

1. PROJECT TITLE DECENTRALIZATION SUPPORT FUND		2. PROJECT NUMBER 263-K-605.4	3. MISSION/AID/W OFFICE USAID/Cairo
		4. EVALUATION NUMBER (Enter the number maintained by the reporting unit e.g., Country or AID/W Administrative Code Fiscal Year, Serial No. beginning with No. 1 each FY) 83-5	
		<input checked="" type="checkbox"/> REGULAR EVALUATION <input type="checkbox"/> SPECIAL EVALUATION	
5. KEY PROJECT IMPLEMENTATION DATES		6. ESTIMATED PROJECT FUNDING	
A. First PRO-AG or Equivalent FY <u>80</u>	B. Final Obligation Expected FY <u>83</u>	C. Final Input Delivery FY _____	A. Total \$ <u>120 million</u>
			B. U.S. \$ <u>100 million</u>
		7. PERIOD COVERED BY EVALUATION	
		From (month/yr.) <u>September, 1980</u>	
		To (month/yr.) <u>February, 1983</u>	
		Date of Evaluation Review <u>February, 1983</u>	

8. ACTION DECISIONS APPROVED BY MISSION OR AID/W OFFICE DIRECTOR

A. List decisions and/or unresolved issues; cite those items needing further study. (NOTE: Mission decisions which anticipate AID/W or regional office action should specify type of document, e.g., airgram, SPAR, PIO, which will present detailed request.)	B. NAME OF OFFICER RESPONSIBLE FOR ACTION	C. DATE ACTION TO BE COMPLETED
1. Incorporate recommendations (see recommendations 5-13) on IFB terms and instructions for new tender documents and technical specifications.	O. Carduner, project officer	effective immediately
2. Develop program for assessing equipment maintenance constraints and monitoring maintenance performance in Governorates.	O. Carduner	June 15, 1983
3. Develop specific interventions for addressing maintenance issues in the Governorates (see recommendations 7-23).	O. Carduner / Steering Committee	September 15, 1983
4. Make decision on recommendations 26 and 27 involving personnel additions and procedures.	O. Carduner	June 15, 1983
5. Refine/modify procurement procedures to improve efficiency and responsiveness (see recommendations 1-4).	USAID/Steering Committee	September 15, 1983

9. INVENTORY OF DOCUMENTS TO BE REVISED PER ABOVE DECISIONS

<input type="checkbox"/> Project Paper	<input type="checkbox"/> Implementation Plan e.g., CPI Network	<input type="checkbox"/> Other (Specify) _____
<input type="checkbox"/> Financial Plan	<input type="checkbox"/> PIO/T	_____
<input type="checkbox"/> Logical Framework	<input type="checkbox"/> PIO/C	<input type="checkbox"/> Other (Specify) _____
<input type="checkbox"/> Project Agreement	<input type="checkbox"/> PIO/P	_____

10. ALTERNATIVE DECISIONS ON FUTURE OF PROJECT

A. Continue Project Without Change

B. Change Project Design and/or

Change Implementation Plan

C. Discontinue Project

11. PROJECT OFFICER AND HOST COUNTRY OR OTHER RANKING PARTICIPANTS AS APPROPRIATE (Names and Titles)

O. Carduner, DRPS/LAD *O. Carduner*

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12. Mission/AID/W Office Director Approval

Signature *[Signature]*

Typed Name N. A. Stone, Director

Date 2/15/83

NEAR EAST EVALUATION ABSTRACT

PROJECT TITLE(S) AND NUMBER(S) Decentralization Support Fund	MISSION/AID/W OFFICE USAID/Cairo
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PROJECT DESCRIPTION

(See project purpose below)

AUTHORIZATION DATE AND U.S. LOP FUNDING AMOUNT Sept., 1980 \$ 100 Million	PES NUMBER 83-5	PES DATE March, 1983	PES TYPE <input type="checkbox"/> Regular <input type="checkbox"/> Other (Specify)
ABSTRACT PREPARED BY, DATE Emily Baldwin, DPPE/PAAD <i>EB</i>		ABSTRACT CLEARED BY, DATE Olivier Carduner, DPPS/LAD <i>OC</i> Peter Amato, DPPE/PAAD <i>PA</i>	
		<input type="checkbox"/> Special <input type="checkbox"/> Terminal	

The stated purpose of the project is "to support and accelerate the process of administrative decentralization to rural governorates by increasing investment budgets under their jurisdiction for procurement of capital equipment." This evaluation (performed by a three person team composed of a PSC engineer, an AID/W staff member and a USAID staff member) was carried out two years after initial project implementation. These initial years of implementation have focused on providing technical assistance to governorate staff in planning for and analyzing equipment needs, selecting appropriate equipment and preparing the technical specifications for that equipment. The purpose of the evaluation was "to 1) assess progress of the DSF project to date, 2) to provide guidance for the next phase of implementation, 3) respond to AID/W concerns relating to the project, and 4) make an overall recommendation with respect to obligating the final \$ 25 million to meet an authorized total of \$ 100 million.

In the team's words, there were "no major design or implementation difficulties in the DSF Project." Although there have been delays in procuring equipment, most issues have now been resolved or are being resolved. As the equipment now begins to arrive in Egypt, the project is entering a new and critical phase, where training of operators, engineers and mechanics to properly maintain and repair the equipment becomes increasingly important. In terms of decentralized institution building, the project has had unexpectedly beneficial impacts thus far. - All rural governorates in Egypt have analyzed their equipment needs and, with technical support, identified and ordered appropriate commodities to fill those needs. The original intent of the project had been to provide equipment primarily for governorate level use, yet apparently it has been distributed more widely for use at the district and even village levels as well. In addition, there seems to be a cooperative and mutually beneficial relationship arising between the private sector (equipment dealers and, in some areas, local construction contractors) and the local governments.

Lessons Learned

Equipment procurement projects such as this can have multiple impacts -- political (improving U.S. image throughout Egypt, building communications and working relations between levels of local government), economic (improved local infrastructure, and consequently, improved trade etc.) and institutional (greater capacities of local governments to identify and meet local needs, greater cooperation between local public and private sectors). The impacts on the private sector are worth particular note, especially since some of them were unanticipated. Private sector growth has been promoted along two major channels to date: 1) By requiring that equipment manufacturers provide extensive warranty coverage, training of local personnel and complete service support capability in country, the project has placed Egyptian private sector representatives in a key institution building role and 2) indirect private sector growth has been supported as local infrastructure (especially roads) have been improved through DSF equipment use thereby allowing increased traffic, commerce, etc. In addition, some governorates are considering rental of DSF equipment to small private firms, allowing growth of local private contractors over time.

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MID-TERM EVALUATION
OF THE
DECENTRALIZATION SUPPORT FUND

Project No. 263-K-605.4
Arab Republic of Egypt
February, 1983

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EXECUTIVE SUMMARY

A) PROJECT BACKGROUND AND PURPOSE OF EVALUATION

Agreement date:	September 1980
Amendment date:	August 1982
Authorized Funding:	\$100 Million
Obligations to date:	\$75 Million
Date first specifications sent to AID/W:	May 1981
Date first equipment arrived in Alexandria:	May 1982
Date first equipment distributed to Governorates:	October 1982
Units of equipment distributed as of February 1983:	116

The purpose of this Evaluation is to 1) assess progress of the DSF project to date, 2) provide guidance for the next phase of implementation, 3) respond to AID/W concerns relating to the project, and 4) make an overall recommendation with respect to obligating the final \$25 million to meet the authorized total of \$100 million.

The first two years of project implementation were focused on providing technical assistance to Governorate staff for planning use of their DSF allocation, analysing local development needs, selecting equipment which responds to these needs, and preparing technical specifications tailored to local conditions. With the expected arrival of over 780 major pieces of equipment in 1983, the project has entered a second phase where heavy emphasis is being placed on institution and capacity building, namely insuring that proper maintenance capabilities are developed, nurturing productive long term Governorate-Equipment Dealer relationships during the warranty period, and developing long range Governorate capacities to procure equipment with their own resources. The timing of the evaluation allows an initial assessment of potential problems during phase two while giving enough time for project staff to implement recommendations related to current and possible future problems.

Seven Governorates were selected as a sample for the evaluation process: Ioni Suet, Fayoum, Giza, Karr El Sneikh, Menoufia, Red Sea and Sharkia. These seven Governorates had received 33 pieces of equipment at the time of the field visits. These included dozers, road graders and dump trucks. Extensive interviews were held in each Governorate with CCE officials at Governorate, District and Village levels. Mechanics, operators, and engineers responsible for each unit were interviewed in conjunction with on-site inspection of the equipment and related operations and maintenance records.

Interviews were also held with four major equipment dealers and agents during inspection of their service facilities. Finally, The Alexandria Port facilities through which all DSF equipment arrives was inspected. In short the entire process of needs-assessment, equipment selection, procurement, shipping, equipment use, dealer service and maintenance was reviewed.

B) EVALUATION FINDINGS

1. Contribution to decentralization: DSF was found to be making significant contributions to decentralization (see p.7). For many Governorates, DSF represents the first exercise in budget planning and priority setting for a limited pre-determined resource allocation. TLG technical assistance in developing maintenance capabilities and relationships with private sector equipment dealers is contributing significantly to local institution building, thus supporting the long term self-sustainability and replication potential of the project. The project is unique in the decentralization portfolio in that its impact appears to be spread throughout the layers of local government rather than limited to one level. Equipment was seen being used for much needed road maintenance and sanitation work in villages as well as districts and Governorate towns.
2. Equipment use: The dozers, road graders and dump trucks inspected by the team had been in the governorates for 3 1/2 months. Overall, the equipment inspected was put into use quickly after arrival. This use focused on basic road maintenance for dozers and graders, and sanitation work for the dump trucks, some of which were used in the recent Giza sewerage crisis (see p. 4-7). Spare parts had yet to be distributed from Alexandria due to delays in establishing shipment inspection procedures. In Beni Suef, Governorate staff were waiting for spare parts before using their dozer and road grader. As of mid-March procedures had been finalized and distribution of parts was in progress. The six other Governorates visited had put their equipment into immediate use, and some had purchased necessary replacement filters on their own. In Fayoum and Kafr El Sheikh four road graders were down waiting for warranty repair work by the John Deere dealer, but all were reported working by the end of the evaluation. The immediate concern after delivery of spare parts is the establishment of efficient communication between equipment users and service agents.
3. Warranty Servicing: All equipment is under one year warranty and all suppliers are required to have adequate service facilities in Egypt to fulfill their warranty responsibilities.

