

PROJECT EVALUATION SUMMARY (PES) - PART I

Report Control Symbol U-447

1. PROJECT TITLE Private Sector Feasibility Studies		2. PROJECT NUMBER 263-0112	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) 40543		5. REGULAR EVALUATION <input type="checkbox"/> SPECIAL EVALUATION <input type="checkbox"/>	

6. KEY PROJECT IMPLEMENTATION DATES			6. ESTIMATED PROJECT FUNDING		7. PERIOD COVERED BY EVALUATION	
A. First PRO-AG or Equivalent FY	B. Final Obligation Expected FY	C. Final Input Delivery FY	A. Total \$	B. U.S. \$	From (month/yr.)	To (month/yr.)
				\$ 5 million	9/79	11/84

B. ACTION DECISIONS APPROVED BY MISSION OR AID/W OFFICE DIRECTOR **July 1985**

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., algram, SPAR, PIO, which will present detailed request.)	B. NAME OF OFFICER RESPONSIBLE FOR ACTION	C. DATE ACTION TO BE COMPLETED
1. Expand the project with certain modifications*.	AD/IS	September 1985
2. Form an advisory board for all USAID private sector activities, if deemed feasible.	GAFI	March 1986
3. Use project funds to hire Egyptian professionals on a part-time basis for technical assistance on project implementation	GAFI IS/FI	NA
4. Increase targeted promotion and follow-up on applications.	GAFI IS/FI USIPO	March 1985 (ongoing)
5. Grant the project director the authority to make final decisions on approval of reconnaissance visit applications and disapproval of undeserving applications for feasibility studies. Technical committee review should follow this approval.	GAFI	December 1985

* The recommendation to expand the project is based on the anticipated improvements that will result from the new procedures introduced as of June 1984.

9. INVENTORY OF DOCUMENTS TO BE REVISED PER ABOVE DECISIONS			10. ALTERNATIVE DECISIONS ON FUTURE OF PROJECT	
<input type="checkbox"/> Project Paper	<input type="checkbox"/> Implementation Plan e.g., CPI Network	<input type="checkbox"/> Other (Specify)	A. <input type="checkbox"/> Continue Project Without Change	
<input type="checkbox"/> Financial Plan	<input type="checkbox"/> PIO/T		B. <input type="checkbox"/> Change Project Design and/or	
<input type="checkbox"/> Logical Framework	<input type="checkbox"/> PIO/C	<input type="checkbox"/> Other (Specify)	<input type="checkbox"/> Change Implementation Plan	
<input type="checkbox"/> Project Agreement	<input type="checkbox"/> PIO/P		C. <input type="checkbox"/> Discontinue Project	

11. PROJECT OFFICER AND HOST COUNTRY OR OTHER RANKING PARTICIPANTS AS APPROPRIATE (Names and Titles)		12. Mission/AID/W Office Director Approval	
TKelly, IS/FI	AHandly, DD	Signature	<i>Frank B. Kimball</i>
JSuma, IS/FI		Typed Name	Frank B. Kimball, DIR
DPressley, AD/IS		Date	
JConly, DPPE			

4 AUG 1985

PROJECT TITLE(S) AND NUMBER(S) Private Sector Feasibility Studies (263-0112)		MISSION/AID/TA OFFICE USAID/Cairo	
PROJECT DESCRIPTION The purpose of this project is to stimulate U.S. private investment in Egypt by cost-sharing of reconnaissance visits and feasibility studies, completion of sectoral studies, and training.			
AUTHORIZATION DATE AND U.S. LOP FUNDING AMOUNT 9/79 \$5 million	PES NUMBER 85-6	PES DATE July 1985	PES TYPE <input checked="" type="checkbox"/> Regular <input type="checkbox"/> Other (Specify) <input type="checkbox"/> Special <input type="checkbox"/> Terminal
ABSTRACT PREPARED BY, DATE NShafik, DPPE 18/85	ABSTRACT CLEARED BY, DATE TKelly, IS/PI 7/85		

The evaluation was performed by an external team from a local joint-venture firm. The team had expertise in industrial management, accounting, marketing and feasibility studies. The evaluation was intended to review project achievements in light of a possible project extension and of future planning for private sector activities.

The evaluation endorsed the project's approach to promoting U.S. investment in Egypt. The majority of U.S. applicants interviewed indicated that the incentives offered by the project were an important factor in their decision to explore investment opportunities in Egypt. A total of 84 applications have been received; forty-four have been disapproved; and four are under review. Ten reconnaissance visits and seven feasibility studies have been completed, seven staff members have been trained, and ten sectoral studies have been prepared. Three of the firms that have used the project are currently processing Law 43 applications. It remains unclear how many actual investments will be made.

However, a number of difficulties encountered by the project have hindered the achievement of its original targets. The program was most highly publicized in the U.S. at a time when the application procedures were not as complete as they should have been. Additionally, half of the sectoral studies were not completed due to a one year contractual delay. The initial promotion effort was "a shotgun approach" and the procedures that were first developed were cumbersome. Later, institutional problems such as inefficient bureaucracy and a lack of coordination between officials in Cairo, and in the commercial section of the Egyptian Embassy in Washington, caused delays. The introduction of modified procedures and the increased experience of GAFI personnel have partially offset the negative impact of these problems.

The evaluation concentrated on results achieved and problems encountered prior to the introduction of the new procedures in June 1984. As such, sufficient time had not elapsed, as of the November evaluation, to adequately determine the effectiveness of the new procedures. However, the team concluded that the modified procedures eliminated most of the structural deficiencies experienced under the old procedures. Consequently, the evaluation recommended that the project be extended with some changes to improve the handling of applications and overall project effectiveness. The initial screening, routing of applications and communication with applicants needs to be streamlined. A greater emphasis should be given to promotion of the project, particularly as part of a package of services provided by USAID to promote U.S. private investment in Egypt.

The evaluation leaps from an analysis of old problems to a recommendation for continuation that seems unsupported to many readers not familiar with the details of the project. Because of the many changes in the project at the time of the evaluation, quite a few factors supporting the recommendation could not be documented to the satisfaction of all within USAID. Nevertheless, the changes have been made and USAID concurs with the evaluation recommendation to continue the project in its modified form.

Lessons Learned: (1) The timing of project inputs is critical. In this case, the active promotion of the project should have followed the establishment of functioning administrative and policy procedures and the completion of the sectoral studies. (2) A targeted investment promotion effort is likely to be more cost-effective. (3) The time frame for securing investments was unrealistic in the project design.



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EVALUATION OF PRIVATE SECTOR

FEASIBILITY STUDIES PROGRAM

U.S.AID PROJECT NO. 26³~~6~~-0112

November 1984

100-5511-10



EVALUATION OF
THE PRIVATE SECTOR FEASIBILITY STUDIES PROGRAM

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APPENDICES.



ABBREVIATIONS

AID/CAI	Agency for International Development - Cairo.
AID/WA	Agency for International Development - Washington.
GAFI	General Authority for Investment and Free Zones.
GOE	Government of Egypt.
OPIC	Overseas Private Investment Corporation - Washington D.C.
USIPO	United States Investment Promotion Office in Egypt.
USE JBC	U.S. Egypt Joint Business Council.
AMCHAM/Egypt	American Chamber of Commerce in Egypt.
PMM	Peat Marwick Mitchell & Co.



1. EXECUTIVE SUMMARY

In September 1979, the U.S. Agency for International Development (AID) agreed to provide \$ 5 million to the Egyptian General Authority for Investment and Free Zones (GAFI) to undertake activities to stimulate and promote U.S. private sector investment in Egypt. These activities include sectoral studies, cost sharing of feasibility studies and reconnaissance visits to Egypt, and training of staff members of the Investment Authority. The program is intended to serve as an incentive to U.S. companies to help move specific projects through conceptual and detailed feasibility study phases to prompt implementation.

The Private Sector Feasibility Studies Program (PSFSP) faced many difficulties which hampered its progress. Many of these difficulties have been resolved in recent years, the others either continued or, in rare cases, became worse.

A clear distinction must be recorded between the type of difficulties encountered during the life of this program. These are summarised as follows:

- a) Difficulties encountered only during the period 1980 - 1983
- one year's delay in signing a contract with Chase,
 - the program was highly publicised and promoted in the U.S. at a time when the procedures and half of the sectoral studies were not completed,
 - major structural difficulties in the original procedures designed and developed by Chase and officials from GAFI, due to lack of relative experience,
 - inefficient marketing and promotion activities.



b) General difficulties encountered during the period 1982 - 1984

- traditional governmental methods of operation applied by the program management,
- bureaucracy and lack of support from the General Authority for Investment and Free Zones (GAFI),
- lack of cooperation and coordination between the PSFSP officials in Cairo and the Egyptian commercial office in Washington D.C.,
- insufficient marketing and follow up activities.

