

AGENCY FOR INTERNATIONAL DEVELOPMENT

PROJECT DATA SHEET

1. TRANSACTION CODE

A - Add  
 C - Change  
 D - Delete

Amendment Number

1

DOCUMENT CODE

3

2. COUNTRY/LOCALITY

EGYPT

3. PROJECT TITLE

Near East

4. PROJECT NUMBER

1263-0115

5. Project title

Tax Administration

6. PROJECT ASSISTANCE COMPLETION DATE (PACD)

MM DD YY  
 06 30 85

7. ESTIMATED DATE OF OBLIGATION (Under "B." below, enter 1, 2, 3, or 4)

A. Initial FY 83

B. Quarter

C. Final FY 85

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

A. FUNDING SOURCE

FIRST FY

LIFE OF PROJECT

B. FX

C. L/C

D. Total

E. FX

F. L/C

G. Total

All Appropriated Total

(Grant)

(Loan)

1,550

40

1,590

3,034

656

3,690

1.

2.

Host Country

710

710

1,580

1,580

3. Other Donor

TOTALS

1,550

750

2,300

3,034

2,236

5,270

9. SCHEDULE OF AID FUNDING (\$000)

A. APPROPRIATION	B. PRIMARY PURPOSE CODE	C. PRIMARY TECHNICAL CODE		D. OBLIGATIONS TO DATE		E. AMOUNT APPROVED THIS ACTION		F. LIFE OF PROJECT	
		1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan
1)									
2)									
3)									
4)									
TOTALS									

10. PRIMARY TECHNICAL CODES (maximum 6 codes of 5 positions each)

11. SECONDARY PURPOSE

12. CONCERN CODES (maximum 7 codes of 4 positions each)

PROJECT PURPOSE

To improve the institutional capability of the GOE Department of Taxation.

13. DATED EVALUATIONS

MM YY  
 01 83

MM YY  
 09 83

Final

14. SOURCE/ORIGIN OF GOODS AND SERVICES

000

041

Local

Other (Specify)

15. SIGNATURE OF CHANGE PROPOSED (This is page 1 of a \_\_\_\_\_ page PP Amendment)

This amendment adds \$1.6 million to this project to provide increased funding to extend the project 18 months and to cover costs of additional technical assistance.

16. APPROVED BY

Signature

Title

Director, USAID/Cairo

Date Signed

06 24 85

17. DATE DOCUMENT RECEIVED IN AID/W, OR FOR AID/W DEDUCTION DATE OF CONTRIBUTION

TAX ADMINISTRATION - AMENDMENT

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SUMMARY AND RECOMMENDATIONS

1. Grantee: The Government of the Arab Republic of Egypt (GOE).
2. Implementing Agency: Ministry of Finance, Department of Taxation.
3. Grant Amount: Amendment adds US\$ 1.6 million to bring the life of project funding to US\$ 3.7 million.
4. Project Goal: Increasing mobilization of domestic resources for investment/development.
5. Project Purpose: To improve the institutional capability of the Department of Taxation by establishment of a tax training institute, development of an automatic data processing unit and implementation of an administrative reorganization of the department. Specialized assistance is provided to the examination and collections functions.
6. Purpose of the Project Paper Amendment: This amendment is to provide funds for an 18-month extension of the project in order to meet project objectives. The amendment will also fund two additional full-time advisors (rather than TDY assistance) and a computer needs study for the Department of Taxation. The PACD is amended to June 30, 1985.
7. Project Description: The Tax Administration project is an extension and broadening of a 1978 pilot activity undertaken by the IRS primarily on reorganization and automation of the Tax Department. The project focuses on the administration of the GOE's personal and business income tax systems and technical assistance is concentrated in three areas: establishment of a tax training institute (TTI), automatic data processing (ADP) and organization and management. Commodities are being provided for automation, training and local support and participants are being trained in the U.S. (short-term IRS training programs). The add-on provides for 2 additional long-term advisors to aid in the functional areas of examination and collections as well as for a computer needs study for the Department of Taxation.
8. Total Project Cost: The cost of the amendment is estimated at US\$ 2.3 million of which the AID contribution in foreign exchange and local currency costs is US\$ 1.6 million. The GOE contribution is the local currency equivalent of US\$ 710,000. The total US contribution over life of project is US\$ 3.7 million.
9. Recommendation: That an increase of \$ 1.6 million be authorized to the GOE on terms and conditions described in the draft authorization shown in Annex A.

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I. Project Description:

The Tax Administration Project was developed in order to improve the institutional capability of the Department of Taxation. From 1974 to 1978 technical assistance to the Tax Department was provided on an ad-hoc basis by the U.S. Internal Revenue Service (IRS) at the request of the Government of Egypt (GOE). In July 1978, a pilot advisory project was undertaken by the IRS focusing primarily on reorganization and automation planning. The Minister of Finance requested an extension and broadening of the pilot activity in April 1979 and the three year Tax Administration Project (263-0115) was approved in August 1980. Under the project, technical assistance is concentrated in three areas: establishment of a tax training institute, automatic data processing (ADP), and organization and management (with primary sub-projects in examination and collection). A.I.D. and GOE funding of \$2.1 million and \$870,000 respectively was provided to finance the foreign exchange and local currency costs of technical assistance and commodities for each component of the project.

Grantee Request for Assistance:

The Arab Republic of Egypt, acting through the Ministry of Economy, has requested AID assistance in funding an 18-month extension of the Tax Administration Project and the addition of two full-time advisors for 2 years. The Ministry of Finance requested too that consideration be given to conducting a computer needs study, provision of computer hardware and reprogramming automatic data processing (ADP) funds for microbuses (Annex B). This project amendment is to provide for the project extension, for additional technical assistance and for a computer needs study for the Department of Taxation. The issue of computer hardware itself goes beyond the scope of the existing project and will be considered only after completion of the computer needs study. The disposition of funds budgeted for additional ADP equipment will be decided following the evaluation called for in the original project (now scheduled for September 1983).

## II. Progress to Date

The Tax Administration Project Grant Agreement was signed August 31, 1980. Some objectives have been met within each component of the project but problems have been encountered as well which have seriously impeded progress. All Conditions Precedent, except for the ADP evaluation, were met by October 1981.

### A. Establishment of a Tax Training Institute (TTI)

The project called for the establishment of a tax training institute to provide task-oriented, skills-development training for technical and supervisory personnel. The GOE has provided a training facility in the Zeitun section of Cairo and it has been equipped with commodities, i.e., furniture and training aids, identified by various training advisors. Technical assistance is being provided in the development of standardized training curricula and course materials as well as assistance in the management operations of a training center. Examination and collection training courses have been developed as well as an instructor training course.

Initially activities within this component were delayed because CP's requiring provision of a site for the training institute and appointment of a director had not been met. Since resolution of these issues (October 1981) relatively few problems in the implementation of this project component were encountered. Some Tax Department personnel have expressed reluctance to go the Zeitun facility because of its distance from downtown Cairo and there has been some discussion concerning transportation to the TTI. This problem relates only to those presently employed as new employees will be assigned to training at TTI when they first come on board. New employees have a tendency to go on location as assigned while older ones have developed locational preferences and transportation patterns.

Of greater import has been a problem related to managers assignments. Several TTI managers are simultaneously assigned other responsibilities and fulfillment of these other duties often precludes effective participation in TTI affairs. As a result, only a limited number of managers and employees have undertaken responsibility for TTI operations, which has caused some delays in project implementation. Despite these delays, this component of the

project is fairly much on schedule and it is expected that objectives will be met within the original PACD, i.e., December 1983. No new activities are contemplated regarding the TTI in the project extension.

B. Automatic Data Processing (ADP):

The procurement of data entry equipment under the Technology Transfer and Manpower Development Project (263-0026) was funded by A.I.D and the establishment of an organization capable of processing documents and preparing them for data processing, a recommendation of the 1978-79 pilot advisory project, became a primary objective of the Tax Administration Project. Technical assistance is being provided under the project to assist in the establishment and management of the ADP division and in the development of computer applications which lead to the establishment of a taxpayer master file and a business master file for processing tax returns. ADP advisors also provide guidance and training to programmers and analysts on an on-going basis and personnel have now been trained in systems analysis, data processing concepts and COBOL. To date, an ADP division with data entry equipment has been established and a system for processing taxpayer third-party information documents (Form 40, originally Form 13), combined with business tax withholdings, has been developed and is being implemented.

There have been serious delays in the implementation of this project component for a number of reasons. First and foremost, installation of the data entry equipment was delayed for over a year because of problems in obtaining an adequate site and in direct contracting for site renovation (GOE funded). The project includes US\$ 240,000 for additional ADP equipment subject to the findings of an ADP evaluation to be performed after 18 months of ADP use. The ADP site renovation was completed in March 1982 and therefore the evaluation, a condition precedent to further ADP disbursements, has been postponed until September 1983 to allow a full operational cycle (18 months) to elapse. The delay in the opening of the ADP facility also resulted in delays in application of the system for processing third-party information documents and withholding tax returns. There have been several operational problems concerning preparation and forwarding required documents to the ADP unit from District personnel and efforts are currently underway to resolve these difficulties.

Other projects under development now include enumeration of all taxpayers in Cairo and Alexandria, a tax collections management information system, identification of all corporate taxpayers and account status, and work on incorporating transport industry and customs business tax withholdings into the overall withholdings system. Extension of the project will provide a continuation of

technical assistance to the ADP Division in completing these new projects as well as in the development of ADP applications for administrative functions, primarily development of individual and business taxpayer master files. The current ADP Advisor will be extended to allow for completion of these activities.

### C. Organization and Management

The result of an AID-funded, IRS TDY assistance program, prior to the pilot project activities, was the issuance in March 1978 of an IRS study entitled "Proposed Reorganization of the Taxation Department" (Newnam Report). One of the objectives of the long-term pilot project advisor was to assist the Department to implement the reorganization. After much discussion, the Minister of Finance signed Ministerial Decision 402/1978 in December 1978. This Decision is the basis for the departmental reorganization along functional activity, i.e., incorporating under one organizational segment all similar activities such as compliance with tax laws (collections, examination), administrative issues (personnel, finances), etc. Exhibit A shows the original organizational structure of the Tax Department, Exhibit B shows the reorganization called for by 402/78. The Ministerial Decision incorporated many, but not all, of the recommendations made. It also modified many of the original recommendations. Nevertheless, it was a first step toward creating an effective organizational structure.

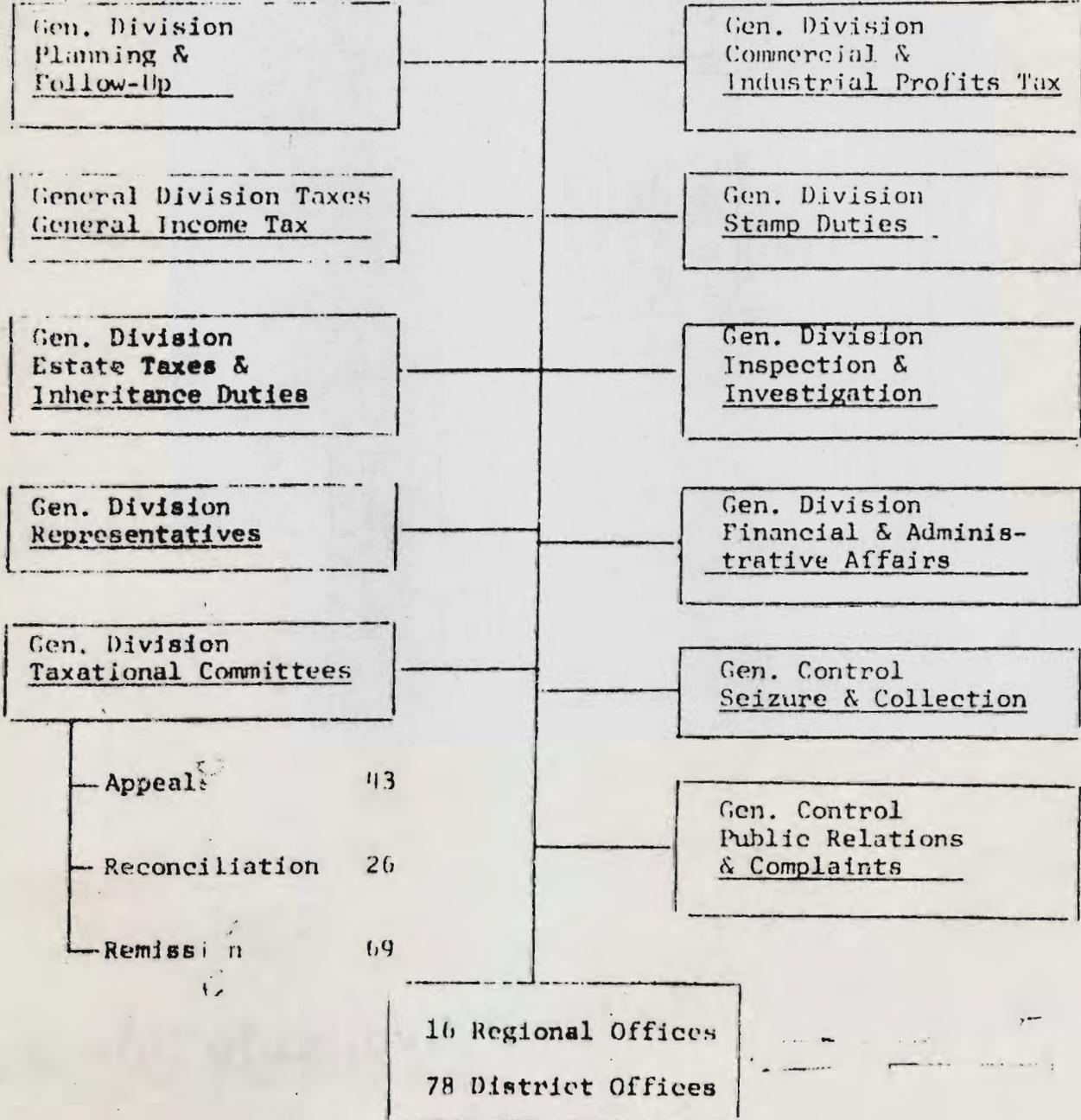
Many delays have been encountered in implementing Ministerial Decision 402/1978. First, senior managers and executives were not assigned to positions in a timely fashion. The rank of Undersecretary (rank provided for the seven sectors of the Ministerial Decision) was not confirmed until May, 1981. Other National Office managerial positions were not filled until June 1981. Currently, due to recent retirements, there are three vacant Sector Chief positions: Tax Training Institute (Director designated, but not as Undersecretary), Internal Control Sector (vacant as of May, 1982) and Research Sector (also vacant as of May 1982). Without the assignment of personnel to these positions, decisions are postponed and/or elevated to the First Undersecretary for resolution.