Caterpillar (dozers) and International Harvester (dump trucks) were found to have excellent servicing capabilities. The servicing performance of the John Deere (road graders) and FMC (fire trucks) representatives are new and untested. Their service agents also represent numerous other foreign manufacturers, and although no major problems have yet occurred it remains to be seen how effective their service capabilities will be (see p.13). There seems to be a lack of experience in some Governorates with the concept of warranty and its effect on the responsibilities and rights of each party. Close monitoring is recommended to ensure development of productive relationships between equipment dealers and users.

4. Maintenance facilities: Most Governorates were found to have adequate facilities for basic maintenance and lubrication (see p.17-18). Most either have, or are building, spare parts storage facilities for DSF equipment. The presence of old but functioning equipment in the Governorates (27 year old Japanese firetruck in Giza and 12 year old Russian road grader in Red Sea among others) is strong evidence that maintenance capability does exist in rural Egypt. However it is not clear what the major constraints to higher standard maintenance are, how these constraints vary by Governorate, and what long-term performance can be expected from DSF equipment in the absence of specific interventions. Accurate maintenance record keeping was found lacking and in some cases it appears that local incentives systems favor operators who keep machines operating at the possible expense of technicians who can provide regular maintenance if allowed to take machines out of operation for servicing.

5. Training: All three equipment dealers had provided about one week of equipment specific operations and maintenance training for local engineers, operators and technicians (see p.16). These programs, reviewed in advance by USAID TLG engineers, were found to meet basic requirements. The courses were held in Cairo or Alexandria. Dealer training will continue with on-site warranty related servicing. Specially funded generic training courses on maintenance and parts warehousing are in preparation. Some Governorates were not represented during dealer training courses due to misunderstandings related to payment of per diem. Close monitoring is recommended to assess the effectiveness of existing training and need for additional programs.

6. Equipment procurement: The basic procurement structure is working despite some significant early delays caused in part by new untested equipment arrival procedures. For example, delays were encountered for customs clearance of the first equipment (5 months), spare parts inspection (8 months) and clearance of excess property shipments (8 months to date) (see p.11 and 15). These types of delays are expected to be greatly reduced with future procurements now that procedures have been established and tested. It was found that the average time needed by SER/COM to review bids and issue IFBs had increased from an average of 3.2 months prior to November 1981 to 6.8 months after that date, with four recent bids taking as long as 9 and 10 months (See p.23 and Appendix C). Specific recommendations are proposed for shortening the time needed by SER/COM to review bids (see page 22), and future use of excess property (page 15).
7. USAID Project Management: A Project Officer supported by a Technical Liaison Team of four engineers was found to be adequate and highly cost effective (see p.22). The TLG was found to be providing essential technical assistance to Governorates which ensures that selected equipment responds to real development needs and is appropriately tailored to local conditions and maintenance capabilities. The project is now entering a second phase of implementation with the distribution of over 780 pieces of equipment expected in 1983 alone. Technical assistance efforts related to local institution building for long term equipment maintenance will need particularly strong emphasis.
8. Impact on private sector: The team found no evidence of Governorate competition with private sector road building or other companies and anticipates that such competition is unlikely to occur in the near future due to a large gap between existing capacity and actual needs. On the other hand, clear and tangible evidence of public-private cooperation and direct encouragement to the private sector as a result of the DSR project can readily be found (see p.13).
9. Political Impact: With the arrival of new equipment, the project has entered a stage of implementation characterized by high public visibility. The high visibility of new equipment, marked with the familiar AID hand-clasp symbol remembered by many in rural Egypt from the "Point-Four" food programs of the 1950's, was found to provide a clear message that the U.S. is helping Egypt's leaders respond to local needs (see p.20).

C) CONCLUSION:

AID/W concerns regarding the DSF activity were expressed prior to the FY 82 Decentralization Sector Support authorization which, among other things, authorized an additional \$50 million for the DSF project (see AA/NE to Administrator memo of August 11, 1982 contained in the DSS project paper). These concerns centered on needs-assessment, local institution building, equipment use and maintenance, and GOE budgetary commitments to local capacity building. The evaluation findings show that equipment has been appropriately selected by Governorate planners and so far, rapidly put into use to meet real and immediate needs. Basic maintenance facilities are currently adequate to meet initial requirements and efforts are being made to upgrade these facilities for the long run. A key institution building process has begun through training of Governorate staff, the upgrading of local equipment dealers who are gearing up to meet DSF-related warranty requirements, and through the growing interaction between public sector equipment users and private sector equipment dealers. Over the past two Egyptian fiscal years, the GOE has allocated LE 225,000 (LE 75,000 in 81/82, LE 150,000 in 82/83) to a special account in each Governorate earmarked for operation and maintenance of DSF equipment. This annual allocation will continue to be made as the GOE fulfills its funding commitment which equals to 20% of DSF grant funds. Finally, the recent Decentralization Sector Assessment clearly shows that significant progress has been made in the decentralization process as a whole. Although difficulties still exist, the GOE has shown a clear intent to continue support for greater local autonomy. For the coming phase of DSF implementation, particular emphasis on monitoring equipment use and maintenance, and building local maintenance capacities will be needed. As currently constituted, the DSF activity is an appropriate means for meeting these needs.

The Evaluation Team made 27 recommendations with the intent of refining the procurement process, supporting institution building through continued emphasis on training and maintenance, and encouraging the type of project management needed to ensure provision of adequate technical assistance and monitoring during the project's second phase. The team endorses a Mission Decision to continue planned funding for DSF, providing that efforts be made to implement these recommendations.

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ABBREVIATIONS

BVS	Basic Village Services Activity
C & F	Cost and Freight
CIF	Cost Insurance and Freight
CIP	Commodity Import Program
DDI	Development Decentralization I Activity
DSF	Decentralization Support Fund Activity
DSS	Decentralization Sector Support Program
EIIEC	Engineering and Industrial Design Development Center
IFP	Invitation for Bids
L/C	Letter of Credit
L/Com.	Letter of Commitment
MIIC	Ministry of Investment and International Cooperation
FCD	Provincial Cities Development Activity
SER/COM	Office of Commodity Management USAID Washington
TLG	Technical Liaison Group

INTRODUCTION

A. Decentralization Support Fund: Objectives and Assumptions

The stated purpose of the Decentralization Support Fund is "to support and accelerate the process of administrative decentralization to rural governorates by increasing investment budgets under their jurisdiction for procurement of capital equipment". More specifically, the DSF strategy is to make some \$2.3 million in foreign exchange available to each of the 21 rural Egyptian governorates over the total life of project (given the initial \$ 50 million obligation). These funds are to be used for the purchase of needed capital equipment in the U.S. under AID Regulation I procurement procedures. The project is largely implemented by officials at the governorate level who develop with technical support of USAID engineers, their own requirement analyses, equipment lists and performance specifications, and are responsible for the operation and maintenance of equipment.

The key assumptions underlying the potential success of the DSF Project are several:

- (a) Egyptian decentralization laws (especially Public Laws 43 and 52) will continue to be implemented;
- (b) Interest in decentralization among Egyptian policy-makers will continue, and increase;
- (c) The leadership and motivation of local representative councils will be of sufficient quality to support and implement local development activities; and
- (d) Authorized sources of local revenues (Public Law 52 of 1975) will become operational and contribute to the financial strength of the various rural governorates.

It should be noted that the final assumption is critical to the success of DSF because AID funds will only provide for initial purchase of the equipment and a limited stock of spare parts. AID funds cannot, however, provide for continual maintenance, replacement costs, and upkeep of maintenance workshops.

B. Historical Overview of DSF

The Project Identification Document (PID) for the DSF project was developed during the summer of 1980 and approved by AID/Washington August 8, 1980. The Project Paper was submitted to AID/Washington in September

1980 and approved the same month. The Grant Agreement signed by USAID and the government of Egypt was dated September 23, 1980.

The Grant Agreement called for the USAID to provide up to \$50 million over a period of time terminating no later than September 30, 1984. The Egyptian government agreed to provide local funds of no less than \$10 million equivalent including "in-kind" costs. The USAID funds were intended to provide \$2.32 million to each of the 21 rural governorates and pay associated costs such as technical liaison and evaluation. The GOE funds were to cover inland transportation, maintenance and operational cost of the capital equipment.

An amendment to the DSF project in August 1982 authorized an increase in the USAID contribution from \$50 million to \$100 million as part of the overall Decentralization Sector Support. This amendment effectively doubles the DSF funding for investment in capital equipment to each of the 21 rural governorates. It also requires the GOE to double its local currency and "in-kind" contributions.

USAID hired a "Technical Liaison Team" of experienced Egyptian engineers to work under the direction of the Project Officer in the spring of 1981. After reviewing the "requirements analysis" of each governorate, the first sets of technical specifications for DSF procurement were sent to AID/Washington in May 1981. This initial procurement order, which included bulldozers (22), motor graders (39), dump trucks (111) and fire trucks (86), totalled about \$20.8 million.

After the tedious process of inviting, reviewing, and awarding bids during the second half of 1981 and the first half of 1982, shipments comprising the bulk of the first DSF procurement order began arriving at the port of Alexandria in late spring and summer of 1982. Lengthy delays (in some cases more than 5 months) due to the customs clearance process of the GOE meant that the first DSF equipment was not actually delivered to the rural governorates until October 13, 1982.

Thus, although this evaluation occurred during the second operational year of the DSF activity, the first equipment had only been used a maximum of 3 1/2 months at the time its impact was to be evaluated. At the time this evaluation was planned in the fall of 1982, the extensive delivery delays caused by the customs clearance process were not anticipated.

C. Evaluation: Purpose and Methodology

The evaluation plan in the DSF project paper states that four major evaluations will be conducted during the life of DSF: (a) a baseline evaluation; (b) two special evaluations (one emphasizing budgetary

developments, the other emphasizing end-use and impact of DSF equipment); and (c) an end-of-project evaluation. However, this original evaluation scheme was modified in the first project amendment which states that "the Mission plans to incorporate the evaluation of DSF within the overall scheme of decentralization evaluation planned by the USAID... in addition, a management assessment of the DSF as a development tool will be developed... to measure the impact of equipment utilization" (DSF PP Ammendment - USAID/Cairo - P.18).