The negative impact of these difficulties on the project's performance was partially offset by the project's personnel gaining more experience and by their increased enthusiasm, together with the introduction of modified procedures as of June 1984. The modified procedures, prepared in-house, eliminated most of the structural deficiencies experienced with the old ones.

As of October 1984, a total of seventy eight applications had been received from U.S. investors. Thirty two had been approved, forty four disapproved and two were under review. Thirteen reconnaissance visits or feasibility studies had been completed and all of these U.S. firms had been reimbursed. Three of these firms are currently processing Law 43 applications.

The majority of U.S. applicants interviewed or questioned indicated that the spirit and financial incentives offered by the PSFSP helped them in deciding to explore the possibility of investing in Egypt.

As of October 1984, 42% of the program's funds have been expended, as summarised below:



(In thousands of \$)

<u>Activity</u>	<u>Allocated</u>	<u>Disbursed</u>	<u>Unexpended</u>
1. Technical assistance/ training/etc.	2,000	1,514	486
2. Feasibility studies	1,802	594	1,208
3. Reconnaissance visits	200	18	182
4. Unearmarked balance	998	-	998
Total	<u>5,000</u>	<u>2,126</u>	<u>2,874</u>

The original period of the PSFSP will come to an end in December 1984. Most of Egyptian/U.S. officials and businessmen have expressed their firm belief that the project ought to be extended for another period. While we share this view and strongly recommend the extension of the program, we also recommend the following actions to improve performance, to further reduce the incidence of existing difficulties and consequently to enhance progress towards achieving the project's objectives:

1. Reorganisation of the existing management structure of the project, especially in areas of human resources, staff responsibilities and authorities, administration facilities and communications.
2. Modification of the present procedures in the areas of initial screening, routing of applications and communications with U.S. applicants. Every effort should be made to ensure that applications are handled on a timely and professional manner.
3. Adoption of more innovative and effective methods to promote the values and advantages of the program and also to follow up on applications received. The PSFSP should be promoted as part of a package, comprising other private sector AID programmes (for example, Medium Term Credits).

The recommendations, together with a full analysis of factors



2. EVALUATION: SCOPE OF WORK AND METHODOLOGY

2.1 Scope of Work

In August 1984, Peat, Marwick, Hassan & Co. (PMH) was retained by AID/Cairo to evaluate the PSFSP. Two of PMH's local senior consultants were assigned to the study and commenced their work in the beginning of September 1984. (Mr. M. Salem and Mr. W. Ibrahim).

The scope of work of this assignment is summarised below:

- to document the extent to which project outputs have been achieved,
- to document the extent to which achievement of the outputs has led to achievements of the project purpose,
- to comment on progress towards project goal achievement,
- to comment on the project's longer range expectations,
- to document the impact of the project on wider Egyptian development,
- where appropriate, to recommend specific, realistic future actions to enhance progress and eventual impact,
- to speculate on the future viability of project activities without AID assistance.

For more details please refer to the first part of Appendix 1 attached.



It is recognised that the format of the remainder of this report does not follow the scope of work, although all given questions are answered. We believe that the layout adopted addresses and highlights the major issues more clearly. However, notes addressing each point on the scope of work are also given, as the second part of Appendix I.

2.2 Methodology

In conducting the study we explored all possible channels in order to gather and analyse as much pertinent information as possible. In this regard:

- we reviewed available materials (e.g. program procedures and guidelines, all applications received at the investment authorities, etc.).
- we met with the PSFSP and AID officials,
- we conducted extensive personal interviews with selected U.S. investors in Egypt (and in the U.S. where possible), and contacted other selected U.S. investors by phone,
- we contacted several other members of the business community both in Egypt and the U.S. For more details about names of officials and U.S. potential investors whom we contacted please refer to Appendix 2 and Appendix 3, attached,
- we developed and distributed a comprehensive questionnaire. Fifty of these questionnaires were mailed to previous U.S. applicants and twenty eight were sent to U.S. companies which had received sectoral studies in the past. A copy of the questionnaire used is attached as Appendix 4 and an analysis of the survey is shown in Appendix 5.

3. PERFORMANCE ANALYSIS

3.1 General

In March 1981, one year behind schedule, a professional services contract was executed with Chase World Trade Information Service Corporation. The Chase team, in collaboration with GAFI and its newly established "Office of Feasibility Studies", developed the procedural framework for administering and implementing the program during the period March 1981 to February 1982. In February 1982 a 'Procedures Manual for Reimbursement Programs' was issued and subsequently U.S. firms were invited to participate in the program, following a mass promotion campaign in the U.S.. In March 1983, six months behind schedule, Chase completed the ten sectoral studies. The Chase team also coordinated a training program for seven of GAFI's personnel. The Chase contract terminated in December 1982 and GAFI's office of Private Sector Feasibility Studies assumed responsibility for all project implementation.

In late 1983, a decision was taken by U.S.AID/Cairo to modify the project's procedures packages in-house, using its own expertise and with the participation of PSFSP and USIPO personnel. A modified reconnaissance visit application package and feasibility application package were prepared in June 1984.

The following is a brief comparison between the actual output and the expectations for the project:

	No. of Sectoral <u>Studies</u>	No. of completed <u>R.V.'s</u>	No. of completed <u>F.S.'s</u>	No. of staff members <u>Trained</u>
- Expectations *	10	20	20	16
- Actual output	10	5	8	7

* Source: Project Paper (Draft) September 1979
Project No. 263-0112



3.2 Sectoral Studies

3.2.1 Achievements

a. Ten industrial sectors were chosen to be surveyed. The focus was on business activities which would both be of interest to U.S. companies and consistent with Egyptian investment opportunities. The ten surveys, completed in 1982, included the following information:

- participants in the market,
- estimates of local supply vis a vis demand,
- raw material availability, and
- current production and distribution systems.

Each study included some profiles of specific investment project opportunities.

b. Copies of the sectoral studies were mailed to 365 U.S. company executives, in response to their specific requests, as part of the promotion campaign undertaken by Chase during 1982.

These studies were also made available to other U.S. investors through Egyptian commercial banks, AID, the Egyptian Embassy in the U.S., the U.S. Embassy in Egypt and other official and business bodies.

c. Opinions received from U.S. applicants and other interested parties contacted varied widely with regard to the quality of these sectoral studies. However, some of the contacted applicants indicated the sectoral studies had provided them with essential basic information to identify investment opportunities in Egypt as a step prior to initiating reconnaissance visits and feasibility studies.



3.2.2 Difficulties

- a. The sectoral studies referred to above cost approximately \$ 1 million. In our opinion the benefits realised so far from them are limited, but nonetheless apparent.
- b. The PSFSP was highly publicised by Chase at a time when procedures and detailed guidelines had not been properly established.
- c. Sectoral studies have not been updated since they were introduced more than two years ago. As a result, information contained in some of these studies has started to lose its value as it becomes more and more outdated.
- d. The PSFSP office in Cairo currently has major administrative problems in reprinting these studies. As a result they are not readily available to interested parties.

3.3 Staff Training

3.3.1 Achievements

- a. Seven of the GAFI personnel received local training and participated in a one month promotion trip to U.S.A. This trip was organised by the Chase team and followed the introduction of sectoral studies. During this trip forty-six of the companies which received sectoral studies were visited in eleven states and 30 cities.
- b. However, after returning to Egypt, only two of the trained personnel worked in PSFSP; the rest were transferred to other departments.

- c. These two highly motivated personnel are now fully responsible to the Director of the PSFSP for processing all applications received.

3.3.2 Difficulties

- a. As the project personnel mainly deal with and process the applications of U.S. investors, it is imperative that they become better oriented to the American business environment so that they can better understand the needs of U.S. investors and consequently serve them better. In this regard, we consider that there is a need to provide them with additional academic and professional training to achieve the required level of proficiency.
- b. There is no succession procedure for the present staff members. The purpose of this procedure would be provide immediate replacement and/or support for any of them whenever there is a need.

3.4 Reconnaissance Visits and Feasibility Studies

3.4.1 Purpose

To encourage and assist U.S. business to invest in Egypt through the reimbursement for the direct costs (up to a maximum of \$ 6,000) for reconnaissance visits to Egypt, and through feasibility study cost-sharing for preapproved allowable study costs (up to a maximum of \$ 200,000). Under this project, Fortune 1,000-size companies are not eligible for reconnaissance visit reimbursement funding.

