

AGENCY FOR INTERNATIONAL DEVELOPMENT
PROJECT DATA SHEET

AMENDMENT NUMBER: 1 DOCUMENT CODE: 3

COUNTRY/ENTITY: Egypt

BUREAU OFFICE: 03 PROJECT TITLE: Poultry Improvement Project

1. PROJECT START AND COMPLETION DATE (MM, DD, YY)
 Start: 16/3/01 End: 18/3/01

2. FISCAL YEAR OF COMPLETION
 A. Initial FY: 17/7 B. Quarter: 4 C. Final FY: 01/1

3. COSTS (\$000) OR EQUIVALENT (\$1 = 70)

A. FUNDING SOURCE	FIR. FY 78		LIFE OF PROJECT	
	B. FY	C. L.F.	D. Total	E. FY
ARI Appropriated Total	471		471	11,180
(Grant)	(471)		(471)	(1,180)
(Loans)				
Other				
U.S.				
Host Country				
Other Donors				
TOTALS	471	379	1050	3,263

4. SCHEDULE OF DISBURSEMENTS

A. APPROXIMATE MONTHLY DISBURSEMENT	B. PRIMARY TECHN. CODE	D. OBLIGATIONS TO DATE		E. AMOUNT APPROVED TO DATE		F. LIFE OF PROJECT	
		Grant	Loan	Grant	Loan	Grant	Loan
1) ESF 240	078	4,542		3,000		12,542	
2)							
3)							
TOTALS		4,542		3,000		12,542	

10. SECONDARY TECHNICAL CODES (Agency Use Only)

11. SPECIAL CONCERNS CODES (maximum 1 character per position)

A. Code	BSW	DEL	NMTR
Amount	12,542	2,715	12,542

12. PROJECT PURPOSE (maximum 400 characters)

To develop programs which will assist Egypt to meet its long-term goal of increasing meat and egg production.

14. SCHEDULED EVALUATIONS

Interim	MM YY	MM YY	Final	MM YY
	01/81			01/83

15. SOURCE/ORIGIN OF GOODS AND SERVICES

U.S. 941 Local Other (Specify) 899

16. AMENDMENT SIGNATURE OF CHANGE PROPOSED (This is page 1 of a _____ page P. Amendment)

This amendment will provide three additional improved poultry breeding/hatching farm facilities, a limited amount of specific poultry vaccines, pharmaceuticals and technical assistance to establish a disease control program in six governorates, and a poultry vaccine/pharmaceutical domestic market demand study. The proposed assistance will have relatively quick positive impact on small scale rural poultry production, productivity and sustainability.

APPROVED BY: [Signature] TITLE: Director, Health Dept

DATE: 6/21/81

17. HAVE DOCUMENT RECEIVED IN BUREAU FOR ADDITIONAL INFORMATION OF DISTRIBUTION

DATE: 07/01/81

ISN 1533

PD-AAJ-957

POULTRY IMPROVEMENT PROJECT
(263-0060)

PROJECT PAPER AMENDMENT No. 1

USAIL/EGYPT
June, 1981

EGYPT
PROJECT PAPER AMENDMENT
POULTRY IMPROVEMENT PROJECT 263-0060

Table of Contents:

- A. Summary and Recommendations
 - 1. Grantee
 - 2. Implementing Agency
 - 3. Grant Amount
 - 4. Project Goal
 - 5. Project Purpose
 - 6. Purpose of Grant Amendment
 - 7. Grant Application
 - 8. Statutory Requirements
 - 9. Recommendations
- B. Background and Progress to Date
- C. Rationale for Assistance Proposed
 - 1. Introduction
 - 2. Problem Environment and Description
 - 3. Proposed Assistance
 - 4. Projected Socio-Economic Impact
- D. Financial Requirements
 - 1. Additional Funding
 - 2. Total Project Costs
 - 3. Source of U.S. Funds
 - 4. Cost Estimate Review
- E. Implementation
 - 1. Implementation Plan
 - 2. Implementing Entities
 - 3. Implementation Schedule
 - 4. Monitoring
 - 5. Evaluation
- F. Statutory Requirements
 - 1. Project Checklist
 - 2. Environment
 - 3. FAA Section 611(e) Certification
 - 4. FAA Section 612(b) Determination

G. Covenants and Conditions Precedent

Figures:

- I. MOAFS Breed Improvement Program (Flow Diagram)
- II. Fayoum Governorate Research/Extension Farm Site for AID Financed Hatchery and Breeding Facilities
- III. Volume of Flow/Production Throughout System Diagram in Figure I.
- IV. Existing MOAFS Rural Veterinarian System

ANNEXES

- I. Cairo Evaluation Report January, 1980
- II. GOE Request for Assistance
- III. Authorization Amendment
- IV. FAA Section 611(e) Certification
- V. Statutory Project Checklist
- VI. Recommendation for Dollar Funding of Local Costs
- VII. Justification for Waiver of FAA Section 636(i)

A. SUMMARY AND RECOMMENDATIONS:

1. Grantee: The Government of the Arab Republic of Egypt.
2. Implementing Agency: The Ministry of State for Agriculture and Food Security (MOAFS)
3. Grant Amount: This amendment adds U.S. \$ 8,000,000 to bring the Life of Project AID funding to US \$ 12,542,000.
4. Project Goal: To assist Egypt increase domestic poultry meat and egg production.
5. Project Purpose: To assist the Government of Egypt to develop and implement programs which directly increase productivity and aggregate poultry production. These programs should contribute directly to the attainment of national poultry meat and egg production targets set at a per capita annual consumption level of six kilos of poultry meat and two kilos of eggs by the year 2000.
6. Purpose of Grant Amendment: To provide financing for a) three additional breeding/hatching farms; b) a post-hatching disease control program and c) a vaccine/pharmaceutical market demand study.
7. Grant Application: The GOE has requested an additional \$ 8.0 million grant for the above purposes. The request is attached as Annex II.
8. Statutory Requirements: All statutory criteria have been satisfied. See Annex V.
9. Recommendations: a) Authorization of an Amendment to Grant 263-0060 to increase it from \$4,542,000 to \$12,542,000; b) approval of local cost financing with dollar appropriations; c) approval of a waiver to allow local procurement of 30 motorbikes; d) extension of the Project Assistance Completion Date until June 30, 1983; e) use of direct AID contracts for the provision of short-term TA services and conduct of vaccine/pharmaceutical market study be approved.

B. BACKGROUND AND PROGRESS TO DATE:

The original project called for the completion of six major tasks in achieving the project purpose: a) Assist the Government of Egypt conduct an assessment of the poultry sector; b) improve three breeding/hatching farms; c) provide recommendations for a national breed and hatchery program; d) provide policy recommendations to the Egyptian General Poultry Company; e) provide a national plan for increasing the availability of vaccines and pharmaceuticals; and f) examine the village flock to determine its role and efficiency.

Implementation of the project to complete these tasks has been underway since September, 1978. Through a contract with Mathtech, Inc. completed 10/80, a total of 264 person months of technical assistance and training in the U.S. for 69 participants were provided. All of the above tasks, except the improvement of the breeding/hatching farms which is still underway, have now been completed.

Evaluation in 1980 (attached as Annex I) and 1981 (Under revision) conclude that, basically, the project would meet original expectations, although the commodity procurement was (and is) well behind schedule due to poor contractor performance and various administrative delays. USAID also found that the recommendations of the contractor contained in the evaluation (See Annex I), and elaborated in the final contractor report, are not easily implemented. An attempt to develop a large, Phase II poultry project based on these recommendations floundered because the recommendations are extremely comprehensive, call for a wide range of interventions, do not adequately consider the ability of the GOE to administer such a program and do not provide the necessary framework for coordination. In addition there are a number of public policy issues (such as inefficiencies in public sector management of production enterprises, insufficient budget allocations to those enterprises, tax and tariff policies which act as constraints to equitable and efficient distribution of feed ingredients and vaccines/pharmaceuticals, government subsidies and fixed market prices) that would need to be resolved if industry-wide rehabilitation investments were to be made. Consequently, a more modest assistance effort picking up only limited portions of the T.A. team recommendations and which is less dependent on major sectorial policy changes was decided upon.

C. RATIONALE FOR ASSISTANCE PROPOSED:

1. Introduction:

In recognition of the above, the MOAFS and USAID examined smaller, more focussed assistance alternatives. Four criteria were critical in this process: (1) the importance of the problem being addressed by the proposed assistance, in light of conclusions of the analytical assessment; (2) the time frame between the delivery of inputs and the anticipated impact of the proposed assistance; (3) level of management required by activity which in turn impacts on successful implementation, and (4) technical feasibility and economic benefit.

Utilizing the criteria, the descriptive and analytic materials produced jointly by the MOAFS Animal Production Research Institute (APRI) and the U.S. technical assistance team earlier in this project, and further assessment and investigation by MOAFS/APRI and USAID staff, a modest proposed assistance package was selected/developed.

In the process of developing the proposed assistance package it became apparent that an amendment to the existing project rather than a new project would be most appropriate. The particular components identified were largely a continuation of previous efforts or very closely related. Further considerations in drawing this conclusion were the desire to have a quick impact while meeting MOAFS expectations,

2. Problem Environment and Description:

Small-Scale village flock producers are responsible for the bulk of domestic production. Currently, these producers contribute 90 percent of total egg production and over 50 percent of total poultry meat produced in Egypt. However, these producers are facing poultry health problems which seriously constrain their production efficiency. As a result of earlier project technical work, specific, known poultry diseases are found to be responsible for an excessive premature mortality rate (65 - 75 percent), widespread morbidity, poor rates of hatchability and low feed conversion rates of village flocks.

There are essentially two, generally stated, situations which contribute jointly to the poultry health problems faced by the village producers. First, Egypt's 634 "native" hatcheries are the source of genetically deteriorated strains of chicks to the village flocks. This is primarily because the source of hatching eggs for the native hatcheries are the village flocks to which chicks are returned. The cyclical nature of the relationship between village flock production and native hatchery operations contributes to this genetic deterioration. With this type of deterioration in poultry, the door is opened to viral strains of pullorum and other debilitating diseases which weaken the bird's internal systems and often result in excessively high mortality rates. These diseases are passed on through infected hatching eggs.

Secondly, there is a critical problem with the effective provision of veterinarian services at the native hatchery and village flock level. Essentially, this translates into few or extremely poor quality vaccines, pharmaceuticals and the means to administer these vital inputs. An adequate veterinarian extension force is employed by the MOAFS. However, as is the case at almost all levels of GOE endeavor, the operation is underbudgeted, the staff is underpaid, the vaccines (of good quality) and pharmaceuticals are not available to administer, and the veterinarians have limited physical mobility which impairs their ability to service their clientele. The vaccine production facility at Abassya is antiquated and is not producing sufficient quantities of high quality vaccines.