The purpose of the present evaluation is to comply with the latter component (i.e. the "management assessment") of the DSF evaluation plan. Due to delays during the equipment procurement phases of DSF, this evaluation was performed just three months after the first equipment (bulldozers and road graders) actually arrived in the various governorates. Thus, although this evaluation occurred only shortly after a small fraction of DSF equipment was distributed, it presents an opportunity to make mid-course corrections in the overall direction of the activity after the experience of the first round of DSF equipment procurement.

The methodology employed in this evaluation involved: (a) the selection of a sample of the 21 rural governorates for field visits; (b) extensive structured interviews with GOE officials at the governorate, district and village levels; (c) on-site inspection of all DSF equipment in the selected governorates; (d) on-site interviews with engineers, operators and mechanics and inspection of maintenance records and facilities; (e) extensive interviews with equipment dealers and agents and inspection of their maintenance/parts/service facilities in Cairo and Alexandria; (f) a review of the entire DSF procurement process; and (g) an inspection of the port facilities in Alexandria through which all DSF equipment arrives in Egypt.

Of the 21 rural governorates covered by DSF, seven were selected as a representative sample for the evaluation process. The governorates reviewed were Beni Suef, Fayoum, Giza, Kafr El-Sheikh, Menofia, Red Sea and Sharkia. Thus, the evaluation covered Upper Egypt, Middle Egypt and the Delta.

At the time of the evaluation, some 116 pieces of equipment (bulldozers, road graders and dump trucks) had been distributed overall. The seven governorates selected had received 33 units. Thus, the evaluation team covered one-third of the DSF governorates, nearly one-third of the equipment delivered, and all of the respective dealers/agents.

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II. PROGRESS TO DATE, PROBLEMS AND IMPLICATIONS

A. Overview of DSF Governorates

The following presents a brief sketch of each of the seven governorates selected as a representative sample of all rural governorates. They are reviewed in the order of the visitations.

Beni Suef was the first governorate visited. The first priority of the governorate with respect to DSF procurement has been the completion of laboratory facilities at the local University's School of Veterinary Medicine. (See Appendix D Governorate Priority Analysis). Road maintenance equipment seems to be the second priority.

The laboratory equipment, valued at \$770,000, has not yet arrived. The road equipment which has arrived consists of one road grader and one bulldozer. However, as was the case in all seven governorates, the spare parts have not yet arrived. In Beni Suef both units were idle awaiting the receipt of the parts because the governorate, despite the one year warranty, did not want to use the machines until they had received their allotment of spare parts. The road units are presently parked at the governorate maintenance yard. The governorate is apparently planning to use local funds to construct a parts storage and maintenance facility for the DSF equipment in the future.

In terms of future DSF procurement, the governor expressed a strong desire to do local procurement instead of centralized bidding. He felt that the procurement delays have been excessive. With respect to the veterinary laboratory equipment, it appears that the DSF commodities will allow the school to become operational. (It is noteworthy that the governor was formerly dean of the local university where the veterinary laboratory is located.)

In Giza governorate, the top priority thus far for DSF procurement has been sewerage removal equipment. Although the 13 sewerage tank trucks ordered had not yet arrived, 12 dump trucks had arrived and been distributed to each district. In fact, the dump trucks had already been used for sewerage removal during the recent sewerage crisis in Giza.

No maintenance training for mechanics and operators at the district level has been done yet pending the arrival of additional DSF trucks. The trucks will be maintained by each district at their respective maintenance facilities.

Because a large portion of Giza is viewed as part of greater Cairo, and because the dump trucks are a type already familiar in Egypt, access

to spare parts and maintenance should not be a major problem. Rather than waiting for the DSF-funded spare parts to arrive, the Giza mechanics have apparently already serviced their trucks with filters and lubricants obtained locally.

Located in the delta where high ground water level is a ubiquitous problem, Menofia governorate gave top priority to sewerage removal trucks. Although the sewerage trucks have not yet arrived, the evaluation team inspected a road grader purchased under DSF and inspected the governorate's maintenance facility.

The governor of Menofia complained strongly about the DSF procurement process. He feels that the required use of a single procurement trading company has two distinct disadvantages: (a) the 10 percent to 12 percent commission, which he mistakenly believes the trading company receives (the actual figure is 2%); and (b) the inherent and excessive delays of centralized procurement. As a solution, the governor feels that if the governorate staff could negotiate directly with the importers both the fee and the delays could be significantly reduced.

Among other uses of DSF equipment, the Menofia governorate plans to rent certain units to private sector contractors. Income from these rental activities will apparently be used for salary incentives and equipment maintenance.

In Fayoum governorate, road maintenance equipment was the top priority in the first round of DSF procurement. Two road graders and one bulldozer had arrived at the time of the evaluation team visit. The governor is satisfied with these units, but is concerned about the delayed arrival of other DSF equipment -- especially the village water purification units.

Additional equipment requests from Fayoum will include back-hoes for the maintenance of irrigation canals. Partly because of its close proximity to the Helwan and Cairo industrial centers, rural labor for road and canal maintenance has become relatively scarce in Fayoum.

The DSF road equipment inspected in Fayoum had already been deployed to various districts and appeared to be receiving heavy use and some maintenance. Rental of DSF equipment to private sector firms for purposes of local income generation is also planned in Fayoum. The governorate is especially active in promoting private sector tourism (e.g. motel/beach club complex) and production (e.g. fish farms) in the Lake Qarun area of the governorate.

In Kafr El Sheikh governorate, the first round of DSF procurement was about evenly divided between road maintenance, sewerage removal and

emergency equipment. Located in the delta with high ground water levels, Kafr El Sheikh has extremely bad sewerage removal and road maintenance problems in both its urban and rural districts.

At the time of the evaluation, three road graders and one bulldozer had arrived in Kafr El Sheikh. There is only one maintenance center to serve all nine districts in the governorate; therefore, all DSF equipment will be controlled from the central city.

There is not currently an adequate warehouse for the storage of DSF spare parts at the central maintenance facility. It is not clear when -- or if -- a warehouse will be constructed. They are also considering the possibility of using an existing building as a warehouse if it is suitable. Furthermore, only one technician from Kafr El Sheikh attended the equipment maintenance course for technicians provided by the John Deere dealer and no governorate engineers attended the compatible course for engineers. Perhaps it was only coincidental, but all three of the road graders in Kafr El Sheikh had already sustained mechanical or hydraulic problems with one being completely inoperative and a second capable of only limited duty due to a serious hydraulic leak. Within 5 days of our visit a John Deere service crew alerted by project staff had reportedly repaired the three graders.

The governor of Kafr El Sheikh indicated that DSF equipment will be used to implement and maintain other USAID-funded projects (e.g., "Basic Village Services") in the near future. It will also be used to support several production facilities (e.g., hatcheries and fish farm) operated by the governorate.

In the delta governorate of Sharkia, where excessive ground water is a serious problem, sewerage removal and road maintenance are constant problems. These conditions are reflected in Sharkia's priorities with respect to DSF equipment procurement where both road equipment and sewerage dump trucks were ordered. However, at the time of the evaluation only two road graders and one bulldozer had arrived.

Both road graders had already been assigned to the two largest districts. The bulldozer was based in the maintenance center in the capital city and was on call for the entire governorate. However, no provision has yet been made for storage of the DSF spare parts.

The evaluation team reviewed a work schedule for the road graders assigned to the districts. Work requests from the various village units were ranked by priority and scheduled weeks in advance. One road grader had just been used in an emergency capacity when an electrical transformer station exploded and left the town of Belbeis without electricity. The grader was used to construct a temporary road through a canal so that new transformers could be moved into place.

It appeared that none of the operators and mechanics had yet been trained by the dealers which provided the machines. Perhaps as a result of this missed opportunity, the routine maintenance of Sharkia's three machines could only be described as fair. Maintenance logs were not being maintained on any of the machines.

The Red Sea governorate appeared to be the most impressive of all governorates evaluated with respect to maintenance planning, facilities and capabilities. Four road graders and four bulldozers had arrived and already been distributed to each district.

Road maintenance and construction of secondary roads was clearly the top priority of the Red Sea governorate: some 71% of their DSF funding was devoted to road equipment. The governorate operates a well-equipped machine maintenance center in the capital city. Adequate lockable storage space is already available for the DSF-funded spare parts. In addition, a mobile equipment repair shop is operated by the governorate to serve the outlying districts.

The governor indicated that road equipment will continue to be the top priority under the DSF program. However, he is not in favor of doing the international procurement at the governorate level, perhaps recognizing the relative disadvantages of distance and accessibility inherent in this and most other Upper Egypt governorates.

B. Contributions of DSF to Decentralization

The DSF project is making significant, and in some areas, unique contributions to Decentralization Sector objectives. It is unique in that its impact is spread through the different levels of local government. While initially conceived as utilized mostly at the governorate level, the evaluation team found that in many cases, equipment procured by the governorate was distributed to individual districts. It seems also that through village council requests, equipment is being used for village level projects. DSF is also unique in that it represents the first foreign exchange budget allocation that many governorates have seen. Furthermore, by explicitly committing a specific funding level for each governorate, it requires local units to analyze their own priorities and develop their own investment plans. The TLG's efforts to develop maintenance capabilities and relationships with private sector equipment dealers is a key institution-building process which will allow increasing self-reliance on the part of local government units. Finally, several governorates have plans to rent certain pieces of equipment to private contractors during slack periods. This has the potential for generating a significant amount of local revenue -- thus helping to alleviate the principal constraint to decentralization

identified in the recent Sector Assessment (See The Decentralization of Local Government in Egypt. A special Assessment for USAID - Kerr, Amato, Fox, Omar, Ghannim - USAID/Cairo January 1985).

Geographically, DSF covers all 21 rural governorates and thus has the potential to complement all other decentralization projects. Although the team did not visit a specific site where both BWS and DSF related activities coincided, it is clear that the two projects are very complementary for DSF equipment can be used to help construct and maintain small water and sewage projects. According to governorate staff in Fayoum and Menoufia, DSF equipment is already being used to support BWS village level infrastructure projects. The DDI project stands to benefit less from DSF funded equipment since it does not generally involve construction activities. However, better grading and maintenance of roads can help lower transportation costs for DDI-generated products sold in local markets and make the use of DDI funded village minibuses for farm-market transportation much more efficient.