3.4.2 Analysis

Over the past three years a total of seventy eight applications have been received from U.S. investors to date. A summary of the type and status of applications received by year is presented in the following table:

Analysis by type of Application

(From November 1981 to October 1984)

	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>Total Applications</u>	
				<u>Number</u>	<u>Percentage</u>
Reconnaissance visits	19	5	5	29	37
Feasibility studies	<u>25</u>	<u>19</u>	<u>5</u>	<u>49</u>	<u>63</u>
Total applications received	44	24	10	78	100 %
	===	===	===	===	===

Analysis by status of Application

Approved	12	8	5	25	32
Withdrawn after approval	5	2	-	7	9
Under study	-	-	2	2	3
Disapproved	<u>27</u>	<u>14</u>	<u>3</u>	<u>44</u>	<u>56</u>
Total applications received	<u>44</u>	<u>24</u>	<u>10</u>	<u>78</u>	<u>100 %</u>
Percentage of approved/total	39	42	70	44	
Percentage of disapproved/total	<u>61</u>	<u>58</u>	<u>30</u>	<u>56</u>	
	100%	100%	100%	100%	
	===	===	====	===	

There is a decreasing trend in the flow of U.S. applications. The number of incoming applications received during 1982 was much higher than total combined applications received in 1983 and 1984. This disparity is probably the result of the initial promotion campaign handled by Chase. However, 61% of the 1982 applications were subsequently rejected compared with 58% for 1983 and 30% for 1984, and this indicates an increasing trend of incoming serious applications (an analysis of disapproved applications is given in Appendix 6). It should be noted in this regard that a deliberate decision was made by the PSFSP and USAID officials in Cairo not to promote the program during the period in which the procedures were being modified.

3.4.3 Achievements

- a. The percentage of approved applications in relation to total applications received reached 32%.



- b. Although not shown in the above table, three U.S. companies whose feasibility study applications had been approved, are currently processing Law 43 applications. The expected benefits to Egypt from these companies are as follows:

<u>Economic Benefits</u>	Beatrice <u>Foods</u>	Virco <u>Marine</u>	Alliance <u>Foods</u>
Employment opportunities	257	239	not avail
Equity (L.E. 000)	6,800	10,691	10,000
Total investments	10,543	21,738	4,200

- c. The newly developed procedure for reconnaissance visits and feasibility studies is expected to solve many of the problems associated with the old procedure. For example it clarified the selection criteria for applicants and also clarified reimbursement terms. As a result, U.S. applicants are expected to receive better service from the PSFSP.
- d. Efforts are currently being made by the program officials in order to approach and attract serious types of investors.

3.4.4 Difficulties

The progress and effectiveness of the PSFSP was affected by the following difficulties:

- a. the original procedures established by Chase were vague, and did not properly clarify the selection criteria to be applied. They also did not specify precisely the type of information and documents required from U.S. applicants. This situation caused misunderstandings between all parties involved and resulted in the slowing down and delaving of the decision making process,



- b. GAFI officials, especially those sitting on the technical committee, did not have sufficient appreciation for the PSFSP. As a result they treated applications for reconnaissance visits and feasibility studies as if they were applications to establish new companies under Law 43. Consequently, applications faced a substantial delay,
- c. officials of the PSFSP were inflexible in three cases relating to the selection criteria (for example, in the definition of new technology and in establishing the financial strength of the applicant). This resulted in the disapproval of three serious U.S. applicants harming the reputation of the project,
- d. a lack of effective communication with U.S. investors. Decisions of the PSFSP are generally sent to the commercial attache in Washington, who is supposed to inform U.S. applicants of their outcome. Seven out of twenty five U.S. applicants contacted indicated that they had not received any decision on their applications. One of these unanswered applications was over nine months old at the date of contact.
- e. GAFI's technical committee was alleged in two cases to have made inconsistent decisions: in the first case of a reconnaissance visit application, they imposed a condition of providing a sample of an agricultural crane manufactured by the applicant. In the second case, they decided to approve a feasibility study application although the officials of PSFSP recommended disapproval,



- f. no follow-up was made by the PSFSP officials, particularly relating to approved and withdrawn applications where U.S. applicants do not take any action after acquiring the approval,
- g. delays were noted in sending some applications from the office of the commercial attache in Washington to the PSFSP in Cairo. In one case there was a gap of 6 weeks between the application date and the date it was sent to Cairo,
- h. unreasonable delays were experienced in making reimbursements to U.S. applicants from AID/Cairo. In eight out of thirteen applications reimbursed, it took AID between three weeks and several months to reimburse approved applications. We understand from AID that most of these delays were attributed to misunderstanding and confusion caused by the old procedures.

Please refer to the following appendices for more details about the applications.

Appendix 6 Summary of applications submitted.

Appendix 7 Detailed listing of applications submitted.

Appendix 8 List of approved applications.

4. OTHER FACTORS AFFECTING THE PROGRAM PERFORMANCE

4.1 Promotion of the PSFSP

4.1.1 In 1980 the Investment Authority opened a bureau in New York to help promote U.S. investment in Egypt. Members of the bureau helped the Chase team in their early promotion campaign. However, the bureau was not provided with a clear mandate and responsibilities, which severely hampered their cooperation activities. The bureau was closed in August 1982.

4.1.2 During 1982 a massive and untargeted promotion campaign was initiated by the Chase team. This campaign covered the following:

- a direct mail campaign to cover 4500 companies,
- a series of several seminars on Egypt's food sector, health care industry and on manufacturing opportunities in the automotive industry,
- visits to the U.S. by seven of GAFI's employees.

4.1.3 Since this campaign, no really ambitious and positive promotional efforts have been made. Even the Chase campaign was not very effective in generating good business for the PSFSP in terms of serious U.S. investors. Subsequent observers feel that the reason for this was that the approach was general, and not properly segmented or targeted.

4.1.4 Management of the program did not take any positive action in this regard. As a result of this fewer applications are currently being received.

4.1.5 No local efforts were made to sell the PSFSP services to specific target U.S. companies currently operating in Egypt who are not aware of the PSFSP.

Note: At the time of preparing this report however we were informed that the PSFSP's director is planning to visit the U.S. together with the codirector of USIPO by late November 1984 for promotion purposes.

4.2 Organisational Structure and Administrative Facilities

4.2.1 The PSFSP is currently facing several internal difficulties and constraints which affect its performance. Among those difficulties are:

- lack of full time management for the program. The program's director is the second highest ranking official within GAFI. In this capacity, he handles a wide variety of duties. Although his rank offers indirect support for the program, it imposes a constraint on the amount of time he can devote to it,
- lack of clear formal definition as to the responsibilities of all staff and officials involved, whether in Cairo or in Washington. This has resulted in confusion and misunderstandings among the staff of the project,
- lack of delegated financial authorities to directly authorise reasonable payments in order to carry on and to improve the program activities.

4.2.2 The project's performance was not only plagued by internal difficulties and constraints but it was also affected by lack of cooperation and coordination between officials of the PSFSP in Cairo and the Egyptian commercial office in the U.S.:

- officials of the commercial office in the U.S. felt that more flexibility should be afforded them in making the initial screening. They also felt that their field position in the U.S. allows them better to appreciate U.S. investors' needs and therefore to evaluate their applications,

- PSFSP officials in Cairo firmly believe that the commercial office in the U.S. should adopt only a limited role and should be faithful to the spirit of the program, which calls for "all decisions to be made in Cairo". However, no written directions or guidelines have been issued to Washington office to define and clarify their role.

- PSFSP officials in Cairo have complained that many applications forwarded by the Egyptian Commercial office in the U.S. have been found not properly screened for completeness and eligibility. Many of these applications were subsequently disapproved. There was a marked reduction in the flow of applications received from the commercial section in Washington.

5. DETAILED RECOMMENDATIONS

Sections 3 and 4 of this report analyse how the performance and progress of the project have been adversely affected by many difficulties. In this section detailed recommendations are presented, designed to solve and overcome the majority of these difficulties. Implementing these recommendations will require a high degree of commitment from all concerned. It should also be noted that the success of this project will, in our opinion, result in the strengthening of certain other AID private sector programs.

5.1 Project reorganisation

Due to the sensitivity of this topic, different alternatives were examined carefully and discussed with concerned parties.

5.1.1 To appoint a highly qualified Egyptian from GAFI as a full-time director for the program to increase its effectiveness.

5.1.2 To form an advisory board of directors for all U.S.AID private sector programs (i.e. PSFSP, USIPO, term credit facilities, etc.). This board should be responsible for giving guidance, ensuring smooth operations, setting up objectives and evaluating the performance of these programs on a periodic basis. The board should also be responsible for coordinating the activities of these various programs to ensure that each program is not working in isolation from the others.

The board should concern itself only with policy, timing and follow up of the programs for which it is responsible. It should assist in solving major operational difficulties. Full responsibility for the running of these programs should be assigned to the management of each project (a full time official in the case of PSFSP). The board should be drawn from the following sources:

- vice-chairman of the Investment Authority,
- an official from U.S.AID/Cairo,
- chairman, Egyptian sector - US./Egypt Business Council,
- directors of U.S.AID private sector programs.

It is recommended, for the sake of ensuring more effectiveness for this program, that the advisory board meets at least quarterly and ideally monthly.

5.1.3 To examine the possibility of retaining the services of appropriate Egyptian professionals on a part-time basis, in order to obtain their technical advise whenever required by the program management. Services of these professionals might be used to offer on-the-job training programs and to solve structural or technical problems.