3. Proposed Assistance:

The proposed assistance aims at supporting MOAFS efforts to overcome these problems. As part of the original project three MOAFS research/extension breeding/hatching farms were identified for improvement (located in Fayoum, Kafr El Sheikh and Sharkya Governorates). These are parts of a system to produce and distribute improved parent stock to intermediate growers, who in turn, distribute improved strains of chicks to village poultry and egg producers through the native hatcheries (a flow diagram of this system is presented in Figure I). AID is providing financing for new chick strains, rearing and laying houses, hatchery, commodities and equipment for parent stock, and vehicles, for transport of chicks and supplies.

It is proposed under this amendment that assistance be provided to an additional three MOAFS Extension farms bringing the number receiving assistance to six (one in each of six governorates)^{1/}. This number will complete the MOAFS national research/extension farms expansion program and allow the MOAFS to meet established targets for production of improved parent stock on a national basis. The assistance will also allow the MOAFS to significantly aid village flock producers, who have been largely ignored to date.

The MOAFS Extension farms will produce improved parent stock for distribution to intermediate growers. However, these growers will now be required to deliver (on a contract basis) improved eggs to native hatcheries operating in the six hatchery sited and surrounding governorates. The six breeding/hatching farms will provide the necessary parent stock for a continuous source of disease-free, genetically improved hatching eggs to approximately 45 percent of the existing native hatcheries. This action would increase the current level of production of the native hatcheries affected by the program by an estimated 58 percent (directly increasing the income of these small-scale rural producers) which should bring them up to full production capacity.^{2/} Currently, native hatcheries are operating at an estimated 50 percent capacity due to scarcity of fertile hatching eggs. Production efficiency of these native hatcheries will also be increased by an anticipated 25 percent due to improved hatchability. Thus, total improved chicks available to village flock owners will increase by approximately 50 percent. Further, village flocks now suffering an estimated 75 percent premature mortality rate due to deteriorated, diseased strains of chicks will enjoy increased productivity from the new genetically improved stock as feed conversion improves and fewer chicks die before producing either meat or eggs. This directly correlates with increased income to the small-scale village flock producers, the majority of whom are women.

1/ Fayoum, Sharkya, Kafr Ei Sheikh, Minya, Matrouh and Qalubeya.

2/ A flow diagram depicting the flow at estimated volume of production resulting from each research/extension farm is presented in Figure III Page 21

Assistance to be provided will include facilities, breeding stock, distribution and supply vehicles, limited poultry concentrates, short-term training, oversight of facility erection/installation technical assistance, vaccines and pharmaceuticals and equipment and technical assistance for a post-hatching disease control program, and financing for a vaccine/pharmaceutical market demand study.

The expansion of MOAFS capability to provide improved strains will be coupled with the provision of more effective chick veterinary services and increased availability of the quality and quantity of vaccines and pharmaceuticals requisite to reduce the disease problem at the native hatchery and village flock level. Without such attention the efforts to extend improved breeds will have only short-run impact as disease enters the native flock-hatchery - native flock cycle. The fact that small-scale village flock operations contributes such a large share to total domestic production also suggests a need to concentrate efforts on these producers.

The MOAFS has in place a rural veterinary program which for reasons mentioned above is not currently operating at the desired level of effectiveness. The system is visually portrayed in Figure IV (Page 23). In order to increase the effectiveness of the program it is proposed that AID provide U.S. short-term technicians to assist the MOAFS, the APRI and the Undersecretariat for Veterinary Services in the cost effective design of a poultry disease control program within the six project areas. Such assistance will be focussed on: the identification of administrative bottlenecks throughout the system and suggestions for alleviating these problems; identification of the type and quantity of vaccines, pharmaceuticals and support equipment to be used at each level throughout the system portrayed in Figure I; recommendation for the improvement of the MOAFS inventory and distribution system necessary to mobilize resources as needed; arranging for timely procurement (importation) of needed commodities; and initial program monitoring.

In addition to this "program" technical assistance it is proposed that AID finance the procurement of specific poultry vaccines and pharmaceuticals to be imported in a phased delivery mode over the life of project. These imports will provide an interim solution to the problem of insufficient quantities of good quality vaccines/pharmaceuticals. They

will also give the veterinarian staff necessary materials to use in performing their job. If possible the imports will be used to encourage the establishment by appropriate drug companies of a marketing system that will increase vaccine/pharmaceutical availability at the village level. The details for this system remain to be worked out.

Finally, AID funding will provide thirty motorbikes to be used by village veterinarian center technicians to enable them to travel to native hatcheries to fumigate, vaccinate and otherwise administer necessary veterinary services on a regular basis.

The long-term effectiveness of this poultry health program rests on the ability of MOAFS to sustain and expand services to all villages in Egypt. A critical factor is the availability of adequate vaccines. As indicated the domestic production facility at Abasseya is producing an unacceptable quality and quantity of vaccine. The same source states that some farmers are administering human drugs as an alternative. In recent years, there have been various gestures made by U.S. pharmaceutical firms regarding market development in Egypt. Several companies are currently marketing within Egypt. There is a question of whether or not domestic market demand is strong enough to indicate a positive (and profitable) return to investment in a new domestic production facility. In order to assist in GOE in this regard, it is herein proposed that U.S. expertise be employed (via a direct AID contract) to conduct such a study.

The study will go beyond the vaccine/pharmaceutical study previously carried out which identified a wide range of poultry health problems and provided a series of poultry health plans and recommendations. It will specifically address the feasibility of developing and establishing vaccine/pharmaceutical facilities and a distribution system for commercial or joint venturing purposes. Ideally, the study will be conducted by a U.S. commercial firm or group of firms with a potential follow-on interest in such a venture to ensure that AID does not just finance another feasibility study which might not reflect a sound, viable, hard business assessment of the situation. The study will also be expected to assist the GOE in selecting the correct policy instruments and/or investment package which will ensure a sustained availability of poultry vaccines within Egypt.

3. Projected Socio-Economic Impact:

Figure III presents a flow diagram of the volume of poultry produced at each level throughout the research/extension system as a result of planned improvements (currently in progress). The numbers projected are best technical estimates and reflect a conservative judgemental bias. Briefly, each of the project assisted research/extension farms will have production facilities for handling 12,000 new strain laying hens. Under an assumed moderate level of management these birds will produce 960,000 parent stock hens to be provided to intermediate farms as layers in year 1. Again under an assumed moderate management these 960,000 hens will produce 126,000,000 eggs which will be delivered to native hatcheries and other private producers. At an assumed 70 percent hatch rate, approximately 98,000,000 chicks will be produced and sold to village flock producers and other private producers. In less than two years and annually thereafter, the total production of poultry meat and eggs for domestic consumption is conservatively estimated at 40,000,000 kilos of rooster meat, 45,000,000 kilos of "spent" hen meat for consumption and 4 billion table eggs. In order to derive estimated aggregate domestic production resulting from the improved MOAFS system one multiplies the figures by six.

As Figure III suggests the theoretical annual gross return from the above production levels resulting from one research/extension farm is LE 245 million. However, the above estimates of production and value are made under several major assumptions. The most critical assumption is that each of these birds throughout the system will receive a balanced diet. This will not be the case. Feed shortages and imbalanced rations will reduce production. Nevertheless, if one assumes that only one-half of the conservative estimates will be attained the result from the three additional farms funded under this amendment total over 125 million kilos of poultry meat and 6 million table eggs, production that has gross value of over LE 360 million.

Because this is a gross figure there are numerous production costs that would need to be subtracted. While these will clearly reduce the net to much lower level it is easy to see that only very modest return would more than cover the investment costs. For example, if the net were one percent

of the conservative gross and assuming all project costs occur in year one and no returns until year 2 when the full level is attained, the IRR in 5 years would be 15 percent.

From another perspective, the effective implementation of this improved MOAFS system is capable of giving the GOE the option of completely substituting domestic production for imports. Such an action would obviously have an important, positive foreign exchange impact. According to the U.S. Department of Agriculture (AGATT Report # EG-0053), Egypt's poultry meat imports are forecast at 67.5 thousand metric tons in 1981. Eggs imports were estimated at 57 million in 1980. The value of these imports widely exceeds the proposed investment costs.

On the social side as previously indicated, women constitute the majority of the small village producers. This project with the potential of significantly changing production levels could have a marked impact on their income earnings ability and on rural meat/egg production. There is no guarantee but the potential is there, while the risks are relatively small.

In summary, if all conditions requisite to improved production are met during the implementation of this MOAFS plan, poultry production in Egypt should change dramatically within the next decade. Such change could have important positive effects on women as producers of poultry products and rural families as consumers while providing large returns on investment.

D. FINANCIAL REQUIREMENTS:

1. Additional Funding:

The additional funding required to support activities proposed under this project amendment, in U.S. dollars and \$ equivalent, is estimated at \$ 8,000,000. (from U.S. dollar purchase of Egyptian pounds). The GOE contribution is estimated at LE 2,332,000. (An illustrative budget for the additional AID assistance proposed under this amendment follows:

(The exchange used in US \$ 1 = LE .70)

An illustrative budget for the additional assistance proposed under this amendment follows:

	U.S. share (000s) \$	U.S. share (000s) L ^F \$ Eq.	U.S. share (000s) (\$/\$Eq.) TOTAL	GOE share 000 LE \$ Eq. TOTAL
1) Vaccine/Pharmaceutical Market Demand Study	65	30	95	
2) Breeding/Hatching Farms				
- Facility equipped cost per farms: 1,050,000 X 3 <u>3,150,000</u>	3,000	150	3,685	1,230
- Support Costs				
--New Chick/Turkey Strains	125			
--Feed Supplement/ concentrates		150		
--Vehicles	130			
--U.S. Training (OJT/ST)	50			
--Erection/ Installation Supervisory TA (6 pm)**	60	20		
3) Post Hatch Disease Control Program			2,715	565
- Vaccine, Pharma- ceuticals, equipment	2,000	500		
- 30 Motorbikes		35		
- US Technical Assistance(12 pm)**	100	80		
4) Subtotal	<u>5,530</u>	<u>965</u>	<u>6,495</u>	<u>1,795</u>
5) Contingency (10%)	553	97	650	180
6) Inflation* (20%)	<u>737</u>	<u>118</u>	<u>855</u>	<u>357</u>
7) Total	6,820	1,180	8,000	2,332

* Inflation costs not charged to first six months due to administrative/procurement time lags

** TA costs figured at \$ 15,000.pm.

2. Total Project Costs:

Total LOP cost in both dollars and local currency equivalent is estimated at \$16,630,000. AID financing will total \$12,542,000. GOE contribution is estimated to be the LE equivalent of \$3,597,000 or approximately 22% of total project costs.

3. Source of U.S. Funds:

Fiscal year 1981 Economic Support Funds will be utilized for the activities proposed under this project amendment.

4. Cost Estimate Review:

Mission staff engineers have reviewed costs associated with the breeding/hatching farm facilities. Costs can be generally broken out into two categories: commodities and field construction.

