

PD-AY-504

ISN 59605

# EGYPT

AGRICULTURAL PRODUCTION CREDIT PROJECT

FINAL REPORT

JULY 31, 1988

PRESENTED AT

PROGRESS REVIEW MEETING

JULY 27, 1988

GRANT # 263-0202

By: ARTHUR C. BUFFINGTON  
TEAM LEADER

For: ACDI

# APCP AGRICULTURAL PRODUCTION CREDIT PROJECT

## مشروع الانتاج الزراعي والائتمان

Principal Bank  
for  
Development & Agricultural Credit  
110 Kasr el Aini-Street  
8th Floor  
Cairo, Egypt  
Phone 355 - 0654

السك الرئيسي  
للتب والائتمان الزراعي  
١١٠ شارع قصر العيني  
الدور الثامن  
القاهرة - ج.م.ع  
تليفون : ٣٥٥٠٦٥٤

July 20, 1988

Mr. John Foti  
Project Officer - APCP  
United States Agency for  
International Development  
Cairo, Egypt

Subject: APCP Bridging Contract - Fourth Quarter Progress Report  
Based on 12-Month Review

Dear Mr. Foti:

APCP bridging year has been an interesting and challenging experience for all of us on the ACDI technical assistance team. This has been true from the very beginning of the year as we moved in to the planning period with the PBDAC-APCP officers. The latter ended with good understanding and a clear set of work plans for the 12-month period. The monthly progress reports and the quarterly reviews have steadily shown an increase in progress in all of the project work plans.

The area of credit expansion involving the new credit concept has resulted in expansion into 202 village banks in the 12 governorates. Part 1 of the credit manual has been approved by the bank's board and distributed to the governorates. Part 2 of the credit manual is being developed and should, in the near future, also be available for the governorate operations. I would urge that in the future the PBDAC credit officials and the TA team responsible for the credit area, work together to do some sample testing in the governorates and the village banks to determine the quality of experience and the need for further training. Progress is being made in the credit reporting area. The PBDAC is now developing, in the 8th floor computer center, a data base that will provide required, accurate reports in English and Arabic. Work needs to continue with the governorates in developing more prompt and accurate basis of providing the needed data. A better understanding now exists on the financial reporting; the audited, consolidated PBDAC reports that are developed every July 30, but also the mid-year 12/31 interim financial report. It would be helpful if a data base could be developed within the financial and planning sections, computerized so that these reports could generally be more available to the management of the bank.

Mr. John Foti  
July 20, 1988

Page 2

I am very pleased with the potential which exists for audit and follow-up operations under PBDAC leadership. It could be the basis for the necessary PBDAC total leadership in these important areas including the basis on which the governorates will be forming their respective operations as required in the future. It could also be valuable for the future PBDAC management in serving the whole of the bank, every sector, every department.

Credit Technical Services Based on committees in the governorates and village arena, appears to be a developing coordination and working relationship in the field operations that will serve the bank and extension's future very effectively. It will be equally important for the PBDAC and the national extension leadership to develop sound avenues of coordination and working relationships. This will enable the PBDAC and the extension to maintain good understandings on what is required by the bank from the extension, and the extension will have a good knowledge of what the bank expects of extension. They, thus, can be assured of good coordination.

Work under PIL 14 and 15 moves ahead on the development basis for extension work in the new credit concept in the 12 governorates. This means that where farmers have access to the required credit, they will also have access to the technology required. This will be valuable to the bank in terms of framing its lending to support the required technology, its cost, and its expected returns, so that the farmers can pay their debts. As one looks ahead in this work, you can not help but be interested in seeing that this partnership between banking, the extension, and the future of research in Egypt, work closely together to support their respective interests and responsibilities.

Considerable development work has been provided in the Farm Related Business arena. This appears in the form of the necessary manual, forms, training and related issues. It is also obvious in terms of the plans to move ahead with a pilot effort, on Farm Related Business, in each of the 12 governorates, in at least one district. Under good bank management plans, closely monitored month-by-month, it would appear there is a sound basis for testing the future of Farm Related Business lending. Its success should mean the bank will have a new aggressive development "engine" that will be extremely important to farmers, the villagers, the consumers of Egypt. But also to the bank in fulfilling its long term responsibilities.

The arena of Accounting and Management Information Service, certainly is a challenging one. For a good many reasons, we had a difficult time establishing the required management plans, the development work, the understandings that were necessary to move ahead with the desired progress.

Mr. Saad Nasr, who was the Accounting/MIS specialist for the ACDI team, did a considerable amount of development work but was unable to establish the communication channels and understandings to be effective in achieving the bank and the project's common interest. Therefore, at the end of 1987, Mr. Nasr agreed that he would be leaving the project. The accent was then on developing additional resources which were set up by ACDI to include Deloitte Haskins & Sells, EQI sub-contract and the accounting consultancy of Dr. El Maazawy. Mr. Saad Nasr stayed on for a period of time through early February to assist in orientation and the definition of the work that had been done as well as the work that needed to be done. Thanks to the support of Chairman Adel Ezzi, Mr. Kamal Nasser, and Chairman of Kalubiya, Sherif Osman Sherif, accounting work was able to begin in late March with final approval of the sub-contracts coming from USAID in April. The delays slowed the reaching of the targets. However, targets remain as very necessary and are keenly being supported by the present sub-contract, Dr. El Maazawy and the bank's appointed resource committee. The future should see:

1. A manual and concept of an improved accounting system and revised general ledger ready in August 1988 to be tested in selected banks in the Touk District.
2. Upon successful completion of the initial implementation of the revised procedures, application of them throughout the Touk District.
3. After acceptance throughout Touk, replication of these procedures in all districts of Kalubiya.
4. Implementation of computerized general ledger system in the Touk District Bank.

It is good to note that in the accounting development process, there has been a growing leadership and awareness coming together for the need of sequential management plans, leading to solid development in the accounting area. This will portend good things for the future of the accounting operations in serving the bank including the developing MIS operations.

4

The training center and a general development of a MIS training program has provided an increasing awareness in the potential of the computer for the future of the bank as well as the people of the PBDAC. With additional space becoming available, there should be new flexibility in making better use of the hardware and software now present in the training center. This should permit continued development of students who have already been exposed to the beginning of computerization and provide some advanced training as well as development work for the various sectors of the bank.

There appears to be a growing working relationship in the training administration of MIS between the various sectors, especially Dr. Geith and Mr. El Maraghy, the PBDAC training center and the MIS administrator, Mr. Abdel Zaheir El Hakim. This should assure maximum effectiveness in following the required training programs that will sequentially lead to the development that the bank requires in the MIS operations as well as the sector support.

Progress is being made on an additional computer procurement which will support continued development in the PBDAC and in the governorates. This will also provide hardware/software support for accounting progress. It should also aid the human resource development in the bank and the governorates.

Human resource development continues to be a primary activity supported by all of the work plans of the project and the bank. Numbers are staggering in terms of the human resources to be trained in the bank arena as well as in the extension area. Training will also be required as progress is made in the improved accounting system. It all augurs for additional training to develop and sharpen the skills of those who have already been trained. Human resource leadership continues to plan and work effectively with the PBDAC training center, the extension training, the CMD at the Kanatar, and other training support that can be applied.

Human resource development will be a primary need. It is urgent that the bank takes prompt steps to develop "trainer of trainers" and training administration at all levels of PBDAC/BDAC operation.

This program requires:

1. Careful selection of persons to become trainers of trainers and training administrators.
2. As they develop and prove to be capable, continue their development as professionals in Egypt and outside of Egypt.

Mr. John Foti  
July 20, 1988

Page 5

3. They should replace key organization officials as trainers who are already over-burdened in their primary jobs.
4. Every level of PBDAC should have a training management plan built on need and supported by an approved budget and set of action plans.

I sincerely hope this will be given a high priority.

Briefly, mention some areas of development and progress that are extremely important but have not received the recognition they should. It includes:

1. The development of the project offices on the 8th floor. First there was a delay in having the space and facilities needed. Then it took time to complete the remodeling and development work that was required. However, at this time there are five good offices, with good facilities for the incoming project team in its work with the PBDAC bank leaders.
2. It appears to myself and the TA team that there is a growing awareness among the PBDAC officers for an ongoing dialog with the TA team in developing bank management plans which can be soundly supported by the technical assistance team. This is particularly true as the technical assistance team develops its work plans, objectives, strategies, and action plans on an on-going basis. I hope that this can receive top priority as the bank moves into the beginning of a new work effort with the new project team.
3. It seems to me that our presence here on the 8th floor in working with the bank, participating with you in the quarterly review sessions and in other types of meetings, that we have experienced a settling of relationships and understanding between the bank's leadership and the technical assistance work. I sincerely hope that this will provide a valuable experience and basis on which the bank's officers can readily establish future working relationships with the technical assistance team in supporting the bank's management effort.
4. Work has been accomplished on automobile procurement development. I understand that the bank has been advised that the six Ford Aerostar vans have been received in Alexandria and should, in the near future, become available for the bank's use. Bank is also moving ahead on a plan for 50 van-type vehicles similar to the Ford Aerostar that will be used in the governorates, the governorate banks and the Ministry of Agriculture in the governorates.

-6-

5. We have had a good many tours for various reasons this past year. I express my thanks to the officers of the bank for assisting in the development of these various tours which were of great interest to the American Embassy personnel as well as USAID and to special guests who were on tour in Egypt and were interested in the various projects supported by development work here in Egypt. I am glad that the PBDAC officials have been involved because this will continue and the bank and the TA team need to support the continued tour interest. Also expand on it to the advantage of the bank in its progress in developing a new credit system and a new banking operations. In other words, "if you do not toot your horn, the people outside of your operations are going to think your battery is dead".

It may not be my job in this 12-month progress report to look ahead, but I am going to take just a few paragraphs to do that. Once again, I want to urge the PBDAC/APCP leadership to develop the strongest and most priority-type management plans possible. I would hope that this could be done sector-by-sector and then the total plans debated and finalized as a management plan structure for top management to administer collectively as well as individually in the sectors. These management plans should include the objectives, the strategies, the support for those objectives, and then the action plans that support the strategies. In some cases, you should find that you would need forward action plans to support specific strategies as those strategies move through sequential progress. The action plans should be fully reviewed (at least each quarter) and updated based on the results that have been achieved. It is my belief that these management plans should be prepared by the bank's leadership under the direction of the Chairman. However, the Chairman should be supported by outside planning leadership of his choice. Hope that this kind of a planning effort in the PBDAC would become an annual effort and it would include the sectors and banks looking ahead, two years in each planning effort.

The technical assistance team should be involved to provide support and challenge to the PBDAC/APCP leadership as they develop their required bank management plans. The TA team should also have a very positive and clear response to the PBDAC management plan in developing a set of work plans which can be reviewed by the bank's management, endorsed and then become a basis of continued dialog between the TA team and the bank management.

Mr. John Foti  
July 20, 1988

Page 7

I sincerely urge the continuation of the quarterly progress review sessions. I believe they have been very important in terms of developing a growing awareness and understanding between the TA team and the bank's officials. However, I also think that the quarterly reviews have been very helpful in establishing understanding between the bank's officers, USAID, and the TA team collectively.

The technical assistance team, coming in to work with the bank, will be working with all new USAID officials. Therefore, I urge an orientation session be conducted late this fall involving the PBDAC/APCP leadership, the TA team, and the following USAID personnel:

1. Mr. Ed Stains, Director of Agriculture
2. Mr. John Foti, Project Officer
3. Mr. David Schroeder, Acting Project Officer
4. Mr. Mohamed Omran, FSN, Project Assistant
5. Mr. David Dods, USAID Economist
6. Ms. Hermania Pangan, Project Financial Management Specialist

As I look to the completion of my contract, it is with mixed feelings. I sincerely feel that I am leaving a host of good friends here in the PBDAC. Bank personnel whom I have come to know, enjoyed working with, in whom I have a personal interest. Also had a growing acquaintance with many people in the various floors as I have gone to meetings and become acquainted with the bank's operations. I am also sincerely interested in seeing that the progress of PBDAC continues so the PBDAC fulfills its true role as a development bank. It is important that PBDAC becomes an economic force as a lender so that Egypt is assured of an increase in productivity in agriculture, but also development of an agricultural infrastructure that makes that production infinitely more valuable to the future of Egypt, its consumers, and the country's economic needs.

Mr. John Foti  
July 20, 1988

Page 8

As I complete this report, I must convey my personal and heartfelt thanks to Chairman Adel Ezzi and to Mr. Kamal Nasser, Executive Manager of APCP, Mahmoud Noor, Under Secretary of Horticulture and Executive Manager of APCP - three individuals with whom I worked most closely. To all of my friends and acquaintances in the PBDAC, including those in the governorates, I sincerely extend my best wishes and say farewell.

Sincerely yours,



Arthur C. Buffington  
Team Leader & Chief of Party

AB/ns

Ref: AB071888.REP

9'

CREDIT And  
Credit Audit

# APCP AGRICULTURAL PRODUCTION CREDIT PROJECT

## مشروع الانتاج الزراعي والائتمان

Principal Bank  
for  
Development & Agricultural Credit  
110 Kasr el Aini Street  
8th Floor  
Cairo, Egypt  
Phone. 355 - 0654

البنك الرئيسي  
للتسيه والائتمان الزراعي  
110 شارع قصر العيني  
الدور الثامن  
القاهرة - ج.م.ع  
تليفون : 355-0654

### MEMORANDUM

TO: A. C. Buffington, Team Leader  
FROM: *AM* A. J. Monaco, Credit and Credit Audit Specialist  
DATE: July 18, 1988  
SUBJECT: APCP Bridging - End of Project Report

#### I. Credit:

During the 12 months from August 1, 1988 through July 31, 1988, the PBDAC Credit Department has made considerable progress in implementing the new credit concepts envisioned under the APCP. The following specific areas have been addressed and completed with our direction and support:

1. A new APCP Credit Policy Manual has been written, approved by the Boards of Directors of the PBDAC and all BDACs, and distributed to the governorates (Attachment I). This manual follows the trend set by the SFPP and installs these concepts in the PBDAC/BDAC system as the basis for all lending.
2. A new APCP Credit Administration Manual was written and is being discussed (Copy attached - Attachment II). This manual goes beyond the SFPP concepts and introduces the five basic steps of Credit Administration:
  1. Information gathering
  2. Verification and reconciliation of information
  3. Analysis of information
  4. Loan decision
  5. Supervision and control of the loan

In addition, it is designed to provide a comprehensive on-the-job training guide to the village bank lending officers.

3. A credit department "field support team" has been formed and trained. This team has been assigned specific governorates and they have begun to visit with the BDAC, branch and village bank personnel in an effort to assess training needs and program improvements needed. Currently, they are in the information gathering phase. (Attachment III).

Mr. A. C. Buffington  
July 19, 1988

Page 2

4. Credit training in the new concepts has been very extensive. All the governorates in the APCP have been trained and most have begun lending. The credit training programs currently used by the PBDAC/BDACs are not complete, nor comprehensive. This is a very weak area.
5. New credit reports have been designed and are being used by the PBDAC and USAID to follow the progress of the projects. All the future reports can be computer generated and some have been.

Overall, the PBDAC has made significant progress in the past year. The credit area has begun to make a major transition from a standard formula no risk lending organization to a true bank lending system with the necessary controls and the inherent risks. Future challenges will be in developing better training at all levels, improved lending systems and better control. The current situation is very high risk from lending stand point with money being loaned by semi-trained personnel using new systems and no real internal control systems in place. Future concentration is needed on the basics including training and good follow-up.