There is some risk of overlap with the Provincial Cities Project. For example, it was discovered that both projects were interested in financing maintenance centers. This issue was resolved by discussions between the TLG and PCD engineers. However, particularly close coordination between these two projects is necessary to maximize complementarity and avoid duplication of effort in potential equipment procurement. It is recommended therefore that periodic coordination meetings be held between PCD and DSF staff on a regular basis. This should be done both at USAID through periodic discussions with project staff and in the field through discussions between TLG members and PCD Resident Advisors.

C. The Procurement Process

The procedure being used to procure equipment under the initial \$ 50 million tranche requires close cooperation between AID, GOE, and the governorates. Before the governorates make their DSF equipment request to AID, the TLG engineers must familiarize governorate personnel with the specific types of eligible equipment that are commercially available to solve various governorate needs. After receiving initial equipment requests from the governorates, the TLG engineers worked closely with each governorate to help them refine their requirements list and prepare the associated Requirements Analyses, performance standards, and technical specifications.

In Washington, SER/COM developed and refined the specification and terms of the tenders so that they were appropriate for U.S. bidding. They also issued the IFB notifications of procurements. Close coordination and cooperation is required between SER/COM, USAID/Cairo, TLG, MIIC, and governorates throughout the bidding procedure.

1. Governorate Participation:

In order to insure that each governorate receives as much responsibility as possible in local development activities, the various governorates, with the assistance of TLG, are taking an active role in requesting, justifying, and specifying equipment for their individual governorates. On the other hand, the governorates have not had as active role in the procurement process from the time the bid notifications are issued by SER/COM until they accept delivery from the trading companies selected by MIIC to represent the governorates in the procurement process. In some instances, governorate personnel visited post-contract signing suppliers to review equipment and confirm performance standards.

Out of seven governorates visited, four expressed concern about equipment delivery delays at the port. The Governors of Menofia and the Fayoum would like to take more active roles in the procurement process. The Governor of Menofia feels that his governorate's past procurement experience would enable it to do a more efficient job of procurement than is presently being done by the GOE trading company agent. Due to the large amount of common equipment being procured by all 21 governorates, it is necessary to have consolidated procurement in such areas as receiving and evaluating of bids, recommending bid awards, opening letters of Credit (L/C), receiving and inspecting equipment, and handling customs clearances. On the other hand some governorates, such as Menofia, share valuable experience in equipment procurement that could be used by MIIC and TLG in streamlining and improving procurement procedures.

2. Trading Company Involvement

Procurement procedures under the initial DSF tranche place responsibility for consolidated procurement with MIIC. They in turn, contracted with two public sector trading companies to receive and evaluate bids, recommend awards, sign contracts, open letters of credit, secure ocean insurance, receive and inspect consignments, oversee port handling and customs clearances, and distribute equipment to governorates.

ECC, which has procurement contracts for the 22 bulldozers, 39 motor graders, and the 111 dump trucks, receives a 2 percent fee for its services. Due to various procedures delays, the dozers and graders were in Alexandria almost 6 months before being distributed to the governorates. The dozers arrived in Alexandria last summer in three shipments between the end of June and mid-August. The graders arrived in the first week of May 1982. The 55 small dump trucks (4 cu.yd.) arrived in July, while the 56 large dump trucks (6 cu. yd.) were received last October. The small dump trucks were delivered in December and the large ones are currently being delivered.

Spare parts, which were received from the manufacturers in sealed boxes, are still being held by EGC because they do not want to release them until an inspection procedure is worked out that legally relieves EGC of any responsibility to the governorates for shortages or damages. TLG is working out a procedure for checking the spare parts boxes against the packing list that is agreeable to EGC, the manufacturer's agent or dealer, and the governorates. The 86 fire trucks were received by TEC in November and are being distributed this month after TLG helped resolve some damage claim disputes that occurred during unloading. TEC will also be receiving the 195 cesspit emptying/ sewage dumping trucks.

As an alternate to using public sector companies to receive and distribute equipment, the Governor of Menofia feels that private sector trading companies would be more responsive than public sector firms in making timely distribution of equipment. Likewise, he feels that qualified private sector companies would probably be more cooperative in establishing working relationships with various governorates. As a second alternative, many equipment dealers have free zones and receiving facilities at the ports for receiving equipment from the manufacturers. Dealers like Eleckressadia for International Harvester and Mantrac for Caterpillar are qualified and experienced in acting as the consignee for equipment. They also have more incentive for expediting customs clearances and equipment distribution in order to collect on the L/C, avoid having idle equipment tying up their storage space, and to establish and maintain good customer relations (namely, with the governorates).

3. Equipment Selection

The DSF equipment that has been selected by the 21 governorates under the initial \$2.3 million per governorate allocation is presently in various stages of procurement. Over \$ 17 million worth has arrived and has either been distributed or is in the process of being distributed. The status of the balance varies with some still under review by SER/COM, some out on bid, some awarded, some awaiting L/Com issuance while some equipment is on route from the US to Egypt.

All the equipment procured to date meets the eligibility requirements set forth by MIIC and USAID. Much of the credit for this must go to TLG for their intervention and direct assistance to the governorates in assessing the governorate needs, justifying the equipment, and generating the performance specifications. Likewise, the responsibility for developing the technical specification and the terms of tender items that are peculiar to the specific equipment (warranty, spare parts, tools, inspections, training, etc.) has fallen solely within the jurisdiction of the TLG with local review by the governorates. The equipment that has

arrived so far has been well specified for its intended use. The TLG engineers have a good working knowledge of those types of equipment and the manufacturers who build them and the intended local government utilization.

The two types of fire trucks that were purchased from FMC Corporation were a first for rural Egypt and TLG. They are the first American style fire trucks to be widely incorporated into a formerly British system of fire fighting and equipment types. The specifications detailed in the IFB were in accordance with Egyptian Civil Defense requests. Future orders should consider the relative merits in Egypt of some U.S. National Fire Protection Association standards used by U.S. manufacturers. For example, the Budd-type wheels used on the rear of the attack pumper is used mainly on over highway trucks due to their ability to hold balance and alignment longer. They are not interchangeable with the cast spoke wheels as were used on the front of the trucks. The medium pumper has electric solenoid operated fuel shut off valves for the diesel engines. If manual shut off valves had been used, the trucks would have been capable of being push started in the event of dead batteries or an electrical system failure. Likewise, with the three batteries in parallel at all times, a bad cell in one is capable of discharging all three batteries. A battery selector switch could avoid this possibility.

When developing specifications for equipment that is new to the governorate and TLG, the TLG engineers are dependent on existing reference materials and manufacturers sales representatives or dealers for information on the availability of equipment, as well as, applications and performance capabilities. They presently have no efficient method for securing the latest technical modifications on equipment currently in production or data on new state of the art equipment which is not yet promoted in Egypt.

SER/COM has been blamed for some time delays between receipt of bid packages from Cairo and issuance of the IFB to prospective vendors. These delays apparently stem from a combination of large work loads and manpower shortages. Their contribution to the development of the IFB has been mainly to insure that the specifications are not overly restrictive and that the IFB is appropriate for U.S. biddings.

D. Equipment Arrival and Distribution

Upon arrival in Egypt, the equipment is unloaded by the stevedoring company representing the ocean carrier's Egyptian shipping agent. After clearing customs, the public trading company agent to whom the equipment is consigned must transfer the consignment to his own storage facilities. There each shipment is checked against the packing list, inspected for damage, and finally distributed to the governorates when all the paperwork is in order.

1. Port handling Procedures

The equipment that has been received to date has all come aboard either LASH barges or on cargo vessels. The 86 fire trucks were shipped on two different vessels with the 56 twin agent pumpers arriving on LASH barges and the 30 initial attack pumpers arriving in the hold of a cargo vessel. Because of their design, compartmentalized body on a sturdy chassis, fire trucks are more susceptible to damage than most other types of vehicular equipment. Forty four out of fifty six of the medium pumpers had some body damage because the slings used for unloading had spreaders that were too short.

The sturdy design of the graders and dozers makes them less susceptible to handling damage, and in addition, they have lifting eyes for rigging cable hooks. The dump truck unloading was also uneventful, mainly because the dealer had his representatives present during unloading to oversee the operation.

As with most ports around the world, pilfering of tools, parts, and accessories or other items off of the equipment is not uncommon at the Port of Alexandria. The tools that were sent with the graders and dozers were the most noticeable items claimed as stolen from the shipments received to date. (An investigation is currently underway to determine if the tools were actually stolen or simply not shipped). It is next to impossible to determine exactly where and when such incidents occur, but they are usually minimized when consignments move from vessel to consignee with a little delay as possible.

There were some customs delays associated with the first DSF equipment shipped, mainly the dozers and graders. These are minimized when the manufacturer correctly fills out the proper shipping documents and distributes them before the equipment arrives in Egypt. The most important documents that must always be distributed for this type of equipment are the original bill of lading, insurance certificate, certificate of origin, packing list, and an itemized commercial invoice.

2. Distribution of Equipment and Spare Parts

As discussed in Section II. C.2., there were distribution delays by EGC of several months for the dozers and graders and shorter delays by TEC with the fire trucks. The reasons vary, but when the documents are correctly filled out and distributed on time to the National Bank of Egypt and other interested parties, the delays are usually minimized. In the case of the spare parts, which have yet to be distributed for any of the equipment, the problem is one of not having a clear cut shipment verification procedure that is agreeable to the trading companies, the dealers or agents and the governorates. TLG engineers

have worked out a tentative solution that will hopefully be agreeable to all parties. The main concern at the trading companies is that if they open the sealed spare parts boxes to check them against the packing list, then the governorates could hold them liable for any shortages that occur after distribution.

E. Dealers, Agents, Warranties and After Warranty Services

All American equipment manufacturers who import their products into Egypt must be represented by an Egyptian agent or a branch office. The GOE also requires that this agent show he is capable of performing maintenance and maintaining a reasonable spare parts inventory for his products. At this point all similarity between agents and/or dealers ends.