Facility commodities include:

- Pre-engineered steel buildings
- Equipment such as incubators, hatchers, emergency power generators, nesting boxes, trough feeders and the like.

US tenders were recently received in response to an IFB for the initial project. Estimates for commodities were based on these tenders and therefore should be quite reliable.

Field Construction efforts include:

- Concrete floor slabs for buildings
- Extension of utility services
- Electrical wiring and water distribution inside buildings

Field construction is to be accomplished by the GOE. The work is simple, farm type construction. Utility requirements are minimal and structures are light weight. The Ministry has allocated LE 300,000 for each farm for this purpose. On a per unit base of facility area, the LE 300,000 provides approximately LE 110/m². Based on recent cost factors, this figure is judged to be adequate.

E. IMPLEMENTATION:

1. Implementation Plan:

The project amendment is scheduled to extend the life of the original project by 18 months, covering the period January 1, 1982 through June 30, 1983. An interim PACD extension of seven months, June 2 through December 31, 1981 has been authorized by AID/W to provide time to complete the hatchery/breeding farm expansion and improvement task of the original project, and provide time for the completion of documentation and approval and authorization of the proposed project amendment. Implementation of the principal components of this proposed project amendment will be phased over a 23 month period, based on the assumption that the amendment will be authorized and a grant agreement signed by the August, 1981. It is anticipated that implementation can be initiated shortly thereafter, and benefitting from technical implementation already in place for the original project proceed towards accomplishing several of its planned actions and tasks concurrently and at a fairly rapid pace.

2. Implementing Entities:

The Ministry of Agriculture and Food Security (MOAFS) will continue to be the implementing Ministry of the Government of the Arab Republic of Egypt (GOE). The Animal Production Research Institute (APRI) and Department of Veterinary Science Department (VSD), sub-entities of the MOAFS, will be the implementing agencies for the amendment tasks and actions, with the three new hatchery/breeding farms located on Ministry controlled lands, namely; those of the APRI. While the Office of the First Undersecretary for Animal Production will have overall general administrative and control responsibilities, the APRI and VSD will implement the field programs. These agencies already have in place the basic human infrastructure capabilities needed to carry out the activities programmed in the project paper amendment.* The new inputs will provide the Ministry with the capacity to expand, strengthen and improve its extension services to aid small-scale rural poultry producers attain a quick positive impact on production and productivity.

* The MOAFS Veterinary Science Department under the direction of the Undersecretary of Veterinary Science has 21 Regional Veterinary Centers and 360 Village Veterinary Centers, located in most of the Governorates, which have the basic human resources needed to implement the post-hatching disease control program. In addition, the Governorate of Fayoum has initiated a particularly effective poultry vaccination and disease control program.

3. Implementation Schedule:

The following schedule shows the principal planned actions whereby the project amendment will assist to achieve the project purpose.

The principal planned actions are:

	<u>Month</u>
1) Project Paper Amendment is approved by USAID, MOAFS and AID/W	7/81
2) Funding authorization cable is received from AID/W	7/81
3) Project amendment grant agreement is signed, USAID/GOE	8/81
4) Services of US firm procured via direct AID contract to conduct vaccine/ pharmaceutical market demand study.	8/81
5) IFB's for commodities and equipment for three new hatchery/breeding farms, including 6 person months of oversight of assembly and erection services and short-term on-the-job training in the use of the hatchery/breeding farm building and equipment under the guidance of the supplier, published in U.S.	8/81
6) A PIO/T for procurement of veterinarian and/or veterinary extensionist services prepared in Egypt by the MOAFS and USAID	8/81
7) Technical assistance services of either two veterinarians and/or veterinary extensionists, for 12 months of intermittently scheduled services, procured by an AID direct contract.	10/81

- 8) Bid submissions for hatchery/breeding farm commodities evaluated and awarded by MOAFS 10/81
- 9) U.S. training for hatchery/breeding farm trainees carried out under the commodity/equipment supplier. 11/81
- 10) Vaccine/Pharmaceutical market demand study completed 12/81
- 11) Civil work on three additional hatchery breeding farm sites begun by MOAFS 12/81
- 12) Building/equipment trainees return from US to work on project MOAFS hatchery/breeding farms. 12/81
- 13) IFBs for commodities for the post-hatching disease control program published in the U.S. 10/81
- 14) Bid submissions for post-hatching disease equipment and commodities evaluated and awarded by MOAFS 2/82
- 15) Commodities and equipment for the hatchery/breeding farms arrives 4/82
- 16) Commodities and equipment for the hatchery/breeding farms and installed and begin operation. 6/82
- 17) Veterinarians and technicians for the post-hatching disease control program selected and assigned by MOAFS and trained by US veterinarian/veterinary extensionist(s) and APRI Veterinary Service personnel. 11/81
- 18) Innovator native hatcheries selected and agreements signed with/between MOAFS and cooperators in post-hatching disease control program. 1/82

- | | |
|---|-------|
| 19)Commodities and equipment for post-hatching disease control program arrives in country and delivered all project intervention points | 2/82 |
| 20)Post-hatching disease control program begins implementation at all levels of the post-hatching disease control chain. | 3/82 |
| 21)Chicken and turkey breed improvement program begins to function through the distribution chain to the basic village and small-scale producers. | 11/82 |
| 20)Final project evaluation carried out by AID | 3/83 |

4. Monitoring:

Activities and inputs scheduled for financing under the project amendment will be handled and procured by the MOAFS in accordance with procedures already established for the original project. Oversight in the GOE will be provided by a Poultry Project Advisory Committee appointed by the Minister of Agriculture and Food Security. The composition of which will be expanded to include a representative from the Office of the Undersecretary of Veterinary Science and, at the Ministry's disgression, representatives of the governorates in which the six AID financed hatchery/breeding farms are located.

AID monitoring will be performed by an AID designated Agricultural Project Officer who will provide backstop support as required.

5. Evaluation:

The original project was scheduled for two evaluations: The initial evaluation was conducted in January, 1980 under arrangements worked out by the MOAFS Project Director and the contractor's Project Technical Manager. This evaluation

followed regular AID guidelines and procedures and reviewed and evaluated work and activities performed during the first 14 months of project implementation. This evaluation resulted in recommendations covering a wide range of topics and was not accepted by the Mission because it did not appear to be objective. In consideration of the fact that the initial evaluation was not accepted, the second evaluation performed in April 1981, by the USAID Project Officer, addressed all of the work performed under the technical assistance contract through its conclusion in September, 1980. The report from the second evaluation provides an objective evaluation and summary of the contractor's work on five principal project tasks, consisting mainly of studies, plans, and recommendations. A sixth task, hatchery/breeding farm improvement and expansion construction was not evaluated since the construction is scheduled for completion by the MOAFS in the third year of project implementation. It is recommended that a third evaluation be conducted in March, 1983. This evaluation should be a final, formal in-depth evaluation carried out by a two or three person evaluation team from outside of the agency in order to insure objectivity. These evaluators should assess and examine all aspects of the six new breeding/hatching farms and the post-hatching disease control program. Particular emphasis should be given to assessing the Ministry's ability to continue to maintain the system needed to aid small-scale rural poultry producers in effectively and efficiently increasing production and productivity.

F. STATUTORY REQUIREMENTS:

1. Statutory Checklist:

All statutory requirements have been met. See Annex V for Project and Standard Item Checklists.

2. Environmental:

The proposed amendment activities are not expected to harm the human, animal or plant environment in any way through increased pollution, noise, congestion or disruption of habitat. The activities of the project are expected to eradicate debilitating and often fatal poultry viral and parasitic diseases.

3. FAA Section 611(e) Certification :

The original project activities included the provision of equipment and support commodities for expansion of breeding/hatching farms at three locations. There was no 611(e) Certification made at that time. This proposed project paper amendment will provide the same type and range of equipment and support commodities to three additional locations, thus doubling the original assistance in this area. There is no reason to believe that the additional facilities and equipment cannot be supported and effectively maintained by the implementing agency of the GOE. Therefore, a 611(e) Certification will be formally submitted at this time (See Annex IV).

4. FAA Section 612(b):

See Annex VI

5. FAA Section 636(i):

See Annex VII

G. COVENANTS AND CONDITIONS PRECEDENT:

The project amendment activities and budget have been thoroughly discussed with the Ministry of Agriculture and Food Security and they are in full agreement as shown in Annex II. Immediately upon AID authorization, the signing of a Grant Agreement Amendment between AID and GOE will be arranged.

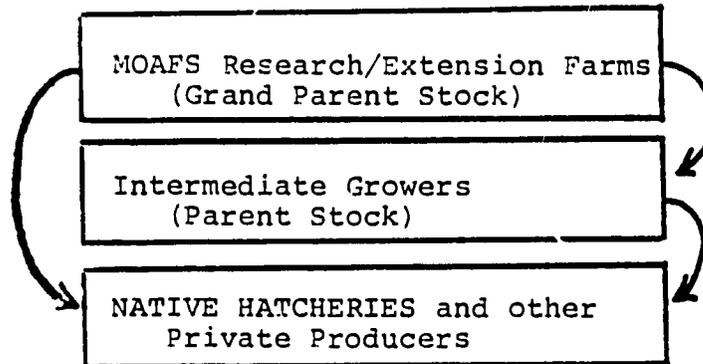
1. Condition Precedent to Disbursement of Additional Funds:

Prior to initial disbursement the Ministry of Agriculture and Food Security will provide in writing: (1) the exact location for each of the three additional breeding/hatching farms; (2) a list of growers to whom parent stock will be provided by the MOAFS farms. Prior to disbursement of funds for the purchase of poultry vaccines and pharmaceuticals the MOAFS will provide in writing a list of native hatcheries, showing owners and locations through which the disease control program will be implemented utilizing the inputs.

2. Covenants:

In addition to the standard covenants specifying AID's right to audit and evaluate the project and the GOE's commitment to provide necessary resources in a timely manner special covenants will be included in the Grant Agreement to the effect that: (1) The Ministry of Agriculture and Food Security shall include language in any contractual agreements with parent stock farms that shall require such farms to assure the provision of disease free eggs at reasonable prices to native hatcheries with which the MOAFS has implemented disease control programs; (2) the MOAFS shall assign a sufficient number of trained poultry health technicians to implement the disease control program with participating native hatcheries; (3) the MOAFS shall assign a disease control program supervisor in each of the Governorates where the six breeding/hatching farms are located, (4) the Government of Egypt shall capitalize a special account from non-AID funds to be used to pay incentives to the staff of technicians and the six Governorate disease control program supervisors and other project personnel.

FIGURE I MOAFS Breed Improvement Program



The MOAFS Research/Extension Farms are located in Fayoum, Sharkya, Kafr El Sheik, Minya, Matrouh and Qalubaya Governorates. The function of these farms is to import and/or develop new improved poultry breeds to use as grand parent stock. Parent stock will be produced at these farms and delivered to intermediate growers.