## II. Internal Audit

Under the APCP bridging, significant progress has been made in the area of Internal Audit in the PBDAC. The staff has begun training in the basic theories, standards and skills of auditing (Attachment IV); a new, very capable manager has taken over, and the Chairman has begun important organizational adjustments.

Audits of the APCP lending operations have been performed and the reports have been well received by PBDAC management. A major area of progress has been the awareness of PBDAC management of the need for an independent, objective internal audit function. Chairman Ezzy has supported this concept completely and is making the necessary structural changes to make it a viable function.

The acceptance by the PBDAC of the oversight responsibility over the BDAC Internal Audit functions is another important milestone. With this recognition, the outline of an effective and efficient internal audit structure can be developed. In the future, the PBDAC will need to concentrate on the completion of the audit staff training program at PBDAC and BDACs, the development of standardized audit policies, standards, program and methods to be used throughout the system and a solid organizational and administrative structure in the audit area. I have written, presented, and discussed in detail extensive papers (Attachment V) with Chairman Ezzy, his senior staff and the audit department

78-

Mr. A. C. Buffington  
July 19, 1988

Page 3

personnel concerning training, credit audit, audit department organization and the policies, standards, program and methods required for the system to work. The next step is to follow through at the PBDAC and then the BDACs.

### III. Supervision:

The PBDAC has begun to make some progress in the area of a management supervisory program (follow-up) as part of their overall quality control system. During the ACP bridging year, progress was made in the conceptualization of the overall quality control idea, i.e., internal audit plus supervision equals quality control (Attachment VI).

Chairman Ezzy has begun the needed organizational adjustments and the follow-up department has begun training in the functional areas they will start their programs of follow-up in. Many discussions have been had in the basic theory and the "how to begin" has been reviewed in detail. What has been lacking is the leadership to do the job at hand.

The challenge for the future lies with Chairman Ezzy and his senior staff. They must be willing to move beyond the talking stage and issue clear directions to the follow-up staff and the BDACs concerning the intention to fulfill the function. During the year I have written specific papers outlining suggested approaches and detailing all the necessary actions and methods (Attachment VII). We have held discussions with Chairman Ezzy, his senior staff and the follow-up department team. The next step is to follow through.

In addition to my supervision work in the PBDAC, Mr. Noor, Undersecretary for Horticulture at the Ministry of Agriculture requested I conduct a study of his "follow-up" system in the Farm Management area. This was done and a copy of the final report is attached (Attachment VIII).

AM/ns

Attachments: - The Attachments of the Credit & Credit Audit Final Report are in the Addendum to this report.

Ref: AM070488.END

19

CREDIT Technical  
Services

CREDIT TECHNICAL  
SERVICES

124

Farm Management Administrator/Specialist  
Credit Technical Services Specialist

End of Bridging Year Report

by Thomas G. Wetsel

July 13, 1988

## Major Responsibility

Farm Management's major responsibility is to develop a "Credit Technical Services" (CTS) capability at all levels of PBDAC system. The CTS will coordinate the bank services providing inputs and credit with the extension services, who work with the farmer customers of the village bank. This effort is intended to be a two-way administrative effort, assisting the bank in working with extension, but also inviting extension to provide specific services the bank needs in providing a better loan package. The CTS will develop a statistical tool (referred to as the "crop package") for financial analysis of transferring new technology to the farmers and their agribusinesses.

## Major Accomplishments

Farm Management's major accomplishment in the bridging year of APCP was to support the new credit system and transfer of technology by:

1. Developing a Credit Technical Services capability at all levels of the PBDAC system enhancing cooperation between MOA, ARC and the bank.
2. Training and organizing an Extension System of over 2,000 extension agents serving 12 governorates (this will next year be expanded to almost 4,800 extension agents),
3. Establishing a computer reporting system to support the transfer of new technology.

## Specific Progress

### Credit Technical Service (CTS)

The Credit Technical Services (CTS) unit has been formed at the PBDAC. Members of the Credit department have been working in coordination with Mr. Shafik Harb, permanent representative from Extension Services to P.B. 3, to produce the crop packages. Seasonal bulletins have been produced for the extension agents and for financial analyst of the bank containing the crop recommendations and a budget of costs and benefits for the major crops of summer and winter season.

In each of the 12 governorates APCP is working, the supreme committee has produced crop budgets in coordination with the BDAC and the MOA represented by the director of extension. This crop budget system allows the leaders to examine the impact of policy by reflecting the results felt by the farmer. The crop budgets also allow different technologies to be examined as to their costs and benefit to the farmer.

### Extension Services

The Extension Service has received training based on the crop packages

adopted by the CTS and Extension Service. This includes pre-seasonal training of a week duration on the technical material in the crop packages. Over 2,000 extension agents and 800 supervisory personnel have been trained in the 12 participating governorates.

✓ Supreme Committees have been formed in each governorate comprised of the Chairman of the BDAC, the director of credit, the Undersecretary of Agriculture, the Director of Extension, the Undersecretary of Public Works and Water Resources (Irrigation), and three Scientist representing the Subject Matter Specialist. The Supreme Committee is responsible in the governorates for setting project policy and solving and problems facing the project.

✓ A Subject Matter Specialist (SMS) system has been established whereby scientists from Universities and Research Stations support the project by visiting the farmers fields twice a week and giving extension agent training.

#### Computer Reporting System

A plan for the purchase of 16 computers to support the central extension service and governorate extension service in reporting and planning their activities.

Benchmark beginning 1987

The agricultural credit system has seen large demands placed on it in the passing years. Agricultural production has experienced a revolution with the building of the high dam and replacing animal power with mechanical power. Recently changes in agriculture have accelerated with production methods becoming increasingly sophisticated. The system of credit and input supply places a heavy demand on the village bank credit system. The old system of simply giving credit according to fixed formulas is not responding to the new changes in agricultural production. A greater diversity of products and credit is needed by the farmer with timely deliveries becoming more important.

Traditional village production methods, producing for the family's consumption, have changed. The current population of 50 plus million are supported by six million farmers. Ninety five percent of all farmers are small farmers producing 75% of the agricultural production. The small farmer must do his part to supple the food needs of the population. Egypt has changed from an exporter of agricultural products to an annual importer of over three billion US\$ of agricultural foodstuffs. Wheat imports are increasing at an annual growth rate of eight percent. If the current conditions continue Egypt will need twelve billion of present value dollars in the year 2000 to import food. This twelve billion dollar food bill will not increase the per capita consumption of protein nor energy.

The Principal Bank for Development and Agricultural Credit (PBDAC) finds itself searching for solutions to the farmers needs of producing more food from a cultivated area increasing less than 1% per year. The farmers are operating more and more in a free market demanding rapid response, increased yields, and rationalizing changing prices and increased costs. The national priority of maximizing food production increases the responsibility the PBDAC faces as the major supplier of credit and inputs to farmers.

New technology must be made usable by the small farmer, (95% of all farmers, producing 75% of the agricultural production,) who find themselves supplying a market based economy. The traditional methods are being swept away as farmer survival depends on greater yields possible only by applying new technology. The application market based economy principles frees the farmer to make individual decisions about cropping, credit needs, and production methods. The old system of defining credit and input needs from Cairo is breaking down, changing to a system allowing the farmer to maximize his opportunities.

New technologies exist in research stations able to raise the current feddan (.96 acre) yields of fruits, crops, and vegetables. Acceptance of these new technologies in the past has been slow. The Small Farmer Production Project (SFPP) proved credit could be a major aid to farmers to increase their incomes and productivity by using new technology. The SFPP proved cooperation between the extension agents and village bank officials resulted in farmers benefiting from new technology, increasing farmer income and agricultural production.

The PBDAC finds itself needing to identify a method whereby new technology can be identified, evaluated, credit needs and loan repayment rates established, application supported by extension and research. The method

must lead to farmers adopting new technology producing increased yields and farmer income.

The SFPP was a pilot project and the major challenge to the PBDAC is to adapt the new credit systems and apply them on a national scale, including national support from the extension system. New linkages with ARC, MOA, Extension, and the PBDAC need to be forged and old ties strengthened. Increased agricultural production becomes the goal of all, dependent on cooperation from all agencies.

In Farm Management, the opportunity exist to educate the other agencies of MOA of the PBDAC's leadership role in making credit and inputs available for credit worthy new technologies. New technology whose benefits pay for the cost and interest of applying them. New technology resulting in increased agricultural production and income for the small farmer. New Technology supported by the national extension system, training in the new technology for the extension agents, with visits by Subject Matter Specialists (specialists form Universities and research) to support the farmers and extension agents using the new technologies.

Within the PBDAC itself a Credit Technical Services (CTS) Department will be formed to formalize the linkages with extension needed by the new credit system.

#### Review of the Benchmark, July, 1988

The PBDAC, MOA; ARC, and Extension Services are well under way to developing and implementing a system supporting and transferring technology able to raise farmer's incomes and agricultural production.

The PBDAC has system wide developed links with the MOA and ARC through committees at the national, governorate, branch, and village levels. Through this activity the PBDAC is fine tuning the delivery of credit and inputs to farmers. The pathways and ability to respond to recommendations from ARC and MOA have been established through the leadership of the PBDAC and supported in 12 governorates by the BDACs. The PBDAC and BDAC have demonstrated their ability to support the introduction of new technology and respond to change.

As well as working within the bank the PBDAC has supported the reorganization of the Extension Service. The extension agent is given support in convincing the farmer to adopt the income and agricultural production raising new technology. The bank develops loans, the farmer can apply for credit, enabling the farmer to adopt the new technology.

The support given by the extension agent and the extension system enhances the beneficial result of the new technology. The bank in funding new technology and supporting extension is more certain of recovering loans. The new technology is fully tested and supported by ARC and Extension. The farmer is supported by regular visits of trained qualified extension agents back stopped by Subject Matter Specialist. The risk is reduced to the bank and to the farmer. The bank finds an expanding credit need, the extension agent has a useful tool, credit, to aid in new technology adoption, and the agricultural productivity of the farmer rises.

This extension effort has been identified and the basic organization

supporting the activities of the extension agents through funding of training and logistical support consisting of pamphlets and transportation has been under taken by the PBDAC.

Review of the workplan

Progress from July 1, 1987 until July 31, 1988 has been the following:

✓ 1. The CTS unit has been included as part of the PBDAC Credit Department. One hundred and ten students have been trained 7,214 hours of training in the Dokki office from beginning of APCP until date. Twenty one separate class have been given in Lotus 123, Level I and Level II, Dbase III+, Level I and Level II, and MS-Dos. The training is being conducted according to the skills inventory system producing graded software users. Members of the CTS staff serve as instructors in the courses.

CTS has produced computer programs in both Lotus 123 and Dbase III+ for the crop package budgets for the 28 major crops. These programs are able to reflect price updates from a single price change and can be reported in hard copy either Arabic or English. CTS has produced credit reports, monthly, seasonal, and yearly for the APCP, using dbase or spreadsheets, either Arabic of English.

By in large the capacity of CTS to produce computerized reports in Arabic or English has been underutilized by the project, as has the computer effort in CTS been underfunded. Software upgrades have not been purchased for CTS, specific software needed by CTS has not been purchased, and supplies such as disk and paper have taken over one year to be purchased. To date CTS operates with 2 standby computers although plans for purchasing more computers have been in the hands of APCP leadership for a year.

A plan for the purchase of the eight computer systems for extension has been finished by the CTS specialist and forwarded to the project Leadership for approval. This sentence has been included in the past 3 quarterly reports and nine monthly reports.

✓ 2. The Central Extension Follow-up Team is fully formed and is conducting regularly scheduled field trips to the 12 governorates. Field trip reports are available on request. A situation report of the 12 governorates and their efforts in building an extension service to support the activities of the new credit system can be found in the yearly report of the CTS specialist.

✓ 3. The Extension Training Plan, funding the training of the extension agents has been implemented with over 2,500 extension agents receiving winter and summer season training on the APCP crop packages. (approx. 20,000 man/days of training see training report.)

✓ 4. Subject Matter Specialists have been named in each of the 12 governorates. Progress in this area is somewhat delayed awaiting the Technology Transfer Subproject of NARP and clarification of the training fees from MOA leadership.

✓ 5. The Summer and Winter Crop Package pamphlets, including the budget sheets, allowing economic decision making, have been distributed in all the governorates.

✓ 6. Credit Technical Services is being developed in Kaylubia,

Sharkia, and Assuit. The project has contracted with a private sector computer center in the governorates to provide the governorate leadership with seasonal updated crop packages in both Arabic and English until July 31, 1988. Progress in this area has been slow due to the delays in purchasing computers. However the governorates have produced local crop packages reflect governorate conditions.

7. The manual of the APCP Extension Concepts has been translated to Arabic and English and is used by the leadership in the governorates in defining the project. A project Extension Follow-up team is functioning since the beginning of the project. A consultant is reviewing the system and will make a report on improvements. Efforts are underway to formalize all aspects of the organization of the project producing a national replicable system for extension.

8. The Executive Committee in the governorates is formed in most all of the 12 governorates, the exception is Kafr Shiek which still needs to make the meeting a formal organization. The village bank farm management meetings are taking place in the governorates. The permanent representative of the Extension Services, Mr. Harb is working as liaison with Mr. M. Gharieb, Credit Manager of PBDAC.

9. CTS is included in the PBDAC reporting system, the Credit Report has been produced in Arabic/English. A CTS Group will produce future reports from the APCP MIS computers in PBDAC.

#### Summary

10. All work plans have proceeded on schedule, except for computer purchasing. Possible areas of concentration for future could be, the Extension Services Computer purchase, planning for the winter season packages in cooperation with NARP, follow-up of the APCP trained Extension Agents with the Central Extension Follow-up Team, and strengthening the organization of Extension Service.

supporting the activities of the extension agents through funding of training and logistical support consisting of pamphlets and transportation has been under taken by the PBDAC.

13

Review of the workplan

Progress from July 1, 1987 until July 31, 1988 has been the following:

✓ 1. The CTS unit has been included as part of the PBDAC Credit Department. One hundred and ten students have been trained 7,214 hours of training in the Dokki office from beginning of APCP until date. Twenty one separate class have been given in Lotus 123, Level I and Level II, Dbase III+, Level I and Level II, and MS-Dos. The training is being conducted according to the skills inventory system producing graded software users. Members of the CTS staff serve as instructors in the courses.

CTS has produced computer programs in both Lotus 123 and Dbase III+ for the crop package budgets for the 28 major crops. These programs are able to reflect price updates from a single price change and can be reported in hard copy either Arabic or English. CTS has produced credit reports, monthly, seasonal, and yearly for the APCP, using dbase or spreadsheets, either Arabic or English.

By in large the capacity of CTS to produce computerized reports in Arabic or English has been underutilized by the project, as has the computer effort in CTS been underfunded. Software upgrades have not been purchased for CTS, specific software needed by CTS has not been purchased, and supplies such as disk and paper have taken over one year to be purchased. To date CTS operates with 2 standby computers although plans for purchasing more computers have been in the hands of APCP leadership for a year.

A plan for the purchase of the eight computer systems for extension has been finished by the CTS specialist and forwarded to the project Leadership for approval. This sentence has been included in the past 3 quarterly reports and nine monthly reports.

✓ 2. The Central Extension Follow-up Team is fully formed and is conducting regularly scheduled field trips to the 12 governorates. Field trip reports are available on request. A situation report of the 12 governorates and their efforts in building an extension service to support the activities of the new credit system can be found in the yearly report of the CTS specialist.