1. Product Support Capabilities of Dealers and/or Agents

The dozers, graders, dump trucks, and fire trucks have been received and the sewage trucks are in shipment. In total, these represent 258 pieces of equipment from four different U.S. manufacturers. All four have agency representation in Egypt with established dealers.

a. Caterpillar - Mantrac is the sole Caterpillar dealer with product support branches in Cairo and Alexandria. The main office and service facility is located in Alexandria. They are by far the most progressive of the four dealers with major investments in staff, facilities, tools and equipment, inventories, and product support programs. Caterpillar is their major line with a few other related lines. They have about 30 service vans serving a fleet of some 2,200 Caterpillars. There are eight other 814B wheel dozers in Egypt besides the 22 DSF dozers. Mantrac has over 250 employees, a modern well equipped service center and a well stocked part distribution warehouse.

b. John Deere - The John Deere dealer is Industrial Engineering Company with office, service center, and warehouse facilities located in Cairo. They represent 12 major equipment lines from several countries. These 12 companies have about 2000 machines already in Egypt with the John Deere fleet representing 366 of them. There are 16 other 670A graders in Egypt besides the 39 DSF graders. They have a service fleet of five vans with a sixth one reportedly being set up to service just the DSF graders. Their service personnel work on all the different types and brands of equipment and it is doubtful that the new John Deere van can give timely service to all the governorates with 670A equipment. Industrial Engineering Company does not have the same product support commitment to John Deere that Mantrac has for Caterpillar.

c. International Harvester - Elektessadia Automotive and Engineering is the dealer for International Harvester with main office and service centers in Cairo. While they represent about 12 other major lines of trucks and equipment and numerous support lines, they have a well managed organization with a strong commitment to International Harvester services. International Harvester has its own parts and service organization within the dealership, four service vans and about 28 service personnel dedicated to an International Harvester fleet of around 2,200 vehicles. The dump trucks and sewage trucks are already common to Egypt and should pose no major support problems.

d. FMC Corporation - FMC is represented in Egypt by PICO which has service facilities in Cairo. PICO did not handle fire apparatus when FMC was awarded the DSF contract, although they did represent FMC Material Handling Division and the Food Services Equipment Division. PICO will now handle warranty service for the fire trucks and will set up a service van to handle the DSF fire trucks only. The service arrangement for the fire apparatus still needs a lot of refining and development.

The chassis for the fire trucks are manufactured by General Motors and service on them will be handled by one of the GM dealers in Egypt (Magar Bros.) who already has the qualifications and facilities to handle service. Although the existing GM chassis fleet in Egypt consist of predominantly light chassis, Magar Bros. should have no problem adapting their service facilities to handle the medium chassis fire trucks. FMC and GM in the US are strongly committed to building the fire apparatus fleet in Egypt and are considering a joint service facility for fire apparatus if a Magar and PICO arrangement cannot be resolved satisfactorily.

2. Warranties and After Warranty Service

All four manufacturers have one year material and/or workmanship warranties as provided for in the terms of the tenders. Although all the manufacturers and dealers express good intentions about performing quality warranty service, only time will tell. The dozers, graders and small dump trucks are the only items that have been completely distributed to the governorates. The graders have been in the field since November and the dozers and small dump trucks since December. Mantrac has made post-delivery visits to about half of the governorates and reportedly will finish the other visits this month. The John Deere dealer has made some visits to governorates but did not have a definite schedule as to when all the initial visits would be complete. In the Fayoum governorate, the evaluation team found one grader down with an electrical warranty problem, and the governorate had been waiting about

10 days for the dealer to resolve it. The governorate had reportedly notified the dealer several times about their problem but to no avail (this problem was corrected a few days after project staff contacted the dealer).

As discussed previously, all the dealerships have varying capabilities for performing warranty service and after warranty service. Due to the nature of the equipment and the small number assigned to any one governorate, the dozers and graders will benefit the most from some sort of after warranty service. Full service contracts may not be appropriate, but periodic technical analysis by dealers could help reduce down time and extend service life. This need will depend on the individual governorate maintenance capabilities and the continued desire to budget such services.

F. Use of U.S. Government Excess Property

A number of difficulties were encountered in clearing Excess Property Shipments through the Alexandria port. The standard commercial documents were not used and different parts of the same piece of equipment were shipped in different containers and mixed with other military shipments. Sorting out and clearing the shipment proved to be a major undertaking which caused significant delays in equipment delivery. Although these problems have now been resolved and new procedures established it seems useful to outline the major advantages and disadvantages of using excess property in this project.

Advantages:

- 1- Lower prices.
- 2- If no reconditioning of equipment is required, delivery times are short.
- 3- Reconditioning of equipment prior to shipping usually brings it to 90% of new condition.
- 4- Shipping cost are lower since military channels are used.
- 5- Spare parts can be lower in cost as they qualify for special discount when procured through military channels.

Disadvantages:

- 1- Shipment has to be made through Military Sea Lift command which uses no bill of lading and mixes equipment with other shipments. The absence of a bill of lading requires project staff to obtain a special letter of guarantee from the U.S. Consulate in Alexandria for every shipment which certifies the name of each consignee.

- 2- There is no maritime insurance covering excess property equipment.
- 3- Because it is used equipment, a special decree is required for each shipment in order to obtain customs clearance.
- 4- There is no warranty on the equipment and in some cases no local dealers are available.

Because of the constraints listed above, it is recommended that use of excess property be reserved for cases where substantial savings in project costs will result. Furthermore it is recommended that a particularly careful assessment of long term maintenance requirements be made before procuring items not serviceable by local dealers and that preference be given to makes and types of equipment which have local dealer servicing available in country.

G. Training: Engineers, Technicians, and Operators

All four dealers have established training programs for their respective equipment. Training must be provided by the manufacturer and/or dealer as prescribed in the terms of the tenders with an outline of the suggested training being approved in advance by the TLG in advance.

Industrial Engineering Company has already provided training for the John Deere graders. They had a one week course in Cairo for engineers and one week for technicians. They are training operators in the governorates during their first post-delivery visit. Some graders seen by the evaluation team visited with graders already had as much as 300 hours operation. Likewise, some governorates we visited have not yet received their first visit from the dealer. Some graders were obviously not receiving proper daily care, a condition which in most part stems from lack of operator training.

Mantrac, who is the Caterpillar dealer, has already had a one week course for engineers and a one week course for technicians and operators. Both courses were held in their Alexandria facilities. Operators are also being trained in the governorates during the post-delivery visit by Mantrac.

FMC had a factory representative from the U.S. conduct a one week class for operators in Cairo at the Civil Defense Facilities. The factory representative also conducted hands on operation and maintenance training for PICO service personnel. This training was conducted at the TEC facilities in Alexandria where the actual fire trucks were checked out and prepared for delivery. The factory plans to give more training to PICO personnel during the course of the warranty period.

Elektessadia is planning to conduct a class in March at their Cairo office and at the service center. They will have a three day session for engineers and a two day session for technicians. Operator training will be conducted in the governorates.

In all the formal classes conducted in Cairo and Alexandria so far, the main problem has been that some governorates did not have any representation or did not have adequate representation for specific types of equipment. This was due in most cases to insufficient governorate paid per diem for the attendees and the fact that some governorates do not make attendance mandatory. The Mantrac classes, for example, had 10 engineers in the first session and 22 technicians in the second session. The 22 dozers were distributed among 15 governorates which indicates that all governorates were not represented in the Mantrac classes. Attendance in the Mantrac classes would probably have been better had adequate advance notice been given to all the governorates that this dealership was paying living expenses in Alexandria for trainees attending their classes on DSF dozers.

H. Maintenance and Parts Storage Facilities

Most governorates have existing maintenance garages located in the capital City of the governorate. The more populated governorates such as Kafr El Shoikh, have large equipment garages where governorate vehicles and equipment are based. These facilities usually have the necessary equipment to perform lubrication and some maintenance services. The more remote and densely populated governorates usually have very little in the way of facilities and equipment, although, they should be able to perform the required warranty services and lubrication.

When visiting the Red Sea governorate, which is not densely populated and is somewhat remote, we found a grader and dozer combination assigned to each of four major towns including the capital of Hurghada. We visited a new garage for governorate equipment in Safaga, and reportedly the governorate has built garages in the other two towns with DSF equipment that we did not visit. Hurghada already had a garage and a new maintenance facility that was being equipped with new machinery including an engine lathe, milling machine, surface grinder, power hack saw Hartidge diesel injector testing equipment, etc.

The project is providing funds for each governorate to build a 200 square meter parts warehouse for storing all USAID procured spare parts on all DSF projects. Some governorates are allocating space in existing facilities that satisfy the storage facility requirements or they are building the warehouses with local governorate funds.

I. Governorate Maintenance and Service Capabilities

Maintenance capabilities at the governorate level vary, but for the most part, these capabilities do not extend much beyond the ability to perform lubrication, routine service checks and adjustments, and some minor maintenance. After receiving only one or two weeks of class on a specific piece of equipment, technicians and mechanics for the most part, will go back to doing things the old way upon returning to their governorates, in the absence of extensive monitoring and follow up.

Accurate record keeping at the governorate level and below is rare. Most of the seven governorates visited were keeping some sort of operator logs on use of the equipment, but none of them were maintaining maintenance and lubrication service records as far as could be determined. Also, only one of the towns had provisions on the operators log for the operator to record his daily checks.

In some governorates, technicians who want to do good maintenance on the equipment will be fighting a system which often rewards operators who get the most utilization out of their equipment. In such cases, it is hard, if not impossible, for technicians to take machines out of service for preventive maintenance or service checks. Technicians are sometimes inticed to tamper with thermostats on governors or engines, make adjustments or changes to injector systems on diesel engines, remove engine air filters, and numerous other things in an effort to increase performance at the risk of damaging or shortening the service life of a machine.

Historically, the only way these problems have been solved in the past is to reprogram engineers and technicians with months of training. To date, all such successful retraining programs have been done in private sector companies such as Mantrac or the oil companies.

J. Impact on the Private Sector

Since the DSF project was designed, AID has developed new strategies to achieve development objectives. One of the more important new strategies involves the promotion of indigenous private sector enterprises. Because of this, the Evaluation Team made a particular effort to seek information to permit at least a rudimentary assessment of DSF's role with respect to the private sector.

The private sector in rural Egypt is for the most part concentrated in seven areas: farming, artisanal crafts, transportation, construction, some manufacturing and tourism.

Our field investigations suggest that the only area of potential competition between public and private sectors, as a result of DSF financed equipment, is in maintenance of rural roads. The equipment selection criteria which fall under the project agreement, stipulate that DSF equipment shall not increase governorate capacity to construct new roads, but will permit maintenance of existing roads. Although some heavy equipment, such as wheel type dozers and road graders, has been financed, the evaluation team found that this equipment was not of the type or quantity needed to permit new road construction. The evaluation team also found that while large private Cairo-based road building contractors are heavily involved in rural road construction, few if any are interested in undertaking small municipal level maintenance jobs. This is due in large part to the high cost of renting and transporting heavy equipment from Cairo and Alexandria where most equipment is based and maintained, to distant work sites.

