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INTERNATIONAL DEVELOPMENT COOPERATION AGENCY
AGENCY FOR INTERNATIONAL DEVELOPMENT
Washington, D.C. 20523

PROJECT PAPER

DEVELOPMENT PLANNING STUDIES

EGYPT: 263-0061

AMENDMENT ONE

GRANT

1980

UNCLASSIFIED

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AGENCY FOR INTERNATIONAL DEVELOPMENT

PROJECT DATA SHEET

1. TRANSACTION CODE: C (A = Add, C = Change, D = Delete) — Amendment Number 1

DOCUMENT CODE: 3

2. COUNTRY/ENTITY: EGYPT

3. PROJECT NUMBER: 263-0061

4. BUREAU/OFFICE: NE — 03

5. PROJECT TITLE (maximum 40 characters): Development Planning Studies

6. PROJECT ASSISTANCE COMPLETION DATE (PACD): MM 10 DD 31 YY 83

7. ESTIMATED DATE OF OBLIGATION (Under 'B.' below, enter 1, 2, 3, or 4)
A. Initial FY 78 B. Quarter C. Final FY 83

8. COSTS ($000 OR EQUIVALENT $1 =)

A. FUNDING SOURCE	FIRST FY B. FX	C. L/C	D. Total	LIFE OF PROJECT E. FX	F. L/C	G. Total
AID Appropriated Total	3,800		3,800	15,800		15,800
(Grant)	(3,800)	( )	(3,800)	( )	(6,000)	(6,000
(Loan)	( )	( )	( )	( )	( )	(
Other U.S. 1. U.S. owned L.E.		3,286	3,286		3,286	3,286
Other U.S. 2.						
Host Country		400	400		8,500	8,500
Other Donor(s)						
TOTALS	3,800	3,686	7,486	15,800	17,318	27,586

9. SCHEDULE OF AID FUNDING ($000)

A. APPROPRIATION	B. PRIMARY PURPOSE CODE	C. PRIMARY TECH. CODE 1. Grant	2. Loan	D. OBLIGATIONS TO DATE 1. Grant	2. Loan	E. AMOUNT APPROVED THIS ACTION 1. Grant	2. Loan	F. LIFE OF PROJECT 1. Grant	2. Loan
(1) SA	992	710		3,800		12,000		15,800	
(2)									
(3)									
(4)									
TOTALS				3,800		12,000		15,800	

10. SECONDARY TECHNICAL CODES (maximum 6 codes of 3 positions each): 950 | 960 | 970

11. SECONDARY PURPOSE CO

12. SPECIAL CONCERNS CODES (maximum 7 codes of 4 positions each)
A. Code: RGEN | INTR
B. Amount:

13. PROJECT PURPOSE (maximum 480 characters)

Create a permanent institutional framework through which Egyptian applied research and training capabilities can be organized so as to strengthen the capacity of GOE ministries to carry out development program and project planning activities.

14. SCHEDULED EVALUATIONS
Interim MM 05 YY 82 | MM YY
Final MM 08 YY 83

15. SOURCE/ORIGIN OF GOODS AND SERVICES
☒ 000 ☐ 941 ☐ Local ☐ Other (Specify)

16. AMENDMENTS/NATURE OF CHANGE PROPOSED (This is page 1 of a 10 page PP Amendment.)

This amendment does not alter in any essential way the original project purpose. As a result of a recent evaluation, it provides a sharper focus on phase II activities as out lined in the project paper under Implementation Planning. It also provides for the remaining LOP funding.

17. APPROVED BY
Signature: [signature]
Title: Director, USAID/Egypt
Date Signed: MM 7 DD 22 YY 80

18. DATE DOCUMENT RECEIVED IN AID/W, OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION
MM 7 DD 28 YY 80

AID 1330-4 (8-79)

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AGENCY FOR INTERNATIONAL DEVELOPMENT

PROJECT PAPER FACESHEET

1. TRANSACTION CODE: A (A = ADD, C = CHANGE, D = DELETE)

PP

2. DOCUMENT CODE: 3

COUNTRY ENTITY: Egypt

4. DOCUMENT REVISION NUMBER:

PROJECT NUMBER (7 digits): 263-0061

6. BUREAU/OFFICE: A. SYMBOL: NE; B. CODE: 3

7. PROJECT TITLE (Maximum 40 characters): Development Planning Studies

ESTIMATED FY OF PROJECT COMPLETION: FY 83

9. ESTIMATED DATE OF OBLIGATION: A. INITIAL FY 78; B. QUARTER 3 (Enter 1, 2, 3 or 4); C. FINAL FY 82

10. ESTIMATED COSTS ($000 OR EQUIVALENT $1 =)

FUNDING SOURCE	FIRST FY B. FX	FIRST FY C. L/C	FIRST FY D. TOTAL	LIFE OF PROJECT E. FX	LIFE OF PROJECT F. L/C	LIFE OF PROJECT G. TOTAL
APPROPRIATED TOTAL	1,804		1,804	7,837		7,837
(1)	1,804		1,804	7,837		7,837
(2)						
U.S. owned LE		1,539	1,539		7,390	7,390
(3)						
COUNTRY		369	369		6,254	6,254
SPONSOR(S)						
TOTALS	1,804	1,908	3,712	7,837	13,644	21,481

11. PROPOSED BUDGET APPROPRIATED FUNDS ($000)

APPROPRIATION	B. PRIMARY PURPOSE CODE	PRIMARY TECH. CODE C. GRANT	PRIMARY TECH. CODE D. LOAN	E. 1ST FY 78 F. GRANT	E. 1ST FY 78 G. LOAN	H. 2ND FY 79 I. GRANT	H. 2ND FY 79 J. LOAN	K. 3RD FY 80 L. GRANT	K. 3RD FY 80 M. LOAN
A (1)	992	710		1,800		2,000		1,600	
TOTALS									

A. APPROPRIATION	N. 4TH FY 81 O. GRANT	N. 4TH FY 81 P. LOAN	Q. 5TH FY 82 R. GRANT	Q. 5TH FY 82 S. LOAN	LIFE OF PROJECT T. GRANT	LIFE OF PROJECT U. LOAN
A	1,100		1,200		7,700	
TOTALS						

12. IN-DEPTH EVALUATION SCHEDULED: MM 11 YY 79

PA CHANGE INDICATOR: WERE CHANGES MADE IN THE PID FACESHEET DATA, BLOCKS 12, 13, 14, OR 15 OR IN PRP FACESHEET DATA, BLOCK 12? IF YES, ATTACH CHANGED PID FACESHEET.

1 (1 = NO, 2 = YES)

14. ORIGINATING OFFICE CLEARANCE

SIGNATURE

Donald Brown
Director, USAID

DATE SIGNED: MM 03 DD 31 YY 78

15. DATE DOCUMENT RECEIVED IN AID/W, OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION: MM DD YY

EGYPT

PROJECT PAPER AMENDMENT 263006100420 2

DEVELOPMENT PLANNING STUDIES

PROJECT 263-0061

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I. Summary and Recommendations:

1. Grantee: The Government of the Arab Republic of Egypt (GOE).

2. Implementing Agency: Cairo University (CU)

3. Grant Amount: Adds U.S. $12 million to bring life of project AID funding to $15.8 million and L.E. 2.3 million.

4. Project Goal: Improve the composition and implementation of the Egyptian development program.

5. Project Purpose: Create a permanent institutional framework through which Egyptian applied research and training capabilities can be organized so as to strengthen the capacity of GOE ministries to carry out development program and project planning activities.

6. Purpose of the Project Paper Amendment: Drawing from prior experiences with the project and particularly from the findings of a recent evaluation, this amendment intends to provide a sharper focus on end-of-project conditions expected and establishes institutionalization as the primary goal of the grant. It also provides for the remaining life-of-project funding toward achieving the project purpose and an orderly phase-out of the contractor's AID-funded services.

7. Project Description: In December of 1976 AID authorized the signing of a contract to establish a collaborative research effort with CU and various interested GOE ministries to improve their capabilities first to identify and analyze critical Egyptian development problems and then to design and manage either remedial or new projects and activities. At the same time the feasibility of institutionalizing

the processes within CU was examined. The success of the initial contract resulted in the present project which began in 1978 to continue the collaborative research process and establish a semi-autonomous institute at CU capable of carrying out independently in the future the joint research effort involving CU with outside entities and GOE ministries. Project activities to be financed with funds made available under this project paper amendment include those activities of the project originally designated to be within Phase II. In addition, certain expanded and new activities related to achievement of the project purpose and recommended by the team in the recent evaluation (June 1980) are also to be funded. The full evaluation report plus CAIRO 15063 (Mission's acceptance of its findings) are included as ANNEX I. Certain other costs originally to be covered by L.E. from U.S.-owned excess foreign currencies are now scheduled to be covered by the increased dollars requested by this amendment because the excess currencies are no longer available. The major activities to be financed under Phase II include remaining LOP contract costs, training and research programs at CU.

8. Total Project Cost: Total project cost in both foreign exchange and local currency is estimated at $27.6 million equivalent. A.I.D. financing will total $19.1 million equivalent, including $3.8 million obligated in FY 1978, L.E. 2.3 million (equivalent to $3.3 million) provided in FY 1978 from then available U.S.-owned excess foreign currencies, and $12 million scheduled for FY 1980 obligation to complete life-of-project A.I.D. financing. The $12 million requested includes the dollar equivalent of the remaining L.E. 2.873 million

authorized for the project in 1978, but not then allotted and obligated and now no longer available as U.S.-owned excess currencies. Because of the need for L.E. to cover local currency costs of the project and since excess U.S.-owned foreign currency is no longer available, up to $6 million of the $12 million will be used to purchase L.E. GOE ministries and CU will provide the balance of project funding in local currency and goods and services. Their contributions in the first two years of the project thus far are estimated at a minimum L.E. 2.5 million ($3.6 million equivalent). ANNEX II provides a detailed first draft budget proposal from the contractor for the remaining three years of contract activity and inclusion of new initiatives resulting from the evaluation recommendations.

9. Grant Application: The GOE has requested USAID/Egypt to provide the additional funds to complete the five year project. The letter requesting the assistance is enclosed as ANNEX III.

10. Mission Views: USAID/Egypt recommends authorization of the increased funding requested. The principal officer's certification of the project pursuant to Section 611(e) of the Foreign Assistance Act of 1961, as amended, is enclosed as ANNEX IV.

11. Source of U.S. Funds: Fiscal Year 1980 Economic Support Fund.

12. Statutory Requirements: All statutory requirements have been met. See ANNEX V.

13. Environmental: The Environmental Examination attached as part of the original project paper determined that no issues existed with respect to the environment and that no further Environmental Impact

Assessment would be required.

14. Recommendations: USAID/Egypt recommends that an authorization amendment be approved which will bring the life of project funding to $15.8 million and L.E. 2.3 million on terms and conditions as set forth in the draft authorization amendment which is ANNEX VI.

USAID PROJECT COMMITTEE

Alfred Bisset, Education Officer
John Hafenrichter, EHS/EM
William Loris, Legal Officer
Arthur Bjorlykke, Contract Officer
Howard Sternberger, Economist
Richard Burke, Program Officer (drafting officer)
John Blackton, Program Officer

AID/W PROJECT REVIEW COMMITTEE

NE/TECH/HRST, Edwin Tolle
NE/TECH/HRST, Ramón E. Flores
NE/EI/E, Bert Porter
NE/DP/PR, Sidney Chernenkoff
NE/PD/E, Donald Reese
GC/NE, Theodore Carter
NE/TECH/SPRD, William Sommers

II. Background and Progress to Date:

From the outset this project has rested on the hypothesis that if tripartite teams composed of representatives of a qualified contractor, Cairo University and a development-oriented ministry investigate a current development problem, institutional changes would occur in Cairo University and the Ministry, improving their willingness and capabilities to work together in the solution of future development problems. The June 1980 in-depth evaluation recently made available concludes this hypothesis is proving to be true.

The evaluation found that the tripartite teams are producing research results which are being used by ministries. Thus far, ten of the 13 projects have led to at least one action decision and sometimes to several decisions. Examples are commodity targets in the five year plan, training of construction workers, World Bank loans for electric power, highways and petroleum. A policy on control of the Nile flow from Aswan proposed in the National Water Plan could permit $40 million more of electricity annually without infringing on irrigation needs. Even if institution building (the project purpose) should not occur, the cost benefit for the program will be highly favorable because of such research outputs. Pages 17-20 of ANNEX I (the Evaluation Report) provide an overview statement on the utilization of research results and a sector-by-sector list of specific results. ANNEX VII is a list of research papers published to date within the project.

Leaving aside the research results, the evaluators found that attitudes were changed and skills improved in several faculties of Cairo University

and in key ministries. They endorsed a general consensus that contract activity should continue about three years more to strengthen behavior patterns and enhance the skills of more people.

The Development Research and Technological Planning Center (DRTPC) has recently been established at CU to facilitate contacts between faculty members and ministries, to assure proper research task selection and to provide logistic support to analytical teams. The functioning of DRTPC is critical to future success and it needs strengthening during the next several years.

Part I of the contract (the activity to date) could be regarded as an experiment to see whether Egyptian academic expertise can effectively work with ministry officials to identify, design and implement solutions to key development problems. Emphasis has been on production of practical results. Now that the experiment has demonstrated potential for success, emphasis in Part II of the contract can and should be gradually transferred to the institution building aspects envisioned in the project paper.

III. Rationale for Project Amendment:

The project itself remains essentially as described in the original project paper. This project amendment provides the additional funding to carry out activities planned over the remaining three years. These activities will follow closely recommendations made by the evaluation team for emphasis on the institution building objectives and the phase-out of the direct AID-funded contract. CAIRO 14190 (ANNEX VIII) gave the reasons for anticipated cost increases of the final phase contract and requested ad hoc re-delegation of contract authority to the USAID Director and USAID/Contracting Officer. CAIRO 14610 (ANNEX IX) recalculated the LOP

costs in light of CAIRO 14190 and the draft contractor's budget proposal and concluded that a project amendment was needed to raise the LOP authorization for AID funding from $15.2 million in both foreign exchange and LE to $19.1 million, of which $3.8 million and $3.3 in LE (LE 2.3 million) have previously been obligated and the remaining $12 million are proposed for FY 1980 obligation to cover the costs of the final three years of contract activity.

IV. Financial Plan:

1. The exact details of the final budget for use of the AID-provided funds within the AID-funded contract and the GOE/CU contributions are contingent on completion of a joint contractor/GOE scope of work acceptable to AID and negotiation of the contract. The budget given in ANNEX II is the contractor's first draft proposal. As stated in para 4, CAIRO 14610 (ANNEX IX) USAID Egypt believes final figures after revision for phase-out and negotiation of the costs for specific activities and costs will fall within the $12 million negotiated ceiling requested. The final phase budget will, however, include continued use for agreed on purposes of an estimated LE 0.5 million of the LE 2.3 million originally obligated in FY 1978. In line with the findings of the evaluation team and subsequent discussions with both CU and contractor personnel the jointly agreed scope of work needs to spell out the phased steps to be taken to ensure the successful transfer of day-to-day responsibility and direction of the program from the Liaison Office and the contract team to the DRTPC at CU. The financial plan should reflect this as well.

2. USAID/Egypt seeks approval of the new project funding level at

this time to permit contract negotiations in July and August 1980. However, no obligations nor contract finalizations will be undertaken prior to obtaining complete agreement on the final budget details.

V. Justification for a 612(b) Determination

USAID/Egypt has determined that the project authorization should include a determination with respect to Section 612(b) of the Foreign Assistance Act of 1961, as amended to permit dollar financing of up to $6 million of local currency costs. This is necessary because excess foreign currencies originally planned in 1978 for subsequent years obligations for the project are no longer available. These and some additional local currencies are needed to cover remaining life of project activities such as contract team in-country support costs, development of the DRTPC and the continued collaborative research sub-projects within the overall project. It is anticipated that local currency costs will be proportionately higher in the final phase of this project as it moves toward the key objective of institutionalizing the collaborative research capacity within Cairo University, thus permitting the phase-out of the AID-funded direct contract. GOE contributions to the LOP project funding have been substantially increased. Increases above the present planned GOE levels are considered unrealistic in light of the current tight restrictions on expansion of the GOE budget.

VI. Grantee's Request:

The Arab Republic of Egypt, acting through its fully authorized representatives, has requested authorization of an increase in the amount of the project to provide AID assistance in financing remaining LOP foreign exchange costs and some local currency costs (See ANNEX III).

VII. Additional Requirement:

A justification approved by the Director, USAID/Egypt for non-competitive procurement covering negotiation of a contract with the Massachusetts Institute of Technology is included as ANNEX X.

VIII. Evaluation Plan:

1. Midway through the final contract an evaluation will be held to determine the degree to which the institutionalization objective of the final phase is being met and to recommend such adjustments as may be necessary. The evaluation will key on the schematic model of the program given in pages 12-13 of the June 1980 evaluation report and should include as measurable benchmarks the extent to which the end of project status conditions given pages 8-11 are being achieved.

2. There will also be an evaluation at the termination of the project to assess the final results of the project, the role of MIT and the degree to which the DRTPC within Cairo University is effective and self-supporting.

IX. Covenants and Conditions Precedent:

The Grant Agreement will contain the same covenants as were included in the August 17, 1978 Grant Agreement.

X. Conclusion:

In view of the above, the Project Committee concludes that to ensure successful completion of the project, it is in the interest of the United States to provide beyond the $15.2 million equivalent originally authorized an additional $3.9 million of financing for this project.

Clearances:

Controller:	for William A. Rice:	
Legal Officer:	William Loris:	
Acting Director, EHS/EM	John L. Hafenrichter:	
Program Office	John S. Blackton:	
Chairman USAID/Egypt Executive Comm.	Owen Cylke:	

Mission Approval Officer

Director: Donald S. Brown

Approved: _____

Date: 7/23/80

ANNEX I

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TO SECSTATE WASHDC PRIORITY 0083
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UNCLAS CAIRO 15063

CLASS: UNCLASSIFIED
CHRGE: AID 7/8/80
APPRV: DIR:DSBROWN
DRFTD: EHS//M:ABISS
CLEAR: 1. PRG:JBLACK
DISTR: AID-6 AMB DCM
ECON ICA CHRON
TEK/11

AIDAC

E.O. 12065:N/A
SUBJECT: MIT EVALUATION DRAFT REPORT

REF: STATE 177184

1. MISSION RECEIVED COPIES OF DRAFT MIT EVALUATION REPORT MONDAY JULY 7.

2. IN RESPONSE TO REFTEL, WE BELIEVE THE CONTRACT TEAM THAT CONDUCTED THE EVALUATION WAS FULLY RESPONSIVE TO THEIR SCOPE OF WORK.

3. DURING THEIR FIELD VISIT IN EGYPT, CONTRACTOR PERFORMANCE WAS PARTICULARLY COMPREHENSIVE. THEY ARRIVED IN CAIRO WELL INFORMED AND WERE HIGHLY ADEPT IN REVIEWING, ANALYZING AND SUMMARIZING THE MANY COMPONENTS OF THE DEVELOPING STUDIES PROJECT.

4. THE DRAFT REPORT IN OUR OPINION IS COMPLETE AND COMPREHENSIVE. THE MISSION DOES NOT HAVE ANY SPECIFIC RECOMMENDATIONS OR CHANGES. WE ACCEPT THE DOCUMENT AS THE RESULTS OF AN OUTSIDE EVALUATION AND SEE NO REASON THE TEAM SHOULD NOT FINALIZE THEIR EFFORT.

5. WE EXPECT TO USE THE EVALUATION AS A GUIDELINE IN WRITING THE SCOPE OF WORK FOR PHASE II OF THE MIT CONTRACTT
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ANNEX I

263006100170 1

EVALUATION

of the

CAIRO UNIVERSITY/MASSACHUSETTS INSTITUTE OF TECHNOLOGY

TECHNOLOGICAL PLANNING PROGRAM

(AID CONTRACT NE-C-1291)

Submitted to the

Agency for International Development

by

Robert Hubbell, Henry Arnold, Eric Walker

July 1980

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Chapter VII - Recommendations. 30

Appendix - People Interviewed

Acknowledgement

The Evaluation Team wishes to express its sincere appreciation for the courtesy and cooperation it received from everyone connected with this program - in AID/Washington, MIT/Cambridge, USAID/Cairo, the MIT Liaison Office in Cairo, the University of Cairo, the Development Research and Technical Planning Center in Cairo and various ministries of the Arab Republic of Egypt. The Principal Investigators of Cairo University were most helpful in providing information and arranging appointments. Special mention should be made of Joan Silver, Evaluation Officer of the Near East Bureau; Kevin O'Toole, Technical Officer at MIT; James Norris, Project Officer of the USAID; Jeanne DePass, Administrative Officer at MIT; and James McCarthy, Liaison Officer.

Executive Summary

This program rests on the hypothesis that if tri-partite teams composed of people from MIT, Cairo University and a development-oriented Ministry investigate or research a developmental problem, institutional changes will occur in Cairo U and the Ministry, improving their capabilities to do future research together for the solution of developmental problems.

This hypothesis is proving to be true, although the extent of institutional change varies from one research team to another.

The teams are producing research results which are being used by Ministries. Thus far, eight of the 13 projects have led to at least one action decision and sometimes to several decisions. Examples involve commodity targets in the five-year plan, training of construction workers, World Bank loans for electric power, highways, and petroleum. Decisions are pending on findings from four other projects. A policy on control of the Nile flow from Aswan proposed in the National Water Plan could permit $40 million more of electricity annually without infringing on irrigation needs. Even if institution building (the program purpose) should not occur, the cost/benefit ratio for the program will be highly favorable because of such research outputs.

Leaving aside the research results, we find that attitudes are changed and skills improved in several faculties of Cairo University and in key Ministries. There is a general consensus, which we endorse, that MIT should continue about three years more to strengthen behavior patterns and enhance the skills of more people.

A Development Research and Technical Planning Center has recently been established at Cairo U to facilitate contacts between faculty members and Ministries, to assure proper research task selection and quality control and to provide logistic support to analytical teams with minimum red tape. The functioning of this Center is critical to future success and it needs strengthening during the next several years.

Part I of the contract (the activity to date) could be regarded as an experiment to see whether Egyptian academic expertise can help with developmental problems and whether Ministries will cooperate in research as well as use the results. Emphasis has been on the production of practical research results. Now that the experiment has demonstrated potential for success, emphasis in Part II of the contract can and should be gradually transferred to institution building.

A summary of recommendations is:

General

1. Continue the AID/MIT/Cairo U program with modifications to insure a transition to an independent Egyptian capability.
2. Clarify the purpose and the end-of-project status.

AID

1. Provide better backstopping for the program in the Near East Bureau of AID/W.
2. Establish regular liaison between the USAID and the DRTP Center to keep it informed about USAID activities.
3. Improve USAID efforts to keep AID/W well informed about project status.
4. Arrange for the DRTP Center to be linked to the National Technical Information Service.

MIT

1. In collaboration with Cairo U and USAID, develop a three year operational plan.
2. Set targets for numbers and types (disciplines) of Cairo U and Ministry personnel to attain capability in interdisciplinary and collaborative solving of development problems.
3. Add more formal training.
4. Adjust MIT project support to phase reached by each research project.
5. Gradually merge the functions of research management and logistic support performed by the Liaison Office and the DRTP Center (except Liaison Officer functions of financial accountability to MIT).
6. Coordinate total MIT program.

DRTP Center

1. Increase the representativeness of the Board of Directors.
2. Organize the Center with three divisions: Training, Research and Administration.
3. Adapt Liaison Office procedures with modifications to fit Egyptian needs.
4. Formalize criteria and procedures for project selection and quality control.
5. Use MIT personnel as consultants to the DRTP Center.
6. Sponsor training for Cairo U investigators in various aspects of research methodology.
7. Recruit faculty from other Universities when needed.
8. Establish a policy on patents for inventions resulting from Center work.
9. Investigate follow-on funding from UN sources for projects of strong interest to other nations.

Note on Terminology

Several words have caused confusion in connection with the Technological Planning Program.

Project - AID usually uses this term to designate an organized effort to cause a development change, with identifiable funding. Here, we have decided to depart from that usage and to refer to the whole complex of Cairo U/MIT activities as the "program," in order to distinguish this total set of activities from the 13 research "projects."

Research - To most academic people, research means seeking facts and relationships which have not been discovered. This may have occurred in a few instances in the early stages of Cairo U/MIT "research" projects. In most cases, however, the Cairo U/MIT projects deal with the development part of "R & D". That is, they use known facts and relationships (formulae) to solve a new problem or devise a new mechanism (engineering). In this report, we have used the words "research projects" because that is the practice for those involved in the program, even though most of the projects are not research in the pure academic sense.

Technology Transfer - This program is administered by MIT as part of its Technology Adaptation Program. In most cases, the technology being adapted consists of various aspects of research or investigative methodology rather than substantive knowledge. Many of the faculty members at Cairo U who serve as Principal Investigators on the tripartite teams and the officials in Ministries who are Project Supervisors on the teams have studied abroad and have kept well-versed in current technology. However, they have not had sufficient experience in organizing and using inter-disciplinary teams or in recent developments such as systems analysis with use of modeling and computers.

Approach to Evaluation

The Evaluation Team read program papers, progress reports, previous evaluation reports, and some of the research reports produced as part of the program. We also interviewed some 39 people in Washington, Cambridge and Cairo (see Appendix A). To acquire some direct sense of the context for a number of the research projects, we spent one day driving through the delta to Alexandria, returning via the desert and the new Sadat City.

The emphasis was on institution building. Our approach to getting evidence about changes in institutions was to examine the 13 research projects, asking what was happening in Cairo University and in various Ministries in connection with each one. We were also asked to assess the relevance and utilization but not the technical merit of the research projects.

Early during our stay in Cairo we met with all the faculty members from Cairo U who serve as Principal Investigators. We presented for their reaction a schematic model of the program as we visualized it (see p 4 of this report). Most of them agreed that the model generally represented the theory of the program. Use of the model had the advantage that it helped direct attention of the Principal Investigators away from the substance of their research projects to the question of institutionalization. It was also a sort of analytical device, in that we later explored with each Investigator which of three phases his particular project had reached.

The purpose of the evaluation was to look to the future. The first question was whether the program should continue. If the answer to this was positive, we were to explore whether any modifications of the program strategy would be desirable or if we could suggest techniques or changes which would enhance the probability of success in improving the capabilities of institutions -- Cairo U and development-oriented Ministries.

We were not auditing past actions or pointing the finger. Thus we did not probe deeply into the recent committee reorganization at MIT/Cambridge nor the reasons for poor coordination between the Liaison Office and Center in Cairo. Instead, we have tried to suggest how we think these organizations should work in the future to achieve the purpose of the program.

The scope of work asked us to assess the adequacy of program management by MIT, Cairo U, the Center, USAID and AID/Washington. We defined management broadly to include such elements as the philosophy behind the program, planning, and quality control as well as finance and personnel. Most of our impressions about management were acquired during the process of pursuing information about other topics. For example, we learned about USAID management from our own observations and reading of reports, from remarks of MIT and Egyptian people and from comments of various parts of USAID.

Chapter I - Program Objectives

Purpose

A number of statements of program purpose exist in various documents. The original project paper has slight variations between the narrative and the logical framework matrix. The Project Agreement between the USAID and Cairo University and the contract between AID and MIT also are not exactly the same. Nevertheless, the general theme and concept are sufficiently clear to provide a basis for this evaluation report. Reproduced below is the purpose statement from the project paper:

> "Establish permanent institutional basis for utilizing Egyptian academic expertise to strengthen capabilities of Ministries to address and resolve development problems and to develop programs and projects directed toward development goals."

End-of-Project-Status

We did not find a precise and detailed description of the conditions which would be expected to exist if the above purpose were achieved. Therefore we attempted to formulate a statement of "End-of-Project-Status" as a yardstick to measure against. This recognizes three aspects of a "permanent institutional basis":

1. That a Center at Cairo U is capable of:
   - Facilitating contacts between faculty members and Ministry Officials.
   - Assuring proper selection of research tasks and quality control of the results.
   - Providing logistic support to researchers with minimum red tape.

2. That enough Cairo U investigators can plan and administer research to meet Ministry needs and can also train other investigators.

3. That enough key Ministry Officials can appreciate the value of research, request and participate in research and apply findings to meet national needs.

Program Strategy

The strategy for achieving the purpose and end-of-project status has been to find a broad problem critical to national development which is of mutual interest to a MIT faculty member, a Cairo U faculty member and a Ministry. Then a team of people from each of the three institutions investigates various aspects of the problem. The team is headed by two Principal Investigators, one from the MIT faculty and one from the Cairo U faculty, and by a Project Supervisor from the Ministry.

The team usually includes additional people from each institution. If there are sub-projects, they may be directed by senior people other than the project leaders. Staff members of the Ministry are involved in providing information from Ministry records or in conducting surveys. Students may also be used in surveys and data processing. Graduate students in Cairo

and in Cambridge (some of whom are Egyptian) pursue research assignments related to the project. All of the Egyptian team members receive hourly pay, with the rates related to their rank.

During the research, the Egyptian members of a team receive on-the-job training in research methodology and management. This training is supplemented by some short courses, workshops and seminars.

Program Outputs

The logical framework matrix of the project paper showed just two general outputs. We have subdivided these into four:

- Research reports with practical solutions.
- People in Cairo U and Ministries trained in research methodology.
- Center established in University.
- Awareness of senior Ministry officials about value of working with Cairo U.

Comments about Purpose and End-of-Project Statements

The purpose seems to call for two kinds of capability in Ministries - to resolve problems and to prepare development projects. The emphasis of the program thus far has been on problem solving, although the project paper and Annex A to the AID-MIT contract talked about project development. It seems realistic to confine the academic contributions of MIT and Cairo U to problem solving, leaving the project preparation to the Ministries. In two cases, for electric power and for highway maintenance, the World Bank has specified that the Ministries are to follow recommendations of the research reports in implementing development projects.

The Evaluation Team felt that existing end-of-project statements about the Center did not give sufficient attention to the aspect of quality control of the research and the reports. It seemed to us that unless the Center's future efforts meet the high standards of selection and monitoring established by the MIT/Cairo U/Ministry teams, the requests, funds, and enthusiasm of the Ministries might dry up. Then the efficiency of the Center in facilitating contacts and in logistic support would count for little.

We believe that successful institutionalization implies some critical mass of experienced and trained people in both the University and the Ministries. Generally, both institutions have able people who are well qualified in their specialities. What they have been learning under this program is the methodology of planning and managing investigations on a multi-disciplinary basis, using the latest analytical techniques. We found no targets for numbers of people. We tried to devise a description of what would constitute success but concluded that more consideration of the organizational structure of the University and selected Ministries would be needed to convert our descriptive terms into a range of numbers. This evaluation report gives some clue to the numbers already involved.

Finally, it may be that institutionalization in the Ministries should involve some organizational changes as well as a critical mass of trained people. We found some Ministries with functioning planning and/or research units which provided a convenient contact for the University, while in other cases, the University was almost compelled to deal with the Minister or Deputy Minister. Sometimes that officer coordinated staff assigned to work with a research team; sometimes the Cairo U Principal Investigator did the coordinating..

Understanding of Objectives

The preceding called attention to the slight variations in statement of purpose and to the question of whether the purpose should be confined to problem solving or should also include project planning. Also highlighted was the lack of a clear definition of program success - End-of-Project-Status - expressed as an effective, durable Center and a critical mass of trained people both in Cairo U and the Ministries.

Beyond these problems of clarification there is a question of emphasis. In Part I of the AID/MIT contract, it was necessary to prove that the experiment would work - that tri-partite teams could function and that they could produce results which would be used. One might expect emphasis to be on the program outputs, especially the research projects. Now Part II should concentrate on improving the capabilities of Cairo U researchers, of the Ministries, and of the Center. It appears that a number of the faculty of both MIT and Cairo U participating in the program have not been aware of the program purpose but have thought only about conduct of research.

Schematic Model of Program

The evaluation team took as the objective of the program the transfer of knowledge and technological capability from MIT to Cairo U and to certain Ministries of the Arab Republic of Egypt responsible for development. This knowledge and capability we defined as the ability, using their own and other resources, to:

(a) Identify and define high priority development problems.
(b) Extract from these problems key issues for analysis.
(c) Plan and manage sophisticated analytical research studies.
(d) Interpret and apply the results of research to operational development programs.

This ability, for brevity, we call A.

To avoid long titles and to suggest the generality of the problem, we chose to call the U.S. university (in this case MIT) U, the Egyptian university (in this case Cairo) C, and the Ministry(ies) M. In the schematic rendering below, the size of the letter indicates the degree of leadership and responsibility.

We regarded the program and the individual research projects as proceeding through four phases, of which the first three would seem to be included in the AID/MIT contract. These phases may be designated as experimental, demonstration, institutionalization and replication.

Each phase has several steps. In the Experimental Phase, with U providing leadership, U, C, and M determine interest, select an illustrative

problem, lay out an investigative plan, determine a solution and assess the results. In this phase, some research projects can be expected to fail, because the problem can not be solved, the solution is not useful, or the Ministry's needs change. However, enough projects should succeed to prove that the system of technology transfer has possibilities.

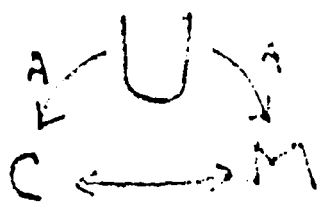
Armed with these results, the parties progress to Phase II - Demonstration. Here the whole process is strengthened or repeated using new research projects or new aspects of existing research projects. However, in this phase, C and M should be the initiators, with the role of U shifting to that of a monitor and a contributor of advice.

In Phase III - Institutionalization - the system is made durable and autonomous. Here M is the principal, while C serves as called upon. U may be an occasional consultant and assessor or may not participate.

If the system works for U, C, and M, it should work for other foreign Universities, other Egyptian Universities and other Ministries or parts of Ministries. Alternatively, it could work for C taking the lead in other countries, in keeping with the tradition that Egypt trains most of the teachers, doctors, engineers, etc. of the Arab world. Then we would have reached Phase IV - Replication.

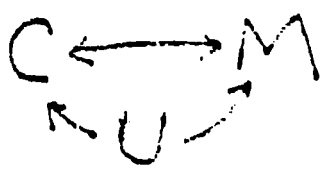
<u>Phase I</u>

Experimentation



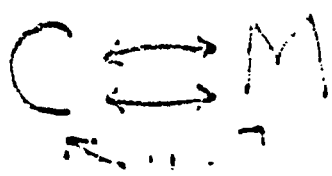
<u>Phase II</u>

Demonstration



<u>Phase III</u>

Institutionalization



(Size of letter indicates degree of leadership or responsibility.)

Chapter II - Relevance and Utilization of Research

Criteria for Selection

The scope of work asked the evaluation team to assess the adequacy of the criteria and the selection process for studies to be carried out through the ERTP Center. Since by April the Center had only five non-specific grants and four small research contracts, it has had little opportunity to do selection yet. We did not discover that there are formal criteria or procedures. The matter is discussed briefly in the section on the Center in Chapter IV on management and in more detail in recommendation #4 for the Center.

More pertinent to date has been the selection of Cairo U/MIT projects. MIT and Cairo U started with a list of around 70 broad topics which had been selected by Joint Working Groups set up when diplomatic relations were resumed. This list could be reduced by elimination of areas in which MIT lacked expertise. Then some topics were dropped because of lack of availability of some MIT people. In January 1977 a group of fourteen MIT faculty and six program staff visited Cairo. They found Cairo U faculty members with similar interests. Together they identified topic areas in which proposals could be developed and then discussed these topics with Ministries.

