be supplied are delivered, procurement of two vehicles is proposed. Going through the tender, bid award and waiting for delivery process if procurement is limited to the United States can be expected to consume 3 - 4 months at a minimum. Local procurement would permit reducing the time required by 2 - 3 months enabling a much quicker project start. Since a contract with the Administrative Officer is anticipated within 3 months of Grant Agreement signing the availability of transportation in the near term takes on added importance

Related to the timely procurement is the need to have vehicles that can be satisfactorily maintained. The project will not have its own vehicle maintenance capability. Maintenance of any vehicle in Egypt can be difficult due to spare parts shortages, but this can be more serious for U.S. manufactured vehicles that are not very common, nor backed-up by an extensive service network. To better ensure that the vehicles procured are kept on-the-road, it seems desirable to purchase makes that are well established and for which spare parts and servicing are readily available. In Egypt, distributors for two U.S. made vehicles, Dodge and Chevrolet, are well established and have effective dealer-service facilities. It is proposed, therefore that either Dodge or Chevrolet vehicles be purchased. The cost of the two vehicles is not expected to exceed \$5,000.00. Procurement will be on a competitive basis.

A.I.D.'s source and origin requirements, and Section 636(i) of the FAA act, are satisfied by the facts that the vehicles will be of U.S. manufacture and will be purchased from bonded storage to which they were shipped from the United States. The supplier, however, will be an Egyptian firm, and hence a waiver of the nationality provisions of Handbook 1, Supplement B, Section 5C is required in order to permit payment to the supplier in U.S. dollars. Waiver of the requirement must be based upon one or more of the criteria set forth in the Handbook, the relevant one of which is that such procurement is critical to the success of the project objectives. The Mission Director's authority to waive the nationality requirement is included in Re-delegation of Authority No. 162 of September 20, 1978, and enables waiver of nationality of motor vehicle supplier in an amount up to \$25,000.

c. Request for Waiver of Host Country Contracting Requirement for Administrative Support Officer

Implementation of this project will include a substantial amount of technical assistance, administrative coordination of the technical assistance from several institutional sources, commodity procurement, and arranging for participant training. As proposed herein, these activities will be funded and administered via host country contracting through the Ministry of Agriculture. To assist the Ministry with this administrative coordination it is proposed that an administrative support officer be provided.

We believe a host country contract with the administrative support officer, as an individual, rather than a firm would not be the most appropriate mode of securing this assistance. The contractor will need to be responsive to many institutions contracted for assistance under the activities of the project. Section III of Policy Determination (PD) 68 sets forth guidance with respect to exceptions to the policy favoring host country contracting in AID financed projects. That section provides, in part, that exceptions may be made by the USAID Director where "... there may be ... specific circumstances including instances in which country contracting would give rise to special difficulties in the host country contractor relationship inimical to the attainment of project objectives." We believe that a host country contracting mode is not appropriate with an individual within the context of such multifaceted project activities. The primary rationale for this is that the time delays inherent in the payment processes associated with host contracting pose potentially greater problems for a single individual. Therefore, it is believed that the "special difficulties" referred to in the above quoted portion of PD 68 apply in this instance.

It is therefore recommended, in accordance with the provisions of Section III of PD 168, that a request to waive the host country contracting requirement as it would apply to the contracting with an individual to provide the necessary administrative support for the proposed project activities be granted. Further, it is recommended that a direct USAID contracting mode be used for this purpose.