Small local entrepreneurs on the other hand, simply do not have access to the foreign exchange financing needed to purchase large capital equipment. This is primarily due to underdeveloped foreign exchange credit markets and the banking sector's propensity to restrict lending to short term equity backed loans (see Ahmed Foda's 1982 study of Banking Institutions in Egypt II/FI-USMID/Cairo). Therefore, it appears at this time that DSF financed equipment does not compete in any direct manner with the private sector in rural Egypt.

On the other hand, the evaluation team found a number of areas where indigenous private enterprises benefit significantly from DSF related activities. Some of these benefits are potentially quantifiable in money terms. For example, private truck and taxi operators in particular stand to gain from improved road maintenance which permits better access to more villages. One taxi driver interviewed at a site where a DSF road grader was working stated that this particular road had last been graded one year ago. For his needs he explained that one grading per month was the minimum required to permit safe, reasonably rapid, access to smaller towns and villages.

Several governorates have policies which permit leasing equipment to small local contractors when not in use on municipal projects. It appears that these new leasing sources could increase the ability of local contractors to take on more jobs at lower cost since charges related to transportation of equipment would be substantially reduced. Finally, national level equipment dealers, some of whom are 100% Egyptian-owned and who represent U.S. manufacturers stand to benefit directly from increased business associated with servicing and providing parts for DSF financed equipment over the long term life of this equipment.

Less quantifiable but equally tangible benefits to the private sector were also found to exist. A "demonstration effect" was exemplified in Beni Suef where a local private contractor asked a USAID project engineer about the availability of DSF equipment being inspected. He had not realized that this equipment was now available in Egypt through equipment dealers. An "industrial park effect" was found in Fayoum and Red Sea Governorates where DSF equipment was used to upgrade roads and level land to help retain and attract private industries. Fayoum was using equipment to grade a road leading to a modern joint venture brick-making kiln (90 percent owned by Egyptian Private Sector, 10 percent owned by Fayoum Governorate). The Red Sea governorate had used DSF equipment to grade land being sold to private firms as part of a major tourism project in Murgahada. The presence of DSF fire trucks are also likely to encourage moderate and large private industries to build facilities in areas previously considered too remote from essential services. Finally, and perhaps most importantly, DSF is providing a new opportunity for local government staff to learn through experience what private sector firms, in this case equipment dealers and service agents, can do for them. In a country seeking to leave behind a history of conflict between the private and public sectors, these kinds of opportunities are essential. Because it structures its transactions through local equipment dealers, DSF is acting as a catalyst for encouraging productive interactions between public and private sectors in Egypt.

In conclusion, the evaluation team found that DSF related activities do not appear at this time to compete with private sector enterprises in Egypt. Given the huge gap between demand and supply of services in rural areas, it seems unlikely that such competition will be a significant factor in the near future. Because it introduces new types and makes of equipment in transactions structured through local representatives and service agents, DSF is supporting the long term growth and institutionalization of key relationships between increasingly autonomous local government units and steadily growing private enterprises.

K. Political Impact

While USAID projects in general are not explicitly designed to contribute to particular political objectives, it is the case that they may individually or collectively contribute to ongoing political changes. Given the strongly political background of USAID's role in Egypt, and the official U.S. community's interest in the political effect of USAID programs, it was deemed appropriate to make some brief comments on the topic as it relates to the DSF project.

One can analyze DSF's political dimension in terms of how it relates to two key political relationships: 1) the relationship between U.S. and

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Egyptian leadership and 2) the relationship between Egypt's leadership and the rural population. A fundamentalist oriented member of the People's Assembly representing a district in the Delta recently characterized the relationship between the rural population and Egypt's leaders as a type of patriarchal family contract whereby obeisance and respect to the leaders is given in exchange for protection and assistance in meeting the economic challenges of everyday life. Since the 1952 revolution, he explained, the leadership has met its part of the contract essentially by spreading consumption and investment resources in a way which make local districts feel they have received attention comparable to that received by their neighbors. This is at times done at the expense of providing completed projects.

The effects of the "open door policy," However, is perceived in rural areas as contributing to a break in the contractual agreement between the government and the people. By allowing the growth of a new generation of wealthy urban elites who are allowed to retain their wealth and thereby consume luxury goods and live in luxury urban housing, the average rural man has begun to feel left out and forgotten since resources no longer seem equaily distributed. Furthermore the influx of Western consumption styles and importation of Western expertise and consultants has undermined a sense of confidence in individual self-identity. Other observers suggest that this phenomenon is particularly strong among young upwardly mobile males who have recently migrated from rural to urban areas. A turn to a more fundamental form of Islam becomes a means to overcome the challenge to self-identity.

From the point of view of Egyptians, the U.S. relationship with Egypt is inextricably linked to the "open door" policy and its consequences. Among many who are not familiar with USAID activities, there is often an impression that AID programs are not improving their lives and that AID monies are going into the wrong pockets. The recent events in Lebanon have further promoted the idea that the current relationship between the U.S. and Egypt is not in the best interest of the Egyptian people.

The DSF project along with other Decentralization Projects (and the Basic Education Project), has recently entered a stage of implementation where numerous completed activities can begin to help reverse the impressions mentioned above. Local governorates have been notably quick to use newly arrived equipment to respond to demands on the part of local village and city councils. During a recent sewage overflow crisis in Giza, DSF dump trucks were brought directly from the port of Alexandria to the site to assist in emergency repair work. In Fayoum, as in other governorates, the new equipment was heavily advertised by governorate staff and village councils were invited to submit work orders for projects which needed this type of heavy equipment. In some cases, graders and dozers were delivered by the governor to each markaz and

placed in the hands of markaz level government units. This process will continue with each of the pieces of equipment expected for delivery this year. In this manner DSF equipment is used by governorate leaders to directly contribute to the welfare of their populations. In turn, local villages, through successful elected council's requests, are made to feel part of the development process.

When a young bystander in the village of Men Shat Abdal in Fayoum was asked who had brought the new dozer to repair the road leading into the village, he responded by saying the village council had arranged for it. When asked where the equipment came from, he noted the AID hand-clasp emblem and said it came from America through the Egypt - U.S. cooperation. Bystanders polled at various other sites where equipment was operating had similar answers. The feeling seemed to be that through a series of personal contacts through several layers of government from local villages to national ministries and ultimately through cooperation with the U.S. government, new American equipment had arrived to help improve their village.

Unlike other infrastructure projects where subactivities tend to have a one time political impact once completed, (e.g. water projects), DSF can provide local governments with the means to have repeated impact on local populations as successive requests for equipment use are granted. Furthermore, DSF achieves this without the use of foreign technical consultants. The high visibility of large new pieces of machinery along with the familiar AID hand-clasp symbol remembered by many here from the "Point-Four" food programs of the 1950's completes the message that somehow the U.S. is helping Egypt's leaders respond to local needs.

While it is difficult to judge how large an impact this can have on a national scale, it seems clear that at local levels the impact can be quite significant as it is multiplied again and again by the literally hundreds of units of DSF-funded equipment upgrading, repairing and maintaining local facilities in hundreds of rural villages and towns.

L. Project Management

The DSF project has at times been compared to a CIP program. In fact, aside from the use of AID/W SER/COM offices for commodity procurement, the project is structured more as a standard AID project than a CIP program.

Management of DSF is the task of a full-time project officer. The project officer, in directing the work of a Technical Liaison Group (TLG), functions in many ways as a chief of party. His responsibilities include working with the SER/COM office in Washington which is charged with adjusting equipment specifications to U.S. industry standards.

The TLG is currently comprised of four senior FSN engineers. These engineers provide technical assistance to local government units at governorate and markaz level by providing advice on capability and appropriateness of various types of equipment, preparing detailed specifications adapted to local conditions, assisting in bid evaluation, and organizing generic type training courses for local staff. By insuring that governorate decisions are made in a decentralized manner with substantial input from local elected councils, developing procedures for improved equipment maintenance, and nurturing productive long term relationships between equipment dealers and local government staff, the TLG is directly involved in a significant institution building effort. At the end of the project, local government units should have the capacity to efficiently operate and maintain a wide variety of equipment and should have developed relationships with equipment dealers such that they can keep informed on new types of equipment and procure this equipment with local currency. Thus by encouraging local dealers to expand their service facilities, the long run sustainability of the project becomes a possibility. In addition to providing technical assistance and monitoring, the TLG is also involved in all stages of procurement. This includes final review of IFBs, advising AID/W to issue L/COMs, following the entire shipping process and documentation, monitoring port arrivals in cooperation with the USAID Alexandria office and monitoring distribution of equipment to final destinations.

The work load for the TLG is expected to increase significantly over the next year. In addition to the work newly generated by the arrival of 780 major pieces of equipment through 1985, a new round of equipment selection and procurement is scheduled to begin in March. It is anticipated that this new round may involve even specialized equipment, such as compact sewage treatment units, which will require substantial research of makes, specifications, warranties, serviceability. Most of this information is currently available only in the U.S. Another management concern is the ability of SFR/COM offices to review specifications in a reasonably rapid manner. For various reasons, including the hiring freeze and a possible increase in workload, there has been a significant increase in the time required by SFR/COM to review specifications and issue an IFB. Appendix C shows that until November 1981 this process averaged 3.2 months for each DSF transaction. Since November 1981, the average has increased to 6.8 months with four cases taking as long as 9 and 10 months*. These lengthened time lags substantially reduce the advantages of CIP-type financing.

* This calculation was made using the dates in columns 3 and 5 of appendix C for the first 14 transactions listed, excluding the excess property (No. 9) for which there is no SFR/COM review, and transaction No. 4 for truck tractors which only took one month because it was made on an emergency basis to coincide with arrival of excess property equipment.

In order to provide improved access to U.S. industry information on equipment and specifications and in order to reduce the time required by SER/COM to adjust specifications to prevalent U.S. industry names, it is recommended that the mission consider the possibility of allowing SER/COM to contract on an IOC basis with a firm or individual in the U.S. at project expense. This individual or firm could adjust specs to U.S. industry standards prior to their final submission to SER/COM, work with SER/COM to clarify outstanding questions, and research as needed information on new types of equipment and manufacturers for use by the TLG. A complementary solution to be studied, is to send TLG members to work with SER/COM in AID/W during SER/COM's review process. It is further recommended that in view of the significant increase in work load for the TLG that USAID consider hiring a fifth TLG member. This member could be specialized in procurement flow and documentation and other administrative functions thereby freeing engineers for more field work.