Among the criteria for research projects were that they should: relate to development and be of interest to a Ministry, involve tri-partite (Cairo U, MIT, Ministry) participation, show results within a year, demonstrate an organized planning methodology, and have potential for expansion in the next phase into a more general planning framework for the Ministry involved. Proposals were then reviewed by the MIT and Cairo U Executive Committees. Nine of these were funded initially and four more approved later.

One of the original projects, Government Incentives for Small Scale Industry, was dropped after the first year because of lack of common approaches by the MIT and Cairo U investigators.

Four other projects have encountered some difficulties. The project on rural communications started with a Ministry of Local Government which was abolished. The project then continued by working directly with seven governorates. It also had working relationships on some new devices with a technical research unit of the Telephone Department of the Ministry of Transport and Communications until the top three men of that research unit resigned. Now it appears that the project has the attention of the Deputy Minister of Transport and Communications who foresees a possible reduction in need for public transport if villages have more telephonic communications.

The Housing Project has been plagued by repeated reorganizations of Ministries and by inability to find decision makers with responsibilities comparable to the subjects being investigated. As a consequence, its Cairo U investigators concluded that it was still in the experimental phase.

The Labor Migration project has also been dealing with questions which go beyond the jurisdiction of a single ministry. Several have cooperated in providing data. The Education Ministry is interested in a newly-developed computerized data base about Egyptian teachers working in Arab countries but the team was not informed about any action decisions. A decision that the Army

should start training construction workers to help make up for emigration was taken only after Cairo U President Badran and Dr. El Salmi, Director of the Development Research and Technical Planning Center, arranged for a recommendation to get on the agenda of the Higher Economic Council. Now it appears that the Ministry of Planning may undertake a manpower planning project.

Finally, the project on Health Care Delivery Systems has developed good cooperation between the Ministry of Public Health and the Faculty of Medicine at Cairo U, but these two differed with the MIT principal investigator about the nature of the research. The project had started out looking at the effectiveness of rural health care by measuring infant nutrition. Now it is looking at medical education for rural health service.

Thus the major problem has involved instances where the tri-partite criterion was either modified in the beginning (Labor Migration and Housing) or has been modified later for various reasons. Even in these cases, research results have been applied to help solve development problems for the Housing and Labor projects and are being tested for the Rural Communications project.

In several instances, the Ministries were interested in the projects because of the prestige of MIT. Sometimes an informal conference was set up at which MIT people outlined possibilities and enlisted Ministry cooperation. This happened in Electric Power, for instance. In another case, the Ministry agreed to go along because of MIT but only gradually developed real enthusiasm. This happened for Water Planning. Thus the presence of MIT injected a useful element to help overcome skepticism by Ministries that academic personnel would produce practical results. The presence of MIT also added some additional screening to the selection process, on the one hand, and facilitated Ministry cooperation because MIT could provide AID funding, on the other hand.

For projects administered by the DRTP Center, these special aspects of selection because of MIT will be missing. If Ministries choose to pay for research, the Ministry interest and cooperation will be more certain. It is to be hoped that the attitudes created by the Cairo U/MIT projects will cause the Ministries to be willing to go ahead when MIT is gone. While the interest of a Ministry is an important criterion for selection, other criteria will also be necessary.

Utilization of Research - General

The real test of relevance is the use of results from research projects for decisions about development policies and projects. Of the 13 active research projects, actions have already been taken in eight projects and are pending in four more. The most dramatic pending decision on use of Nile waters indicates that up to $40 million worth of additional electricity can be generated without infringing on irrigation needs. Decisions on use of single-phase electrical distribution have saved significant sums. Any one of several decisions has involved enough benefits to far outweigh the costs of the MIT program. Details on the use of research results are given following the next paragraph.

Another indicator of relevance has been the willingness of Ministries to finance work beyond the funds provided by the AID/MIT/Cairo U program. For each of the research projects, the Ministries have provided contributions in kind -- personnel, transportation, use of laboratories, etc. But beyond

that, the Ministries have also contributed cash for seven of the projects -- electric power, plastics, waxy asphalt, stochastic model of Nile inflows, urban transport, economic planning, and rural communications. In two cases, contributions have come even though results have not yet been used.

Use of Research Results - Specific

Electrical - Cost-benefit analysis is now a standard working tool. This was new to both the Engineering Faculty and the Ministry.

Decision was made to use single-phase instead of three-phase for rural distribution network.

Computer models have been used to evaluate the reliability of generating stations in Lower Egypt and of the 220KV transmission network.

The Ministry has prepared a guide on the most economical maintenance schedule for generating units.

Alternative methods for the urban subtransmission networks were evaluated for reliability.

Housing - Some policy decisions of the Ministry of Housing were affected by research findings of the Housing Economy Subgroup. These were establishment of a Housing Bank, use of a graduated mortgage system, abolition of the cement subsidy.

Some ideas on prefabrication will be used by consultant engineers in Sadat City, a new project.

Other recommendations, such as manufacture of two grades of cement instead of one and elimination of reinforcing bars in the concrete courses capping brick walls, have not been adopted because of lack of a Ministry with over-all responsibility.

Plastics - A device for reducing pollution by plastics factories was adopted by the industry.

Quality control procedures have been instituted.

Asphalt - A new distilling method for petroleum produces asphalt with less wax that is more suitable for highways.

Stochastic Model of Nile Inflows - The Ministry of Irrigation has incorporated the model into the Master Water Plan, which will serve as a basis for funding requests to the World Bank.

Water Resource Planning - A stochastic dynamic programming model for controlling operation of the High Aswan Dam has been developed and will be utilized for water planning. This indicates that up to $40 million worth of additional electricity can be generated without infringing on irrigation needs.

Groundwater - While no major changes in policies or operations have resulted yet, the increased knowledge about the Nile Delta Aquifer (and to a lesser extent,

the Nubian Aquifer) has expanded and re-oriented the thinking of those responsible for national water planning, guiding the course of investigations into directions likely to have better cost/benefit ratios.

Intercity Transport Planning - The World Bank loaned $30 million for road maintenance based on an analysis which used the Egyptian adaptation of a highway cost model. Two links have been built using this type of analysis.

The data base developed is being used by the Ministry of Transportation to evaluate other investment proposals.

At the request of the Ministry, the model is being expanded to include alternate modes of transport (rail and canal) and an additional 4500 kilometers are being surveyed for future highway construction.

Urban Transportation - Buses have been re-routed in Cairo, express service instituted, and numbers of buses allocated to routes changed.

The Ministry used the data base to test economics of elevated road construction and for negotiations on a World Bank loan for Cairo.

Economic Planning - General equilibrium models were used to help judge the effects of adjustments in subsidies or consumer taxes.

An input-output matrix of 32 x 32 sectors was used to help set production targets for various commodities.

Of a World Bank loan of $10 million to the Petroleum Ministry, $1 million will be for research on pricing and other economic factors. The Bank instructed the consulting firm to use models prepared by the Cairo U/MIT project.

A social matrix of income and consumption for three urban groups (top 10%, middle 30%, bottom 60%) and a similar three rural groups has been used by the Ministries of Transport and Electricity to estimate demand.

Rural Communications - Two inventions - an electronic PABX and a telex-telegraph - are about to be tested to see what differences they make in use of transportation, economic transactions, etc., for seven villages.

The International Telecommunications Union has contracted to pay $10,000 for a report on a socio-economic model for assessing interrelations between economic status, telecommunication structure, and communications behavior.

Labor Migration - The Higher Council has decided that the Army should start training construction workers to help offset the outmigration of 60 percent of trained construction workers.

Health - No policy or development decisions have been taken yet. The research is being re-directed.

Small Business - Discontinued in 1978.

Chapter III - Effect on Institutions

CAIRO UNIVERSITY

Several kinds of changes have occurred within Cairo U as a result of cooperation with MIT over the past several years. These concern attitudes and behavior, substantive knowledge, and skills in research methodology.

Interdisciplinary research teams - A most important change in attitude and behavior has concerned the use of inter-disciplinary research teams. Group activities in Egypt have tended to be bureaucratic with a hierarchical structure, rather than team play. The academic tradition had been for individual research and publication. (This is true generally, not only in Egypt. One of the reasons "think tanks" have proliferated in the United States is that they facilitate use of teams). A number of Cairo U investigators volunteered to the Evaluation Team members that this was their first experience with teams and in working with other disciplines and that, to their surprise, they are enjoying it. Teams have two obvious advantages - they permit larger problems to be tackled and solved more quickly and they pool different kinds of knowledge and skills.

Each of the thirteen research projects has been interdisciplinary, although in varying degrees. For the plastics project, chemical and mechanical engineers are working together. For the electrical and roads projects, engineers and economists are teamed. In some cases, American engineers might expect to do cost/benefit analyses themselves, but such questions had not been part of Egyptian engineering, either in the University or Ministries. For the economic planning project, economists are teamed with statisticians and computer experts. The housing project has had people from the Departments of Architecture, Construction Engineering, Civil Engineering, Political Science and Economics. The project with the widest scope of disciplines has been the rural communications. This includes people from seven faculties: Engineering (communications, electronics, systems) Mass Communications (radio), Political Science and Economics (both political scientists and economists), Arts (sociology), Agriculture, Public Health, Institute of Statistics. (The University has a total of 26 faculties or institutes.)

At least three of the projects have included people from other universities. For rural communications, there is a sociologist from Ain Shams and two agriculturists from El Azar. The urban transport project includes a professor from Alexandria University. Plastics has a graduate student at MIT from El Azar.

Team Selection - Another change in behavior pattern has been the selection of team members in accordance with their knowledge, ability, and available time rather than having senior people named by deans. This started because MIT professors sought out people they felt would be good partners. It caused some grumbling by deans but the President of the University and the Executive Committee stood firm. Now the pattern appears accepted and is persisting as the Center forms teams. Partly, it has become acceptable because deans are realizing that their faculties gain prestige as Ministries use research results and request more. Also, it is becoming evident that there is a possibility that most interested faculty members can be used. The teams have included senior and junior faculty members and graduate students.

Team Management - Most of the project teams meet regularly (several meet weekly). These sessions serve to exchange information and discuss plans for next steps. They foster real exchanges between disciplines and increase awareness of

various research techniques. In effect, all team members are learning details of project and team management. The team meetings are not confined to the academic personnel but also include Ministry personnel in many cases, thus fostering better working relations between academia and practical decision makers.

Peer Criticism - The Egyptian Executive Committee (discussed under the Cairo U section of Chapter IV on Management) has held biweekly meetings of all the Cairo U Principal Investigators. These have developed from information exchange into peer criticism sessions, a new phenomenon for Egypt. Undoubtedly, some of the same thing happens in team meetings. Thus another change in behavior is occurring. It appears that the same phenomenon is also occurring in meetings of the nine program coordinators of the Center.

Field Research - Some Egyptian faculty mentioned that the experience of field research was new for various junior faculty and graduate students. The willingness to engage in "hands on" research is another change in attitude and behavior.

Substantive Knowledge - The Evaluation Team did not pursue the substantive aspects of the research projects in sufficient detail to learn all the instances in which Cairo U people have acquired new substantive knowledge as a result of working with MIT people or as a result of field research, but various examples were encountered:

- A short course on reliability evaluation of electrical power systems was conducted at Cairo U for junior staff and for engineers of the Egyptian Electrical Authority. The course has been printed. Six engineers are now working on M. Sc. or Ph.D. theses in reliability evaluation or system planning.

- A five day course on polymer science and technology was given. Competence in plastics engineering technology has developed through involvement in industrial R & D, development of laboratory facilities and acquisition of a library.

- For highway engineering, concern about materials is relatively new at the university. Four junior faculty members are involved in the waxy asphalt project.

- A special two-week course was given on stochastic principles. Dealing with probabilities is new for both the university and the Ministry of Irrigation.

- The staff at Cairo U is now professionally current in technological areas relating to water resource systems. A four week course on analysis and planning for such systems was presented. University and Ministry people are both learning about the interface of sea water and fresh water in the Delta aquifer.

- As part of the rural communications project, much data about villages has been gathered which will affect courses in sociology and political science. Professor Oda (political science) says that papers can be produced as a byproduct of the project which will set out new facts, such as findings on changes in land ownership and social relationships. Changes are exceeding government perceptions, he says, citing a weekly market in a province which has a turnover of LE 1 million a week.

One indicator of confidence in substantive matters is the authorship of papers. As the program has gone on, Egyptians have produced more papers on their own. The following table attempts to show authorship for all papers. The count may not be precise because some working papers may have been counted inadvertently or a few titles may have been omitted when more than one was published under a single cover.

Authorship	1971	1978	1979	3 mos. 1980
MIT	2	12	27	5
MIT/Cairo U	1	10	9	3
Cairo U	1	7	16	3
Cairo U/Ministry	1	-	2	3
Entire Team	-	2	2	1
TOTAL	5	31	56	15

Research Methodology - The third kind of change which, along with the changes in attitude and behavior, is crucial for this project, is that of skill in research methodology. Each of the Cairo U participants in teams is learning about project scheduling and team management. MIT has emphasized the importance of research plans and of budgets, although some of the Principal Investigators said they would like some short courses on such subjects. Apparently they are discovering as they try their hands at preparing proposals on behalf of the Center for Ministries that they have not mastered all aspects as a result of working alongside MIT Principal Investigators. The first year, MIT budgeted both the dollars and pounds. The second year Egyptians took responsibility for pounds. The third year budgets were cooperative.

In addition to general principles of research administration, Cairo U people have learned various special research techniques. One of the most pervasive has been use of models and computers. This has occurred in most of the projects. Significant data banks have been compiled in various fields which can be useful for much future research. Other research or analytical techniques about which knowledge has been acquired have included:

- cost/benefit analyses
- systems analysis
- The Ras method of updating input-output matrices
- designing and administering questionnaires
- sampling. (Dr. Bendari, a consultant for the rural communications project suggested a "multi-stage" clustering which Prof. Ithiel Pool of MIT characterized as a new and useful approach for sampling villages.)

Number of People Trained - It is difficult to know exactly how many people at Cairo U have had enough exposure to bring about such a change in skill that research tasks could be conducted without MIT participation. The most exposure has probably come for Principal Investigators, but where all team members have regularly attended meetings, the effect is more general. Sometimes the diffusion effect is surprising for junior personnel who are receptive because of the prestige of the activity.

Estimates are that between 40 and 50 faculty members have had "continuous and substantial" involvement in each of the last three years. This is less than the total number which have been employed, which was 63 in 1979. If the annual turnover of participating faculty has been about 25 percent, the total number of faculty involved during the program would be in the mid-nineties.

Faculty members have two incentives for involvement. One is professional advancement and reputation. The other is money. The Executive Committee early in the program worked out a scale of supplemental pay by the hour, starting at LE 7 for full professors and going down to LE 1 for students. The rates were related to those paid by foreign firms in Cairo and to earnings of faculty members working as consultants. (The program funds came from PL 480 and are tax free. The Center, which does not have tax free funds, is paying LE 10 to give full professors about the same net pay). A faculty member might receive about 150 percent of his regular base pay for work on a research project.

The members of the evaluation team were skeptical at first about this policy of extra pay. We wondered whether it could be continued after AID withdrew support. We wondered whether it tended to distort the appearance of acceptance by Cairo U people of new ways of behavior. Eventually we concluded that such payments are part of the regular pattern in Egypt, that many faculty could have alternate source of supplemental income and that the pattern can continue with Ministry financing of research.

For gradute students, "continuous and substantial" involvement has included 32-36 people each year, reaching 40 this year. In addition, other students (some of them undergraduate) have worked at interviewing, coding, data processing, etc. Total employment of students in 1979 was 115. This employment varied between one and several months. Over the three years, probably twice that number have been involved.

(To give some perspective to these figures, the University has 130,000 students of which 20 percent are non-Egyptian. Of the total, 25,000 are graduate students. The faculty numbers about 3,000.)

In addition, between 15 and 20 graduate fellows have studied at Cambridge (as one Egyptian principal investigator said: "A man is different after an academic year there").

Finally, some university people received a few concentrated days of exposure in seminars and special training workshops. In addition to many of the faculty and students cited above, these may have reached another 150-175 university people.

Since the program had no target on exposure, the Evaulation Team had no criteria for judgment about quantities or quality. It seems likely that

exposure in the various departments of the Faculty of Engineering has been quite good, somewhat less in the Faculty of Political Science and Economics, strong in the Institute of Statistics (including the computer center) and spotty in the other four or five faculties involved. MIT does not have personnel for some faculties which the Center hopes to involve in its projects (although the Egyptian teams have been broader than MIT in several instances MIT participation has been in the mid-twenties for faculty, between 8 and 12 research staff, and a growing number of graduate students, reaching the mid-forties this year).

Lack of Specialized Manpower - A major problem in increasing the contribution of Cairo U to better development planning in the Ministries is not a lack of desire, knowledge or cooperation but simply the lack of manpower. Departments in Cairo U are small by American standards and only some of the staff are qualified to do advanced technical investigation. Those who are good are as up-to-date as the average professor in American universities of comparable faculty size. They get the proceedings of American and European technical societies. Many are members of those societies. Often they joined when studying for U.S. graduate degrees.

The lack of manpower was encountered in several areas. In electrical power, the Ministry and University people know each other, meet often and are involved in several cooperative research projects. It is evident that other technical areas such as system stability, switching controls, telemetering could be investigated if Cairo U's electrical engineering department had expertise. In highway engineering, Cairo U had no capability 10 years ago. Now it has one full professor and a recently added associate professor. They have to teach 800 students and also lecture at two other universities. A similar problem exists in plastics.

MINISTRIES

Seven Ministries are participating actively in research projects. These are Planning, Transport and Communications, Electricity and Energy, Petroleum, Health (including the Family Planning Institute), Irrigation, and Land Reclamation. In addition, several other Ministries have been involved in supplying or receiving information but have not been full-fledged members of research teams. Thus the Housing Project has dealt with the Ministry of Housing, Ministry of Reconstruction, Ministry of Planning, Ministry of Local Government (now abolished) and the General Organization of Physical Planning. The Labor Migration Project has worked with the Ministry of Education on teachers, the Ministry of Health on doctors and nurses, the Ministry of Housing on construction workers, the Ministry of Labor, the Ministry of Planning and the Engineers Union.

Governorates - Several of the projects have also dealt with district governorates. The Rural Communications Project has worked closely with seven governorates where it will test the new telephonic devices and also did research in 149 villages chosen from the 22 rural governorates. The Health Project got information on nutrition in parts of 17 rural governorates. In both cases, the research and planning units of the governorates helped administer questionnaires. Other projects with some contact with governorates have included Urban Transport, Inter-city Transport, Electric Power, Waxy Asphalt and Water Resource Planning.

Examples of Ministry Participation - The pattern of participation by ministries has varied. The Ministry of Electricity and Energy had an organization chart which was spotted at all levels with Cairo U engineering graduates who are involved in cooperative research projects with the University. Some of them were also part-time members of the faculty. Sub-projects are chosen at a high level such as the Vice Minister or Chief Operating Officer. Each sub-project has a Cairo U and Ministry co-investigator.

The Ministry of Transport and Communications is now active on three projects. For each, the Vice Minister is the active leader. About 19 employees work on the Urban Transportation Project with three spending eight or more months. They took the lead in surveying traffic patterns and public transport passenger movements. For the Intercity Transportation Project, six economists and engineers participate actively and 46 employees have helped provide basic data for a multi-modal model (rail,highway, and canal) for freight and passenger traffic. For the Rural Communications Project, the Economics Department is taking the lead on studying the current pattern of traffic for seven experimental villages in order to see what changes occur when new telephonic communications devices are used. The Vice-Minister says that the Ministry is planning to establish a large research institute to continue the type of advanced studies these projects have initiated. He anticipates that the Academy of Scientific Research and Technology will be involved and that Cairo U staff will provide most of the personnel. Previously, the Ministry had been unable to find private consulting firms which could deal with similar types of questions. The Ministry has its own computer and so can do much of the work involved in models on such topics as car ownership, traffic assignment, parking, highway cost, etc.

In the Ministry of Planning, direct supervision came from the Minister (now promoted to be one of six Deputy Prime Ministers) who requested various models, received the results and made staff available. About 15 middle level professional people have organized the provision of data and received some supplemental payments. It appears that the day-to-day work of coordinating these Ministry people, who head sections on various commodities and sectors, has fallen to the Cairo U Principal Investigator. In fact, requests come from the Minister (or now from the Vice-Minister) to the Principal Investigator who then goes to the staff with whom he has developed good working relations. To some extent, one of the section chiefs coordinates the others because of force of personality rather than official status. The Institute of National Planning, which is affiliated with the Ministry, has dealt with such topics as monetary policies, balance of payments, etc. While it can use the models developed by the Cairo U/MIT project, it was not the part of the Ministry from which the data would come.

Ministry Organization - According to the Cairo U Executive Committee for Cairo U/MIT project, they wanted a core in each Ministry. Most Ministries have some sort of research and development organization. These units sometimes lacked access to decision makers. In other cases, they lacked enough able staff because the better scientists preferred the status of being with the University. Consequently, the units were often able to deal only with small specific problems. Personnel from these units have often been the ones assigned to serve with the Cairo U/MIT research projects. This has given the units more status and funds. It is not certain that a continuing pattern has evolved for when Ministries will use their captive staffs and when they will turn to the Center and Cairo U for faculty assistance.

Changes in Skills - The effects on the Ministries often parallel those described earlier for Cairo U - changes in attitudes and behavior, increases in substantive knowledge, and acquisition of skills in research methodology. As members of the teams, Ministry personnel have participated in the weekly meetings, have attended the special training sections, have supervised the collection (and often the processing) of data. Thus the various examples cited in the preceding section are also pertinent here.

However, one would not expect the influence of the program to be the same for the Ministries as for the University. Their role is different. Ministries are the users of research findings as well as co-producers. (The University may also use findings for new courses or to enrich existing courses, but this is a byproduct). As users, the Ministries need to educate and involve decision makers as well as researchers. This difference is recognized in the title used for the chief member of a tri-partite team. While the Cairo U and MIT people are called Principal Investigators, the Ministry people are called Supervisors. In the future, the Ministries will also be expected to request studies or to respond to proposals. Thus the Ministries must be able to define problems but may not necessarily have to plan the research methodology.

Although some of the Ministry personnel in research and development or planning units may be as able scientists as the faculty members, other Ministry researchers will often have more specialized and narrow responsibilities, such as commodity specialists.

Despite these differences between the knowledge and skill needs of the University and the Ministries, it appeared to the team that the research projects which were progressing most satisfactorily were those in which the partnership was nearly equal. Ministry personnel, with their intimate knowledge of practical operations, could make important contributions in adapting models to the Egyptian situation, in interpreting information, etc. Moreoever, the Ministries often have laboratories which are better than those of the University. This is true for highway engineering, petroleum refining, chemicals (at the National Research Center of the Academy of Scientific Research and Technology) and plastics.

Changes in Attitude - Apparently a number of the Ministries started with an attitude of skepticism about the Cairo U/MIT program. This consisted of two elements -- that academics could produce practical results and that some of the esoteric, sophisticated concepts proposed by MIT people would really be pertinent to Egypt. Generally, this skepticism has disappeared. The new attitude is shown in various ways. The first was in assignment of more personnel and in more active participation by senior officials. The Evaluation Team, in what was admittedly a somewhat subjective judgment, rated the type of participation excellent for nine or ten of the thirteen projects. Some of these had good cooperation and interest but needed better internal coordination. Economic Planning was an example. Participation was not considered as good for three projects. The Health project has good Ministry-Cairo U rapport but has failed to get non-medical counterparts from Cairo U for the MIT investigators. Labor Migration and Housing have both been broader research projects than any one Ministry. Perhaps these latter three projects have not progressed as well in enlisting Ministry enthusiasm because they appear to have lacked some unifying concepts or models.

Another indicator that Ministries are accepting the use of academic research is their willingness to supplement AID financing for existing projects or their willingness to finance new projects. This has happened for nine of the projects (including labor and housing, for spin-off activities) and for six Ministries. Also, the assistance of governorates accounts for the fact that 35 percent of budgeted pounds for the rural communications project remain unused.

Numbers Affected - Counting the number of Ministry people who have received training through this program is more difficult than for the University because not all of them have been on the program's payroll. In 1979, there were 219 consultants for all the projects. Most of these came from Ministries. If the annual turnover rate for these people was as much as 30 percent, as many as 350 people would have received some experience and training by working on Cairo U/MIT research projects.

In addition, other personnel attended conferences, seminars, and workshops. Estimated attendance at these is shown in the following table:

At Conferences	
Housing (Jan. '78)	200
Transportation (June '78)	200
Program Conference (Jan. '80)	30
Health and Nutrition (July '78)	100
At Short Courses and Workshops	
Plastics (Jan. '78)	50
Water Resources (June '78)	70
Electric Power (Jan.'79)	50
Housing (Jan. '80)	70
At Seminars	
Small Scale Industries (June '78)	30
Water Resources (Mar. '78)	30
Water Resources (Jan. 78) (2)	60
Housing (Jan.'79)	100
	1240

Of the total shown above, perhaps 250-300 people were from Cairo U and an equal number were already part of research teams from Ministries. That leaves 600-750 other attendees, who came primarily from Ministries and industries but partly from other Universities.

As with the University, there are no targets against which to judge the numbers of people in Ministries who have acquired new skills in research methodology. It seems likely that the critical factor concerns people who will request and use research, rather than who will help perform it. Moreover, the effectiveness of these people will probably depend not only on their numbers but also on the nature of the coordinating organization within each Ministry (or each major department in Ministries with major subdivisions).

Chapter IV - Management

USAID

The USAID economist, James Morris, has been the project officer for the entire period. This continuity has been useful. Morris has been interested in the project, finding many of the reports useful in his own work. For example, he cited the value of some of the housing reports to him, even though these reports have not led to many action decisions by the Government of Egypt. Morris has kept informed about what was happening and has met frequently with key people, sometimes offering suggestions.

MIT testified that USAID responded rapidly and positively to requests and someone in the USAID commented that Morris seemed to provide more support for his program than was the pattern for the USAID. On the other hand, the USAID has consciously followed the policy that the project would succeed in its purpose of institutionalization only if MIT and Cairo U were left to solve their own problems. In view of the degree of detail in the Project Agreement about organization of the Liaison Office and Center, it might have been wise for the USAID to have helped analyze possible changes from the Project Agreement as the organization took place.

The USAID has not served as an intermediary with Ministries. In contrast, the World Bank has specified with both the Ministry of Electricity and Energy and the Ministry of Transportation and Communication that they are to follow criteria set forth in reports from the Cairo U/MIT program.

In the future, USAID might do better in passing on information. AID/Washington people commented that they were relatively ignorant and hence skeptical about the program. They had received long progress reports and evaluations and long research reports. Apparently there was little in the way of brief reports about significant events.

The other area for information exchange would be with the Center. If it knew more about AID programs, it could be of service from time to time in providing information from data banks or arranging contact with knowledgeable faculty. Similarly, AID should be aware of projects undertaken by the Center outside of AID/MIT funding.

AID/W Management

AID/W backstopping of this program has suffered because of frequent turnover in the designated project officer. This has sometimes meant that neither the USAID nor the contractor (MIT) had anyone in the Near East Bureau to whom they could turn for prompt answers or for effective support. Rather more than usual, AID/W's role appears to have been to ask questions. This general attitude of skepticism may have influenced the project officer when there was one so that he gave the activity little attention. It is unfortunate that after nearly three years, AID/W has not adjusted to the reality of having a success story. A new Project Officer has recently been named. Because of his recent appointment, he will need support. The Evaluation Team suggests that both the NE Tech Office and the desk can be helpful in the contract negotiations which will be required to arrange for the continuation of the project.

MIT Management

The program was a follow-on of a grant from AID which enabled MIT to enhance its capability in technology transfer. The Director of this early Technology Adaptation Program, Professor Fred Moavenzadeh, has also served as director of the program with Cairo U. Assisting him have been an Executive Committee and an Advisory Committee.

MIT Committees - Recently, MIT has reorganized this committee structure. The Executive Committee is replaced by a Policy Committee with somewhat different membership. The change of name and personnel apparently indicates that the Committee is not expected to be involved with particulars of administration, leaving that to Director Moavenzadeh. The Advisory Committee is also somewhat re-cast, comprising a few more people serving in an ex-officio capacity and fewer appointed because of personal interest. The Evaluation Team did not go into detail on the background for these changes. However, it is to be hoped that the reconstituted Committees can serve to encourage more overall planning for the project and that the character of the Advisory Committee can strengthen the hand of the Director in coordinating the individual Principal Investigators.

Director - The Director has devoted almost full time to this program, serving also as a Principal Investigator for the research project on Inter-City Transport Planning. He keeps close track of time and budget reports of the Principal Investigators and travels frequently to Cairo to monitor the activity there.

Administrative Support - Administrative support has been excellent. The Director's staff has included a Technical Officer who serves as a general assistant and arranges publications, an Administrative Officer, and a Liaison Officer in Cairo. In addition, the Controller's Office of MIT keeps the final accounts and visits Cairo for instruction and audits. The Provost of MIT, who signed the original agreement with Cairo U, visited Cairo in January and interviewed each Principal Investigator, providing a basis for his decision that MIT should seek to continue with Part II of this contract. The Director of Personnel for MIT helped set up a manual for personnel administration and went to Cairo twice last fall, partly to work on job descriptions for the new Center. Altogether 31 trips from Cambridge to Cairo were made for administrative purposes in FY 1979. This categorization of "administrative purposes" covers all trips not related to specific research projects. Thus it includes general technical assistance.

Faculty Participation - The degree of participation by senior faculty of MIT as individuals in the various research projects has been excellent. Good liaison is maintained with Cairo U by frequent trips (some 67 trips in 1979 from Cambridge to Cairo, while Cairo U personnel made 45 trips to Cambridge), telex, telephone, and mail. MIT personnel have written some 46 papers on their own and collaborated on another 23. However, the MIT Principal Investigators have met as a group only once in Cambridge and once in Cairo during the life of the program. It appears that the Investigators are not fully aware of the institutional purpose of the program. Some of them say they are interested only in research and yet it is evident that some who speak this way have become interested in the Ministry and Faculty with which they work and offer advice when asked about topics outside their research projects. It would appear that these MIT people might have even more impact if they were more aware of the institutional targets of trained people and improved procedures.

Programming - The combination of able investigators, a conscientious Project Director and the committees in both institutions has resulted in good programming for research projects. This can be judged by Ministry participation, financial support, and use of research findings. However, looking for evidence that the program was achieving its overall objectives, we did not find specific targets, operating plans, or indicators. A particular weakness seemed to be the lack of definitive plans for transition from MIT leadership to Cairo U leadership, and eventually Ministry initiative. On research projects, there seems to be a gradual evolution, with Cairo U people taking more initiative, planning follow-on activities, and writing more papers. Nevertheless, the uniform budget reductions first proposed for each active research project do not reflect the various phases of the projects - experimental, demonstration, or institutional - nor do they encourage a shift toward Egyptian autonomy.

Institutionalization - The Evaluation of the Technological Planning Program (undated) prepared by program personnel speaks of the institutional aspect of the program as if it concerned only the Center, although in conversation MIT people have sometimes volunteered comments about changes in attitudes and procedures at the University and the Ministries. The Evaluation report section on each research project stresses substantive results rather than the institutional changes.

The aforementioned Report says that the Liaison Office, in addition to providing the means through which MIT can meet its contractual obligations to AID, represents an organizational model for the Center, with many policies and procedures which can be transferable. Yet when the Center was established, the whole Liaison Office operation was apparently regarded as necessary for operation of the MIT contract. The problem may be traced back to Annex 1 of the Project Agreement which says that the Liaison Office will be maintained within the Institute in order to carry out the participating US institution's administrative and contractual obligations to AID.

Until the Center was organized, there was no Director in Cairo who was fully comparable to the MIT Director. The Vice President for Research at Cairo U had many other interests. Hence, the Executive Committee in Cairo exercised considerable responsibility. Apparently, when the Center was organized, management analysis on the relationship of the two Directors and the role of the Executive Committee was not done. Up to now, there are two parallel operations in the Center and Liaison Office, with cooperation at some points and friction at some.

The Liaison Office in Cairo is headed by a Liaison Officer and an Administrative Officer. The Liaison Officer, Mr. James McCarthy, is the fourth incumbent and a recent arrival. The Administrative Officer is Gen. A. Mamdouh Hassan, a retired Police Officer with foreign experience. The staff consists of three accountants and seven other employees, responsible for travel and transportation, translation and secretarial work, conference and seminar arrangements, library, etc. The Liaison Office provides good administrative support for the 13 research projects, serving both the Cairo U and MIT Principal Investigators, but not helping other activities of the Center.

Management at Cairo University

The President of Cairo University, Dr. Badran, takes a keen interest in the program. He has frequent contact with members of the Executive Committee

and with the Director of the Development Research and Technical Planning Center. Usually Dr. Badran sees MIT Program Director Moavenzadeh when he visits Cairo. Dr. Badran also chairs the Board of Directors of the Center.

Considerable effort by the President was required to get the Center established. A decree was obtained from President Sadat and the charter was approved by the Faculty. Arrangements were made for the Center to be given working capital equivalent to the amount of the overhead paid by MIT to Cairo University. Good offices and conference rooms for both the Center and Liaison Office were provided in one part of a new University building.

The original arrangements between MIT and Cairo U called for each university to set up an Executive Committee. Both Committees must approve new research projects and are involved in other decisions on the budget and program. The Cairo Committee is composed of three senior and dedicated members. The Chairman, Dr. Shafei, is an economist who was formerly a Dean and a Minister. The other members are Dr. Shahbender, Dean of the Cancer Institute, and Dr. Kabil, Dean of Engineering. Like other participants in the program, they receive stipends. This Committee has provided strong guidance and continuity through changes in University administration.

The Committee has set up bi-weekly meetings of all the Principal Investigators. At each meeting, one investigator reports on what is happening in his project. These meetings have evolved from information sessions to a forum for peer criticism. They are thus serving as a mechanism for quality control of research results.

Since the first research projects began with MIT professors finding compatible Cairo professors to work with, the selection process differed from the traditional one of deans choosing senior people. The new pattern of choosing people for teams on the basis of competence and interest has been supported by the President and Executive Committee.

Several of the Cairo Principal Investigators volunteered that, as a result of working with a Principal Investigator from MIT as well as through trial and error, they were learning how to manage research projects effectively. Despite their growing confidence and effectiveness, some of the Investigators suggested that they would like some formal short courses on research budgeting and management.

Management of the Development Research and Technical Planning Center

The Center was formed in 1979. It is difficult to set an exact date. Following a decree by President Sadat, a Director was appointed in the spring. Gradually a charter was approved by the University, by-laws were established and a Board appointed. Formal inauguration occurred in January 1980. One of the events at that time was a Program Conference attended by all the Principal Investigators from both Cairo U and MIT.

By-laws and sources of funds - The by-laws set a three-fold objective: to develop and support research studies, to conduct training programs and to provide consultation to help achieve the development goals of Egypt. In due time, it may evolve to an institute which can offer degrees, according to the by-laws. This possibility was also mentioned by Dr. Badran. The by-laws

state that financial resources are made up of: (a) sums paid by Ministries, other government agencies and foreign organizations; (b) consulting and training services provided by the Center for fees and (c) sums granted by USAID. Apparently, the gift from the University of overhead received from MIT was interpreted to be acceptable under this last provision. Thus far, the Center has been very cautious in using this working capital.

The last article of the by-laws states that the CU/MIT Project is "considered one of the main programs of the Center and the project agreement between Cairo U and USAID of August 17, 1978 will remain on terms of reference." This adds a complication since that agreement refers to a new Joint Advisory Committee with a membership like that of the Board of Directors to replace a previous Advisory Committee. No mention is made of an Executive Committee in the by-laws.