Intermediate growers include Governorate poultry farms and other larger scale (over 5,000 birds) private producers. The function of these farms is to utilize the improved stock provided by the MOAFS as brood stock. These farms produce improved disease free eggs for hatching. As part of this MOAFS improvement program, these producers will provide a source of disease free eggs to Native Hatcheries on a contract basis.

Native Hatcheries function as the primary source of chicks to the village flock producers. It is the intention of the MOAFS to ensure a source of disease free and genetically improved chicks to village producers, and they will do so through the native hatcheries. Other private producers will benefit by having access to these improved chicks.

Veterinarian services will be provided at each level in this chain, and where private producers are involved the MOAFS has the intention of making quality vaccine and pharmaceuticals available in the quantity needed.

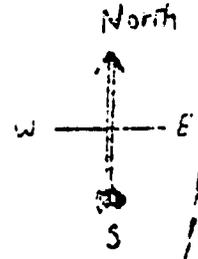
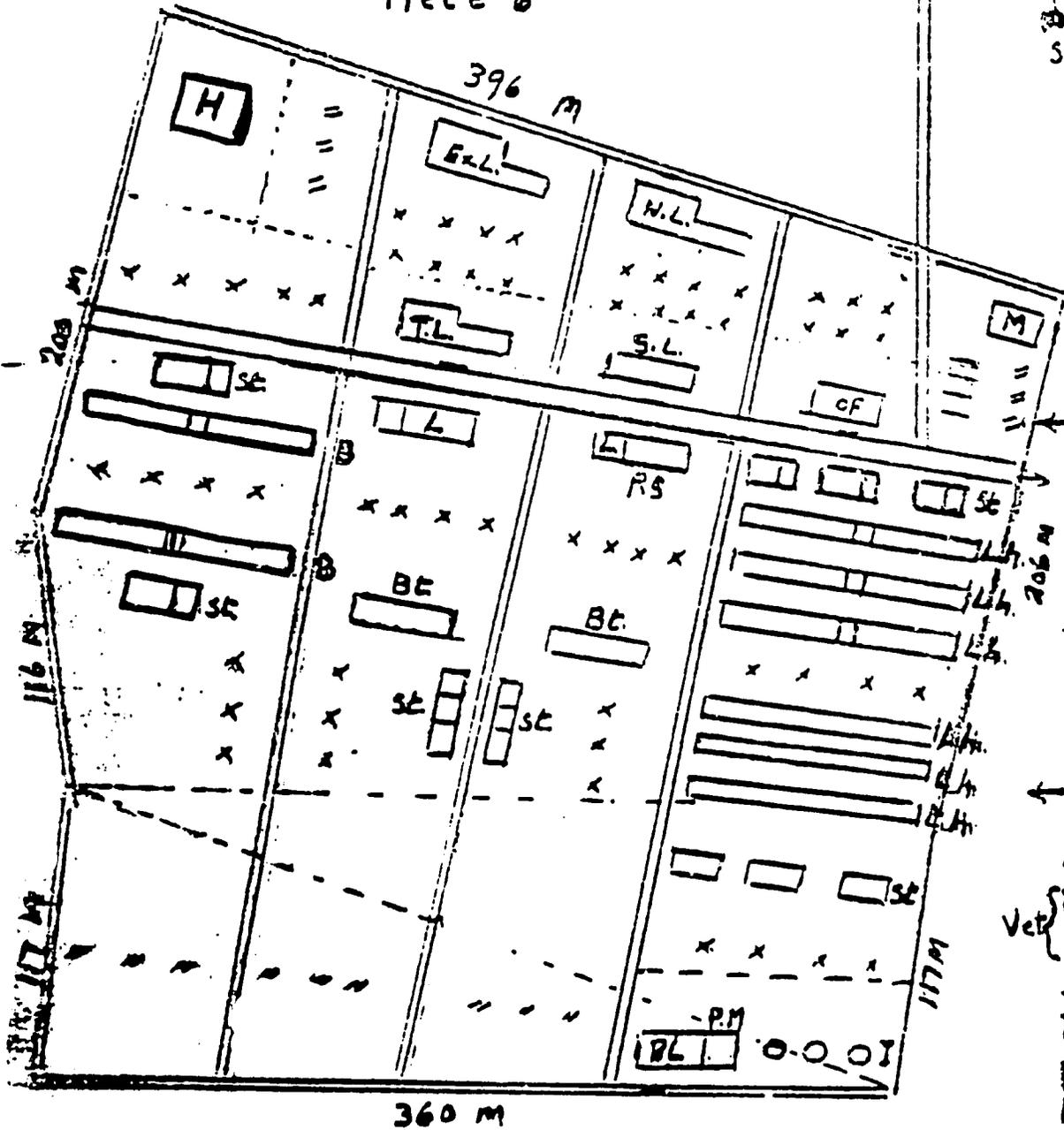
AZAB POULTRY RESEARCH CENTER

FAYOUM

FIGURE II

Section 49
Piece 6

FIGURE I-A



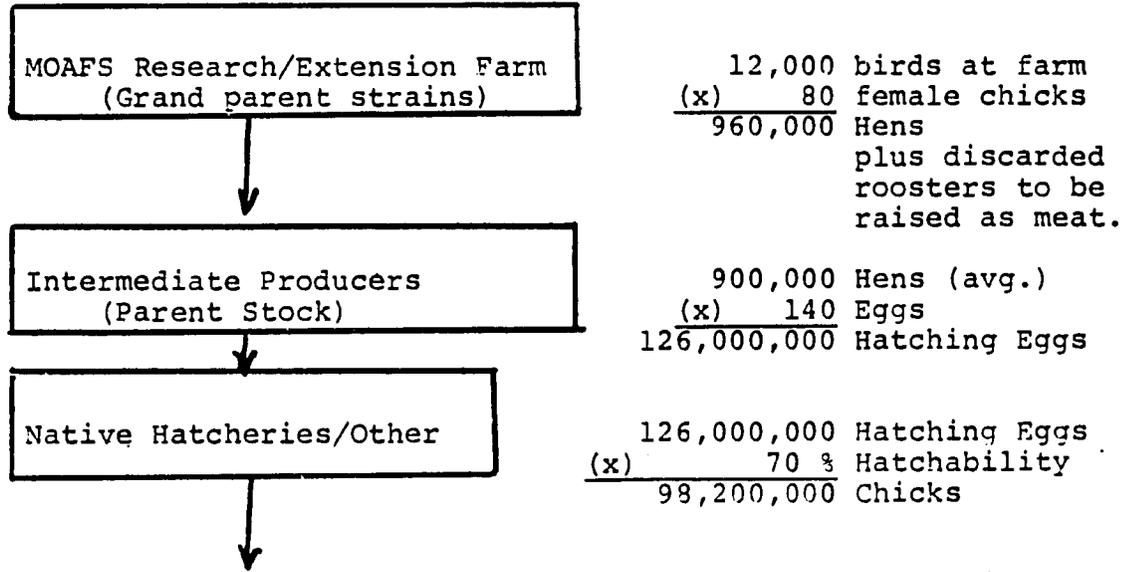
- North Part
- M = Feed mill
 - OF = office
 - SL = Statistical Lab
 - NL = Nutrition Lab
 - TL = Technology
 - Ex.L = Experiment
 - H = Hatchery
- South Part
- St = Storage
 - Lh = Layer house
 - BL = Broiler house
 - PM = P.M.
 - I = Incubator
 - PS = Packing station
 - Bt = Battery house
 - B = Brooder house
 - L = Labor room

Director of the Project
 M. A. El Hady
 3/5/1950

Director of Institute
 A. L. Hady
 3-5-1950

Manager of the farm
 M. A. Hady
 M. A. Hady

FIGURE III Volume of Flow/Production Projected*
at each level of the MOAFS Breed
Improvement Program (see Figure 1)
(Projected for one farm)



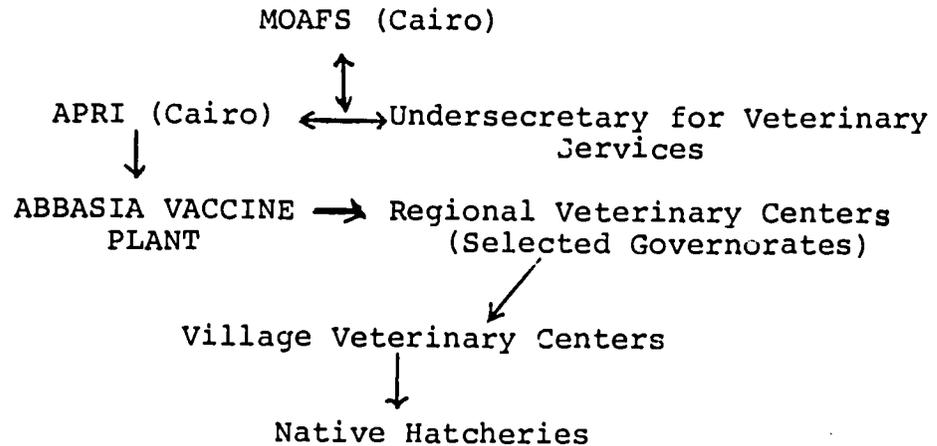
Farmers receiving improved chicks from native hatcheries should raise:

40,000,000 Hens		
(x) 100 Table eggs		
<u>4,000,000,000</u> Table eggs per year	(x) 4piasters ea.=	
	LE 160,000,000	
40,000,000 Roosters		
(x) 1 kilo dressed		
<u>40,000,000</u> kilos of meat	(x) LE 1 = LE 40,000,000	
30,000,000 Spent Hens		
(x) 1.5 kilo dressed		
<u>45,000,000</u> kilos of meat	<u>(x) LE 1 = LE 45,000,000</u>	

TOTAL THEORETICAL GROSS RETURN ANNUALLY = LE 245,000,000*
(added to GDP)

* All projections made under condition of balanced feed ration availability at each level, moderate management efficiency, average rate of lay under Egyptian environmental conditions.

FIGURE IV MOAFS Veterinary Services



The above system is in place at the current time, with varying degrees of effectiveness. The Abbasia Vaccine Production Plant distributes vaccines throughout the system. However, these vaccines are of questionable quality. There are 360 Village Vet/ Centers. The centers have veterinarians and poultry health technicians who vaccinate chicks. When serious disease problems are encountered the veterinarians refer the problem to the regional vet. centers for diagnostic analysis. The MOAFS/Undersecretariat for Vet. Services currently has a policy of vaccinating all farmers chicks at the village veterinary centers free of charge. Eventually, plans are for the MOAFS to charge for the service.

Under the new MOAFS Breed Improvement Program plan the Native Hatcheries will now receive vet. services to assure a disease free environment (or at least a controlled situation).

Special Fund Incentives will be paid at the Regional Vet. Center and the Village Vet. Center Levels.