✓ 3. The Extension Training Plan, funding the training of the extension agents has been implemented with over 2,500 extension agents receiving winter and summer season training on the APCP crop packages. (approx. 20,000 man/days of training see training report.)

✓ 4. Subject Matter Specialists have been named in each of the 12 governorates. Progress in this area is somewhat delayed awaiting the Technology Transfer Subproject of NARP and clarification of the training fees from MOA leadership.

✓ 5. The Summer and Winter Crop Package pamphlets, including the budget sheets, allowing economic decision making, have been distributed in all the governorates.

✓ 6. Credit Technical Services is being developed in Kaylubia,

Sharkia, and Assuit. The project has contracted with a private sector computer center in the governorates to provide the governorate leadership with seasonal updated crop packages in both Arabic and English until July 31, 1988. Progress in this area has been slow due to the delays in purchasing computers. However the governorates have produced local crop packages reflect governorate conditions.

7. The manual of the APCP Extension Concepts has been translated to Arabic and English and is used by the leadership in the governorates in defining the project. A project Extension Follow-up team is functioning since the beginning of the project. A consultant is reviewing the system and will make a report on improvements. Efforts are underway to formalize all aspects of the organization of the project producing a national replicable system for extension.

8. The Executive Committee in the governorates is formed in most all of the 12 governorates, the exception is Kafr Shiek which still needs to make the meeting a formal organization. The village bank farm management meetings are taking place in the governorates. The permanent representative of the Extension Services, Mr. Harb is working as liaison with Mr. M. Gharieb, Credit Manager of PBDAC.

9. CTS is included in the PBDAC reporting system, the Credit Report has been produced in Arabic/English. A CTS Group will produce future reports from the APCP MIS computers in PBDAC.

#### Summary

10. All work plans have proceeded on schedule, except for computer purchasing. Possible areas of concentration for future could be, the Extension Services Computer purchase, planning for the winter season packages in cooperation with NARP, follow-up of the APCP trained Extension Agents with the Central Extension Follow-up Team, and strengthening the organization of Extension Service.

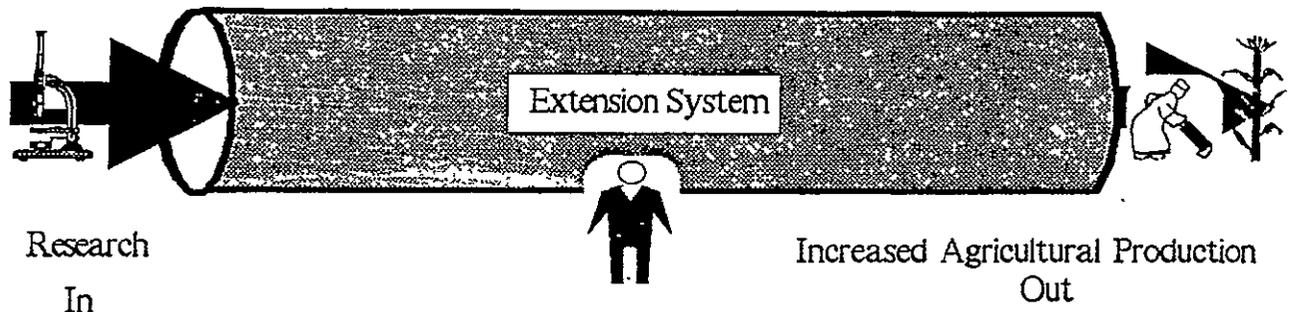
CREDIT TECHNICAL SERVICES  
WORKPLAN

No.	Action Steps	Date Begin	Date Due	Responsibility	Status
1.	Identify Extension Agents & Supervisory Staff needed	10/87	11/87	TA/ES/PBDAC	DONE
	a. Develop Training Plan	8/87	10/87	ESTD/PBDAC	DONE
	b. Identify Extension Agents & Supervisory Staff for 1988-89	12/87	4/88	TA/ES/PBDAC	DONE
2.	Identify Subject Matter Specialist needed	10/87	12/87	Ex. Cmm./ES	DONE
	a. Develop Training Plan	9/87	1988	ESTD/PBDAC	DONE
	. Identify SMS for 1988-89	12/87	4/88	Ex. Cmm./ES	DONE
3.	Identify Members of Credit Technical Services Section of Credit Department	9/87	10/87	PBDAC/MG/TA	DONE
	a. Train the CTS in computer use for : -Planning -Cost/Benefit Studies	10/87	1988	TA/PBDAC	DONE
	b. Identify Governorate Credit Technical Service Sections	12/87	4/88	TA/BDAC	**

\*\* The CTS sections have begun in three governorates, the purchase of computers have delayed the implementation of this phase. Coordination of MC BD is done in the committee meetings of the Extension director and t governorate director of credit.

# The Pipe Line

Application of Research



The Pipe Line must provide:

1. Administrative and logistical support for Extension Agents
2. Information and technical support for Extension Agents

The Extension Agent must provide:

1. Regular, scheduled visits to the farmers, impacting on farmers production.

The Research Institutions must provide:

1. New Technology increasing farmer yields and incomes

The Goal:

Farmers benefit from the delivery system and the application of new technology results in increased agricultural production.

Status of the 12 Governorate Extension Service Efforts of the Bank

The following report will be used on the final field trips to each governorate during the months of June and July. This form will attempt to summarize the findings of the visits and report in a usable format to leadership. The procedure suffers from two flaws:

1- The report, the items, point values, and areas visited are arbitrary and may not reflect the true nature of the problem, nor items most important to the success of the project.

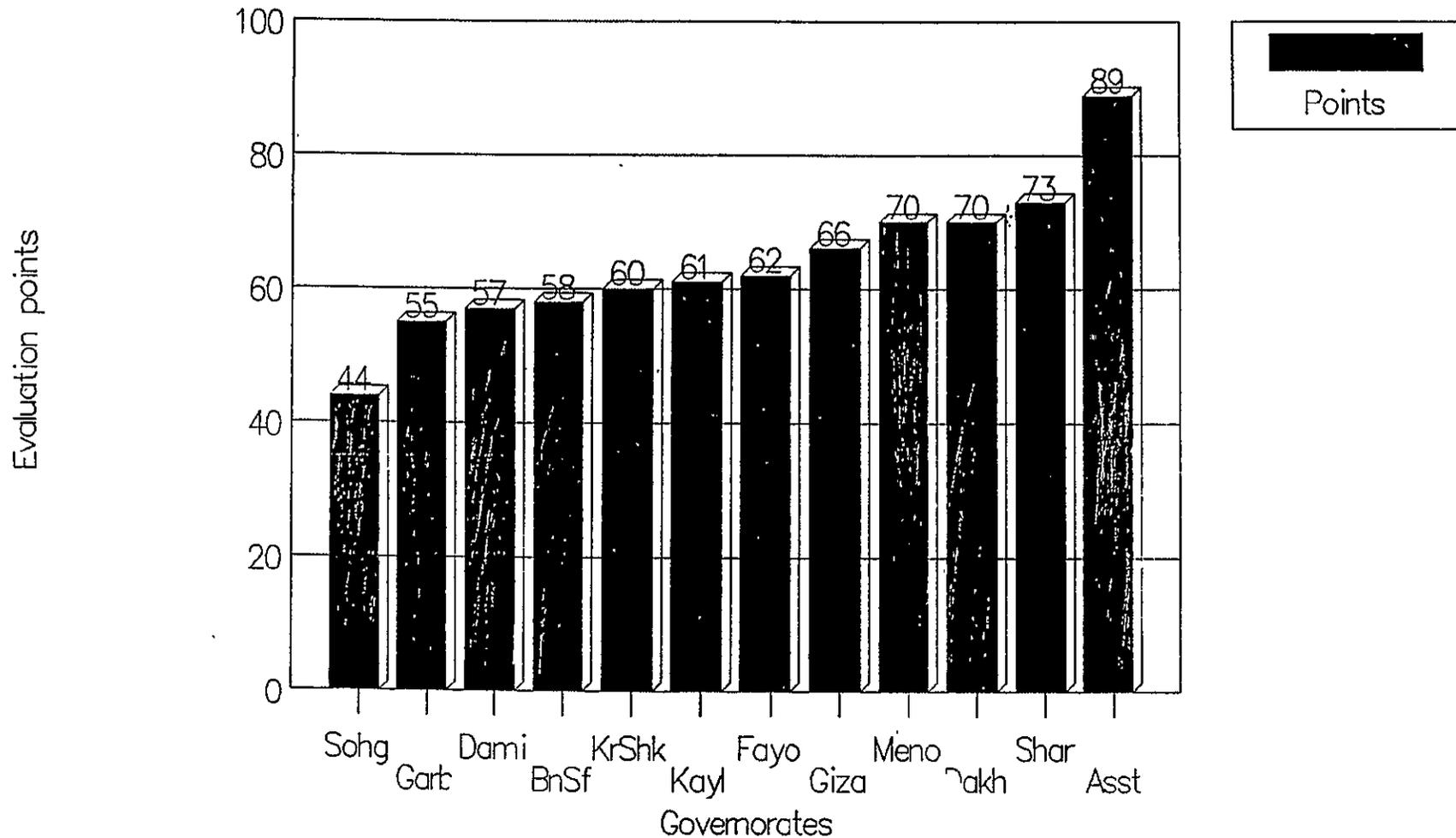
2- The points are approximations and no decisions should be taken without rechecking and verifying the findings.

The object of the reports is to have some sort of comparison between the activities of the governorates and indicate areas for further study and work. This form will only be used to evaluate the first year of the project, later other points will need to be considered, and the entire format reviewed. The credit area needs to be followed up separately to have an understanding of the effectiveness of the village banks.

This status report is based on field visits to farmers and extension agents in the project areas of the governorates and interviews with the local leadership of the project in the governorates.

# APCP 12 Governortaes

## Extension Service Evaluation



APCP Central Extension Follow-up Report Sample form.

Governorate:  
Date of Trip:

Reporter: Tom Wetsel  
Score: 0

Summary:

Governorate	Extension Agent							Total
	Named	Maps	Train	PrDiem	SMS	Credit		
Standard	1	1	2	2	2	3	11	
								0
Package				Demonstration				Total
	HCmtt.	SMS	Uses	Package	How			
	Train	Budget	Pmphlt	FrVst	Extn	Farmer	Many	
	Type	Plan	Total					
Standard	2	3	2	2	3	3	3	
								4
								25
								0
Crops				Sbjt Mtrr Spclsts				Total
	Health	NTech	Yield	HVal	NVrty	SmFrm	Named	
	PrDiem	Car						
Standard	4	4	4	2	2	4	2	
								3
								2
								27
								0
Credit				Mechanization			Total	
	HCmmtt	EXDrtr	ExSprv	ExtAg	Farmer	Drill	Hrvst	
	Others							
Standard	2	2	2	2	4	2	1	
								2
								17
								0
High Committee				Personnel Gesalt				Total
	Named	MoMtn	gIrri.	MOA	Bank	Branch	VBank	
Standard	2	6	2	2	2	3	3	
								20
Score								0
Total Points							100	Score
							0	

Focus of work in the future:

30

## Explanation of the Evaluation Form

The heading is self explanatory.

Summary: This area is for a written paragraph describing the general situation of the Farm Management in the project.

Extension Agent: The extension agent is the most important person contacting the farmer and extending the new APCP Credit and new technology. If a useful contact is not established between the extension agent and the farmer the project will not achieve its most important goal of raising the farmers income and agricultural production.

Named: The extension agent must be appointed and assigned a continuous area of approximately 500 feddans.

Maps: This space is used to note if the extension agents have their maps and agendas showing block ownership and plantings.

Train: Training is very important if the extension agent is to understand the new technology. The new technology must be presented in a formal training session. APCP sponsors two major training efforts a year. One week in summer and one week in winter. The training sessions are supported with a printed pamphlet and written course notes.

prdiem: This is money for the travel to the training courses. The two major pre-season courses and the Subject Matter Specialist monthly hands on follow-up training, given in the field to discuss the practical problems found in applying the new technology.

SMS: Subject Matter Specialists must be available to the extension agent and visiting him in the field. This must not only be planned and scheduled, but supported through transportation. The visits are beneficial to the extension agents and leaders clarification of uncertainty due to the introduction of new technology. Actual field problems are identified and solved before they become major problems.

Credit: The extension agent should understand how credit can be used to support the spread of new technology. He does not need to know the exact procedure for giving credit, he should know the procedure for applying for credit. The extension agent should be aware of the average amounts given for each crop and the information needed to vary the average amounts. The bank officials make the actual application of credit for the farmer.

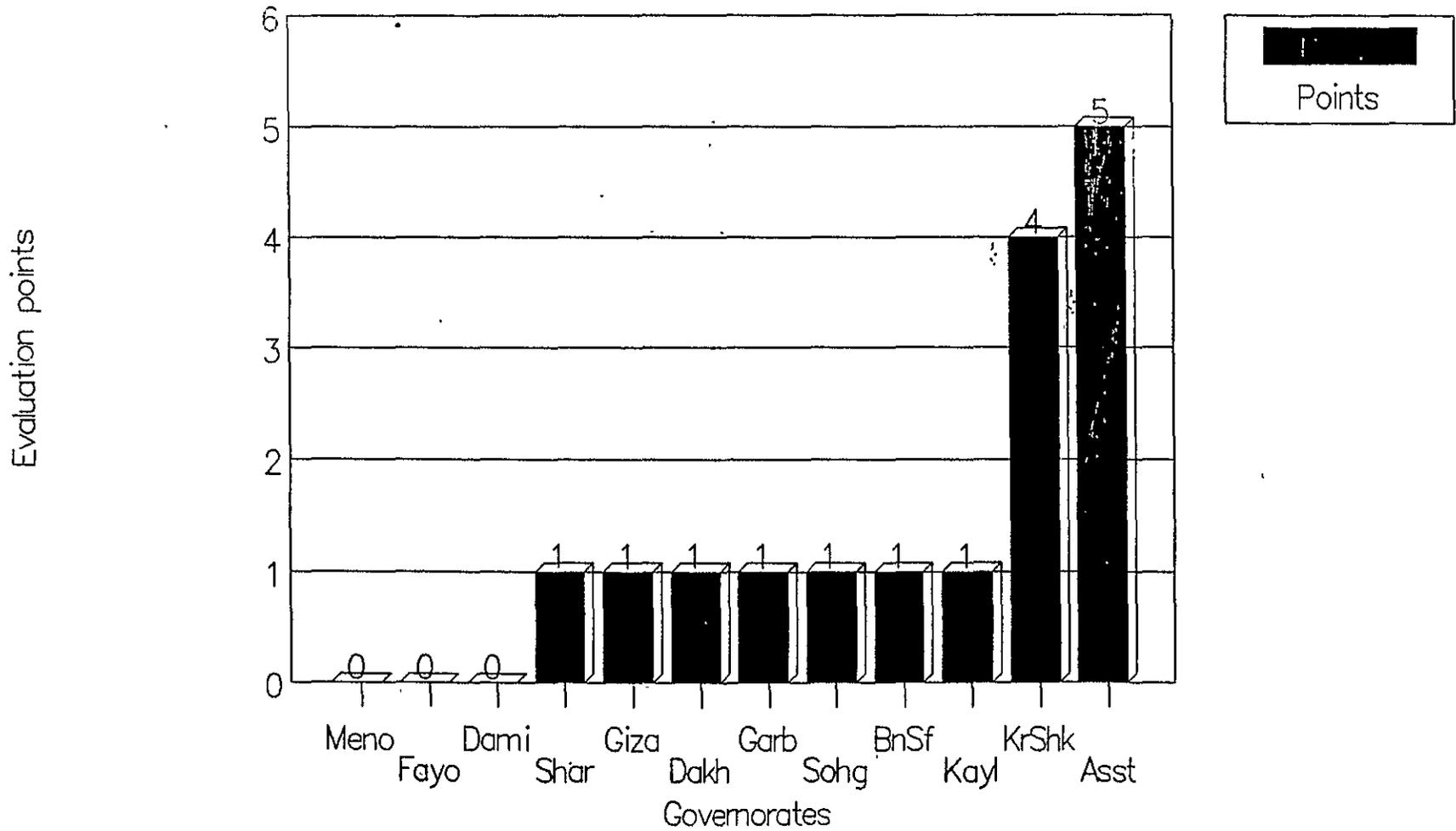
Package: The package contains the new technology the extension agent is extending to the farmer. The package will lead to increased agricultural production if used by the farmer.