Board of Directors - The Center has a Board of Directors of nine people, six of whom are from the University (counting the Center Director) and three of whom are technically from Ministries. One of the members with Ministerial status is Dr. Hassan Ismail, who is now President of the Academy of Scientific Research and Technology. He is a former President of Cairo U and former Minister of Education. Since the Academy is charged with coordination of all research in Egypt, Dr. Ismail provides an important link to Egyptian scientific policy. Another Ministerial member is an adviser to the Prime Minister. Thus only one client Ministry, Planning, is now represented on the Board. There is no representative from industry, although some current research projects are industrial and others are sure to emerge. Some funds have come from industry. One of the faculty members of the Board is Dr. Shafei of the Cairo U/MIT Executive Committee and the other two members of this Committee have been invited to the Board meetings.

The by-laws state that the Board is supposed to meet monthly but it has not done so. It has recently decided to set up an Executive Committee for decisions between Board meetings.

Director - The Director of the Center is Dr. Aly El Salmi. He has a Ph.D. in Business Administration from Indiana University and had taught in the Faculty of Commerce where he is now a Professor, served as an assistant to Dr. Badran when the latter was Vice-President of the University, and been a Minister for Follow-up and Control (a kind of Cabinet executive secretary).

Some of the overhead support of the Center consists of regular payments from the MIT program. However, MIT has kept this allocation under control of the Liaison Office, which treats the Center as if it were another research project and requires that the Center provide the same documentation for each expenditure as do the Principal Investigators.

Program Coordinators - Dr. El Salmi has appointed nine senior faculty members on a part-time basis to serve as program coordinators for the subject matter areas selected by the Center as matters of interest. These are technological planning, economics, energy, health, Sinai and physical development, local government and regional planning, population, educational technology, and management development. As can be seen, the Center anticipates work in several areas not touched by the Cairo U/MIT program. Dr. El Salmi stated that arrangements will be made for inter-disciplinary teams even though some of the program areas are generally treated as a single discipline.

Three of the coordinators are also Principal Investigators in the Cairo U/MIT program and a fourth coordinator has been a consultant to several Cairo U/MIT research projects. Apparently they have carried over the concept of peer criticism from the bi-weekly meetings of the Executive Committee with Cairo U Principal Investigators but the two groups do not meet together. In an informal way, then, Program Coordinators are providing some elements of a mechanism for project selection and quality control The informal transference of procedures by the three Principal Investigators should be strengthened by organizational and procedural changes deliberately designed to ensure quality control.

Center Activities - The Director and Center have been active. More than 30 projects are being discussed. New funds actually received by the Center as of April totalled L 232,335. This total included LE 110,000 for non-specified grants from five agencies - Ministry of Higher Education, Academy of Scientific Research and Technology, Family Planning and Population Agency, Ministry of Planning and Secretariat of Local Government. The remainder, LE 122,335, was for contracts with the General Organization for Physical Planning, Egyptian Cement Office, Ministry of Agriculture, and Petroleum Ministry (waxy asphalt). Since the pound funds administered by the Liaison Office are from P.L. 480 sources and are tax free according to a decision of the Ministry of Finance, any additional pound funds received for CU/MIT projects cannot be co-mingled with funds administered by the Liaison Office. Instead they go to the Center. This has happened for several projects and was due to happen with a $10,000 International Telecommunications Union contract for a report on a special aspect of the CU/MIT Rural Communications Project.

The Center has held several seminars and management training workshops.

Some senior Egyptian officials expressed concern that the Center may spread itself too thin, so that its effectiveness in obtaining and managing research may suffer.

Center Employees - In May 1980, the Center had eleven full-time employees besides the janitorial and maintenance crew. These included typist-secretaries, accountants, librarian, public relations, procurement, and administrative officers. Three of these are paid by the Cairo U/MIT program. In addition, there are eight part-time employees, including three working on developing an information data system, four on industrial research and one research assistant. Two of the data systems people are paid by Cairo U/MIT.

Some of the functions performed by the Center's present staff for new research activities duplicate those performed by the Liaison Office for the Cairo U/MIT projects. Dr. El Salmi says he would be glad to have the offices gradually merge and would pay the former Liaison Office employees the same net salaries they now receive.

For the Cairo U/MIT program, hourly pay rates have been established to supplement base pay received by faculty members or Ministry personnel. The Center is paying comparable rates, which are about 30 percent higher because the Center's funds are not tax free.

Chapter V - Summary of Findings

1. Research projects - Findings and recommendations have been adopted by development Ministries in a substantial number of instances. In some cases these findings have reduced costs of development or maintenance. In other cases, they have formed the basis of development programs financed by the World Bank. For some research projects, more work is needed before conclusions can be reached. For one project, the problem is to find an action Ministry. One project has been discontinued and another has been revised.

2. Cairo U - Significant institutional changes have occurred in terms of attitudes and skills. Individuals from seven faculties are involved in inter-disciplinary team research of practical interest to Ministries. They are working cooperatively with Ministry officials. Researchers are being selected by ability rather than seniority. Peer criticism of methods and results is occurring. Several hundred faculty members and students have had exposure to innovations in research methodology and management. Of this number, perhaps 200 have had enough exposure to have mastered new skills.

3. Ministries - Parallel changes are occurring in development-oriented Ministries, although the situation varies among Ministries. Seven Ministries can be classified as sponsors or active participants in research; some others have provided information. Five Ministries and two other organizations have provided funds for research, in addition to such in-kind support as staff, transport, or laboratories. Six sponsoring Ministries have taken action based on research findings or recommendations (two other agencies have also used findings). These indicate changes in attitude about the usefulness of working with academic personnel on development-related research. In some cases, Ministries have planning or research units which can coordinate Ministry work and provide liaison with the University. In other cases, the effective contact must be at the Ministerial or deputy Minister-level. We did not hear of any instance where Ministries have yet made any organization changes in order to work more easily with the Cairo U research program. The skill changes at Ministries are more difficult to characterize than for the University. For a few projects, Ministry people have been full-fledged members of research teams and thus exposed to all methodological aspects of the task. In other cases, Ministry employees have learned particular supporting skills such as sampling, interviewing, coding questionnaires, etc. In some instances, the Ministry personnel have been occupied in providing information, with no particular change in skills. A number of key Ministry officials have been sent to MIT for post graduate work or short courses.

4. DRPT Center - Recently established, the Center has only begun to accept new projects. It seems to have a good start. There is some danger that it may be trying to do too much at once, with a possibility that it could put so much attention on management training that it would neglect the establishment of quality control for research. A lack of cooperation between the Liaison Office and the Center hurts the effectiveness of both.

5. MIT - A general consensus among Ministry and University officials exists that the Cairo U/MIT program should continue about three years more to broaden exposure to innovative research methods, strengthen behavioral patterns, enhance skills and expand the conversion of Ministry decision makers by demonstrating more successes. There is a need for more formal training, for consultation by MIT as well as research partnership and for more graduate fellowships.

Chapter VI - Comments

An Effective Approach to Technical Assistance

Most of the MIT professors in the program would probably characterize their activity as research rather than technical assistance. Nevertheless, they are engaged in a form of technology transfer in relation to both the problem being researched and the methodology and management of research. As demonstrated by the results, the MIT approach to technical assistance has been highly effective. This is probably attributable to several characteristics.

First is undoubtedly the nature of the people involved. The MIT faculty who chose to take part in this program are able and enthusiastic people who have won the respect and cooperation of their Egyptian colleagues.

Second, the relationship has been more one of partnership than of teacher-student. The research teams have worked together to define the problem, to devise possible solutions, to plan the collection of data, and to analyze the findings. Each party had something to offer the other. In such an ambiance, people do not have to be defensive and to resist new ideas in order to keep self-respect.

Finally, experience in other countries has demonstrated that advisers who come and go may often be more effective than those who are resident in the developing country. When the adviser comes for a brief stay, he and his colleagues are apt to plan the course of action for the next period. Sometimes resident advisers fall into the habit of dealing with daily problems as they arise and do not select activities in accordance with a plan. After the adviser departs, the local partner is forced to take responsibility for decisions. If the adviser were resident, the local person might be tempted to play safe by shifting responsibility. The scheduled return of the adviser creates an artificial deadline by which the local team tries to complete certain tasks. In contrast, when the adviser is resident, there is less compulsion to meet a schedule.

For these various reasons, the MIT methods should be continued during the second part of the contract. The desirable change will be to shift the planning focus from a series of independent research projects to a coordinated effort to reach certain mutually agreed institutional targets. This will also mean that the research approach to technical assistance should be reinforced by some more formal training activities. These will build on the acceptance gained in the research projects and will still have the advantages of able, intermittent advisers.

On the Nature of the Program

The primary aim of this AID program is to build an autonomous, institutionalized capability in the host country. As noted elsewhere, we see this as including:

a. an experimentation phase - testing whether the techniques and processes will work;
b. demonstration in which the necessary attitudes and skills are transferred;
c. an institution building phase wherein steps are taken to insure that the resources and organizations necessary to meet the national needs are present and viable.

The experimental/demonstration phase consisted primarily of tri-partite, multidisciplinary problem solving. It was a form of learning-by-doing, based largely upon the tried and proven techniques of graduate education through research. However, the individual projects were a means to an end - not the end in itself. It was, of course, essential that most of the projects produce useful results but, in a sense, these results can be considered serendipitous. The real goal remains the transfer and institutionalizing of attitudes and skills.

Taken alone, such problem-solving activity has a tendency to perpetuate itself. Especially when it includes research, the process often reveals as many new problems as it solves, each fascinating the participants and thus reinforcing the normal pressures on university professors to continually acquire follow-on, sponsored research. Hence there is a strong tendency for the principals involved in AID projects to look upon the obtaining of continuing technical results as the measure of success and to optimize the chances for such results instead of focussing on establishment of an autonomous capability in the host country institutions.

MIT chose to use the powerful technique of joint research (problem solving) to demonstrate the potential of university-government cooperation, and to teach principles to a limited number of Egyptians. To a large degree they were successful in achieving this preliminary goal. Nevertheless, the evaluation team feels that the program as a whole will fail to reach its goal on time unless:

a. the learning-by-doing method is supplemented by some specific training aimed toward filling gaps in skills and numbers;
b. the transfer of technical leadership is accelerated;
c. definite milestones are established now to measure the degree of transition achieved in the future;
d. progress toward those milestones is periodically assessed.

In short, the emphasis must now change from technical results to the more difficult and socially-oriented task of institution building. This will require a gradual but planned transition of responsibilities and decision-making from MIT to the Egyptian counterparts - even if the result is a deceleration of the output of the research projects. We found no evidence of adequate planning for such a transition by either AID or MIT.

One aspect of the transition deserves additional comment: the transfer of administrative and program management skills from the Liaison Office to the DRTPC. We feel that the establishment of such a center was a wise step and that its quality and reputation are vital to success of the program. It is a keystone in the institution building process. Although it was originally intended that the Liaison Office be a prototype or even a nucleus of the DRTPC, progress toward this end now seems to be stymied. No doubt there are a number of reasons, yet we feel that the objective is still valid and a way to reach it, consistent with the Egyptian environment, must be found. In our opinion, elements of the Liaison Office should gradually be merged with the Center. If feasible, the present personnel of the Liaison Office should be transferred with the functions so that the Center may benefit quickly from their experience. Some procedures may need to be modified to fit with those of the University of Cairo, but this should be done without sacrificing the principles of good administration. With personnel from

Cairo U and MIT using the same organization, the evolution in the Center of such essentials as financial control, quality control and responsive logistic support should be accelerated. This merging can occur even under a continuing direct contract between MIT and AID.

Finally, we believe that to bring this promising program to a successful conclusion, careful, joint planning and teamwork by AID and MIT are needed.

Phasing

The schematic model we conceived for this program has four phases: experimental, pilot demonstration, institutionalization, and replication. In the judgment of the Cairo U Principal Investigators about their research projects and from the facts related to the Evaluation Team, it is evident that the various research projects are in different phases.

For example, the housing people think their activity is still in the experimental stage because they have not yet enlisted the active participation of a Ministry, although they are well-advanced in some aspects of research and have an excellent reporting system. By contrast, the electric power people think they have reached the replication stage. That is, their proposals are being implemented with the full cooperation of the Ministry and they are confident they could help a University and Ministry in a neighboring country. Moreover, the Ministry and University are proceeding to tackle new problems on their own. Such variations in the phasing of research projects can be expected.

Recognizing the conflict between AID's objective to make Egyptian counterparts autonomous and the inherent characteristic of research continuously to open new avenues for inquiry as well as the understandable motivations of University researchers to keep research going, MIT now needs to exert stronger central direction if the program is to be brought to a successful conclusion.

During the second part of the contract, the pattern of MIT assistance and participation should consider the institutional phases as well as the state of the research. During the first part of the contract, the research plan affected the number of trips by Principal Investigators, the number of graduate students involved in Cairo and Cambridge, the amount and type of short-term training, etc. In the future, budgets might conclude that, for example, more students should be involved because some departments at Cairo U need reinforcement. This kind of assistance might be advisable even for a research project in an advanced phase of institutionalization where little MIT input is needed for on-going research activities. Possible candidates are plastics, electric power and waxy asphalt.

In some cases, MIT consultation as called for by Cairo U or a Ministry is all that is needed. However, MIT may also need to consider the halo effect. In some instances, Ministry people formed an alliance with Cairo U because of MIT prestige. Gradual withdrawal by MIT is necessary for institutionalization but MIT may need to continue some affiliation with a research project to avoid any implication of disowning the work. Such adjustments for reasons of emphasis

on institution building will take careful planning and may be complicated by the requirement for MIT professors to commit fifty percent of their time to research.

At this stage of the program, one needs to place more emphasis on costs and benefits or cost effectiveness. For example, one might need to weigh costs of trips between Cambridge and Cairo against support of a graduate student and assess which seems more likely to benefit the long-run institutional capability of Cairo University.

Relationship to Governorates

A change is occurring in the Arab Republic of Egypt government structure, with more authority and responsibility being assigned to governorates. Ministries have overall planning responsibilities, yet governorates are themselves encouraged to solve local problems and undertake some planning. Researchers for two projects - rural communications and health services delivery have worked extensively with governorates in gathering information and others have had some contact. The DRTP Center has held a conference on local government and appointed a program coordinator for this subject.

One proposal is that governorates would assume responsibility for Universities located in their areas. A corresponding suggestion by Hassan Ismail, President of the Academy of Scientific Research and Technology, is that the Cairo U/MIT pattern be replicated so that the various Universities can better serve their own areas. In that case, Cairo U might serve the Governorates of of Cairo, Gizeh and Fayeum.

One of the problems on which governorates may want some research and consultation concerns organization and procedures. MIT has tended to avoid research topics with political overtones but the Center has not shown such hesitancy.

If the Cairo U/MIT program is able to reduce support for some research projects which now are well established with client Ministries, some resources might be made available to start a new project with a governorate as the chief client. Alternatively, one of the existing projects might undertake an activity directed primarily at a governorate decision.

Lack of Academic Manpower

The lack of specialized manpower at Cairo U (discussed in Chapter IV on Institutions) has several implications for the program. First, as Cairo U can increase its budget and number of approved positions, it needs to do so. Pending that, other actions may be helpful. An obvious one is for the DRTP Center to recruit faculty from other universities as part of the teams it organizes to respond to Ministry problems. This has already occurred in a few Cairo U/MIT projects because the team was aware of the potential contribution of a particular individual.

A second, longer run approach would be for Cairo U to add faculty members with the idea that part of their support will come from the Center. This support can consist of overhead paid by the Center to the University and of compensation paid by the Center for time spent on research.

Such expansion of staff by the University can be done safely only if the Center is well enough established that a continuing volume of research contracts are assured. It should not involve the Center hiring its own employees -- a mistake made by various other Egyptian research institutes.

Another way to deal with shortages of academic investigators is to use them for special problems of high priority and of intellectual sophistication. Thus, in the plastics area, Egypt is now at the stage where it imports raw PVC and extrudes it into various products. It is moving toward establishment of an integrated industry, making raw materials from its own petroleum and manufacturing for large potential markets in both capital goods such as irrigation pipe and in consumer goods. Many of the necessary feasibility studies can be conducted by consulting firms, either foreign or local. The special contribution of the University may be to help establish standards for quality and for sizes and to educate fabricators. In the water planning fields, the Cairo U/MIT projects dealt with such issues as the policy for control of the Nile and of underground aquifers. These are different in kind from engineering for reclamation of a few more hectares of more desert.

Finally, the Center will probably continue to bring in foreign researchers as part of special research teams. Even after institutionalization has occurred, special expertise will still be needed for particular problems. In many cases, this might come from MIT. But in other cases, such as agriculture or public finance, MIT may not have the specialists.

This lack of manpower has implications for the suggested End-of-Project Status suggested at the beginning of this report of "enough Cairo U investigators to meet Ministry needs." Perhaps another numerical criterion for institutional success needs to be devised. It might be expressed in terms of a trained nucleus in each faculty.

Potential for Replication

Dr. Hassan Ismail, the President of the Academy of Scientific Research and Technology, commented that the program has great potential for replication. He believes other Egyptian Universities can also serve government needs effectively.

The Evaluation Team agrees that the program is indeed replicable, not only in Egypt but elsewhere. We think that if it were tried, the presence of an outside University such as MIT working in a partnership mode can be extremely useful.

Chapter VII - Recommendations

A. General

1. The AID/MIT/Cairo U program should continue, with modifications to insure a transition to an independent Egyptian capability.

The program has been succeeding, at both the output level of useful research results and at the purpose level of enhanced institutional capabilities. Just to evoke a reaction, we suggested in Cairo that since progress was good, perhaps MIT was no longer needed. The reaction was strong that MIT can make an important contribution to consolidate the good foundation built thus far.

In view of its successful procedures, one should move with caution to make modifications. Our general recommendation is that more planning emphasis go to the institutional characteristics of success. This will probably mean that research projects should be selected or directed to help parts of the University or Ministries which need more experience with research. It will also mean that the training which occurs as part of the conduct of research projects should be supplemented in some particulars.

2. Clarify the purpose and the end-of-project status.

For the second part of the contract, it would be useful for the various parties involved - Cairo U, including the several interests represented in the Center's Board of Directors, the USAID and MIT to agree on what they now consider a realistic statement of purpose. For instance, does it include project development as well as problem solving? Then the statement should be generally known, so that all people working on sub-projects address themselves to its achievement. For instance, Ministries should be aware that they ought to be concerned about training people as well as about helping plan and produce research results.

Probably more important than the wording of the purpose is the description of the conditions which should exist with success - "the end-of-project status." Chapter I of this report suggested characteristics of success for the Center, the University, and the Ministries. Each of these needs to be considered by the interested parties.

For instance, if one of the three capabilities of the Center is agreed to be to facilitate contacts between faculty members and Ministry officials, the nature of this facilitation may need to be considered in more detail. If a Ministry comes with a problem, how should the Center proceed to mobilize a team to prepare a proposal? If a faculty member initiates a proposal, how should the Center help in getting support from a Ministry sponsor?

The second capability suggested for the Center is to assure proper selection of research tasks and proper quality for results. The Evaluation Team considers this so important that it has made a separate recommendation on this topic. (Recommendation 4 for Center).

The third characteristic of success deals with logistic support for researchers. Here, there is a recommendation (#3) that the Center adapt procedures of the Liaison Officer to fit Egyptian needs.

It may be that other capabilities are also desirable for the Center.

The essence of the characteristics of success suggested for both the University and the Ministries is a critical mass of trained people. The Evaluation Team did not attempt to determine the desirable numbers or to describe the skills. For the University, the approach may be to have a trained nucleus in each department which can contribute to development problems. For Ministries, the target might be expressed in terms of a functioning unit to plan and coordinate research in each major department.

B. Recommendations for AID

The USAID, of course, will be responsible for deciding which of these recommendations it wishes to include in the project implementation order requesting a new contract and for overseeing the program during the next three years. Beyond that, the following recommendations are addressed specifically to AID:

1. Provide better backstopping for the program in the Near East Bureau of AID/W.

The most important period will be the next few months when the contract is being renegotiated. But some support will undoubtedly be needed during the life of the program. For example, assistance of AID/W will be needed to arrange for a connection between the Center and the National Technical Information Service of the Department of Commerce. There will be questions to answer for Congress and others.

2. Establish regular liaison between the USAID and the DRTP Center to keep it informed about USAID activities.

Dr. El Salmi, the Center Director, requested such liaison. It should be of mutual benefit and not require much effort. For some USAID activities, Center data will be helpful. In other cases, USAID consultants will produce development data which should go into the Center's library.

3. Improve the USAID efforts to keep AID/W well informed about project status.

Field-headquarters communications are a continuing problem for most programs. The field project officer lacks time to do much reporting. Also, the tendency is often to guard against unwarranted second-guessing from headquarters. Nevertheless, the advantages of an informed headquarters justify extra effort. Perhaps the USAID can suggest to MIT ways to make the regular progress reports more useful. Or perhaps the USAID can use the occasion of the project reports to make a few brief comments of its own.

4. Arrange for the DRTP Center to be linked to the National Technical Information Service.

The NTIS is a program sponsored by AID/W for service to developing countries. The Center is interested in helping faculty members stay up to date and in providing data of use to researchers. When the Center receives NTIS accession lists, it will need to make some arrangements to inform its program coordinators and principal investigators so that they can select pertinent documents which the Center will request from NTIS.

C. Recommendations for MIT

1. In collaboration with Cairo U and USAID, develop a three-year operational plan.

Annex A for the Project Agreement and the AID-MIT contract set some targets in terms of the number of research projects, the establishment of a Center and the general phasing of the budget. This was adequate for Part I of the contract. For Part II, however, the achievement of desirable elements of successful institutionalization is much more likely if there is an overall plan with interim targets. This should be developed in collaboration with Cairo U and the USAID. Such collaboration will take some time but will add to the realism of the plan and increase the chances of success.

This operational plan should start with the end-of-project status described in the second general recommendation above. It should then delineate current status for each indicator of success. It should then lay out a strategy and tactics for progressing from current status to desired end-of-project status. Interim targets and budget can then be set.

MIT has devised a number of proposals for new activities, such as short-term (3 month) research projects, support and supervision for Cairo U theses, graduate fellowships. It has worked out unit costs, proposed volume, and total cost for each of these proposals. However, none of them have been related to specific program objectives in more than a general way. Nor have these supplemental activities been integrated with the training expected from continuation of current research projects. A good operational plan consists of more than a set of independent activities.

The next four recommendations deal with particular aspects of a total operational plan.

2. Set targets for numbers and types (disciplines) of Cairo U and Ministry personnel to attain capability in interdisciplinary and collaborative solving of development problems.

One of the most important aspects of end-of-project status will be faculty members of Cairo U who are well trained in planning and managing research projects. In addition to these general skills, MIT and Cairo U planners may decide that some people will need some special

skills in such subjects as sampling, questionnaire design, computer programming, etc.

When the targets are determined, MIT and Cairo U should then plan how they will be achieved -- some will learn from on-the-job experience in the conduct of research projects with MIT colleagues or with more experienced Cairo U colleagues; some will learn from graduate work at MIT;others will have supervised theses at Cairo U; special short courses will supplement such experience, etc.

It will also be desirable to develop similar targets for particular Ministries and then make plans for achieving them.

3. Add more formal training.

In the first part of the contract, four workshops were held. Each of these dealt with particular substantive topics - polymers, water resource systems, reliability of electric power systems, and housing materials. Also there have been short courses on such special subjects as stochastic principles, computer programming, weighing and measuring babies, and administering village questionnaires.

Some of the Principal Investigators suggested that more general short courses would be useful. They specifically mentioned a course on proposal writing and on budgeting for research projects. Perhaps such courses could be developed in a way comparable to that used for the training on stochastic principles, which was given jointly by MIT and Cairo professors. When such courses are developed, they should be given several times, for faculty not yet engaged in research projects and for faculty of other universities (see also recommendation #6 for the DRTP Center).

4. Adjust MIT project support to the phase reached by each research project.

This was discussed in Chapter VI on comments. The phasing out of support as research projects gain maturity in an institutional sense, including the possibility of support from Ministries, is an important characteristic of an institution-building project. The criteria for support are not identical to those of projects for which research is the only purpose.

5. Gradually merge the functions of research management and logistic support performed by the Liaison Office and the DRTP Center (except the Liaison Officer functions of financial accountability for MIT).

This topic was touched upon in Chapter IV on management (the section on MIT) and in the comment in Chapter V which is entitled "On the nature of the program." The desirable situation will be a single organization providing contact with Ministries, assuring good quality of research, and serving research teams. For the duration of the MIT contract, a partnership should function, with researchers informally exchanging ideas regardless of the source of funding for

their activities. When MIT faculty members come to Cairo, they should drop in on the Center director and also talk with the pertinent program coordinator. In an informal way, they can be useful for commenting on project proposals and research methods. The bi-weekly meeting for Principal Investigators should include investigators for both Center and MIT projects.

The merging of individual functions need not happen at the same time for each function but can proceed as seems most convenient and practical.

It is recognized that for reasons for financial accountability, MIT will need to continue to have a Liaison Officer who signs checks. Whether this also necessitates a separate accounting unit is not certain. It is possible for a single accounting unit to maintain two or more sets of accounts, one for each kind of fund.

6. Coordinate total MIT program.

All the separate activities under the MIT program should contribute to achievement of the overall purpose of institutional capability. Thus each research project should be monitored from the point of view of what it is doing to enhance improved research planning and management and to train people as well as what research results it is achieving. When a training activity is prepared for one project, consideration should be given as to whether it should be opened to others. Just as Cairo U investigators meet regularly, MIT investigator ould meet from time to time in order to consider progress toward the overall purpose and to exchange information on actions employed to enhance institutional capability.

D. Recommendations for the DRTP Center.

1. Increase the representativeness of the Board of Directors.

Over the long run, the Board of Directors should become more representative of the organizations to be served by the Center. Although the Center is properly a part of the University, it exists to facilitate cooperation with Ministries. It must obtain money from Ministries to support research and training activities. Then it must assure a high quality of performance so that continuing funds will be forthcoming. With such an orientation, the Center will be well served to have the viewpoint of its clients well represented on its Board. At present, its only client Minister, Dr. Abdel Razzak Abdel Meguid, has broader responsibilities as a Deputy Prime Minister.

Another important type of representation to consider is industry. Already various industries are contributing financial support to research and are participating in research teams. The evaluation team is not sure of the best source for an industry representative. Perhaps it should be from the General Organization for Industrialization.

2. Organize Center with three divisions: Training, Research and Administration.

If the Center evolves as now appears likely, with an ambitious management training program, there is some danger that research would

receive inadequate attention as more of the time of the Director and of the administrative staff was devoted to arranging and conducting training sessions. To help assure effectiveness in each of the functions, it would be desirable to organize three main divisions within the Center. Training activities could be headed by a training specialist, research activities by a scientist, and administrative activities by a manager.

3. Adapt Liaison Office procedures with modifications to fit Egyptian needs.

As the functions of the Liaison Office and Center are gradually merged (see recommendation #5 for MIT) careful analysis will be needed about the rationale and effects of various procedures. Sometimes they exist to assure accountability. Sometimes they are a means to obtain professional judgment and thus enhance quality control. An example may be some of the clearances by the Executive Committee. Careful attention to budgeting may often be regarded as a way of encouraging systematic planning and management of research projects.

However, some of the current forms and procedures may be necessitated by rules of MIT or AID. These may need to be modified to fit Egyptian rules.

The point for an organization like the Center which serves research projects is to devise the proper balance. On the one hand, procedures should be simple and rapid. On the other hand, procedures should encourage careful planning, sound management, and high quality. In the long run, the reputation and success of the Center will depend upon research results which are useful to Ministries.

4. Formalize criteria and procedures for project selection and quality control.

The Center probably should not accept every contract which is proposed or offered. Possible reasons for refusal might include irrelevance for development, lack of a researchable hypothesis to solve a problem, inadequate budget or time to produce a satisfactory research result, lack of qualified faculty researchers for the problem (even if faculty are recruited from other universities), or lack of a Ministry liaison office with sufficient authority. Other reasons for refusal may also occur to the Board of Directors. Refusal will be easier if criteria are written and known in advance. Then it will be easier to resist political pressures or to negotiate for a more adequate budget.

An important aspect of project selection is to assure that the problem has been clearly identified and that the client Ministry and the faculty researchers are agreed about its nature and the method of attack. Also, before a contract has been agreed upon, professional review of a proposal is needed to consider not only the methodology but the realism of the estimated man-days and costs.

For Cairo U/MIT projects, at least at the beginning, total funding came from AID. Budgets by the Principal Investigators were necessary, but the Ministries were concerned more with the relevance of the research than with its cost. Now as the Ministries agree to pay for contracts, a new element has been added. Previous experience of Ministries with consulting contracts may be analogous but is not exactly the same.

A common practice for research organizations is to set up one or more review committees composed of knowledgeable professional personnel who are not themselves personally involved in the proposal being reviewed. Such a review serves several purposes. It protects the researcher against starting a project without thinking about some key aspect. It protects the head of the research organization from a project which may incur a deficit or fail to fulfill its promises. It protects the client agency against wasting research funds on activities with slight chance of success.

Thus, the Center would be well advised to set up special committees and formal procedures for review of proposals, for checking on research progress, and for approving final reports. Having the review committee separate from the Program Coordinators would have some advantages. The coordinators will be busy promoting and negotiating - they may not have time for review. Also the coordinators will be personally involved with some proposals.

With formal criteria and formal procedures, the Center will build a reputation for quality which will create demand for its services and facilitate a sound financial operation for itself and, through its payments of overhead costs, a financial assistance for the University in general.

5. Use MIT personnel as consultant to the DRTP Center.

Dr. El Salmi and some of the Program Coordinators have both suggested that they would appreciate being able to receive advice from MIT professors about various problems such as proposals for new projects, devising or modifying a research approach, reviewing research results, etc. Such involvement by MIT people would be consistent with the philosophy of transition in the type of technical assistance. That is, as institutional capability of Cairo U and the Center progresses, MIT's role should evolve from full participation in research teams to that of monitor and consultant.

Some of the consultation can occur on an informal basis as MIT Principal Investigators are in Cairo for their own projects. In addition, there probably should be some provision for consulting time in the program plans and budget. MIT professors will want such time to count as part of their required fifty-percent of their time for research. This can probably be arranged, with the work to help the Center being considered an outgrowth of one of the Cairo U/MIT research projects or being considered as research supervision.

It is assumed that MIT personnel are experienced enough in this kind of consultation that they will not let the Center personnel use the consultation as a way of avoiding responsibility for decisions.

6. Sponsor training for Cairo U investigators in various aspects of research methodology.

Recommendation 3 for MIT called for more formal training. All such short courses should be given under the sponsorship and administrative control of the Center. Courses which may be developed jointly

by MIT and Cairo U personnel and given jointly in the beginning will eventually become all-Egyptian. As such, they may continue to be given under Center sponsorship or elements of some courses may become part of the curriculum of various faculties. An aspect of institutionalization will be regular, continuing training of graduate students at Cairo U in various up-to-date aspects of research methodology. Then the Center may wish to concentrate its efforts on elements of most importance for its own operations, such as proposal writing, budgeting or management of research teams.

7. Recruit faculty from other Universities when needed.

The comment in Chapter V on lack of academic manpower suggested several ways to cope with the problem. The easiest in the short run will be for the Center to recruit faculty from other universities as part of the teams it organizes to respond to Ministry needs. Such inclusion of faculty members from outside Cairo U will have another advantage -- it will help, in a small way, to spread the influence of the Cairo U/MIT project and be a first step toward replication of the procedure of mixed academic-government teams to solve development problems.

8. Establish a policy on patents for inventions resulting from the Center projects.

One of the Cairo U/MIT research projects, rural communications, has resulted in two inventions. Thus far no effort has been made to obtain a patent on the new devices. The Principal Investigator, Professor Kamal, is also a director of Benha Electronics, which is manufacturing the prototypes. He believes that he has an informal agreement that Benha will pay royalties to the DRTP Center if manufacture is undertaken after the experiment.

In other parts of the world, policy on patents has been a major problem for research organizations. Policies followed vary greatly. Some release the inventions to the public. Some allow an individual researcher to obtain a patent and receive royalties. Some reserve the right to patents and royalties for the research organization, with the theory that the work was usually done by groups which could not have functioned without support of the organization.

The Board of Directors may wish to establish a policy to be followed for inventions resulting from Center projects.

9. Investigate follow-on funding from UN sources for projects of strong interest to other nations.

Various aspects of current or future research projects may be of interest to non-Egyptian sources of funding, as has been illustrated by the ITU contract for a report from the Rural Communications project. Two aspects of the work on water resources would appear to be of possible interest to UN sources since they involve international resources. These are the Nubian Aquifer and the Upper Nile.