Other organizational and management deficiencies of Decision 402/1978 led to further delays. For example, the separation of technical and clerical work from managerial and supervisory functions is not clearly defined. Also, the concept of decentralized operational responsibilities with centralized planning, direction and evaluation responsibilities is and continues to be problematic in implementation. Line authority and functional responsibility are not clearly understood. Central and Regional offices are assigned operational duties which properly belong in the District offices and responsibilities for regional management analyses are not clearly assigned. Attempts to work within the confines of Decision 402/1978 rather than to undertake piecemeal modifications, have not met the hoped-for success.

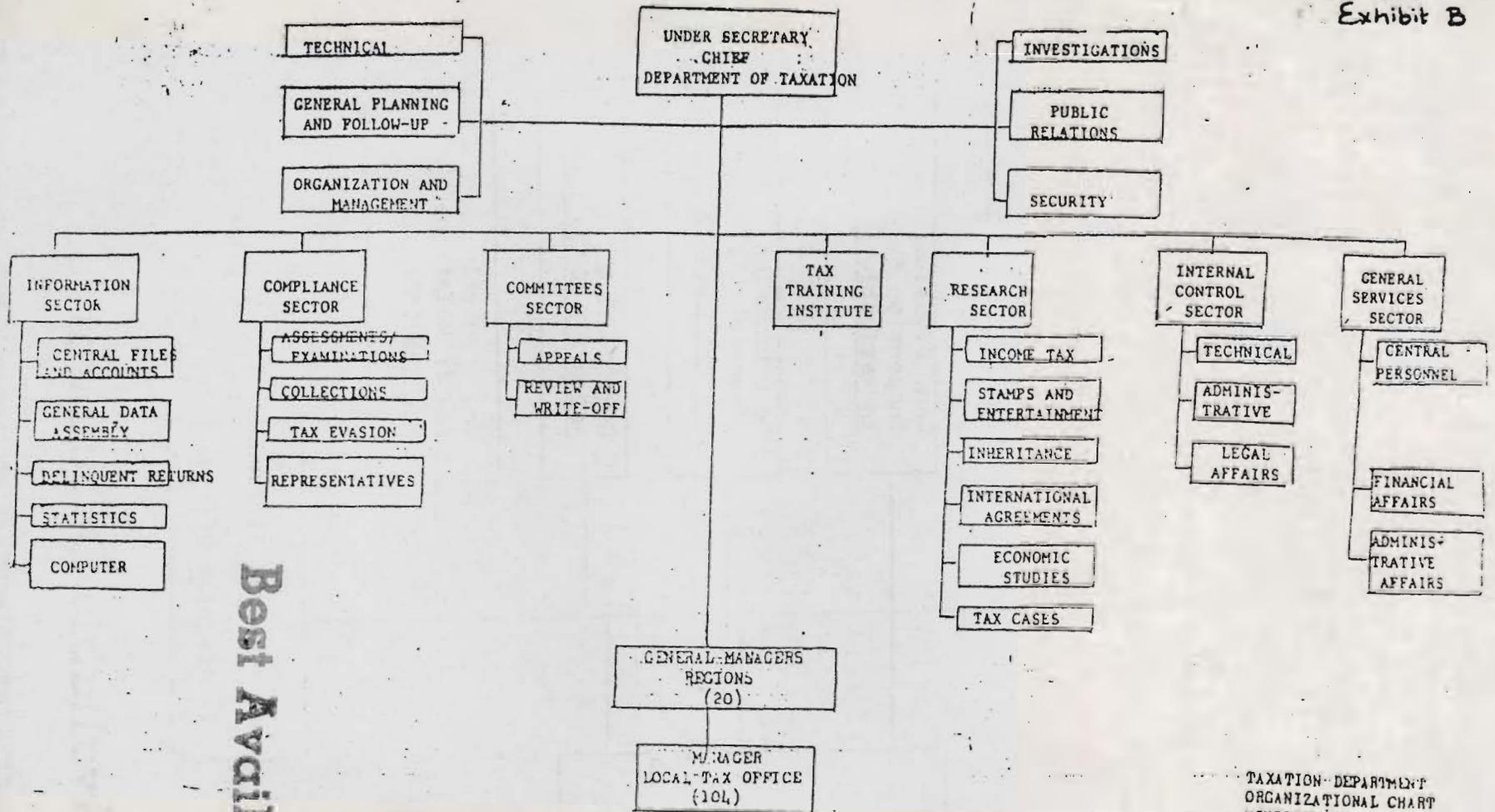
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UNDER SECRETARY OF STATE FOR INCOME TAX AFFAIRS  
 MINISTRY OF FINANCE -- ARAB REPUBLIC OF EGYPT

Taxation  
 Department



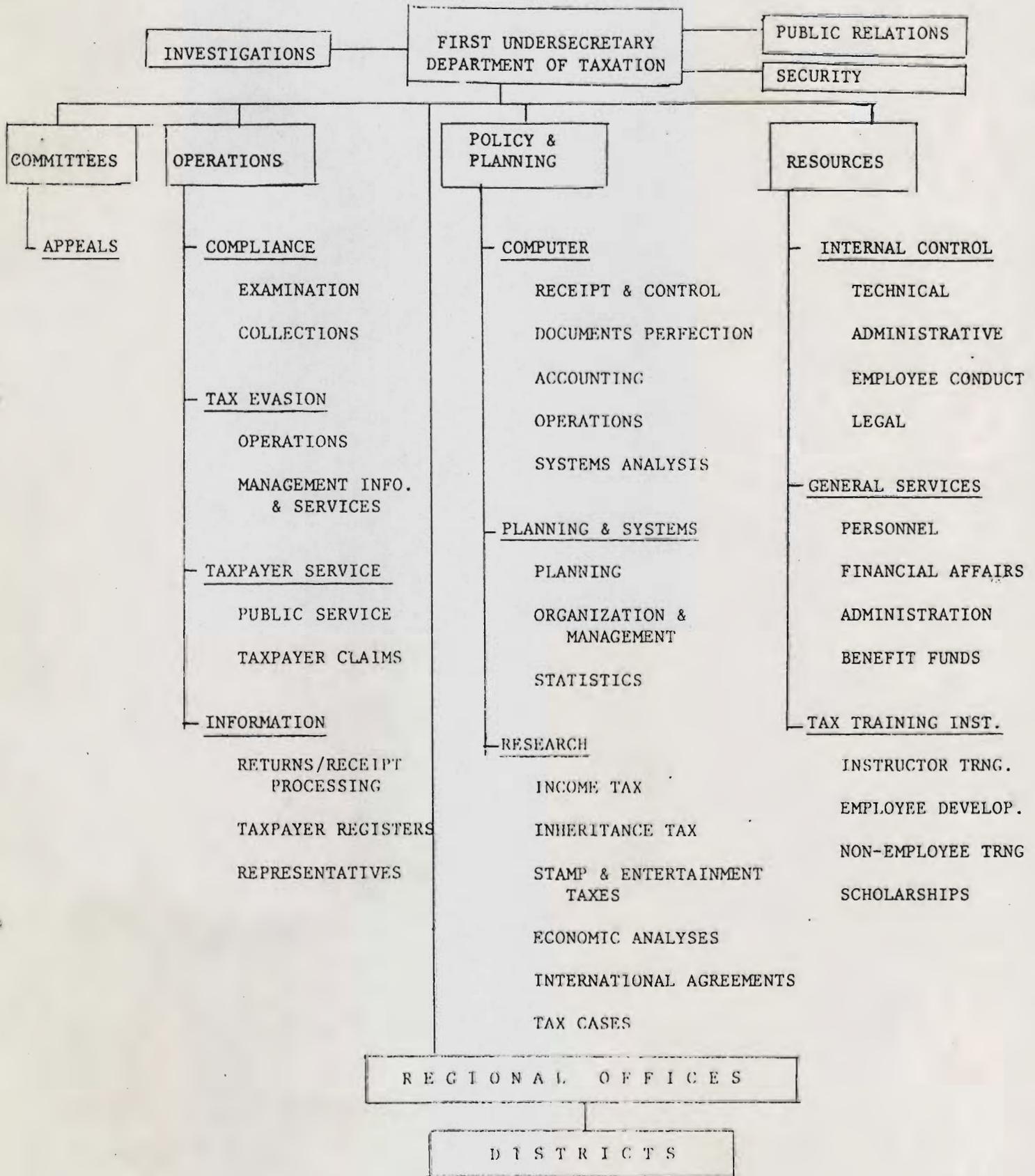
Best Available Document



Best Available Document

TAXATION DEPARTMENT ORGANIZATIONAL CHART MINISTRY OF FINANCE DECISION NO. 402/1978 (December 18, 1978)

PROPOSAL FOR REORGANIZATION OF DEPARTMENT OF TAXATION  
(AMEND MINFIN DECISION 402/1978)



Responsibilities and accountability established by the Ministerial Decision cannot be modified by Departmental Order. The present First Undersecretary has therefore recently agreed in principle to a major revision to Decision 402/1978 (Exhibit C). Proposed organizational structure, statements of functions and responsibilities and decentralization of other functions to the District level are being developed. Upon completion of this work and upon approval from the Minister of Finance as well as from the Central Agency for Organization and Management, the added work of development of detailed organizational charts, functional statements, manpower allocation, office space alignment and preparation of necessary delegations of authority orders can be undertaken. Extension of the project will provide continued and additional IRS technical assistance in these management and organization efforts.

### III. Rationale for Amendment:

In his presentation to the President on the GOE FY 83 Budget in July 1982, the Minister of Finance singled out the objective of increasing total tax revenues as a means of promoting real resources in Egypt. He noted the necessity of giving top priority to increasing the productivity of the Tax Department as a way to meet these objectives. Thus the project objective of improving the institutional capability of the Tax Department in order to generate increased tax revenues directly parallels GOE objectives.

The goals of the IRS advisory assistance program are manifold. They include:

- Increased revenue yield resulting from improved voluntary taxpayer compliance.
- Improved compliance through strengthened enforcement, taxpayer education and public information programs.
- Enhancement of public confidence in the tax system through more effective and equitable tax administration.
- More effective utilization of manpower through technical and management training programs and a stimulated awareness of the need for continuing self-appraisal and improvement.
- Optimization of organizational structure and operational procedures and establishing systems for short and long-range planning, programming, reporting, and evaluating results.

These goals complement GOE desires for increased tax revenues and extension of the project provides additional time to meet its objectives. Furthermore, in FY 78, personal and business income tax revenues accounted for 30.9 percent of all tax revenues; in FY 82 these revenues increased to 35.5 percent of the total. While it is difficult to say that the increase is directly attributable to the Tax Administration Project, the tax revenues administered by the Tax Department have increased significantly over the life of project. Despite decreases in income from Suez Canal and petroleum, government revenues from personal and business income taxes, as well as from stamp and inheritance taxes, have increased to produce a net increase in tax revenues.

As noted in Section II above, problems were encountered within each project component which have resulted in implementation delays. The Project Amendment proposes an 18-month project extension to provide additional time needed to meet the project's objectives. The extension of the Team Leader and of the ADP Advisor will allow them to continue assistance in those areas proposed in the original project. The amendment also includes the addition of two (2) full-time advisors in examination and collections rather than TDY assistance in these areas, as well as technical assistance for a computer needs study.

The GOE has consistently requested two additional full-time advisors, one for collections and the other for examination. Because of the personnel ceilings, AID initially offered one full-tour advisor plus six staff months of TDY assistance in lieu of two full tour advisors. Another consideration was that the incumbent IRS Project Manager's experience and background in the examination function would provide the Department of Taxation with expert assistance in this area. The incumbent, however, will not be assigned in Egypt for the extension period thus necessitating a second full-time advisor for examination.

To date, TDY advisors have provided technical assistance in both collections and examination. However, the effort required for effective change to GOE administrative practices and procedures in both these highly technical areas of tax administration is dissipated when advisors are not present since the proposed changes represent radical departure from traditional practices. Commitment of GOE tax officials to change is evident but without continued reinforcement of technical assistance and clarification, much momentum is lost. Full-time advisors will provide continual assistance, clarification and training and will be instrumental in the institutionalization of changes. Operational experience by GOE tax managers will create know-how to enable them to continue administrative reform and improvement with no further assistance. Specific targets to be met have been outlined in the implementation schedule (Annex F).

#### IV. Scope of Additional Technical Assistance

Technical Assistance in Examination and Collection functions has been provided to the Department of Taxation by IRS TDY experts. Four different advisors worked in Egypt for a total of eleven staff-month: two Collections advisors for five staff-months (1 for 3 months, the second for 2 months) and two Examination advisors for six staff-months (3-months each). In each of the two areas the first advisors established the parameters of the organizational and managerial changes required at National, Regional and District Offices as well as a statement of functions and responsibilities for each organizational segment and drafts of position descriptions for each work unit. The second advisors concentrated their efforts on the operational changes required to carry out examination and collections effectively and efficiently. With only minor modifications, the recommendations of all advisors were agreed to by the Department's senior executives, including the First Undersecretary. Two District offices were identified and selected as pilot districts for those changes.

Implementation of changes agreed upon, however, presupposes the availability of a sufficient number of National and Regional management analysts with basic training and skills required to implement those concepts in the pilot districts and, eventually, nationwide. This staff must take the broader recommendations along with pilot project operation procedures and identify modifications needed, schedule implementation nationwide, develop forms, write detailed procedures, train personnel and assume responsibility for the many other details required for effective implementation. There are presently a limited number of National office employees assigned to these duties working with the IRS TDY advisors. This management staff must be expanded as there are no Regional office management analysts. The need for an effective analyst staff at both the National and Regional office levels is well-understood by Tax Department senior management and assurances have been given that the positions will be filled.

The Department's request for full-time advisory assistance in these two primary areas is a direct result of their recognition of the need to develop such staff. Formal establishment of Examination and Collections staff is crucial to carry out project implementation and development of such management staff, even at the cost of some delay in completing the pilot projects, is essential to progress in building institutional capability in these areas.