Train: The package must be given to the extension agent and training completed before the planting season. This is a verification from the extension agent interview, he has received training.

HCmtt: The High Committee (Executive Committee or Supreme Com-

# APCP 12 Governortaes

## Planned Demonstrations



mittee of the project in the Governorate) agrees on the written budget. The High Committee agreement sets the stage and clears organizational obstacles to implementation of the new technology. All parties agreeing at the highest level makes disagreement at lower levels less likely. The budget gives net benefits and make obvious that low benefit new technology (such as soy beans in some areas) will be slow to be accepted.

Pamph: This the seasonal crop package publication distributed by Cairo. The packages include budgets, and expected crop package production. This collection of information allows all persons involved to speak the same language. The packages are presented with economic justification, debate can then range on alternative new technology bringing higher economic returns.

Ext: One of the first steps in applying new technology is the extension agent's understanding of the package. This is verified through questioning and through viewing applications of the package in the fields the extension agent is responsible.

Farm: The farmer is the end user of new technology. Are the farmers using the new technology and is the results being seen in the fields? This is verified through interviews with the farmers and examination of farmer fields.

Demonstrations: Demonstrations are needed in each village to show the farmers the effects of using the new technology. Each technology should be available in the extension agent's area for evaluation by the farmer. We are looking for contact of technology with farmer fields.

How many: Each village should have at least one demonstration to show the advantages of adapting practices in a package. Some areas still try and save old fava bean seed with ardebs lower production. A demonstration could compare the new varieties of fava seed with the old.

Type: Some technologies are readily used by farmers, some like the seed drill are less quickly adapted. Laser Land leveling takes a lot of effort to locate the machinery. The more difficult demonstration are sometimes more valuable.

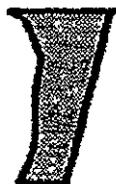
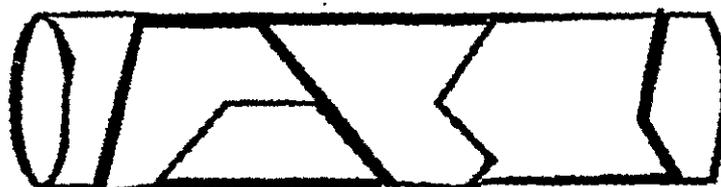
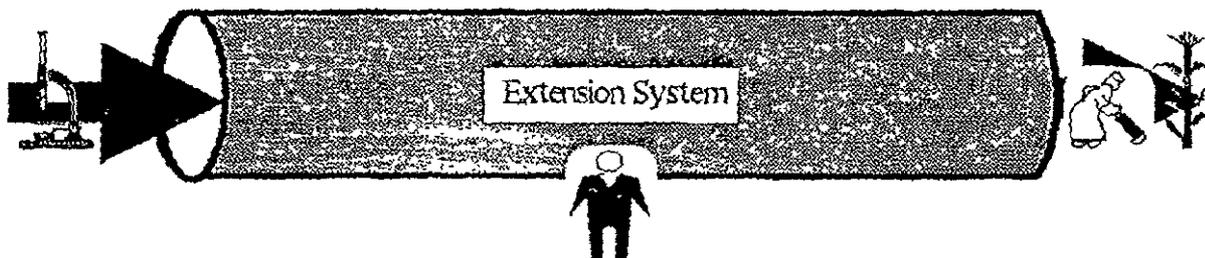
Plan: Each demonstration should be planned ahead to insure beneficial outcome and to be a demonstration suited to the local farmers.

Crops: The health and production of the crops is the ultimate goal of the project. Agricultural production increase is the goal of the project.

Health: It is to be expected the crops are healthy. The extension and agricultural ministry have long been working to provide plant protection. New technologies can not succeed without healthy plants.

NTech: New Technology should be found being used by the farmers in the field. The absorption rates will vary with each governorate, but it is very disappointing to visit a area and find only traditional methods being used. The farmers are not even able to consider a choice. Clearly the introduction of new technology is the

# Pieces of the Pipe Line



Demonstrations supporting MOA goals.



Mechanization available to farmers



Subject Matter Specialists  
Field Visits and Training



Extension Agent Support  
Training, Packages, and Supervision  
Extension Directors and Branch Extension Officers involved



Credit and inputs to support use of New Technologies



MOA, Bank, and Irrigation Cooperation  
Suphrame Committees in each governorate

responsibility of the extension agents. The phrase "The farmers will not use it" must be removed from the extension agents vocabulary. The farmers use of new technology is the responsibility of the extension agent. The extension agent and the efforts of the project must be evaluated by visits to farmer's fields.

**Yield:** The increased crop yields will be the driving force of farmers accepting new technology. (The packages have been developed so increase yields offsets any increase in costs.)

**HVal:** The farmers as they become free to accept new crops will begin to produce more high value crops, such as bananas, tomatoes, fruits, and potatoes. When visiting an area these crops should be in evidence.

**NVrty:** New variety of seeds is the easiest way to achieve increase in crop production. New seeds are available in rice, tomatoes, wheat, fowl, etc. increasing traditional yields. New crops such as sunflowers can occupy niches in agricultural production.

**SmFrm:** Small Farmers take the most work to convince to change. If a field visit can not include small farmers using the new technology the visit is skewed.

**Subject Matter Specialists:** The researchers visiting the field, verifying the new technology, solving application problems, and becoming interested in raising agricultural production is essential to the process. The two way communication between farmers and researchers will aid the research in identifying new solutions to agricultural problems.

**Named:** The subject matter specialist must be named, they must be appointed.

**PrDiem:** The subject matter specialists need money for the training of the extension agents.

**Transp:** Transportation is need if the SMS is to visit the field in the governorates.

**Train:** The SMS should be involved in the seasonal training and the follow-up practical training in the field.

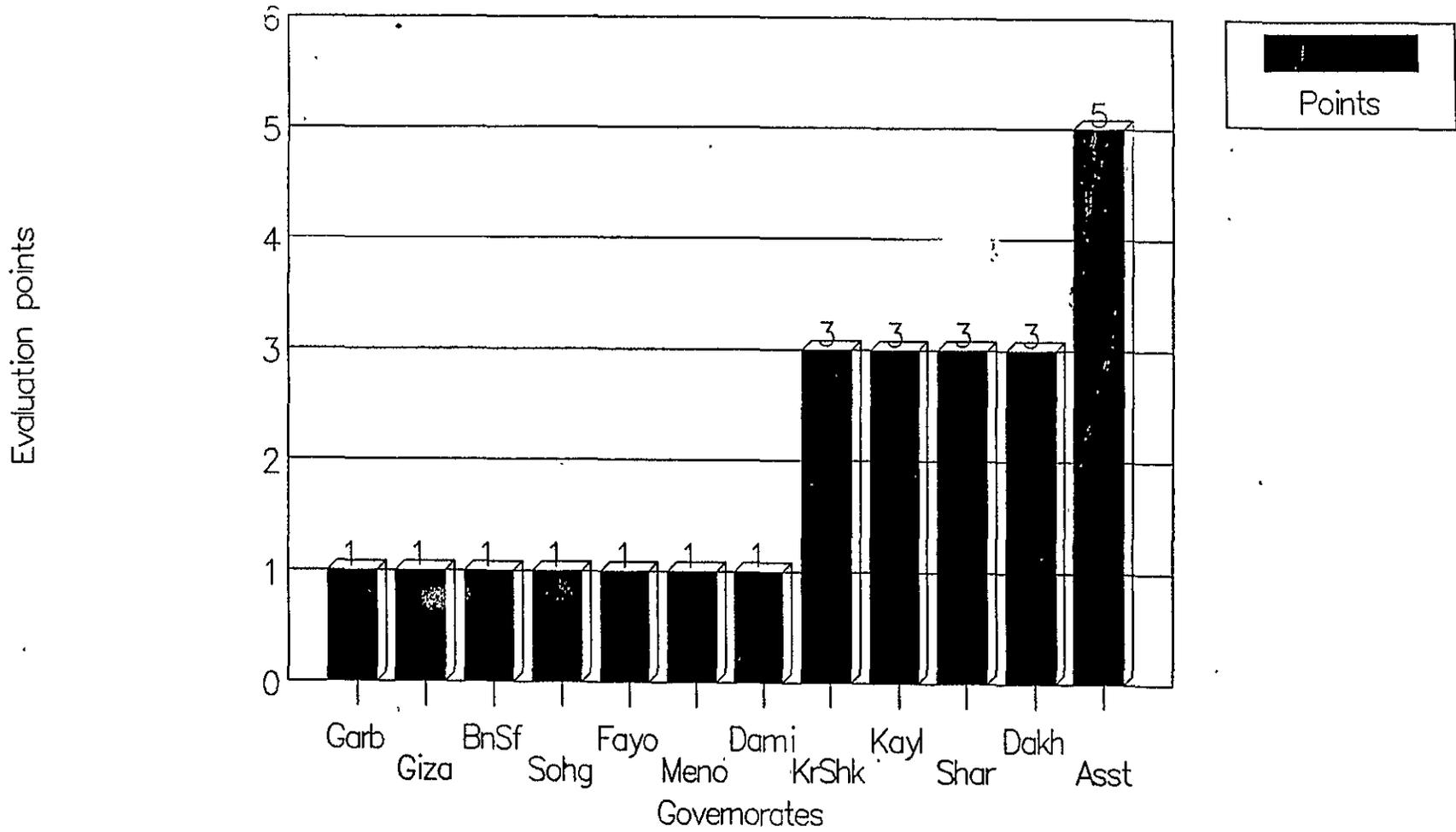
**Credit:** The project more than any other is responsible to see if credit is available to the farmer, to assist their need in using new technology. The APCP New Credit System allows flexibility to the farmers in how the credit is given and which inputs are purchased. The farmer and extension agent must be aware of credit as a tool in encouraging the adoption of new technology.

**HCmmtt:** The High Committee meets to discuss the new technology and how it can be financed. Sample budgets are discussed and reasonable amounts of money are made available for credit needs. A sample problem maybe the problem of water shortage and the bank responding with increase financing of wells and pumps.

# APCP 12 Governortaes

2007

## Mechanization



ExDrtr: The Extension Director should understand the role of the project and credit in financing new technology. New uses credit to spread new technology should originate from the Extension Director and given to the PBDAC credit director for consideration.

ExSprv: The Extension supervisor must understand the project and support it. In one visit after all higher levels showed understanding of the project the branch manager stated the farmers did not need more than 30 LE for wheat, the traditional bank quota for credit. (The High Committee's crop package showed 190 LE was could be needed by a farmer adopting all of the crop recommendations.) The extra amount was for herbicides, chemical use, mechanization and harvest loans. In the visit no herbicide and little mechanization was used in the branch. (Was it because the Extension supervisor said extra credit wasn't needed?)

ExtAg: The extension agent should respond to questions showing an understanding of the APCP New Credit system. If the farmer chooses to adopt the new technology the bank will have credit available.

Farmer: The farmers visited should have some examples of credit use. Not every farmer needs credit, but the farmer should be aware of the credit being available from the bank if needed. Special care should be taken to see if tenant farmers are able to use credit.

Mechanization: Agriculture faces the problem of declining labor supply and increasing labor costs. Mechanization can help solve these problems as well as remove bottlenecks of production, such as the need to harvest wheat before it becomes too dry, allowing the next crop to be planted on time. The project is especially interest in using loans and "blocking" users to be able to have farmer owned, farmer operated machinery.

Drill: The Seed drill is one of the new technologies able to place the correct plant population in the field. It is important to have the correct plant population if the rest of the inputs are to be planned and used efficiently. The seed drill can result in a 2-3 ardebs increase in wheat production, however the acceptance of the seed drill has been slow. The seed drill can be used to plant rice, wheat, and fava beans.

Hrvts: Harvesters can be used to reduce bottle necks in wheat production. Some wheat harvesters used are the Kubota 2-wheeled bar mower, the sickle bar mower for large tractors, and the rice harvester used to harvest wheat.

Others: There are other types of mechanization, planters, hay balers, silage choppers, rice transplanters, and potatoes planters, which can be used by the farmer.

High Committee: The high committee is composed of the Extension Director, the Under Secretary of Agriculture, the Chairman of BDAC, the Director of Credit of BDAC, Under Secretary of "Irrigation" (Public Works and Water Resource and selected subject matter specialist. The high committee should meet monthly to solve problems in agriculture in the governorate and establish policy. The crop packages reviewed and costed for the governorate are approved by the high committee. This committee establishes cooperation between sectors influencing agricul-

ture as policy.

High named: The committee members must be appointed in order to function.

MoMtnng: The committee members should meet once a month in order to solve problems on a timely bases.

Irri: The committee must include a member of the Ministry of Irrigation. Later it may be needed to include the Governor, and a representative from Reconstruction and Food Security.

Personnel Gesalt: The cooperation and use of credit to spur agricultural development must be understood by the personnel of the project. This spirit is an intangible, but is important. Such an attitude is demonstrated by the governorates demonstrating new solutions to local problems using the techniques of the project.

MOA: Ministry of Agriculture needs to understand the need for using credit and how credit can be used to solve problems. The MOA should know to test an activity for "credit worthiness".

Bank: The BDAC's must take a service attitude to credit and input supply. The need of the user must be met so farmers can be more productive. New methods must be sought to extend credit to non "official tenants" because lack of credit is a constraint to production.

Branch: As the policy is set at the top and at the governorate centers, does this policy filter relatively unchanged to the branches? A branch manger "knowing" the farmers only need 30 LE a feddan for corn will effectively stop his region from taking advantage of using credit to introduce new technology.

VBank: The village bank is often the strongest proponent of cooperation and the use of credit to solve problems. This is the last organizational link before the project reaches the farmer.

Following is a sample of a evaluation of one governorate trip. This report will be supported by a more detailed, chronological report of the trip, a video tape made during the trip, and still photographs of some of he more important aspects.

Governorate: Menoufia Reporter: Tom Wetsel  
 Date of Trip: 6/12/88 Score: 69.5

Summary:

Menoufia has good traditional crops. Progress has begun in establishing new methods of producing traditional crops. Another trip is needed to verify if the credit is being delivered to the small farmer. 12 million of loans have been issued to date. Menoufia has established an organization, if the progress is continued Menoufia will continue to be a credit to the project.