Appendix A - People Interviewed

AID/Washington

Alfred D. White, Acting Assistant Administrator of AID for Near East
Bradshaw Langmaid, Director of Development Planning, NE
Joan Silver, Evaluation Officer, NE
Gerald Kamens, Director Egypt-Israeli Office
Bert Porter, Egypt Desk
Edward Krowitz, Egypt Desk
Ramón Flores, Project Officer, NE Tech
Edwin Tolle, Project Officer, NE Tech

Washington on related projects

National Academy of Sciences

Dr. Helmuth H. Weldes, Dr. Adviser to President of National Research Center in Cairo
Dr. Gus Nasmith
Dr. Jay Davenport

Evaluators for Science and Technology Policy

Princeton Lyman, Special Assistant to Director, International Development Cooperation Agency
Courtney Nelson, Consultant to Office of Science and Technology Policy, Executive Offices of the President
Herman Pollock, Professor of International Affairs, George Washington University

Evaluators for Applied Science and Technology Project

Clinton Stone, Georgia Institute of Technology
Nicholas Luykx, Agency for International Development

Massachusetts Institute of Technology

Dr. Walter A. Rosenblith, Provost
Dr. William F. Pounds, Dean of Sloan School of Management
Dr. Richard S. Eckhaus, Professor of Economics, Principal Investigator, Economic Planning
Dr. Nazli Choucri, Professor of Political Science, Principal Investigator, Labor Migration, Chairman Policy Committee
Dr. Fred Moavenzadeh, Program Director, Professor of Civil Engineering, Principal Investigator, Inter-City Transportation Planning
Mr. Kevin O'Toole, Technical Officer
Mr. James J. Culliton, Assistant to the Vice President, Administration and Personnel
Dr. John O. Field, Research Associate, Center for International Studies, Investigator on Health Care

Dr. Ithiel de Sola Pool, Professor of Political Science, Principal Investigator, Communications for Rural Development
Dr. Martin Weitzman, Professor of Electrical Engineering, Principal Investigator, Long-term Investment Planning for Electric Power System
Dr. Frederick McCarry, Professor of Mechanical Engineering, Principal Investigator, Engineering Applications for Plastics Industry
Dr. Peter Eagleson, Professor of Civil Engineering, Principal Investigator, Stochastic Model of Nile Inflows to Lake Nasser.
Prof. David Marks, Professor of Civil Engineering, Principal Investigator, Water Resource Planning Models for Nile River Basin
Prof. J. Kirtley, Professor of Electrical Engineering, Principal Investigator for Egyptian Electric Power System
Prof. Skolnikoff, Professor of Science and Public Policy

USAID - Cairo

Mr. Donald Brown, Director
Mr. James Norris, Chief Economic Section, Former Project Officer for MIT Project
Mr. John Blackton, Chief, Sectoral Analysis
Ms. Janice Weber, Science and Technology Division
Mr. James Riley, Science and Technology Division
Mr. Al Bissette, Chief Education and Manpower Division, Project Officer for MIT Project

Liaison Office

Mr. James McCarthy, Administrative Officer
Ms. Jeanne DePass, Administrative Officer
Gen. Ahmed Mamdouh Hassan, Administrative Officer

Government of Arab Republic of Egypt

Dr. Aziz Bindary, Chairman, Family Planning and Population Agency, Program Coordinator of Population Studies, Consultant for Rural Communications, Health Care, Macro-Economic Planning and Labor Migration Projects
Dr. Atef Dabbor, Head, Industrial Sector, Ministry of Planning
Mahmoud Ibrahim Saleh, Chief, Commodity Balances, Ministry of Planning
Maurice Farid Abdullah, Head, Input-Output Unit, Ministry of Planning
Adli Mansour Abdel Salam, Food Section, Commodity Balances, Ministry of Planning
Dr. Rukaiya Suleiman, Statistician on Manpower Planning, Ministry of Planning
Ali Suleiman, Foreign Trade Department, Ministry of Planning
Ahmed Amin Abdel Hafez, Head, Oil Products, Ministry of Planning
Dr. Sayed Hanafi, Deputy Minister of Planning
Dr. Hassan Ismail, President, Academy of Scientific Research and Technology
Dr. Fahmy Ramadan, Director, National Research Center
Engr. Ibrahim Sharkas, Deputy Chairman, General Organization for Industrialization
Engr. Shakei El Nahas, Director for Foreign Agreements, General Organization for Industrialization
Engr. Abdel Aal El Salamwy, Deputy Minister of Transport and

Dr. Abdel Mobarek, Deputy Minister of Health
Dr. Maher Abaza, First Undersecretary of State, Ministry of Electricity
Dr. Hamed Amer, Petrochemicals Project, Ministry of Petroleum
Dr. Ahmed Shawhey, Chairman of Authority for Roads and Bridges Ministry of Transport and Communications
Dr. Ahmed Handy, Vice Chairman of Authority for Roads and Bridges, Ministry of Transport and Communications
Dr. Ahmed Talaat, Ex-Minister for Housing
Mr. Samir Allam, Vice Chairman, El Nasr Constructing Co.
Engr. Sarwat Fahmy, Co-Manager of Water Master Plan
Engr. Bayumi, Ministry of Irrigation

Cairo University

Dr. I. Badran, President, Cairo University, Chairman of Board of Directors, DRTP Center
Dr. Ali El Salmi, Professor of Management, Director, DRTP Center
Dr. M. Zaki Shafei, Professor of Economics, Chairman of Executive Committee
Dr. Salah Shabender, Professor of Surgery, Dean of Cancer Institute, Principal Investigator of Health Care Delivery Systems, Member of Executive Committee
Dr. Yehia Kabil, Dean, Faculty of Engineering, Principal Investigator of Engineering Application for the Plastics Industry, Member of Executive Committee
Dr. Amir Mohie El-din, Professor of Economics, Principal Investigator of Labor Migration and Macro Economic Planning, Program Coordinator for Economic Studies
Dr. Salah El Sabki, Professor of Electrical Engineering
Dr. A. El Erian, Chairman, Department of Structural Engineering, Principal Investigator of Housing and Construction Industry
Dr. Mohamed El Hawary, Professor of Civil Engineering, Principal Investigator of Intercity Transportation Planning and Urban Transportation, Program Coordinator for Technological Planning
Dr. Mohamed G. El Maghrabi, former Dean, Faculty of Engineering
Dr. Sakia Shafei, Professor of Architecture, Investigator, Housing and Construction Industry
Dr. Abdel Amer, Professor of Civil Engineering, Principal Investigator of Regional Groundwater Studies
Dr. Mohamed Abou-Hussein, Chairman, Department of Electrical Engineering Principal Investigator of Long-term Investment Planning for Electrical Power System
Dr. Ismail Mobarek, Professor of Civil Engineering, Principal Investigator Stochastic Model of Nile Inflows to Lake Nasser
Dr. Mohamed Osman, Professor of Civil Engineering, Principal Investigator, Waxy Asphalts
Dr. Ismail El Assiouti, Professor of Civil Engineering, Principal Investigator of Water Resource Planning Models for Nile River Basin
Dr. Salah Bayoumi, Professor of Chemical Engineering, Principal Investigator of Engineering Applications for Plastics Industry
Dr. Abdel Malik Oda, Professor of Political Science, Investigator for Rural Communications
Dr. A. Aziz Kamal, Vice Dean, Faculty of Electrical Engineering; Principal Investigator of Communication Needs for Rural Development

ANNEX II

SUMMARY BUDGET

	11/1/80-10/31/81		11/1/81-10/31/82		11/1/82-10/31/83	
	US$	LE	US$	LE	US$	LE
Staff & Administration	273.1	18.8	207.0	8.4	207.0	8.4
Project Teams:						
Staff	876.0	512.4	607.2	402.0	607.2	402.0
Travel	70.8	180.0	72.0	180.0	72.0	180.0
Direct Expenses	156.0	108.0	120.0	72.0	120.0	72.0
Total	1102.8	800.4	799.2	654.0	799.2	654.0
Liaison Office	69.6	100.0	54.1	81.0	54.1	81.0
Center Development	-	79.0	-	69.0	-	69.0
Educational Programs	12.8	25.6	9.6	25.6	9.6	25.6
Visiting Fellows	77.3	5.6	77.3	5.6	77.3	5.6
Conferences	-	16.0	-	16.0	-	16.0
Travel	60.0	52.0	45.0	41.7	45.0	41.7
Direct Expenses	46.0	-	34.5	-	34.5	-
TOTAL	1641.6	1097.4	1226.7	901.3	1226.7	901.3
TOTAL, assuming 15% ~~escalator~~ inflation.	1641.6	1097.4	1410.7	1036.5	1622.3	1192.0

TOTAL FUNDING REQUEST: US$4,674.6
(escalated) LE3,325.9

STAFF & ADMINISTRATION (US$)

	11/1/80-10/31/81	11/1/81-10/31/82	11/1/82-10/31/83
Chairperson of Policy Committee (25% + 1 SM)	12.8	12.8	12.8
Technical Officer	30.4	30.4	30.4
Administrative Officer	22.0	22.0	22.0
Administrative Officer	19.2	19.2	19.2
Administrative Asst.	19.2	-	-
Administrative Asst.	13.2	13.2	13.2
Secretary	12.0	-	-
Total Salaries	128.8	97.6	97.6
Benefits @ .26	33.5	25.4	25.4
OH @ .683	110.8	84.0	84.0
TOTAL	273.1	207.0	207.0

PROJECT TEAMS (US$)

	11/1/80-10/31/81	11/1/81-10/31/82	11/1/82-10/31/83
Principal Investigator (10%+1SM)	13.3	(10%) 10.0	10.0
Jr. Faculty/Staff (50%)	12.0	(20%) 4.8	4.8
Research Assistant	14.4	14.4	14.4
Subtotal	39.7	29.2	29.2
Benefits @ .26	6.6	3.8	3.8
OH @ .683	26.7	17.6	17.6
Total Salaries	73.0	50.6	50.6
Per diem in Boston (6x14x50)	4.2	4.2	4.2
Domestic Travel	1.7	1.8	1.8
Total Travel	5.9	6.0	6.0
Computer charges	6.0	5.0	5.0
Other materials & services	7.0	5.0	5.0
Total Direct Expenses	13.0	10.0	10.0
TOTAL per project	91.9	66.6	66.6
TOTAL for 12 projects	1102.8	799.2	799.2

LIAISON OFFICE (US$)

	11/1/80-10/31/81	11/1/81-10/31/82	11/1/82-10/31/83
MIT Administrator	31.3	31.3	31.3
Benefits @ .30	9.4	9.4	9.4
OH @ .145	5.9	5.9	5.9
Total Salary	46.6	46.6	46.6
Freights for supplies	8.0	2.5	2.5
Supplies & equipment	15.0	5.0	5.0
TOTAL	69.6	54.1	54.1

EDUCATIONAL PROGRAMS (US$)

Faculty (1 @ 20%)	6.0	(15%) 4.5	4.5
Benefits @ .26	1.6	1.2	1.2
OH @ .683	5.2	3.9	3.9
TOTAL	12.8	9.6	9.6

VISITING FELLOWS (US$)

4 @ $1,200/month	57.6	57.6	57.6
OH @ .3415	19.7	19.7	19.7
TOTAL	77.3	77.3	77.3

TRAVEL (US$)

	11/1/80-10/31/81	11/1/81-10/31/82	11/1/82-10/31/83
Domestic	12.0	10.0	10.0
Int'l per diem	8.0	5.0	5.0
Overseas supplement for projects and admin. staff	40.0	30.0	30.0
TOTAL	60.0	45.0	45.0

OTHER DIRECT EXPENSES (US$)

Telex @ $700/month	8.4	6.3*	6.3
Telephone @ $600/month	7.2	5.4	5.4
Photocopy @ $300/month	3.6	2.7	2.7
Publications @ $500/montb	6.0	4.5	4.5
Consumables @ $1500/month	18.0	13.5	13.5
Books and Publications	2.8	2.1	2.1
TOTAL	46.0	34.5	34.5

*All figures reduced by 25%

STAFF & ADMINISTRATION (LE)

	11/1/80-10/31/81	11/1/81-10/31/82	11/1/82-10/31/83
Vice Rector (20%)	8.0	(10%) 4.0	4.0
Secretary	2.0	-	-
OH @ 1.09	8.8	4.4	4.4
TOTAL	18.8	8.4	8.4

PROJECT TEAMS (LE)

	11/1/80-10/31/81	11/1/81-10/31/82	11/1/82-10/31/83
Principal Investigator 1000 man-hours/year	7.2	7.2	7.2
Junior Faculty 1500 man-hours/year	7.5	(1000) 5.0	5.0
Ministry participants 2000 man-hours/year	8.0	(1500) 6.0	6.0
Students & technicians 2000 man-hours/year	4.0	(1000) 2.0	2.0
Overhead on faculty @ 1.09	16.0	13.3	13.3
Total Salaries	42.7	33.5	33.5
12 trips Boston/Cairo @ LE700	8.4	8.4	8.4
Per diem in Cairo (6x14x50)	4.2	4.2	4.2
Domestic Travel	2.4	2.4	2.4
Total Travel	15.0	15.0	15.0
Computer charges	6.0	4.0	4.0
Other materials & services	3.0	2.0	2.0
Total Direct Expenses	9.0	6.0	6.0
TOTAL per project	66.7	54.5	54.5
TOTAL for 12 projects	800.4	654.0	654.0

LIAISON OFFICE (LE)

	11/1/80-10/31/81	11/1/81-10/31/82	11/1/82-10/31/83
Admin. Officer	4.8	4.8	4.8
Acct. Staff (3)	7.2	7.2	7.2
Secretarial & other	20.0	(6) 15.0	15.0
Equipment & maintenance	12.0	9.0	9.0
Translation	4.0	3.0	3.0
Local transportation	24.0	20.0	20.0
Communications	12.0	10.0	10.0
Consumables	16.0	12.0	12.0
TOTAL	100.0	81.0	81.0

CENTER DEVELOPMENT (LE)

Director	9.0	9.0	9.0
Executive Committee	24.0	24.0	24.0
OH @ 1.09	36.0	36.0	36.0
Other staff	10.0	-	-
TOTAL	79.0	69.0	69.0

EDUCATIONAL PROGRAMS (LE)

	11/1/80-10/31/81	11/1/81-10/31/82	11/1/82-10/31/83
2 faculty @ 500 hours	7.0	7.0	7.0
OH @ 1.09	7.6	7.6	7.6
6 trips Boston/Cairo	4.2	4.2	4.2
Per diem in Cairo (4x14x50)	2.8	2.8	2.8
Books	2.0	2.0	2.0
Supplies	2.0	2.0	2.0
TOTAL	25.6	25.6	25.6

VISITING FELLOWS (LE)

8 round trips @ LE700	5.6	5.6	5.6

CONFERENCES (LE)

Facility rental	4.0	4.0	4.0
Supplies, printing	12.0	12.0	12.0
TOTAL	16.0	16.0	16.0

TRAVEL (LE)

	11/1/80-10/31/81	11/1/81-10/31/82	11/1/82-10/31/83
40 trips for admin. staff (CU & MIT)	28.0	22.4*	22.4
Per diem in Cairo 28x14x50	19.6	15.7	15.7
Local Transportation	4.4	3.6	3.6
TOTAL	52.0	41.7	41.7

*All figures reduced by 20%

TOTAL BUDGET - NEW INITIATIVES

CU/MIT Technological Planning Program

Activity	Unit Cost US$	Unit Cost LE	Number/ Year	Total Cost US$	Total Cost LE
1. Short-term CU/MIT Research Projects	35	30	6	210	180
2. Research Support for CU Junior Faculty	12	12	6	72	72
3. Incentive for Graduate Student Theses	-	5	10	-	50
4. Course Development at Cairo University	25	30		25	30
5. Short Courses at Center	20	15	6	120	90
6. Graduate Student Support					
A. At MIT	15	.7	10	150	7
B. At Cairo University	3	10	10	30	100
7. Internship Program for CU Faculty at Ministries		3.1	10		31
8. Educational Hardware				400	-
TOTAL				1,107	560

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1. Short-term CU/MIT Research Projects

	US$	LE
MIT Staff:		
1 sr. faculty, 25% for 6 mos.	5.7	
1 jr. faculty, 25% for 6 mos.	4.0	
1 res. asst., 50% for 6 mos.	3.6	
Benefits @ .26	2.5	
Overhead @ .683	9.6	
Total salaries	25.4	
CU Staff:		
1 sr. faculty, 50 hrs/mo for 6 mos.		2.1
2 jr. faculty, 100 hrs/mo for 6 mos.		4.8
Ministry participants, 100 hrs/mo		3.0
Overhead on faculty @ 1.09		7.5
Total salaries		17.4
Travel:		
6 air fares, Cairo/Boston		4.2
6 weeks per diem Boston	2.1	
6 weeks per diem Cairo		2.1
Local travel	1.0	1.1
Computer:	4.0	3.0
M & S	2.5	2.2
TOTAL	$35.0	LE30.0

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2. Research Support for Cairo University Junior Faculty

	US$	LE
Six months at MIT:		
Tuition for 1 semester at Center for Advanced Engineering Studies	4.7	
Stipend - $1,000 first month, $600 per month thereafter	4.0	
M & S at MIT (books, supplies, typing, photocopy)	1.3	
Computer	2.0	
Six months at Cairo University:		
Salary @ 100 hours/month		2.4
Overhead on salary @ 1.09		2.6
Supplies, printing, photocopy		1.4
Student assistants, 100 hours/month		1.2
Computer		3.0
Two air fares to Boston		1.4
TOTAL	$12.0	LE12.0

3. Incentive for Graduate Student Theses

Gross salary @ LE200/month	1.2
Computer	3.0
Printing, typing	.8
TOTAL	LE5.0

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4. Course Development at Cairo University

	US$	LE
Salaries of teaching staff:		
At MIT, 2 x 15% x 9 mos.	8.0	
Benefits @ .26	2.1	
Overhead @ .683	6.9	
At Cairo University, 3 x 30 hrs/mo x LE7/hr x 12		7.5
Overhead @ 1.09		8.2
Total salaries	17.0	15.7
Travel - 8 round trips		
Airfare		5.6
Per diem in Cairo (4 x 14 x 50)		2.8
Per diem in U.S. (4 x 14 x 50)	2.8	
Local transport	.5	.9
Overseas supplement for MIT faculty	2.4	
Total travel	5.7	9.3
Course-related expenses:		
Textbooks	1.3	3.0
Supplies, photocopy	1.0	2.0
Total	2.3	5.0
TOTAL	$25.0	LE30.0

5. Short Courses at Center

	US$	LE
Salaries of teaching staff:		
At MIT, 2 x 50% x 2 mos.	6.4	
Benefits @ .26	1.7	
Overhead @ .683	5.5	
At Cairo University, 2 x 100 hrs/mo x 2 mos.		2.8
Overhead @ 1.09		3.1
Other staff (students, ministry)		.8
Total salaries	13.6	6.7
Travel - 3 trips to Cairo		
Airfare		2.1
Per diem (3 x 10 x 50)		1.5
Local transport		.5
Overseas supplement	1.8	
Total travel	4.8	4.1
Course-related expenses:		
Textbooks and supplies	3.0	3.0
Printing, photocopy	1.6	1.2
Total	4.6	4.2
TOTAL	$20.0	LE15.0

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6. Graduate Student Support

	US$	LE
A. Fellowships at MIT		
Tuition	6.2	
Stipend ($600/mo. x 12)	7.2	
Typing, supplies, books	1.6	
Air fare		.7
TOTAL	$15.0	.7
B. Fellowships at CU for Ministry Personnel		
Stipend (LE400/mo. x 12)		4.8
Typing, supplies, books		1.5
Computer		3.0
One trip to MIT:		
Airfare		.7
30 days per diem	1.5	
Supplies, typing, computer	1.5	
	$3.0	LE10.0

7. Internship Program for CU Faculty at Ministries

Salary, 3 mos. @ 100 hrs/mo	1.5
Overhead	1.6
TOTAL	LE3.1

8. Educational Hardware

Library	50.0
Computer	200.0
Laboratory facilities	150.0
TOTAL	400.0

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CLASS: UNCLASSIFIED
CHRGE: AID 6/30/82
APPRV: DIR:DSBROWN
DRFTD: PRO:REURKE:LC
CLEAR: 1.EDU:ABISSET
DISTR: AID-6 AMB DCM
CHR 9/REJ

AIDAC

E.O. 12065: N/A
SUBJECT: DEVELOPMENT STUDIES PROJECT NO. 263-0061

REF: CAIRO 14100

1. SUMMARY: REFTEL OUTLINED ADDITIONAL DOLLAR FUNDING REQUIRED FOR LIFE OF PROJECT AND REQUESTED AD HOC REDELEGATION OF CONTRACT AUTHORITY TO THE USAID DIRECTOR/USAID CONTRACT OFFICER IN THE AMOUNT OF $12 MILLION. THIS CABLE PROVIDES FURTHER DETAIL ON THE BUDGET REQUIREMENTS AND INFORMATION NEEDED FOR THE CONGRESSIONAL NOTIFICATION. IT ALSO CORRECTS A MIS-CALCULATION IN LIFE OF PROJECT REQUIREMENTS MADE AT THE END OF PARA 3, REFTEL. LOP COSTS ARE EXPECTED TO EXCEED THE $15,227,200 COMBINED DOLLAR AND EGYPTIAN POUND COSTS APPROVED IN THE PROJECT PAPER AND A PROJECT PAPER AMENDMENT WILL BE NECESSARY. END OF SUMMARY.

2. REDELEGATION. REQUEST REMAINS VALID FOR AD HOC REDELEGATION OF CONTRACT AUTHORITY IN THE AMOUNT OF $12 MILLION TO COVER REMAINING LOP COSTS, INCLUDING (1) TRANSFER TO DOLLAR FUNDING OF EGYPTIAN POUND COSTS, (2) INCREASE FROM 10 TO 15 PERCENT IN ANNUAL COST INFLATION, AND (3) NEW INITIATIVES RECOMMENDED FOLLOWING PHASE ONE EVALUATION.

3. REMAINING LOP BUDGET DETAILS. THE FIVE YEAR CU/MIT GRANT PROJECT IS CURRENTLY FUNDED THROUGH OCTOBER 1982. THE INITIAL CU/MIT BUDGET SUBMISSION FOR THE REMAINING THREE YEARS HAS TWO PARTS, ONE WHICH COVERS COSTS AND ACTIVITIES PROPOSED FOR PHASE TWO PRIOR TO THE IN-DEPTH EVALUATION OF PHASE ONE AND A SUPPLEMENTAL WHICH PROVIDES COST ACTIVITIES FOR NEW INITIATIVES FOR PHASE TWO PROPOSED AS A RESULT OF RECOMMENDATIONS FOLLOWING THE EVALUATION. THE DETAILS OF THESE TWO BUDGET PROPOSALS SUBMITTED TO THE MISSION IN DRAFT BY KEVIN O'TOOLE, THE TECHNICAL OFFICER FOR MIT, FOLLOW:

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- PHASE TWO SUMMARY BUDGET ($000)

	11/1/80-10/31/81		11/1/81-10/31/82		11/1/82-10/31/83	
	US$	LE	US$	LE	US$	LE
STAFF AND ADMIN	273.1	18.8	207.0	8.4	207.0	8.4
PROJECT TEAMS:						
- STAFF	876.0	512.4	607.2	402.0	607.2	402.0

- TRAVEL	72.0	180.0	72.0	192.0	72.0	180.0
- DIRECT EXPENSES	156.2	102.2	120.0	72.0	120.0	72.0
- TOTAL	1122.8	800.4	799.2	654.0	799.2	654.0
LIAISON OFFICE	69.6	102.0	54.1	81.0	54.1	81.0
CENTER DEVELOPMENT	-	79.0	-	69.0	-	69.0
EDUCATIONAL PROG.	12.8	25.6	9.6	25.6	9.6	25.6
VISITING FELLOWS	77.3	5.6	77.3	5.6	77.3	5.6
CONFERENCES	-	16.0	-	16.0	-	16.0
TRAVEL	60.7	52.0	45.0	41.7	45.0	41.7
DIRECT EXPENSES	46.0	-	34.5	-	34.5	-
- TOTAL	1641.6	1097.4	1226.7	901.3	1226.7	901.3
- TOTAL, ASSUMING						
- 15 PCT INFL	1641.6	1097.4	1410.7	1036.5	1622.3	1192.0

TOTAL FUNDING REQUEST:	US$4,674.6	4,674.6
- (ESCALATED)	LE 3,325.9	4,756.0
- TOTAL		9,430.6

BUDGET FOR NEW INITIATIVES IN PHASE TWO ($000)
CU/MIT TECHNOLOGICAL PLANNING PROGRAM

- ACTIVITY	UNIT COST US$	UNIT COST LE	NUMBER/ YEAR	TOTAL COST US$	TOTAL COST LE
1. SHORT-TERM CU/MIT - RESEARCH PROJECTS	35	30	6	210	180
2. RESEARCH SUPPORT FOR - CU JUNIOR FACULTY	12	12	6	72	72
3. INCENTIVE FOR GRADUATE - STUDENT THESES	-	5	10	-	50
4. COURSE DEVELOPMENT AT - CAIRO UNIVERSITY	25	30		25	30
5. SHORT COURSES - AT CENTER	20	15	6	120	90
6. GRADUATE STUDENT - SUPPORT					
- A. AT MIT	15	7	10	150	7
- B. AT CAIRO UNIV.	3	10	10	30	100
7. INTERNSHIP PROGRAM FOR CU - FACULTY AT MINISTRIES		3.1	10		31
8. EDUCATIONAL HARDWARE				420	-

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-	TOTAL			1987	560
-	11/1/80-	11/1/81-	11/1/82-		DOLLAR
-	10/31/81	10/31/82	10/31/83	TOTAL	EQUIVALENT
TOTAL FOR 3 YEARS,					
ASSUMING 15 PERCENT INFLATION					
-	US$ 1000.0	1150.0	1331.7	3496.7	3496.7
-	LE 560.0	644.0	740.6	1944.6	2780.8
-				TOTAL	6277.5

PHASE TWO ORIGINAL TOTAL	$9,430.6
NEW INITIATIVES TOTAL	$6,277.5
CU/MIT PROPOSED PHASE TWO TOTAL	$15,708.1

4. COMMENTS ON BUDGET. CU/MIT PROPOSED PHASE TWO TOTAL OF $15.71 MILLION INCLUDES NO PHASEOUT PLAN AND LEAVES ROOM FOR REDUCTION DURING NEGOTIATIONS. MISSION BELIEVES FINAL FIGURES AFTER REVISION FOR PHASEOUT AND NEGOTIATION OF SPECIFIC ACTIVITIES AND COSTS WILL FALL WITHIN THE $12 MILLION NEGOTIATING CEILING REQUESTED REFTEL.

5. RECALCULATION OF LOP REQUIREMENTS. IN PARA 3, REFTEL, LOP COSTS WERE ESTIMATED TO BE WITHIN CLOSE RANGE OF THE $15,227,000 APPROVED IN THE PROJECT PAPER (I.E., $3.8 MILLION PREVIOUSLY OBLIGATED PLUS REMAINING OBLIGATIONS TO BE MADE WITHIN THE $12 MILLION NEGOTIATING LEVEL REQUESTED.) HOWEVER, THIS FAILED TO INCLUDE LE 2.3 MILLION OBLIGATED EARLIER ALONG WITH THE $3.8. LOP COSTS, THEREFORE, ARE SOME $333 MILLION MORE (LE 2.3 MILLION X 1.43) THAN PREVIOUSLY CALCULATED AND CLOSER TO $19 MILLION. THIS WILL REQUIRE A PROJECT PAPER AMENDMENT WHICH WE WILL PREPARE AND FORWARD TO YOU IN THE NEAR FUTURE.

6. ACTIONS REQUIRED.
(A) AD HOC REDELEGATION OF CONTRACT AUTHORITY (AID/W - SER/CM/SD).
(B) PREPARATION OF PROJECT PAPER AMENDMENT (MISSION). THIS WILL INCLUDE A DRAFT TEXT FOR THE AUTHORIZATION AMENDMENT AND A 612(B) DETERMINATION.
(C) EXPEDITED APPROVAL OF PP AMENDMENT (AID/NE).
(D) PREPARATION AND SUBMISSION OF CONGRESSIONAL NOTIFICATION (AID/W). MISSION REQUESTS THIS BE DONE NOW.
ATHERTON
BT
#4610

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ANNEX III

Mr. Donald S. Brown
Director
Agency for International Development
American Embassy
Cairo

Dear Mr. Brown:

As you are aware, Cairo University and a number of Government of Egypt ministries have been working with an AID-funded contract team from the Massachusetts Institute of Technology since 1978 in collaborative research of development problems in Egypt and in an effort to establish within Cairo University an independent capability to conduct similar research following the termination of the MIT CONTRACT.

The first two years of the five year project are now being completed and there has just been an in-depth evaluation of the results to date. We are very encouraged by the evaluators' findings that the research done under the project has proved to be most useful in problem solving and project design for development planning in Egypt.

The original project paper covering this activity authorized $15.2 million in AID financing. However, based on our early calculations of the requirements for the remaining three years of the project will require an additional $4 million in AID financing. There has been a higher than previously anticipated rate of inflation in project costs. The evaluation team also recommended a number of expanded and/or new activities to be carried out in the last three

years to ensure the success of the plan to make the University's Center for Technological Planning fully capable of coordinating GOE and outside consultant efforts in collaborative research so that the direct AID-funded MIT contract can be terminated and a new set of relationships established with the Center coordinating all research and planning.

Cairo University and the MIT team are currently working on a scope of work to govern the remaining three years of the project. This will include a jointly agreed preliminary budget which can be further refined during the contract negotiations between AID and MIT. We anticipate the additional $4 million raising the total AID funding for the remaining three years to $12 million will be sufficient to ensure satisfactory completion of the project and proper financing for the MIT final phase contract. Would you therefore, please approve the additional $4 million for life of project funding? We will work together with the AID and MIT people to ensure its proper inclusion in the work of the project. Authorization of these funds is necessary now to ensure continuation of the MIT team's work. We intend to conduct the contract negotiations at the earliest possible date.

Thank you for your consideration of this request.

Sincerely yours,

Dr. Ibrahim Badran

Rector, Cairo University

ANNEX IV

ANNEX IV

EGYPT: DEVELOPMENT PLANNING STUDIES (263-0061)

CERTIFICATION PURSUANT TO
SECTION 611(e) OF THE FOREIGN
ASSISTANCE ACT OF 1961, AS AMENDED

I, Donald S. Brown, the Principal Officer of the Agency for International Development in Egypt, having taken into account, among other things, the research and collaborative capabilities of participating Government of Egypt ministries and Cairo University and the technical assistance and training planned under this project, do hereby certify that in my judgment, Egypt has both the human resources and financial capability to effectively utilize the grant assistance to be provided to Cairo University for the purposes of the Development Planning Studies project.

Donald S. Brown
Director

7/22/80
Date

ANNEX V

ANNEX V

5C (2) - PROJECT CHECKLIST

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

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

A. GENERAL CRITERIA FOR PROJECT

1. FY 79 App. Act Unnumbered; FY 80 App. Act Unnumbered; FAA Sec. 634A; Sec. 653(b); (a) Describe how authorizing and appropriations Committees 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 during July 1980** b) **Yes**
2. FAA Sec. 611(a) (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** 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?	**No further legislative action is required**
4. FAA Sec. 611(b); FY 79 App. Act Sec. 101; FY 80 App. Act Sec. (501.) 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?	**N/A**

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?	N/A
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.	No, but success in this project may lead to similar efforts in the region.
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.	None of these areas is specifically addressed by this project, but success in the project is likely to have a positive influence on several or all of them.
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).	Not directly affected by the project, but improved planning and implementation should result in increased trade and investment opportunities annually.
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 project to date has been substantially supported by GOE Ministries and by Cairo University. A 612(b) determination of a need to purchase additional L.E. with dollars has been made and a justification for this included within the PP amendment.

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?	**Remaining excess currencies have been fully programmed for use**
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; FY 80 App. Act Sec. (521.) If assistance is for the production of any commodity for export, is the 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?	**N/A**

B. FUNDING CRITERIA FOR PROJECT **N/A**

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 countries and the improvement of women'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.) N/A

(1) [103] for agriculture, rural development or nutrition; if so (a) extent to which activity is specifically designed to increase productivity and income of rural poor; [103A] if for agricultural research, full account shall be taken of the needs of small farmers, and extensive use of field testing to adapt basic research to local conditions shall be made; (b) extent to which assistance is used in coordination with programs carried out under Sec. 104 to help improve nutrition of the people of developing countries through encouragement of increased production of crops with greater nutritional value, improvement of planning, research, and education with respect to nutrition, particularly with reference to improvement and expanded use of indigenously produced foodstuffs; and the undertaking of pilot or demonstration programs explicitly addressing the problem of malnutrition of poor and vulnerable people; and (c) extent to which activity increases national food security by improving food policies and management and by strengthening national food reserves, with particular concern for the needs of the poor, through measures encouraging domestic production, building national food

reserves, expanding available storage facilities, reducing post harvest food losses, and improving food distribution.

(2) [104] for population planning under sec. 104(b) or health under sec. 104(c); if so, (a.) 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. N/A

(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; and (b.) extent to which assistance provides advanced education and training of people in developing countries in such disciplines as are required for planning and implementation of public and private development activities. N/A

(4) [106] for technical assistance, energy, research, reconstruction, and selected development problems; if so, extent activity is: (i) (a) concerned with data collection and analysis, the training of skilled personnel, research on and development of suitable energy sources, and pilot projects to test new methods of energy production; and Partial

(b) facilitative of geological and geophysical survey work to locate potential oil, natural gas, and coal reserves and to encourage exploration for potential oil, natural gas, and coal reserves. Partial

(ii) technical cooperation and development, especially with U.S. private and voluntary, or regional and international development, organizations;	Partial
(iii) research into, and evaluation of, economic development processes and techniques;	Significant
(iv) reconstruction after natural or manmade disaster;	N/A
(v) for special development problems, and to enable proper utilization of earlier U.S. infrastructure, etc., assistance;	Significant
(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.	Partial
c. [107] is appropriate effort placed on use of appropriate technology? (relatively smaller, cost-saving, labor using technologies that are generally most appropriate for the small farms, small businesses, and small incomes of the poor.)	Significant
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)?	Yes
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"?	Yes
f. FAA Sec. 281(b). Describe extent to which program recognizes the particular needs, desires, and capacities of the people of the country; utilizes the country's	These concerns are at the heart of the project purpose

intellectual resources to encourage institutional development; and supports civil education and training in skills required for effective participation in governmental 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? Yes

2. Development Assistance Project Criteria (Loans Only)

a. FAA Sec. 122(b). Information and conclusion on capacity of the country to repay the loan, at a reasonable rate of interest.

b. FAA Sec. 620(d). If assistance is for any productive enterprise which will compete with U.S. enterprises, 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?

3. Project Criteria Solely for Economic Support Fund

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

b. FAA Sec. 531(c). Will assistance under this chapter be used for military, or paramilitary activities?

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 commodities and services financed?	Yes
2. FAA Sec. 604(a). Will all procurement 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 commodities be insured in the United States against marine risk with a company or companies authorized to do marine insurance business in the U.S.	Yes
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?	N/A
5. FAA Sec. 603 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 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.	Yes
6. FAA Sec. 608(a). Will U.S. Government excess personal property be utilized wherever practicable in lieu of the procurement of new items?	Yes
7. FAA Sec. 621. If technical assistance is financed, to the fullest extent practicable will such assistance, goods and professional and other services from private enterprise, be furnished on a	Yes. It is anticipated that only the U.S. private sector will provide services under this grant.

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?

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; FY 80 App. Act Sec. [505.] Does the contract for procurement contain a provision authorizing the termination of such contract for the convenience of the United States? **N/A**

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? **N/A**

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? **N/A**

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? **N/A**

C. Other Restriction

1. FAA Sec. 122(b). If development loan, is interest rate at least 2% per annum during grace period and at least 3% per annum thereafter? **N/A**

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? N/A

3. FAA Sec. 620(h). Do arrangements exist to insure that United States foreign aid is not used in a manner which, contrary to the best interests of the United States, promotes or assists the foreign aid projects or activities of the Communist-bloc countries? Yes

4. FAA Sec. 636(i). Is financing not permitted to be used, without waiver, for purchase, sale, longterm lease, exchange or guaranty of motor vehicles manufactured outside the U.S.? Yes

5. Will arrangements preclude use of financing: Yes

a. FAA Sec. 104(f). To pay for performance of abortions as a method of family planning or to, motivate or coerce persons to practice abortions; to pay for performance of involuntary sterilization as a method of family planning, 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 provide training or advice or provide any financial support for police, prisons, or other law enforcement forces, except for narcotics programs? Yes

d. FAA Sec. 662. For CIA activities? Yes

e. FY 79 App. Act, Sec. 104; FY 80 App. Act Sec. [504.] To pay pensions, etc., for military personnel? Yes

f. FY 79 App. Act, Sec. 106; FY 80 App. Act. Sec. [506.] To pay U.N. assessments? Yes

g. FY 79 App. Act, Sec. 107; FY 80 App. Act. Sec. [507.] To carry out provisions of FAA section 209(d)? (Transfer of FAA funds to multilateral organizations for lending.) **Yes**

h. FY 79 App. Act, Sec. 112; FY 80 App. Act Sec. [511.] To finance the export of nulcear equipment, fuel, or technology or to train foreign nationals in nuclear fields? **Yes**

i. FY 79 App. Act, Sec. 601; FY 80 App. Act Sec. [515.] To be used for publicity or propaganda purposes within U.S. not authorized by Congress? **Yes**

ANNEX VI

FIRST AMENDMENT ANNEX VI

TO

PROJECT AUTHORIZATION

Name of Country: Arab Republic of Egypt

Name of Project: Development Planning Studies

Number of Project: 263-0061

1. Pursuant to Section 532 of the Foreign Assistance Act of 1961, as amended ("The Act"), the Development Planning Studies Project for the Arab Republic of Egypt was authorized on August 4, 1978. That authorization is hereby amended as follows:

a. The first paragraph of the authorization is amended to read as follows:

"Pursuant to Section 532 of the Foreign Assistance Act of 1961, as amended, I hereby authorize the Development Planning Studies Project for the Arab Republic of Egypt involving planned obligations of not to exceed Fifteen Million Eight Hundred Thousand United States Dollars ($15,800,000) and Two Million Three Hundred Thousand Egyptian Pounds (LE 2,300,000) in grant funds over a five year period from the date of authorization, subject to the availability of funds in accordance with the A.I.D. OYB/allotment process, to help in financing foreign exchange and local currency costs for the project. I also hereby authorize the conversion to Egyptian Pounds of not to exceed Six Million U.S. Dollars authorized above to help finance the local currency costs of the Project."

b. The fourth paragraph of the authorization is deleted in its entirety.

c. A paragraph e. is added as follows:

"e. Based on the justification set forth in Section V of the First Amendment of the Project Paper for this Project, I hereby determine in accordance with Section 612(b) of the Act, that the expenditure of United States dollars for the procurement of goods and services in Egypt is required to fulfill the purposes of this Project, the purposes of this Project cannot be met effectively through

the expenditure of U.S. owned local currencies for such procurement, and the administrative official approving local costs vouchers may use this determination as the basis for this certification as required by Section 612(b) of the Act.