Except for a Delinquent Tax Returns specialist, no additional funds for TDY collection assistance are available. Likewise, except for a Tax Evasion specialist (from the IRS Examination function), no additional funds for TDY Examination assistance are available. As noted above, additional TDY assistance in both of these areas does not appear to be the optimal mode for an effective, sustained effort. The Department of Taxation must have its own trained management staff and TDY assistance does not allow sufficient time for skills development. Sending GOE staff to the U.S. for this kind of management analysts training would also not be a practical alternative to on-the-job advisory assistance. The most appropriate mode for such training and development, as well as for establishing an institutional capability to carry on upon completion of the project, is the assignment of a full-time advisor to each functional area.

A. Examination Advisor

The Examination advisor will assist in the development of the management analyst function. The advisor will work with this staff, train them in program design, evaluation and improvement techniques. National office analysts would be responsible for assuring that general, procedural and other instructions needed to implement compliance policies and programs are promptly and effectively implemented and that overall program objectives are being met. Regional office examination analysts would be responsible for assuring that National office policies, programs and procedures are uniformly, properly and efficiently implemented in the districts. To this end, they would review District work plans and recommend adjustments where necessary. In addition to the development of management staff, the Examination advisor will assist the Department's Examination managers in completing the sub-project on selective examination of returns, including assistance in scheduling nationwide implementation. The advisor will also assist Examination executives in the day-to-day management of the Examination function. This advisor will assist too in the development of an Examination Management Information System as well as with the coordination with the Department's ADP function in MIS development.

B. Collections Advisor

The Collections Advisor will assist in the same areas of management analysts development, but as it related to the Collections function. In addition, this advisor will assist in completing the many detailed procedures required for an effective program of delinquent tax collections, delinquent returns programs and tax accounting programs. The advisor will also assist in the

development of a Collections Management Information System. This advisor will also coordinate with the Department's ADP function in MIS development as well as in converting from manual tax return processing to ADP processing of tax returns. The Collections Advisor will assist GOE counterparts in expanding the pilot Collections activities for nationwide application and will work with Collections executives in the day-to-day management of the Collections function.

C. Computer Needs Study

The GOE has requested AID assistance in the procurement of computer hardware for the Department of Taxation. Because of the Department's confidentiality requirements, the development of a document processing system capable of handling all tax returns, withholding returns and third-party transactions information would require independent computer capability. Questions have arisen though concerning utilization of the data entry equipment at the ADP unit and the availability of trained professional staff in this area. Therefore, before any commitment of funds for computer hardware procurement, a computer needs study will be undertaken to examine current utilization and future needs. While such a study would produce specifications for the Department's hardware needs, it will incorporate as well the findings of the ADP evaluation. The study in itself does not imply a commitment on the part of AID to procure computer hardware or to implement its recommendations.

A preliminary scope of work for the computer needs study is included as Annex E to this paper. The study will require the services of two information system specialists for approximately 16 weeks. It will be undertaken in September 1983 in conjunction with the ADP evaluation so that the evaluation findings can be reviewed in the context of the computer needs study. The cost of the study is estimated at \$100,000.

## V. Evaluation Plan

To date this project has not been evaluated though routine monitoring has been performed as a part of project implementation. Documentation therefore exists on the progress of such project components as the development of the TTI's curricula and course materials and on the procurement, arrival and installation of the automatic data processing equipment and other commodities. Such routine monitoring will be continued throughout the extended life-of-project.

The Tax Administration Project originally called for three evaluations: mid-term, final and special ADP. These same evaluations will be carried out within the framework of the extended project.

### A. ADP Evaluation

This evaluation is a condition precedent to further disbursements for ADP equipment. It is planned after an 18-month operational cycle has elapsed, i.e., September 1983, and will examine such issues as establishment of the data processing division, equipment utilization and system outputs (See Annex H). The evaluation will take 2 weeks and will be conducted by a person experienced in data processing systems development and implementation. The computer needs study will be conducted together with this evaluation, preferably using the same contractor.

### B. Mid-Term Evaluation

The mid-term evaluation is planned for early CY 1983. This evaluation, lasting approximately two weeks, is designed first, to examine the project's progress to date in relation to the resources expended and the original time schedule and second, to examine the appropriateness of the project's focus and approach. The first output of the evaluation will be assistance in measuring the project's progress in achieving the project purpose of increasing GOE capacity to collect tax revenues. This component involves measuring whether the project is productive, that is, a good use of resources, and whether the project is being well implemented, i.e., measuring the contractor's quality of performance and assessing other implementation aspects. The second output is assistance in directing future efforts under the project. The evaluation timing is specifically chosen to accomplish this latter function. Early 1983 will permit time for USAID and the project team to digest the findings and make any desired shifts in focus while sufficient time remains for the changes to be beneficial. A spinoff output will be experience provided to development of similar projects in Egypt, the Near East, and AID worldwide.

The proposed evaluation team will have four members. One team member will be an AID employee who is familiar with the project, AID evaluation, and AID procedures. The project officer or USAID evaluation officer are possible candidates. Another team member will be an employee of the GOE Ministry of Finance's Tax Department. This person will facilitate interactions with the Ministry, help obtain needed documents, elicit reactions to the project from Ministry employees and inform team members about nuances in the GOE tax structure and collection procedures. A third member will be a senior person from a large and innovative state's, i.e., California, New York, tax department. The GOE's concentration of business and consumption taxes is similar to that of many U.S. states so a team member from a U.S. state tax department would be familiar with techniques for tax revenue collection in the GOE. This person must be carefully chosen, with creativity and objectivity being prime selection criteria. This member's contribution will be in practical, applied issues and problems in tax collection. The fourth team member will be a person keenly aware of tax concepts and tax administration. Again, the selection is of key importance. Desirable attributes would include a conceptual orientation to tax structure and collection issues, significant applied experience, and knowledge of revenue structure and collection practices in Third World countries. An academic who interacts regularly with state or national government would be the logical choice.

In carrying out this evaluation, the members from a U.S. state tax department and from a university will evaluate the progress of the project, while the AID and GOE team members will provide coordination and support. The AID team member should contribute largely to writing the first report in order to assure integration of the various evaluation components. All team members should be involved in the evaluation of the Tax Training Institute component. In addition, the U.S. state tax department and the university team members should evaluate the progress of the management and organization component. In the evaluation of all components, the team members should emphasize the project's progress toward purpose level achievement as a result of successful (or unsuccessful) achievement of project inputs and outputs. Is the institutional capability of the GOE's Department of Taxation improving? What improvements in project implementation are needed in order to improve the project's outcome? What project aspects seem to be most/least effective? What are AID and the GOE learning from this project that will help them to improve tax administration efforts in the future?

C. Final Evaluation

Once the project has been completed, a final evaluation should be performed. The team should be similar to that used for the mid-term evaluation. If the efforts and product of the team members used for the mid-term evaluation are deemed satisfactory, the same people could be recalled for this final evaluation, thus potentially assuring greater consistency and continuity of information between the two evaluations. The major difference between the mid-term and the final evaluations will be that the latter will look at the project in terms of achievement of the subgoal and goal. Achievement of the purpose should be more thoroughly and completely documented at this time, and the causal chain between achievement of the purpose (improved institutional capability) and consequent achievement of the subgoal (increased tax revenues) and goal (increased mobilization of domestic resources) documented to the extent possible. It is estimated that three weeks will be required for this final evaluation.

V. Financial Plan

The costs of the project amendment are estimated at \$2.3 million of which the AID contribution is \$1.6 million. The GOE contribution in the equivalent of approximately \$ 710,000 will consist primarily of appropriate managerial and technical staff support, facilities and support for the IRS advisory team. As shown in the tables below, the costs of the amendment are associated with technical assistance and local support costs. A further breakdown of cost elements is provided in Annex G. Since payments for technical assistance will be made on a regular basis for PASA costs, project costs should not cause any significant build-up of pipeline. Some of these costs are paid through the PASA agency and some are paid by the Mission against the PASA.

Table 1  
Summary Cost Estimate and Financial Plan  
(US \$000)

	AID		FX	HC	
	FX	LC		LC	Total
Technical Assistance	1,269.3	-	-	-	1,269.3
Local Support	-	35.1	-	709.6	744.7
Evaluations and Study	140.0	-	-	-	140.0
Contingency	140.9	3.5	-	-	144.4
TOTAL	1,550.2	38.6	-	709.6	2,298.4

Table 2  
Projection of Expenditures by Fiscal Year  
(US \$000)

<u>FY 1983</u>	<u>AID</u>	<u>Host Country</u>	<u>Total</u>
TA	618.0	-	618.0
Local Support	-	-	-
Misc.(Evaluation)	20.0	-	20.0
Contingency	63.8	-	63.8
<u>FY 1984</u>			
TA	455.5	-	455.5
Local Support	21.0	397.8	418.8
Misc.(Computer Study)	100.0	-	100.0
Contingency	57.6	-	57.6
<u>FY 1985</u>			
TA	195.8	-	195.8
Local Support	14.1	311.8	325.9
Misc. (Evaluation)	20.0	-	20.0
Contingency	23.0	-	23.0
TOTAL	1,588.8	709.6	2,298.4

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VII. Implementation Schedule

The implementing agency is the Department of Taxation and technical assistance will be provided through an extension of the IRS PASA. A revised implementation schedule has been developed to account for delays in the initial stages of project implementation. The revised schedule, including target dates for completion of the activities of the additional advisors, is included as Annex F.

Project management continues to be the responsibility of the IRS Team Leader with assistance provided by USAID project officer to ensure compliance with AID rules and regulations.

VIII. Covenants and Conditions Precedent

A. Covenants

All covenants contained in the original Grant Agreement shall apply. The GOE is in compliance on all covenants.

B. Conditions Precedent

Disbursement for technical assistance costs incurred under the Amendment after June 1983 will be contingent upon receipt of evidence that:

1. Ministerial Decision 402/1978 has been revised to allow appropriate functional reorganization and appropriate functional delegations of authority.
2. Senior staff have been designated to managerial positions through the Division level.

All other terms and conditions shall remain the same.

IX. Logical Framework

The Logical Framework presented in the original Project Paper has been revised to show more clearly the relationship between means (outputs and inputs) and objectives (purpose and goal). The original purpose of modernization of the GOE tax administration is a subjective one and is clearly not quantifiable. What a reorganization of tax administration, development of ADP capability and establishment of a tax training facility (outputs) hope to achieve is an improvement in the institutional capability of the Department of Taxation. Such improvement is expected to lead to better collection applications and thus greater tax revenues.

The amended logframe is included here as Annex C.

X. Audit Recommendations

A draft audit report on the Tax Administration Project was recently completed containing two recommendations.

Recommendation No. 1: USAID initiate the ADP evaluation called for in the project paper and determine if ADP commodity inputs budgeted for the third year are required or should be cancelled.

The project paper called for an ADP evaluation following an 18-month operational cycle. This evaluation is currently scheduled for September 1983 which will allow for FY 84 disbursement of funds under the project extension.

Recommendation No. 2: USAID perform an evaluation of the Tax Administration Project before additional funds are obligated for technical assistance, and, as a result of this evaluation, revise the project implementation and financial plans accordingly.

The project amendment specifies an early CY 83 project evaluation (mid-term) to allow sufficient time for redirection of the project within the extended PACD. The project paper amendment includes revised implementation and financial plans.

ANNEXES

- A. Grant Authorization
- B. Grantee Request for Assistance (Grant Application)
- C. Logical Framework
- D. Statutory Checklist - Country Checklist
- E. Computer Needs Study - Scope of Work
- F. Implementation Schedule
- G. Cost Elements
- H. ADP Evaluation

FIRST AMENDMENT  
TO  
PROJECT AUTHORIZATION

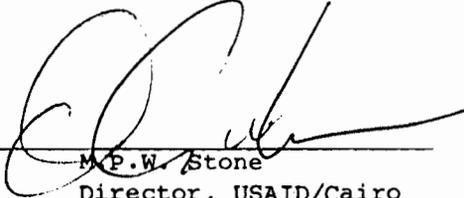
Name of Country: Arab Republic of Egypt      Name of Project: Tax Administration  
Name of Project: 263-0115

1. Pursuant to Part II, Chapter 4, Section 531 of the Foreign Assistance Act of 1961, as amended ("Act"), the Tax Administration Project was authorized on August 30, 1980. The authorization is hereby amended in accordance with ad hoc authority delegated STATE 017238, as follows:

a. In paragraph 1, the phrase "Two Million One Hundred Thousand United States Dollars (\$2,100,000)" is replaced by "Three Million Seven Hundred Thousand United States Dollars (\$3,700,000)."

b. In paragraph 1, the phrase "over a three-year period" is replaced by "over a four year period".

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

  
\_\_\_\_\_  
M.P.W. Stone  
Director, USAID/Cairo  
2/29/83  
\_\_\_\_\_  
Date

Clearances:

AD/DPPE: NSweet *B*

AD/FM: EWilson *2-16-83*

LEG: BBryant *2/22/83*

DD: OCylke

OD/FI: JGuffa *[Signature]*

Subject to the availability of funds in accordance with the AID OYB/Allotment process. *EWilson*



700005

Annex B

**MINISTRY OF ECONOMY**

ECONOMIC CO OPERATION WITH U. S. A.

CAIRO - EGYPT

FI

IT

LEG

DPPE

ACTION NO	<del>DPPE</del>	A/DIR
ACTION I NO		DUE DATE 7/29
NAN		INITIALS

Mr. Donald S. Brown  
AID Director  
U.S. Embassy  
Cairo, Egypt

Dear Mr. Brown:

With reference to the tax Administration Agreement, we have received a request from the Minister of Finance regarding the need to extend the validity date of the above mentioned agreement, as well as the following suggestions regarding project elements:

1. The need for 2 additional IRS full time advisors.
2. Allowing the contract of short term consultants.
3. Conducting a study to determine the department's hardware requirements.
4. Automatic data processing.
5. Computer facility.
6. Three minibuses to serve the training center at Zeitoun out of the \$270,000 budgeted for additional ADP equipment in the existing project.

Additional funding requirement to the project amendment, excluding the computer element, are estimated as follows:

**Best Available Document**



## MINISTRY OF ECONOMY

ECONOMIC CO OPERATION WITH U. S. A.

CAIRO - EGYPT

1. Two additional advisors each for 2 years beginning mid-1982 at \$265,000 each.	\$530,000
2. Extension of present resident 2-man team for 18 months each at \$185,000.	\$375,000
Subtotal	<u>\$905,000</u>
3. Add round-off / contingencies	<u>\$ 95,000</u>
Total	\$1,000,000

Your cooperation in this respect would be most appreciated.

With deepest regards.

Sincerely yours,

*E. Iskander*

7/12/1982

Eouad Iskander  
Senior Undersecretary of State  
for Economic Cooperation with  
U.S.A.