DRAFT PROJECT AUTHORIZATION

Name of Country/Entity: Arab Republic of Egypt

Name of Project: Data Collection and Analysis

Number of Project: 263-0142

1. Pursuant to Section 532 of the Foreign Assistance Act of 1961, as amended, I hereby authorize the Data Collection and Analysis Project for the Arab Republic of Egypt involving planned obligations of not to exceed \$5,000,000 in grant funds over a five year period from date of authorization, subject to the availability of funds in accordance with the AID/OYB/allotment process, to help in financing foreign exchange and local currency costs for the project.
2. The project consists of assistance to the Ministry of Agriculture to improve its capacities to collect economic data and to carry out analytic and planning work related to the agricultural sector and to increase the use of relevant analytic materials in policy development and planning activities. Project funds may be used to finance technical services, commodities, training, and data collection activities.
3. The Project Agreement(s) which may be negotiated and executed by the officer(s) to whom such authority is delegated in accordance with AID regulations and Delegations of Authority shall be subject to the following essential terms and covenants and major conditions, together with such other terms and conditions as AID may deem appropriate.
4. a. Source and Origin of Goods and Services
 - (1) Goods and services, except for ocean shipping, financed by AID under the project shall have their source and origin in the Cooperating Country or in the United States except as AID may otherwise agree in writing. Ocean shipping financed by AID under the project shall, except as AID may otherwise agree in writing, be financed only on flag vessels of the United States.
 - (2) Not to exceed two project motor vehicles of U.S. manufacture whose total cost shall not exceed \$25,000 may be procured with U.S. dollars from bonded warehouses located in the Cooperating Country from suppliers of Egyptian Nationality.

b. Prior to any disbursement, or the issuance of any commitment documents under the Project Agreement, the Cooperating Country shall furnish in form and substance satisfactory to AID.,

- (1) A statement of the name of the person holding or acting in the office of the Grantee specified in the Agreement to be financed hereunder, and any additional representatives, together with a specimen signature of each person specified in such statement;
- (2) Evidence of the formation of a Senior Policy/Planning Advisory Committee which will provide coordination and direction to project activities along with a statement of the functions and responsibilities of the Committee and the names of its initial appointees; and
- (3) Evidence of the appointment of the Project Director for the Data Collection Activities to be financed under the Project along with a statement of the Director's functions and responsibilities.

c. Prior to any disbursement, or the issuance of any commitment documents under the Project Agreement to finance technical services in policy and planning, except where such services are to be procured or arranged directly by AID, the cooperating country shall furnish in form and substance satisfactory to AID.,

- (1) An executed contract for technical services to be provided under the Project with a firm acceptable to AID.

d. Prior to any disbursement, or the issuance of any commitment documents under the Project Agreement to finance administrative support activities, except where such services are to be procured or arranged directly by AID, the Cooperating Country shall furnish in form and substance satisfactory to AID.

- (1) A list of names of Ministry of Agriculture staff members who will participate in data gathering activities.

e. Prior to any disbursement, or the issuance of any commitment documents under the Project Agreement to finance in-country training, the Cooperating Country shall furnish in form and substance satisfactory to AID.,

- (1) A training plan covering the training to be financed under the Project.

ANNEX X

Brief Position Descriptions for Long-Term Personnel

a. Administrative Officer

The Administrative Officer will be responsible for facilitating the implementation of project activities. S/he will assist the Ministry in making necessary arrangements for the execution of the PASA agreement and the Technical Services Contract. The Officer will also assist the Ministry with equipment procurement and in making arrangements for participant training. The incumbent will work with PASA and Contractor personnel to assure the timely provision of short-term personnel and in making necessary logistic arrangements so the TDY visits are as productive as possible. If qualified, and if the Ministry wishes, the Officer may also provide assistance in the data collection or agricultural economics areas. It is expected s/he will also serve as a liaison between the Ministry and USAID on implementation details of project activities.

The incumbent must be flexible, able to work closely with a range of host country personnel and patient. Academic training in agricultural economics, data collection, data processing or computer programming at an advanced level is desirable.

d. Planning/Analysis Advisor

The Planning/Analysis Advisor will have three principal responsibilities: a) working with the Committee of Senior Ministry Policy Advisors to identify those issues or questions of priority Ministry concern where project resources should be directed, b) working with Egyptian researchers in planning, including the preparation of scopes of work, the conduct of needed research and/or the preparation of policy papers, program designs or planning documents; and c) cooperating with Egyptian and American personnel in performing the work planned. S/he will also assist in the provision by the US Contractor of personnel for identified study team and in contracting for Egyptian cooperators. The incumbent will also be responsible for acting as the Contract representative in meeting AID requirements.