2. The authorization cited above remains in force except as hereby amended.

Deputy Administrator

September 24, 1980
Date

Clearances:
A-AA/NE:ADWhite Date 9-19-80
GC/NE:NLHolmes Date 9-25-80
AA/PPC:AShakow Date 9/24/80

Drafter:GC/NE:TCarter:paj:9/11/80

ACTION MEMORANDUM FOR THE ADMINISTRATOR

11 SEP 1980

THRU: ES

THRU: AA/PPC, Alexander Shakow /s/ C. Paolillo

FROM: A-AA/NE, Alfred D. White
Alfred D. White

SUBJECT: Egypt - Project Authorization for the Development Planning Studies Grant, 263-0061: Amendment One

Problem: Your signature on the attached amendment to the referenced project authorization is required to permit grant funding for an extension of the Egypt Development Planning Studies Grant. Including this $12,000,000 amendment, the project will become a 5 year endeavor with life-of-project funding of $15,800,000. This proposed amendment was approved by the Near East Advisory Committee on August 22, 1980.

Discussion: From its outset, the Development Planning Studies Project has operated on the hypothesis that if a tripartite team, composed of representatives of a qualified contractor, a competent university and development-oriented ministry investigate a current development problem, institutional changes will occur in participating units, improving their willingness and capabilities to work together in the solution of future development problems. The June 1980 in-depth evaluation of this project concluded that this hypothesis is proving to be true.

The evaluation found that the tripartite teams are producing research results which are being used by ministries. Thus far, ten of the thirteen projects have lec to at least one significant action decision each and sometimes to several decisions. For example, the World Bank loaned the Ministry of Transportation $30 million for road maintenance based on an analysis of data generated by a highway cost mode that was developed as part of the Intercity Transport Planning Study. The Ministry of Housing was assisted in making major decisions concerning the establishment of a Housing Bank, the use of a graduate mortgage system, and the abolition of a cement subsidy. A programming model for controlling the operation of the High Aswan Dam is expected to result in up to $40 million of additional electricity generated--without infringing on irrigation needs. Page 18-20 of Annex I of the PP detail accomplishments to date of each of the research activities.

Leaving aside the research results, the evaluators found that attitudes were changed and skills improved in several faculties of Cairo University and in key ministries. They endorsed a general consensus

that contract activity should continue about three years more to strengthen behavior patterns and enhance the skills of additional people. A Development Research and Technological Planning Center (DRTPC) has been established at CU to facilitate contacts between faculty members and ministries, to assure proper research task selection and to provide logistic support to analytical teams. Part I of this activity, implemented under a non-competitive contract with the Massachusetts Institute of Technology, as approved by the A.I.D. non-competitive Review Board, was directed primarily at testing the hypothesis detailed in paragraph 1--that Egyptian/U.S. expertise could effectively work with ministry officials in identifying, designing and carrying out projects to resolve key development problems. Emphasis was placed on the achievement of practical results. Part II will continue those projects that are still on-going, introduce new initiatives suggested in the evaluation report, and place special emphasis on the institution building objectives of the project.

The project itself remains essentially as described in the original project paper. This amendment provides the additional funding needed to carry out activities planned for the remaining three years. These activities will closely follow recommendations made by the evaluation team for emphasis on institution building and a phase-out of the direct A.I.D.-funded contract during the course of the next three years. Up to $6 million of the funds provided by A.I.D. will be used to meet local currency costs of the contract team in Egypt, the development of the DRTPC and a portion of the costs of collaborative research activities. The original PP had anticipated these costs would be met from U.S.-owned excess foreign currency proceeds but this source of funding is no longer available.

There are no current human rights issues under Section 502B of the Foreign Assistance Act that would preclude provisions of this assistance to Egypt. Congressional notification expired on the Hill on September 20 without objections.

Recommendation: That you sign the attached amendment to the Project Authorization.

Attachments:

1) Proposed Amendment
2) Project Information Sheet
3) Grant Authorization

Clearances:

GC:NLHolmes _____ Date 9/20/85
PPC/PDPR:JErikson _____ Date 9/23/85
NE/TECH/HRST:SApplegate _____ Date _____
NE/EI:GKamens _____ Date 9/19/85
NE/TECH:LReade _____ Date 9/18/85
GC/NEJKessler _____ Date _____
NE/DP:BLangmaid _____ Date 9/19/85

PROJECT AUTHORIZATION AND REQUEST FOR ALLOTMENT OF FUNDS

Name of Country: Arab Republic of Egypt

Name of Project: Development Planning Studies

Number of Project: 263-0061

Pursuant to Part II, Chapter 4, Section 532 (Security Supporting Assistance Funds) of the Foreign Assistance Act of 1961, as amended (the "Act"), I hereby authorize a Grant to the Arab Republic of Egypt (the "Cooperating Country") of not to exceed Three Million Eight Hundred Thousand United States Dollars ($3,800,000) and upon allotment from the OMB of Two Million and Three Hundred Thousand Egyptian Pounds (LE 2,300,000) to finance the foreign exchange costs and help finance the local currency costs for goods and services required by the project as described in the following paragraph.

The project will strengthen the capability of Grantee's ministries to utilize more appropriate and professional development program and planning methods. An Institute will be established within Cairo University with the capability of assisting Egyptian ministries in the areas of applied research, program development, project implementation and training.

The project shall finance technical assistance, training, applied research and evaluation, and related commodity support required to further project activities.

I approve the total level of A.I.D. appropriated funding planned for this project of not to exceed Seven Million Seven Hundred Thousand United States Dollars ($7,700,000), and Five Million One Hundred and Seventy-Three Thousand Egyptian Pounds (LE 5,173,000) of which $3,800,000 and LE 2,300,000 are authorized above, during the period FY 1978 through 1982. I approve further increments during that period of Grant funding of up to $3,900,000 and LE 2,873,000 subject to the availability of funds in accordance with A.I.D. and/or OMB allotment procedures and subject to the satisfactory evaluation of project progress during the second year of project implementation.

I hereby authorize the initiation of negotiation and execution of the Project Agreement by the officer to whom such authority has been delegated in accordance with A.I.D. regulations and Delegations of Authority subject to the following essential terms and covenants and major conditions; together with such other terms and conditions as A.I.D. may deem appropriate:

a. Source and Origin of Goods and Services:

Except as A.I.D. may otherwise agree in writing, goods and services financed by A.I.D. appropriated funding shall have their source and origin in the United States and goods and services financed by U.S.-owned Egyptian Pounds shall have their source in the Arab Republic of Egypt and their origin in Code 935 countries.

b. Conditions Precedent to Initial Disbursement:

Prior to any disbursement, or the issuance of any commitment documents under the Project Agreement, Grantee shall furnish in form and substance satisfactory to A.I.D.:

(1) a statement of the person or persons acting as Grantee's representatives, plus a specimen signature of each such person; and

(2) such other information and documents as A.I.D. may reasonably require.

c. Additional Disbursement:

Prior to disbursement under the Grant, or to issuance by A.I.D. of documentation pursuant to which disbursement will be made, for any other purpose other than to finance the first two years' activities under the Grant:

(1) an evaluation shall have been conducted by the Grantee of progress toward attainment of objectives of the project up to that date, which evaluation shall have been approved by A.I.D.; and

(2) an Institute of Technological Planning shall have been established, with authorities and functions approved by A.I.D. and whose initial staffing shall have been designated.

d. Covenants:

(1) The Grantee shall agree to provide or cause to be provided for the Project all funds in addition to this Grant, and all other resources required to carry out the Project effectively and in a timely manner.

(2) Grantee shall agree to establish a Joint Advisory Committee with representation from Grantee's ministries within six months of the date of the Grant Agreement, and to provide A.I.D. with a statement of the Committee's authorities, functions, and initial membership.

Joseph C. Wheeler
Assistant Administrator
Bureau for Near East

August 4, 1978
Date

ANNEX VII

263006100 5801

USAID-Cairo
Development
Information
• Center •

Room 19, Annex C
Embassy ext. 228

Special Bibliography
No. 6: Cairo Univ./M.I.T.
July 1, 1980

CAIRO UNIVERSITY/MASSACHUSETTS INSTITUTE OF TECHNOLOGY

TECHNOLOGICAL PLANNING PROGRAM (CU/MIT TPP)

DOCUMENTS and REPORTS, 1977-1980

Special Bibliography No. 6 consists of a listing of reports produced by the Cairo University/M.I.T. Technological Planning Program (CU/MIT TPP). This program is supported by A.I.D. and covers a broad range of applied research activities. Reports are listed in chronological order within each research area. All documents are available through the DIC. Supplements to this list will be published periodically.

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- B. Labor Migration p. 8-9
- C. Health Care Delivery p. 9
- D. Communication Needs for Rural Development p. 9-10

I. GENERAL REPORTS

1. M.I.T./Cairo University Technological Planning Program: technical project progress reports. 1977.

2. Development planning studies: project paper. March 1978. 47p.

3. M.I.T./ Cairo University Technological Planning Program: interim report. 1978.

4. M.I.T./Cairo University Technological Planning Program: review meeting. April 1978.

5. Studies in development. CU/MIT TPP, 1980. 228p. (Arabic)

6. Conference on the Cairo University/M.I.T. Technological Planning Program: program and reports. Jan. 1980.

7. Evaluation of the Technological Planning Program. Feb. 1980.

8. List of current publications. CU/MIT TPP, March 1980. 3p.

II. APPLIED RESEARCH: PUBLIC WORKS

A. WATER RESOURCES

1. Nile delta groundwater study: a research proposal...., John L. Wilson et al. March 1977. 33p.

2 Stochastic model of Nile inflows to Lake Nasser: a research proposal..., P.S. Eagleson et al. March 1977. 13p.

3. Water resource systems and hydrologic modeling support for the Egyptian master water plan: a research proposal..., David H. Marks et al. Dec. 1977.

4. Theory and applications of the multivariate broken line, disaggregation and monthly autoregressive streamflow generators to the Nile River, Kevin Curry and R. L. Bras. Sept. 1978. 416p. (TAP report 78-5)

5. A guide for the use of the MIT River basin simulation model, Kenneth M. Strzepek, R. L. Lenton and D.H. Marks. Dec. 1978.

6. Conference on Water Resources Planning in Egypt, Cairo, 25-27 June 1979: Papers and abstracts. 259p.

7. Geomorphic and hydraulic response of the Nile River to upstream development, D. B. Simons and R. M. Li. Presented at the Conference on Water Resources Planning, Cairo, June 1979. 17p.

8. Mathematical development and verification of a finite element aquifer flow model, AQUIFEM-1, J. L. Wilson et al. June 1979. 113p. (TAP report 79-2)

9. Regional groundwater studies in Egypt: background and resume, A. Abdelwahab and J. L. Wilson. Nov. 1979.

10. A stochastic dynamic programming model for the operation of the High Aswan dam, Luis F. Alarcon and D. H. Marks. Winter 1979.

11. Hydrological studies on the River Nile, I. E. Mobarek et al. Dec. 1979. 14p.

12. Water resource planning models for the Nile River basin: technical progress, D.H. Marks. Jan. 1980. 18p.

13. Multivariate seasonal time series forecast with application to adaptive control, Kevin Curry and R. L. Bras. March 1980. 319p. (TAP report 80-1)

14. Assessment of some synthetic generation models for the River Nile (draft), I. E. Mobarek et al. April 1980. 237p.

15. The effects of annual storage and random potential evapotranspiration of the one-dimensional annual water balance: report 251, B. H. Metzger and P. S. Eagleson. 1980. 185p. (TAP report 80-3)

B. URBAN & HIGHWAY TRANSPORTATION PLANNING

1. Urban transportation project: relating short-term options to long-range consequences in the greater Cairo metropolitan area: preliminary proposal..., Ralph A. Gakenheimer. Jan. 1977. 9p.

2. Highway transportation planning program: a research proposal ..., Fred Moavenzadeh et al. March 1977. 15p.

3. Urban transportation relating short-term options to long-range consequences in the Cairo metropolitan area: research proposal..., R. A. Gakenheimer et al. March 1977. 16p.

4. A study of traffic flows on the 6th of October and Tahrir Bridges axes, Mohamed El-Hawary et al. May 1977. 53p.

5. Traffic volume/traffic behavior survey documentation, M. El-Hawary et al. July 1977. 37p.

6. Cairo urban transportation project: interim report, M. El-Hawary et al. Dec. 1977. 38p.

7. Cairo urban transportation project: proposal for 3-year extension... Dec. 1977. 18p.

8. Urban transportation project development and implementation ...appendix I: the "slate" of urban transportation projects, R. A. Gakenheimer et al. 1977? 24p.

9. Transportation project development and implementation in Cairo, Egypt, R. A. Gakenheimer et al. 1977? 73p.

10. Highway transportation policy in Egypt: proposal for the period Jan.- June 1978. 3p.

11. An application of the road investment analysis model to the evaluation of the rehabilitation and maintenance program of the Egyptian Road and Waterway Authority, M. El-Hawary et al. Feb. 1978. (Prepared for the Int. Road Federation Regional Conf. for the Middle East & N. Africa, Cairo, April 1978)

12. Conference on Transportation Planning Policy, Cairo, June 1978.

13. Proposal to develop a multimodal, multiobjective, inter-city transportation planning methodology for the A.R.E. (draft) Aug. 1978. 116p.

14. The multimodal, multiobjective, inter-city transportation planning methodology project for the A.R.E., interim report: phase I, policy study (preliminary draft). Sept. 1978.

15. The multimodal, multiobjective, inter-city transportation planning methodology project for the A.R.E., interim report: phase III, multimodal modelling. Sept. 1978. 60p.

16. Road transport analysis in Egypt: Road transport planning program for developing countries, vol. 9, Fred Moavenzadeh et al. Fall. 1978. 178p. (TAP report 76-6)

17. Road network analysis in Egypt. Presented at the 2d Int. Conf. on Low-volume roads, Ames, Iowa, 20-33 Aug. 1979. 34p.

18. Toward rationalizing the transport project planning process in Cairo, Egypt, R. A. Gakenheimer et al. Dec. 1979.

19. Cairo urban transportation project: public transport survey 1978. 2 vols. 1979.

20. Intercity transportation in Egypt: a first year project review. Presented at the Conf. commemorating the inauguration of the Development Research & Technological Planning Center, Cairo University, Jan. 1980. 59p.

21. Performance of paraffinic asphalt cements in Egyptian road construction, A. Osman et al. Presented at the Conf. commemorating...the Development Research & Technological Planning Center, Cairo Univ., Jan. 1980. 12p.

C. HOUSING AND CONSTRUCTION

1. The housing and construction industry: a research proposal, N. J. Habraken et al. March 1977. 16p.

2. The housing and construction industry: a proposal to continue research... Dec. 1977. 35p.

3. The housing and construction industry: general program summary. Dec. 1977.

4. The housing and construction industry: extracts from working papers. Presented at the Seminar on Development of new approaches to housing policy and production in Egypt; Cairo, 21-24 Jan. 1978. 109p.

5. Seminar on the Development of new approached to housing policy and production in Egypt, Cairo, 21-24 Jan. 1978. (Program, abstracts, newspaper publicity)

6. The housing and construction industry in Egypt: interim report working papers 1977. Joint Research Team on the Housing & Construction Industry, Spring 1978. (TAP report 78-3) 257p.

7. Proceedings/seminar on the Development of new approaches to housing policy and production in Egypt, Cairo, 21-24 Jan. 1978. (TAP report 78-4) 219p.

8. Visit to prefabrication factories for housing of the military forces of Egypt, E. Dluhosch and N. Abdel-Dader. Jan. 1978. 9p.

9. Preliminary results of a housing research project in Egypt in the Technological Planning Program, Reinhard Goethert. Presented at the Conf. on Housing, Univ. of Petroleum & Minerals, Dhahran, Dec. 1978. 10p.

10. The housing and construction industry in Egypt: summary of working papers 1978. Spring 1979. 17p.

11. The housing and construction industry in Egypt: interim report working papers 1978. Joint Research Team on the Housing and Construction Industry, Spring 1979. (TAP report 79-5)

12. Core housing and site and services projects for low income groups: seminar proceedings, Cairo, 20-30 Jan. 1979. 75p. (TAP report 79-6; English and Arabic)

13. Management of the construction industry in Egypt: seminar and workshop, 19-23 Jan. 1980.
    1) Construction project and company financing in developing countries; 2) Project financing in Egypt; 3) Corporate finance of construction industry in Egypt; 4) Building materials production and requirements; 5) Contractors and resources in Egypt.

14. The housing and construction industry research project. Presented at Conf. of CU/MIT TPP, Cairo, 12-15 Jan. 1980. 20p.

15. Housing and construction industry and materials supply. (Subproject) n.d. 21p.

III. APPLIED RESEARCH: ENERGY

1. Long-term investment planning for the Egyptian electric power system: a research proposal..., M. L. Weitzman et al. April 1977. 5p.

2. Long-term investment planning for the Egyptian electric power system: a research proposal..,M. L. Weitzman. Nov. 1977. 15p.

3. Long-term investment planning of Egyptian electric power system (draft), M. S. M. Abou-Hussein et al. Nov. 1977. 24p.

4. Investment criteria for lumpy capacity expansion, M. L. Weitzman. July 1978.

5. Preinvestment survey for capacity expansion. CU/MIT and A.R.E. Ministry of Energy, July 1978.

6. Optimal mixture of steam and gas turbine power plants. July 1978.

7. Long-term investment planning of the Egyptian electric power system. Presented at the Conf. of the CU/MIT TPP, Cairo, 12-15 Jan. 1980. 20p.

IV. APPLIED RESEARCH MANUFACTURING

A. SMALL-SCALE INDUSTRY

1. Proposal of research to be conducted, Jan. 15-June 31, 1978, on government policy and small-scale industrial development in Egypt, Suzanne Berger. 1977.

2. Co-ordination among agencies concerned with small industries and handicrafts, A.R.E. Handicrafts Industries & Productive Co-operatives Organization (HIPCO) for Seminar on Small-scale industries, Cairo, June 1978. 11p.

3. Industrial estates and their role in the development of small-scale industries, Foad Gabriel. Presented at Seminar of Small-scale industries, Cairo, 7 June 1978. 6p.

4. Problems and prospects of Egyptian small-scale industry (Preliminary draft). Aug. 1978. 49p.

B. EGYPTIAN PLASTICS INDUSTRY

1. Engineering applications for the Egyptian plastics industry: a research proposal..., Frederick McGarry and Salah Bayoumi. May 1977. 11p.

2. Engineering applications for the Egyptian plastics industry: [proposal]. 1978. 8p.

3. Preliminary study of the applicability of plane strain fracture toughness test techniques to plastic pipe materials, P. Flüeler, J.F. Mandell, and F. J. McGarry. Jan. 1979. (TAP report 79-1)

4. Engineering applications for the Egyptian plastics industry. Presented at the Conf. on CU/MIT TPP, Cairo, 12-15 Jan. 1980. 14p.

V. APPLIED RESEARCH: ECONOMIC & SOCIAL SERVICES PLANNING

A. MACRO-ECONOMIC PLANNING

1. The development of improved macroeconomic and sectoral planning methods: a research proposal..., R. S. Eckaus et al. March 1977. 9p.

2. Improved sectoral and macroeconomic planning methods project: proposal for extension..., R. S. Eckaus. Dec. 1977. 5p.

3. Multisector general equilibrium policy models for Egypt, R. S. Eckaus et al. June 1978.

4. Exports and imports, Amr Mohie-Eldine. July 1978. 3p.

5. Taxes and subsidies, Amr Mohie-Eldine. July 1978. 7p.

6. Report on the project on improved methods of macroeconomic and sectoral planning, R. S. Eckaus and A. Mohie-Eldine. Presented at Conf. on CU/MIT TPP, Cairo, 12-15 Jan. 1980. 42p.

B. LABOR MIGRATION

1. Egyptian labor migration: a research proposal..., Nazli Choucri et al. March 1977. 14p.

2. Migration processes among developing countries: the Middle East, N. Choucri. Presented at Conf. of the American Political Science Assn., Washington D.C., Sept. 1977. 37p.

3. Proposal for extension of project on Egyptian labor migration, N. Choucri and A. Mohie-Eldine. Jan. 1978.

4. "The new migration in the Middle East: a problem for whom?" by N. Choucri. International Migration Review 11 (1978):421-43.

5. Labor transfers in the Arab world: growing interdependence in the construction sector, N. Choucri. Presented at the Seminar on Population, employment and migration in the Gulf countries, Kuwait, Dec. 1978. 39p.

6. Migration and employment in the construction sector: critical factors in Egyptian development, N. Choucri et al. Oct. 1978. 167p.

7. Effects of construction labor migration on the Egyptian economy, R. S. Eckaus. July 1979. 51p.

8. Egyptian labor migration: report on a research project, N. Choucri and A. Mohie-Eldine. Presented at Conf. on CU/MIT TPP, 12-15 Jan. 1980. 26p.

C. HEALTH CARE DELIVERY

1. Research on malnutrition and rural health delivery in an Egyptian governorate: proposal, John O. Field. Feb. 1977. 15p.

2. Infant mortality and selected variables by governorate, J. O. Field. July 1977. 7p.

3. The origins of Egypt's current health delivery system: observations and questions, J. O. Field. July 1977. 9p.

4. Explaining infant mortality and the crude birth rate in Egypt: some initial regressions, J. O. Field. Aug. 1977. 9p.

5. Continued research on the public health care delivery system in Egypt, J. O. Field. Nov. 1977. 18p.

6. Health care delivery systems project; health system questionnaire. Dec. 1977. 3 parts.

7. First year report to executive committee, Technology Adaptation Program..., J. O. Field. June 1978. 31p.

8. Development in the Egyptian governorates: a modified physical quality of life index, J. O. Field and George Ropes. Jan. 1979. 17p.

9. The CU/MIT Health care delivery systems project: rationale, activities, and principal findings, J. O. Field. Presented at Conf. on CU/MIT TPP, 12-15 Jan. 1980. 60p.

D. COMMUNICATION NEEDS FOR RURAL DEVELOPMENT

1. International telecommunications and the requirement of news services (draft), Ithiel de Sola Pool and Stephen Dizard. Presented at the Conf. on International news media and the developing world, Cairo, 2-5 April 1978. 19p.

2. Communication needs for rural development: a proposal.... April 1978. 29p.

3. Communication system in rural Egypt: research project, A. A. Kamal, A. E. Hillal Dessouki, I. de Sola Pool. 1979. 68p.

4. Communication needs for rural development, 1: a survey of radio and television services in Egypt, H. A. Abour-Kandil. May 1979. 19p.

5. Communication needs for rural development, 2: a survey of of telephone and telegraph services in Egypt, S. Youssef. May 1979. 44p.

6. Communication needs for rural development, 3: a survey of satellite communications in Egypt, N. M. Wahid. May 1979. 20p.

7. Communication needs for rural development, 4: village report - Asfour Dakahliya, H. A. El-Kholi. May 1979. 49p. (Arabic)

8. Communication needs for rural development, 5: annotated bibliography. 1979. 149p. (Arabic)

9. Communication needs for rural development, 6: research guide on communication structure in rural Egypt Arabic. June 1979. 50p.

10. Communication needs for rural development, 7: village report - Telwana, Menoufiya. 1979. 153p. (Arabic)

11. Communication needs for rural development, 8: village report - Oulila, Dakahliya. 1979. 163p. (Arabic)

12. Communication needs for rural development, 9: village report - Zawiyat Abu Musalam, Emad El-Chafie. 1979. 121p. (Arabic)

13. Communication needs for rural development, I. de Sola Pool et al. Nov. 1979. Presented at Conf. on CU/MIT TPP, Cairo, 12-15 Jan., 1980. 10p.

ANNEX VIII

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CLASS: UNCLASSIFIED
CHRGE: AID 6/26/82
APPRV: DIR:DSBROWN
DRFTD: EHS/EM:JLBA
CLEAR: 1. EHS/EM:ABI
DISTR: AID-6 AMB DCM
ECON ICA CHRON
TEK/11

AIDAC

E.O. 12065:N/A
SUBJECT: AD HOC REDELEGATION OF CONTRACT AUTHORITY,
- DEVELOPMENT STUDIES PROJECT NO. 263-0061

REFS: (A) STATE 163756, (B) CAIRO 13086, (C) STATE 632066
- (D) CAIRO 5110, (E) CAIRO 2602

1. FOR SER/CM/SD.

2. FURTHER TO REFERENCED CABLES, MISSION REQUESTS AN AD HOC REDELEGATION OF AUTHORITY IN THE AMOUNT OF $12,000,000 TO THE USAID DIRECTOR/USAID CONTRACT OFFICER IN ORDER TO ENTER INTO A CONTRACT FOR THE PURPOSE OF IMPLEMENTING PHASE II, MIT DEVELOPMENT PLANNING ASSISTANCE UNDER SUBJECT PROJECT. MISSION DIRECTOR HAS DETERMINED THAT A DIRECT CONTRACT WOULD BE IN THE BEST INTEREST OF INSTITUTIONALIZING AND MANAGING THE PHASE II EFFORT.

3. PHASE II CONTRACT WILL NOT EXCEED $12 MILLION OF WHICH $3.9 MILLION WAS INITIALLY EARMARKED FOR FY 82 FUNDING. FUNDING INCREASES OVER THE ORIGINAL CONTRACT COSTS PROJECTIONS FOR THE SECOND PHASE CONSIST OF: (1) TRANSFER TO DOLLAR FUNDING OF EXCESS EGYPTIAN POUNDS PLANNED FOR USE DURING THE LIFE OF PROJECT (FIVE YEARS) BUT NOT NOW AVAILABLE FOR THE FINAL THREE YEARS; (2) HIGHER INFLATION RATES FOR CONTRACT TEAM COSTS THAN ORIGINALLY ANTICIPATED; AND (3) A FEW ADDITIONAL EQUIPMENT PURCHASES, RESEARCH SUB-PROJECTS AND TRAINING ACTIVITIES RECOMMENDED BY THE EVALUATION TEAM AS A RESULT OF THE PHASE I EFFORT. EVEN SO, TOTAL LIFE OF CONTRACT COSTS WILL REMAIN WITHIN CLOSE RANGE OF THE $15,227,000 APPROVED IN THE PROJECT PAPER.

4. MISSION NOW HAS CONTRACTUAL, LEGAL, AND TECHNICAL EXPERTISE ABLE TO HANDLE CONTRACT NEGOTIATIONS.

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5. FURTHER DETAILS REGARDING FUNDING, PROJECT DOCUMENTATION AND CONGRESSIONAL NOTIFICATION WILL BE GIVEN IN SEPTEL. ATHERTON
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ANNEX IX

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CLASS: UNCLASSIFIED
CHRGF: AID 6/33/[illegible]
APPRV: DIR:DSBROWN
DRFTD: PRO:REURKE:LC
CLEAR: 1.EDU:ABISSET
DISTR: AID-6 AMB DCM
CHR 9/REJ

AIDAC

E.O. 12065: N/A
SUBJECT: DEVELOPMENT STUDIES PROJECT NO. 263-0061

REF: CAIRO 14100

1. SUMMARY: REFTEL OUTLINED ADDITIONAL DOLLAR FUNDING REQUIRED FOR LIFE OF PROJECT AND REQUESTED AD HOC REDELEGATION OF CONTRACT AUTHORITY TO THE USAID DIRECTOR/USAID CONTRACT OFFICER IN THE AMOUNT OF $12 MILLION. THIS CABLE PROVIDES FURTHER DETAIL ON THE BUDGET REQUIREMENTS AND INFORMATION NEEDED FOR THE CONGRESSIONAL NOTIFICATION. IT ALSO CORRECTS A MIS-CALCULATION IN LIFE OF PROJECT REQUIREMNTS MADE AT THE END OF PARA 3, REFTEL. LOP COSTS ARE EXPECTED TO EXCEED THE $15,227,000 COMBINED DOLLAR AND EGYPTIAN POUND COSTS APPROVED IN THE PROJECT PAPER AND A PROJECT PAPER AMENDMENT WILL BE NECESSARY. END OF SUMMARY.

2. REDELEGATION. REQUEST REMAINS VALID FOR AD HOC REDELEGATION OF CONTRACT AUTHORITY IN THE AMOUNT OF $12 MILLION TO COVER REMAINING LOP COSTS, INCLUDING (1) TRANSFER TO DOLLAR FUNDING OF EGYPTIAN POUND COSTS, (2) INCREASE FROM 10 TO 15 PERCENT IN ANNUAL COST INFLATION, AND (3) NEW INITIATIVES RECOMMENDED FOLLOWING PHASE ONE EVALUATION.

3. REMAINING LOP BUDGET DETAILS. THE FIVE YEAR CU/MIT GRANT PROJECT IS CURRENTLY FUNDED THROUGH OCTOBER 1980. THE INITIAL CU/MIT BUDGET SUBMISSION FOR THE REMAINING THREE YEARS HAS TWO PARTS, ONE WHICH COVERS COSTS AND ACTIVITIES PROPOSED FOR PHASE TWO PRIOR TO THE IN-DEPTH EVALUATION OF PHASE ONE AND A SUPPLEMENTAL WHICH PROVIDES COST ACTIVITIES FOR NEW INITIATIVES FOR PHASE TWO PROPOSED AS A RESULT OF RECOMMENDATIONS FOLLOWING THE EVALUATION. THE DETAILS OF THESE TWO BUDGET PROPOSALS SUBMITTED TO THE MISSION IN DRAFT BY KEVIN O'TOOLE, THE TECHNICAL OFFICER FOR MIT, FOLLOW:

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- PHASE TWO SUMMARY BUDGET ($000)
- 11/1/80- 11/1/81- 11/1/82-
- 10/31/81 10/31/82 10/31/83

-	US$	LE	US$	LE	US$	LE
STAFF AND ADMIN	273.1	18.8	207.0	8.4	207.0	8.4
PROJECT TEAMS:						
- STAFF	676.0	512.4	607.2	422.0	607.2	402.0

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	TOTAL 11/1/80-11/1/81	11/1/81-10/31/82	11/1/82-10/31/83	TOTAL	1987 560 DOLLAR EQUIVALENT
TOTAL FOR 3 YEARS, ASSUMING 15 PERCENT INFLATION					
US$	1327.0	1158.2	1331.7	3496.7	3496.7
LE	560.0	644.0	740.6	1944.6	2780.8
				TOTAL	6277.5

PHASE TWO ORIGINAL TOTAL	$9,430.6
NEW INITIATIVES TOTAL	$6,277.5
CU/MIT PROPOSED PHASE TWO TOTAL	$15,708.1

4. COMMENTS ON BUDGET. CU/MIT PROPOSED PHASE TWO TOTAL OF $15.71 MILLION INCLUDES NO PHASEOUT PLAN AND LEAVES ROOM FOR REDUCTION DURING NEGOTIATIONS. MISSION BELIEVES FINAL FIGURES AFTER REVISION FOR PHASEOUT AND NEGOTIATION OF SPECIFIC ACTIVITIES AND COSTS WILL FALL WITHIN THE $12 MILLION NEGOTIATING CEILING REQUESTED REFTEL.

5. RECALCULATION OF LOP REQUIREMENTS. IN PARA 3, REFTEL, LOP COSTS WERE ESTIMATED TO BE WITHIN CLOSE RANGE OF THE $15,227,000 APPROVED IN THE PROJECT PAPER (I.E., $3.8 MILLION PREVIOUSLY OBLIGATED PLUS REMAINING OBLIGATIONS TO BE MADE WITHIN THE $12 MILLION NEGOTIATING LEVEL REQUESTED.) HOWEVER, THIS FAILED TO INCLUDE LE 2.3 MILLION OBLIGATED EARLIER ALONG WITH THE $3.8. LOP COSTS, THEREFORE, ARE SOME $333 MILLION MORE (LE 2.3 MILLION X 1.47) THAN PREVIOUSLY CALCULATED AND CLOSER TO $19 MILLION. THIS WILL REQUIRE A PROJECT PAPER AMENDMENT WHICH WE WILL PREPARE AND FORWARD TO YOU IN THE NEAR FUTURE.

6. ACTIONS REQUIRED.
(A) AD HOC REDELEGATION OF CONTRACT AUTHORITY (AID/W - SER/CM/SD).
(B) PREPARATION OF PROJECT PAPER AMENDMENT (MISSION). THIS WILL INCLUDE A DRAFT TEXT FOR THE AUTHORIZATION AMENDMENT AND A 612(B) DETERMINATION.
(C) EXPEDITED APPROVAL OF PP AMENDMENT (AID/NE).
(D) PREPARATION AND SUBMISSION OF CONGRESSIONAL NOTIFICATION (AID/W). MISSION REQUESTS THIS BE DONE NOW.
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TELEGRAM

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APPROVED BY AID/NE/TECH/NRST:STANLEY APPLEGATE
AID/NE/EI/E:GERALD GOVER (DRAFT)
AID/NE/TECH:LEWIS READE (DRAFT)
AID/NE/DP:BRAD LANGRAIB
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TO AMEMBASSY CAIRO PRIORITY

UNCLAS STATE 211123

AIDAC

E.O. 12065: N/A

ABS:

SUBJECT: NEAC REVIEW OF DEVELOPMENT PLANNING STUDIES PP AMENDMENT, PROJECT 263-0061
REF: CAIRO 09654

1. NEAC APPROVAL WITHHELD PENDING MISSION RESPONSE TO THE FOLLOWING:

A. THERE WAS INSUFFICIENT REACTION IN THE PP AMENDMENT TO ISSUES RAISED IN THE RECENT EVALUATION REPORT, MOST IMPORTANTLY THOSE DEALING WITH HOW CONTRACTOR AND CAIRO UNIVERSITY ARE GOING TO CREATE A PERMANENT FRAMEWORK FOR ACHIEVING PROJECT OBJECTIVES DEALING WITH INSTITUTIONALIZATION OF A UNIVERSITY-BASED DEVELOPMENT ORIENTED RESEARCH CAPACITY IN GOE. SPECIFICALLY, MISSION IS REQUESTED TO STATE ITS REACTIONS TO ALL ISSUES RAISED IN THE EVALUATION, AS WELL AS THE REACTION OF MIT, CAIRO UNIVERSITY AND THE DRPT CENTER AS APPROPRIATE. ALSO, TO INDICATE HOW THESE ISSUES AND RECOMMENDATIONS WILL BE ADDRESSED DURING PHASE II.

B. THERE WAS NO PROJECTED TIME-FRAME FOR COMPLETION OF VARIOUS SUB-PROJECT GOALS.

C. THERE WAS NO DESCRIPTION OF HOW MUCH OF PHASE II IS TO BE A CONTINUATION OF PHASE I ACTIVITIES. PLEASE DESCRIBE.

2. MISSION IS ALSO ENCOURAGED TO CONSIDER THE APPROPRIATENESS OF INCLUSION OF FUNDS TO ALLOW THE INVOLVEMENT OF UNIVERSITIES OTHER THAN MIT AND CAIRO UNIVERSITY DURING PHASE II. ADDITIONALLY, MISSION IS ENCOURAGED TO PROMOTE SPECIFIC RESEARCH ON APPLICATION OF APPROPRIATE TECHNOLOGY, PARTICULARLY CAPITAL SAVING TECHNOLOGY.

3. MISSION IS FURTHER REQUESTED TO DISCUSS IN PP THOSE CRITERIA USED IN SELECTION OF PROPOSALS IN TERMS OF RELATIONSHIP WITH AID COUNTRY STRATEGY.