5.1.4 To establish detailed guidelines

- For the project's director (to be approved by the Vice Chairman of GAFI).
- For the Egyptian Commercial Attache in the U.S. (with relation to the PSFSP). This particular set of guidelines should be agreed upon in writing with the Ministry of Economy. It should address the role of the commercial attache relating to the following issues:
 - promotion of the PSFSP,
 - initial screening of applications,
 - obtaining more information on applicants,
 - follow up work.
- For all GAFI staff personnel working in the project.

5.1.5 To provide and academic training courses

for members of the project staff. The nature of the courses would depend on the individual needs of each staff member with relation to the program. For example, we underline the importance of familiarising any staff members with economic research, financial analysis, the U.S. business environment and the needs and aspiration of U.S. investors.

5.1.6 To grant the project's director the authority to take final decisions relating to the following areas:

- a. approval or disapproval of all applications for reconnaissance visits,
- b. disapproval of undeserving applications for feasibility studies.

The purpose of this is to speed up the decision process relating to over 75 % of the incoming applications by bypassing the technical committee. This step should reduce the processing time for the applications as by some 3-5 weeks.

5.1.7 Full utilisation

Grant the project's director the financial authority to spend funds necessary for performing the following functions:

- a. promotion (i.e. brochures, visits to U.S.A., advertisements, etc),
- b. public relations,

c. acquiring basic administration services and equipments (e.g. direct telephone).

- 5.1.8 To allow the managing director of the PSFSP to attend meetings of the technical committee designated to discuss applications for feasibility study so that he can provide information necessary to speed up the approval process.
- 5.1.9 To add a third employee (financial analyst) to PSFSP office in Cairo. This new employee should assist in providing investors with additional services and be a back up for the other two financial analysts.
- 5.1.10 The Egyptian Commercial Attache in the U.S. should be provided with detailed written guidelines relating to initial screening of applications presented to him directly. These guidelines, updated whenever a change takes place, should include all terms and conditions established within the PSFSP, together with guidelines provided by GAFI's technical committee relating to the type of projects which are acceptable. He should follow these guidelines and adopt a positive approach in supporting the program.
- 5.1.11 The Egyptian Commercial Attache in the U.S. should ensure that applications received are promptly sent to the PSFSP in Cairo after initial screening.
- 5.1.12 To appoint a competent, bilingual secretary to provide secretarial assistance to the PSFSP staff (i.e. filing, typing, etc).

5.2 Modification of the Procedures

The objective of the proposed procedures listed below is to reduce the time necessary to process applications for reconnaissance visits and feasibility studies, and consequently improve relations with U.S. investors.

5.2.1 The commercial attache in the U.S. should conduct the initial screening of applications received directly by him within the established guidelines.

a. applications that do not meet the established eligibility criteria (e.g. being a U.S. corporation) should automatically be rejected by the commercial attache. He should inform the applicant promptly and send copies of all correspondence to the PSFSP office in Cairo,

b. applications that meet the established selection criteria should be sent directly to the PSFSP office in Cairo for further action.

5.2.2 Once an application is received by the PSFSP office in Cairo (either from U.S. applicants directly or from the commercial attache in the U.S.) a telex should be sent to the applicant to acknowledge receiving his application. Appendices should be reviewed for completeness and an early assessment should be made to determine whether it meets selection criteria.

5.2.3 A decision should be taken promptly by the project's director in Cairo and the U.S. applicant should be notified directly in the following cases:

a. whether the reconnaissance visit application is approved or disapproved by the PSFSP,



b. if a feasibility study application is disapproved by the PSFSP.

5.2.4 The only time that an application should be referred to GAFI's technical committee is when the project's director recommends the approval of a feasibility study application. Please refer to Appendix 9 and Appendix 10 for more details of these recommended procedures.

5.2.5 Applicants for feasibility studies should submit the following documents with their applications:

- a. a report on their reconnaissance visits,
- b. a list of references (banks, suppliers, other),
- c. recent annual report or audited financial statements.

5.2.6 Applicants should be provided (together with the application package) with guidelines relating to pertinent business information relating to Egypt, for example:

- a. other AID private sector programs,
- b. a list of major sources of information.

The purpose of this is to assist U.S. investors in filling their applications.

5.2.7 To ensure the seriousness of applicants and the success of the reconnaissance visits, investors must be required to provide the PSFSP with their travel itinerary and a detailed preliminary work plan for the proposed reconnaissance visits. This should help the project's personnel to plan in advance for the visit, and to prepare necessary information for the applicant.

- 5.2.8 According to present procedures, U.S. support cost is limited to writing and finalising the feasibility study and typing and reproduction of the report. However, it should be acknowledged that sometimes travel within the U.S. might be required. It is recommended that a reasonable amount of these expenses be reimbursed.
- 5.2.9 The PSFSP should not put strict conditions on the use of consultants as intermediaries between bona fide U.S. investors and the program, especially for small and medium size companies.
- 5.2.10 Feasibility studies financed partially under the PSFSP should be integrated with subsequent Law 43 applications, in order to reduce unnecessary repetition and delay.
- 5.2.11 Consideration should be given to the results of feasibility studies being made available to other investors and financial institutions if the applicant does not proceed with his project within a period of 1 year from the date of reimbursement.

5.3 Promotion of the PSFSP

Considering the innovative nature of the project in strengthening the private sector in Egypt, and its importance to serious U.S. and Egyptian investors, we strongly believe that more innovative and effective methods should be used to promote the values and advantages of the PSFSP as part of a larger campaign to promote other AID private sector programs. A proposed action plan is explained below.

- 5.3.1 To conduct a more positive (knock-at-the-door) promotion of the PSFSP as follows:

Step 1 Identify projects available for partnership on a priority basis and prepare/update/obtain the necessary project profiles.

Step 2 Identify and approach potential U.S. investors who might be interested in conducting these projects, using the services of the commercial attache in U.S., USIPO or by direct contact made by the project's officials.

Step 3 Provide these U.S. investors with all available information about the PSFSP and about the industrial sector in which they are interested, and invite them to apply to the project for reconnaissance visits/feasibility studies.

Step 4 Assign one PSFSP staff member to monitor the progress of the applications. He should be responsible for the application in all phases (reconnaissance visits, feasibility studies, Law 43 applications) and he should provide applicants with required support and assistance throughout their association with GAFI.

5.3.2 There should be close cooperation, coordination and integration of the promotion efforts made by the PSFSP, USIPO, U.S.AID and the commercial attache in the U.S.

5.3.3 Professionally produced advertisements, targeted for specific industries, should be designed and placed in appropriate business magazines and newspapers in the U.S. The purpose of this would be to improve Egypt's image, increase awareness of the PSFSP, to counter-attack adverse

comments raised by U.S. companies with bad experience and to publicise success stories of other U.S. companies, while also targeting for new applicants from specific industries.

5.3.4 Follow up work should be initiated by the PSFSP relating to:

- a) withdrawn applications,
- b) companies which showed interest in the PSFSP but did not proceed positively,
- c) companies which did not proceed in a reasonable time after completing their feasibility studies under this program.

6. CONCLUSION

The Egyptian government has indicated on a number of occasions its commitment to the open door policy. It would appear that continuous efforts are being made to streamline and improve investment procedures. Without the PSFSF, these assurances would have far less of an impact on potential U.S. investors.

In our opinion, a package of encouragement for investors, encompassing PSFSP, USIPO and financing packages, amended as indicated in this report, will constitute a major assistance for Egypt in encouraging investors to take the first step on the road to project commitment.

DETAILS OF SCOPE OF WORK

1. Document the extent to which project outputs have been achieved. (How many sector profiles have been completed? How many reconnaissance visits have been made? How many pre-investment feasibility studies have been carried out? How many staff members of the Investment Authority have been trained? How do these numbers compare to the expectations for the project? To the extent that actual and expected figures differ, why? In general, what has been the quality of the outputs - i.e., has staff training been effective, have the sector profile and pre-investment studies been adequate and useful, have reconnaissance visits been well-organized and productive? Overall, what progress has been made in establishing a permanent Egyptian office to promote foreign investment?)
2. Document the extent to which achievement of the outputs has led to achievement of the project purpose. (Is a mechanism being created by which there are increased incentives for firms to expedite pre-investment studies? If so, to what can it be attributed? If not, why not? To what extent is the mechanism being institutionalized? Have the project outputs been necessary and sufficient to achieve the project purpose?)
3. Comment on progress toward project goal achievement. (Is there an increase in the flow of private U.S. investment in Egypt? If so, to what extent can it be attributed to this project as opposed to other causes? If not, why has this project not contributed what was expected of it?)
4. Comment on the project's longer range expectations - e.g., increased employment opportunities, improved consumer products, increased foreign exchange earnings and/or savings. (How realistic were these expectations? Can any progress toward their achievement be documented?)
5. Document the impacts - both to date and potential - of the project to wider Egyptian development. In particular, note the impacts on the Egyptian private sector. Include in this discussion a comment on the direct beneficiaries of the project, both actual to date and likely in the near future.
6. Where appropriate, recommend specific, realistic future actions to enhance project progress and eventual impact.
7. Speculate on the future viability of project activities without AID assistance. (Will private U.S. firms likely continue to invest in Egypt? Will the joint ventures established under this project be likely to continue? Will the Investment Authority be likely to

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APPENDIX 1

Part 2

ANSWERS TO QUESTIONS ADDRESSED IN SCOPE OF WORK

It will be noted that the layout of the results of this study differs from the order and layout of the given scope of work. This has been done for what we believe to be sound professional reasons, in order to highlight the major issues which emerged from our study.