The Advisor must have a strong background in agricultural planning and analysis and should have extensive experience in dealing with senior decision-makers. A minimum of an M.S. in Agricultural Planning or Agricultural Economics is required with a Ph.D. preferred. Previous overseas experience is also required.

PROJECT: DATA COLLECTION AND ANALYSIS (263-0142)

PROJECT COMMITTEE: Richard Burke, PRG
John Blackton, PRG
William Loris, LEG
William Rice, CON
Raymond Fort, AD/AGR

EXECUTIVE COMMITTEE: James Larocco, STATE ECON
Pierre Elissabide, CIP
Richard Dangler, IIDPS
Raymond Fort, AGR
John Blackton, PRG
William Rice, CON
Michael Hager, LEG

AID/W PRC COMMITTEE:
MEMBERS Robert Morrow, NE/TECH/AD
Chairperson
Jonathan Sperling, NE/EI/E
Sidney Chernenkoff, NE/DP
George Gardner, NE/TECH/SA
Judd Kessler, GC/NE
Richard Suttor, DS/AGR
Donald Reese, NE/PD
John Swanson, NE/TECH/AD

Department of State

TELEGRAM

PAGE 01 STATE 162033
ORIGIN AID-35

011619 162033

STATE 162033

011619

THAT TRAINING ELEMENT MIGHT BE SOMEWHAT EXPANDED EITHER THROUGH THIS OR RELATED PROJECTS.

ORIGIN OFFICE HEAC-01

INFO NEFD-03 NANE-01 NEED-01 OHS-01 NEEI-03 PPCE-01 PPPD-02
GC-01 PPEA-01 GCFE-01 GCNE-01 FN-02 WAGD-01 DIU-01
OSAG-02 OHC-01 AGR1-01 RELO-01 NAST-01 PPR-01
/034 AI

INFO OCT-03 /039 Z

DRAFTED BY NE/TECH/AD: R MORROW/AFH

APPROVED BY A-AA/NE: A WHITE

NE/TECH: L READE

NE/DP: B LANGHAID

GC/NE: T CARTER (DRAFT)

NE/EI: J SPERLING (DRAFT)

PPG/PB: J SEGAL (SUBS)

NE/PO: S TAUBENBLATT (DRAFT)

DESIRED DISTRIBUTION

ORIGIN NETC ON 5 ON 3 INFO NANE NEED NEEI PPEA PPCE PPR PPPB GLA
GCFLGCNE FN WAGD DIU OSAG AGR1 JL-00 END

-----088708 200G13Z /34

P 192104Z JUN 80

FM SECSTATE WASHDC

TO AMEMBAGGY CAIRO PRIORITY

UNCLAS STATE 162033

ADM AID

E.O. 12958: N/A

TAGS:

SUBJECT: DATA COLLECTION PID 263-0142, HEAC REVIEW

1. SUBJECT REVIEW HELD 5/12/80 AND PID APPROVED. MISSION AUTHORIZED TO DEVELOP AND APPROVE PP.

2. HEAC DISCUSSED NEED TO CLARIFY GCE ADMINISTRATION/ ORGANIZATION ARRANGEMENTS FOR PROJECT DURING PREPARATION OF PP. WE UNDERSTAND THAT PROJECT WILL BE ADMINISTRATIVELY LOCATED IN AGRICULTURAL ECONOMICS RESEARCH INSTITUTE AND THAT PROJECT WILL HAVE AN ACTIVE SENIOR POLICY COMMITTEE FOR DEVELOPING RESEARCH AGENDA AND TO PROVIDE SUBSTANTIVE PROGRAM INPUT ON DESIGN AND OPERATIONS OF DATA COLLECTION IMPROVEMENT EFFORT.

3. HEAC RECOGNIZED THAT BETTER ECONOMIC ANALYSES ARE A NECESSARY BUT AN INSUFFICIENT CONDITION TO ULTIMATELY BRING BETTER POLICIES INTO FORCE. TO ENHANCE USE OF ANALYSES HEAC ENCOURAGES THE BUILDING OF LINKAGES TO DECISION MAKERS THROUGH ITS OTHER AID ACTIVITIES AND THROUGH THIS PROJECT BY FINANCING OF ANALYSIS AND SUPPORTING PROGRAMS WITH GROUPS OTHER THAN JUST MIHAG. PID MENTIONS THE USE OF EGYPTIAN UNIVERSITIES AND LOCAL CONSULTANTS AND WE ENCOURAGE MIHAG TO USE GRANTS FOR SELECTIVE PORTIONS OF THE WORK.