Governorate	Extension Agent							Total			
	Named	Maps	Train	PrDiem	SMS	Credit					
Standard	1	1	2	2	2	3	11				
	1	1	2	2	2	2	10				
=====											
Package						Demonstration					
HCmtt.			SMS			Uses Package			How		
Train	Budget	Pm	phlt	Tr	Vst	Extn	Farmer	Many	Type	Plan	Total
Standard	2	3	2	2	3	3	3	3	3	4	25
	2	3	2	1	2	2			0		12
=====											
Crops						Sbjt Mtr Spclsts Total					
Health	N	Tech	Yield	HVal	NVrty	SmFrm	Named	PrDiem	Car		
Standard	4	4	4	2	2	4	2	3	2	2	27
	4	2	3	2	2	3	2	3	1	1	22
=====											
Credit						Mechanization				Total	
HC	mtt	Ex	Drtr	Ex	Sprv	Ext	Ag	Farmer	Drill	Hrvst	Others
Standard	2	2	2	2	4			2	1	2	17
	2	2	1	1	2			0.5	0		8.5
=====											
High Committee						Personnel Gesalt				Total	
Named	Mo	Mtng	Irri.			MOA	Bank	Branch	VBank		
Standard	2	6	2			2	2	3	3		20
Score	2	6	2			2	2	2	1		17
=====											
Total Points 100 Score 69.5											

Focus of work in the future:

- 1- Some sunflowers must be introduced into the area.
- 2- Laser Land Leveling is needed, there is none now with the project.
- 3- Planned demonstrations of new technology is needed in each village. This should be a priority for the winter season.
- 4- New types of mechanization need to be introduced, use of harvesters
- 5- Possibility of potatoe harvester, or planting.
- 6- Be careful of fragmentation of land not in cotton production.

Governorate: Giza  
Date of Trip 6/14/88

Reporter: Tom Wetsel  
Score: 66

Summary:

Giza enjoys close location to Cairo and should focus on market crops such as vegetables and perishables. Giza can profit from excellent subject matter specialist from Cairo. Traditional crops are good.

Governorate	Extension Agent						Total	
	Named	Maps	Train	PrDiem	SMS	Credit		
Standard	1	1	2	2	2	3	11	
	1	1	2	2	2	1.5	9.5	
Package			Demonstration					
	HCmtt.	SMS	Uses	Package	How			
	Train Budget	Pmplt	TrVst	Extn	Farmer	Many	Type Plan Total	
Standard	2	3	2	2	3	3	3 4 25	
	2	3	2	2	2	1.5	0.5 13	
Crops		Sbjt Mtrr Spclsts Total						
	Health	NTech	Yield	HVal	NVrty	SmFrm	Named PrDiem Car	
Standard	4	4	4	2	2	4	2 3 2 27	
	4	2.5	3	1	2	2.5	2 3 2 22	
Credit		Mechanization				Total		
	HCmmtt	ExDrtr	ExSprv	ExtAg	Farmer	Drill	Hrvst Others	
Standard	2	2	2	2	4	2	1 2 17	
	2	1	1	2	1	0.5	7.5	
High Committee			Personnel			Gesalt		Total
	Named	MoMtng	Irri.	MOA	Bank	Branch	VBank	
Standard	2	6	2	2	2	3	3 20	
Score	2	6	2	1	1	1	1 14	
Total Points						100	Score 66	

Focus of work in the future:

- 1- Concentrate on the principle of credit working to assist agricultural production. Many leaders in the project need help in this area.
- 2- Planned demonstrations are needed in other area than sunflowers. (This is an outside effort.)
- 3- Mechanization use is very weak, not to be expected near Cairo.

- WOT

Governorate: Kafr Sheik  
 Date of Trip 6/15/88

Reporter: Tom Wetzel  
 Score: 59.5

Summary:

Kafr Shiek has good understanding of the credit principles from the Village Bank staff. The area has cooperation with many projects in the governorate.

Governorate	Extension Agent							Total		
	Named	Maps	Train	PrDiem	SMS	Credit				
Standard	1	1	2	2	2	3	11			
	1	1	2	2	2	2.5	10.5			
Package				Demonstration				Total		
	HCmtt.	SMS	Uses	Package	How					
	Train	Budget	Pmphlt	TrVst	Extn	Farmer	Many			
	Type	Plan								
Standard	2	3	2	2	3	3	3	4	25	
	2	1	2	2	1.5	1	1	1.5	1	13
Crops				Sbjt Mtr Spclsts				Total		
	Health	NTech	Yield	HVal	NVrty	SmFrm	Named	PrDiem	Car	
Standard	4	4	4	2	2	4	2	3	2	27
	2.5	2	3	1	1	3	2	3	2	19.5
Credit				Mechanization			Total			
	HCmmtt	ExDrtr	ExSprv	ExtAg	Farmer	Drill	Hrvst	Others		
Standard	2	2	2	2	4	2	1	2	17	
	0	0	2	2	3	1.5	0	1	9.5	
High Committee			Personnel Gesalt			Total				
	Named	MoMtng	Irri.	MOA	Bank	Branch	VBank			
Standard	2	6	2	2	2	3	3	20		
Score	0			1	1	2	3	7		
Total Points							100	Score	59.5	

Focus of work in the future:

- 1- The high committee must be formed in the governorate.
- 2- The Extension Director and Under Secretary of Ag, in the govern. must become members of the high committee.
- 3- The high committee must agree on the packages for the govern.  
 (If the high committee was formed Kafr Shiek would score 72.5)

WV

Governorate: Sohag  
Date of Trip '6/21/88

Reporter: Tom Wetsel  
Score: 43.5

Summary:

Sohag is a traditional governorate. The Cooperation with the bank and MOA is just beginning. The extension agents know the packages and material.

Governorate	Extension Agent							Total		
	Named	Maps	Train	PrDiem	SMS	Credit				
Standard	1	1	2	2	2	3	11			
	1	1	2	1	0	1	6			
Package		HCmtt.		SMS		Demonstration		Total		
	Train	Budget	Pmphlt	TrVst	Extn	Farmer	How Many	Type	Plan	Total
Standard	2	3	2	2	3	3	3	3	4	25
	2	1	1	0	1.5	1	1			7.5
Crops		Health		Sbjt		Mtrr		Spclsts		Total
	N	Tech	Yield	HVal	NVrty	SmFrm	Named	PrDiem	Car	
Standard	4	4	4	2	2	4	2	3	2	27
	3	2	2	0.5	1	2	2	1		13.5
Credit		Mechanization		Total						
	HC	mmtt	ExDrtr	ExSprv	EXTAg	Farmer	Drill	Hrvst	Others	Total
Standard	2	2	2	2	4		2	1	2	17
	1	0	0.5	1	2		0	0	1	5.5
High Committee		Personnel		Gesalt		Total				
	Named	MoMtng	Irri.	MOA	Bank	Branch	VBank		Total	
Standard	2	6	2	2	2	3	3		20	
Score	2	4	2	0	1	1	1		11	
Total Points 100 Score 43.5										

Focus of work in the future:

- 1- Work is beginning getting the Extension Director involved with the project. On arrival on the trip the Ex. Director was not familiar with the package, nor did he know anything about the credit. After leaving the incentives will be paid to the extension agents by the bank.

*42*

Governorate: Assuit  
 Date of Trip '6/23/88

Reporter: Tom Wetsel  
 Score: 89

Summary:

Assuit enjoys the best cooperation in the project at the local.

Governorate	Extension Agent							Total
	Named	Maps	Train	PrDiem	SMS	Credit		
Standard	1	1	2	2	2	3	11	
	1	1	2	2	2	2.5	10.5	

Standard	Package					Demonstration					Total
	Train	HCmtt.	Pmplt	SMS	Uses	Package	How	Many	Type	Plan	
		Budget		TrVst							
	2	3	2	2	3	3	3	3	3	4	25
	2	3	2	2	3	2.5	2	2	2	1	19.5

Standard	Crops					Sbjt	Mtrr	Spclsts	Total	
	Health	NTech	Yield	HVal	NVrty					
	4	4	4	2	2	4	2	3	2	27
	3	3	3.5	2	2	3	2	3	2	23.5

Standard	Credit					Mechanization			Total
	HCmmtt	ExDrtr	ExSprv	ExtAg	Farmer	Drill	Hrvst	Others	
	2	2	2	2	4	2	1	2	17
	2	2	2	2	3	2	1	1.5	15.5

Standard	High Committee			Personnel			Gesalt	Total
	Named	MoMtn	Irri.	MOA	Bank	Branch		
	2	6	2	2	2	3	3	20
Score	2	6	2	2	2	3	3	20

Total Points 100 Score 89

Focus of work in the future:

- 1- Planned demonstrations in each village.

43

Governorate: Garbia  
Date of Trip June 26

Reporter: Tom Wetsel  
Score: 54.5

Summary:

Garbia historically has achieved high yields in agriculture using traditional agricultural methods. The MOA and extension service is well organized. New technologies are not as activity sought because the traditional agriculture is successful.

Governorate	Extension Agent							Total		
	Named	Maps	Train	PrDiem	SMS	Credit				
Standard	1	1	2	2	2	3	11			
	1	1	2	2	0	1.5	7.5			
Package			Demonstration							
	HCmtt.	SMS	Uses	Package	How					
	Train	Budget	Pmplt	TrVst	Extn	Farmer	Many	Type	Plan	Total
Standard	2	3	2	2	3	3	3	3	4	25
	2	2	2	0	2	1.5	1			10.5
Crops		Sbjt Mtrr Spclsts Total								
	Health	NTech	Yield	HVal	NVrty	SmFrm	Named	PrDiem	Car	
Standard	4	4	4	2	2	4	2	3	2	27
	3	2	3	1	1	2.5	0			12.5
Credit		Mechanization					Total			
	HCmmtt	ExDrtr	ExSprv	ExtAg	Farmer	Drill	Hrvst	Others		
Standard	2	2	2	2	4	2	1	2	2	17
	1.5	1.5	1	1.5	1.5				1	8
High Committee			Personnel			Gesalt			Total	
	Named	MoMtngr	Irri.	MOA	Bank	Branch	VBank			
Standard	2	6	2	2	2	3	3		20	
Score	2	6	2	1	1	2	2		16	
Total Points 100 Score 54.5										

Focus of work in the future:

- 1- The naming and visits of the subject matter specialist are needed.
- 2- Demonstrations must be planned.
- 3- More than four summer crops must be studied by the high committee.

44

Governorate: Beni Suef  
Date of Trip June 28

Reporter: Tom Wetsel  
Score: 57.5

Summary:

Beni Suef has just appointed a new director of extension Adel Aziz.  
The current bank chairman leaves in four months.

Governorate	Extension Agent							Total		
	Named	Maps	Train	PrDiem	SMS	Credit				
Standard	1	1	2	2	2	3	11			
	1	1	2	1	0	2	7			
Package				Demonstration				Total		
	HCmtt.	SMS	Uses	Package	How					
	Train	Budget	Pmplt	TrVst	Extn	Farmer	Many	Type	Plan	Total
Standard	2	3	2	2	3	3	3	3	4	25
	2	3	2	0	1.5	2	1			11.5
Crops			Sbjt Mtrr Spclsts				Total			
	Health	NTech	Yield	HVal	NVrty	SmFrm	Named	PrDiem	Car	
Standard	4	4	4	2	2	4	2	3	2	27
	3	2	3	2	2	3	0			15
Credit				Mechanization			Total			
	HCmmtt	ExDrtr	ExSprv	ExtAg	Farmer	Drill	Hrvst	Others		
Standard	2	2	2	2	4	2	1	2	17	
	1.5	1	1.5	1.5	2		0.5		8	
High Committee			Personnel			Gesalt		Total		
	Named	MoMtng	Irri.	MOA	Bank	Branch	VBank			
Standard	2	6	2	2	2	3	3	20		
Score	2	6	2	1	1	1.5	2.5	16		
Total Points							100	Score	57.5	

Focus of work in the future:

- 1- The naming and visits of the subject matter specialist are needed.
- 2- Demonstrations must be planned.
- 3- Cooperation strengthen between MOA and Bank.

45

Governorate: Damietta  
 Date of Trip June 1988

Reporter: Tom Wetsel  
 Score: 56.5

Summary:

Damietta is a small governorate producing over 50% of it's area in rice.

Governorate	Extension Agent							Total		
	Named	Maps	Train	PrDiem	SMS	Credit				
Standard	1	1	2	2	2	3	11			
	1	1	2	2	2	0.5	8.5			
Package			Demonstration					Total		
	HCmtt.	SMS	Uses	Package	How					
	Train	Budget	Pmphlt	TrVst	Extn	Farmer	Many			
	Type	Plan	Total							
Standard	2	3	2	2	3	3	3	4	25	
	2	3	2	2	1	0.5	0		10.5	
	Crops			Sbjt			Mtrr	Spclsts	Total	
	Health	NTech	Yield	HVal	NVrty	SmFrm	Named	PrDiem	Car	
Standard	4	4	4	2	2	4	2	3	2	27
	2	1	2	1	2	1	2	3	1	15
	Credit					Mechanization			Total	
	HCmmtt	ExDrtr	ExSprv	ExtAg	Farmer	Drill	Hrvst	Others		
Standard	2	2	2	2	4	2	1	2	17	
	2	2	0	1	1	0		1	7	
	High Committee			Personnel			Gesalt		Total	
	Named	MoMtng	Irri.	MOA	Bank	Branch	VBank			
Standard	2	6	2	2	2	3	3	20		
Score	2	6	2	2	2	0.5	1	15.5		
Total Points							100	Score	56.5	

Focus of work in the future:

- 1- Training for Branch Extension Managers to understand the project and credit use.
- 2- More pest control training.
- 3- Have planned demonstrations.

Governorate: Dakhalia  
 Date of Trip May 31, 1988

Reporter: Tom Wetsel  
 Score: 70

Summary:

Dakhalia is one of the largest governorates with good agricultural production.

Governorate	Extension Agent							Total
	Named	Maps	Train	PrDiem	SMS	Credit		
Standard	1	1	2	2	2	3	11	
	1	1	2	2	0.5	2	8.5	
Package				Demonstration				Total
	HCmtt.	SMS	Uses	Package	How			
	Train	Budget	Pmplt	TrVst	Extn	Farmer	Many	
	Type	Plan						
Standard	2	3	2	2	3	3	3	
	2	3	2	0.5	2	2	1	
Crops		Sbjt		Mtrr		Spclsts		Total
	Health	NTech	Yield	HVal	NVrty	SmFrm	Named	
	PrDiem	Car						
Standard	4	4	4	2	2	4	2	
	4	3	4	2	2	2.5	1	
Credit			Mechanization			Total		
	HCmmtt	ExDrtr	ExSprv	ExtAg	Farmer	Drill	Hrvst	
	Others							
Standard	2	2	2	2	4	2	1	
	2	2	2	2	2	1	1	
High Committee		Personnel		Gesalt		Total		
	Named	MoMtng	Irri.	MOA	Bank	Branch	VBank	
Standard	2	6	2	2	2	3	3	
Score	2	6	2	2	2	1	1	
Total Points						100	Score	
						70		

Focus of work in the future:

- 1- The SMS assignments must be made and regular visit schedule.
- 2- Demonstrations must be made in each assigned area.

47

Governorate: Fayoum  
 Date of Trip 6/7/88

Reporter: Tom Wetsel  
 Score: 62

Summary:  
 Fayoum has many mixed fruit orchards.