We ensured that all of our activities were carried out with the support, guidance and assistance of the appropriate technical officers at AID/Cairo, and so we are confident that the agreed scope of work has been addressed in an effective way. However, it has been indicated to us that it may be value to give certain summarised information in the format of the scope of work, and so that point has been addressed in this appendix.

1. Document the extent to which project outputs had been achieved. (How many sector profiles have been completed? How many reconnaissance visits have been made? How many pre-investment feasibility studies have been carried out? How many staff members of the Investment Authority have been trained? How do these numbers compare to the expectations for the project? To the extent that actual and expected figures differ, why? In general, what has been the quality of the outputs - i.e., has staff training been effective, have the sector profile and pre-investment studies been adequate and useful, have reconnaissance visits been well-organized and productive? Overall, what progress has been made in establishing a permanent Egyptian office to promote foreign investment?).

- Ten sector profiles completed.

- 5 reconnaissance visits made.

- 8 feasibility studies completed.
 - 7 staff members of GAFI trained (but only two remain in post).
 - The above figures are considerably lower than expectation; the reasons are analysed in Section 3 of our report.
 - The quality of the outputs has been mixed: sector studies are useful, but their cost effectiveness can be questioned; staff training has been of benefit, but could be extended and it is disappointing that more trained staff have not remained on the project; feasibility studies and reconnaissance visits (limited in number though they are) have been well organised and mostly productive.
2. Document the extent to which achievement of the outputs has led to achievement of the project purpose. (Is a mechanism being created by which there are increased incentives for firms to expedite pre-investment studies? If so, to what can it be attributed? If not, why not? To what extent is the mechanism being institutionalized? Have the project outputs been necessary and sufficient to achieve the project purpose?).

We understand the project purpose to be threefold (to paraphrase).

- to train Investment Authority personnel in the design and promotion of investment projects,
- to create satisfying and productive employment for Egyptian individuals,
- to benefit Egyptian consumers by making available cheap, high quality, locally produced goods to replace imports.

We believe that all of these aims are being fulfilled, but slowly. The mechanism for creating incentives for feasibility studies is certainly there (but subject to the criticisms given in our report), and this can largely be attributed to the program. It is being institutionalised (again subject to our criticism), but slowly. In our opinion the project outputs have, by and large, been sufficient in quality to achieve the project purpose, (companies interviewed have been quite positive that, without the program, they would not have conducted a feasibility study for investment in Egypt), but the quantity so far is disappointing. It will in our view take a much longer time than anticipated to make a significant impact on the expected outputs.

3. Comment on progress toward project goal achievement. (Is there an increase in the flow of private U.S. investment in Egypt? If so, to what extent can it be attributed to this project as opposed to other causes? If not, why has this project not contributed what was expected of it?).

This question is best addressed at the micro, rather than the macro level. It is clear to us that the flow of US private sector investment in Egypt has increased as a result of the project, simply because specific companies have set up joint venture manufacturing plants who would not otherwise have considered Egypt for investment. As in the reply to (2) above, however, the number of these companies has been disappointing, and the timescale for a really significant improvement will be much longer than anticipated.

4. Comment on the project's longer range expectations - e.g., increased employment opportunities, improved consumer products, increased foreign exchange earnings and/or savings. (How realistic were these expectations? Can any progress toward their achievement be documented?).

See the reply to question 3 above.

5. Document the impact - both to date and potential - of the project to wider Egyptian development. In particular, note the impact on the Egyptian private sector. Include in this discussion a comment on the direct beneficiaries of the project, both actual to date and likely in the near future.

Seventy eight applications were received; all of these applicants had contacted potential Egyptian counterparts and in many cases had finalised agreements in principle on future joint working. Most of these Egyptian counterparts were private sector individuals, whose inputs to the proposed projects would be in terms of substantial capital participation together with local expertise and sometimes the recruitment and supply of local labour.

6. Where appropriate, recommend specific, realistic future actions to enhance project progress and eventual impact.

This question is addressed fully in Section 5 of the report.

Speculate on the future viability of project activities without AID assistance. (Will private U.S. firms likely continue to invest in Egypt? Will the joint ventures established under this project be likely to continue? Will the Investment Authority be likely to maintain operations as established under the project?).

In our opinion, if this project were discontinued, private US firms would probably continue to invest in Egypt, but would be limited to those already firmly committed to the country. Those sitting on the fence or selecting a country from many candidates for investment would probably not consider Egypt in the same light without the PSFSP.



The joint ventures established under the project are almost certain (subject to the normal commercial constraints) to continue.

Without continued funding, it is in our opinion almost inconceivable that the Investment Authority will maintain operations (i.e. subsidies) as established under the project.



APPENDIX 2

LIST OF EGYPTIAN AND U.S. OFFICIALS INTERVIEWED

	<u>Official Name</u>	<u>Title</u>
AID/CAI Officer of finance and Investment	Mr. J. Suma	Director, Finance and investment
	Mr. W. Coles	Financial officer
AID/WA Near East	Mr. T. Tefft	
	Mr. J. Carrole	
OPIC	Mr. B. Treadwell	Acting managing director, finance department
	Ms. H. Chaikovsky	Investment officer
GAFI	Mr. I. Kamel	Program director PSFSP
	Mr. G. Mehdi	Financial Analyst PSFSP
	Mr. A. Hariri	Financial director PSFSP
USIPO	Mr. K. Heck	Director
USEJBC	Mr. P. Henson	Executive director, U.S. sector
	Dr. F. Sultan	Chairman Egyptian section
Egyptian Embassy/WA	Mr. I. Rushdy	Commercial Attache Egyptian Embassy in the U.S.
U.S. Consultants	Mr. J. Sarpa	President, Investment Network Corp.
	Dr. S. El Sonbati	Management consultant
AM Cham/Egypt	Ms. P. Brown	Executive director
PMM	Mr. R. L. Sullivan	Senior partner
	Mr. D. Rohm	Senior manager

LIST OF U.S. BUSINESSES INTERVIEWED

<u>Company Name</u>	<u>Official Name</u>
Beatrice Foods	Mr. Michael Code
Land O' Frost	Mr. Paul Van Eckeren
Hygrade Foods	Mr. Kenneth Morrison
ZEC International	Mr. R. Kashmiri
Transaction Technology	Mr. Larry Colly
Blaw-Knox Construction	Mr. E. Dicker
Sol - C12	Mr. Duncan McRae
America's Development Founders	Mr. Frank Miller
Symons Corporation	Mr. Frank Briggs
Packerland Packing	Mr. Noval Dvorak
Eco Resources	Mr. Samuel Tobey
International Automation	Mr. Alex Habib
National Can Corp.	Mr. Jack Turner
World Industries	Mr. Jack C. Allen
Roly International	Mr. J. Hemming
Rimstock Inc.	Mr. Arthur Fuzak
Continental Grain	Mr. M. Furzer
Nelson Industries Inc.	Mr. Jerry Gryttenholm
Alliance Foods	Mr. Lee Feller
Sunbelt Energy Corp.	Mr. Billie Shaperd
Bartex Industries	Mr. Joe Poliver
DMT Corporation	Mr. D. L. Repp
Virco Marine	Dr. Frank Barros
Elitim Corporation	Mr. Lee Miller
The Construction Companies	Mr. John O. Winchester
Ralston Purina	Mr. R. Moeller



CONFIDENTIAL

QUESTIONNAIRE
FOR EVALUATION OF PRIVATE SECTOR FEASIBILITY STUDIES PROGRAM
U. S. AID

Corporation Name:

Address:

Telephone No:

Telex No

Name of Contacted officer:

Title:

INTRODUCTION

With the cooperation of U.S. AID, the Egyptian General Authority for Investment and Free Zones has set up the Private Sector Feasibility Studies Program. On a "Cost-sharing" basis, this program provides by reimbursement financial support to U.S. companies to facilitate their investigation of potential investment opportunities in Egypt.

1. GENERAL

1.1 If you are aware about this program, please explain how did you come to know about it.

- direct contact with AID/Washington,
- direct contact with AID/Cairo,
- direct contact with Opic,
- direct enquiry from Egyptian Embassy
- through contacts with other businessmen/consultants,
- from published information,
- from letter received from CWIC.
- from business seminars.
- other.