PROJECT EVALUATION SUMMARY REPORT - PART I

Report Symbol: U-447

Project Title: Policy Improvement Project

Country: Egypt

Project Number: 203-0100

Project Start Date: 1978

Project End Date: 1980

Project ID: 203-0100	Project Title: Policy Improvement Project	Project Start Date: 1978	Project End Date: 1980	Project Status: <input type="checkbox"/> Regular Evaluation <input type="checkbox"/> Special Evaluation
Project ID: 203-0100	Project Title: Policy Improvement Project	Project Start Date: 1978	Project End Date: 1980	Project Status: <input type="checkbox"/> Regular Evaluation <input type="checkbox"/> Special Evaluation

A. DATE OF REPORT	B. ACTIVITY BEING REVIEWED	C. NAME OF LEADER RESPONSIBLE FOR ACTION	D. DATE ACTION TO BE COMPLETED
-------------------	----------------------------	--	--------------------------------

No AID action required.

Services of present contractor will not be extended and it is planned that all contractor implemented study and training activities will be completed by end of two year contract termination date, September, 1980. AID financed commodity input cash will be completed with advice of hatchery-breeding farm commodity supplier, with construction by MOA within three year LOP. USAID will effect minor changes in implementation plan to reflect revised implementation plan.

George Armstrong

BEST AVAILABLE DOCUMENT

A. INVENTORY OF DOCUMENTS TO BE REVIEWED FOR AID DECISIONS

<input type="checkbox"/> Project Paper	<input type="checkbox"/> Implementation Plan	<input type="checkbox"/> Other Study
<input type="checkbox"/> Financial Plan	<input type="checkbox"/> P/O T	
<input type="checkbox"/> Logical Framework	<input type="checkbox"/> P/O C	<input type="checkbox"/> Other Study
<input type="checkbox"/> Project Agreement	<input type="checkbox"/> P/O P	

B. ALTERNATIVE DECISIONS ON AID

A. Continue Project without Change

B. ~~Continue~~ Project Design and Change Implementation Plan by USAID

C. Discontinue Project

C. PROJECT OFFICER AND HOST COUNTRY OR OTHER NATIONAL PARTICIPANTS

George Armstrong, Project Officer

Dr. Gene Miller, Alternate Project Officer

Dr. Mahmoud A. Kheireldin, Project Director

Mr. John F. Bond, Project Technical Manager

Mr. J.C. Hutter, Assistant Project Technical Manager

INITIAL PROJECT EVALUATION REPORT

13. SUMMARY

This is the first coordinated, multi-partner evaluation of this project involving the Agency for International Development (AID), the Ministry of Agriculture (MOA), and MACHTECH. In addition to this evaluation the Contractor completed two (2) extensive in-house evaluations leading up to the submission of the major six (6) and twelve (12) month project reports and recommendations. These were entitled First Interim Report and Second Interim Report, and were used as part of the base information for this evaluation.

The Second Interim Report for the Poultry Improvement Project contains the findings of the project team, the status of the project and major problems which prevent poultry production from reaching desired levels, and recommended solutions for those problems areas.

The project is essentially on schedule and has achieved its goals to date on a much broader scale than originally planned. Many of the problems specified in the original Project Paper have already been identified and solutions developed. Supplemental action will be required to implement some of the conclusions and to complete the remaining elements of the Egyptian Poultry Improvement Project as outlined in the Project Paper. The project is within budget, and the remaining original Project Paper tasks will be completed within the allocated funds. However, certain line items have exceeded original estimates. costs and will require adjustment. Identified supplemental and expanded tasks, if carried out, will require additional funds.

The Village Flock Team has completed an in-depth review of village poultry production in Upper, Middle, and Lower Egypt, and has developed a series of recommendations. The Poultry Health Team has identified primary constraints and possible solutions to the poultry disease situation, which has had a major impact on the productivity of the Poultry Sector.

A review of the breeding programs of the Ministry of Agriculture has been made, and proposals for a breed evaluation program presented to the MOA. The General Poultry Company (GPC) has been examined thoroughly, and problem areas identified.

A number of specific recommendations in the areas of feeding, breeder management, feed and nutrition, production and poultry processing were submitted to MOA.

The initial phase of the Sector Analysis has been completed, and major recommendations, which the team believes will stabilize the economic factors associated with poultry production and distribution in Egypt, were developed. The effectiveness of the Sector Analysis, combined with use of the Econometric Model, will depend upon improved participation and help from the MOA. This is vital not only to the validity of the information produced, but also to its continued use after project completion.

The training task is slightly behind schedule due, in part, to English language qualification deficiencies, which necessitated remedial training for Egyptian trainees prior to departure for the United States. This task was also delayed after implementation began by problems arising between the subcontractor, University of Florida (U of F), the prime contractor, and the MOA in regard to the kind of training required. Relevant to this, the Project Paper specified and the MOA requested that the trainees be given "on-the-job (OJT)" or practical "hands-on" work programs. Shortly after the US training programs began, it became apparent that the subcontractor's interpretation of OJT was not the same as that of the prime contractor and the MOA. Discussions between the concerned parties resulted in a revised training program that still did not meet requirements. Subsequently, with USAID approval, the OJT subcontract was terminated with responsibility for training transferred to the prime contractor for direct programming with various commercial and training institutions, including the University of Georgia.

The new revised training program, based on the US Commercial Poultry Industry rather than being university based, should provide a better training compared to that being given before. Also, the new programs will be directed to providing a basis to helping to solve problems in the Egyptian Poultry Industry. Although, the training is behind schedule it appears that it can be completed by the end of the prime contracts termination in September, 1980.

The hatchery-breeding farm expansion program will not be completed by the technical assistance contracts completion date in September, 1980. This is due to a number of problems, administrative, etc. which have delayed progress on this task. Primary delays resulted from a necessary reevaluation of the alternatives, and problems with the sites previously selected by the MOA. Final arrangements for use of one of the sites (Fayoum) were not completed until November, 1979. The implementation schedule for the AFD financed commodity input task

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now shows that the hatchery-breeding farm improvements will be undertaken with the advice of the commodity supplier, and with the construction completed by the MOA within the three year LCP specified in the Project Paper.

RECOMMENDATIONS:

- a. The project should be continued. The project budget should be adjusted to allow transfer of funds to other line item categories within the existing budget. The remaining project activity, as currently authorized, should be devoted to completing the Training, and Econometric tasks, and as much time as is needed to assist in finalizing arrangements and preparation of documentation for hatchery expansion; to developing and refining the necessary background and support data for the new and supplemental poultry related projects identified as a result of this project, and to providing whatever further consultancies may be possible within the balance of the budget.
- b. Consideration should be given to increasing the number of training participants to include more personnel from ORDEV, Agrarian Reform, Extension Veterinary Services, and from the Governorate organizations already active, or to be involved, in poultry production.
- c. The Poultry Health Plan should be given highest priority, with special emphasis on the needs of the native hatcheries and the village flocks. The native hatcheries and village flocks provide approximately 50% of all poultry products in Egypt, have a major impact on the rural, mainly poor, population, and significantly effect both public and private commercial producers. Therefore, emphasis should be directed toward supplying the native hatcheries and village flocks with the technical services necessary to overcome the deficiencies of their current systems and toward providing the appropriate allocation, availability, and delivery of needed supplies; including disease-free chicks, balanced feed rations, and vaccines. Technical assistance should be expanded to ensure development, implementation, and coordination of existing resources in order to bring the disease problem under control at the earliest problem time. This would result in an almost immediate increase in production and villager income within existing resources.
- d. The completion and formalization of a comprehensive National Poultry Plan is of highest priority. This plan should address all impacting sectors of the economy, including those not currently under the control of the Ministry of Agriculture. The plan should provide realistic, multi-year objectives for such activities as the practical

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allocation of resources, supplies, and materials to all sectors, including the GPC, Veterinary Services, villages, and the private sector.

The plan should also address the allocation of resources used by sectors other than poultry, such as feedstuffs, vaccines, and pharmaceuticals. It is imperative that a National Poultry Plan be implemented at the earliest possible time, in order to prevent ineffective allocation or waste of Egypt's limited resources.

- 2. A coordinated program should be developed to stabilize the poultry economy of the country, particularly with regard to the marketplace. A steadier, more disciplined release of poultry products to the primary consumer markets is required to ensure the private sector and village flock producers a reasonable return on their poultry production. In the past, it appeared that the uncoordinated release of poultry products to the markets has resulted in wide price fluctuations. These price reductions have had a negative impact on private and village producers. A coordinated program would include sufficient slaughterhouse and refrigerated storage capacity for GPC to withhold delivery of broilers and eggs to the market until the market is able to absorb the supply. This program would also provide private and village flock producers with similar opportunities for controlled release of poultry products, thus, tending to ensure a fair return on investment.
- 5. There exists an urgent need for simple, but highly functional, poultry health diagnostic laboratories. The diagnostic laboratories available to village producers, native hatcheries, the private sector, and to Governorate programs should be developed and implemented. Technical assistance should be supplied to the Veterinary and Extension Services to optimize available vaccines and other existing resources.
- 9. A program for feedstuff optimization should be developed, with emphasis on support to the private sector, including villages, MOA farms, native hatcheries, and governorate programs. However, the same opportunity for use should be made available to public sector programs as well, including cooperatives, extension villages, and the GPC. The feedstuff optimization program would include an urgently needed in-country feed analysis laboratory, an improved imported feed inspection program, computerized feed formulation, feed equipment repair and upgrading, improved tracking of domestic and imported feed and feed ingredients; and elimination of duties and tariffs on imported feed, feed ingredients and concentrates, and vaccines. This program could also be extended into other sectors requiring

feed, such as livestock, dairy, and fish farming. Technical assistance should be supplied for coordinated implementation of this feasibility optimization program.

- h. A breed testing program should be implemented within the MOA farms and expanded into field tests in the native hatcheries and villages to compare locally available "adapted" breeds with improved foreign strains. This will more accurately identify the most productive, viable breeds for the private sector and villages. Technical assistance may be required for effective implementation. It is also suggested that each MOA farm be limited to the improvement of only one breed. The team recommendation for the broiler testing facilities to compare different foreign stocks is encouraged. There is also a need to determine whether the poor performance allowed in duck production is nutritional or strain related. It is recommended that the GPC consider importation of different strains of ducks to be tested under the Egyptian conditions. It is also suggested that nutritional feeding trials be set up to test various feed formulations. For turkeys, it is recommended that changes in nutrition programs to eliminate egg feeding and to eliminate the full feeding of broods should be tried. Improvement in housing, ventilation and heat protection should, also, receive considerable attention.
- i. A special program for technical assistance to the GPC should be developed and implemented as soon as possible. Although GPC's overall national influence is planned to diminish somewhat in the years ahead, its activities are still a major factor in self-produced poultry product and the national economy. Also, the lower the production efficiency of this group (which supplies approximately one-third of national poultry production), the less the amount of funding available for the government's rural support elements such as Extension, ORDEV, and Agrarian Reform. Also, GPC is designated to provide necessary technical support for the growth of the private sector and government programs. Therefore, the more efficiently GPC operates, the more beneficial the impact will be on the private and village sectors.
- j. The balance of MOA farms not scheduled for expansion as a part of the Poultry Improvement Project 0060 should be improved at the earliest possible time. This will optimize their existing capabilities to produce appropriate types of disease-free hatching eggs for native hatcheries and/or baby chicks for the villages. The current capacity could be more than doubled by a "balancing" of their equipment and a coordination of their activities. This program will

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most likely require expanded technical assistance to provide the support, services and coordination necessary for successful implementation.