Governorate	Extension Agent							Total
	Named	Maps	Train	PrDiem	SMS	Credit		
Standard	1	1	2	2	2	3	11	
	1	1	2	2	2	1.5	9.5	

	Package					Demonstration					Total
	Train	HCmtt.	Pmplt	SMS	Uses	Package	How	Many	Type	Plan	
		Budget		TrVst							
Standard	2	3	2	2	3	3	3	3	3	4	25
	2	3	2	1	2	1					11

	Crops				HVal	NVrty	SmFrm	Sbjt Mtr Spclsts			Total
	Health	NTech	Yield					Named	PrDiem	Car	
Standard	4	4	4	2	2	4	2	3	2	2	27
	3	2	3	2	2	2	2	1	1	1	18

	Credit					Mechanization			Total
	HCmtt	ExDrtr	ExSprv	ExtAg	Farmer	Drill	Hrvst	Others	
Standard	2	2	2	2	4	2	1	2	17
	2	1	1	1	1.5	1			7.5

	High Committee			Personnel Gesalt				Total
	Named	MoMtn	Irri.	MOA	Bank	Branch	VBank	
Standard	2	6	2	2	2	3	3	20
Score	2	6	2	1.5	1.5	1.5	1.5	16

Total Points 100 Score 62

Focus of work in the future:

- 1- Representative from Irrigation appointed to solve farmer water probl
- 2- Credit focused on tenant farmers.
- 3- Fruit package needed for the mixed fruit orchards.
- 4- SMS payment and transportation needs to be clarified.

48

Governorate: Kaylubia  
 Date of Trip July 1988

Reporter: Tom Wetsel  
 Score: 61

Summary:

Kaylubia has worked in the project for seven years and needs to improve MOA involvement.

Governorate	Extension Agent						Total
	Named	Maps	Train	PrDiem	SMS	Credit	
Standard	1	1	2	2	2	3	11
	1	1	2	2	0.5	1	7.5

Package	HCmtt.				SMS			Demonstration			Total	
	Train	Budget	Pmplt	TrVst	Extn	Farmer	Package	How	Many	Type		Plan
Standard	2	3	2	2	3	3	3	3	3	3	4	25
	2	3	2	0.5	1	1	1	1				10.5

Standard	Crops			Sbjt Mtrr Spclsts			Total			
	Health	NTech	Yield	HVal	NVrty	SmFrm		Named	PrDiem	Car
Standard	4	4	4	2	2	4	2	3	2	27
	3	3	3	1	1	2.5	1	1	1	16.5

Standard	Credit					Mechanization			Total
	HCmmtt	ExDrtr	ExSprv	ExtAg	Farmer	Drill	Hrvst	Others	
Standard	2	2	2	2	4	2	1	2	17
	2	0.5	0.5	2	2.5	1	1	1	10.5

Standard	High Committee			Personnel Gesalt			Total	
	Named	MoMtng	Irri.	MOA	Bank	BranchVBank		
Standard	2	6	2	2	2	3	3	20
Score	2	6	2	0.5	2	0.5	3	16

Total Points 100 Score 61

Focus of work in the future:

- 1- The time is past due for the Ministry of Agriculture and Extension Service to be fully integrated into the project. The Extension Service must take it's leadership role in supervising the extension agents.
- 2- Demonstrations must be planned.
- 3- SMS problem must be solved in order to allow regular scheduled visits to the extension agents.

- 49

Governorate: Sharkia  
Date of Trip 6/5/88

Reporter: Tom Wetsel  
Score: 73

Summary:

Governorate	Extension Agent							Total
	Named	Maps	Train	PrDiem	SMS	Credit		
Standard	1	1	2	2	2	3	11	
	1	1	2	2	2	3	11	

	Package				Demonstration				Total	
	Train	HCmtt. Budget	PmpltTrVst	SMS Uses	Package Extn	How Farmer	Many	Type Plan		
Standard	2	3	2	2	3	3	3	3	4	25
	2	3	2	2	2	2	0.5	0	0	13.5

	Crops					Sbjt Mtrr Spclsts			Total	
	Health	NTech	Yield	HVal	NVrty	SmFrm	Named	PrDiem		Car
Standard	4	4	4	2	2	4	2	3	2	27
	3	3	3	2	2	3	2	3	2	23

	Credit					Mechanization			Total
	HCmmtt	ExDrtr	ExSprv	ExtAg	Farmer	Drill	Hrvst	Others	
Standard	2	2	2	2	4	2	1	2	17
	2	1	1	0.5	1.5	1	0.5	1	8.5

	High Committee			Personnel Gesalt				Total
	Named	MoMtng	Irri.	MOA	Bank	Branch	VBank	
Standard	2	6	2	2	2	3	3	20
Score	2	6	2	2	2	1	2	17

Total Points 100 Score 73

Focus of work in the future:

- 1- Training in Credit use by extension agents and supervisory staff.
- 2- Planned demonstrations.
- 3- Resolving any problems with SMS.

The Extension Services Needs the following:

1. Greater commitment and understanding from the High leaders in the governorates
2. Greater commitment and understanding from the middle managers in the governorates.
3. Understanding from USAID of the incentive system.
4. A Systematic hourly visit schedule from the extension agent for his field visits, resulting in technology transfer.

Greater commitment and understanding from the high leaders in the governorates of the project.

Absentee landlords have resulted in disaster in any agricultural venture. Effective agricultural must be managed by local leaders committed to the process and with true decision making freedom. This is largely the case in agriculture and Extension Services in the project. Due to policy changes the local leaders will have more decision making freedom than ever before.

The most serious problem comes from inertia of the large governorate apparatus. The governorate leaders must be encouraged to use their resources to solve governorate problems. The two tools available to the GOE are proper appointment of leaders and training.

Proper appointment of leaders understanding and willing to solve the nation's and governorates agriculture problems is important. It is clearly a national responsibility and one the project as outsiders should do little to affect. But choosing good local leaders is importance. No governorate has succeed without strong local leaders. Many have stagnated because of the lack of such leaders.

The tool the project has available to encourage the governorate leadership is training. The national leaders both Bank, MOA, and SMS should be called for a national conference where papers are submitted and recognition given to the success of each governorate. This training would most profit from the use of a seminar for the leaders, such as the opening seminar of the project. Perhaps representatives of the Executive Committee could be lead to form a work group to prepare a yearly workplan for the governorates.

This paper will not treat the issue any further, but if the need is identified the exact nature of the training could be designed.

Greater commitment and understanding from the middle managers in the governorates.

- The middle management of the BDAC, MOA, SMS should be called for governorate training for project management goals. This is not a "management" training course useful for any manager in any industry. What is needed is to strengthen the middle management's role in the project.

The Extension Service needs to include use of the markaz (branch) office managers for "spreading" SMS technical information. The Extension Service manager would go to the research stations one day biweekly to hear the SMS's next two week's recommendations for the crop or operation in questions. This is technical training of a Trainer. At the research station training meeting for middle management the SMS could give specific time related (related to the next two weeks of plant growth) recommendations.

The manager could then give four days a week meetings to eight groups of extension agents repeating the knowledge. Administration tasks could also take place at the same meeting. The Extension Service manager could specialize in an area such as mechanization, and others in the office take separate crops.

Each training session would plan next two week's activities for the extension agent. The middle level managers should go to the research centers to learn the package from the SMS and then give weekly training and guidance to the extension agents as to the weeks activity in the crop. The result would be local branch leadership involved in the project and the technology transfer.

All of this activity could be verified by visits to the farmers fields, especially the contact fields of the daily visit of extension agents. More on this follows. The result would be a reduction of paper work and the only report really needed would be field visits.

#### Understanding from USAID of the incentive system.

Clearly costs in Egypt are rising. The so called salary of the GOE is in most cases just a weak sort of social payment, with little relationship to work accomplished. The incentive system is the system used in Egypt to obtain work. It may be wrong as giving PIL 140 wheat to Egypt is wrong. But it is the short term answer to getting results. Giving wheat to Egypt makes no development sense. But it is necessary for survival. Does investing 100's of millions of dollars in a project make sense if progress is curtailed by 60-99% by a "for your own good" decision not to pay incentives?

I fully support the rational a project can never be long term viable if a variable cost such as personnel salaries must be paid by the donor. .... I also support the rational huge sums of money are wanted because "incentives" are not paid. I believe some middle ground is needed and the middle ground will be incentives can be paid by USAID up to 30% of host country salaries. Endless delay have resulted in the GOE promising, failing to delivery, and finally dripping out incentives. Until the incentive problem is solved work is delayed and time is lost. Time is Egypt's greatest enemy.

#### A Regular hourly visit schedule from the extension agent for his field visits, resulting in effective technology transfer.

The extension agent has scheduled his visits into weekly or biweekly visits to the blocks. The block area is ether 100 feddans if a weekly visit or 50 feddans if visited biweekly. The extension agent needs to identify 3-8 farmers and farmers fields he visits each weekly and be committed to achieving the 100% of the recommended package on

the field.

The current situation is the extension agent makes passing visits, and achieves little except for looking for problems. Time is spent, the days and weeks pass, but adoption of technology is slight. The extension agent must be committed to 3-8 fields of about one feddan and achieving the package on this area. If the extension agent does this there will be about a total 25 feddans showing the farmer the results of the packages. From the total of 500 feddans at least 25 feddans will show the package. If the results are beneficial the the surrounding farmers will adopt the package.

Currently there are many field visits without any examples of the packages. The old system of not defining exactly what the extension agent will do on his visit and how he will be evaluated must change. The new system the evaluation would be easy. If the Extension agent can on a given day show us his schedule, go to the fields according to his schedule and show results, we have a good extension agent. The extension agent can be evaluated in the field according to the field and farmer's acceptance of the package.

The Extension Service needs to include use of the markaz (branch) office managers for "spreading" SMS technical information. The Extension Service manager would go to the research stations one day biweekly to hear the SMS's next two week's recommendations for the crop or operation in questions. This is technical training of a Trainer. At the research station training meeting for middle management the SMS could give specific time related (related to the next two weeks of plant growth) recommendations.

The manager could then give four days a week meetings to eight groups of extension agents repeating the knowledge. Administration tasks could also take place at the same meeting. The Extension Service manager could specialize in an area such as mechanization, and others in the office take separate crops.

Each training session would plan next two week's activities for the extension agent. The middle level managers should go to the research centers to learn the package from the SMS and then give weekly training and guidance to the extension agents as to the weeks activity in the crop. The result would be local branch leadership involved in the project and the technology transfer.

Al? If this activity could be verified by visits to the farmers fields, especially the contact fields of the daily visit of extension agent. More on this follows. The result would be a reduction of paper work and the only report really needed would be field visits.

#### Understanding from USAID of the incentive system.

Clearly costs in Egypt are rising. The so called salary of the GOE is in most cases just a weak sort of social payment, with little relationship to work accomplished. The incentive system is the system used in Egypt to obtain work. It may be wrong as giving PIL 140 wheat to Egypt is wrong. But it is the short term answer to getting results. Giving wheat to Egypt makes no development sense. But it is necessary for survival. Does investing 100's of millions of dollars in a project make sense if progress is curtailed by 60-99% by a "for your own good" decision not to pay incentives?

I fully support the rational a project can never be long term viable if a variable cost such as personnel salaries must be paid by the donor. .... I also support the rational huge sums of money are wasted because "incentives" are not paid. I believe some middle ground is needed and the middle ground will be incentives can be paid by USAID up to 30% of host country salaries. Endless delay have resulted in the GOE promising, failing to delivery, and finally dripping out incentives. Until the incentive problem is solved work is delayed and time is lost. Time is Egypt's greatest enemy.

#### A Regular hourly visit schedule from the extension agent for his field visits, resulting in effective technology transfer.

The extension agent has scheduled his visits into weekly or biweekly visits to the blocks. The block area is ether 100 feddans if a weekly visit or 50 feddans if visited biweekly. The extension agent needs to identify 3-8 farmers and farmers fields he visits each weekly and be committed to achieving the 100% of the recommended package on

the field.

The current situation is the extension agent makes passing visits, and achieves little except for looking for problems. Time is spent, the days and weeks pass, but adoption of technology is slight. The extension agent must be committed to 3-8 fields of about one feddan and achieving the package on this area. If the extension agent does this there will be about a total 25 feddans showing the farmer the results of the packages. From the total of 500 feddans at least 25 feddans will show the package. If the results are beneficial the the surrounding farmers will adopt the package.

Currently there are many field visits without any examples of the packages. The old system of not defining exactly what the extension agent will do on his visit and how he will be evaluated must change. The new system the evaluation would be easy. If the Extension agent can on a given day show us his schedule, go to the fields according to his schedule and show results, we have a good extension agent. The extension agent can be evaluated in the field according to the field and farmer's acceptance of the package.

Farm Related  
Business

FARM RELATED  
BUSINESS

56'

2

AFCP MEMORANDUM

TO: Art Duffington, Team Leader  
 FROM: Iven Ose, Agribusiness Specialist *EO*  
 DATE: July 11, 1983

SUBJECT: FFBa REPORT - July 1983 - FARM RELATED BUSINESS

This memorandum will report on progress against the Work Plan originally prepared in September, 1987. The original "Work Plan" was prepared, reviewed, and amended as follows:

Prepared by Iven Ose, Agribusiness Specialist, and the AFCP Technical Assistance Team September 22, 1987.

Reviewed and Revised by Nasser Nasser, Executive Manager-APCP, October 8, 1987.

Amended by the Farm Related Business Working Group on October 12, 1987, This Group includes:

- Mr. Gued Shaban, Director, Investment Sector - FBDAC, (chairman)
- Dr. Essam Ghertn, Under Secretary of State - FBDAC (vice-chairman)
- Mr. Mohammed El Sadouh, General Manager, Investment Sector (reporter)
- Mr. Abdel Malik El Ashry, Manager, Investment Department - Dakahlia BDAC
- Mr. Ahmed Sayed Mowad, General Manager - Kalubiya BDAC
- Mr. Kamal Abdel Galil, Small Farmer Credit Specialist - Kalubiya BDAC
- Mr. Emad El Khashab, Manager, Fertilizer Department - FBDAC

Many of the activities were not completed, my recommendations to the FBDAC for future action are to emphasize the lending function of the Farm Related Business activities.

This report will list the components of the Work Plan, including the activity to be carried out, the people responsible, the training involved, and the intended results. The "BENCHMARK" for each component will be the status at the beginning of the AFCP bridge, August 1, 1987.

WHAT? (activity)	WHO?	WHEN?	TRAIN- ING	INTENDED RESULTS
BENCHMARK: Status At August 1, 1987	key people responsible			
1. Implement FFB lending in all branches of the FBDAC: Dakahlia, Matruh, Beni Suef, Giza, Damiet, Fai El Shekh, Manouta, and Sharsh. (added later)	Specialist (reporter)	8/87 thru 1/88	8&9/87 thru 2/88 trg	Development of and loans being made to farm related businesses in the governorate branches covered.

BENCHMARK: Staff of PBDAC trained to be trainers in FRB lending. Seminars held in Benha and Assuit to introduce the concept in those governorates. All staff in Assuit trained to make FRB loans. Virtually no new FRB loans had been made, therefore, no implementation of the lending program.

PROGRESS:

Training - During the year 44 staff from Assiut, Sohag, Sharkia, Dakahlia, Gharbia, Manufia, Kalubia, Kafr El and Damietta attended three to five day training sessions. Two-day informal training sessions were held in Sharkiya, Damietta, Manufia, and Giza in April and May, 1988; about 50 people participated.

Follow-up of FRB Lending Activities in the Governorates - Less than 10 follow-up trips were made to governorates in which FRB Financial Analysts had been trained during the year.