PROJECT DESIGN SUMMARY  
LOGICAL FRAMEWORK

Life of Project:  
From FY 80 to FY 85  
Total U.S. Funding \$3.4m  
Date Prepared: 7/82

Project Title & Number: Tax Administration II (263-0115)

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
Program or Sector Goal: The broader objective to which this project contributes.  Increased mobilization of domestic resources for investment/development. Subgoal:	Measures of Goal Achievement:	GOE budget data	Assumptions for achieving goal targets:  Budgetary discipline will allocate increased resources for development
Generate increased tax revenue	1. Income tax revenue increased from 17% of total tax revenue to 25% by 1985 2. Income tax revenue, discounted for inflation, increased by 15% over pre-project levels.	1) GOE tax data 2) GOE budget and GNP data	1) Improvements in Tax Dept.'s institutional capability will lead to better collection & greater tax rev. 2) Tax law changes do not decrease base or effective tax rates. 3) Tax policy & regulations are applied consistently.
Project Purpose  Improve the institutional capability of the Department of Taxation.	Conditions that will indicate purpose has been achieved: End of project status  1. Tax Training Institute established and functioning. 2. ADP unit functioning. 3. Reorganization of GOE personal and business income tax systems along functional lines.	1. Site inspection and evaluation of operations. 2. Site inspection and ADP evaluation 3. Evaluation of Tax Dept's operation	Assumptions for achieving purpose:  1) Ministerial Decision 402/1978 revised to allow appropriate functional reorganization and appropriate delegation of authority. 2) Appointment of GOE counterparts (managerial positions filled).
Outputs 1. Training programs developed and in use. 2. Automated data processing in operation and additional computer needs identified. 3. Management system & procedures for functional tax areas identified. (a) Examination, (b) Collection.	Magnitude of Outputs: 1. (a) Training 50 persons in various tax specialities in U.S. (b) Providing 35 training courses at Tax Training Institute, (c) Provision of training related commodities. 2. (a) Equipping & staffing ADP unit. (b) Study of computer needs. 3. Develop. of organizational plans office & staff position descriptions procedural manuals.	1. Org. charts, implementing decrees, position descriptions, procedural manuals. 2. (a) A ADP site inspection, (b) Completed study in project & Tax department files. 3. (a) Project files, (b) TTI site inspection - curriculum and commodities.	Assumptions for achieving outputs:  1) GOE commitment to organizational changes 2) Adequate incentives to attract and retain qualified ADP personnel 3) Timely procurement of equipment and release of staff.
Inputs: AID 1. Technical assistance. 2. Commodities. 3. U.S. Training.  GOE 1. Counterpart staffing. 2. Facilities. 3. Commodities. 4. Incentive pay.	Implementation Target (Type and Quantity) AID Original: 1. 117 staff mths. 72 1-t 45 s-t 2. (a) ADP equipment - \$270,000 (b) Trng related comm. - \$67,000 3. 50 persons - U.S. training AMENDMENT 1. Add'l t.a. - 1-t 102 mm GOE 1. Staff offices & ADP site+ITI site. 2. Incentive pay for ADP staff	Project files (vouchers)	Assumptions for providing inputs:

5C(2) PROJECT CHECKLIST

ANNEX D

Listed below are statutory criteria applicable to projects. It has been prepared with reference to FY 82 appropriation sections. However, it reflects the guidance in STATE 292847 for purposes of compliance with the FY 1983 Continuing Resolution. This section is divided into two parts. Part A. includes criteria applicable to all projects. Part B. applies to projects funded from specific sources only: B. 1. applies to all projects funded with Development Assistance Funds, B. 2. applies to projects funded with Development Assistance Loans, and B. 3. applies to projects funded from ESF.

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

A. GENERAL CRITERIA FOR PROJECT:

1. FY 1982 Appropriate Act Sec. 523; FAA Sec. 634A; Sec. 653(b).

(a) Describe how authorizing and appropriations committees of Senate and House have been or will be notified concerning the project;

(b) is assistance within (Operational Year Budget) country or international organization allocation reported to Congress (or not more than \$1 million over that amount)?

(a) Congress shall be notified in accordance with regular agency procedures.

(b) The intended obligation is within the level of funds appropriated for Egypt.

2. FAA Sec. 611(a)(1). Prior to obligation in excess of \$100,000 will there be:

- (a) engineering, financial or other plans necessary to carry out the assistance and (a) Yes  
(b) a reasonably firm estimate of the cost to the U.S. of the assistance? (b) Yes
3. FAA Sec. 611(a)(2). If further legislative action is required within recipient country, what is basis for reasonable expectation that such action will be completed in time to permit orderly accomplishment of purpose of the assistance? None required.
4. FAA Sec. 611(b); FY 1982 Appropriation Act Sec. 501. If for water or water-related land resource construction, has project met the standards and criteria as set forth in the Principles and Standards for Planning Water and Related Land Resources, dated October 25, 1973? (See AID Handbook 3 for new guidelines.) N.A.
5. FAA Sec. 611(e). If project is capital assistance (e.g., construction), and all U.S. assistance for it will exceed \$1 million, has Mission Director certified and Regional Assistance Administrator taken into consideration the country's capability effectively to maintain and utilize the project? N.A.

6. FAA Sec. 209. Is project susceptible to execution as part of regional or multilateral project? If so, why is project not so executed? Information and conclusion whether assistance will encourage regional development programs. No.
7. FAA Sec. 601(a). Information and conclusions whether project will encourage efforts of the country to: (a) increase the flow of international trade; (b) foster private initiative and competition; and (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. (a) No  
(b) Project will have impact on private companies and individuals and will promote economic equity.  
(c) Not directly  
(d) No  
(e) Yes, equitable taxation should result in better planning.  
(f) No
8. FAA Sec. 601(b). Information and conclusions 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.) Improved tax administration should improve operating conditions for U.S. investors and others. Technical assistance is from U.S.

9. FAA Sec. 612(b), 636(h); FY 1982 appropriation Act Sec. 507. 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 in lieu of dollars. The host country will contribute the equivalent of \$709,610 in "in-kind" support. No U.S.-owned local currencies are available.
10. FAA Sec. 612(d). Does the U.S. own excess foreign currency of the country and, if so, what arrangements have been made for its release? No.
11. FAA Sec. 601(e). Will the project utilize competitive selection procedures for the awarding of contracts, except where applicable procurement rules allow otherwise? Yes.
12. FY 1982 Appropriation 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. procedures of the same, similar or competing commodity? N.A.
13. FAA 118(c) and (d) Does the project comply with the environmental procedures set forth in AID Regulation 16? Project exempt from environmental review procedures under 22 CFR 216.1(c)(2)(i).

Does the project or program take into consideration the problem of the destruction of tropical forests? N.A.

14. FAA 121(d). If a Sahel Project, has a determination been made that the host government has an adequate system for accounting for and controlling receipt and expenditure of project funds (dollars or local currency generated therefrom)? N.A.

B. FUNDING CRITERIA FOR PROJECT

1. Development Assistance Project Criteria N.A.

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

(c) support the self-help efforts of developing countries; (d) promote the participation of women in the national economies of developing countries and the improvement of women's status; and (e) utilize and encourage regional cooperation by developing countries?

b. FAA Sec. 103, 103A, 104 105, 106. Does the project fit the criteria for the type of funds (functional account) being used?

c. FAA Sec. 107. Is emphasis 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 is the latter cost-sharing requirement being 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"? (M.O. 1232.1) defined a capital project as "the construction, expansion, equipping or alteration of a physical facility or facilities financed by AID dollar assistance of not less than \$100,000, including related advisory, managerial and training services, and not undertaken as part of a project of a predominantly technical assistance character."

f. 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?

g. FAA Sec. 281(b). Describe extent to which program recognizes the particular needs, desires, and capacities of the people of the country; utilize the country's 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.

2. Development Assistance Project Criteria (Loans Only). N.A.

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

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

c. ISDCA of 1981, Sec. 724 (c) and (d). If for Nicaragua, does the loan agreement require that the funds be used to the maximum extent possible for the private sector? Does the project provide for monitoring under FAA Sec. 624(g)?

3. Economic Support Fund Project Criteria.

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

Yes. Tax equity is a major concern both economically and politically. This project is designed to promote equity and increase productivity.

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

No.

c. FAA Sec. 534. Will ESF funds be used to finance the construction of the operation or maintenance of, or the supplying of fuel for, a nuclear facility? If so, has the President certified that such use of funds is indispensable to nonproliferation objectives?

No.

d. FAA Sec. 609. If commodities are to be granted so that sale proceeds will accrue to the recipient country, have Special Account (counterpart) arrangements been made?

N.A.

5C(3) - STANDARD ITEM CHECKLIST

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

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

A. PROCUREMENT

1. FAA Sec. 602. Are there arrangements to permit U.S. small business to participate equitably in the furnishing of commodities and services financed? Yes, as per AID standard procedures
2. FAA Sec. 604(a). Will all procurement be from the U.S. except as otherwise determined by the President or under delegation from him? Yes
3. FAA Sec. 604(d). If the cooperating country discriminates against marine insurance companies authorized to do business in the U.S., will commodities be insured in the United States against marine risk with such a company? Egypt does not so discriminate.
4. FAA Sec. 604(e), ISUCA of 1980 Sec. 705(a). If offshore procurement of agricultural commodity or product is to be financed, is N.A.

there provision against such procurement when the domestic price of such commodity is less than parity? (Exception where commodity financed could not reasonably be procured in U.S.).

5. FAA Sec. 604(g). Will construction or engineering services be procured from firms of countries otherwise eligible under Code 941, but which have attained a competitive capability in international markets in one of these areas? N.A.
6. FAA Sec. 603. Is the shipping excluded from 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? There are no commodities involved in this amendment.
7. FAA Sec. 621. If technical assistance is financed, will such assistance be furnished by private enterprise on a contract basis to the fullest extent practicable? If the facilities of other Federal agencies will be utilized, Yes.

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 U.S. carriers be used to the extent such services is available? Yes.
9. FY 1982 Appropriation Act Sec. 504. If the U.S. Government is a party to a contract for procurement, does the contract contain a provision authorizing termination of such contract for the convenience of the United States? Yes.

B. CONSTRUCTION

1. FAA Sec. 601(d). If capital (e.g., construction) project, will U.S. engineering and professional services be used? Yes.
2. FAA Sec. 611(c). IF contracts for construction are to be financed, will they be let on a competitive basis to maximum extent practicable? N.A.

3. FAA Sec. 620(k). If for construction of productive enterprise, will aggregate value of assistance to be furnished by the U.S. not exceed \$100 million (except for productive enterprise in Egypt that were described in the CP)? N.A.

C. OTHER RESTRICTIONS

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

2. FAA Sec. 301(d). If fund is established solely by U.S. contributions and administered by an international organization, does Comptroller General have audit rights? N.A.

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

4. Will arrangements preclude use of financing:

- a. FAA Sec. 104(f); FY 1982 Appropriation Act Sec. 525:  
(1) To pay for performance of abortions as a method of Yes.

family planning or to motivate or coerce persons to practice abortions; (2) to pay for performance of involuntary sterilization as method of family planning, or to coerce or provide financial incentive to any person to undergo sterilization; (3) to pay for any biomedical research which relates, in whole or part, to methods or the performance of abortion or involuntary sterilization as a means of family planning; (4) to lobby for abortion?

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

c. FAA Sec. 660. To provide training or advice or provide any financial support for police, prisons, or other law enforcement forces, except for narcotics programs? Yes.

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

e. FAA Sec. 636(i). For purchase, sale, long-term lease, exchange or guarantee of the sale of motor vehicles manufactured outside U.S., unless a waiver is obtained? Yes.

f. FY 1982 Appropriation Act, Sec. 503. To pay pensions, annuities, retirement pay, or adjusted

service compensation for  
military personnel?

g. FY 1982 Appropriation Act, Sec. 505. To pay U.N. arrearages or dues? Yes.

h. FY 1982 Appropriation Act Sec. 506. To carry out provisions of FAA section 209(d) (Transfer of FAA funds to multilateral organizations for lending)? Yes.

i. FY 1982 Appropriation Act, Sec. 510. To finance the export of nuclear equipment, fuel, or technology or to train foreign nationals in nuclear fields? Yes.

j. FY 1982 Appropriation Act, Sec. 511. Will assistance be provided for the purpose of aiding the efforts of the government of such country to repress the legitimate rights of the population of such country contrary to the Universal Declaration of Human Rights? No.

k. FY 1982 Appropriation Act, Sec. 515. To be used for publicity or propaganda purposes within U.S. not authorized by Congress? Yes.

5C(1) - COUNTRY CHECKLIST

Listed below are statutory criteria applicable generally to FAA funds, and criteria applicable to individual fund sources: Development Assistance and Economic Support Fund.

A. GENERAL CRITERIA FOR COUNTRY ELIBILITY

1. FAA Sec. 481, FY 1983 Appropriation Act Sec. 133.  
Has it been determined that the government of the recipient country has failed to take adequate steps to prevent narcotic drugs and other controlled substances (as defined by the Comprehensive Drug Abuse Prevention and Control Act of 1970) produced or processed, in whole or in part, in such country, or transported through such country, from being sold illegally within the jurisdiction of such country to U.S. Government personnel or their dependents, or from entering the U.S. unlawfully?

NO

2. FAA Sec. 620(c). If assistance is to a government, is the government liable as debtor or unconditional guarantor on any debt to a U.S. citizen for goods or services furnished or ordered where (a) such citizen has exhausted available legal remedies and (b) the debt is not denied or contested by such government?

None of the known claims met these criteria. The GOE/USG Joint Commission have reached agreement on such debts.

3. FAA Sec. 620(e)(1). If assistance is to a government, has it (including government agencies or subdivisions) taken any action which has the effect of nationalizing, expropriating, or otherwise seizing ownership or control of property of U.S. citizens or entities beneficially owned by them without taking steps to discharge its obligations toward such citizens or entities?

The Secretary of State has determined that forming the Joint Commission constitutes taking such steps within the meaning of this section.

4. FAA Sec. 532(c), 620(a), 620(f), 620D; FY 1982 Appropriation Act Secs. 512 and 513. Is recipient country a Communist country? Will assistance be provided to Angola, Cambodia, Cuba, Laos, Vietnam, Syria, Libya, Iraq, or South Yemen? Will assistance be provided to Afghanistan or Mozambique without a waiver?