III. SUMMARY AND RECOMMENDATIONS

Overall, the evaluation team found no major design or implementation difficulties in the DSF Project. At this point in its implementation, initial delays which can be expected with first procurements either have been resolved or are in the process of being resolved. The project is now entering a second phase with the arrival of hundreds of pieces of equipment over the next few months. With careful attention to the issues of training and maintenance, the project has already begun to make a significant contribution to institution-building in local governorates. The following recommendations, organized into three main categories, are made with the intent of refining the procurement process based on experience obtained to date, supporting the institution-building process through emphasis on training and maintenance and encouraging the type of project management needed to ensure provision of adequate technical assistance and monitoring during the project's second phase.

In conclusion, we can state that the evaluation team would support a decision to augment funding under the DSF project, providing that consideration be given to implementing the following recommendations.

I. PROCUREMENT

A. Procurement Structure

1. It is recommended that before future equipment bid notices are issued, the TLG and MIIC hold joint work sessions with qualified governorate representatives who are interested in refining and modifying procurement procedures (excluding the AID Reg 1 portion) in an effort to make it more efficient and responsive. (See Section II. C.1.)

2. It is recommended that USAID/Cairo give detailed study and consideration to the pros and cons of using private sector trading companies in lieu of public sector companies to provide procurement services. If favorable to the project, this alternative should be proposed to the MIIC. (See Section II. C.2)
3. It is recommended that USAID/Cairo and TLG, in cooperation with MIIC give detailed study and consideration to limiting trading company involvement to the initial procurement service from receipt of bid to opening of a letter of credit. The dealer representing the successful bidder would then be the consignee for the items being procured and would handle all services after unloading including inspection, customs clearances, and distribution to governorates. (See Section II. C. 2)
4. It is recommended that use of excess property be reserved only for cases where substantial savings in project costs will result and that a particularly careful assessment of long term maintenance needs be made before procuring items not serviceable by local dealers. (Section II.F.).

B. IFB Terms of Tender

5. It is recommended that in future procurements, a document distribution sheet be sent to the bid winner to supplement and emphasize information contained in the tender document. This sheet should cross reference the original and copies of necessary documents against the parties to whom they should be distributed. (See Section II. D. 1. and 2.)
6. It is recommended that all spare parts shipments (also equipment whenever physically possible) continue to be packed for the individual governorate for which they are destined. This procedure should continue despite vendor resistance or marginal cost savings through lot shipments. (See Section II. C.3.)
7. It is recommended that on future procurements of fire trucks, or other vehicular equipment not suited for loading and unloading by hoisting, that the terms of tenders specify that the successful bidder must use RO-RO vessel service if available. Exceptions should only be permitted when the manufacturer can show that his equipment can be safely on and off loaded by hoisting and/or RO-RO service is not available or would cause unacceptable shipping delays. (See Section II. D.1.)
8. It is recommended that on future CIF or C & F procurements, the terms of tenders require that dealers for the successful bidder must have a representative present during unloading and likewise supply any special rigging equipment that is required or recommended and is not normally used or found at a general cargo dock such as Alexandria. (See Section II. D.1.)

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9. It is recommended that when spare parts inspection procedures are finalized and approved by all interested parties, that they be made a part of all future contracts with trading companies or other consignees who distribute DSF equipment to governorates. (See Section II.D.2)

10. It is recommended that the IFB attachment which requires manufacturers to show that they have adequate dealer representation with service and spare parts storage facilities be amended. It should also require that manufacturers and/or dealers supply specific and detailed warranty service plans for the intended DSF equipment. (see Section II.E.1.)

11. It is recommended that further study and consideration be given to providing penalty clauses in the transaction contracts with manufacturers to help insure compliance by dealers who are responsible for performing prescribed warranty services. (see Section II.E.2).

C. IFB Technical Specifications

12. It is recommended that manufacturers or their local dealers be required to provide all affixed labels and placards, (namely operational and maintenance instructions) in both Arabic and English. Likewise, important operational, lubrication and service, and maintenance instructions, charts, and schedules should also be supplied in both Arabic and English. (See Section II. C.3 and G.)

13. Regarding future fire truck procurements, it is recommended that only cast spoke wheels should be used in lieu of Budd type wheels or a combination of Budd and Cast Spoke wheels. All diesel powered fire trucks should have manual fuel shut off valves instead of electric so that their operation is not dependent on battery power. Finally fire trucks with more than one battery and/or electrical system should have a selector switch to isolate a faulty power source or electrical system. (See Section II.C.3.)

II. INSTITUTION BUILDING

A. Training

14. It is recommended that all equipment maintenance training provided at some central location -- as opposed to on-site training -- include the provision of lodging and meals for all trainees. Because per diem paid by the GOE never covers actual expenses, there is an inherent financial disincentive for trainees to attend courses in the central locations (e.g. Alexandria or Cairo). (See Section II.G.)

15. It is recommended that further study and consideration be given to providing sufficient per diem funding for governorate representative and make attendance mandatory as a condition or prerequisite for receiving a specific type of equipment. Funding for per diem could come from the GOE, AID, or made a part of the manufacturer's bid package where the dealer pays for expenses and/or per diem for personnel attending formal classes. (See Section II.G.)

16. It is recommended that during the EIDDC training program, the governorate engineers be taught how to set up card type inventory control systems in the their respective spare parts warehouses. (See Section II.H)

B. Maintenance

17. It is recommended that TLG assist the governorates in maintaining detailed historical operation, service, and maintenance data on the DSF equipment. (see Section II. F.2.)

18. It is recommended that further study and consideration be given to the capabilities and cost of governorate maintenance programs after the warranty period as compared with partial and full service dealer programs that various dealers can offer for the specific types of equipment. (see Section II.E.2.)

19. It is recommended that space be allowed in the AID funded maintenance package for some types of diagnostic testing, electrical component repairs, and other service that lend themselves to bench type set-ups. (See Section II.II)

20. It is recommended that a more detailed study be done of the existing maintenance facilities, equipment, and maintenance capabilities in the governorates and that steps be taken to help the governorate, upgrade facilities and equipment as the TLG deems appropriate. Consideration should be given to using contract personnel to make an overall study of maintenance facilities and capabilities in the governorates. (See Section II H. and I.)

21. It is recommended that the mission undertake a study on the way maintenance has traditionally been done in the governorates and the constraints which hinder improved maintenance. Consideration should be given to using contract personnel for this type of study. Furthermore, the Mantrac method of reprogramming engineers and technicians should be analyzed to see if this approach can be utilized in the governorates. (See Section II.I.)

22. It is recommended that the TLG work closely with the governorates, especially during the initial distributions of equipment to help them establish a standardized system of records such as maintenance and lubrication logs, and to monitor them regularly for compliance (See Section II I.)

23. It is recommended that a work order system be established by the TLG in the governorates which would be used for requesting all maintenance and lubrication services. The actual form should be a multipart form with a copy being sent to or retained for TLG use in maintaining historical data files on the equipment. (See Section II. I.)

III. PROJECT MANAGEMENT

24. It is recommended that a system for periodic coordination between the DSF and Provincial Cities Projects be instituted to maximize complementarity and avoid duplication. This should be done both in the field and in the USAID offices. (See Section II.B.)

25. It is recommended that close post-award cooperation be established between TLG, the dealers and the governorates, and that TLG monitor the use and care of the DSF equipment to insure that dealer/governorate relationships are maintained during the warranty period. TLG should require periodic written feed-back from both governorates and dealers as to the status of the equipment. (see Section II. E. 1 and 2.)

26. It is recommended that the mission adopt one or both of the following solutions to the problems of lengthened SER/COM review and efficient access to current industry standards: 1) Allow SER/COM to engage in an IOC type contract with a firm or individual in the U.S. at project expense. This individual or firm would assist in final review of specifications, and research information on new industry standards and manufacturers for use by the TLG; 2) Send TLG members to SER/COM during the final specifications review stage to ensure a more efficient and rapid review process.

27. It is recommended that in view of the expected increase in workload, USAID consider hiring a fifth TLG member. This fifth member could either be a field engineer or a procurement specialist. This would allow for provision of more technical assistance and monitoring during the critical institution building phase of the project. (Section II.L.)