4. RESPONSE TO THE ABOVE NEEDED IN AID/W PRIOR TO 23 AUGUST TO ALLOW FOR FY 1980 FUNDING. IF NOT POSSIBLE, NEAC AGREED TO EXTEND THE CURRENT MIT CONTRACT FOR SUCH

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PERIOD INTO FY 81 AS MISSION NEEDS TO COMPLETE WORK OUTLINED ABOVE. ADVISE TIME AND DOLLAR AMOUNT NEEDED.

5. REQUEST PRIORITY RESPONSE. CHRISTOPHER

ANNEX IX

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INCOMING TELEGRAM

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ACTION AID-35

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UNCLAS SECTION 01 OF 02 CAIRO 17737

AIDAC

E.O. 12065: N/A
SUBJECT: NEAC REVIEW OF DEVELOPMENT PLANNING STUDIES PP
AMENDMENT (PROJECT NO. 263-0061)

REFERENCE: STATE 211123

1. WHILE WE FULLY SHARE NEAC CONCERN THAT ISSUES RAISED IN RECENT EVALUATION REPORT, IN PARTICULAR OBJECTIVES OF INSTITUTIONALIZING THE UNIVERSITY-BASED, DEVELOPMENT-ORIENTED RESEARCH CAPACITY WITHIN THE GOE, NEED TO BE FULLY ADDRESSED, WE ARE EQUALLY CONVINCED THAT EXCESSIVELY QUANTITATIVE CONDITIONS AND DEADLINES IMPOSED BY REFTEL WILL RUN STRONG RISK OF JEOPARDIZING NOT ONLY PROJECT BUT OUR RELATIONSHIP WITH EGYPT'S EDUCATIONAL AND SCIENTIFIC COMMUNITY.

2. IT IS IMPORTANT TO KEEP IN MIND THAT THE MIT/CU EFFORT IS NOT A FLEDGLING ACTIVITY BUT A MATURE PROJECT WHICH HAS BEEN ON THE BOOKS IN ONE FORM OR ANOTHER SINCE LATE 1975. IT HAS ROOTS THAT RUN DEEP IN THE SCIENTIFIC AND EDUCATIONAL COMMUNITY AND SUPPORTERS THAT REACH TO THE HIGHEST LEVELS OF THE EGYPTIAN GOVERNMENT. IT IS WITHOUT QUESTION ONE OF OUR MOST SUCCESSFUL TA EFFORTS TO DATE. ITS SUCCESS IN TERMS OF COST EFFECTIVENESS AND INSTITUTIONAL GROWTH ARE BORNE OUT BY THE RECENT EVALUATION.

3. AS YOU ARE AWARE, THE EVALUATION, WHILE FINDING INSTITUTIONAL PROGRESS COMMENDABLE, DID RECOMMEND THAT MIT ATTEMPT TO SET FORTH MORE CLEARLY AN ACTION PLAN TO COMPLETE INSTITUTIONAL OBJECTIVES DURING THE NEXT THREE YEARS. WE, MIT, AND CU ARE ATTEMPTING TO WORK OUT JUST SUCH A PLAN. THIS IS BEING NEGOTIATED WITHIN THE FRAMEWORK OF A PROVEN SUCCESS. WE ARE CONVINCED THAT ALL PARTIES ARE FULLY COMMITTED TO THESE OBJECTIVES BUT AID MUST BE PREPARED TO OPERATE WITHIN A FRAMEWORK OF MATURE AND PROFESSIONAL RELATIONSHIPS WITH MIT AND CAIRO UNIVERSITY. REFTEL IMPLIES PROJECT IS AT BEST MARGINAL EFFORT THAT WILL BE APPROVED ONLY AFTER QUANTITATIVE CONDITIONS ARE MET. TO QUOTE THE EVALUATION REPORT, "IT IS UNFORTUNATE THAT AFTER NEARLY THREE YEARS AID HAS NOT ADJUSTED TO THE REALITY OF HAVING A SUCCESS STORY."

4. IN PURSUING REFINEMENTS TO THE PROJECT AIMED AT INCREASED FOCUS ON INSTITUTION-BUILDING TARGETS DURING THE REMAINING THREE YEARS, WE HAVE SOUGHT TO HAVE THE DETAILS OF IMPLEMENTATION AND THE VERIFIABLE INDICATORS SPELLED OUT BY MIT AND THE CU. HAD THERE BEEN LONGER LEAD TIME AND LESS NEED TO MOVE QUICKLY TO ENSURE SMOOTH CONTINUATION OF CONTRACT SERVICES, WE WOULD HAVE PREFERRED TO HAVE SUBMITTED A FINAL, FULLY

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ACCEPTABLE JOINT MIT/CU SCOPE OF WORK WITH THE PP AMENDMENT AS AN IMPLEMENTATION PLAN. UNFORTUNATELY, AT THE TIME WE FORWARDED THE AMENDMENT, MIT AND CU WERE STILL REWRITING THE SCOPE OF WORK BASED ON COMMENTS AND SUGGESTIONS FROM US WHICH RAN ALONG THE SAME LINES AS EXPRESSED BY THE NEAC IN PARA 1, A, REFTEL. A COPY OF THE MOST RECENT SCOPE OF WORK WAS HANDCARRIED TO AID/W 8/18 BY JOHN BLACKTON. THE MISSION IS NOT SATISFIED WITH THIS LATEST VERSION AND HAS ASKED RESPONSIBLE MIT/CU PERSONNEL TO FURTHER REFINE IT IN TERMS OF BENCHMARKS, VERIFIABLE INDICATORS AND A PLAN FOR AN MIT PHASEOUT/PHASEIN TO CU CENTER. NEXT WEEK WE EXPECT A REVISED PROPOSAL WITH WHICH WE WILL CONTINUE THE DIALOGUE. WE ANTICIPATE THIS WILL INCLUDE AN OUTLINE OF THE IMPLEMENTATION PLAN TO ACHIEVE THE INSTITUTIONALIZATION GOALS.

5. MISSION IS NOT PREPARED TO DRAFT A SEPARATE SCOPE OF WORK INDEPENDENT FROM MIT AND CU AND IS RELUCTANT TO FORCE AID RESEARCH PRIORITIES ON THE PROJECT. WE BELIEVE SUCH ACTION WOULD UNDERMINE THE SUCCESSFUL WORKING RELATIONSHIP ACHIEVED BY MIT AND CU TO THE DETRIMENT OF THE PROJECT. WE BELIEVE THE APPROACH OUTLINED REFTEL ALSO RUNS COUNTER TO THE PROJECT PREMISE, TO THE RECOMMENDATIONS OF THE EVALUATION TEAM, AND TO THE RECENT AID/W GUIDANCE RE UNIVERSITY LINKAGES. MORE FUNDAMENTALLY, WE BELIEVE THAT WITHOUT MIT AND CU PARTICIPATION AND CONCURRENCE, PP REVISIONS WOULD NOT REFLECT AGREEMENT OR UNDERSTANDING AND WOULD LEAD TO AWKWARD RELATIONSHIPS AMONG THE PARTIES.

6. IT IS OBVIOUS WE CANNOT BRING THE PARTIES TOGETHER AND COMPLETE DISCUSSIONS AND REDRAFTING BY AUGUST 25. MISSION WILL CONTINUE TO USE BEST EFFORTS TO ACHIEVE MORE PRECISE DEFINITION SOUGHT BY BOTH NEAC AND US IN THE SCOPE OF WORK. BUT, IF NEAC REMAINS INSISTENT ON

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ACTION AID-35

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PP LRITE TO EXTENT INDICATED REFTEL, IT IS OUR JUDGMENT THAT MINIMUM INTERIM FUNDING REQUIRED WOULD BE ONE YEAR TO PERMIT RETENTION/RECRUITMENT CONTRACT TEAM MEMBERS AND CONFIDENCE AND COLLABORATION WITH MIT AND CAIRO UNIVERSITY. HOWEVER, WE BELIEVE IT WOULD BE MORE EFFECTIVE AND APPROPRIATE TO DO THREE YEAR FUNDING WITH A CP REQUIREMENT TO PRODUCE THE ACCEPTABLE SCOPE WITHIN ONE YEAR.

7. WE CANNOT RULE OUT, HOWEVER, THAT MIT AND CU MAY BALK AT A HEAVY HANDED AID ROLE AND IN THIS EVENT, THE PROJECT COULD COLLAPSE WITH ADVERSE DEVELOPMENT FALLOUT FOR USAID UNIVERSITY AND S AND T PROJECTS AND SERIOUS POLITICAL CONSEQUENCES.

8. BASED ON ALL ABOVE, MISSION RECOMMENDS COURSE OF ACTION OUTLINED PARA 6 (FULL FUNDING WITH ONE YEAR CP). ADVISE. ATHERTON

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ACTION AID-36

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AIDAC

E.O. 12065: N/A
SUBJECT: DEVELOPMENT PLANNING STUDIES PROJECT (0061)

REF: A. CAIRO 17737
- B. STATE 211123

1. SINCE RECEIPT OF NEAC COMMENTS CONTAINED REF B AND MISSION RESPONSE REF A, DIALOGUE MENTIONED PARA 4, REF A, HAS BEEN ACCELERATED IN EFFORT TO OBTAIN MAXIMUM AMOUNT OF PROGRESS ON CONCERNS EXPRESSED BY THE NEAC AND SHARED BY US.

2. AS A RESULT, MIT AND CU HAVE NOW PROVIDED WRITTEN REACTIONS TO ALL RECOMMENDATIONS RAISED IN THE EVALUATION REPORT AND HAVE INDICATED THAT THEY WILL FURTHER PROVIDE DURING THIS WEEK AN INITIAL OUTLINE OF AN ACTIVITY PLAN FOR THE MIT PHASEOUT/PHASEIN TO THE CU CENTER COVERING THE FINAL THREE YEARS OF THE PROJECT, TO INCLUDE TRAINING TARGETS TO ACHIEVEMNET OF THE CRITICAL MASS FOR EFFECTIVE PASSAGE TO CU AUTONOMY IN CONTROL OF THE PROGRAM AND OTHER VERIFIABLE BENCHMARKS AND INDICATORS CALLED FOR IN THE EVALUATION REPORT.

3. AS A RESULT, WE HOPE TO BE IN POSITION TO PROVIDE IN THE VERY NEAR FUTURE A SIGNIFICANT PART, IF NOT ALL, OF THE DETAILS SOUGHT TOWARD ANSWERING NEAC CONCERNS. IT IS EXTREMELY UNLIKELY HOWEVER THAT ALL OF THIS CAN BE WRAPED UP BY AUGUST 25. THEREFORE WE CONTINUE TO BELIEVETHE RECOMMENDATION MADE IN PARA 8 REF A, IS THE PRACTICAL MINIMUM ADVISABLE TO AVOID LOSS PROJECT MOMENTUM AND PERMIT SCHEDULING OF CU-MIT FACULTY PARTICIPATION DURING NEXT YEAR. ATHERTON

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OUTGOING TELEGRAM

PAGE 01 STATE 221627 043301 AID4642
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APPROVED BY AID/A-AA/NE: ALFRED WHITE
AID/NE/TECH: KEYS MACMANUS
AID/NE/EI/E: BERT PORTER
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E.O. 12065: N/A

TAGS:

SUBJECT: NEAC REVIEW OF DEVELOPMENT PLANNING STUDIES PP AMENDMENT, PROJECT 263-0061

REF: CAIRO 09654, CAIRO 17737, STATE 211123

1. THE NE BUREAU RECOGNIZES THE IMPORTANCE OF MISSION AND AID/W OPERATING WITHIN A FRAMEWORK OF MATURE AND PROFESSIONAL RELATIONSHIPS WITH MIT AND CAIRO UNIVERSITY. H*-QUESTIONS RAISED IN THE NEAC WERE NOT BASED ON CRITIC THE QUESTIONS RAISED IN THE NEAC WERE NOT BASED ON CRITICISMS OF THE PROJECT OR OF THE SUBPROJECTS WHICH IT MAY HAVE FINANCED.
2. T E NEAC POSITION IS THAT BUREAU APPROVAL SHOULD BE BASED ON MISSION/MIT/CU RESPONSE TO THE ISSUES RAISED IN THE PROJECT EVALUATION REPORT MOST IMPORTANTLY THOSE DEALING WITH INSTITUTIONALIZATION. WHILE WE REALIZE THAT A DETAILED IMPLEMENTATION PLAN FOR INSTITUTIONALIZATION APPROVED BY ALL PARTIES IS CURRENTLY BEING DEVELOPED, IT WOULD BE HELPFUL TO HAVE ANSWERS TO THE FOLLOWING QUESTIONS:

1. WHAT IS OPTIMIUM TIME FRAME FOR COMPLETION OF ACCEPTABLE IMPLEMENTATION PLAN FOR INSTITUTIONALIZATION? (WE HAVE ASSUMED THAT THIS COULD BE ACCOMPLISHED WITHIN TWO MONTHS).

2. WILL MIT PARTICIPATE IN THE INSTITUTIONALIZATION PROCESS OR WILL MIT ELECT TO EMPHASIZE SUB-PROJECT RESEARCH ACTIVITIES WITH TA ON INSTITUTIONALIZATION DELEGATED TO ANOTHER U.S. CONTRACTOR.

3. IS IT EXPECTED THAT THE CENTER FOR UNIVERSITY-BASED DEVELOPMENT-ORIENTED RESEARCH WILL INCLUDE SIGNIFICANT PARTICIPATION OF EGYPTIAN UNIVERSITIES OTHER THAN C.U. AND U.S. UNIVERSITIES OTHER THAN MIT?

4. WHAT PART OF THE PHASE II PROJECT BUDGET WILL BE USED TO CONTINUE PHASE I ACTIVITY AND WHAT PART WILL BE USED FOR PHASE II INSTITUTIONALIZATION ACTIVITIES AND FOR PHASE II SUB-PROJECTS? CHRISTOPHER

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Department of State

INCOMING TELEGRAM

PAGE 01 CAIRO 18369 01 OF 02 211643Z 044205 AID5318
ACTION AID-35

ACTION OFFICE NEIC-04
INFO NEPD-03 AAME-01 NEDP-01 CH6-01 NEEI-03 PPCE-01 PDPR-01
PPPB-02 PPEA-01 FM-02 AADS-01 CHGT-02 CTR-02 DIU-04
ED-01 PIA-01 IT-06 CH8-01 RELO-01 MAST-01 /040 A1 4

INFO OCT-01 SP-02 NEA-07 L-03 EB-08 /056 W
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UNCLAS SECTION 01 OF 02 CAIRO 18369

AIDAC

E.O. 12065: N/A
SUBJECT: NEAC REVIEW OF DEVELOPMENT PLANNING STUDIES PP
- PP AMENDMENT, PROJECT NO. 263-0061

REFS: A. STATE 221627
- B. CAIRO 18166
- C. CAIRO 17737
- D. STATE 211123

1. AS INDICATED REF B, MISSION HAS NOW RECEIVED THREE ADDITIONAL DOCUMENTS FROM MIT/CU PERSONNEL WHICH WE BELIEVE WILL BE HELPFUL IN ADDRESSING NEAC CONCERNS. THE FIRST PROVIDES MIT/CU COMMENTS ON EACH OF THE RECOMMENDATIONS DIRECTED TO THEM IN THE EVALUATION REPORT. THE SECOND IS A SUMMARY OF THE PROPOSED APPROACH TO THE ORGANIZATION OF PHASE II ACTIVITIES INCLUDING A SET OF INDICATORS TO BE USED TO DETERMINE SUCCESS TRENDS OF THE PROGRAM AND A STRATEGY FOR COMPLETING THE REQUIRED INSTITUTIONALIZATION. THE THIRD DOCUMENT DESCRIBES INSTITUTIONALIZATION ACTIVITIES TO DATE DETAILING THE ESTABLISHMENT OF THE DEVELOPMENT RESEARCH AND TECHNOLOGICAL PLANNING CENTER (DRTPC) AND ITS ACTIVITIES TO DATE. LENGTH OF THESE DOCUMENTS PRECLUDES CABLING TEXTS. COPIES WILL BE POUCHED OR HANDCARRIED AT THE EARLIEST POSSIBLE OPPORTUNITY. MEANWHILE, WE ARE DRAWING FROM THESE AND FROM PRIOR AVAILABLE DOCUMENTS TO PROVIDE THE FOLLOWING RESPONSES TO THE FOUR SPECIFIC AREAS OF NEAC CONCERN STATED IN PARA 2, REF A.

2. TIMING OF IMPLEMENTATION PLAN FOR INSTITUTIONALIZATION: THE SUMMARY PROPOSED APPROACH TO PHASE II ACTIVITIES CITED ABOVE STATES THAT THE OUTLINE WILL BE EXPANDED INTO AN OPERATIONAL PLAN SHORTLY AFTER THE CONTRACT IS SIGNED. THIS IS CONSISTENT WITH NEAC CONCERN FOR QUICK ACTION. STILL, WE TO BE ON THE SAFE SIDE SEE A FOUR TO SIX MONTH TIME FRAME AS MORE REALISTIC, BUT WOULD NOT FAVOR THIS TIMEFRAME IN A CP. THERE MAY BE SOME MISUNDERSTANDING ABOUT OUR EARLIER PROPOSAL OF A ONE YEAR TIME FRAME FOR ACP (PARA 6 AND 8, REF C). BY THIS WE MEANT THAT AN ASSURED LEVEL OF FUNDING WAS NEEDED FOR AN ACADEMIC YEAR IN ORDER TO PERMIT MIT TO RETAIN CONTRACT PERSONNEL WHO MIGHT NOT OTHERWISE ACCEPT ONLY PARTIAL YEAR EMPLOYMENT PROSPECT. WE DID, HOWEVER, NOT ASSUME THAT THE IMPLEMENTATION PLAN WOULD TAKE THAT LONG.

ANOTHER AREA OF POSSIBLE MISUNDERSTANDING IS THE EXTENT TO WHICH THE INSTITUTIONALIZATION GOAL HAS ALREADY BEEN MET. THERE ARE TWO ASPECTS TO THIS OBJECTIVE, ONE THE SETTING OF A FRAMEWORK FOR INSTITUTIONALIZATION AND THE OTHER THE PROCESS OF COMPLETING INSTITUTIONALIZATION. THE FIRST HAS BEEN FOR ALL PRACTICAL PURPOSES ACHIEVED BY THE EFFECTIVE ESTABLISHMENT OF THE DRPTC AND

CAIRO 18369 01 OF 02 211643Z 044205 AID5318

THE HIGH DEGREE TO WHICH IT ALREADY CONTROLS ITS OWN DAY-TO-DAY ADMINISTRATIVE AND FINANCIAL DUTIES AS WELL AS ITS GROWING CAPACITY TO DIRECT THE RESEARCH PROGRAM. THIS IS OUTLINED IN SUBSTANTIAL DETAIL IN THE THIRD DOCUMENT CITED ABOVE. THE OTHER ASPECT AND THE ONE WHICH WE SEE AS CRUCIAL FOR FINAL AND COMPLETE ACHIEVEMENT OF THE INSTITUTIONALIZATION GOAL IS THE PROCESS BY WHICH THROUGH EXCHANGE VISITS, TRAINING, AND JOINT RESEARCH THE CRITICAL MASS OF COMPETENCY AND CONFIDENCE WILL BE ACHIEVED IN THE THREE DIRECT PARTICIPATING UNITS, I.E. THE DRTPC, CAIRO UNIVERSITY AND COOPERATING GOE MINISTRIES. WE BELIEVE MOVEMENT TOWARD THIS GOAL IS SUCCESSFULLY TAKING PLACE BUT CONSIDERABLE CAUTION NEEDS TO BE EXERCISED IN MAKING CHANGES AND MODIFICATIONS IN THE PROGRAM FROM THIS POINT ON. WE FAVOR, THEREFORE, AN APPROACH WHICH DOES NOT SET TOO SHORT A TIME FUSE FOR COMPLETION OF THE INSTITUTIONALIZATION PROCESS. THE SECOND DOCUMENT CITED ABOVE GIVES US ADDITIONAL CONFIDENCE THE CONTRACTOR AND CU/DRTPC PERSONNEL SHARE OUR CONCERN AND ARE MOVING EXPEDITIOUSLY TOWARD AN ACCEPTABLE AND WORKABLE PLAN.

3. CONTRACTOR PARTICIPATION IN INSTITUTIONALIZATION PROCESS: MIT WILL CONTINUE TO SUPPORT FURTHER IMPROVEMENTS OF THE PERFORMANCE OF THE DRTPC AND IN HELPING IT ESTABLISH ITSELF WITH OTHER EGYPTIAN OR FOREIGN PARTICIPATING ENTITIES AND IN SECURING ADDITIONAL NON-AID FUNDING OF ITS ACTIVITIES. THE PHASEDOWN OF THE LIAISON OFFICE IS LINKED TO CONTINUED ACHIEVEMENT IN THIS RESPECT AND WILL BE FURTHER SPELLED OUT IN INDICATOR AND TIME FRAME TERMS IN THE EXPANDED IMPLEMENTATION PLAN. MIT'S ROLE IN THE LESS TANGIBLE, BUT CRITICAL PROCESS DESCRIBED IN THE EVALUATION REPORT AND IN PARA 3 ABOVE IS AS A CATALYST. ASSIGNMENT OF CONTRACT PERSONNEL TO SUB-PROJECT ACTIVITIES WILL BE CLOSELY LINKED TO AT-

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Department of State

INCOMING TELEGRAM

PAGE 01 CAIRO 18369 02 OF 02 211713Z 044210 AID5333
ACTION AID-35

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INFO NEPB-03 AAMC-01 NEDP-01 CN6-01 NEEI-03 PPCE-01 PDPR-01
PPPB-02 PPEA-01 FM-02 AADS-01 CMGT-02 CTR-02 DIU-04
ED-01 PIA-01 IT-06 CN8-01 RELO-01 MAST-01 /048 A1 4

INFO OCT-01 SP-02 NEA-07 L-03 EB-08 /056 W
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UNCLAS SECTION 02 OF 02 CAIRO 18369

AIDAC

TEMPTS TO MOVE FROM LEAD ROLES TO SUPPORTIVE ONES TO THE MAXIMUM EXTENT POSSIBLE IN A CONSTANT TEST OF THE GROWING EGYPTIAN CAPACITY. THE ULTIMATE MIT ROLE WILL BE AS ONE OF A NUMBER OF FOREIGN OR OTHER EGYPTIAN INSTITUTIONS COOPERATING WITH A SELF-RELIANT AND FINANCIALLY INDEPENDENT EGYPTIAN RESEARCH INSTITUTION DEALING WITH DEVELOPMENT PROBLEMS IN EGYPT AND POSSIBLY OTHER ARAB NATIONS AS WELL.

THE SECOND DOCUMENT CITED PARA 1, ABOVE, STIPULATES END-OF PROJECT STATUS CONDITIONS FOR CAIRO UNIVERSITY, GOE MINISTRY PERSONNEL AND THE DRTPC WH ICH ENCOMPASS THE INDIVIDUAL UNIT CAPABILITIES CONTRIBUTING TO THE ULTIMATE GOAL.

4. INCLUSION OF OTHER UNIVERSITIES: IT IS THE FULL EXPECTATION OF BOTH THE MISSION AND MIT/CU THAT OTHER UNIVERSITIES WILL PARTICIPATE IN PROJECT ACTIVITIES. PARTICIPATION OF OTHER U.S. UNIVERSITIES HAVE BEEN ENVISIONED FROM THE BEGINNING AND CU HAS RECENTLY DECIDED TO BRING IN OTHER EGYPTIAN UNIVERSITIES TO THE EXTENT FEASIBLE. THE FIRST SUCH ARRANGEMENT IS WITH AIN SHAM UNIVERSITY.

THE FOLLOWING EGYPTIAN INSTITUTIONS REPRESENT THOSE WITH WHICH THE CENTER HAS BEEN MOST ACTIVELY INVOLVED DURING ITS INITIAL STAGES:

- THE ACADEMY OF SCIENTIFIC RESEARCH AND TECHNOLOGY
- THE FAMILY PLANNING AND POPULATION AGENCY
- THE MINISTRY OF EDUCATION
- THE HIGHER COUNCIL OF UNIVERSITIES
- THE MINISTRY OF PLANNING
- THE MINISTRY OF ELECTRICITY AND ENERGY
- THE MINISTRY OF PETROLEUM
- THE MINISTRY OF INDUSTRY
- THE GENERAL ORGANIZATION FOR PHYSICAL SCIENCES
- THE GENERAL SECRETARIAT FOR LOCAL GOVERNORATES
- THE MINISTRY OF TRANSPORTATION

IN ADDITION, THE CENTER HAS ESTABLISHED ACTIVITIES WITH THE FOLLOWING FOREIGN INSTITUTIONS:
- MIT
- UNIVERSITY OF PENNSYLVANIA
- BOSTON UNIVERSITY
- UNITED NATIONS FUND FOR POPULATION ACTIVITIES
- THE WORLD BANK
- AFRICAN RESEARCH CENTER IN ADMINISTRATION FOR DEVELOPMEN
- INTERNATIONAL LABOR ORGANIZATION

INTENTIONS ARE TO STRENGTHEN ALL EXISTING CONTACTS AND TO EXPAND THE LIST OF COOPERATING INSTITUTIONS AND FUNDING SOURCES TO THE MAXIMUM EXTENS POSSIBLE.

5. PHASE I, PHASE II PROJECT BUDGET BREAKOUTS: BECAUSE OF THE PROCESS OF INSTITUTIONALIZATION DESCRIBED ABOVE, IT IS DIFFICULT TO SAY WHAT PERCENT OF FUNDS FOR A SUB-PROJECT WILL GO TO THE STRAIGHT RESEARCH ACTIVITY AND WHICH IS ATTRIBUTABLE TO THE INSTITUTIONALIZATION OBJECTIVE. BUT ANTICIPATED TRAINING, SEMINAR AND OTHER ATTRIBUTABLE COSTS AS OUTLINED IN THE PROPOSED SUMMARY BUDGET PREVIOUSLY SUBMITTED PLUS ATTRIBUTION OF PORTIONS OF CONTRACT AND SUB-PROJECT COSTS INDICATE THAT ABOUT 60 PERCENT CAN BE SAID TO BE RELATED TO PURSUIT OF THE INSTITUTIONALIZATION PROCESS.

6. MISSION HOPES THIS LATEST INFORMATION WILL BE HELPFUL TO THE NEAC AND THAT WE CAN PROCEED SHORTLY WITH FULL PROJECT FUNDING AND THAT WE CAN WORK TOWARD OBLIGATION BY MID-SEPTEMBER WHICH, IN TURN, WILL PERMIT CONTRACT NEGOTIATIONS BEING CONCLUDED AS SOON AS POSSIBLE THEREAFTER TO ENSURE SMOOTH PROJECT CONTINUATION.

7. PLEASE ADVISE ASAP. ATHERTON

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Department of State

OUTGOING TELEGRAM

PAGE 01 STATE 227726 647935 AID8916
ORIGIN AID-35

Approval Cable

ORIGIN OFFICE NETC-04
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GCNE-01 RELO-01 /014 A3 2

INFO OCT-00 /035 R

DRAFTED BY AID/NE/TECH/HRST: STANLEY APPLEGATE: FJH
APPROVED BY AID/A-AA/NE: ALFRED WHITE
AID/NE/DP/PR: PETER SELLAR
DESIRED DISTRIBUTION
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AIDAC

E.O. 12065: N/A

TAGS:

SUBJECT: NEAC REVIEW OF DEVELOPMENT PLANNING STUDIES PP AMENDMENT, PROJECT 263-0061

REF: (A) CAIRO 18369, (B) CAIRO 18166, (C) STATE 22127 (D) STATE 211123, (E) CAIRO 17737

1. BUREAU PLEASED WITH MISSION PROGRESS TOWARD RESOLVING THE PROBLEM OF INSTITUTIONALIZATION AND ADDRESSING THE ISSUES RAISED IN THE PROJECT EVALUATION REPORT. BUREAU WILL PROCEED IMMEDIATELY WITH THE REQUEST TO THE ADMINISTRATOR FOR AUTHORIZATION OF THE PP AMENDMENT AND WITH THE ADVICE OF PROGRAM CHANGE TO THE CONGRESS. WILL ADVISE.

2. MISSION MAY WISH TO EXTEND PRESENT CONTRACT FOR A PERIOD OF SEVERAL MONTHS IN ORDER TO PROVIDE INTERIM FUNDING FOR THE PURPOSES OUTLINED IN PARA 6 OF REFTEL (E) WHILE NEW CONTRACT WITH MIT IS IN NEGOTIATION.

3. THE QUESTION OF POSSIBLE COVENANTS IN THE AMENDMENT TO THE PROJECT AGREEMENT IN CONNECTION WITH INSTITUTIONALIZATION AND WITH THE ISSUES RAISED IN THE EVALUATION REPORT, IS LEFT TO MISSION DISCRETION.

4. BUREAU REQUESTS CLARIFICATION OF FUNDING ISSUE RAISED IN QUESTION 4 REFTEL (C). WHAT PERCENT OF FUNDING OF PHASE II WILL BE USED TO CONTINUE PROJECT ACTIVITIES BEGUN UNDER PHASE I? MUSKIE

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ANNEX X

ANNEX X

UNITED STATES AGENCY for INTERNATIONAL DEVELOPMENT

CAIRO, EGYPT

ACTION MEMORANDUM FOR THE DIRECTOR

July 21, 1980

FROM : Richard Burke, PRG

SUBJECT : Justification for Non-Competitive Procurement: Negotiation of Contract with Massachusetts Institute of Technology

PROBLEM: The attached justification for non-competitive procurement requires your approval to authorize that negotiations be commenced with MIT for a new contract from the DSP project.

DISCUSSION: The intended contract negotiations with MIT are to continue their work with Cairo University and a number of GOE ministries under the Development Studies Planning Project (263-0061). The purpose of the project is to create a permanent institutional framework through which Egyptian applied research and training capabilities can be organized so as to strengthen the capacity of GOE ministries to carry out development program and project planning activities.

STATE 186977 of July 16, 1980 (copy attached) provided an ad hoc redelegation for the Mission to initiate the contract with MIT and to approve a justification for non-competitive procurement. The attached memorandum outlines the reasons for continuing non-competitive procurement with MIT under the proposed new contract. Also attached are the memoranda providing justification rationale for the original non-competitive procurement decision on the first contract. These new services are a continuation and extension of the services earlier purchased.

RECOMMENDATION: That, in view of the rationale provided above and in the attached memoranda, and in accordance with the authority set forth in AID PR Section 7-3.101-50, and STATE 186977 of July 16, 1980, you approve the justification for non-competitive procurement with MIT and sign the required certification.

APPROVED: [signature]

DISAPPROVED: _____

DATE: 7/22/80

Attachments:a/s

EGYPT: DEVELOPMENT PLANNING STUDIES (263-0061)

Certification Pursuant to
AID PR Section 7-3.101-50(d)(3)(iii)
Code of Federal Regulations, Volume 41,
Chapter 7, Revised as of July 1, 1979

I, Donald S. Brown, the Principal Officer of the Agency for International Development in Egypt, having taken into account the appropriate criteria needed to justify a non-competitive procurement decision, do hereby certify that in my judgment the special capabilities of the Massachusetts Institute of Technology to continue and conclude the Development Planning Studies project are necessary for the successful achievement of project purpose, and not merely desirable. This certification is based on the justification documentation enclosed with this certification.

Donald S. Brown
Director

7/22/80
Date

ANNEX X

UNITED STATES GOVERNMENT

memorandum

DATE: July 21, 1980

REPLY TO ATTN OF: Richard Burke, Program

SUBJECT: Justification for Non-Competitive Procurement Negotiation of a Contract with the Massachusetts Institute of Technology (MIT)

TO: Director, Donald S. Brown

1. Background:

In October 1976, the then AA/NE, Robert Nooter, requested Mr. Frank Moulton, CM/ROD to negotiate a contract with MIT to provide the technical services required to conduct an initial exploratory phase to test the practicality of establishing an institution for project analysis at Cairo University. Mr. Nooter's memorandum justifying non-competitive procurement in that instance is attachment A to this memorandum. In it Mr. Nooter cited prior MIT experience applicable and essential to the study and not duplicable. The point was also made that MIT had an established relationship with Egyptian institutions and that MIT's experience of the type sought for the project in Egypt was so extensive and recent that it constituted a predominant capability.

The memorandum also argued that using any other consultant would result in a need to duplicate the considerable U.S. funding (211-d grant) that had gone into developing the MIT/Egyptian exploratory linkages.

The memorandum further cited MIT's capabilities in economic analysis and its multidisciplinary approach to analysis as significant factors to be considered and recommended approval of a predominant capability determination for MIT and negotiation of a non-competitive contract. The justification memo also stated: "If the validity of such an institution (i.e., a center at Cairo University) is demonstrated, it would be our intention to negotiate only with MIT for the ongoing services needed to complete the development of the institution." Based on Mr. Nooter's memorandum a contract was approved and completed at that time.

A second justification for non-competitive procurement (attachment B) was sought in April 1978 to permit extension of the original contract with MIT. It cited project progress to that date and reiterated the original intention stated in Mr. Nooter's memo to negotiate only with MIT provided that the validity of the institution at Cairo University be demonstrated. It concluded that progress toward establishment of the institution justified a non-competitive determination to extend the MIT

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OPTIONAL FORM NO. 10 (REV. 7-76) GSA FPMR (41 CFR) 101-11.6 5010-112

UNITED STATES GOVERNMENT

memorandum

Campbell is on A.I. until 7/17/7

Campbell 7/11

DATE: July 7, 1978

REPLY TO ATTN OF: NE/TECH, William F. Gelabert

THRU : CM/ROD, Frank Moulton

SUBJECT: Justification for Noncompetitive Procurement: Extension of Contract with Massachusetts Institute of Technology

TO: Noncompetitive Review Board

1. I recommend the negotiation of an amendment to Contract AID/NE-C-1291 with the Massachusetts Institute of Technology (MIT), as requested in the draft PIO/T (Encl. A), as provided by AIDPR 7-3.1-50 (b) (5).

2. In a memorandum to Mr. Frank Moulton, CM/ROD, dated October 15, 1976, (Encl. B) Mr. Robert Nooter, then AA/NE, requested that a contract be negotiated with MIT to provide the technical services required to conduct an initial exploratory phase which would test the practicality of establishing an institution for project analysis at Cairo University. It is further stated in the memorandum that, "If the validity of such an institution is demonstrated, it would be our intention to negotiate only with MIT for the ongoing services needed to complete the development of the institution."

3. In October, 1977 USAID/Egypt evaluated the contractor's performance and determined that the establishment of an institution for project analysis was in fact feasible. Cairo 09798 (Encl. C) contains USAID's request for a two year contract extension. During this period, it is proposed that MIT help establish an Institute of Technological Planning within Cairo University which, when fully operational, will provide the assistance to the GOE ministries in project development and analysis now being provided through the joint MIT-Cairo University effort. The Institute will mobilize Egyptian academic resources for applied research on specific developmental problems, provide technical advisory services to Egyptian Government agencies and train Egyptian Government personnel in applied research and planning methodologies and in project management and evaluation. During the two year contract extension it is expected that a reasonable degree of progress will have been achieved in developing an Egyptian capacity to translate developmental problems into researchable issues and to manage such problem solving research and (b) a detailed training program will have been initiated to provide the GOE with the capability for the successful functioning of the Institute after project termination. At the end of the two year contract extension any further contractual services required will be obtained through use of the host country contracting mode.