NO

NO

NO

5. ISDCA of 1981 Secs. 724, 727, 728 and 730. For specific restrictions on assistance to Nicaragua, see Sec. 724 of the ISDCA of 1981. For specific restrictions on assistance to El Salvador, see Secs. 727, 728 and 730 of the ISDCA of 1981.

N/A

6. FAA Sec. 620(j). Has the country permitted, or failed to take adequate measures to prevent, the damage or destruction by mob action of U.S. property?

NO

7. FAA Sec. 620(k). Does the program furnish assistance in excess of \$100,000,000 for the construction of a productive enterprise, except for productive enterprises in Egypt that were described in the Congressional Presentation materials?

NO

8. FAA Sec. 620(l). Has the country failed to enter into an agreement with OPIC?

Egypt has reactivated an OPIC Agreement with the U.S.

9. FAA Sec. 620(o); Fishermen's Protective Act of 1967, as amended, Sec. 5. (a) Has the country seized, or imposed any penalty or sanction against, any U.S. fishing activities in international waters?

There is no known instance of such acts.

(b) If so, has any deduction required by the Fishermen's Protective Act been made?

10. FAA Sec. 620(g); FY 1982 Appropriation Act Sec. 517. (a) Has the government of the recipient country been in default for more than six months on interest or principal of any AID loan to the country? (b) Has the country been in default for more than one year on interest or principal on any U.S. loan under a program for which the appropriation bill appropriates funds?

NO

NO

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11. FAA Sec. 620(s). If contemplated assistance is development loan or from Economic Support Fund, has the Administrator taken into account the amount of foreign exchange or other resources which the country has spent on military equipment? Reference may be made to the annual "Taking into Consideration" memo: "Yes, taken into account by the Administrator at time of approval of Agency OYB." This approval by the Administrator of the Operational Year Budget can be the basis for an affirmative answer during the fiscal year unless significant changes in circumstances occur.)

Yes, and the President has determined that the listed considerations do not inhibit aid to Egypt but that our aid seeks to reduce arms costs and to stimulate economic development.

12. FAA Sec. 620(t). Has the country severed diplomatic relations with the United States? If so, have they been resumed and have new bilateral assistance agreements been negotiated and entered into since such resumption?

Yes, in 1967; relations were resumed in 1974. New agreements have been made since resumption.

13. FAA Sec. 620(u). What is the payment status of the country's U.N. obligations? If the country is in arrears, were such arrearages taken into account by the AID Administrator in determining the current AID Operational Year Budget?

Egypt has paid all of its outstanding UN obligations.

14. FAA Sec. 620A; FY 1982  
Appropriation Act Sec.

520. Has the country aided or abetted, by granting sanctuary from prosecution to, any individual or group which has committed an act of international terrorism? Has the country aided or abetted, by granting sanctuary from prosecution to, any individual or group which has committed a war crime?

NO

NO

15. FAA Sec. 666. Does the country object, on the basis of race, religion, national origin or sex, to the presence of any officer or employee of the U.S. who is present in such country to carry out economic development programs under the FAA?

NO

16. FAA Sec. 669, 670. Has the country, after August 3, 1977, delivered or received nuclear enrichment or reprocessing equipment, materials, or technology, without specified arrangements or safeguards? Has it transferred a nuclear explosive device to a non-nuclear weapon state, or if such a state, either received or detonated a nuclear explosive device, after August 3, 1977? (FAA Sec. 620E permits a special waiver of Sec. 669 for Pakistan.)

NO

NO

17. FAA Sec. 720. Was the country represented at the Meeting of Ministers of Foreign Affairs and Heads of Delegations of the Non-Aligned Countries to the 36th General Session of the General Assembly of the U.N. of Sept. 25 and 28, 1981, and failed to disassociate itself from the communique issued? If so, has the President taken it into account?

Egypt has disassociated itself from the communique.

18. FAA Sec. 721. See special requirements for assistance to Haiti.

N/A

B. FUNDING SOURCE CRITERIA FOR COUNTRY ELIGIBILITY

1. Development Assistance Country Criteria.

a. FAA Sec. 116. Has the Department of State determined that this government has engaged in a consistent pattern of gross violations of internationally recognized human rights? If so, can it be demonstrated that contemplated assistance will directly benefit the needy?

N/A

2. Economic Support Fund Country Criteria

a. FAA Sec. 502B. Has it been determined that the country has engaged in a consistent pattern of gross violations of internationally

NO

recognized human rights?  
If so, has the country  
made such significant  
improvements in its human  
rights record that  
furnishing such  
assistance is in the  
national interest?

b. FAA Sec. 620B. If  
ESF is to be furnished to  
Argentina, has the  
President certified that  
(1) the Govt. of  
Argentina has made  
significant progress in  
human rights; and (2)  
that the provision of  
such assistance is in the  
national interests of the  
U.S.?

N/A

c. ISDCA of 1981, Sec.  
726(b). If ESF  
assistance is to be  
furnished to Chile, has  
the President certified  
that (1) the Govt. of  
Chile has made  
significant progress in  
human rights; (2) it is  
in the national interest  
of the U.S.; and (3) the  
Govt. of Chile is not  
aiding international  
terrorism and has taken  
steps to bring to justice  
those indicted in  
connection with the  
murder of Orlando  
Letelier?

N/A

d. FAA Sec. 609. If commodities  
are to be granted so that sale  
proceeds will accrue to the  
recipient country, have Special  
Account (counterpart) arrangements  
been made?

YES

Computer Needs Study - Scope of Work

The computer needs study will require the services of two information system specialists for approximately 16 weeks.

The first phase of the study will be a feasibility study to be conducted on-site, i.e., in Cairo, for approximately 8 weeks. The feasibility study will have the following components:

1. Statement of problem/purpose and scope of study
2. Analysis of problem/objectives
3. Discussion of possible solutions to solve problem/achieve objectives
4. Recommendations and supporting data
5. Cost/benefit analysis including present costs, cost of alternatives, cost of recommendation and benefits of each approach.

The problem statement will include a summary description of the system as it is presently exists, including the data entry site and its plans for the future. To this end, the contractor shall examine the capacity of the Tax Department in implementing any information systems, e.g., personal, maintenance, etc. The study will address the tax structure for individuals and businesses in broad terms as well as tax methods in use and overall patterns of filing returns. The issue of introducing a computer system into the Department of Taxation and providing a firm grounding in modern information processing and data processing techniques will be examined taking existing GOE programmer/analyst capability into account. Prospects for expansion of equipment and capabilities will also be studied.

At present most of the Department of Taxation is not automated and there are no records on processing of documents. Therefore, information processing requirements will have to be developed empirically. The data to be collected will include:

1. Number of forms by type
2. Filing requirements of each form
3. Volumes and patterns of filing each form
4. Historical filing patterns and volumes (past several years)
5. Data captured on each form
6. Number of internal/external reports
7. Personnel and forms used to compile reports (source of data)

8. Frequency and number of copies
9. Users
10. Categories of reports (production, management information system, statistics, etc.)
11. History of reports
12. Processing requirements of all data

This information will give an idea of the types and number of files needed, their present and future storage requirements, the peripheral equipment necessary to support them and the processing needs of the central processing unit.

In order to write the technical requirements of a computer system from the information available (Request for Proposal), the analysts shall describe:

1. Processing needs of the computer system from the time of installation through life of contract.
2. Support requirements for site preparation, hardware, software and technical assistance through life of contract.
3. Training support requirements for successful system implementation and on-going training needs through life of contract.
4. Evaluation criteria to be used in rating the submitted proposals and in evaluating the performance of the computer system through life of contract.

#### Reports

A preliminary report will be submitted to USAID/Cairo prior to departure of contractor. A final report will be submitted not later than 6 weeks following departure.

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PROGRAM AREA: ORGANIZATION AND MANAGEMENT  Specific Projects	CY Planned Quarter		CY Actual Quarter		Status	ACHIEVEMENTS OR PROBLEMS
	Start	Finish	Start	Finish		
<u>DEVELOP ORGANIZATIONAL STRUCTURE RESPONSIVE TO THE NEEDS OF THE DEPARTMENT THAT WILL COORDINATE MANAGEMENT EFFORT PROVIDE FOR DELEGATION OF AUTHORITY AND MINIMIZE DUPLICATE AUTHORITIES AND EFFORTS, REVISE MINFIN DECISION 402/1978</u>						
1. Develop organizational changes to existing organization to eliminate duplicating responsibilities and authorities.	2/82	4/82	2/82			
2. Prepare organizational charts to reflect changes.	2/82	4/82	2/82			
3. Staff positions of all senior officials.	1/83	2/83				
4. Define and delineate National, Regional and district office functions and responsibilities.	1/83	2/83				
5. Develop and promulgate Department of Taxation policies.	2/83	2/83				

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PROGRAM AREA: <u>ORGANIZATION AND MANAGEMENT</u>	CY Planned Quarter		CY Actual Quarter		Status	ACHIEVEMENTS OR PROBLEMS
	Start	Finish	Start	Finish		
Specific Projects:						
<u>IMPLEMENTATION OF REORGANIZATION</u>						
1. Establish steering committee to oversee reorganization implementation.	1/83	1/83				
2. Create special task forces to develop detailed structure, charts and functional statements for each organizational structure.	1/83	2/83				
3. Develop staff allocation needs for organizational segments.	2/83	3/83				
4. Develop delegations of authority necessary to the new organization. Delegate to lowest possible level.	2/83	2/83				
5. Review present procedures and directives and make adjustments where necessary to conform to the new organization.	3/83	4/83				
6. Develop plan for phase-in of re-organization to reduce disruption of on-going work.	2/83	2/83				

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PROGRAM AREA: <u>ORGANIZATION AND MANAGEMENT</u>  Specific Projects	CY Planned Quarter		CY Actual Quarter		Status	ACHIEVEMENTS OR PROBLEMS
	Start	Finish	Start	Finish		
<u>ESTABLISH LONG-RANGE PLANNING AND PROGRAM EVALUATION FUNCTION</u>						
1. Develop planning function within each major sector of Department.	4/83	4/83				
2. Establish procedures for yearly plan submission and coordination.	4/83	4/83				
3. Establish procedures for fixed periodic review and evaluation of programs.	4/83	4/83				
4. Develop monthly, quarterly and annual management report of Department progress and problems for use by high-level management.	4/83	1/84				
5. Develop statistical aids for monitoring program progress.	4/83	1/84				
6. Develop system for eventual ADP production of management information systems.	1/84	2/85				

PROGRAM AREA: <u>ORGANIZATION AND MANAGEMENT</u>	CY Planned Quarter		CY Actual Quarter		Status	ACHIEVEMENTS OR PROBLEMS
	Start	Finish	Start	Finish		
<u>Specific Projects</u>						
<u>ESTABLISH PROGRAMS THAT WILL MAXIMIZE PERSONNEL EFFECTIVENESS AND INCREASE PRODUCTIVITY</u>						
1. Review existing position descriptions and where necessary recommend revisions to reflect actual duties and responsibilities.	1/84	3/84				
2. Establish a performance rating system for incentives which will reward performance and not only length of service.	1/84	3/84				
3. Develop and promulgate administrative and operational manuals.	1/84	4/84				
4. Develop an effective internal control program to assure highest degree of employee integrity.	2/83	3/83				
5. Prepare and propose legal and administrative reform for improved administration and enforcement of tax laws.	2/84	on-going				
6. Review existing regulations, propose amendments when warranted in light of changes in law or current operating procedures.	2/84	on-going				

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PROGRAM AREA: <u>ORGANIZATION AND MANAGEMENT</u> Specific Projects	CY Planned Quarter		CY Actual Quarter		Status	ACHIEVEMENTS OR PROBLEMS
	Start	Finish	Start	Finish		
<u>GENERAL ADMINISTRATION</u>						
1. Determine space and equipment needs.	1/84	1/84				
2. Develop program for maintenance and repair facilities and equipment.	1/84	2/84				
3. Establish procedures for periodic forms review and control of new and revised forms.	2/84	2/84				
4. Establish a records retention program.	1/84	2/84				
5. Establish procedures for security of tax returns and tax related information.	1/84	2/84				

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PROGRAM AREA: <u>TRAINING - TAX TRAINING INSTITUTE</u> (TTI) Specific Projects	CY Planned Quarter		CY Actual Quarter		Status	ACHIEVEMENTS OR PROBLEMS
	Start	Finish	Start	Finish		
<u>ORGANIZATION AND STAFFING</u>						
1. Appoint Director, Deputy Director.	4/80	1/81	-	4/81		
2. Develop Statement of Function and Responsibilities for TTI.	4/80	1/81	1/81	2/81		
3. Complete Organizational Chart for TTI.	4/80	1/81	1/81	2/81		
4. Develop position description for all TTI Staff.	4/80	1/81	1/81	2/81		
5. Identify and select individuals to fill positions.	4/80	1/81	1/81	3/81		
6. Relocate staff.	4/80	1/81	1/81	1/82		

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PROGRAM AREA TRAINING - TAX TRAINING INSTITUTE (TTI) Specific Projects	CY Planned Quarter		CY Actual Quarter		Status	ACHIEVEMENTS OR PROBLEMS
	Start	Finish	Start	Finish		
<u>1. DEVELOP TRAINING PROGRAMS</u>						
1. Identify technical occupation for pilot course development.	4/80	1/81	1/82	2/82		
2. Identify TTI staff responsibilities for each course development project.	4/80	1/81	1/82	2/82		
3. Identify and select IRS Advisor who will conduct Course Design and Development Workshop and assist in the pilot course development project.	1/81	2/82	1/82	2/82		
4. Conduct the course design workshop.	1/81	2/81	1/82	2/82		
5. Conduct task analysis of occupation for which pilot materials are to be written.	1/81	2/81	1/82	2/82		
6. Develop (write) course materials, test items.	1/81	2/81	2/82	4/82		

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PROGRAM AREA: TRAINING - TAX TRAINING INSTITUTE (TTI) Specific Projects	CY Planned Quarter		CY Actual Quarter		Status	ACHIEVEMENTS OR PROBLEMS
	Start	Finish	Start	Finish		
<b>I. DEVELOP IN-HOUSE INSTRUCTIONS</b>						
1. Identify and select TTI permanent staff and other Department employees who will be temporarily assigned as instructors.	4/81	4/81	3/82	4/82		
2. Identify and select IRS Advisor who will conduct basic Instructor Training Course and who will assist in the pilot course teaching.	4/81	4/81	3/82	3/82		
3. Conduct Instructor Training Course.	4/81	4/81	3/82	4/82		
4. Conduct pilot classes with new materials, update as necessary from student and instructor comments.	4/81	4/81	3/82	4/82		
5. Print final text materials.	4/81	4/81	3/82	4/82		