- k. A model-farm national poultry training center should be established for in-country training (in Arabic) for various poultry sector on-line personnel. The center would provide training in feed mill and breeder farm operations, layer and broiler production, poultry health basics, and all pertinent aspects of poultry husbandry. This would supplement the expanded management development program noted previously. The center should include a central library for relevant research papers and materials, and poultry science publications, of which there is currently a significant void in Egypt.
- l. A controlled, limited improvement program for the Abbasia vaccine production unit should be immediately implemented, and the program leading to a possible joint venture for development of new vaccine and/or pharmaceutical plant(s) should be pursued. This would allow subsequent replacement of Abbasia with entirely new facilities, while at the same time upgrading the product quality levels, as much as possible, in the interim.
- m. A series of in-country management seminars should be developed and implemented in conjunction with U.S. management and poultry organizations, such as the Southeastern Poultry and Egg Association and the American Management Association.
- n. GOE support for the Hatchery Expansion Program should be accelerated.
- o. Activity on the definition and modelling of the Poultry Sector should be supplemented through expanded technical assistance to the MOA Agricultural Economic and Statistics Unit. This would include the development and implementation of the Egyptian econometric model as relevant to the Poultry Sector. The current system, with its limited capabilities to provide sufficient, viable, and comprehensive data to the GOE's decision makers regarding the allocation of limited resources, has severely affected support to the private and village sectors.
- p. An in-country poultry trade association should be formed to provide opportunities for professional growth and facilitate the exchange of practical and technological information.

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- g. Special programs should be conducted to train veterinarians in vaccine preparation techniques, and in SPF farm practices in order to provide trained personnel to work efficiently and effectively in these fields.

PROBLEMS:

The logistical and administrative problems in establishing and operating the field office were significant. However, these problems did not significantly hamper the technical work or the output of the consultants.

Communications were a major problem. For example, a telephone was not installed in the field office until February of 1979, although the contract specified it would be in place by October 1, 1978. The telex, crucial for coordination of work with the project office in the United States, was not connected until May, 1979, rather than the contract specified date of October 1, 1978.

A 30-day minimum stay by consultants became a requirement after the contract was in force, although the contract had specified lesser periods. This requirement was effected by the POA with USAID approval, in the interest of efficiency and effectiveness, after a re-assessment of the contractor's travel schedule and plans revealed that some consultants were being programmed to perform as few as four days service in Egypt.

Difficulties in the training program included English language deficiencies and training health and attitude problems. In addition, the need for more practical training than that available solely through US university sources necessitated a major change in the training program and staffing.

Another problem was the fact that other governmental organizations involved in poultry production such as ORDEV and Agrarian Reform were not originally included in the development of the Project Paper. It has not always been easy to obtain their necessary cooperation and help, since they feel that the project does not adequately address their needs. This was particularly evident in their reluctance to provide counterparts for the consultants and data on their organizations and production.

The uncoordinated and disorganized development of the poultry industry in general added to the difficulties in developing reliable data and practical programs which addressed the targeted objectives of the project.

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Major decisions which significantly impact the poultry industry are made in an uncoordinated manner, not only by the different Departments of the Ministry of Agriculture, but also by other Ministries such as Finance, Economic Planning, and Social Development. This has resulted in a lack of implementation, and has not been conducive to the continuation, patience, and additional project activation. It is anticipated that the new National Council will help the coordination process.

Transportation was a major problem, which was overcome only through the use of locally contracted sources at significantly higher rates. The interpretation of "source and origin" clauses delayed acquisition of project vehicles. These were eventually purchased through private sources in the United States by the Contractor, and then shipped on US vessels which arrived in Egypt five months after the project began, following completion of major consultancy efforts. The two (2) authorized project vehicles were and are not sufficient for project activities, especially when a number of consultants are on site. Availability of vehicles and drivers from the host country (MOA) continue to be extremely limited.

This project was the first under agriculture Technical Assistance "Host Country" contract in Egypt. Previous rules, regulations, and procedures often required modification and new interpretation, frequently resulting in significant delays and inefficiencies. US and Egyptian agreements concerning custom fees and duties are still creating problems, and materials costing approximately \$2,500 are still in Egyptian customs lockers after eight months of discussion.

14. EVALUATION METHODOLOGY:

The purpose of the project evaluation was to determine the status of the project, its accomplishments to date, areas needing special attention, and courses for future action. The evaluation was conducted by three (3) teams: four (4) persons representing the MOA, four (4) from USAID, and three (3) from WATHTECH. Each person was given the Project Paper, the First and Second Interim Reports, the Contract Work Statement, and all special project reports. Outlines using the Project Evaluation Summary, Part II, were also provided. An orientation meeting was held for MOA and WATHTECH personnel to familiarize them with the evaluation approach. Each individual evaluator and evaluation team worked independently before meeting together to discuss the results of the overall evaluation effort.

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16. INTERNAL FACTORS:

The tremendous expansion of the poultry industry and the proliferation of poultry projects, both governmental and private, were not envisioned or addressed in the original Project Paper. For example, there are now several governmental agencies in the chicken production business, including GPC, ORDEV, and Agrarian Reform. Also, President Sadat's governmental decentralization program had accelerated and most of the twenty-five Governorates are now developing poultry projects. Unfortunately, most Governorates do not yet have the necessary qualified technical assistance. This is also a problem in GPC, ORDEV, and Agrarian Reform.

Private commercial poultry production was insignificant in 1977 when the Project Paper was written, but has since expanded quite rapidly. Private companies are expected to produce as much poultry meat and eggs in 1980 as the GPC had produced in 1976. Unfortunately, because of unstable market and distribution conditions, approximately 50% of the available private sector poultry production capacity is not used.

16. INPUTS:

Problems relating to inputs existed during the early stages of the project. Areas of difficulty included the provision of host country counterparts for project consultants, communications, and transportation. Deficiencies in support logistics (such as office space, telephones, telex, and copy machine) were also deterrents to developing outputs efficiently. These problems have been largely overcome, although difficulties still exist with customs fees and counterpart assignments, particularly concerning the data a sectoral analysis tasks.

17. OUTPUTS

Although the Project Paper was published in May of 1977, the contract was not signed until August, 1978. Actually, the Project Paper was developed out of studies conducted in 1976 and 1977. The contractor used the team approach in scheduling activities in the six (6) tasks. Nine (9) teams of specialists were used to comprehensively examine the tasks outlined in the Project Paper. The first team members arrived in Egypt in October, 1978, and all tasks had been addressed by February, 1979. The poultry specialists which comprised the nine teams are of national and international fame and include experts in all primary areas of poultry operations.

A major difficulty existed not only in identifying central sources, but also in finding any accurate data on the Egyptian Poultry Sector. This, together with the inability of the MOA to provide qualified counterpart personnel for data collection and analysis and to conduct the field studies noted in the Project Paper, caused delay in development of the Econometric Model. This has been largely overcome by an increased effort on the part of the contract team. As a result, a great deal of information has now been assembled, and the first-ever comprehensive Egyptian Poultry Sector production reports have been produced. In furtherance of the economic sector assessment task, it is important to point out that the project may still have a need to procure some additional services and inputs from Dr. Osman El Kholly, a professor of the Economics Dept. of the Menoufia Faculty of Agriculture, and also for the use of the facilities of the central computer of Cairo University.

In recognition of this possible need, it is suggested that project funds obtained from line item adjustments be allocated to cover these costs.

Training in the United States initially posed some problems; problems which have now been resolved. There were some delays encountered in sending participants to the United States due to inadequate proficiency in the English language. Many have now completed supplemental English language training, and this has largely eliminated the problem, even though the number of eligible, qualified trainees available remains an issue. By the end of 1979, twenty-eight trainees had completed their US training programs and returned to Egypt to work in their sponsoring organizations.

Difficulties also existed with the type of curriculum provided by the University of Florida, the training subcontractor. The original curriculum, as developed from the RFP and contract, was not totally suitable for the level and type of participants involved. Attempts to have the University of Florida change the curriculum to one more appropriate to the participants' needs were unsuccessful; therefore, the subcontract was cancelled.

In the summer of 1979, the training program was directly assumed by the prime contractor, utilizing the facilities of the University of Georgia, the Southeastern Poultry and Egg Association (the primary training source for the US Poultry Industry), and private companies in the North Georgia area. Participants returning recently to Egypt from the United States have expressed satisfaction with the training now being provided. The curriculum has been modified to best adapt to the individual needs of the participants, and focuses on solutions to actual poultry sector problems identified in this project.

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The design of the Econometric Model of the Poultry Sector represented the first tangible outline of the entire national sector, including those factors by which it is impacted or creates major impacts of its own.

In summary, the accomplishments to date represent a much broader scope than those outlined in the Project Paper. Overall, the project has been successful in helping the Egyptian Poultry Industry move toward its goals of increased poultry meat and egg production. It appears that poultry production is now expanding at a rate sufficient to achieve the governmental targets for 1980. These goals can easily be surpassed if the measures recommended herein are implemented.

18 & 19. PURPOSE AND GOALS OF PROJECT:

- A. The purpose of the Poultry Improvement Project is to help Egypt meet its long-term goal of significantly expanding its production of poultry meat and eggs in a disciplined, coordinated, resource-effective manner.

Specifically, the project is aimed at developing programs and inputs which will enable Egypt to accomplish the above stated goal through the following six (6) tasks, as specified in the Project Paper.

- i. Complete a poultry sector analysis in order to assess the poultry industry's needs, and determine effective resource allocation to accomplish Egypt's ambitious goals. In addition, to provide general consultancies and training in the United States to improve the skills of Egyptian poultry management in utilizing such analyses.
- ii. Expand three (3) breeding/hatching farms at Fayoum, Sakha, and Inshas. This expansion is intended to increase the availability of disease-free, higher quality chicks to rural producers.
- iii. Make recommendations to the MOA for a national breed and hatchery program to benefit rural and private sector poultrymen.
- iv. Provide consultancy to CPC, and develop recommendation to improve the efficiency of the management of the company.
- v. Analyze the Egyptian vaccine and pharmaceutical industry to identify possible constraints to poultry production, and to develop a national plan for increasing the availability of these important items.

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- vi. Examine the village flock sector to determine its impact on the national poultry sector, and suggest ways of increasing identified, essential services to this sector.