THIS WOULD BROADEN THE NARROW MANPOWER BASE AS WELL AS DEVELOP LINKAGES. THE WORK MIGHT INCLUDE ECONOMIC ANALYSES AND DATA GENERATION THROUGH SUCH ACTIVITIES AS FARM RECORD KEEPING PROGRAM, ENTERPRISE ANALYSIS, SPECIAL SURVEYS, ASSISTANCE IN SAMPLE DESIGN, TRAINING OF ENUMERATORS OR RESEARCH ON ALTERNATIVE DATA COLLECTION TECHNIQUES. HEAC NOTES THE INTENT TO HOLD IN-COUNTRY TRAINING FOR SHORT COURSES, PERHAPS SOME LONGER-TERM TRAINING COULD ALSO BE HELD IN EGYPT AND TIED TO SUBSTANTIVE OPERATIONS OR RESEARCH AT UNIVERSITIES, SOME- AT IN THE MANNER OF OUR USDA/AGRICULTURAL COLLEGE RESEARCH ASSISTANTSHIP GRANTS. GENERALLY, IT WAS FELT

4. WHILE FINAL DECISIONS ON RESEARCH TOPICS ARE A JOE PREROGATIVE, WE EXPECT MISSION DURING PP DEVELOPMENT PROCESS TO DISCUSS RANGE OF PRIORITY RESEARCH TOPICS WHICH THE PROJECT IS TO CONSIDER. THE NEXT REPORT MAY SERVE AS A DISCUSSION PAPER FOR THIS PROCESS. THIS WOULD BE AN OPPORTUNITY TO DISCUSS OUR OWN ANALYTICAL AGENDA. IN PARTICULAR OUR INTERESTS IN EMPLOYMENT, WAGE RATES, AND BENEFICIARY ISSUES.

THESE SHOULD BE CONSIDERED AS ONE OF THE PRIORITIES FOR BOTH RESEARCH AND FOR DATA COLLECTION EFFORTS.

TO THE EXTENT POSSIBLE TRAINING PROGRAMS FOR POLICY ANALYSTS SHOULD BE DESIGNED TO DEVELOP RESEARCH SITE SKILLS IN BENEFICIARY AND EMPLOYMENT ANALYSES.

5. HEAC ASSUMES BUDGET ITEMS WILL BE MORE DEFINED IN PP AS MISCELLANEOUS AND CONTINGENCY APPEAR QUITE HIGH IN CURRENT COST ESTIMATE.

6. AID/M CAN DRAFT CONGRESSIONAL NOTIFICATION FOR THE PROJECT AT THE \$ MILLION DOLLAR LEVEL WITH PROJECT CONTENT AS DESCRIBED IN PID. IF YOU HAVE ALTERNATIVE INFORMATION PLEASE ADVISE AS ON AND ACTUAL OBLIGATION LEVELS MUST TALLY.

7. HEAC DISCUSSION RAISED SOMEWHAT SEPARATE BUT A PROJECT RELATED QUESTION OF MISSION'S PLAN FOR THE COLLECTION OF DATA ON A REGULAR BASIS ON RURAL WORKERS. SUCH PLAN WAS REQUESTED IN OSSG CARLE. MISSION SHOULD CONSIDER APPROPRIATENESS OF DISCUSSION WITH GCE THE INCLUSION OF SUCH DATA COLLECTION EFFORTS WITHIN THIS PROJECT. IF THIS IS JUDGED TO NOT BE APPROPRIATE, AID/M REQUESTS SUBMISSION OF MISSION PLAN AS PREVIOUSLY CALLED FOR. CHRISTOPHER

*File
E 0142
Data Collection
& Analysis*

UNCLASSIFIED