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PROGRAM AREA: TRAINING - TAX TRAINING INSTITUTE (TTI) Specific Projects	CY Planned Quarter		CY Actual Quarter		Status	ACHIEVEMENTS OR PROBLEMS
	Start	Finish	Start	Finish		
<u>CONDUCT TECHNICAL TRAINING</u>						
1. In conjunction with Compliance Division prepare schedule of courses to be conducted.	4/81	4/81	3/82	4/82		
2. Notify employees of scheduled courses	4/81	4/81	3/82	4/82		
3. Conduct technical training for employees using new materials.	4/81	4/81	4/82			
<u>MANAGERIAL TRAINING PROGRAMS</u>						
1. Continue use of IRS mid-level INTAX training programs; "as well as the following:"	2/81	3/83	2/81	on-going		
2. IRS programs for specific Program Managers.	3/81	3/83	3/81	on-going		
3. Observation/Orientation Programs.	4/80	3/83	4/80	on-going		
4. U.S.C. Income Tax and Tax Evasion Courses.	3/81	3/83	3/81	on-going		

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PROGRAM AREA: TRAINING - TAX TRAINING INSTITUTE (TTI) Specific Projects	CY Planned Quarter		CY Actual Quarter		Status	ACHIEVEMENTS OR PROBLEMS
	Start	Finish	Start	Finish		
<u>MANAGERIAL TRAINING PROGRAMS (CONT'D)</u>						
5. Develop basic supervisory courses utilizing new course design and development procedures.	1/83	1/83				
<u>EQUIPMENT FOR TTI</u>						
1. Identify equipment needs for TTI.	4/80	1/81	3/82	3/82		
2. Arrange for acquisition of equipment, AID partial assistance.	4/80	1/81	3/82	3/82		
3. Train staff to operate and maintain equipment.	4/80	1/81	3/82	4/82		
4. Establish periodic maintenance schedule.	4/80	1/81				

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PROGRAM AREA: <u>TRAINING - TAX TRAINING INSTITUTE (TTI)</u> Specific Projects	CY Planned Quarter		CY Actual Quarter		Status	ACHIEVEMENTS OR PROBLEMS
	Start	Finish	Start	Finish		
<u>TTI MANAGEMENT</u>						
1. Develop classroom on-the-job training critique system.	4/81	4/81	3/82	4/82		
2. Develop administrative procedures for day-to-day operations - class announcements, records, certifications, schedules, class evaluation.	4/82	1/83				
3. Review organizational location.	4/82	4/82	3/82	4/82		
4. Review Ministerial Decisions 321, 322 and 402 to determine if items need clarification or change.	4/80	1/81	4/80	1/81		
5. Identify other training needs in all functional areas, develop materials using new course design and development procedures.	4/82	1/83	4/82			
6. Develop annual report for TTI accomplishments.	4/82	1/83				

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PROGRAM AREA: <u>TRAINING - TAX TRAINING INSTITUTE</u> (TTI)	CY Planned Quarter		CY Actual Quarter		Status	ACHIEVEMENTS OR PROBLEMS
	Start	Finish	Start	Finish		
<u>TI MANAGEMENT - (CONT'D)</u>						
7. Request adequate budget support in Department annual budget for supplies, spare parts, other TTI needs.	-	-	4/80	on-going		
8. Identify and select training sites for areas outside of Cairo, with special priority assigned to locating adequate training site in Alexandria.	3/82	4/82	4/82			

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PROGRAM AREA: <u>AUTOMATED DATA PROCESSING</u>	CY Planned Quarter		CY Actual Quarter		Status	ACHIEVEMENTS OR PROBLEMS
Specific Projects	Start	Finish	Start	Finish		
<u>ORGANIZATION AND STAFFING</u>						
1. Develop organizational structure for ADP within Department of Taxation capable of computerizing the recording, controlling and accountability of all tax returns and other documents.	4/80	1/81	1/81			Structure as proposed has been accepted and approved by the Undersecretary. Formal approval pending official acceptance by Organization and Management Department for O&M.
2. Establish positions within the ADP functions; managerial, professional and clerical.	4/80	1/81	1/81			All positions have been identified. Status of :
3. Develop and formalize position descriptions, defining duties, responsibilities and authorities.	4/80	1/81	1/81			All position descriptions have been completed. as 1. above.
4. Staff all positions.	4/80	1/81	4/80	on-going		
<u>SELECTION OF ADP SITE AND INSTALLATION OF DATA ENTRY EQUIPMENT</u>						
1. Determine and approve data entry equipment software to be supplied by the manufacturer.	4/80	4/80	4/80	1/81		
2. Obtain Ministerial approval for site identified.	3/80	3/80	3/80	1/81		

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PROGRAM AREA: <u>AUTOMATED DATA PROCESSING</u>	CY Planned Quarter		CY Actual Quarter		Status	ACHIEVEMENTS OR PROBLEMS
	Start	Finish	Start	Finish		
Specific Projects.						
<u>SECTION OF ADP SITE AND INSTALLATION OF DATA ENTRY EQUIPMENT - (CONT'D)</u>						
3. Contract for site renovation.	1/81	3/81	4/81	1/82		
4. Coordinate site readiness with delivery of data entry equipment.	1/82	1/82	1/82	1/82		
5. Arrange for manufacturer equipment installation and testing.	1/82	1/82	1/82	1/82		
6. Accept site and data entry equipment.	1/82	1/82	1/82	1/82		
7. Determine off-site main frame computer support facility for processing data entry equipment output and secure contract computer usage.	3/81	4/81	1/82	2/82		
<u>I. ADP STAFF DEVELOPMENT AND TRAINING</u>						
1. Determine and select cadre of 15 employees with potential for ADP system analysts and programmer positions.	4/79	1/80	4/79	1/80		

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PROGRAM AREA: <u>AUTOMATED DATA PROCESSING</u>  Specific Projects	CY Planned Quarter		CY Actual Quarter		Status	ACHIEVEMENTS OR PROBLEMS
	Start	Finish	Start	Finish		
<u>STAFF DEVELOPMENT AND TRAINING - (CONT'D)</u>						
2. Arrange for initial training of staff at Ain Shams University in ADP concepts.	4/79	1/80	4/79	1/80		
3. Develop and conduct additional systems analysts training.	2/80	3/80	2/80	3/80		
4. Develop training program with data entry manufacturer's agent in Cairo for: COBOL Programming Training, Data Entry Operators Training, and Introduction to Computer Concepts for Managers Training.	3/81	3/83	3/81	on-go- ing		
5. Identify additional staff needs, interview, select and provide training.		on-go- ing		on-go- ing		
6. Arrange for transfer of data entry supervisors to Department's ADP Division.	4/81	1/82	1/82	3/82		
7. Develop and recommend pay incentive plan, to retain trained, qualified ADP staff.	4/80	2/81	3/82	on-go- ing		

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PROGRAM AREA: <u>AUTOMATED DATA PROCESSING</u>  Specific Projects	CY Planned Quarter		CY Actual Quarter		Status	ACHIEVEMENTS OR PROBLEMS
	Start	Finish	Start	Finish		
<u>SYSTEMS DESIGN AND DEVELOPMENT</u>						
<u>POLICIES UNDER DEVELOPMENT</u>						
<p>Operating within the limitations and capacity of the data entry equipment available to the Department of Taxation, the off-site processing of outputs and the confidentiality clauses of the tax laws the ADP Division will have reached its maximum effectiveness in completing the following systems:</p>						
1. Develop and operate an automated system for identifying, listing and accumulating statistical data for all business entities and taxpayers reporting business tax withholdings and third-party information documents on new Form 40.	4/80	1/82	4/80			
2. Develop systems to integrate processing of other withholding tax forms, from Customs Department and Transportation Department, with Form 40 system.	2/82	4/82	2/82			
3. Develop computerized system for compiling selected reports and statistical data relating to Collection and Examination Division functions.	2/82	4/82	2/82			

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PROGRAM AREA: <u>AUTOMATED DATA PROCESSING</u>	CY Planned Quarter		CY Actual Quarter		Status	ACHIEVEMENTS OR PROBLEMS
	Start	Finish	Start	Finish		
Specific Projects						
<u>SYSTEMS DESIGN AND DEVELOPMENT</u>						
<u>POLICIES UNDER DEVELOPMENT (CONT'D)</u>						
4. Provide assistance, through automation, to District Offices in arranging and listing, within prescribed sequences, certain files and ledgers that will facilitate current and future projects scheduled for automation.	3/82	on-going	3/82			
5. Develop a system for gathering statistical data showing the profile of taxpayer files in each district office, to facilitate recommendations to re-align selected district offices on a geographical basis.	3/82	2/83	3/82			
6. Develop a plan to provide for all entities to file Form 40 with the Central Office ADP Division instead of with local district offices. Where feasible, provide for computer support to assist in this centralized filing program.	3/82	1/83	3/82			
7. Make an analysis of corporate taxpayers in Shareholders and Investment Offices, to determine feasibility of establishing a computerized system to identify these taxpayers, detect non-filers, and show status of all accounts.	4/82	2/83	4/82			

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PROGRAM AREA: <u>AUTOMATED DATA PROCESSING</u>	CY Planned Quarter		CY Actual Quarter		Status	ACHIEVEMENTS OR PROBLEMS
	Start	Finish	Start	Finish		
Specific Projects						
<u>SYSTEMS DESIGN AND DEVELOPMENT (CONT'D)</u>						
<u>PROPOSED DEVELOPMENT PROJECTS</u>						
Under the assumption that the Department of Finance will have expanded computer capabilities, including additional data entry equipment, and a main-frame computer owned and operated by the Department, the following projects will be undertaken:						
• Develop systems to provide capability of computerizing all remaining forms that are used for reporting withheld taxes.	2/83	2/84				
• Develop systems to provide for collecting and computerizing selected information from individual income tax returns, as a prelude to establishing a master file system.	3/83	2/85				
• Develop a procedure for assigning and controlling unique individual taxpayer identification numbers for Tax Department use in establishing and maintaining a taxpayer master file.	4/83	1/85				
• Develop systems to generate management information to operating Divisions of the Department.	4/83	2/85				

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PROGRAM AREA: <u>EXAMINATION</u>	CY Planned Quarter		CY Actual Quarter		Status	ACHIEVEMENTS OR PROBLEMS
	Start	Finish	Start	Finish		
Specific Projects						
<u>ORGANIZATION AND STAFFING</u>						
1. Develop organization for Examination function at National, Regional and District Offices which provides for centralized planning, evaluation and guidance of examination operations and for decentralized implementation of examination policies, programs and procedures.	1/81	1/81	3/81	4/81		
2. Establish position of National Office and Regional Office program analysts whose primary responsibilities will be to develop procedures and instructions and to follow-up on accomplishments by visiting field offices.	3/82	4/82	3/82			
3. Establish the function and position of classification officer whose responsibilities include selection of returns in each category in conformance with the overall examination plan. Returns selected should maximize receipts to the Treasury, promote voluntary compliance with the laws and result in effective and efficient utilization of available resources.	1/81	1/81	3/81			

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PROGRAM AREA: <u>EXAMINATION</u>	CY Planned Quarter		CY Actual Quarter		Status	ACHIEVEMENTS OR PROBLEMS
	Start	Finish	Start	Finish		
<u>ORGANIZATION AND STAFFING - (CONT'D)</u>						
4. Determine examination function personnel levels throughout organization Determine needs at each district office and make reassignments as necessary.	1/83	1/83				
5. Develop and formalize position descriptions defining responsibilities, duties and authorities for National, Regional and District Examination function.	1/81	1/81	3/81			
6. Staff all positions.	1/83	2/83				
<u>I. DEVELOP CLASSIFICATION AND SELECTION OF RETURNS PROGRAM</u>						
1. Determine or estimate time requirement for examination of each class of return.	3/81	3/81	1/82	2/82		
2. Determine levels of examination coverage which will foster voluntary taxpayer compliance.	3/81	3/81	1/82			

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PROGRAM AREA: <u>EXAMINATION</u> Specific Projects	CY Planned Quarter		CY Actual Quarter		Status	ACHIEVEMENTS OR PROBLEMS
	Start	Finish	Start	Finish		
<u>DEVELOP CLASSIFICATION AND SELECTION OF RETURNS PROGRAM - (CONT'D)</u>						
3. Establish criteria for identifying returns with best potential for examination.	1/81	1/81	3/81			
4. Train selected classifiers in techniques for classification and in preparation of classification check sheet.	1/83	1/83				
 <u>III. DEVELOP AN ANNUAL EXAMINATION PLAN</u>						
- Develop plan based on realistic estimate of available examination staff, estimate of average time, various size and type of tax returns and examination coverage desired to foster future voluntary compliance.						
1. District examination plans are submitted to Region.	2/83	2/83				
2. National Office develops examination plan jointly with Regions.	2/83	2/83				

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PROGRAM AREA: <u>EXAMINATION</u>	CY Planned Quarter		CY Actual Quarter		Status	ACHIEVEMENTS OR PROBLEMS
	Start	Finish	Start	Finish		
Specific Projects						
<u>ELOP AN ANNUAL EXAMINATION PLAN - (CONT'D)</u>						
3. After plan approved no changes to plan authorized without prior approval.	2/83	2/83				
<u>INCREASE TECHNICAL PROFICIENCY OF EXAMINATION PERSONNEL</u>						
1. Identify technical deficiencies of personnel, recommend training needs.	4/80	on-going	1/82	on-going		
2. In conjunction with Tax Training Institute (TTI) develop materials for: i. Specialized audit techniques. ii. Audit of taxpayers when records are adequate. iii. Audit of taxpayer when records are inadequate.	2/83	2/83				
3. Develop audit work paper and check sheets for examination personnel use.	1/81	1/81	3/81			
4. Develop standardized examiner's report of examination.	1/81	1/81	3/81			
5. Develop audit techniques handbook.	3/81	4/83				

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PROGRAM AREA: <u>EXAMINATION</u>	CY Planned Quarter		CY Actual Quarter		Status	ACHIEVEMENTS OR PROBLEMS
	Start	Finish	Start	Finish		
<u>EXAMINATION MANAGEMENT</u>						
1. Develop Examination Technical Time Report. This report will be source of uniform data for evaluation of examination efforts.	1/81	1/81	3/81			
2. Develop procedural guidelines and handbooks for examination group supervisors.	4/81	4/81	4/81			
3. Develop examination policies related to rotation of examiner, package audit, examination cycles, quotas for examiners, criteria for returns categories.	1/81	1/81	3/81			
4. Develop quality of examination standards.	1/84	1/84				
5. Promote practice of good management techniques on part of supervisors.	on-going	on-going				
6. Establish procedures for security of returns and documents.	1/84	1/84				