4. MIT, which has had previous experience in Egypt, has developed contacts, working relationships and rapport with key personnel of Cairo University and the ministries as well a familiarity with their organization and procedures. This has proved to be invaluable in project implementation and has contributed to MIT's ability to help develop a greater number of projects than planned. MIT has also played a key role in establishing linkages between Cairo University and the Egyptian ministries in areas where studies are being carried out. The GOE is well-satisfied with the performance of MIT, which

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OPTIONAL FORM NO. 10
(REV. 7-70)
GSA FPMR (41 CFR) 101-11.6
5010-112

has provided services of outstanding experts from its own staff, and has requested that MIT's services be continued. Another institution would require a considerable period of time, estimated by USAID at a minimum of 18 months, to establish the necessary groundwork. The consequent delay would be damaging to project implementation, would probably require an extension of the project completion date and a consequent increase in overall project cost. An immediate result of contract termination would be a serious disruption to the development of approximately twelve projects with which MIT is assisting and plans for the near term development of others.

Attachments:
(A) Draft PIO/T
(B) Nooter-Moulton Memo of 10/15/76
(C) Cairo 09798

OPTIONAL FORM NO. 10
JULY 1973 EDITION
GSA FPMR (41 CFR) 101-11.6

UNITED STATES GOVERNMENT

Memorandum

TO : CM/ROD, Franklin H. Moulton

DATE: October 15, 1976

FROM : AA/NE, Robert H. Nooter RHNooter

SUBJECT: Justification for Noncompetitive Procurement

I recommend that we negotiate only with Massachusetts Institute of Technology (MIT) for a twelve month contract to provide the technical services required to conduct an initial exploratory phase which would test the practicability of establishing an institution for project analysis at Cairo University. If the viability of such an institution is demonstrated, it would be our intention to again negotiate only with MIT for the ongoing services needed to complete the development of the institution.

Discussion

The Government of Egypt (GOE) has requested AID to finance a trial program utilizing MIT expertise to organize and conduct a series of development studies with various GOE Ministries. The program would draw upon the resources of the University of Cairo and other Egyptian universities and have as its goal the creation of an institutional framework whereby expertise from the Egyptian academic community can be brought effectively to bear in the study of development alternatives and the planning of development projects. The GOE, by letters from various individual ministries, has clearly indicated its confidence in the ability of MIT to provide the foreign technical services necessary to initiate the program. Cairo University in the person of Dr. Badran (the Vice Rector) also shares this confidence. It is apparent that it is the desire of the Egyptian officials who are essential in implementing this effort that MIT be utilized as the contractor.

Operating under the Technology Adaptation Program that was financed by AID under a 211-d grant, MIT has gained experience in Egypt, Ethiopia, Columbia, and Brazil that would be applicable for this study. This experience is essential to the effort and cannot be duplicated. Additionally, MIT, Cairo University, and the various ministries have already completed the design of this trial program and the outline of follow-on work.

Because of MIT's lengthy involvement with the Egyptians, it clearly has had more extensive and more recent experience of the type we seek than is the case with other U.S. institutions that possibly could provide similar services.

The U.S. Government already has expended considerable funds (211-d grant), as has the Egyptian Government, in developing appropriate exploratory linkages. By going to a contractor other than MIT, the U.S. Government

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would have to duplicate these costs if a new contractor were to establish similar relationships with Egyptian institutions. In addition, there would be the high risk of losing the substantive relationships with those Egyptians who have been involved in developing the proposed institutional capacity for project analysis.

Moreover, MIT is recognized in the U.S. and throughout much of the world as preeminently qualified in many of the areas of interest to Egyptian ministries, such as manpower analysis, power assessments, transportation assessments and comprehensive economic/social analyses in general. They have special expertise in the application of analytic systems to the examination of investment alternatives.

Of major importance to AID and to the GOE, aside from the foregoing, is MIT's capability in economic analyses and its ability to demonstrate a multi-disciplinary approach to analyses of specific development projects. MIT's Economics Department can provide Dr. Richard Eckaus, Dr. Lance Taylor and Dr. Eugene Skolnikoff. Dr. Eckaus is well known for his work for AID in Portugal and for independent study in Egypt. Dr. Taylor has been a member of the IBRD's economic analysis team in Egypt. Dr. Skolnikoff has served the Senate Subcommittee on labor and public welfare as an expert on social problems in Egypt. No other university has such an assemblage of experts who are already involved with Egypt and who, given this experience, can implement the studies, analyses and other components of this exploratory phase without delay.

With the preeminent qualifications of MIT, with the prior and continuing involvement of MIT in Egypt, with the clear indication from the Egyptians that they desire to work with MIT, and because we are convinced that no other institution would be able to commit the same high caliber personnel needed for Egypt and actually begin working within the time frame desired, we believe it is not necessary to solicit other institutions or firms for these services.

Recommendation

On the basis of the foregoing justifications, it is requested that you approve a predominant capability determination for MIT and negotiate a contract with them under the terms indicated in the attached PIO/T.

Attachments: Letters from Egyptian Ministries
PIO/T

UNCLAS CAIRO 09798

AIDAC

E.O. 11652: N/A
SUBJECT: DEVELOPMENT PLANNING STUDIES PROJECT (263-0061)

REF: (A) STATE 51957, (B) MOULTON/MOAVENZADEH LTR
DTD 3/15/78

1. DRAFT PROJECT PAPER HANDCARRIED BY JAMES PHIPPARD, ETA APRIL 4.

2. PAPER PROPOSES FIVE YEAR PROJECT DURATION WITH NO MORE THAN FIRST TWO YEARS IMPLEMENTED THROUGH A DIRECT CONTRACT BETWEEN MIT AND A.I.D. CONDITION PRECEDENT TO PROCEEDING WITH BALANCE OF PROJECT WILL BE FAVORABLE INDEPENDENT EVALUATION, DURING SECOND YEAR, OF PROJECT PROGRESS AND SUCCESSFUL DEVELOPMENT OF TECHNOLOGICAL PLANNING INSTITUTE AT CAIRO UNIVERSITY. BALANCE OF PROJECT TO BE IMPLEMENTED UNDER A HOST COUNTRY CONTRACT. AS FIRST STEP TOWARD HOST COUNTRY CONTRACT, WE RECOMMEND THAT THE AUTHORITY TO ADMINISTER AND MANAGE INITIAL DIRECT A.I.D. CONTRACT BE DELEGATED TO THE FIELD AFTER NEGOTIATION AND SIGNATURE OF CONTRACT BY AID/W.

3. USAID RECOMMENDS THAT MIT BE SELECTED AS CONTRACTOR BECAUSE OF PREDOMINANT CAPABILITY. JUSTIFICATION ATTACHED TO PP.

4. CURRENT CONTRACT WITH MIT EXPIRES JUNE 30, 1978. AS NOTED PARA 3 REFTEL (A), IT HIGHLY DESIRABLE CONCLUDE NEW CONTRACT WITH MIT BY MAY 31, 1978, TO AVOID INTERRUPTION OF PROJECT IMPLEMENTATION. STRONGLY RECOMMEND THAT AS MANY OF PRE-IMPLEMENTATION ACTIONS AS POSSIBLE PROCEED CONCURRENTLY. WE EXPECT SUBMIT DRAFTS OF PIO/T, CONGRESSIONAL NOTIFICATION, AND CONTRACT TO AID/W BY SECOND WEEK APRIL. WE PLAN BEGIN INFORMAL DISCUSSIONS OF GRANT AGREEMENT WITH GOE PRIOR TO COMPLETION OF PROJECT REVIEW AND HOPE AID/W WILL BE ABLE DO SAME WITH MIT ON CONTRACT. IN THIS REGARD, WE WOULD RECOMMEND THAT AUDIT REFERRED TO IN REF (B) PROCEED AS PLANNED, BUT COMPLETION NOT BE CONSIDERED PRE-CONDITION TO CONTRACT NEGOTIATION. OUR UNDERSTANDING OF CONTINUOUS DEFENSE DEPARTMENT AUDITING OF MIT COUPLED WITH NATURE COST ELEMENTS THIS CONTRACT INDICATES ADEQUATE AND RELIABLE COST AND PRICING INFORMATION CURRENTLY EXISTS FOR CONTRACT NEGOTIATION PURPOSES.

5. PLEASE ADVISE REGARDING ANY ADDITIONAL ASSISTANCE OR INFORMATION WE MAY PROVIDE. EILTS

MII 4-29 CEM

ACTION TO HSD/EM Rugs DATE 7/17
ACTION TAKEN NAN
INITIALS LGH

ATTACHMENT C
(ANNEX X)

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JUL 80
TOR: 0406
CN: 41024
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ACTION: AID 6
INFO: AMB DCM CHRON
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Noted HSTD 7/16 0801

ADM AID

E.O. 12065:N/A

TAGS:

ACTION

SUBJECT: REDELEGATION OF AUTHORITY NO. 99.1.80.54

REF:A.CAIRO 14190 B. CAIRO 14610 130,

1. PURSUANT TO DELEGATION OF AUTHORITY 99.1 FROM THE ASSISTANT ADMINISTRATOR FOR PROGRAM AND MANAGEMENT SERVICES, THE MISSION DIRECTOR, USAID/CAIRO, IS HEREBY REDELEGATED AUTHORITY TO EXECUTE A NEW CONTRACT FOR NTE DOLLARS 12 MILLION FOR PHASE II, MIT DEVELOPMENT PLANNING ASSISTANCE, AS DESCRIBED REFTELS.

2. THE AUTHORITY REDELEGATED HEREIN IS TO BE EXERCISED IN ACCORDANCE WITH REGULATIONS, PROCEDURES, AND POLICIES PROMULGATED WITHIN AID IN EFFECT AT THE TIME THIS AUTHORITY IS EXERCISED. THIS AUTHORITY MAY BE EXERCISED BY PERSONS CAPACITY.

3. THIS DELEGATION ALLOWS MISSION DIRECTOR TO APPROVE NONCOMPETITIVE JUSTIFICATION PURSUANT TO AIDPR 7-3.101-50 (C)(3).

4. FYI. TDY CONTRACTING OFFICER BJORLYKKE RETAINS HIS UNLIMITED CONTRACTING OFFICER AUTHORITY WHILE ON TDY CAIRO. END FYI.

5. FORWARD COPY OF SIGNED CONTRACT, NEGOTIATION MEMORANDUM AND JUSTIFICATION FOR NONCOMPETITIVE PROCUREMENT IF APPLICABLE TO SER/CM/SD/FSR.

6. REGRET DELAY. REF B DATED JULY 1 BUT RECEIVED IN AID/W COGNIZANT OFFICES JULY 9. MUSKIE
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ANNEX XI

ANNEX XI

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A.I.D. Project Number 263-0061

PROJECT

GRANT AGREEMENT

AMONG

THE

ARAB REPUBLIC OF EGYPT,

THE UNITED STATES OF AMERICA

AND

CAIRO UNIVERSITY

FOR

DEVELOPMENT PLANNING STUDIES

DATED: August 17, 1978

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A.I.D. Project 263-0061

Project Grant Agreement

Dated: August 17, 1978

Among

The Arab Republic of Egypt, "Grantee,"
Cairo University ("CU")

And

The United States of America, acting through the
Agency for International Development ("A.I.D.").

Article 1: The Agreement

The purpose of this Agreement is to set out the understandings of the parties named above ("Parties") with respect to the undertaking by the Grantee of the Project described below, and with respect to the financing of the Project by the Parties.

Article 2: The Project

SECTION 2.1. Definition of Project. The Project, which is further described in Annex 1, will consist of assistance provided to agencies of the Grantee and to CU - initially under a direct, two-year contract between A.I.D. and a U.S. participating institute - to strengthen the capabilities of the Grantee's Ministries to

utilize more appropriate and professional development program and planning methods. The primary objective of the first two years of the Project is to establish an Institute of Technological Planning within Cairo University with the capacity of assisting the Grantee's Ministries in the areas of applied research on important Egyptian developmental problems, program development, project implementation and training. To accomplish this, the U.S. participating institute will assist CU and the appropriate Grantee's Ministries in obtaining the following objectives:

- Establishment of an Institute of Technological Planning at CU by August 31, 1979.
- Organization of resource teams to assist in specific applied research studies requested by ministries and other interested entities.
- Development of technical advisory services at the Institute.
- Training of Egyptians in-country, at the U.S. participating institute and in other appropriate institutes.
- Organization of conferences, seminars and meetings pertinent to the objectives stated above.

During the remaining three years of the Project, the objective will be to provide continuing but diminishing assistance to the new

Institute so that at the end of five years the Institute can provide consultative services to government agencies on a self-supporting basis.

The Project shall finance technical assistance, training, applied research, evaluations, and related commodity support required to further Project activities.

Cairo University shall implement this Agreement on behalf of the Grantee.

Annex 1, attached, amplifies the above definition of the Project. Within the limits of the above definition of the Project, elements of the amplified description stated in Annex 1 may be changed by written agreement of the authorized representatives of the Parties named in Section 8.2., without formal amendment of this Agreement.

SECTION 2.2. Incremental Nature of Project.

(a) A.I.D.'s contribution to the Project will be provided in increments, the initial one being made available in accordance with Section 3.1. of this Agreement. Subsequent increments will be subject to availability of funds to A.I.D. for this purpose, and to the mutual agreement of the Parties, at the time of a subsequent increment, to proceed.

(b) Within the overall Project Assistance Completion Date stated in this Agreement, A.I.D. based upon consultation with the Grantee,

may specify in Project Implementation Letters appropriate time periods for the utilization of funds granted by A.I.D. under an individual increment of assistance.

Article 3: Financing

SECTION 3.1. The Grant. To assist the Grantee to meet the costs of carrying out the Project, A.I.D., pursuant to the Foreign Assistance Act of 1961, as amended, agrees to grant the Grantee under the terms of this Agreement not to exceed three million eight hundred thousand United States ("U.S.") Dollars ($3,800,000) and two million three hundred thousand Egyptian Pounds (LE 2,300,000) ("Grant").

The Grant may be used to finance foreign exchange costs, as defined in Section 6.1., and local currency costs, as defined in Section 6.2., of goods and services required for the Project, except that, unless the Parties otherwise agree in writing, Local Currency Costs financed under the Grant will not exceed the Egyptian Pound portion of the Grant.

SECTION 3.2. Grantee Resources for the Project.

(a) The Grantee agrees to provide or cause to be provided for the Project all funds, in addition to the Grant, and all other resources required to carry out the Project effectively and in a timely manner.

(b) The resources provided by the Grantee for the first two years of the Project will be not less than five hundred and forty thousand in Egyptian Pounds (LE 540,000), including costs borne on an "in-kind" basis.

SECTION 3.3. Project Assistance Completion Date.

(a) The "Project Assistance Completion Date" (PACD), which is August 31, 1983, or such other date as the Parties may agree to in writing, is the date by which the Parties estimate that all services financed under the Grant will have been performed and all goods financed under the Grant have been furnished for the Project as contemplated in this Agreement.

(b) Except as A.I.D. may otherwise agree in writing, A.I.D. will not issue or approve documentation which would authorize disbursement of the Grant for services performed subsequent to the PACD or for goods furnished for the Project, as contemplated in this Agreement, subsequent to the PACD.

(c) Request for disbursement, accompanied by necessary supporting documentation prescribed in Project Implementation Letters are to be received by A.I.D. or any bank described in Section 7.1. no later than nine (9) months following the PACD, or such other period as A.I.D. agrees to in writing. After such period, A.I.D.,

giving notice in writing to the Grantee, may at any time or times reduce the amount of the Grant by all or any part thereof for which requests for disbursement, accompanied by necessary supporting documentation prescribed in Project Implementation Letters, were not received before the expiration of said period.

Article 4: Conditions Precedent to Disbursement

SECTION 4.1. First Disbursement. Prior to the first disbursement under the Grant, or to the issuance by A.I.D. of documentation pursuant to which disbursement will be made, the Grantee will, except as the Parties may otherwise agree in writing, furnish to A.I.D. in form and substance satisfactory to A.I.D.:

(a) A statement of the names of the persons holding or acting in the offices of the Grantee specified in Section 8.2. and of any additional representatives, together with a specimen signature of each person specified in such statements; and,

(b) Such other information and documents as A.I.D. may reasonably require.

SECTION 4.2. Additional Disbursement. Prior to disbursement under the grant, or to issuance by A.I.D. of documentation pursuant to which disbursement will be made, for any purpose other than to finance the first two years' activities under the Grant, the Grantee will, except as the Parties may otherwise agree in writing, furnish

to A.I.D. in form and substance satisfactory to A.I.D.:

(a) An evaluation conducted by the Grantee of progress toward attainment of objectives of the Project up to that date, which evaluation shall have been approved by A.I.D.;

(b) Evidence of the establishment of an Institute of Technological Planning within CU, with authorities and functions approved by A.I.D. and whose initial staffing shall have been designated; and,

(c) Such other information and documents as A.I.D. may reasonably require.

SECTION 4.3. Notification. When A.I.D. has determined that the conditions precedent specified in Sections 4.1. and 4.2. have been met, it will promptly notify the Grantee.

SECTION 4.4. Terminal Dates for Conditions Precedent.

(a) If all of the conditions specified in Section 4.1. have not been met within 90 days from the date of this Agreement, or such later date as A.I.D. may agree in writing, A.I.D., at its option, may terminate this Agreement by written notice to the Grantee; and,

(b) If all of the conditions specified in Section 4.2. have not been met by August 31, 1980, or such later date as A.I.D. may agree to in writing, A.I.D. at its option, may cnacel the then undisbursed balance of the Grant, to the extent not irrevocably committed to third parties, and may terminate this Agreement by written notice to the

Grantee.

Article 5: Special Covenants

SECTION 5.1. Project Evaluation. The Parties agree to establish an evaluation program as an integral part of the Project. Except as the Parties otherwise agree in writing, the program will include, during the implementation of the Project and at one or more points thereafter:

(a) Evaluation of progress toward attainment of the objectives of the Project;

(b) Identification and evaluation of problem areas or constraints which may inhibit such attainment;

(c) Assessment of how such information may be used to help overcome such problems;

(d) Evaluation, to the degree feasible, of the overall development impact of the Project; and,

(e) Arrangements and conditions further described in Section D of Annex 1.

SECTION 5.2. Establishment of a New Joint Advisory Committee. The Grantee and CU agree to establish a new Joint Advisory Committee of a nature and composition acceptable to A.I.D. This new Joint Advisory Committee will be established within six months from the date

of the Grant Agreement and will include representation from the Grantee's Ministries. The Grantee will provide A.I.D. with a statement of the Committee's authorities, functions and initial membership. The Grantee and CU agree to make available representatives from their respective organizations to serve as Members of the new Joint Advisory Committee.

SECTION 5.3. Criteria for Selection of Sub-projects. The Grantee and CU agree to establish criteria acceptable to A.I.D. for the selection of sub-project activities, within six months from the date of the Grant Agreement. The Grantee and CU further agree that one such criterion will be the proportion of costs to be financed by the outside entity or the Grantee's Ministry interested in the sub-project activity.

SECTION 5.4. Establishment of the Institute. The Grantee and CU agree to establish an Institute for Technological Planning by August 31, 1979.

SECTION 5.5 Space for the Institute. The Grantee agrees to provide, through Cairo University, adequate space which will be used to house the Institute in order for it to carry out its activities.

SECTION 5.6. Operations of the Institute. Cairo University agrees to:

(a) Provide a full time Director for the Institute and such other full or parttime personnel as may be required;

(b) Make staff members available to participate in an academic exchange program at the U.S. participating institution; and,

(c) Make staff members available, as may be required, to the Institute to participate in applied research studies, provide technical advisory services, and serve as instructors.

SECTION 5.7. A.I.D. Direct Contract. The Grantee agrees that as soon as possible after signing of this Agreement and satisfaction of the conditions precedent to first disbursement, A.I.D. may enter into a direct two-year contract with a U.S. institution to provide the services required for the Project. The contract will be subject to standard A.I.D. provisions and shall be funded under this Grant.

Article 6: Procurement Source

SECTION 6.1. Foreign Exchange Costs. Disbursements pursuant to Section 7.1. will be used exclusively to finance the costs of goods and services required for the Project having their source and origin in the United States (Code 000 of the A.I.D. Geographic Code Book as in effect at the time orders are placed or contracts entered into for such goods or services) ("Foreign Exchange Costs"), except as A.I.D. may otherwise agree in writing, and except as provided in the Project

Grant Standard Provisions Annex, Section C.1(b) with respect to marine insurance.

SECTION 6.2. Local Currency Costs. Disbursements pursuant to Section 7.2. will be used exclusively to finance the costs of goods and services required for the Project having their source in Egypt and, except as A.I.D. may otherwise agree in writing, their origin in countries listed in Code 935 of the AID Geographic Code Book as in effect at the time orders are placed or contracts entered into for such goods or services ("Local Currency Costs").

Article 7: Disbursement

SECTION 7.1. Disbursement for Foreign Exchange Costs.

(a) After satisfaction of conditions precedent, the Grantee may obtain disbursements of funds under the Grant for the Foreign Exchange Costs of goods or services required for the Project in accordance with the terms of this Agreement, by such of the following methods as may be mutually agreed upon:

(1) by submitting to A.I.D., with necessary supporting documentation as prescribed in Project Implementation Letters, (A) requests for reimbursement for such goods or services, or, (B) requests for A.I.D. to procure commodities or services in Grantee's behalf for the Project; or

(2) by requesting A.I.D. to issue Letters of Commitment for specified amounts (A) to one or more U.S. banks, satisfactory to A.I.D., committing A.I.D. to reimburse such bank or banks for payments made by them to contractors or suppliers, under Letters of Credit or otherwise, for such goods or services, or (B) directly to one or more contractors or suppliers, committing A.I.D. to pay such contractors or suppliers for such goods or services.

(b) Banking charges incurred by Grantee in connection with Letters of Commitment and Letters of Credit will be financed under the Grant unless Grantee instructs A.I.D. to the contrary. Such other charges as the Parties may agree to may also be financed under the Grant.

SECTION 7.2. Disbursement for Local Currency Costs.

(a) After satisfaction of conditions precedent, the Grantee may obtain disbursements of funds under the Grant for Local Currency Costs required for the Project in accordance with the terms of this Agreement, by submitting to A.I.D., with necessary supporting documentation as prescribed in Project Implementation Letters, requests to finance such costs.

(b) The local currency needed for such disbursements may be obtained from local currency also owned by the U.S. Government

SECTION 7.3. Other Forms of Disbursement. Disbursements of the Grant may also be made through such other means as the Parties may agree to in writing.

Article 8: Miscellaneous

SECTION 8.1. Communications. Any notice, request, document or other communication submitted by any Party to one or more of the others under this Agreement will be in writing or by telegram or cable, and will be deemed duly given or sent when delivered to such party at the following addresses:

To the Grantee (either one or both):

Mail Address: Office of the Rector
Cairo University
Cairo, Egypt

The Minister of Economy
and Economic Cooperation,
Ministry of Economy and
Economic Cooperation,
8, Adly Street
Cairo, Egypt

Alternate address for cables:

Office of the Rector
Cairo University
Cairo, Egypt

The Minister of Economy
and Economic Cooperation,
Ministry of Economy and
Economic Cooperation,
8, Adly Street
Cairo, Egypt

To A.I.D.:

Mail Address: A.I.D.
U.S. Embassy
Cairo, Egypt

Alternate address for cables:

A.I.D.
U.S. Embassy
Cairo, Egypt

All such communications will be in English, unless the Parties otherwise agree in writing. Other addresses may be substituted for the above upon the giving of notice. The Grantee, in addition, will provide the U.S. AID Mission with a copy of each communication sent to A.I.D.

SECTION 8.2. Representatives. For all purposes relevant to this Agreement, the Grantee will be represented by the individuals holding or acting in the offices of the Minister of Economy and Economic Cooperation, the Deputy Chairman of the General Authority for Arab and Foreign Investment and Free Zones, and the Rector, Cairo University, and A.I.D. will be represented by the individual holding or acting in the office of the Director, U.S. AID, Cairo, Egypt, each of whom, by written notice, may designate additional representatives for all purposes other than exercising the power under Section 2.1. to revise elements of the amplified description to Annex 1. The names of the representatives of the Grantee, with specimen signatures, will be provided to A.I.D., which may accept as duly authorized any instrument signed by such representatives in implementation of this Agreement,

until receipt of written notice of revocation of their authority.

SECTION 8.3. Standard Provisions Annex. A "Project Grant Standard Provisions Annex" (Annex 2) is attached to and forms part of this Agreement.

IN WITNESS WHEREOF, the Grantee and the United States of America, each acting through its duly authorized representatives, have caused this Agreement to be signed in their names and delivered as of the day and year first above written.

ARAB REPUBLIC OF EGYPT

BY : Hamed El Sayeh

NAME : Dr. Hamed El Sayeh

TITLE: The Minister of Economy and Economic Cooperation

CAIRO UNIVERSITY

BY : S. Abou Taleb

NAME : Dr. Soufy Abou Taleb

TITLE: Rector, Cairo University

UNITED STATES OF AMERICA

BY :

NAME : Donald S. Brown

TITLE: Director, U.S. AID

Project 263-0061

ANNEX 1

DESCRIPTION OF PROJECT

A. Introduction

The Project described herein is a result of work initiated in December of 1976, when A.I.D. signed a contract with the Massachusetts Institute of Technology (M.I.T.) to establish a collaborative research effort with Cairo University and various interested Ministries of the Grantee to improve their capabilities in analyzing, planning and managing work on important Egyptian developmental problems. At the same time the feasibility of institutionalizing the processes established to carry out this work was examined. It was determined by A.I.D. the success of M.I.T.'s initial work warranted devising a five-year project which would continue the process and build a semi-autonomous Institute at CU capable of carrying out independently in the future the joint research effort involving CU with outside entities and Grantee's Ministries.

B. Project Description

1. Summary

This Grant Agreement is a result of A.I.D.'s approval of the Project and provides assistance to the Grantee in creating improved developmental program and project planning and management capabilities

within several Egyptian Ministries. The Project will establish a permanent institution in association with Cairo University through which the following mutually supportive objectives will be accomplished:

- Provision of Egyptian based technical research and training assistance to government technical ministries and agencies and to government planning agencies;
- Mobilization of Egyptian academic resources for applied research on specific developmental problems; and,
- Creation of a permanent Egyptian institutional framework through which applied research and training capabilities can be directed to Egyptian development problems.

The Project also provides the means whereby analyses of technical and economic development programs will be carried out with assistance from a participating U.S. institution. Thus, the Project's institutional development objective is to be achieved in large part by direct work on important priority development problems confronting Egyptian government ministries. It is planned that twelve problems will be under study at any given time and that several conferences and training programs will be carried out annually. The selection of areas for study will be based on their direct relevance to significant

Egyptian development problems, the proportion of costs shared by the involved outside entity, and criteria to be established during the first few months of the Project.

This Project's innovative approach will vest considerable responsibility in the participating U.S. institution, Cairo University, and the Egyptian government. They will share responsibility for determing the feasibility of project activities and assuring that the benefits of their actions will be transferred to the targeted institutions and Egypt's development program. The success of this effort will be the major factor in evaluating this Project.

The implementation, management and annual reviews of the Project will be directed initially by a Joint Advisory Committee, which has CU and U.S. university members, and later through a new Joint Advisory Committee to be established in connection with the formation of the proposed Institute. (See Section B for a discussion of the responsibilities and membership of the new Joint Advisory Committee.) A.I.D. will maintain a close working relationship with these Committees and will participate, as appropriate, in the annual reviews of Project progress.

A major in-depth evaluation of Project progress will be made during the second year to determine the advisability of A.I.D. funding

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les:

the Rector ersity pt	The Minister of Economy and Economic Cooperation, Ministry of Economy and Economic Cooperation, 8, Adly Street Cairo, Egypt

sy
pt

Alternate

All such co
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to A.I.D.

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applied research, the Institute will organize shorter-term technical assistance and advisory services through which sub-project team members or other Cairo University resources are utilized on specific activities related to the formulation of a development plan or implementation of a project. As presently conceived, the Institute will also provide training programs to expand the capabilities of present and future Ministry planners. Thus, the anticipated efforts of the Institute will be in the three areas: A program of applied research, technical advisory services, and the training programs. Grantee Ministries involved, or other outside interested entities, are expected to pick up an increasing portion of the costs of the services provided by the Institute such that by the PACD the Institute can be financially indepedent and operating without further A.I.D.-funded assistance.

A general framework for the activities can be defined in terms of the analytic approahces considered feasible for the studies. Three general approaches or orientations to specific sub-projects will be utilized:

1. Engineering analysis and technical project evaluation will address specifically technical issues, including field and laboratory studies, design, training requirements, etc.;

2. Economic analysis will focus on project, sector and national planning issues, micro- and macroeconomic studies related to specific Egyptian development programs; and,
3. An interdisciplinary approach is required for the development programs which focus on the social issues, overall economic policy formulation, and specific projects on population and labor force issues, socio-economic change including urbanization, social services, technology transfer, and development administration strategies.

The economic and social analysis complement the technological aspects of the studies and place them in their proper developmental context. Invariably some consideration of the issues raised by each approach are incorporated in the planning and evaluation phases of specific sub-projects.

The technical effort will address a range of topics that can be classified into four general areas:

- Public Works
- Energy
- Manufacturing
- Social-economic Development and Administrative Policies

Assurance that the activities carried out by the Institute reflect government priorities should result from the inclusion of appropriate government representation on the new Joint Advisory Committee of the Institute; and the criteria to be established for selecting these activities. Each research proposal will also be reviewed and approved by the Minister of the relevant Ministry.

3. Organizational and Administrative Arrangements

Until the Institute is formally established, the Project will maintain the general management and administrative organization developed during the pre-project feasibility phase.

The principal organizational elements and responsibilities include:

a) institutional and administrative agreements between CU and the U.S. participating institution;

b) one Program Director each for the participating U.S. institution and CU to be responsible for coordinating and organizing their respective institution's inputs into the Project and ensure that contractual or institutional requirements are being satisfied;

c) a joint CU-US participating institute Liaison Office established at CU with a Director and staff to

administer the day-to-day Project activities and ensure effective cooperation with government or outside clients; and,

d) a Joint Advisory Committee, consisting of members from CU and the U.S. participating institute, to provide overall policy and administrative direction to the Liaison Office.

When the Institute of Technological Planning at CU is established, it will incorporate the existing Liaison Office. The Liaison Office will be maintained within the Institute in order to carry out the U.S. participating institute's administrative and contractual obligations to A.I.D. The authorities and functions of this Institute will be worked out in detail by the new Joint Advisory Committee (discussed below) and approved by A.I.D. The Institute will be given adequate office space by the Grantee through Cairo University in which to carry out its activities.

The Joint Advisory Committee will be replaced by a new Joint Advisory Committee for the Institute which will be established within six months from the date of this Agreement in the context of the formal establishment of the Institute, and a full-time Director of the Institute will be appointed. This Joint Advisory Committee is expected to be

chaired by the CU Vice-Rector of Graduate Studies and include representatives from:

a. Senior Participating Cairo University Faculty (2) (one of whom may be the Director of the Institute);

b. Senior Participating Ministry Staff (3) (One of whom will be from the Ministry of Plan or will be knowledgeable of overall Grantee development priorities.);

c. Senior Cairo University Administrators (2) (One of whom may be the Director of the Institute and one of whom may be the Committee Chairman.);

d. Director of the Institute (1); and, possibly at a later date,

e. Foreign Cooperating Academic Institutions (2).

This Joint Advisory Committee will be responsible for identification and selection of activity proposals in areas of interest to the Egyptian government and the Institute according to criteria to be established within six months from the date of this Agreement; for assessment of benefits derived from the various activities of the Institute; and for determining the extent to which the institutional-building purposes of the Institute have been achieved and the Institute has met the criteria of having contributed to the ability of the government to carry out project and program development activities.

A.I.D. will maintain close working relations with this Committee, and will participate as appropriate in the annual reviews of Project progress.

It is planned that as soon as A.I.D.'s direct contractual responsibility ends in two years when the Institute has been formally established and favorably evaluated, Cairo University will negotiate and execute a contract directly with a U.S. participating institution to continue to carry out the Project.

C. Reporting

The Grantee shall cause to be submitted annual Project progress reports for all aspects of Project activities. These reports will be prepared in conjunction with CU, the U.S. participating institute, relevant Egyptian counterparts and, as appropriate, USAID/Egypt. These reports will form a base for decisions on modifications, discontinuations, or extension of the Project. They will aslo provide basic information for the evaluations. The Grantee will deliver to A.I.D. by August 31 of each year a report to include:

Status of contracting permanent and short-term personnel for Project implementation and related technical arrangements. This section will describe problems in the selection of professionals, timely delivery and completion of their services.

Status and work assignments for administrative and technical personnel assigned to the Project from departments at Cairo University, and the participating U.S. institution.

Status of Project activities with respect to:

a. Coordination with ministries, agencies, joint working groups, and international organizations.

b. Development and application of Cairo University/U.S. institution's analysis/assessment capability applied to actual and planned projects.

c. Degree of intergovernmental and public acceptance of project team concept as planning analysis resource.

Status of establishment of Institute for Technological Planning with respect to:

a. Administrative arrangements;

b. Financial control mechanisms;

c. Prospects and plans for obtaining full financial support, independent of A.I.D.; and,

d. Training programs planned and underway.

The Grantee will deliver to the Director, USAID/Egypt five copies of all final Project progress reports.

D. Evaluations

A.I.D., the U.S. participating institute, the Grantee and CU will participate in the establishment of an evaluation plan, and in the drafting of scopes of work and carrying out the in-depth evaluations of the Project. The evaluations will focus on the program in Section 5.1. of this Agreement and the following:

a. The progress toward developing and implementing the research, technical assistance and training programs of the Institute;

b. The level of Grantee or outside financial support for the Institute and the Institute's plans for obtaining financial independence from A.I.D. by the end of the Project;

c. The implementation by the Institute of a training program for the Grantee's participants to provide Ministries with the capability to utilize successfully the Institute after Project termination;

d. The progress toward developing an Egyptian capability to translate development problems into researchable issues and to manage such problem-solving research; and,

e. The contribution specific sub-project studies are making to Project objectives (the technical aspects of the activities themselves will not be evaluated).

The first evaluation shall have been conducted and submitted to A.I.D. for approval by no later than June 30, 1980. The timing of the

evaluations to be conducted after the first one will be agreed upon by A.I.D. and CU before the end of the first two years of the Project. It is currently believed that the most appropriate timing for these evaluations would be within two years from the completion of the first evaluation and at the completion of the Project.

E. Program Budget

During the first two years of the Project, the funding requirements are anticipated to remain at approximately the rate reached by the end of the pre-project feasibility stage. Additional expenditures will be required for the start-up of the Institute and development of the educational programs. Beginning in year three, a reduction in the direct U.S. participating institute's involvement on project teams and program administration will take place with a subsequent reduction in A.I.D. financing. While the total Egyptian effort and local currency requirements would increase for the last two years, direct financing by the Ministries and other government agencies of the research and educational programs of the Institute would further reduce the funding required from A.I.D. By the PACD, independent financing of the administration and educational programs of the Institute will cover its budget. Financing of specific research projects may be obtained

from participating Ministries, national and international agencies, including A.I.D., as topics of mutual interest are identified.

An illustrative budget summary for the Project is provided in the following table:

Project Grant Standard

Provisions Annex

Annex 2

Definitions: As used in this Annex, the "Agreement" refers to the Project Grant Agreement to which this Annex is attached and of which this Annex forms a part. Terms used in this Annex have the same meaning or reference as in the Agreement.

Article A: Project Implementation Letters.

To assist Grantee in the implementation of the Project, A.I.D., from time to time, will issue Project Implementation Letters that will furnish additional information about matters stated in this Agreement. The parties may also use jointly agreed-upon, Project Implementation Letters to confirm and record their mutual understanding on aspects of the implementation of this Agreement. Project Implementation Letters will not be used to amend the text of the Agreement, but can be used to record revisions or exceptions which are permitted by the Agreement, including the revision of elements of the amplified description of the Project in Annex 1.