1.8 Did you get sufficient assistance from:

OPIC	Yes	No
AID Washington	Yes	No
AID Cairo	Yes	No
Egyptian Embassy	Yes	No
General Authority for Investment and free zones (GAFI)	Yes	No
Other	Yes	No

1.9 If assistance is inadequate in any case please explain:

	<u>OPIC</u>	<u>AID Wash</u>	<u>AID Cairo</u>	<u>EGYPTIAN Embassy</u>	<u>GAFI</u>
- unreasonable delay in response					
- lack of sufficient and accurate information					
- other.					

1.10 At the time of application for a grant under this project, were you aware of other USAID sponsored assistance programs ?

Yes

No

1.11 If yes please specify:

1.12 Do you have any kind of permanent representation in Egypt, please specify:



2.6 To whom did you submit your application:

- USAID/Washington
- Egyptian Investment Authority
- Egyptian Embassy
- other

2.7 What was the first response to this application:

- approved,
- disapproved,
- additional information required.

2.8 Please indicate the present status of your application:

- under review at the Investment Authority in Egypt,
- approved, initiated reconnaissance visit/feasibility study,
- approved, conducted reconnaissance visit/feasibility study, and applied to establish a joint venture company in Egypt,
- approved, did not proceed yet,
- application withdrawn by us after approval,
- application disapproved by the Investment Authority in Egypt,
- not applicable,
- other.

2.9 If your application was disapproved do you still believe that investment in Egypt is feasible.

Yes

No



ANALYSIS OF SURVEY MADE

In order to gather and analyse as much pertinent information as possible, we developed and distributed a comprehensive questionnaire. A summary of the distribution and responses received on those questionnaires is set out below.

	Previous U.S. applicants	U.S. Companies which received Sectoral Studies	Total
- Number of questionnaires distributed	50	28	78
- Number of responses received	17	2	19
- Percentage of responses received	34%	7%	24%

The number of responses received in total was much below expectations as a result of very weak responses from U.S. companies which received sectoral studies.

Analysis of the information obtained

Majority of respondents indicated that:

1. Assistance received from the project's officials was sufficient.
2. Information obtained from sectoral studies was helpful.
3. No difficulties were encountered in filling the prescribed application form for reconnaissance visits and/or feasibility studies.



4. The length of time to process and approve/disapprove their applications was too long.
5. At the time of applying for a grant under the PSFSP they were not aware of other U.S.AID sponsored assistance programs.
6. The PSFSP provides helpful incentives to encourage U.S. investors to invest in Egypt.

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SUMMARY OF APPLICATIONS SUBMITTED

Appendix 6

UP TO OCTOBER 1984

	<u>RECONNAISSANCE VISITS</u>	<u>FEASIBILITY STUDIES</u>	<u>TOTAL APPLICATIONS</u>
<u>I. Status of Approved Applications</u>			
1. Work completed			
1.1 Feasible projects - Initiated co. formation procedures		3	3
1.2 Feasible projects - Seeking financing arrangements		2	2
1.3 Feasible projects - No further action taken yet	4	1	5
1.4 Unfeasible projects	1	2	3
	<hr/> 5	<hr/> 8	<hr/> 13
2. Work Underway		1	1
3. Work Initiated and stopped		1	1
4. Work to be initiated	3	7	10
	<hr/> 8	<hr/> 17	<hr/> 25
<u>II. Reasons for Disapproved Applications</u>			
1. Non manufacturing Applicants (eg - consultants)	4	4	8
2. Outside priorities of ministries		3	3
3. Unsuitable financially	1	8	9
4. Restricted military projects		1	1
5. Investment not allowed in Sinai	1		1
6. Surplus in local production	4	3	7
7. Unsuitable project (eg. experimental)	2	1	3
8. Applicant visited Egypt before (on their own)	3		3
9. Other (company brought a ready made FS without approval without approval of GAFI)	4	5	9
	<hr/> 19	<hr/> 25	<hr/> 44
<u>III. Withdrawn Applications</u>	2	5	7
<u>IV. Applications under review</u>		2	2
	<hr/> 29	<hr/> 49	<hr/> 78
	=====	=====	=====

PRIVATE SECTOR FEASIBILITY STUDIES PROGRAMME

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No.	NAME OF INVESTOR	R V	F S	SIZE S M B	TYPE OF PROJECT APPLIED FOR	DATE OF 1ST APPLICATION	DECISION DATE CONTRACT DATE	DATE OF AID APPROVAL FOR REIMBURSEMENT	COMMENTS REASONS FOR REFUSAL REASONS FOR DELAY	AMOUNT OF GRANT REQUESTED	AMOUNT OF GRANT APPROVED	FINAL AMOUNT PAID
1	International Plant Research Institute (IPRI)		x	S	Integrated Agri- business	2/15/82	8/82 1/83	12/6/83	F.S. approved no further action	141,750	141.750	56,278.98
2	New AG. (Lotus Farm)		x	M	Expanding Poultry business	4/20/81	12/82	5/4/83	F.S. approved no further action	84,000		82,071.72
3	Food Plant Engineering	x		S	Tomato and Onion Dehydration	2/9/82	-	-	R.V. disapproved as Co. is interested in designing and not in manufacturing	-	-	-
4	Bartex Inc.	x		S	Polyurethane Shoes	2/14/82	1/84		R.V. approved but Co. did not take further action	6000	6000	6000
5	America's Development Foundation		x	M	Integrated Agri- business	3/1/84	1/84	-	Company did not respond since November 1983	179,750	179,750	-
			x		Livestock Develop- ment using embryo technology	4/20/83	2/1/84	-	R.V. disapproved Co. did not react when asked to supply more information	-	-	-
6	Columbus Tire and Rubber	x		M	Tire retreading	3/9/82	-	-	F.S. disapproved accor- ding to Ministry of Industry guidance	-	-	-
7	American Builders Services Inc.	x		S	Pre- fabricated building material	3/9/82	7/82	-	R.V. disapproved as Co. is only a consulting office for prefabricated designs	-	-	-
8	A.A.I.T.		x	S	Integrated Agri- business hotel, Tourist city	3/10/82	12/82	-	F.S. disapproved as Corp does not exist. It is just a one person business	-	-	-
9	Hygrade Food Products Corp.		x	M	Meat Processing	4/10/82	12/82	-	Co. did not proceed - withdrew application	186,430	186,430	-

No.	NAME OF INVESTOR	R V	F S	SIZE S M B	TYPE OF PROJECT APPLIED FOR	DATE OF 1ST APPLICATION	DECISION		DATE OF AID APPROVAL FOR REIMBURSEMENT	COMMENTS REASONS FOR REFUSAL REASONS FOR DELAY	AMOUNT OF GRANT REQUESTED	AMOUNT OF GRANT APPROVED	FINAL AMOUNT PAID
							DATE	CONTRACT DATE					
10	U.S. Engineers and Consultants		x	S	Black Plate Production	4/10/82	11/82	4/82	2/23/84	Co. is in the final stage of agreement with Iron and Steel Co. to establish plant	49,500	49,500	49,500
11	T.K.F. AEC		x	M	Conveyor Production	4/15/82			-	Co. was found to be financially unable to undertake the project	-	-	-
12	Component Housing	x		M	Prefabricated Building material	4/20/82			-	Co. withdrew due to some financial difficulties of its own	-	-	-
13	Seadata Inc.	x		S	Oil services	4/22/82			-	R.V. disapproved following guidance of Ministry of Planning	-	-	-
14	General Dynamics Services Company		x	S	Aircraft services	4/28/82			-	F.S. disapproved for military purposes	-	-	-
15	Green and Associates	x		S	Sunflower oil production	4/29/82	5/82		6/16/83	Company did not react	6000	6000	2386
16	Transition Technology Inc.	x		S	Water des-tillation in Sinai	4/28/82	2/83		-	R.V. disapproved as foreign investments are not allowed in Sinai	-	-	-
17	Global Contractors Inc.		x	M	Prefabri-cated materials	4/18/82			-	F.S. disapproved as Co. is mainly a contracting company	-	-	-
18	Patent Scaffolding Co.		x	S	Scaffolding system	5/17/82			-	R.V. disapproved as there is no room for more approvals for such projects or activities	-	-	-
19	Medical Facilities Management Co.	x		S	Disposal Injection Production	5/17/82	8/82		-	F.S. disapproved as Co. is very small and the project does not have priority	-	-	-