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PROGRAM AREA: <u>EXAMINATION</u>	CY Planned Quarter		CY Actual Quarter		STATUS	ACHIEVEMENTS OR PROBLEMS
	Start	Finish	Start	Finish		
<u>ADP USES IN EXAMINATION</u>						
1. Develop classification guidelines for ADP listing of returns filed in District Offices.	2/84	2/85				
2. Develop quarterly statistical reporting system.	2/84	2/84				
3. Develop system and procedures for selection of returns for examination by ADP.	2/84	2/85				
<u>EXAMINATION APPEALS</u>						
1. Establish procedures for administrative appeal that will encourage closing of cases at lowest possible level.	3/84	3/84				
2. Establish guidelines for uniform treatment of routine issues:	3/84	3/84				
3. Institute policy that administrative appeals (Internal Committee) in unagreed cases will not include participation of examiner.	3/84	3/84				

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PROGRAM AREA: <u>EXAMINATION</u>	CY Planned Quarter		CY Actual Quarter		Status	ACHIEVEMENTS OR PROBLEMS
	Start	Finish	Start	Finish		
Specific Projects						
II. <u>CENTRALIZE RESPONSIBILITY FOR CONTROL AND MANAGEMENT OF LARGE TAXPAYERS BY ESTABLISHING A COORDINATED EXAMINATION PROGRAM(CEP)</u>						
1. Establish CEP function within Examination organization, create positions and develop statement of duties and responsibilities.	4/84	4/84				
2. Develop criteria for identifying those cases which will be examined under CEP procedures.	4/84	4/84				
3. Develop standardized procedures to be followed in CEP cases.	4/84	4/84				
4. Prepare annual program of CEP cases.	4/84	4/84				
5. Develop information system for the purpose of monitoring, controlling and reporting on CEP activities.	4/84	4/84				
6. Develop handbook for CEP case managers.	4/84	1/85				

Best Available Document

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	Start	Finish	Start	Finish		
Specific Projects						
<u>ESTABLISH A QUALITY REVIEW FUNCTION FOR THE PURPOSE OF MAINTAINING QUALITY STANDARDS IN EXAMINATION AND REPORTS, THE TECHNICAL ACCURACY OF RESULTS AND PROVIDING MANAGEMENT INFORMATION RELATED TO ASSIGNMENT, EXAMINATION, AND REPORT WRITING PROCEDURES</u>						
1. Establish quality review function within Examination organization, create positions and develop statement of duties and responsibilities.	3/84	4/84				
2. Develop criteria for selection of cases which will be reviewed; mandatory review cases/selective review cases.	3/84	4/84				
3. Develop procedures for transfer of cases to and between other organizational segments.	3/84	4/84				
4. Develop information system to report on review activities.	3/84	4/84				

*S*

TAX ADMINISTRATION IMPROVEMENT PROJECT  
 IMPLEMENTATION PLAN AND SEMI-ANNUAL PROGRESS REPORT  
 E G Y P T

Best Available Document

PROGRAM AREA: <u>COLLECTIONS</u>	CY Planned Quarter		CY Actual Quarter		Status	ACHIEVEMENTS OR PROBLEMS
	Start	Finish	Start	Finish		
<u>ORGANIZATION AND STAFFING</u>						
1. Develop organization for Collection function at National, Regional and District Offices which provides for centralized planning, evaluation and guidance of collection's operations and for decentralized implementation of collection's policies, programs and procedures.	2/81	2/81	3/81	4/81		
2. Establish position of National Office and Regional Office Program Analysts whose primary responsibilities will be to develop procedures and instructions and to follow up on accomplishments by visiting field offices.	2/81	2/81	3/81			
3. Develop and formalize position descriptions defining responsibilities, duties and authorities for National, Regional and District Collection function.	2/81	2/81	3/81			
4. Determine Collection function personnel levels throughout organizations, determine needs at each District office and make reassignments as necessary.	1/83	1/83				
5. Staff 41 positions.						

TAX ADMINISTRATION IMPROVEMENT PROJECT  
 IMPLEMENTATION PLAN AND SEMI-ANNUAL PROGRESS REPORT  
 E G Y P T

PROGRAM AREA: <u>COLLECTIONS</u>	CY Planned Quarter		CY Actual Quarter		Status	ACHIEVEMENTS OR PROBLEMS
	Start	Finish	Start	Finish		
Specific Projects						
<u>ESTABLISH EFFECTIVE CONTROLS ON THE NUMBER, AMOUNT &amp; DISPOSITION OF ALL DELINQUENT ACCOUNTS</u>						
1. Design and implement procedures for physical and perpetual inventory controls, ageing of accounts and uniform processing.	2/81	2/81	3/81			
2. Develop system and procedures for receiving timely and current data of delinquent accounts from all collection function activities. Data includes:  Number of accounts and their amounts Status of open accounts Dispositions (full-paid, cancelled, written-off) Number of seizures Age of accounts.	4/81	1/82	1/82			
3. Develop procedures for centralized district accounting to assure that all transactions are recorded in specific account.	2/81	2/81	3/81			
4. Establish a Collection Management Information System which will enable management to program for inventory reductions, reduction in age of accounts, reduction of installment agreements to measure progress in pro-	2/81	2/81	3/81			

Best Available Document

*fr*

TAX ADMINISTRATION IMPROVEMENT PROJECT  
 IMPLEMENTATION PLAN AND SEMI-ANNUAL PROGRESS REPORT  
 E G Y P T

PROGRAM AREA: <u>COLLECTIONS</u>	CY Planned Quarter		CY Actual Quarter		Status	ACHIEVEMENTS OR PROBLEMS
	Start	Finish	Start	Finish		
Specific Projects						
<b>II. INITIATE EFFECTIVE COLLECTION PROCEDURES</b>						
1. Establish office Collection Procedures to minimize cost of collections.	2/81	2/81	3/81			
2. Implement policy of first seizing third-party assets as a means for compelling full payment rather than first seizing taxpayer business assets.	2/81	2/81	3/81			
3. Implement policy for allowing installment payment of delinquent accounts based upon taxpayer ability to pay.	2/81	2/81	3/81			
4. Establish administrative tax amount tolerance for collection activity; allowing efforts to be expanded on larger delinquent accounts.	2/81	2/81	3/81			
5. Develop guidelines for encouraging use of mail for making tax payments.	2/81	2/81	3/81			

Best Available Document

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TAX ADMINISTRATION IMPROVEMENT PROJECT  
 IMPLEMENTATION PLAN AND SEMI-ANNUAL PROGRESS REPORT  
 E G Y P T

PROGRAM AREA: <u>COLLECTIONS</u>	CY Planned Quarter		CY Actual Quarter		STATUS	ACHIEVEMENTS OR PROBLEMS
	Start	Finish	Start	Finish		
Specific Projects						
<u>INITIATE EFFECTIVE COLLECTION PROCEDURES</u> (CONT'D)						
6. Develop procedures for monitoring installment payments.	2/81	2/81	3/81			
7. Require uniform nation-wide application of collection procedures.	2/81	2/81	3/81			
<u>IV. IMPROVE TECHNICAL COMPETENCY OF COLLECTION PERSONNEL</u>						
1. Identify technical deficiencies of personnel.	3/83	3/83				
2. In conjunction with Tax Training Institute (TTI) develop technical training program.	3/83	3/83				
3. Review existing procedures and where possible reduce clerical tasks assigned to professional staff.	1/83	1/83				
4. Develop field Collections Unit Activity Reports.	1/83	1/83				

Best Available Document

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TAX ADMINISTRATION IMPROVEMENT PROJECT  
 IMPLEMENTATION PLAN AND SEMI-ANNUAL PROGRESS REPORT  
 E G Y P T

PROGRAM AREA: <u>COLLECTIONS</u>	CY Planned Quarter		CY Actual Quarter		Status	ACHIEVEMENTS OR PROBLEMS
	Start	Finish	Start	Finish		
Specific Projects						
<u>IMPROVE TECHNICAL COMPETENCY OF COLLECTION PERSONNEL (CONT'D)</u>						
5. Develop Handbook for Collections Group Managers.	1/83	1/84				
<u>ADP USES ON COLLECTIONS</u>						
1. Develop program and procedures for identifying delinquent taxpayers.	1/84	2/84				
2. Develop returns compliance program for withholding taxes and for third-party information documents.	2/84	3/84				
3. Develop master file comparisons.	3/84	1/85				
4. Design system of control for cashier operation and document processing.	1/84	3/84				
5. Develop management information reporting procedures and analytical techniques.	1/84	1/85				

Best Available Document

9/5

## TAX ADMINISTRATION PROJECT

## BUDGET SUMMARY

	<u>FY 83</u>	<u>FY 84</u>	<u>FY 85</u>	<u>TOTAL</u>
Team Leader (Replacement) tour Jul 83 - Jun 85	205,464	109,743		315,207
Examination Advisor tour Jan 83 - Jun 85	206,269	113,389	55,938	375,596
Collections Advisor tour Jan 83 - Jun 85	206,269	113,389	55,938	375,596
ADP Advisor extension of tour Oct 84 - Jun 85		<u>119,008</u>	<u>83,898</u>	<u>202,906</u>
SUB TOTAL	618,002	455,529	195,774	1,269,305
Team Local Support Costs for project extension		<u>21,000</u>	<u>14,100</u>	<u>35,100</u>
GRAND TOTAL	<u>618,002</u>	<u>476,529</u>	<u>209,874</u>	<u>1,304,405</u>

## ESTIMATED BUDGET

## IRS PASA

TEAM LEADER (24 months service)

	<u>1st. Year</u>	<u>2nd Year</u>
Salary	57,500	57,500
Post Differential (15% - Limited)	3,062	3,062
Sunday Differential	- 0 -	- 0 -
Payroll Benefits (10% salary)	5,750	5,750
AID/IRS Pre-departure orientation	2,575	
Air Fare US/Cairo (x 4)	3,500	
Excess Baggage US/Cairo	500	
Air Freight (UAB) US/Cairo	1,500	
HHE Shipment US/Cairo	9,200	
POV Shipment US/Cairo	2,500	
HHE Storage	1,500	
HHE Handling	500	
Supplies and Miscellaneous	<u>1,100</u>	<u>1,100</u>
Sub-Total Subject to Overhead	<u>89,187</u>	<u>67,412</u>
<u>PASA Costs to be Paid at Mission</u>		
Educational Allow Pro-rate 82/83 school year	8,136	
83/84 full school year	13,500	13,500 (84/85 s/yr)
Supplementary Post Allowance	2,160	
Temporary Lodging (90 days)	20,160	
Per Diem US/Cairo/US	1,000	
Housing (including make ready)	24,000	18,000
In-country travel & Per Diem	2,500	2,500
Air Fare Cairo/US (x 4)	3,500	
Excess Baggage Cairo/US	500	
Air Freight (UAB) Cairo/US	1,500	
HHE Shipment Cairo/US	9,200	
POV Shipment Cairo/US	2,500	
Contingency; e.g. medical and misc.	5,000	5,000
R & R	1,000	
Consultation Travel & Per Diem	<u>2,000</u>	<u>2,000</u>
TOTAL	<u>96,656</u>	<u>27,500</u>
22% IRS Overhead	<u>19,621</u>	<u>14,831</u>
GRAND TOTAL	<u>205,464</u>	<u>109,743</u>

24 Month tour July, 1983 through June, 1985

## ESTIMATED BUDGET

## IRS PASA

## TEAM MEMBER OTHER THAN TEAM LEADER

	<u>1st Year</u>	<u>2nd Year</u>	<u>3rd Year (1/2)</u>
Salary	53,661	56,344	28,750
Post Differential	6,901	4,218	1,431
Sunday Differential	2,683	1,156	- 0 -
Payroll Benefits (10% salary)	5,366	5,634	2,875
AID/IRS Pre-departure orientation	2,575		
Air Fare US/Cairo (x 4)	3,500		
Excess Baggage US/Cairo	500		
Air Freight (UAB) US/Cairo	1,500		
HHE Shipment US/Cairo	9,200		
POV Shipment US/Cairo	2,500		
HHE Storage	1,500		
HHE Handling	500		
Supplies and Miscellaneous	<u>1,100</u>	<u>1,000</u>	<u>500</u>
Sub-Total Subject to Overhead	<u>91,486</u>	<u>68,352</u>	<u>33,556</u>
<u>PASA Costs to be Paid at Mission</u>			
Educational Allow Pro-rate 82/83 school year	8,136		
83/84 full school year	13,500	13,500	
Supplementary Post Allowance	2,160		
Temporary Lodging (90 days)	20,160		
Per Diem US/Cairo/US	1,000		
Housing (including make ready)	24,000	18,000	9,000
In-country travel & Per Diem	2,500	2,500	1,000
Air Fare Cairo/US (x 4)	3,500		
Excess Baggage Cairo/US	500		
Air Freight (UAB) Cairo/US	1,500		
HHE Shipment Cairo/US	9,200		
POV Shipment Cairo/US	2,500		
Contingency; e.g. medical and misc.	5,000	5,000	5,000
R & R	<u>1,000</u>	<u>1,000</u>	
TOTAL	<u>94,656</u>	<u>40,000</u>	<u>15,000</u>
22% IRS Overhead	<u>20,127</u>	<u>15,037</u>	<u>7,382</u>
GRAND TOTAL	<u>206,269</u>	<u>113,389</u>	<u>55,238</u>

30 Month tour January, 1983 through June, 1985 (No home leave two R&R's)

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## ESTIMATED BUDGET

## IRS PASA

## EXTENSION OF ON-BOARD ADP ADVISOR

	<u>1st Year</u>	<u>2nd Year (2/3)</u>
Salary	52,285	36,874
Post Differential	7,854	2,502
Sunday Differential	2,614	1,460
Payroll Benefits (10% salary)	5,229	3,685
Supplies and Miscellaneous	<u>1,000</u>	<u>600</u>
Sub-Total Subject to Overhead	<u>68,982</u>	<u>45,121</u>
<u>PASA Costs to be Paid at Mission</u>		
Educational Allow. (1 dependent)	6,750	6,750
Educational Travel (1 dependent)	1,600	1,600
Housing	18,000	13,500
In-country travel & Per Diem	1,500	1,000
Contingency; e.g. medical and misc.	5,000	5,000
R & R	<u>1,000</u>	<u>1,000</u>
TOTAL	<u>34,850</u>	<u>28,850</u>
22% IRS Overhead	<u>15,176</u>	<u>9,927</u>
GRAND TOTAL	<u><u>119,008</u></u>	<u><u>83,898</u></u>

Extension of on-board ADP Advisor tour of Duty to June, 1985 (no home leave two R&R's)  
Existing project provides funds for return of on-board advisor to U.S.