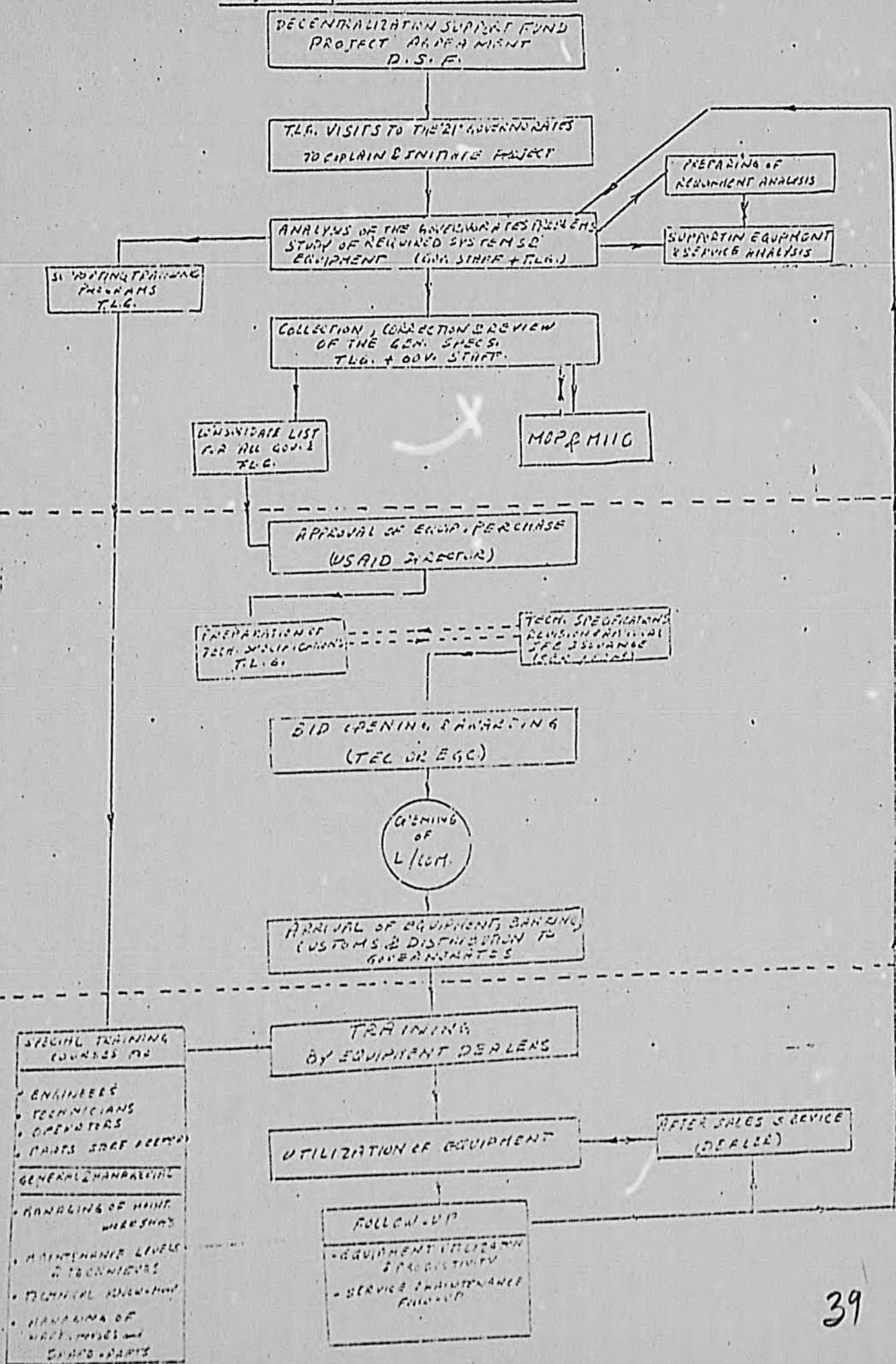
Project Implementation Flow Chart

Best Available Document

TECHNICAL ASSISTANCE

EQUIPMENT PROCUREMENT

TECHNICAL ASSISTANCE



EQUIPMENT	STATES															Total No.	Cost / Unit / 1000's	Total Cost / 1000's	STATUS						
	Ala.	Ark.	Cal.	Del.	Fla.	Ill.	Ind.	Iowa	Kent.	Mich.	Miss.	Mo.	N. Dak.	Ohio	Pa.										
Motor on truck 210 HP			1		1	1	1		1		1	1	1	1	4	1	2	4	1	22	142	3125	A - Actual CAF price		
Motor on truck 125 HP	1	1	4	1	1	1	4		1		1	2	1	4	2	2	2	3	2	39	13.1	261	A		
Tractor on road, 100-125 HP				3		1		3												21	13.5	703	A - Actual First Order CAF price		
" " " " " " " "					5		2		10			5		3						35	19.2	1075	A		
" " " " " " " "							4	12				1	8	5				4	8	55	22.8	1219	A		
" " " " " " " "							4	12				1	8	5				4	8	56	18.7	2467	A		
Tractor on road, medium	1		4	1	2	2	2		3	1		4	1	4	4	2	2	1	8	30	19.8	1294	A		
" " " " " " " "	4				4		7	3	2	2	1			4						30	19.8	1294	A		
Tractor on road, light	11	7	24	5	8	15	6	3	13	9	20		10		8	13		6	5	8	11	184	27.7	5097	A
Tractor on road, heavy	1	1		1	3		1	1	8	1		4	1	1		1		2	2	30	55	1650	E - Estimated CAF price		
Tractor on road, heavy (10-12 tons)							1													11	25	275	E		
Water pump truck, 100-125 HP						1		1				1								4	30	120	E		
" " " " " " " "		1	4	6	8	2	5		3		10		7	4	1	1		2		6	35.5	2132	A		
" " " " " " " "		2					3					1			5			2		9	35.1	316	A		
" " " " " " " "		1		1		1	2		1	1			1		2			2	1	1	13	150	1950	E	
" " " " " " " "					2		2		2	3		1	1	4				2		9	38.6	1125	A		
" " " " " " " "					2	1			1			1						2		7	80	560	E		
" " " " " " " "						1	2		1			2								6	70	420	E		
" " " " " " " "									1	1			1					2	1	10	12.1	121	A		
" " " " " " " "		2		1		1			1	1			1							7	100	700	E		
" " " " " " " "					1		4																E		
" " " " " " " "				1			3					1	1							6	70	420	E		
" " " " " " " "				1									2		8					21	7	147	E		
" " " " " " " "	75	70											2		10			20	3	13	183	5	915	E	
" " " " " " " "						1								1	1			2		5	50	250	E		
" " " " " " " "																						6792	E		
" " " " " " " "																						38559	E		
Total equipment																						7712	E		
" " " " " " " "																						1121	E		
" " " " " " " "																						1630	A		
" " " " " " " "																						47900	E		

Distribution of Equipment
 By Governorite

Appendix B

STATISTICS OF USE OF EQUIPMENT - As of February, 1983

ITEM	NO. OFF	SPECS AID/W	IFB NO.	IFB ISSUED	BOD	AWARD	VALUE \$	L/COM OPENED	SHIP. ARRIV.	REMARKS
1 BULL DOZER	22	MAY 81	EGC 103/81	8/13/81	07/23/81	DAT 11/25/81	2757776 4480000	JAN 19, 82	2) 6/30 1) 7/12 9) 8/6	RELEASED 10/13/82
2 MOTOR GRADER	39	MAY 81	EGC 108/81	8/27/81	09/12/81	J.D. 11/24/81	2951532 3,000,000	JAN 19, 82	5/05/82	RELEASED 10/15/82
3 DUMP TRUCKS	111	MAY 81	EGC 115/81	9/21/81	12/07/81	I.H. 1/12/82	3551270 5328000	FEB 4, 82	55) 8/2 56) 10/8	RELEASED 12/7/82
4 TRUCK TRACTOR	11	MARCH 82	EGC 61/82	3/22/82	05/20/82	I.H. 7/13/82	597025 650,000	SEP 3, 82	10/18/82	FOR 11 WATER TANKS FROM EXCESS PROP.
5 FIRE TRUCKS	86	MAY 81	TEC 105/81	8/25/81	03/01/82	FMC 4/15/82	7031968 7174000	SEP 1, 82	11/23	RELEASED 2/10/82
6 SEWAGE TRV.	195	DEC 81	TEC 38/82	3/22/82	05/20/82	I.H. 7/04/82	6467040 7200,000	OCT 21, 82	(50) 02/13	
7 WATER SPRAY TRUCKS	75	NOV 81	EGC 3/83	7/15/82	11/18/82	I.H. 2/1/83	3668973 2625,000			
8 REFUSE COLLECTORS	22	JULY 82	EGC 2/83	7/17/82	10/9/82	I.H. 2/1/83	1349292 936000			
9 EXCESS PROPERTY	55 TEX		EGC				1500000 1700000	2/01/82	START JULY 82	
10 VETERINARY EQ.	550 ITEX	MARCH 82	TEC 79/82	6/15/82	8/5/82	HEALTH CARE 01/25/83	2300,005 840,000			
11 ARTICULATED SPAN TRUCK	7	11/12/81	EGC 3/83	9/15/82	11/8/82	CECOC 2/1/83	355536 215,000			
12 LOADERS	32	2/3/82	EGC 24/83	12/17/82	01/24/83		1,650,000			
13 HYD CRANE BOT	12	4/14/82	EGC 42/83	01/17/83	02/8/83		1,000,000			
14 DEBALLMENT PLANTS	10	JUNE 81	EGC 44/83	01/24/83	3/3/83		2,000,000			
15 HORIZONTAL PUMPS	21	7/13/80					650,000			
16 ROAD PLOWERS	13	2/15/80					770,000			

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DSF PROJECT
SUMMARY OF GOVERNORATE
INVESTMENT PRIORITIES

(Priority ranking and % distribution of
Initial \$50M DSF Allocation among Major Investment Categories)

First Priority Item	Governorate	MAJOR INVESTMENT CATEGORIES				
		Roads	Emergency	Sanitation	water	Miscellaneous
		%	%	%	%	%
Roads	Red Sea	1 (71.2)	2 (15)	----	4 (6.8)	3 (7)
	S. Sinai	1 (64)	2 (21)	4 (7)	3 (8)	----
	Dakahlia	1 (56)	3 (16.1)	2 (27.9)	----	----
	Sohag	1 (53)	----	2 (32.5)	3 (14.5)	----
	Fayoum	1 (45.7)	2 (22.3)	3 (14.5)	5 (6)	4 (11.5)
	Qalubia	1 (45.7)	3 (18.3)	2 (36)	----	----
	N. Sinai	1 (43.5)	2 (27)	----	3 (20.5)	4 (9.0)
	Qena	1 (40)	2 (25.7)	2 (25.4)	3 (8.9)	----
	Gharbia	1 (36)	2 (34)	3 (27.5)	4 (2.5)	----
	Sharkia	1 (35)	3 (22.5)	2 (29)	4 (13.5)	----
	Kafr El Sheikh	1 (33)	3 (26)	2 (27)	----	4 (14)
	Menia	1 (32.5)	2 (17.5)	2 (25.5)	2 (25.5)	----
	New Valley	1 (34)	4 (6.9)	5 (5)	3 (20.6)	2 (33.5)
Emergency	Boheira	3 (19.3)	1 (59)	2 (21.7)	----	----
Sanita- tion	Menofia	3 (7.3)	2 (26)	1 (66.7)	----	----
	Giza	2 (31.8)	3 (8.7)	1 (53.5)	----	----
	Damietta	3 (12.7)	4 (9)	1 (56.2)	5 (9.3)	2 (12.3)
	Assiut	2 (24)	2 (22.8)	1 (41.5)	4 (11.7)	----
Water	Matrouh	----	----	----	1 (100)	----
	Aswan	3 (22.2)	2 (26)	4 (12.3)	1 (39.5)	----
Miscel- laneous	Beni Suef	2 (36)	4 (5.2)	3 (14.5)	5 (4.2)	1 (40)
Sum of relative rankings in each investment category	1st	12	1	4	2	1
	2nd	2	8	6	-	2
	3rd.	4	6	3	5	1
	4th	-	-	1	3	2
	5th	-	-	1	1	-
Final distribution of expenditures acceptitures across all governorates.		49.6%	20%	13.8%	11.1%	5.5%