No.	NAME OF INVESTOR	R V	F S	SIZE S M B	TYPE OF PROJECT APPLIED FOR	DATE OF 1ST APPLICATION	DECISION DATE		DATE OF AID APPROVAL FOR REIMBURSEMENT	COMMENTS REASONS FOR REFUSAL REASONS FOR DELAY	AMOUNT OF GRANT REQUESTED	AMOUNT OF GRANT APPROVED	FINAL AMOUNT PAID
							CONTRACT DATE						
20	Pepper Construction Co. International	x		S	Construct- ion and contracting	5/20/82	7/82		-	R.V. disapproved as Co. wanted to experiment with a new product before deciding to consider the project	-	-	-
21	EMC Controls Inc.	x		M	Electronic Remote Control System	5/20/82	8/82		-	R.V. disapproved as Co. wanted to test a new product	-	-	-
22	Enerserv Products Inc.	x		M	Oil services	5/25/82	12/82		-	R.V. disapproved as company made a previous RV on its own	-	-	-
23	World Industries Inc.	x		S	Tin Cans	6/2/82	8/82		-	R.V. disapproved as GOFI advised that no more room for this product in local market	-	-	-
24	Continental Trade Corp.	x		S	Plastic Containers	6/14/82			-	R.V. disapproved for same reason above	-	-	-
25	Symons Corp.	x		M	Sharing Systems for construction	6/14/82	1/84		-	Co. found it feasible without need to conduct the study	31,125	31,125	-
26	Packerland Packing Co. Inc.	x		S	Meat Processing	6/23/82	2/83 10/82	2/27/83	-	Co. did not proceed	6000	6000	4760
27	Alliance Foods Inc.		x	B	Food Processing & Distribution	6/23/82			-	F.S. is completed	184,175	184,125	182,750
28	Adams Hard Facing	x		M	Agricultural Equipment	7/4/82	4/84	4/2/84	-	R.V. approved	6000	6000	-
29	Delmed Inc.	x		S	Medical Solution and Devices	7/4/82	11/83		-	Co. was disregarded by the authority in 11/3/83 as being financially unable to undertake the project	6000	6000	-

No.	NAME OF INVESTOR	R V	F S	SIZE S M B	TYPE OF PROJECT APPLIED FOR	DATE OF 1ST APPLICATION	DECISION	DATE OF	COMMENTS REASONS FOR REFUSAL REASONS FOR DELAY	AMOUNT OF GRANT REQUESTED	AMOUNT OF GRANT APPROVED	FINAL AMOUNT PAID	
							DATE	AID					
							CONTRACT	APPROVAL FOR					
							DATE	REIMBURSEMENT					
30	Continental Grain Co.	x		B	Animal and Poultry	7/6/82	11/82	-	R.V. disapproved F.S. approved and Co. is expected to conduct F.S.	115,612	89,888	-	
					Concentrates and services	6/24/84	8/84						
31	Sunbelt Energy Corp.		x	S	Extracting Ethannole	7/6/82	10/83	10/28/83	F.S. approved but Co. did not react since	121,968	121,968	121,968	
32	Wolverine World Wide		x	B	Footwear Production	7/18/82	11/83 10/82	12/14/83	F.S. approved but Co. did not react	25,000	25,000	14,238	
33	Barber Green Co.		x	S	Construction Equipment	7/12/82	8/82	-	F.S. disapproved as Co. is too small	-	-	-	
34	Domex Administrative Services	x		S	Welding Services	8/19/82	12/82	-	R.V., F.S. disapproved as the Co. is not eligible	-	-	-	
					Welding Facility	7/18/83 11/2/83	11/83						
35	Nelson Industries		x	M	Muffler and Exhaust Systems	8/19/82	8/82	-	F.S. approved but company did not react	83,250	83,250	-	
36	Virgin Islands Cor. (Virco Marine)		x	M	Floating Cold Storage	9/5/82	11/83	11/23/83	Co. proceeding towards licence under Law 43	137,000	137,000	137,000	
37	Carrier		x	B	Conditioning System	10/19/82		-	F.S. disapproved as there is an existing facility (Miraco)	-	-	-	
38	Borden Int. Europe		x	B	Milk Recombining	5/17/82	7/83	-	F.S. disapproved as there is an Egyptian Co. producing and the Co. wants to replace the foreign partner	-	-	-	
39	Wesco Truck and Trailer Sales	x		S	Assembly of Trucks	10/18/82		-	Co. withdrew the application	-	-	-	

No.	NAME OF INVESTOR	R V	F S	SIZE S M B	TYPE OF PROJECT APPLIED FOR	DATE OF 1ST APPLICATION	DECISION		DATE OF AID APPROVAL FOR REIMBURSEMENT	COMMENTS REASONS FOR REFUSAL REASONS FOR DELAY	AMOUNT OF GRANT REQUESTED	AMOUNT OF GRANT APPROVED	FINAL AMOUNT PAID
							DATE	CONTRACT DATE					
40	J. W. Clark Co. Inc.		x	S	Concrete & Gypsum Blocks	11/6/82	8/84	-	F.S. disapproved as the Co. is a consultancy firm and not manufact- uring	-	-	-	
41	W. G. Spences Associates		x	S	Assembly of Agri Trucks	11/22/82		-	F.S. disapproved and the Co. did not react	-	-	-	
42	Spire Corp.		x	S	Solar Energy for Electricity	12/8/82	4/83	4/27/83	F.S. approved but Co. did not react	37,200	37,200	-	
43	Sol - C/2	x		S	Solar Energy Equipment	12/14/82		-	R.V. disapproved as two other better competitors were selected	-	-	-	
44	Zec International		x	M	Solar Energy for Heating	12/26/82	10/83	10/18/83	F.S. approved but Co. found it unfeasible for implementation as prices of energy are subsidised	106,800	106,800	106,800	
45	Land O'Frost Foods		x	M	Food Processing	5/18/83	11/83	-	F.S. approved but Co. withdrew application	-	-	-	
46	Col Western Farm		x	M	Fish Deve- lopment and transfer by Nile barges	2/28/83	6/83	-	F.S. disapproved as High Dam Authority requested an increase in fish production and not just help to fish- ermen to collect more fish and have it proces- sed to Aswan and then transferred to Cairo for distribution	-	-	-	
47	Beatrice Foods Co.		x	B	Meat and Poultry Production	2/25/83	7/84	8/22/84	F.S. approved and Co. is taking action towards implementation	157,840	157,840	157,840	

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48	Impex World Wide		x	S	Agricultural Equipment and Lease	3/6/83		-	F.S. disapproved as Co. brought a ready made FS without getting prior approval of GAFI	-	-	-
49	Estacado Industries	x		M	Goat Meat and Wood Production	1/24/83	4/84	4/15/84	R.V. approved, Co will proceed towards a FS	6000	6000	6000
50	Lundgren Financial	x		S	Integrated Agribusiness and Live- stock Raising	4/8/83	11/83	12/1/83	Co. did not proceed as they think they did not get enough information during visit. Seems that they don't have a clear idea about what they want.	6000	6000	-
51	I.I.T. Grinnell		x	B	Water and Sawer Valves	5/15/83	11/83	1/31/84	F.S. under preparation	56,039	56,039	-
52	International Automation Systems Inc.	x		S	Electric Systems Services	5/15/83		-	Investor made R.V. on his own, procedures do not allow for a second visit	-	-	-
53	Advanced System Technology		x	S	Electric Systems for Euro- space Transport	6/23/83	8/83	-	F.S. disapproved accor- ding to guidance from Ministry of Air Trans- port	-	-	-
54	Higgins Brick Company		x	S	Concrete and Gypsum Blocks	8/8/83		-	Co. withdrew after being requested to reduce budget to 40,000.	170,000	41,000	-
55	Roly International		x	S	Industrial Cleaners and Lubricants	8/8/83	1/84	-	F.S. disapproved but Co. submitted a second application which is under consideration	-	-	-
56	Bemett Inc.		x	S	Fiber Reinforced Cement	9/5/83		-	F.S. disapproved as Co. was found to be financially unable to undertake the project	87,000	44,000	-

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57	R & R Masonry		x	S	Prefabricated Material	9/5/83		-	F.S. disapproved as Co. was found to be financially unable to undertake the project	-	-	-
58	ECO Resources Inc.		x	S	Drip Irrigation Products	9/8/83		-	F.S. disapproved as the industrial sector found that there is a surplus in local production	-	-	-
59	International DIV.		x	S	Integrated Poultry and Egg Production	9/26/83	11/83	-	F.S. disapproved as the company aims at selling and not manufacturing	-	-	-
60	Agritech International Ltd		x	S	Agricultural Equipment and Trucks	9/26/83		-	F.S. disapproved as the company is mainly a consulting and marketing firm	-	-	-
61	Land Development and Construction Corporation		x	S	Contracting and Construction	10/4/83		-	F.S. disapproved but Co. was asked for more information but no reaction took place	-	-	-
62	Kimstock Inc.		x	S	Resins and Fiberglass Products for Construction	10/31/83	1/30/83	-	F.S. disapproved as Co. was found to be financially unable to undertake the project	-	-	-
63	DMT Corporation	x		S	Electric Generators and Pumps	11/1/83	11/22/84	-	R.V. disapproved as investor previously made a R.V. on his own	-	-	-
54	Eli Lilly International Corp.		x	B	Pharmaceutical Formulation	11/1/83 11/26/83	1/19/84	-	F.S. approved but Co. did not proceed	-	-	-
65	Alliance Tool Corp.	x		S	Plated Plastics Sanitary Fixtures	11/30/83	2/84 11/83	3/8/84	F.S. approved but Co. did not proceed	4,190	4,190	-