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ESTIMATED BUDGET

IRS PASA

TEAM LOCAL SUPPORT COSTS

<u>Local Support Costs Paid by Mission</u>	<u>1st Year</u>	<u>2nd Year (2/3)</u>	<u>TOTAL</u>
Interpreter/Administrative Assistant	9,800	6,600	16,400
Secretary	4,900	3,600	8,500
Photocopier (Rental)	2,940	1,764	4,704
Supplies	<u>3,360</u>	<u>2,136</u>	<u>5,496</u>
TOTAL	<u>21,000</u>	<u>14,100</u>	<u>35,100</u>

To provide for local team support costs for project extension

ESTIMATED GOE CONTRIBUTION  
TO  
TAX ADMINISTRATION PROJECT

	<u>FY 84</u>	<u>FY 85</u>	<u>TOTAL</u>
1. GOE Counterpart wages	\$ 364,217	\$ 286,566	\$ 650,783
2. IRS Team Support (Office space, Arabic typist, etc.)	11,927	8,946	20,873
3. Facilities (sites & supplies)	<u>21,687</u>	<u>16,265</u>	<u>37,952</u>
GRAND TOTAL	<u>\$ 397,831</u>	<u>\$ 311,777</u>	<u>\$ 709,608</u>

ADP EVALUATION

Significant areas for evaluation of ADP function of Tax Administration Project.

1. Establishment of Data Processing Division:

- a. Management assignments
- b. Organization
- c. Staffing
- d. Training, incentives
- e. GOE contributions (ADP site, Administrative & Technical Support)

2. Equipment Utilization:

- a. Application of Third-Party information documents (Form - 40)
- b. Other applications undertaken that provide assistance in improving tax admin.
- c. Plans for long-range applications, including establishment of master files.
- d. Maintenance of MDS equipment.

3. Outputs

Capability and potential for expanded ADP equipment and applications.



UNITED STATES AGENCY for INTERNATIONAL DEVELOPMENT

CAIRO, EGYPT

ACTION MEMORANDUM FOR THE DIRECTOR

FROM: Steffi Meyer, <sup>Steffi Meyer</sup> IT/FI

THRU: Van Dyne McCutcheon, AD/IT <sup>For</sup> *[Signature]*

SUBJECT: Tax Administration Project Amendment (263-0115)

Problem

Your approval is required for a grant of \$1.6 million to amend the Tax Administration Project (263-0115). The Amendment provides for an 18-month extension of the project in order to meet project objectives. It will also fund two additional full-time, rather than TDY, advisors and a computer needs study for the Department of Taxation. The total U.S. contribution over life of project would increase to \$3.7 million.

Background/Description

The Tax Administration Project, approved in August 1980, is an extension and broadening of a 1978 pilot activity undertaken by the U.S. Internal Revenue Service (IRS) on reorganization and automation of the Department of Taxation. The project focuses on the administration of the GOE's personal and business income tax systems and project purpose is to improve the Tax Department's institutional capability by establishment of a tax training institute (TTI), development of an automatic data processing (ADP) unit and implementation of an administrative reorganization of the department. Specialized assistance is provided as well to the examination and collections functions. Commodities are being provided for automation, training and local support and participants are being trained in short-term IRS programs in the U.S. The project is being implemented by the IRS under a PASA with AID.

Progress in meeting project objectives has been slow due to initial implementation delays - site selection and appointment of TTI Director, ADP site selection and preparation and appointment of counterparts. Conditions precedent were not met until October 1981 thereby occasioning a delay of over one year in project

implementation. Since then, progress has been made within each project component: the tax training institute has a facility, is equipped with project commodities and examination, collection and instructor training courses have been developed; the ADP division with data entry equipment has been established and a system for processing business tax withholding returns and taxpayer third-party information documents has been developed and is being implemented; the Tax Department has been reorganized and is currently reviewing a further reorganization to more clearly identify functional and operational responsibilities.

The project amendment calls for an 18-month extension of the project to allow sufficient time to meet the project objectives. The extension of the PASA team leader and ADP advisor will allow them to continue technical assistance in those areas proposed in the original project. The amendment also includes the addition of two full-time advisors to provide assistance, clarification and training in the examination and collections functions. It was found that the effort required for effective change in GOE administrative practices and procedures in both these highly technical areas of tax administration necessitated the presence of full-time, rather than TDY, advisors. In addition, funding is provided to conduct a computer needs study for the Department of Taxation in order to determine the long-term computer support needs of the department.

#### Issues

The Project Review Committee met on October 27, 1982 and raised the following issues:

1. The need to include Conditions Precedent to Disbursement of new funds under the Amendment which would require the GOE to revise Ministerial Decision No. 402/1978 governing departmental reorganization and to place senior staff in key counterpart positions pursuant to the revised Ministerial Decision. The IRS Team Leader had earlier stated that the revision of the Ministerial Decision and filling of senior managerial staff positions were essential to the success of the Project. Because of the time involved in obtaining approval of the revision and the requirement of funding new positions through the FY 84 GOE budget, the committee agreed to specify June 1983 for revision of M.D. 402/1978 and designation of personnel to the new positions created under the revised organizational structure. Therefore the Condition

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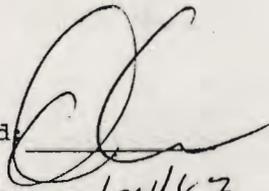
Precedents in the Amendment would provide that no further funds be disbursed after that date until these actions are taken.

2. Clarification was requested regarding the cost elements of the financial plan. With input from the Team Leader and the Controller's Office, changes were made in the financial plan and cost elements annex to more clearly identify the costs involved in the amendment.
3. It was noted that the Project Checklist required a statement regarding the FY 83 Continuing Resolution. This has been added as provided by STATE 292847.
4. It was noted too that under present delegations of authority, the Project Paper Amendment must be authorized in AID/W because the amendment cost exceeds 50 percent of the original authorized amount. We have requested ad-hoc delegation of authority to approve the amendment at post in CAIRO 28577, which has been provided in STATE 017238 (Attachment A). The Congressional Notification expires on February 12, 1983.
5. The issue of whether a computer needs study should be included in the amendment was discussed and a decision deferred pending decisions for alternate funding. Following the PRC, it was decided that the study would be included in the amendment and that it would be conducted together with the evaluation of the ADP division scheduled for September 1983. The IRS Team Leader has objected to this decision on the grounds that the computer needs study should be conducted as soon as possible because of the long lead time required for computer hardware procurement. We do not feel the issue should be reopened but have included the IRS/TAAS dissent statement for your information (Attachment B). Also, it is not contemplated that computer hardware procurement will take place under this project.

We are prepared to meet further on this project should it be necessary. The Draft PP was cleared by PRC Members on the attached Executive Committee request (Attachment C). In addition, due to Egypt's being placed on the Human Rights Watch List, the Mission has requested (CAIRO 4334) that AID/W notify State/HA in accordance with guidelines.

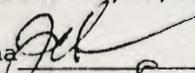
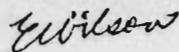
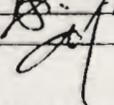
Recommendation

1. That you approve the Tax Administration Project Amendment in accordance with the ad-hoc delegation of authority transmitted in STATE 017238 and sign the attached Project Authorization (Attachment D).

Approved:   
 Date: 7/24/83

Attachments:

- A. STATE 017238 - ad-hoc delegation of authority to USAID/Cairo to authorize PP Amendment.
- B. IRS/TAAS Dissent Statement.
- C. PRC Clearances/Executive Committee request.
- D. Project Authorization.
- E. Project Paper Amendment.

IT/FI:SMeyer: <sup>SM</sup>iw:11/17/82  
 Clearance:  
 OD/FI:JCSuma   
 AD/DPPE:NSweet   
 AD/FM:EWilson 2-16-83 Subject to the availability of funds in accordance  
 LEG:BBryant 7/22/83 with the AID OYB/Allotment process.   
 DD:OCylke 

cc: Mr. John Ramos, IRS/TAAS

MAC

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STATE 017238

ACTION: AID-C INFO: AME DCM FCON USIS/11

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CHRG: AII  
DIST: AID

FROM TO	II	CON
ATTENTION		DPPS
DATE		1/27

AJTAC

P.O. 12350: N/A  
TAGS:

SUBJECT: TAX ADMINISTRATION PROJECT AUTHORIZATION  
AUTHORITY (263-0115)

REF: CAIRO 28577

1. AA/NE HEREBY APPROVES THE AT HOC DELEGATION TO  
USAID/CAIRO OF AUTHORITY TO AUTHORIZE THE AMENDMENT OF  
THE EGYPT TAX ADMINISTRATION PROJECT (203-0115) FOR US.  
DOLLARS 1,600,000.

2. CONGRESSIONAL NOTIFICATION MATERIALS ARE BEING  
SUBMITTED AND MISSION WILL BE NOTIFIED ON THE TIMING OF  
EXPIRATION OF CONGRESSIONAL NOTIFICATION PERIOD. SRULTZ  
BT  
#7238

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STATE 017238

IRS/TAAS Tax Team Dissent Statement with regard to  
proposed timing for carrying out Computer Needs  
Study for Department of Taxation

The computer needs study contemplated under the Tax Administration project extension/expansion is NOT a feasibility study. The Department of Taxation has data-entry equipment which is being utilized to the maximum extent possible with one shift of operators.

Computer facilities of a quasi-governmental agency are being utilized to process the Department's data that is converted to tape. Processing time available to the Department, notwithstanding contract terms, is on a "low priority time available" basis, a very unsatisfactory arrangement. Other compatible computer facilities in Cairo, for a variety of reasons, are not available for lease to the Department.

To be effective, as well as to generate timely results, the Department needs to establish an in-house independent ADP capability. At present no data are available for making a reasonable analysis of the size of a computer system (hardware and software) to accommodate the needs of the Department.

The computer needs study contemplated, a general outline of which was prepared by an IRS ADP TDY Advisor, would compile data related to time consuming and inaccurate manual processing of returns and related documents required for tax administration, computerization of this data as well as develop the basis for an RFP.

The study would in no way address the issue of who would finance the computer system; i.e., either GOE, AID or other source. There are no valid technical or managerial reasons for postponing the study for another ten months. To wait until September 1983 would unnecessarily delay the assembling of information for decision making purposes.

The ADP evaluation programmed within the existing project is intended to evaluate the uses the GOE is or is not making of the data-entry equipment, the technical preparation and utilization of Departmental ADP employees and whether or not an effective ADP organization has been established within the Department.

The computer needs study and the evaluation are two very distinct and separate issues. One is not dependent upon the other. The former will assist in establishing the size of a computer system (hardware/software) needed for anticipated ADP utilization within the Department; the latter will evaluate use of data-entry equipment and personnel. It is our judgment that any qualified computer consulting firm, U.S. or Egyptian can undertake the study.

*Albert T. Lisser*  
ALBERT T. LISER  
IRS/TAAS ADP ADVISOR  
Nov 17, 1982

*John C. Ramos*  
JOHN C. RAMOS  
IRS/TAAS  
PROJECT MANAGER  
Nov 17, 1982

# memorandum

DATE: November 10, 1982

REPLY TO  
ATTN OF: Steffi Meyer, IT/FI

SUBJECT: Tax Administration Project (263-0115)  
Project Paper Amendment

TO: Owen Cylke, Deputy Director

The attached project document has been prepared for review by IT/FI for review by the Executive Committee.

Project Committee and Officers named below have reviewed the document and agree with the format, analysis and presentation.

There are no concerns or issues which need discussion or resolution before transmittal to AID/W.

Project Committee:

J. Suma, OD/FI

Clearance  
*[Signature]*

Date  
11/10/82

V. McCutcheon, AD/IT

*[Signature]*

11/12/82

P. Ramsey, LEG

*[Signature]*

11/10/82

R. Burke, DPPE/PO

*[Signature]*

11/12/82

A. Gordon, FM

*[Signature]*

11/10/82

J. Ramos, IRS/TAAS

*n/Dissonance  
Timing ADP Computer  
Needs Study*

*[Signature]*

11/14/82

Date of Committee Meeting: October 27, 1982

J. Suma, Office Director

*[Signature]*

11/10/82

V. McCutcheon, Assistant Director

*[Signature]*

11/12/82

An Executive Committee meeting could be scheduled for Wednesday, Nov. 17th, 1982, at 3:00 P.M. - 9th Floor Conference Room.

Date \_\_\_\_\_

Approved \_\_\_\_\_

Disapproved \_\_\_\_\_

Date \_\_\_\_\_



Buy U.S. Savings Bonds Regularly on the Payroll Savings Plan

Attachment D  
ORIGINAL IN  
PP AMENDMENT.

FIRST AMENDMENT  
TO  
PROJECT AUTHORIZATION

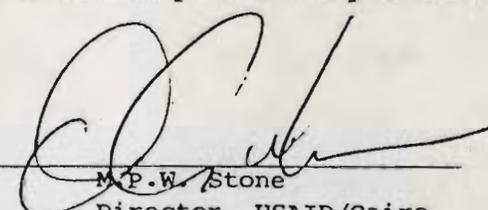
Name of Country: Arab Republic of Egypt      Name of Project: Tax Administration  
Name of Project: 263-0115

1. Pursuant to Part II, Chapter 4, Section 531 of the Foreign Assistance Act of 1961, as amended ("Act"), the Tax Administration Project was authorized on August 30, 1980. The authorization is hereby amended in accordance with ad hoc authority delegated STATE 017238, as follows:

a. In paragraph 1, the phrase "Two Million One Hundred Thousand United States Dollars (\$2,100,000)" is replaced by "Three Million Seven Hundred Thousand United States Dollars (\$3,700,000)."

b. In paragraph 1, the phrase "over a three-year period" is replaced by "over a four year period".

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

  
M.P.W. Stone  
Director, USAID/Cairo  
2/29/83  
Date

Clearances:  
AD/DPPE: NSweet B  
AD/FM: EWilson 2-16-83  
LEG: BBryant 2/22/83  
DD: OCylke  
OD/FI: JGuffa [Signature]

Subject to the availability of funds in accordance with the AID OYB/Allotment process. Wilson

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