FRB Loans Made - Loan applications for a total of approximately 500,000 LE were received in Assiut and 300,000 LE in Kalubia as well as smaller amounts in other governorates. The amount of loans disbursed is about one-fourth that value.

OBSTACLES:

Training - Detailed training plans were made for the months of October, November and December, and once again for January, 1988. These plans were not carried out, this caused significant delays in the total amount of FRB implementation which could take place by the end of the original APCP Bridge at July 31, 1988.

Follow-up of FRB Lending Activities in the Governorates - Approval of FRB lending follow-up trips was denied on several occasions, thus hampering the activity. In addition, PBDAC staff responsible for FRB lending implementation were not made full time in the activity, therefore, other responsibilities interfered with FRB lending implementation.

FRB Loans Made - The low level of training and insufficient follow-up visits to the governorates resulted in achieving a small fraction of the total potential FRB lending activity during the year.

APPROACH TO SOLUTION:

PBDAC management lead by the chairman should agree on a plan to implement FRB lending, then follow through with it. Ideas on the subject are included in the "Farm Related Business Lending Management Plan" submitted in July 1987 and the APCP Credit Manual, Part II Section 1 entitled "Farm Related Business Lending - Job Responsibilities and Management".

58

WHAT? (activity)	WHO? Key people responsible	WHEN? TRAINING	INTENDED RESULTS
------------------	-----------------------------	----------------	------------------

2. Develop management structure of PBDAC and governorate banks to accommodate the FRB lending function.	*Aly *Shanab Gheith Sadaoui Inv Sect Plan Sect Ose(assist)	before end of 2/88	Management structure in place and able to manage FRB lending function effectively at PBDAC and in the governorate BDACs.
---	--	--------------------	--

BENCHMARK: Recommendation made, no FRB lending management in place at the PBDAC or governorate banks.

PROGRESS: In central sector in BDAC selected to manage FRB lending function. PBDAC Chairman gave "FRB Lending Management Plan" in July, 1988.

OBSTACLES: Up to this point, no full time management to FRB lending activities has been named. Real accountability for progress still does not appear to have been achieved.

APPROACH TO SOLUTION: A recommendation has been made to the PBDAC to establish a FRB Lending Department in the Investment Sector headed by a full time manager and five full time staff.

3. Management development in all 11 governorate banks; development of liaison officers between governorate banks and the PBDAC for FRB lending.	*Aly *Shanab Gheith Sadaoui Trg dept Ose(monitor)	before 7/88	All 11 Banks Management staff trained in management and how to coordinate with the PBDAC (including the liaison function for FRB lending activities).
---	--	-------------	---

COMMENTS: actual management training is outside the scope of FRB lending activities and should be covered by the training and human resources departments.

4. Update manuals	*Inv sect Cred sect Ose(assist)	Ongoing thru 7/88	Record modify and update manuals Final copy of manuals and training materials completed by 5/88.
-------------------	---------------------------------------	-------------------	---

BENCHMARK: A manual entitled "Agribusiness and Cooperative Lending Guide" was prepared in the spring of 1987 under SFPP and reviewed and edited by the Agribusiness Work Group before the end of SFPP. It was used in training and implementation of FRB lending during the ACP Bridge year.

PROGRESS: A new ACP Credit Manual was submitted to the Bank in July, 1988. Part II of the manual was an updated and expanded Farm Related

Business Lending Guide.

WHAT? (activity)	WHO?	WHEN?	TRAIN- ING	INTENDED RESULTS
BENCHMARK: Status At August 1, 1987	Key people responsible			
5. Develop loan report- ing and performance (pro- gress) reporting system within the PBDAC and from governorate BDACs on the subject of FRB lending.	*Aly Shanab Gheith Sadaoui Use (monitor) IJS (approval)	be- fore 11/87	none	Reporting system in place which meets PBDAC's needs and gives information needed by USAID.

BENCHMARK: No reporting by PBDAC.

PROGRESS: First monthly report prepared by Investment Sector staff as of October 1. Subsequent monthly reports were sporadic.

OBSTACLES: There was an absence of clearly defined objectives regarding the preparation of monthly reports on FRB lending by the Investment Sector and its FRB lending staff.

APPROACH TO SOLUTION: A system of monthly reporting on FRB lending activities is included in the "Farm Related Business Lending Management Plan" submitted to Chairman Ezzi in July, 1988 (This reporting should not be confused with the loan reporting of the PBDAC as a whole in which loan numbers and amounts on all types of loans are reported).

6. Train additional FRB lending trainers.	*Aly Nasser Shanab Gheith Sadaoui Trg dept Use (mon- itor)	Se- lect by 9/ 30 in and to train by 10 or 11/88	assist in se- lection and provide training	Four additional FRB lending trainers capable to carry out training.
--	---	---	---	---

BENCHMARK: Two staff, Mohamed Sameh and Ramzy Mersal were able to carry out FRB lending training in financial analysis and lending procedures. Nominations of others were made.

PROGRESS: During the year individuals capable to be additional FRB lending trainers in financial analysis and lending procedures were identified. A memorandum to Adel Shanab dated May 31, 1988. Individuals besides the two mentioned above who will soon be ready to carry full responsibilities for FRB financial analysis and lending procedure training include Mohamed Farid Khafagy and Mohamed Zaki in the Principal Bank and Hosni El Sherif from Assiut.

OBSTACLES: The delays and canceling of training and follow-up visits during the year resulted in less opportunity for new FRB lending trainers to learn and utilize new skills.

60

APPROACH TO SOLUTION: Investment sector should hold a special intensive training session for trainers in FRB lending procedures and financial analysis. This is especially important if rapid implementation of FRB lending is to be carried out in many governorates.

WHAT? (activity)	WHO?	WHEN?	TRAINING	INTENDED RESULTS
------------------	------	-------	----------	------------------

7. Participant Training in the USA.	*Ezzi or Exec Mgr (approval)	6/88	Training T/A wife prep.	Train with lending officers in an American lending institution.
-------------------------------------	------------------------------	------	-------------------------	---

BENCHMARK: Individuals with potentially strong enough English identified for further English training.

PROGRESS: Mohamed Femen, Ramzy Mersal, and Mohamed Farid Khafagy sent to the USA for on the job training in the Farm Credit System June 17 to July 17, 1988.

OBSTACLES: The lack of English proficiency has severely reduced the number of candidates which may be considered for Farm Related Business Lending on the job training.

APPROACH TO SOLUTION: Have additional staff sit for the ALIGU English test in order to find more qualified people. Have those scoring relatively high, and those with an aptitude for languages attend one or more USAID-sponsored English language courses at AUC.

8. FRB tour.	*Ezzi or Exec Mgr (approval) Inv sect Cred sect and governorate BDAC staff	6/88	T/A prep.	Give staff a view of a mature FRB system.
--------------	--	------	-----------	---

COMMENT: Eight staff from the PBDAC and governorate banks traveled to the USA in June, 1988.

9. FRB CREDIT				
9a. Seed dealer development	*Mansour bedoui seed dept Mersal (use Aiy (approve)	up to 7/88	(maybe) Seminar prep	Seed dealers financed by AICP distributing for (a) major seed company(ies).

BENCHMARK: No initiatives made other than informal contact with one

61-

private seed producer.

PROGRESS: Meetings held with three maize seed producing companies in Cairo. A proposal was received from Misr Pioneer Seed Co. to cooperate with the BDAC to set up dealerships in the agricultural governorates.

OBSTACLES: Governorate BDAC staff are hesitant to cooperate out of fear of losing commission on seed sold through the BDAC system; other seed companies are hesitant to allocate resources to a marketing effort (establishing dealerships) given their present relationship with the BDAC system.

APPROACH TO SOLUTION: Find two governorates and at least one additional seed company (besides Pioneer) to participate on a pilot basis in a limited area.

WHAT? (activity)	WHO?	WHEN?	TRAIN- ING	INTENDED RESULTS
<u>BENCHMARK:</u> Status At August 1, 1987	Key people responsible			
9b. Chemical dealer development	*Shanab Sadaoui Chem dept Mersal Ose Aliy (approve)	up to 7/88	(maybe) Seminar prep	Chemical dealers financed by APCP distributing for a chemical company.
9c. Land leveling	*Shanab Sadaoui Wagih Ose Aliy (approve)	up to 7/88	(maybe) Seminar prep	One more land leveling unit operating, financed by APCP.

REQUIREMENTS: One land leveling operation operating in Assuit governorate.

PROGRESS: The land leveling contractor, Hammamy Brothers, has initiated land leveling efforts in delta governorates besides Assiut, Minya, and Qena where he was previously working. Hammamy Brothers were given financial and business counseling during the year. They are currently applying for a FRB loan from the FUD system to finance land leveling equipment in order to expand their activities.

OBSTACLES: Village banks not always willing to lend to farmers for the purpose of land leveling.

Land leveling contractor experienced some problems in marketing the service and scheduling work.

APPROACH TO SOLUTION: Governorate, branch, and village BDACs must be willing to lend money to farmers for the purpose of hiring land leveling on their farms. This subject should be made a part of training for

financial analysts lending to farmers.

Contractor has been advised to put a full time marketing individual in Assuit, or find a partner there to carry out that activity. Other alternatives have been discussed such as making the land leveling activity part of a more comprehensive farm custom operation service.

WHAT? (activity)	WHO?	WHEN?	TRAIN- ING	INTENDED RESULTS
BENCHMARK: Status At August 1, 1987	Key people responsible			
9d. Banana Marketing Cooperative Development	*Shanab Sadaoui Wagih Use of (approve)	up to 7/88	(maybe) Seminar prep	Assuit banana cooperative functioning in banana marketing.

BENCHMARK: Banana marketing cooperative organized but not yet functioning that is, marketing bananas.

PROGRESS: Banana cooperative board chairman introduced to cooperative leaders in Cairo who may be able to help and advise. Financing arrangement worked out between the BDAC - Assiut and the banana cooperative whereby loans on the growing crop not yet harvested may be financed at a level higher than the inputs for the crop. Arrangements were being made to rent ripening and storage facilities in Assiut in order to try to market the bananas of only a few growers during the first crop year, 1988-89.

OBSTACLES: Banana growers including banana cooperative members still suspect the government may take over their cooperative, usurping their power and control.

APPROACH TO SOLUTION: Help may be needed from successful private and cooperative fruit and vegetable marketing firms already established, more introductions should be made and are being planned. A short term technical expert on cooperative organization may be needed once again to aid the effort.

9e. Custom Operation Centers	*Shanab Sadaoui Wagih Use of (approve)	up to 7/88	(maybe) Seminar prep	Finance a custom operation center through APCP.
---------------------------------	--	------------------	----------------------------	---

BENCHMARK: Contact with Ban was made and a visit made to a custom operation center in El Sheikh. Information was gathered on the center visited in order to identify the capital and operating costs of a custom operation center.

PROGRESS: Planning and Budgeting carried out for a custom farm operator in (El Sheikh). No loans made to custom operators.

OBSTACLES: The low level of training and follow-up activity in FRB lend-

63

ing during the year meant not achieving the potential available for lending in this activity.

APPROACH TO SOLUTION: As FRB lending implementation takes place, FRB lending staff must be ready to consider loans to custom operators and custom operation centers.

WHAT? (activity)	WHO?	WHEN?	TRAIN- ING	INTENDED RESULTS
BENCHMARK: Status At August 1, 1987	Key people responsible			
9f. FRB package preparation for FRB subactivities.	*Shanab Sadaoui Ose MIS, CTS Mersal Sameh Wagih Badr Mech Inst	9/87 thru 7/88	Lotus 123 trg. MIS & CTS assis- tance	Packages for all key areas on Lotus 123. Develop standard costs, and returns.

BENCHMARK: Preliminary information gathered for custom farm operation center and land leveling operation only.

PROGRESS: Three Packages Prepared:

- Land Leveling
- Custom Operation Business - 250 Feddan of Wheat and Rice
- How to determine Custom Operation Rates for Mechanized Farming Operations

OBSTACLES: No PBDAC or governorate BDAC FRB staff have been trained in LOTUS in order that they may prepare and update FRB packages in the future.

APPROACH TO SOLUTION: Recommendations have been made to Messrs. Shanab and Sadaoui (Investment Sector top management) that they request LOTUS training for FRB staff from the MIS department of the PBDAC.

9g. Other FRB activities chosen at the Sept. 2 & 3 Planning Conference and the October 11 & 12 Planning Conference:

- Soil Improvement
- Irrigation Systems
- Irrigation equipment development including after-sale service such as spare parts, maintenance, repair and maintenance, also including the development of machinery.
- Agricultural Product Marketing including packaging, storage, processing and transportation.
- Dealers for Agro-industrial equipment and equipment for green-house agriculture.

COMMENT: It is recommended that lending be considered for any bonafide FRB activity, and not limited to specific areas of work. The Bank may,

- 607

however, decide to establish eligibility requirements such as: An entrepreneur or company must do at least one-half of its business with or for farmers in order to be eligible for an FRB loan.

WHAT? (activity) BENCHMARK: Status At August 1, 1987	WHO? Key people responsible	WHEN? TRAIN- ING	INTENDED RESULTS
10. Macroeconomic analysis of specific FRB subactivities.	*Gheith Cons comm Mech Com Dolus Mech Inst Wayih Use	begin none 10/87 ... one activity each 2 months completed 5/88	Study completed with packages attached.

COMMENT: A special study was not prepared on this topic, however, related work includes:

The three FRB packages mentioned above under 9f.  
A report prepared for Kamal Nasser from myself dated June 20, 1988, entitled "Rationale for Lending to Farm Related Businesses"

CONCLUSION TO FINAL REPORT

I would like to leave with you several recommendations which I believe will result in much more rapid progress in Farm Related Business lending during the coming years:

1. FRDAC management must agree on a plan for FRB lending implementation. They must then work together as a team to achieve their goals.
2. A FRB Lending Department should be established in the Investment Section. It should be headed by a full-time manager and at least five full-time staff.
3. Training and follow-up goals and guidelines should be followed. Examples include:
  - a. New FRB Financial Analysts must have at least 5 days of formal classroom training in practical FRB financial analysis and loan management before they may begin to consider FRB loan applications. Lending Managers in the governorate banks must also be fully trained. Loans made by poorly trained or inexperienced staff will result in a high percentage of uncollectable loans.
  - b. Follow-up trips should be made at least monthly to governorates in which FRB lending has been implemented during the first year of implementation. The follow-up activities carried out by FRB staff in visits to the governorates will include reviewing loan files and insuring that the FRB Financial

65

Analysts understand FRB lending and are doing their work properly (This policy was originally set by Mr. Shanab during a meeting April 6, 1988).