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66	Larsen Leasing Inc.		x	S	Long Term Leasing for Refrigerated trucks	1/12/83	4/1/84	-	F.S. approved in principle but company did not proceed	139,000	17,800	-
67	Elitine Corp.	x		S	Aluglass Materials	5/6/84	8/21/84	-	R.V. approved and Co. expected to undertake R.V.	6200	6000	-
68	Verna Corp.		x	M	Water Well Drilling	7/16/84	8/2/84	-	R.V. approved and Co. expected to proceed	6000	6000	-
69	International Transmission Corporation	x		S	Prefab for Poultry Houses and Green Houses	6/28/84	7/30/84	-	Disapproved as it is a consulting house not a manufacturer	-	-	-
70	Lonington Inc.		x	S	Butylene Pipes	8/29/84	10/16/84	-	Approval	6000	6000	-
71	E S Luther		x	S	Spinning and Weaving for Computs	8/29/84		-	Disapproved, financially not very satisfactory	-	-	-
72	Clark Tubular Services Inc.		x	S	Tube Threa- ding and Coupling	9/9/84		-	Asked to present a line of credit (application in process)	-	-	-
73	Grey Advertising Corp.		x	M	Advertising	9/17/84	9/25/84	-	Disapproved as they conducted a FS without notifying the Investment Authority	-	-	-
74	Ralston Purina		x	B	Animal Feed Concentrate & Services	10/1/84		-	Applicant is still completing application	-	-	-

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LIST OF APPROVED APPLICATIONS

<u>PURPOSE/NAME OF APPLICATION</u>	<u>APPROVAL DATE</u>	<u>CURRENT STATUS</u>
<u>I. Reconnaissance Visits</u>		
1. Bartex Inc.	1/1/84	R.V. not made yet, no further information and no response to inquiries made by PSFSP.
2. Green & Associates	5/24/84	R.V. made, reimbursed, no further action.
3. Packerland Packing	2/3/83	R.V. made, reimbursed, investor disapproved as he was not introduced to the right people in Cairo (decision makers).
4. Adams Hard Facing	4/10/84	R.V. made, reimbursed, thinks project is not feasible.
5. Elitine Corp.	8/21/84	R.V. not made yet.
6. Estacado Industries	4/4/84	R.V. made, reimbursed, project seems feasible, promised to apply for F.S. - no action - follow up required.
7. Lundgren Financial	11/28/83	R.V. made, reimbursed, project seems feasible, contacted K. Heck, will apply for F.S. (recent).
8. Lonington Inc.	10/23/84	R.V. not made yet.
<u>II. Feasibility Studies</u>		
1. International Plant Research Institute	8/8/83	F.S. carried out but not completed due to problems with Egypt partners partially, reimbursed, no further action.
2. New AG (Lotus Farms)	12/16/82	F.S. carried out, reimbursed, project feasible, did not take further action since they discovered that they had obtained another grant from OPIC. Contacted afterwards by I. Kaul - had problems with financing.

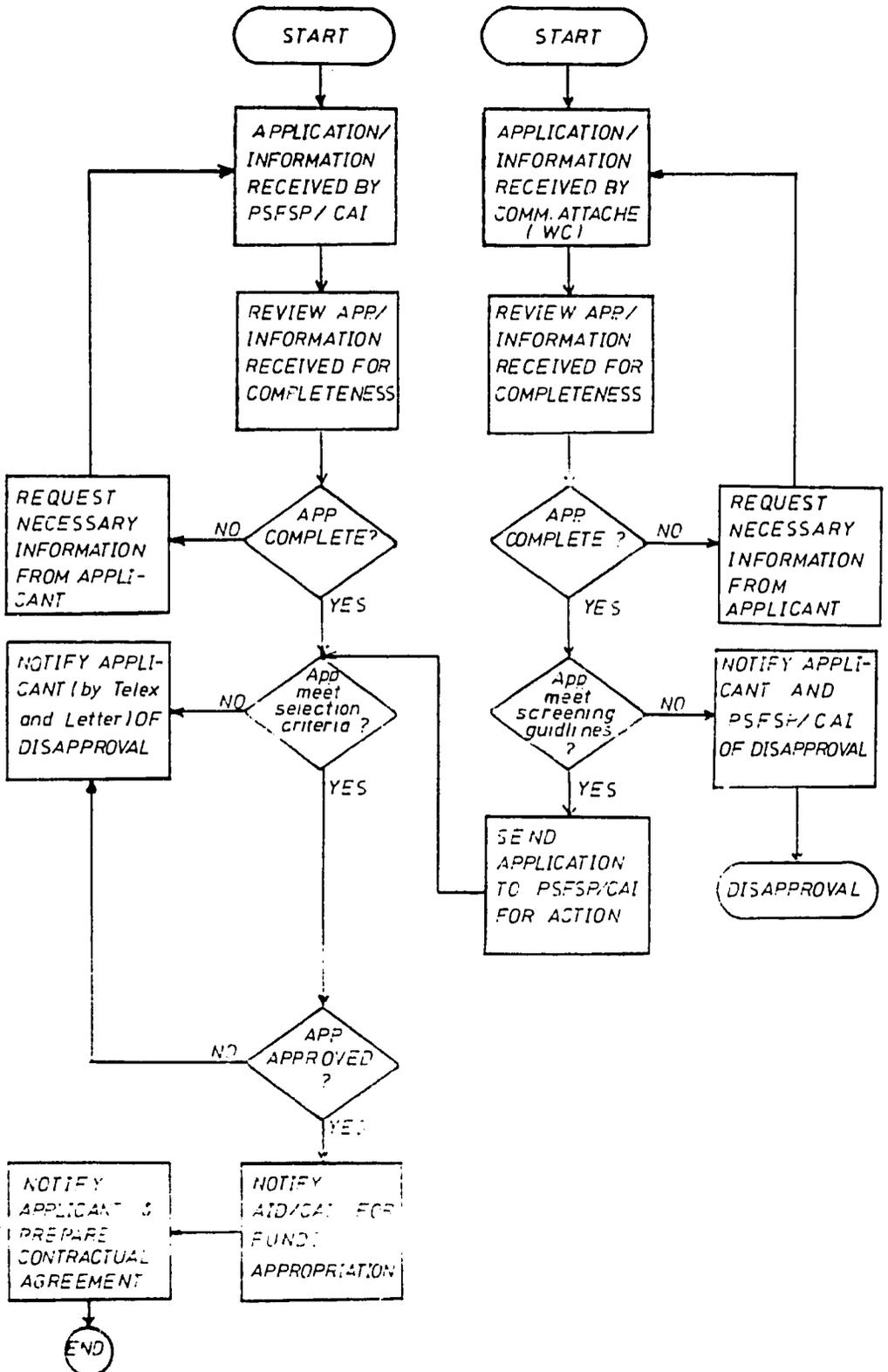
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3. U.S. Engineers and Consultants (U.S. Steel)	11/3/82	F.S. carried out, reimbursed, no action since.
4. Continental Grain	8/26/84	Company to carry out F.S. shortly.
5. Sunbelt Energy Corp.	10/17/83	F.S. carried out, reimbursed, project feasible, no further action - looking for financial resources.
6. Wolverline Worldwide	11/3/83	F.S. carried out, reimbursed, project not feasible.
7. Virgin Islands Corp.	11/5/83	F.S. carried out, reimbursed, company to apply for a license under Law 43 - working together with MIB and Dr. E. Beid.
8. Spire Corp.	4/20/83	F.S. has not started yet - will submit another application.
9. Zec International	10/16/83	F.S. carried out, reimbursed, company found that their project is not feasible for implementation.
10. Beatrice Foods Co.	7/31/84	F.S. carried out, reimbursed, project is feasible, company is taking necessary action towards implementation, will apply for a license.
11. ITT Grinnell	11/9/83	F.S. is being carried out presently.
12. Alliance Foods Inc.	8/23/82	F.S. carried out, had long dispute with 'PSFSP' and 'AID/CAI' over reimbursement, finally resolved end of October, applied for license.
13. Alliance Tool Corp.	2/22/84	F.S. not carried out yet.
14. Roly International	10/18/84	F.S. not carried out yet.
15. Eli Lilly International	1/19/84	F.S. not carried out yet.
16. Nelson Industries	8/4/83	F.S. not carried out yet.
17. Larsen Leasing Inc.	April 84	F.S. not carried out yet, budget reduced from 138,000 to 17,800.

PROPOSED FLOW CHART PROCESSING OF RECONNAISSANCE VISITS APPLICATIONS



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**PROPOSED FLOW CHART
PROCESSING OF FEASIBILITY STUDIES APPLICATION**