Article B: General Covenants

SECTION B.1 Consultation. The Parties will cooperate to assure that the purpose of this Agreement will be accomplished. To this end, the Parties, at the request of either, will exchange views on the progress of the Project, the performance of obligations under this Agreement, the performance of any consultants, contractors or suppliers engaged on the Project, and other matters relating to the Project.

SECTION B.2. Execution of Project. The Grantee will:

(a) carry out the Project or cause it to be carried out with due diligence and efficiency, in conformity with sound technical, financial, and management practices, and in conformity with those documents, plans, specifications, contracts, schedules or other arrangements, and with any modifications therein, approved by A.I.D. pursuant to this Agreement; and

(b) provide qualified and experienced management for, and train such staff as may be appropriate for the maintenance and operation of the Project, and, as applicable for continuing activities, cause the Project to be operated and maintained in such manner as to assure the continuing and successful achievement of the purposes of the Project.

SECTION B.3. Utilization of Goods and Services.

(a) Any resources financed under the Grant will, unless otherwise agreed in writing by A.I.D., be devoted to the Project until the completion of the Project, and thereafter will be used so as to further the objectives sought in carrying out the Project.

(b) Goods or services financed under the Grant, except as A.I.D. may otherwise agree in writing, will not be used to promote or assist a foreign aid project or activity associated with or financed by a country not included in Code 935 of the A.I.D. Geographic Code Book as in effect at the time of such use.

SECTION B.4. Taxation. (a) This Agreement and the Grant will be free from any taxation or fees imposed under laws in effect in the territory of the Grantee.

(b) To the extent that (1) any contractor, including any consulting firm, any personnel of such contractor financed under the Grant, and any property or transaction relating to such contracts and (2) any commodity procurement transaction financed under the Grant, are not exempt from identifiable taxes, tariffs, duties or other levies imposed under laws in effect in the territory of the Grantee, the Grantee will, as and to the extent provided in and pursuant to Project Implementation Letters, pay or reimburse the same with funds other than those provided under the Grant.

SECTION B.5. Reports, Records, Inspections, Audit.

The Grantee will:

(a) furnish A.I.D. such information and reports relating to the Project and to this Agreement as A.I.D. may reasonably request;

(b) maintain or cause to be maintained, in accordance with generally accepted accounting principles and practices consistently applied, books and records relating to the Project and to this Agreement, adequate to show, without limitation, the receipt and use of goods and services acquired under the Grant. Such books and records will be audited regularly, in accordance with generally accepted auditing standards, and maintained for three years after the date of last disbursement by A.I.D.; such books and records will also be adequate to show the nature and extent of solicitations of prospective suppliers of goods and services acquired, the basis of award of contracts and orders, and the overall progress of the Project toward completion; and

(c) afford authorized representatives of a Party the opportunity at all reasonable times to inspect the Project, the utilization of goods and services financed by such Party, and books, records and other documents relating to the Project and the Grant.

SECTION B.6. Completeness of Information.

The Grantee confirms:

(a) that the facts and circumstances of which it has informed A.I.D., or caused A.I.D. to be informed, in the course of reaching agreement with A.I.D. on the Grant, are accurate and complete, and include all facts and circumstances that might materially affect the Project and the discharge of responsibilities under this Agreement;

(b) that it will inform A.I.D. in timely fashion of any subsequent facts and circumstances that might materially affect, or that it is reasonable to believe might so affect, the Project or the discharge of responsibilities under this Agreement.

SECTION B.7. Other Payments.

Grantee affirms that no payments have been or will be received by any official of the Grantee in connection with the procurement of goods or services financed under the Grant, except fees, taxes, or similar payments legally established in the country of the Grantee.

SECTION B.8. Information and Marking.

The Grantee will give appropriate publicity to the Grant and the Project as a program to which the United States has contributed, identify the Project site, and mark goods financed by A.I.D., as described in Project Implementation Letters.

Article C. Procurement Provisions

SECTION C.1. Special Rules.

(a) The source and origin of ocean and air shipping will be deemed to be the ocean vessel's or aircraft's country of registry at the time of shipment.

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(b) Premiums for marine insurance placed in the territory of the Grantee will be deemed an eligible Foreign Exchange Cost, if otherwise eligible under Section C.7(a).

(c) Any motor vehicles financed under the Grant will be of United States manufacture, except as A.I.D. may otherwise agree in writing.

(d) Transportation by air, financed under the Grant, of property or persons (and their personal effects) will be on carriers holding United States certification, to the extent service by such carriers is available. Details on this requirement will be described in a Project Implementation Letter.

SECTION C.2. Eligibility Date.

No goods or services may be financed under the Grant which are procured pursuant to orders or contracts firmly placed or entered into prior to the date of this Agreement, except as the Parties may otherwise agree in writing.

SECTION C.3. Plans, Specifications, and Contracts.

In order for there to be mutual agreement on the following matters, and except as the Parties may otherwise agree in writing:

(a) The Grantee will furnish to A.I.D. upon preparation,

(1) any plans, specifications, procurement or construction schedules, contracts, or other documentation relating to goods or services to be financed under the Grant, including documentation relating to the prequalification and selection of contractors and to the solicitation of bids and proposals. Material modifications in such documentation will likewise be furnished A.I.D. on preparation;

(2) such documentation will also be furnished to A.I.D., upon preparation, relating to any goods or services which, though not financed under the Grant, are deemed by A.I.D. to be of major importance to the Project. Aspects of the Project involving matters under this subsection (a) (2) will be identified in Project Implementation Letters;

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(b) Documents related to the prequalification of contractors, and to the solicitation of bids or proposals for goods and services financed under the Grant will be approved by AID in writing prior to their issuance, and their terms will include United States standards and measurements;

(c) Contracts and contractors financed under the Grant for engineering and other professional services, for construction services, and for such other services, equipment or materials as may be specified in Project Implementation Letters, will be approved by A.I.D. in writing prior to execution of the contract. Material modifications in such contracts will also be approved in writing by A.I.D. prior to execution; and

(d) Consulting firms used by the Grantee for the Project but not financed under the Grant, the scope of their services and such of their personnel assigned to the Project as A.I.D. may specify, and construction contractors used by the Grantee for the Project but not financed under the Grant, shall be acceptable to A.I.D.

SECTION C.4. Reasonable Price.

No more than reasonable prices will be paid for any goods or services financed, in whole or in part, under the Grant. Such items will be procured on a fair and, to the maximum extent practicable, on a competitive basis.

SECTION C.5. Notification to Potential Suppliers.

To permit all United States firms to have the opportunity to participate in furnishing goods and services to be financed under the Grant, the Grantee will furnish A.I.D. such information with regard thereto, and at such times, as A.I.D. may request in Project Implementation Letters.

SECTION C.6. Shipping.

(a) Goods which are to be transported to the territory of the Grantee may not be financed under the Grant if transported either:

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(1) on an ocean vessel or aircraft under the flag of a country which is not included in A.I.D.Geographic Code 935 as in effect at the time of shipment, or

(2) on an ocean vessel which A.I.D., by written notice to the Grantee has designated as ineligible; or

(3) under an ocean or air charter which has not received prior A.I.D. approval.

(b) Costs of ocean or air transportation (of goods or persons) and related delivery services may not be financed under the Grant, if such goods or persons are carried:

(1) on an ocean vessel under the flag of a country not, at the time of shipment, identified under the paragraph of the Agreement entitled "Procurement Source: Foreign Exchange Costs," without prior written A.I.D. approval; or

(2) on an ocean vessel which A.I.D., by written notice to the Grantee, has designated as ineligible; or

(3) under an ocean vessel or air charter which has not received prior A.I.D. approval.

(c) Unless A.I.D. determines that privately-owned United States-flag commercial ocean vessels are not available at fair and reasonable rates for such vessels,

(1) at least fifty percent (50%) of the gross tonnage of all goods (computed separately for dry bulk carriers, dry cargo liners and tankers) financed by A.I.D. which may be transported on ocean vessels will be transported on privately-owned United States-flag commercial vessels, and

(2) at least fifty percent (50%) of the gross freight revenue generated by all shipments financed by A.I.D. and transported to the territory of the Grantee on dry cargo liners shall be paid to or for the benefit of privately-owned United States-flag commercial vessels.

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Compliance with the requirements of (1) and (2) of this subsection must be achieved with respect to both any cargo transported from U.S. ports and any cargo transported from non-U.S. ports, computed separately.

SECTION C.7. Insurance.

(a) Marine insurance on goods financed by A.I.D. which are to be transported to the territory of the Grantee may be financed as a Foreign Exchange Cost under this Agreement provided

(1) such insurance is placed at the lowest available competitive rate, and

(2) claims thereunder are payable in the currency in which such goods were financed or in any freely convertible currency.

If the Grantee (or government of Grantee), by statute, decree, rule, regulation, or practice discriminates with respect to A.I.D.-financed procurement against any marine insurance company authorized to do business in any State of the United States, then all goods shipped to the territory of the Grantee financed by A.I.D.hereunder will be insured against marine risks and such insurance will be placed in the United States with a company or companies authorized to do a marine insurance business in a State of the United States.

(b) Except as A.I.D. may otherwise agree in writing, the Grantee will insure, or cause to be insured, goods financed under the Grant imported for the Project against risks incident to their transit to the point of their use in the Project; such insurance will be issued on terms and conditions consistent with sound commercial practice and will insure the full value of the goods. Any indemnification received by the Grantee under such insurance will be used to replace or repair any material damage or any loss of the goods insured or will be used to reimburse the Grantee for the replacement or repair of such goods. Any such replacements will be of source and origin of countries listed in A.I.D. Geographic Code 935 as in effect at the time of replacement, and, except as the Parties may agree in writing, will be otherwise subject to the provisions of the Agreement.

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SECTION C. 8. U.S. Government-owned Excess Property

The Grantee agrees that wherever practicable United States Government-owned excess personal property, in lieu of new items financed under the Grant, should be utilized. Funds under the Grant may be used to finance the costs of obtaining such property for the Project.

Article D: Termination; Remedies.

SECTION D.1. Termination.

Either Party, may terminate this Agreement by giving the other Party 30 days written notice. Termination of this Agreement will terminate any obligations of the Parties to provide financial or other resources to the Project pursuant to this Agreement, except for payments which they are committed to make pursuant to non-cancellable commitments entered into with third parties prior to the termination of this Agreement. In addition, upon such termination A.I.D. may, at A.I.D.'s expense, direct that title to goods financed under the Grant be transferred to A.I.D. if the goods are from a source outside Grantee's country, are in a deliverable state and have not been offloaded in ports of entry of Grantee's country.

SECTION D. 2. Refunds.

(a) In the case of any disbursement which is not supported by valid documentation in accordance with this Agreement, or which is not made or used in accordance with this Agreement, or which was for goods or services not used in accordance with this Agreement, A.I.D., notwithstanding the availability or exercise of any other remedies under this Agreement, may require the Grantee to refund the amount of such disbursement in U.S. Dollars to A.I.D. within sixty days after receipt of a request therefor.

(b) If the failure of Grantee to comply with any of its obligations under this Agreement has the result that goods or services financed under the Grant are not used effectively in accordance with this Agreement, A.I.D. may require the Grantee to refund all or any part of the amount of the disbursements under this Agreement for such goods or services in U.S. Dollars to A.I.D. within sixty days after receipt of a request therefor.

(c) The right under subsection (a) or (b) to require a refund of a disbursement will continue, notwithstanding any other provision of this Agreement, for three years from the date of the last disbursement under this Agreement.

(d) (1) Any refund under subsection (a) or (b), or (2) any refund to A.I.D. from a contractor, supplier, bank or other third party with respect to goods or services financed under the Grant, which refund relates to an unreasonable price for or erroneous invoicing of goods or services, or to goods that did not conform to specifications, or to services that were inadequate, will (A) be made available first for the cost of goods and services required for the Project, to the extent justified, and (B) the remainder, if any, will be applied to reduce the amount of the Grant.

(e) Any interest or other earnings on Grant funds disbursed by A.I.D. to the Grantee under this Agreement prior to the authorized use of such funds for the Project will be returned to A.I.D. in U.S Dollars by the Grantee.

SECTION D.3. Nonwaiver of Remedies.

No delay in exercising any right or remedy accruing to a Party in connection with its financing under this Agreement will be construed as a waiver of such right or remedy.

SECTION D.4. Assignment.

The Grantee agrees, upon request, to execute an assignment to A.I.D. of any cause of action which may accrue to the Grantee in connection with or arising out of the contractual performance or breach of performance by a party to a direct U.S. Dollar contract with A.I.D. financed in whole or in part out of funds granted by A.I.D. under this Agreement.

CONFORMED COPY

A.I.D. PROJECT NUMBER 263-0061

FIRST AMENDMENT
TO
GRANT AGREEMENT
BETWEEN THE
UNITED STATES OF AMERICA
AND THE
ARAB REPUBLIC OF EGYPT
FOR
DEVELOPMENT PLANNING STUDIES

Dated: September 28, 1980

First Amendment, dated September 28, 1980 to the Grant Agreement, dated August 17, 1978 between the Arab Republic of Egypt ("Grantee") the United States of America, acting through the Agency for International Development ("A.I.D.") ("Parties") and Cairo University ("CU") as implementing organization, for Development Planning Studies.

SECTION 1. The Grant Agreement is amended as follows:

(a) Section 3.1 is deleted in its entirety and the following new Section 3.1 is substituted therefor:

"SECTION 3.1 The Grant. To assist the Grantee to meet the costs of carrying out the Project, A.I.D., pursuant to the Foreign Assistance Act of 1961, as amended, agrees to grant the Grantee under the terms of this Agreement not to exceed Fifteen Million Eight Hundred Thousand United States ('U.S.') Dollars ($15,800,000) and Two Million Three Hundred Thousand Egyptian Pounds (LE 2,300,000) ('Grant'). Of the amount of U.S. Dollars made available hereunder, and in addition to the amount of Egyptian Pounds referred to above, an amount not to exceed Six Million U.S. Dollars may be converted into Egyptian pounds to help finance the local currency costs of the Project.

"The Grant may be used to finance foreign exchange costs, as defined in Section 6.1., and local currency costs, as defined in Section 6.2., of goods and services required for the project, except that, unless the Parties otherwise agree in writing, Local Currency Costs financed under the Grant will not exceed the sum of the Egyptian Pound portion of the Grant

and the amount of Egyptian Pounds obtained from conversion of the U.S. Dollars as authorized in the preceding paragraph."

(b) Section 3.2 (b) is deleted in its entirety and a new Section 3.2(b) is substituted as follows:

"(b) The Grantee shall also provide not less than Eight Million Five Hundred Thousand Egyptian Pounds (LE 8,500,000), including costs borne on an 'in-kind' basis, to cover Project costs during the life of the Project."

(c) Section 6.2. is deleted in its entirety and the following new section 6.2 is substituted therefor:

"SECTION 6.2. Local Currency Costs. Disbursement pursuant to Section 7.2 of local currency owned by the U.S. Governement will be used exclusively to finance the costs of goods and services required for the Project having their source in Egypt and, except as A.I.D. may otherwise agree in writing, their origin in countries listed in Code 935 of the AID Geographic Code Book as in effect at the time orders are placed or contracts entered into for such goods or services. Disbursements pursuant to Section 7.2 of local currency obtained form conversion of U.S. Dollars as authorized in Section 6.2 shall be used exclusively to finance the costs of goods and services required for the Project having their source and, except as A.I.D. may otherwise agree in writing, their origin in Egypt. Both terms of disbursement shall be referred to as 'Local Currency Costs'."

(d) Section 7.2 (b) is deleted in its entirety and the following new Section 7.2 (b) is substituted therefor:

"(b) The local currency needed for such disbursements may be obtained from local currency owned by the U.S.Government or by acquisition by A.I.D. with U.S. Dollars by purchase. The U.S. dollar equivalent of the local currency made available by the latter method will be the amount of U.S. dollars required by A.I.D. to obtain the local currency."

(e) Section 7.3 redesignated section 7.4.

(f) A new Section 7.3 is added as follows:

"SECTION 7.3 Rate of Exchange. Except as may be more specifically provided under Section 7.2, if funds provided under the Grant are introduced into Egypt by A.I.D. or any public or private agency for purposes of carrying out obligations of A.I.D. hereunder, the Grantee will make sure arrangements as may be necessary so that funds may be converted into currency of the Arab Republic of Egypt at the highest rate of exchange prevailing and declared for foreign exchange currency by the competent authorities of the Arab Republic of Egypt."

(g) A Project Description Addendum, attached hereto as Annex 1 to this Amendment No. 1, is hereby incorporated into the Agreement.

(h) The Illustrative Budget Summary for the Project in Annex 1 is deleted in its entirety and a new Illustrative Budget Summary, attached hereto as Attachment 1 to Annex 1 to this Amendment No. 1, is substituted therefor.

SECTION 2. The First Amendment shall enter into force when signed by the representatives of the Arab Republic of Egypt and the United States of America.

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Annex 1 to
Amendment No. 1

Project Description Addendum

Following completion of Phase I of the Project and based upon evaluation of that Phase, the following additions to the Project Description have been agreed upon by the Parties as necessary to describe the key elements of the implementation of the Project during Phase II. Nothing in this addendum shall be interpreted as modifying the description of the Project as it has been carried out in Phase I or as affecting any of the aspects of the Project Description as it existed prior to the execution of Amendment No.1 to the Agreement which have application to the implementation of the Project as a whole.

Phase II of Project Implementation

The Project, through the auspices of the Development Research and Technological Planning Center (DRTPC) established as an autonomous unit of Cairo University under Phase I, will pursue efforts to further strengthen, implement and institutionalize Egyptian capabilities to address and to solve developmental problems of Egypt. It will also support technological development in the country through applied research and technological planning.

During the Project's Phase II, the Participating Institution (MIT), performing its services under a direct contract with A.I.D., will cooperate with and assist the DRTPC, through the provision of consultant advisory services on technical and administrative matters, to institutionalize the procedures developed in this Project. This will in turn enable the DRTPC to become a permanent mechanism for mobilizing academic support for ministry planning efforts and for training future planners. During Phase II additional work in developing the functional organization, management procedures and operational systems will be required. An operational plan to this end shall be prepared and implemented by the MIT and the DRTPC within six months of the initiation of Phase II of this Project.

Activity Details

A set of projects (not exceeding 15 in number) will be selected for implementation during Phase II of the Project under the auspices of the DRTPC with the collaboration of MIT. Their content will be approved by the Project's Executive Committee at Cairo University, based on discussions with the specific ministries involved, appropriate academic faculties in Egypt, the DRTPC Program Coordinating Committee and USAID representatives. Such discussions will insure that the Projects are compatible with the research objectives of each institution.

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(1) New Initiatives in Research

The evaluation team which reviewed the performance of Phase I of this Project has recommended that increased efforts in involving additional personnel from Cairo University should be made to strengthen the institutionalization process. In consonance with these recommendations, MIT, in collaboration with the DRPC, will establish the following new initiatives.

- Undertake a series of mini-research projects of three to six months duration similar to those conducted during the first phase of the Project. Emphasis will be on increasing present Cairo University capabilities which can lead to the development of long-term contracts with ministries.

- Provide support to junior faculty members' research. In this regard junior faculty members would submit a proposal for post-doctoral research to a faculty committee. A small number would be selected and approved. Normally, the selected participants would spend a semester at MIT either as fellows at the Center for Advanced Engineering Study or pursuing an individually structured program within an academic department related to his or her research topic. Counseling services from faculty members, laboratory and computer services would also be made available. The remainder of the time would be spent at Cairo University.

- Provide financial incentive for graduate student theses to be written in areas of relevance to the development goals of the Government of Egypt. The mechanism would be submission of a proposal for review by a faculty committee from both Cairo University and MIT. The committee would then select and provide the necessary support to a limited number of graduate students and physical support to the students' department

(2) New Initiatives in Educational Activities

In response to the Evaluation Team's recommendation to provide more formal training in order to expand the base of personnel involved, the following new initiatives will be established:

- Course development at Cairo University will be undertaken in a selected number of departments, with both MIT and Cairo University faculty participants.

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- Short course packages will be developed by Cairo University and MIT faculty members and offered to ministry and Cairo University personnel in areas such as sector level planning, computer modeling, and cost-benefit analysis.

- A mechanism will be established to encourage the participation of ministry personnel in graduate degree programs at Cairo University similar to mid-career programs in many U.S. universities. Included would be a one-month visit to MIT for discussion of research topics with appropriate faculty members and access to laboratory and computer facilities.

- An internship program will be established within the ministries to utilize the summer recess time available to Cairo University faculty members. This program would provide them with an opportunity to become familiar with the operations within the ministries, and increase the interaction between ministry personnel and Cairo University faculty members which could lead to mutually beneficial long-term relationships.

- Educational hardware will be provided to Cairo University academic departments to support research and thesis work, and to the CARE to develop computer, library, and other research facilities.

The above initiatives, both in research and education, are also intended to provide an important incentive to promising Cairo University faculty and ministry personnel to remain in Egypt, rather than pursuing other options which are available to them elsewhere in the Middle East and abroad.

(3) Specific Anticipated Results

Specific anticipated results are summarized here to present the tangible and intangible benefits which it is anticipated will to be derived from the effort planned under Phase II.

- Each specific development project to be undertaken with Egyptian collaborators will generate direct and indirect benefits for the improvement of the economic and social well-being of the Egyptian people. Each project, when initiated, will contain an evaluation plan that will show how these benefits are to be assessed.

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- Decision makers and program analysts within specific ministries and agencies in the Egyptian government will gain an appreciation of and develop expertise in the methodologies of project evaluation.

- The Development Research and Technological Planning Center will gain experience in managing research programs, and will be the permanent means of coordinating governmental and academic activities.

(4) Organizational and Administrative Plan

The principal organizational elements of this program are the MIT Technology Adaptation Program, and the Office of the Rector at Cairo University. A Liaison Office, established at Cairo University, currently administers the program activities in Egypt. The Program Policy Committee at MIT and the Executive Committee at Cairo University have had the responsibility along with representatives of the involved ministries of developing new project areas and supervising the progress on existing efforts. The Egyptian Administrative Officer and the Resident MIT Liaison Officer are responsible for the day-to-day operation of the office.

During Phase II it is anticipated that the organizational structure of the program will be modified in order to take advantage of the administrative capabilities developed in DRTPC during the initial phase. Such a reorganization will not only streamline the existing structure but will also provide greater involvement of DRTPC in the management of the activities within the program and provide greater stability for the longer term. At MIT the program will continue to be managed within the Technology Adaptation Program under its Director. The Program's activities will be scrutinized by appropriate MIT committees in order to maintain academic quality control not only of the conduct of its research but also in the selection of topics for research.

At Cairo University the Program will continue to operate under the auspices of the DRTPC. The Cairo University Executive Committee will remain responsible for the operation of the program, and a strong coordination of activities with the DRTPC will be maintained through the committees that have been established.

Institutional and administrative agreements between MIT and Cairo University were signed during Phase I and will be modified as needed to provide the basis for the program organization in this phase.

PHASE I BUDGET
($ 000)

	Year 1		Year 2-End Phase I	
	$	LE	$	LE
Staff & Administration	352	19	352	19
Project Teams	972	546	972	546
Liaison Office and/or Institute for Technological Planning	100	144	100	164
Educational Programs	20	20	50	30
Visiting Fellows Program	98	6	98	6
Conferences and Seminars	4	7	4	7
Direct Expenses	156	30	156	30
U.S. & International Travel	102	280	102	280
Project Travel in Egypt	-	25	-	25
Evaluation	-	-	25	10
OVERALL COST OF PHASE I OF PROGRAM	1804	1077	1859	1117
COST WITH 10% ESCALATOR ON YEAR 2	1804	1077	2045	1229
GOE CONTRIBUTION		1250		1250
TOTAL ANNUAL PHASE I COSTS	1804	2327	2045	2479

TOTAL PHASE I COSTS: $3,849 and LE 4,806

PHASE II ESTIMATED BUDGET
($000)

1. Administration	
a. MIT Staff	811,400
b. MIT Direct Expenses	129,100
c. Liaison Office	220,900
d. Administrative Travel	286,800
2. Research	
a. CU/MIT Research Projects (long term)	3,235,300
b. CU/MIT Research Projects (short term)	637,600
c. Research Support for CU Junior Faculty	278,000
3. Educational Programs	
a. Course Development at Cairo University	165,500
b. Short Courses at DRTPC	228,400
c. Support for Graduate Students	762,900
d. Research Support Systems at Cairo University	712,000
Total U.S. Dollars	$7,467,900

PHASE II ESTIMATED BUDGET
(L.E.000)

	Estimate - for period ending 11/30/83
1. Administration	
a. Cairo University Rector's Office	46,600
b. Liaison Office	243,900
c. DRTPC	185,900
d. Conferences	22,200
e. Administrative Travel	49,200
2. Research	
a. CU/MIT Research Projects (long term)	1,484,600
b. CU/MIT Research Projects (short term)	345,700
c. Research Support for CU Junior Faculty	176,300
3. Educational Programs	
a. Course Development at Cairo University	91,500
b. Short Courses at DRTPC	107,300
c. Support for Graduate Students	350,400
d. Internships at GOE Ministries	68,800
Total Egyptian Pounds From AID Grant	L.E. 3,172,400
GOE Contribution	L.E. 4,280,000

SECTION 3. Except as specifically amended or modified herein, the Grant Agreement shall remain in full force and effect in accordance with all of its items.

IN WITNESS WHEREOF, the Arab Republic of Egypt and the United States of America each acting through its respective duly authorized representatives, have caused this Agreement to be signed in their names and delivered as of the day and year first above written.

ARAB REPUBLIC OF EGYPT

BY: A. Meguid

NAME: Dr. Abdel Razzak Abdel Meguid

TITLE: Deputy Prime Minister for Economic & Financial Affairs and Minister of Planning, Finance & Economy

UNITED STATES OF AMERICA

BY: Alfred L. Atherton, Jr.

NAME: Alfred L. Atherton, Jr.

TITLE: American Ambassador

Implementing Organization

In acknowledgement of the foregoing Agreement, a representative of the Implementing Organization has subscribed his name:

CAIRO UNIVERSITY

BY:

NAME: Hassan Hamdi

TITLE: Rector Cairo University

ANNEX XI

September 30, 1980

Professor Dr. Hassan Hamdi
President
Cairo University

Subject: AID Grant Project Agreement
Development Planning Studies
Project # 263-0061
Implementation Letter # 3

Dear Dr. Hamdi:

With reference to the Grant Agreement between the United States of America and the Arab Republic of Egypt for Development Planning Studies, Section 3.3 of said Agreement is hereby revised to extend the Project Activity Completion Date (PACD) from August 31, 1983, as currently provided in the Agreement, to March 31, 1984.

This extension of the Project Activity Completion Date is made to allow ample time for the completion of the Contractor's services under Phase II of the Project.

A letter containing the same advice of extension has been sent to His Excellency Dr. Abdel Razzak Abdel Meguid.

Sincerely yours,

John L. Hafenrichter
Acting Director
Office of Education & Training

HRDC/EDU:JStewart:ak (Draft)

Clearance:

LEG:WLoris (Draft)

ANNEX XII

AGENCY FOR INTERNATIONAL DEVELOPMENT
ADVICE OF PROGRAM CHANGE

DATE: SEP 5 1980

Country: Egypt

Project Title: Development Planning Studies

Project Number: 263-0061

FY 80 CP Reference: Annex IV, Near East Programs, page 24

Appropriation Category: Economic Support Fund

Intended FY 1980 Obligation: $12,000,000

This is to advise that A.I.D. plans to obligate $12,000,000 in FY 80 rather than the $3,900,000 shown in the FY 1980 Congressional Presentation for the referenced project, and to increase the life-of-project funding from the $7,700,000 shown in the FY 1980 Congressional Presentation to $15,800,000. The additional funds will cover inflationary increases in the cost of on-going activities, and provide for Phase II activities anticipated in the original project design, as well as new initiatives identified during a recent in-depth evaluation of Phase I of the project. These new initiatives primarily involve increased technical assistance and training to create an on-going institutional capacity in the Development Research and Technical Planning Center at the University of Cairo to carry out the kinds of activities presently supported through this project.

Attachment: Revised Activity Data Sheet

PROGRAM: Egypt

ACTIVITY DATA SHEET

TITLE	FUNDS	PROPOSED OBLIGATION (In thousands of dollars)		
Development Planning Studies	Economic Support Fund	FY 80 12,000		LIFE OF PROJECT 15,800
NUMBER 263-0061 GRANT ☒ LOAN ☐ / NEW ☐ CONTINUING ☒	PRIOR REFERENCE FY 1980 Near East Programs, page 24	INITIAL OBLIGATION FY 78	ESTIMATED FINAL OBLIGATION FY 80	ESTIMATED COMPLETION DATE OF PROJECT FY 83

Purpose: To assist the Government of Egypt in creating a permanent institutional framework through which Egyptian applied research and training capabilities can be organized to strengthen the capacity of its ministries to carry out development and project planning activities.

Background and Progress to Date: Egypt's development efforts are seriously constrained by the government's capacity to plan, execute and manage development programs. Virtually every sector of the economy is affected by this weakness. A pilot program involving the Massachusetts Institute of Technology and Cairo University demonstrated the feasibility of developing an institutional capability at Cairo University to strengthen the planning and project implementation capabilities of participating ministries. To date, 120 applied research studies have been completed in such areas as water resources, urban and highway transportation planning, housing and construction, energy, small-scale industry, etc. Many of the studies have resulted in significant Government of Egypt action decisions -- i.e., training of construction workers, World Bank (IBRD) loans for electric power, highway construction and a policy on control of the Nile River flow. An Institute for Technological Planning has been established at Cairo University and works closely with the contractor to insure proper support for the research teams. A June, 1980 evaluation study concluded that project goals were being realized. Based on the evaluation recommendation, Phase II of the project will be designed to concentrate on institution building and planned transfer of functions from USAID/MIT to the Development Research and Technical Planning Center.

Host Country and Other Donors: The Government of Egypt provides major local cost support to the project through direct budget inputs to Cairo University and ministry inputs to individual research activities. The total value of governmental support in the first two years exceeded original goals and will be over $3 million each year for the remainder of the project.

Beneficiaries: An estimated 250 Ministry staff and University personnel will acquire techniques and skills to carry out research development and planning activities. The high rate of return from research application benefits the general population.

FY 80 Program: Based on evaluation recommendations, applied research studies will continue. They will expand to address priority areas not yet studied. Emphasis in project activity will be on strengthening the Development Research and Technical Planning Center.

Major Inputs:	All Years
1. Development Research and Technical Planning Center established	1
2. Studies completed	250
3. Personnel trained:	
a. Cairo University	100
b. Ministries	150

A.I.D. Financed Inputs:	FY 80 ($ Thousands)
1. Technical Assistance	8,400
2. Participant Training	1,800
3. Commodities	600
4. Other Costs (Administrative support, reports, computer usage)	1,200
Total	12,000

U.S. FINANCING (In thousands of dollars)	Obligations	Expenditures	Unliquidated
Through September 30, 1979	3,800	-0-	3,800
Estimated Fiscal Year 1979	-	1537	
Estimated through September 30, 1979	3,800	1537	2,263
		Future Year Obligations	Estimated Total Cost
Proposed Fiscal Year 1980	12,000	-0-	15,800

PRINCIPAL CONTRACTORS OR AGENCIES

Massachusetts Institute of Technology

September 5, 1980

SEE ATTACHED DISTRIBUTION

We wish to inform you of proposed actions in the Agency's Program during the Fiscal Year 1980:

Sierra Leone - Credit Union National Association Grant
Africa - African Women in Development
Egypt - Development Planning Studies — #431
Peru - Rural Water Systems for the Sierra

William R. McIntyre
Program Presentation Division
Office of Legislative Affairs

The attached notifications were sent to the Hill on September 5, 1980.
Obligation may be incurred on September 20, 1980.

Clearances:
NE/TECH/HRST: S. Applegate: SA
NE/EI/E: G. Gower: draft
NE/TECH: K. MacManus: KM
GC/LPIA: J. Rogan: JR
NE/DP: P. Sellar: PS
AAA/NE: ~~A. White~~: Langmaid

Drafted by: NE/TECH/HRST: A. Domidion/E. Tolle: 8/27/80: ext. 28164

ANNEX XIII

August 1, 1980

NE/PD/PDS, Stephen F. Lintner, Bureau Environmental Coordinator

EGYPT - Development Planning Studies, Amendment I (263-0061) - Environmental Clearance

NE/TECH/HRST, Edwin Tolle, Project Chairperson

I have reviewed the subject amendment and recommend that it be given a "Negative Determination" in accordance with the provisions of 22 CRR 216, "A.I.D. Environmental Procedures."

cc: GC/NE, T. Carter
AID/Cairo, Mission Environmental Officer
AID/Cairo, L.M. Hager, Senior Legal Advisor

ANNEX XIV

EGYPT: 263-0061

Development Planning Studies, Phases I and II

D. Logical Framework

REVISED

Life of Project:
From FY78 to FY 84
Total U.S. Funding: $15,800,000
Date Prepared: 9/5/80

A. Narrative Summary	Objectively B. Verifiable Indicators	C. Means of Verification	D. Important Assumptions
Goal: **Improve the composition & implementation of the Egyptian development program.**	Measures of Goal Achievement: Improved rates of economic & social development. Higher levels of economic & social benefits obtained per unit of resource allocated.	National accounts. Household consumption & income surveys. Results of project evaluations.	**No major economic or political crises arise which would make conditions for growth less favorable than at present.**
Project Purpose: **Create a permanent institutional framework through which Egyptian applied research & training capabilities can be organized so as to strengthen the capacity of GOE ministries to carry out development program & project planning activities.** Purpose of PP Amendment One: Provide sharper focus on end-of-project conditions.	End of Project Status: 1. A permanent Institute of Technological Planning established with sources of funding adequate to support its programs. 2. Egyptian development programs & projects increasingly based on adequate technical, economic & social analysis. Magnitude of the development program & the number of projects included in it increasingly based on a meaningful assessment of available resources & efficient project implementation requirements. 3. Institutionalization of Egypt's applied research and training capabilities.	1. Review of administrative structure & financial documents of the Institute. 2. Comparison to baseline assessments taken with respect to sector, program & project analyses. Reduced reliance on foreign consultants in carrying out program & project development activities. 3. Phaseout of the contractor's AID-financed services. 4. Reports prepared by the University of Cairo and MPT.	**1. That interministerial support for the establishment of the proposed Institute continue.** **2. Development objectives of individual ministries consistent with & supportive of national development goals. Ministerial personnel motivated to strengthen their ability to develop technically, economically & socially sound development projects & programs. University personnel motivated to directly participate in applied research & training activities relevant to government ministries.**

D. Logical Framework

EGYPT: 263-0061
Development Planning Studies, Phases I and II Revised

A. Narrative Summary	Objectively B. Verifiable Indicators	C. Means of Verification	D. Important Assumptions
Outputs:	**Magnitude of Outputs:**		
1. Organization of technical research & training assistance to Egyptian Government ministries.	1. Number of research activities & training programs completed & underway with several Egyptian ministries.	1. Count of program & project research & training activities.	That objective criterion prevail in the choice of project activities.
2. Mobilization of Egyptian academic interest & participation in applied research on specific development problems.	2. Number of Egyptian faculty members involved in applied research & training programs with economic & social development objectives.	2. Count of faculty members involved in applied research & training activities for government ministries.	
Inputs:			
Egypt: Major contribution of staff, logistic support & leadership.	See budgets & implementation plans of the Project Paper, Amendment One, and attached Cable from Cairo: 14610. (Annex IX)	Project accounts. Specialists reports. Annual reports. Accounting records(final)	
Massachusetts Institute of Technology: Administrative direction, technical & institutional support.			
AID: Major funding & institutional support.			