(See 17. OUTPUTS for progress towards achievement of project purpose and progress and attainments towards accomplishing project goals and subgoals)

20. BENEFICIARIES:

Direct beneficiaries of this project include a number of agencies of the Ministry of Agriculture such as GPC, APRI, AHRI, Veterinary and Extension Services, the offices of the First Undersecretary, and the Minister of Agriculture. These agencies have benefitted through direct consultancies and upgrading of their current programs, organizations and/or activities.

Indirect beneficiaries of the project include the Egyptian consumer, the private sector and village flock producers, and allied industries. The average Egyptian today consumes only 11 grams of animal protein daily, compared to the United Nations Food and Agricultural Organization's minimum standard of 33 grams and the United States consumption of over 55 grams of animal protein daily. More poultry product is available today than when the project started, and this amount should continue to increase if the identified problems are controlled and the resources are effectively utilized. Private and village flock producers will benefit through increased availability of disease-free chicks, improved feed rations, and expanded poultry health programs.

21. UNPLANNED EFFECTS:

As this industry continues to grow and evolve at a rapid rate, many of the assumptions which were valid when the Project Paper was written are no longer true. As a result, the project teams have had to conduct many additional activities in order to identify and then monitor, the poultry sector. (The insufficient staffing, capabilities, and systems of the MOA Agricultural and Statistical Department tend to compound this problem.) The teams' data activities have provided a large bank of information of significant value, not only to those directly involved in poultry production, but to allied industries such as feed and vaccines, as well. If properly utilized, this data should also be of importance not only to the MOA, but to the Ministries of Economy, Planning, and other Egyptian Government agencies as well.

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The proliferation of government, private, and other poultry projects has greatly increased the need for a national poultry plan to help coordinate the rapid expansion of the industry and to make the most efficient use of Egypt's limited resources. These factors make implementation of a Poultry Health Program more important than ever, if achievement and maintenance of national goals is to result.

These recent changes mean that future poultry projects are likely to be quite different from the type of project this was originally intended to be from the Project Paper. Future projects will likely involve a greater emphasis on well defined, specific, hard objective goals.

22. LESSONS LEARNED:

The first and most important lesson learned is that, in a developing country such as Egypt, projects involving data collection can only be implemented if nothing is taken for granted. Data should be checked and double checked, and information should always be acquired from as many sources as possible. Then, the data should be purged and qualified through source visits by experienced personnel.

The resident administrative team should arrive on site at least one to two months before the consulting team. Consultants should not arrive until all major operational problems have been resolved. The logistics of establishing offices, communications, transportation, and housing require far more time than they would in the United States. Once the major administrative and logistical systems are working, the consultants can arrive and immediately begin their work without hindrance.

When a project is to encompass an entire economic or production sector, the allied or supportive industries should be included in the planning. In the case of this project, areas such as marketing, feed supply, nutrition, and processing have a significant and important impact on the entire poultry sector. However, none of these were involved or included in the original Project Paper.

Similarly, other ministries which impact on the poultry sector (including the Ministries of Economy, Supply, Local Government and Finance) should have been consulted during the planning stages of the project. A host country project council or an advisory committee in which all such ministries actively participate, should be formed at project startup and meet on a regular basis throughout the life of the project. Team management should at least be ad hoc, if not permanent, members of such a council.

ATTACHMENTS:

Attachment I

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PROJECT PAPER

MATITECH PROPOSAL

1
COMPLETED

ACTUAL EFFORTS/WORK
BY MATITECH PROJECT TEAMS

SECTOR ANALYSIS/ASSESSMENT

- DEVELOPMENT OF DATA BASE
-- ECONOMETRIC/LINEAR PROGRAM MODEL

- (80) • DEVELOPMENT OF DATA BASE
-- ECONOMETRIC MODEL

- SECTOR ANALYSIS

- (80) • SECTOR ANALYSIS
- (80) -- TOTAL SYSTEM INFRASTRUCTURE
- (80) -- POULTRY SECTOR ECONOMICS
- (80) -- IMPACTS ON NATIONAL RESOURCES

**HATCHERY EXPANSION (3 HATCHERIES)
(FARM, FARM, FARM)**

- DEVELOPMENT OF SPREADS
• ESTIMATION OF BIRD LEAD CONFORMANCE
• COORDINATION OF U.S. EFFORTS

- (65) • DEVELOPMENT OF SPREADS
- (10) • COORDINATION OF U.S. EFFORTS

BREED & HATCHERY IMPROVEMENT

- BREED PERFORMANCE ASSESSMENT
• HATCHERY ASSESSMENT

- (100) • BREED ASSESSMENT
- (100) • HATCHERY ASSESSMENT
- (100) • ALTERNATE PLANS FOR IMPROVEMENT
- (20) • BREED PERFORMANCE IMPROVEMENT

**NATIONAL HEALTH FOR POULTRY
VACCINES & PHARMACEUTICALS**

- NATIONAL HEALTH CARE & SUPPLY OF
POULTRY VACCINES & PHARMACEUTICALS
- INFORMATION & INFORMATION OF POULTRY
VACCINES & PHARMACEUTICALS

- (100) • ASSESSMENT OF LOCAL MANUFACTURING
FACILITIES & PROBLEMS
- (100) • ASSESSMENT OF REQUIRED SUPPLY
- (100) • ASSESSMENT OF IMPORTED SUPPLY
QUANTITIES AND CAPABILITIES
- (100) • IMPACT ASSESSMENT OF VACCINE
& PHARMACEUTICAL SITUATION
ON PRESENT POULTRY HEALTH
- (100) • UTILIZATION
- (100) • DISTRIBUTION OF VACCINES & PHARMACEUT.
- (100) • U.S. COMPANY INTERESTS
- (100) • POULTRY HEALTH PLAN
- (100) • REQUIRED IMPACT PROGRAMS TO IMPROVE
MORTALITY/PRODUCTION OF EGGS
& POULTRY MEAT

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* Hatchery construction will be done by MOA using AID supplied commodities under short term advisory service of prime commodity supplier during third-year of project. Commodity procurement of vehicles, chicks, feed, etc. to be procured through IFB in project year three to coordinate with hatchery expansion completion.

<u>PROJECT PAPER</u>	<u>MATHTECH PROPOSAL</u>	<u>2</u> <u>Completed</u>	<u>ACTUAL EFFORTS/WORK</u> <u>BY MATHTECH PROJECT TEAMS</u>
• VILLAGE FLOCKS	• VILLAGE FLOCKS -- CO-OPS	(60) (100) (100)	• VILLAGE FLOCKS • NATIVE HATCHERIES • PURCHASE OF EGGS & DAY-OLD CHICKS AND DISTRIBUTION/MARKET OF EGGS & POULTRY MEAT
• GENERAL POULTRY CO. (GPC)	• GPC (PUBLIC SECTOR) • PRIVATE SECTOR (INDEP. PRODUCERS) • AGRARIAN REFORM	(100) (100) (100) (100) (100) (100)	• CO-OPS • BOND GROUPS • EXTENSION/VET SERVICES • GPC • PRIVATE SECTOR -- INDEPENDENT PRODUCERS -- GOVERNORATE PROGRAMS • AGRARIAN REFORM • OPDEV • FOREIGN INVESTMENT
		(100) (100) (100) (100) (100)	• NEEDS AND PREFERENCES • GRAIN IMPROVEMENT/STUFF RESULTS • LOCAL SUPPLY/DISTRIBUTION • MILLING: CAPACITY & CONDITION • FORMULATIONS/QUALITY CONTROL • IMPACT ON PRODUCTION OF EGGS & POULTRY MEAT
(TRAINING)	• TRAINING PROGRAMS -- HOA -- GPC -- ORDEV	(40)	• TRAINING PROGRAMS -- HOA -- GPC -- ORDEV -- ARO -- PRIVATE SECTOR
		(60)	• NATIONAL POULTRY PLAN

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ARAB REPUBLIC OF EGYPT
MINISTRY OF AGRICULTURE
MINISTER'S OFFICE

ANNEX II

CAIRO: May, 14, 1981

Mr. DONALD S. BROWN
MISSION DIRECTOR
AGENCY FOR INTERNATIONAL DEVELOPMENT
5 LATIN AMERICA AVENUE
C/O AMERICAN EMBASSY, GARDEN CITY
CAIRO - EGYPT

Dear Mr. Brown:

The purpose of this letter is to request that the Government of the United States of America through the Agency for International Development grant additional assistance to the Government of the Arab Republic of Egypt for use by the Ministry of Agriculture and Food Security in developing follow-on poultry programs that will assist in meeting the long-term goal of increasing poultry meat and egg production.

It is envisaged that the proposed assistance will have a relatively quick and positive impact on small scale rural poultry production, productivity and on producer's incomes. The assistance will be used to provide three additional poultry breeding/hatching farm facilities, vaccines, pharmaceuticals and technical assistance to establish a post/disease control program in six governorates and a poultry vaccine/pharmaceutical domestic market study.

Since the follow-on poultry activities are scheduled to be implemented under an amendment to the original Poultry Improvement Project 263-0060 the life of project funding is estimated to be \$ 16,325,000 comprised and AID grant of \$ 13,044,000 and \$ 3,331,000 in LE provided by the Government. In order to reach the total AID contribution a new grant of \$ 8,000,000 is requested herein at this time for purchases and use as shown on Attachment A.

Your earliest consideration of this request will be appreciated.

Sincerely,


Dr. Mahmoud M. DAWOOD
MINISTER OF AGRICULTURAL

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ARAB REPUBLIC OF EGYPT
 —
 MINISTRY OF AGRICULTURE
 —
 MINISTER'S OFFICE

ANNEX II
 ATTACHMENT A

	(000s) \$	(000s) \$ Eq.	(000s) '\$/\$Eq.' <u>TOTAL</u>
1. Vaccine/Pharmaceutical Market Demand Study	65	30	95
2. Breeding/Hatching Farms			3,685
- Facility equipped cost per farm: 1,050,000			
$\times \quad 3$			
3,150,000	3,000	150	
- Support Costs			
-- New Chick/Turkey Strains	125		
-- Feed Supplement/ concentrates		150	
-- Vehicles	130		
-- U.S. Training (OOT/ST)	50		
-- Erection/Install- ation Supervisory TA (6 pm)	60	20	
3. Post Hatch Disease Control Program			2,715
- Vaccines, Pharma- ceuticals, equipment	2,000	500	
- 30 Motorbikes		35	
- U.S. Technical Assistance(12 pm)	100	80	
4. Subtotal	<u>5,530</u>	<u>965</u>	<u>6,495</u>
5. Contingency (10%)	553	97	650
6. Inflation (20%)	<u>737</u>	<u>129</u>	<u>866</u>
7. Total	6,820	1,191	8,011

FIRST AMENDMENT

ANNEX III

TO

PROJECT AUTHORIZATION

Name of Country: Arab Republic
of Egypt

Name of Project: Poultry
Improvement

Number of Project: 263-0060

1. Pursuant to Section 532 of the Foreign Assistance Act of 1961, as amended (the "Act"), the Poultry Improvement Project was authorized on July 22, 1977. That authorization is hereby amended as follows:

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

"Pursuant to Section 531 of the Foreign Assistance Act of 1961, as amended (the "Act"), I hereby authorize the Poultry Improvement Project (the "Project") for the Arab Republic of Egypt ("Cooperating Country") involving planned obligations of not to exceed Twelve Million Five Hundred Forty-one Thousand Nine Hundred Fifty-five United States Dollars (\$12,541,955) and Three Hundred Forty-Three Thousand Seven Hundred United States-owned Egyptian Pounds (LE 343,700) 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."

b. The third paragraph is deleted in its entirety.

c. Subparagraph a is deleted in its entirety and replaced with the following:

"a. Source and Origin of Goods and Services

(i) Goods and services, except for ocean shipping and motorbikes, financed by A.I.D. under the Project shall have their source and origin in the Cooperating Country or in the United States, except as A.I.D. may otherwise agree in writing.

(ii) Ocean shipping financed by A.I.D. under the Project shall, except as A.I.D. may otherwise agree in writing, be financed on flag vessels of the United States.

(iii) Motorbikes financed by A.I.D. under the Project shall, except as A.I.D. may otherwise agree in writing, have their source and origin in A.I.D. Geographic Code 935."

1. Based on the justification set forth in the Project Paper, I hereby waive Section 636(i) of the Act, to permit the procurement of Project motorbikes of non-United States manufacture.

2. Based upon the justification set forth in the Project Paper, 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 cost vouchers may use this determination as the basis for the certification required by Section 612(b) of the Act.

4. Except as amended hereby, the Project Authorization dated July 22, 1977 shall remain in force.


M. Peter McPherson

August 28, 1981
Date

Clearances:
AA/NE:WAFord AW Date 8-24-81
A-AA/PPC:LSmucker LS Date 8-25-81
GC:JRBolton KCK Date 8-25-81

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ANNEX IV

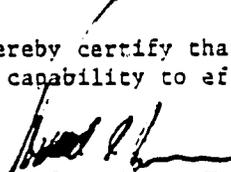
FAA Section 612(a) Certification

Background:

The project will provide a total of six breeding/hatching farms. The commodities and assistance provided include the erection and equipping of : 1) eighteen laying houses; 2) six rearing houses; 3) six hatcheries. One such farm will be located on/in close proximity to the Governorate extension stations in Minya, Qalybya, Sharkia, Matrouh, Kafr El Sheikh and Faiyoum. During the initial erection and equipment installation phase there will be provided, to the MOAFS, U.S. supervisory personnel to direct these activities. The Ministry of Agriculture is currently operating and also is tangentially related to similar farms. The provision of these six AID financed farms in conjunction with the proposed disease control program simply augments the capacity of the MOAFS to address sub-sectoral constraints to increased productivity. Furthermore, persons responsible for the daily operation of these farms will be scheduled to observe similar farms in operation in the United States to provide them with the management background required to oversee and sustain the coordination of production and equipment operation and maintenance requirements to ensure full capacity operation at each farm.

Certification:

Based on this information, I hereby certify that the Government of the Arab Republic of Egypt has the capability to effectively maintain and utilize the Project



Donald S. Brown
Director

6/24/81

Date

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Listed below are statutory criteria applicable to projects with FAA funds and project criteria applicable to projects with Development Assistance (with or without FAA funds) applicable only to loans; and Economic Surplus Fund.

Q. 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. 651(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 (total or excess for not more than \$1 billion over that figure)?
 1. (a) Advice of Program Congressional Activity Data Sheet.
 - (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?
 2. (a) No
 - (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 acceptance of purchase of the assistance?
 3. No further legislative action is required other than action ratifying the grant agreement amendment.
4. FY 79 App. Act Unnumbered; FY 80 App. Act Unnumbered; 20 App. Act Unnumbered (901.0) 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 27, 1977?
 4. Not applicable.

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4. FAA Sec. 611(c). If project is not eligible for assistance, what steps will be taken to ensure that the project is not abandoned? Will the Administrator Director be notified? Will the Assistant Administrator be notified? Will the country be notified? Will the country be notified? Will the country be notified?

5. Yes. An FAA Section 611(e) certification will be provided.

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.

6. Not applicable

7. FAA Sec. 601(a). Information and conclusion 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.

- 7. (a) is not designed to do so.
- (b) is designed to do so.
- (c) is not designed to do so.
- (d) is designed to reduce public sector monopsonies.
- (e) is designed to do so.
- (f) is not designed to do so.

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).

8. Project amendment includes financing for private sector vaccine and pharmaceutical market demand study. The study will attract U.S. private firm to produce & market items in Egypt.

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.

9. The Grant Agreement will assure that the GOE is contributing local currency to meet project costs. The U.S. government does not now have excess currency available for this project. A small amount of local currency will be purchased in accordance with FAA Section 612(b).

10. FAA Sec. (1104). Does the U.S. own excess foreign currency of the country and, if so, what arrangements have been made for its release?

10. No excess currencies are available for this project.

11. FAA Sec. 601(c). Will the project utilize competitive selection procedures for the awarding of contracts, except where applicable procurement rules allow otherwise?

11. Yes.

12. FY 79 App. Act, Sec. 603; 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?

12. Not Applicable.

B. FINDING CRITERIA FOR PROJECT

B. Not Applicable

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

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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.)

(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

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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, extent to which activity emphasizes low-cost, integrated delivery systems for health, nutrition and family planning for the poorest people, with particular attention to the needs of mothers and young children, using paramedical and auxiliary medical personnel, clinics and health posts, commercial distribution systems and other modes of community research.

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

(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 (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.

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11. 27
(ii) technical cooperation and development, especially with U.S. private and voluntary, or regional and international development, organizations;

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

(iv) reconstruction after natural or manmade disaster;

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

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

c. [107] Is appropriate effort placed on use of appropriate technology? (relatively smaller, cost-saving, labor using technologies that are generally most appropriate for the small farms, small businesses, and small incomes of the poor.)

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)?

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"?

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

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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?

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.

f. 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?

3.

a. This project is directed toward the GOE stated policy objective of food self-sufficiency, which relates directly to economic & political stability. Yes.

b. Not applicable.

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.

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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? 1. 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? 2. Yes, unless otherwise determined.

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. 3. 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? 4. Yes.

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. 5. Such compliance will be ensured.

6. FAA Sec. 608(a). Will U.S. government excess personal property be utilized wherever practicable in lieu of the procurement of new items? 6. 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? 7. Yes. Yes.

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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?

8. Yes.

9. FY 79 App. Act, Sec. 105; FY 80 App. Act Sec. (305.) Does the contract for procurement contain a provision authorizing the termination of such contract for the convenience of the United States?

9. Yes.

D. 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?

1. (NA)

2. FAA Sec. (11(c). If contracts for construction are to be financed, will they be let on a competitive basis to maximum extent practicable?

2. (NA)

3. FAA Sec. (20(k). If for construction of productive enterprise, will aggregate value of assistance to be furnished by the U.S. not exceed \$100 million?

3. (NA)

C. Other Restriction

1. FAA Sec. 122(b). If Development loan, is interest rate at least 7% per annum during grace period and at least 10% per annum thereafter?

1. (NA)

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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?

2. Yes.

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?

3. Yes.

4. FAA Sec. 636(1). 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.?

4. Yes.

5. Will arrangements preclude use of financing:

5.

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?

a. NA

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

b. NA

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?

c. NA

d. FAA Sec. 662. For CIA activities?

d. NA

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

e. NA

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

f. NA

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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.)

g. NA

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

h. NA

i. FY 79 App. Act, Sec. 601; FY 80 App. Act Sec. [512.] To be used for publicity or propaganda purposes within U.S. not authorized by Congress?

i. NA

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ANNEX VI

Recommendation for Dollar Funding of Local Costs

The local currency cost of the proposed project amendment is 3,512,000 or 34% of the total project amendment costs. \$ 2,332,000 represents personnel, land, construction costs and other in-kind support which will be provided by the Government of Egypt (GOE). The remaining \$ 1,180,000 represents support for the U.S. technical assistance, commodities and other local expenses. The GOE share in total project amendment costs is thus 23%. Given the current tight restrictions on expansion of the GOE budget, it would be unrealistic to require the GOE to provide a greater share of the total project costs. To do so would inevitably introduce delays and would endanger project success. Furthermore, it would reduce the project net contribution to Egypt's development resources. The Mission, therefore, proposes to fund \$1,180,000, or 34% of the project amendment local costs.

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

In accordance with Section 612(b) of the FAA, it is therefore recommended that \$ 1,180,000 be allocated for dollar purchase of Egyptian pounds to help meet the local currency costs of the project.

SECRET

ANNEX VII

Justification for Waiver for FAA Section 636(i):

This Amendment of AID Project 263-0060, Poultry Improvement, has identified Egypt's "native" hatcheries as the most direct and expeditious point of intervention in the attempt to improve the health/disease problems of the rural producers. Implementation of an effective disease control program with the participating native hatcheries requires regular visitation by the rural area veterinarians. At this time, these extension veterinarians have no transportation available to them and would not be able to perform their duties. The provision of thirty motorbikes to the six governorates involved for use by these veterinarians would enable them to travel between hatcheries and administer the vaccines. It is estimated that the motorbikes would cost a total of about \$35,000, not including contingency or inflation.

There are no motorbikes manufactured in the United States. However, motorbikes of Italian and Japanese manufacture are available in Egypt from local Egyptian distributors.

The subject vehicles are essential to this AID-financed project, and are not manufactured in the United States and non-AID funds are not available for the purchase.

For this reason, it is recommended that justification for a waiver of the FAA Section 636(i) be approved.

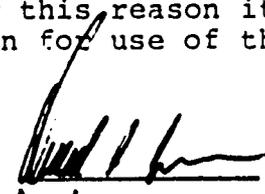
Annex VIII

Justification for AID Direct Contracting Mode

PD 68 establishes a preference for host country contracting, however the Mission Director is authorized to make exceptions to this policy "in circumstances in which they judge country contracting would give rise to specific difficulties inimical to the attainment of project objectives". (See AID Handbook 1 Chapter 12 (A) (1) (d)).

There has been identified within the framework of the proposed project paper amendment the need for two separate rather short-term contracts for technical assistance. First, a poultry vaccine/pharmaceutical market demand study has been requested by the MOA to determine the potential profitability of investment in domestic production of these inputs. To conduct such a study, it is suggested that use of the IQC mode of contracting would be most expeditious in that the MOA does not have direct knowledge of U.S. private sector individuals capable and experienced in this area. Second, the MOA has requested assistance in the planning and implementation monitoring of a poultry disease eradication program in the six governorates with which this project is cooperating. Again, in this case, it would be possible to more quickly identify the individual embodying this experience through the IQC mode of contracting.

The successful attainment of project objectives depends on timely provision of these individuals. For this reason it is requested that you approve the justification for use of the AID Direct Contracting Mode.

Approved: 
Date: _____

6/21/81