4. Many other recommendations are included in the APCP Credit Operations Manual, Part II, and a report prepared for PBDAC Chairman Adel Ezzi, "Farm Related Business Lending Management Plan" submitted in July, 1988.
- =====

ABBREVIATION KEY:

-----

Ezzi	Mr. Adel Ezzi, Chairman - PBDAC
Aly	Mr. Mourad Mohammed Aly, Vice Chairman - PBDAC
Nasser	Mr. Kamal Nasser, Director, Credit Sector - PBDAC and Executive Manager - APCP
Shanab	Mr. Adel Shanab, Director, Investment Sector - PBDAC
Sar'oui	Mr. Mohammed El Sadaoui, General Manager, Investment Sector - PBDAC
Gheith	Dr. Essam Gheith, Undersecretary of State - PBDAC
Sebaiy	Mr. Mohammed Sebaiy, Training Department Director - PBDAC
Bolus	Mr. Rafik Bolus, General Director - Ministry of Land Reclamation
Sameh	Mr. Mohammed Sameh - Investment Sector - PBDAC
Mersal	Dr. Ramzy Mersal Commercial Sector - PBDAC
Wagih	Mr. Wagih Abuzeid, Credit Sector - PBDAC
Badr	Mr. Badr El Din, Commercial Sector - PBDAC
Ose	Mr. Iven Ose, Agribusiness Specialist - APCP
Exec Mgr	Executive Manager of APCP, Mr. Kamal Nasser
T/A	Technical Assistant(s)
PBDAC	Principal Bank for Development and Agricultural Credit
gov BDAC	Governorate Banks for Development and Agricultural Credit
Cred sect	Credit Sector
Inv sect	Investment Sector
Plan sect	Planning Sector
Trg dept	Training Department
MIS	Management Information System Department
CTS	Credit Technical Services
Cons comm	PBDAC Consulting Committee Chaired by Dr. Essam Gheith
Mech comm	Mechanization Committee chaired by Dr. Essam Gheith
Mech Inst.	Mechanization Institute, directed by Dr. Sabrighi
Seed dept	Seed Department
Chem dept	Chemical Department
FRB	Farm Related Business
sem	seminar
trg	training course

Ref:FR788 Revised July 13, 1988

Accounting + MIS,

]

## مشروع الانتاج الزراعى والائتمان

Principal Bank  
for  
Development & Agricultural Credit  
110 Kasr el Aini Street  
8th Floor  
Cairo, Egypt  
Phone: 355 - 0654

البنك الرئيسى  
للتسه والائتمان الزراعى  
١١٠ شارع قصر العيني  
الدور الثامن  
القاهرة - ج.م.ع  
تليفون : ٣٥٥.٦٥٤

## Accounting Resource Committee

1. Mr. Abd El Hamid Al Sherbiny Mansour, Accounting Supervisor PBDAC
2. Mr. Abd El Ghany El Said Attela, First Accountant PBDAC
3. Mr. Abd El Aziz Moustafa Abo Ali, Training Specialist PBDAC
4. Mr. Ahmed Abd El Hamid Khalil, Training Specialist PBDAC
5. Mr. Ibrahim Abo Soud, Accounting Supervisor Kalubia BDAC
6. Mr. Said Farid, APCP Accounting Kalubiya BDAC
7. Mr. Abd El Halim Aamir, Accounting Editor branch Kalubiya BDAC
8. Mr. Farouk Amin Morsey Sobeh, Accounting branch Kalubia BDAC
9. Mr. Mahmoud Mohamed Hatab, Manager of Financing - Unit of Village Bank Kalubiya BDAC
10. Mr. Yousif Mohamed Yousif, Manager of Finance Unit - Kalubiya BDAC

This committee works under the supervision of Mr. Mostafa Mohamed Saidin - PBDAC Supervisor.

## Implementation Steps for Improved Village Accounting System

### Computerized System:

Review commercial general ledger packages available for PCs

Based on revised general ledger, select appropriate package - if suitable package available, acquire and modify as needed  
- if no package available, start programming effort

Acquire two PCs (for Toukh and Benha) including printers, voltage regulators, and supplies

Provide general training for MIS sector people from Benha; provide additional specialized training in general ledger software

Involve MIS sector trained people as much as possible use as trainers, implementors (need to travel to Kalyubia), user support personnel

Once general ledger software ready, train two people each from Toukh and Benha on operation; Toukh trainees should be accountants, Benha trainees can be MIS personnel

Install systems in Toukh and Benha; parallel system to be installed in PBDAC MIS Sector

Run parallel manual and computerized general ledger operations in Toukh for one month (probably October)

Upon procurement of additional PCs, spread general ledger software to other districts in Kalyoubia

Upon procurement of minicomputers, upgrade application to run on new systems

July 17, 1988

## Implementation Steps for Improved Village Accounting System

### Manual System:

Submit revised general ledger/chart of accounts for approval

Submit new debit/credit forms for approval

Get supply of new forms printed: permission required to use FEDAC printing facilities

Finish manual for revised general ledger and accounting procedures

Submit accounting procedures manual for approval and printing

Train Accounting Resource Committee in revised procedures so that they can be used as trainers in Kalyoubia; 2 day seminar in Cairo, August 17/18

Begin training in Kalyoubia for Toukh District; 1 day seminar in Benha, August 24/25 for accountants from all Village Banks in Toukh District, Toukh accountants, and interested Benha personnel

Implement revised accounting procedures in Toukh District as of August 27 to run in parallel with old procedures for one week (members of the Accounting Resource Committee will be required to supervise this implementation)

As of September 1, use only revised accounting procedures in all Toukh Village Banks

Review implementation in Toukh before proceeding with other districts in Kalyoubia

Train other districts beginning mid-September for October 1 implementation; members of the Accounting Resource Committee will be used to perform this training

July 17, 1988

-110-

developed on a much larger scale to serve the Bank, but primarily to hone the skills of the MIS sector and begin introducing the concept of computerization throughout the Bank.

On the procurement of the additional equipment, the technical specifications have been finalized and submitted informally to USAID/Washington for review (as required). The National Bank of Egypt was visited to ensure that the specifications included any items particular to the banking industry. The procurement document itself is nearly complete and will be reviewed by USAID/Cairo for compliance with their regulations. The document is based on similar procurements from samples supplied by CAPMAS. Once the English version meets AID's satisfaction, it will be translated into Arabic for review by the Bank.

Other areas that have been addressed by the TA team include selecting a standard Arabization package for the microcomputers; attempting to resolve equipment leasing and maintenance issues; assisting in MIS sector budget reviews; and initial identification of small applications for development.

#### Summary

While the contract year started slowly in the Accounting/MIS area for various reasons, we feel that the last three months have been successful. With the overall extension of the contract period and with the cooperation of the PEDAC, it will be possible to implement revised manual accounting procedures necessary to meet the requirements of Egyptian banking standards and of the Central Bank. They will become the foundation for improved operations, management information, and computerization in the Bank. In addition, a model automated general ledger system will be initiated in the Toukh District of Kalyoubia, and general progress in the MIS sector will continue.

Submitted by  
Janet J. Augustine  
July 10, 1988

21

a detailed manual for the implementation of the improved Bank Manual Accounting Procedures is under way and will be completed by early August. As indicated on the attached rules, it is anticipated that implementation of these improved procedures will begin in Toukh in late August. If successful, the procedures can then be replicated throughout Youbia. A factor critical to the success of this implementation is the active involvement of the members of the Accounting Source Committee in Toukh during the trial period. Their understanding of the improved methodology will then permit them to train and implement in other Districts during the replication phase.

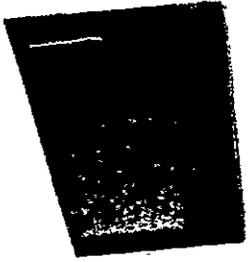
With the manual procedures under control, attention is now being turned to the computerization of the general ledger system. As the intended minicomputer equipment will not yet be available for the pilot system, we anticipate temporarily establishing a model general ledger system on microcomputers in Toukh and Benha. We are in the process of reviewing available off-the-shelf software for the general ledger package. If no suitable software can be found, we are prepared to develop an appropriate system.

### MIS

In MIS, progress has been made in several areas. A microcomputer training center was established, and classes have been conducted introducing microcomputers and standard software packages such as Lotus 1-2-3, dBase III+ and WordStar. After reviewing the capabilities of several companies, a training contract was signed with TEAM MISC, who have performed well. In addition, on-the-job training has been conducted with staff of the Training Sector to allow them to develop applications which they can use in their work.

Now that basic skills levels have been established, students can be channeled into two primary directions: applications and development (including systems analysis and programming) and becoming trainers themselves to extend data processing training to the governorates. For the first area, we have proposed that two rooms be set aside immediately for a development center. Use of these rooms would be restricted to those selected employees who would actually work on the applications; one room for the systems analysts where they could meet with the end users and define the requirements, and one room that would be set aside for production programming. Four microcomputers could be used for applications development purposes, leaving eight to continue human resources development.

Cooperation will be required from all sectors of the Bank to define initial basic applications which the newly trained MIS staff can develop. These applications are intended not to replace the need for full comprehensive MIS systems which will be



(2)

FOURTH QUARTERLY/ANNUAL REVIEW

ACCOUNTING/MIS REPORT  
MAY, JUNE, JULY 1988

**Introduction**

The most significant change in the Accounting/MIS portion of the bridging contract was the introduction of the subcontracting team of Deloitte Haskins and Sells (DH&S) and ERI. The subcontract was formally approved at the end of April although they had begun preliminary work in late March. In addition, Mr. Mohamed Abd El Salam El Maazawy has been hired as a senior consultant to assist in the development of the improved Village Bank manual accounting procedures. The new team built on the original work that had been done by Mr. Saad Nasr prior to his departure in February. Progress has been made in the two areas, and more importantly, momentum has been established that can continue this progress in the coming months.

**Accounting**

In an important step by the Bank to ensure its active participation in this project, the Accounting Resource Committee was named during May. It consists primarily of representatives from Kalyoubia (both BDAC and Village Bank level) and from the PBDAC. The TA team meets with them on a regular basis to present our findings for review and to encourage involvement in the project by Bank staff. The Committee has researched, collected, and classified all Bank circulars pertaining to accounting that had been issued between 1983 and 1988, as available in Kalyoubia.

Based on information gathered during the field trips to the Toukh District, we have completed our draft report on the findings and recommendations for the improved manual accounting systems in the Village Banks. Many of the revised procedures were tested during the visits to the Village Banks of Beltan and Mit Kenana in the Toukh District of Kalyoubia in April and May. The procedures were developed in close cooperation with the accountants who will actually be using them, and were accepted enthusiastically at the Village Bank level.

In addition, we have defined an improved general ledger and chart of accounts with appropriate subsidiary accounts based on our observations in Kalyoubia and on discussions with Mr. M. Abd El Rezek, accounts manager for PBDAC. This general ledger system has been presented to Mr. Kamal Nasser, Mr. El Maazawi and the Accounting Resource Committee for review. A meeting with a special committee made up of representatives from five BDACs has been requested through Mr. Samadoni so that we can verify that the new definitions will satisfy the needs of all BDACs. Additionally, balance sheet classifications have been defined in accordance with Central Bank regulations.

-15-

Human Resources

*[Handwritten Signature]*

FINAL REPORT

HUMAN RESOURCES DEVELOPMENT  
AND  
TRAINING

Work Completed During ACP Bridging Period  
August 1, 1987 - July 31, 1988

Compiled by Newton J. Guderyon  
and Samir Sultan

The work plan for the ACP bridging period was developed through a series of meetings between FEDAC leaders and ACDI specialists during August and September 1987. A work group for Human Resource Development and Training established specific goals in six general categories of operations:

1. Human Resource Planning
2. In-Country Training
3. Participant (Overseas) Training
4. English Language Training
5. Training Resources Development
6. Instructional Expense Funding

The statistics reported are in most cases cumulative, so this report shall serve both as a fourth quarterly report of progress and as a final report of activities for the complete bridging year from August 1, 1987 through July 31, 1988. Recommendations for further action are intended for consideration either during the 3-month period of extension of bridging activities or during the longer term of five years of technical assistance for ACP.

## 1 Human Resource Planning

While little progress can be claimed for this area of activity during the past 12 months, the goals and objectives remain valid. Indeed, they are perhaps even more urgent than perceived one year ago because of the approaching joint study by PBDAC and USAID for the divestiture of farm input activities from banking activities within PBDAC. As one of its major concerns, this joint study will need to address the issue of utilizing present employees in assignments appropriate to their training, experience, rank, and salary. To accomplish this, a detailed organizational chart as described in the Human Resource Planning work plan is almost essential. It has been identified by the AID project officers as a starting point for a special team being assembled to make recommendations on how to accomplish this divestiture.

PBDAC has on file voluminous documents, in Arabic, which describe all of the positions. Because PBDAC's personnel procedures are governed by G.O.E. civil service regulations, the documents are formal and sometimes non-current. Changes need approval from governmental control bodies which can be a slow procedure. Nonetheless, the source documents are all available.

Constraints which limited progress were:

- (a) Shortage of bilingual staff within either the ACP or PBDAC to assign to this effort.
- (b) Little appreciation of the value of an organizational Human Resource Plan by the Egyptian leadership of the project.
- (c) An underestimation of the time involved in developing a useful chart.
- (d) Low priority assigned to this phase of project work.

This work can and should be done in the near future. Perhaps it can better be organized and funded as a part of the study for divestiture of the farm input function because it will be identified as a high priority, essential starting point for any personnel planning in that effort.

While the divestiture plan itself will not provide the PBDAC and banking and lending sectors with any concrete human resource plans, it will provide some data and an impetus for activity that can be used by the ACP technical assistance team to build a long range Human Resource Development plan.

2. Instructional Training

At the beginning of the bridging year specific goals for the numbers of employees to be trained in 18 different topical areas were established. These have served as benchmarks against which training progress can be measured. Naturally, some priorities changed during the year causing some courses to be greatly expanded while others were never scheduled. However, since no formal revision of the goals established in September 1977 were adopted, this final report will compare actual results with original plans.

## Number of Trainees

	First three quarters	Fourth Quarter	Total for year	Planned for Year	% of Plans Achieved
Credit and Credit Follow-Up	1228	43	1271	(470)	270%
Credit Auditing	0	0	0	(28)	0
Farm Related Business Lending	177	28	205	(60)	341%
Farm Mgmt. & Credit Technical Services	5424	698	6122	(1500)	408%
V.B. Financial Analysts	438	0	438	(210)	208%
Accounting & Auditing	0	0	0	(235)	0
MIS & Computer	251	25	276	(50)	552%
Bank Financial Planning	0	60	60	(20)	300%
Capital Management	0	0	0	(20)	0
Bank Financial Management	223	0	223	(100)	223%
Development Mgmt Skills	569	144	713	(520)	137%
Top Mgmt. Orientation Seminars	89	0	89	(120)	74%
Planning & Mgmt of Training	0	0	0	(20)	0

## Number of Trainees

	First three Quarters	Fourth Quarter	Total for year	Planned for Year	% of Plans Achieved
Developing Skills of Training Officers	61	0	61	(50)	122%
Training Needs Assessment	0	0	0	(20)	0
Training of Trainers Core Course	0	0	0	(130)	0
Training of Trainers Specific Courses	0	0	0	(130)	0
Strategies for Post Training Job Perfor- mance Evaluation	0	0	0	(10)	0
TOTALS	8460	998	9458	(3693)	256%

The numerical analysis makes it obvious that in the major areas of project activity, such as credit, farm management, farm related business lending, financial analysis, MIS, village bank financial planning, and financial performance and developing management skills, training accomplishments far exceeded the original goals. However, it is equally obvious that many specialized courses which were planned for the year have not yet been presented. In those cases, the need for training still exists and those courses should be given high priority during follow-on work. Specifically, courses in the areas of accounting, credit auditing, capital management, training of trainers, training needs assessment and post-training evaluation are needed. In all of these special areas some preliminary planning and curriculum development work has been done.

When analyzing the figures, one must realize that we have added the attendance for all courses during the year. Because many employees attended several courses on different topics, the number of employees who have been reached is far smaller than the number of "days" as reported here.

Quality of training was maintained by faithfully following a system of pre-tests and post-tests. Trainee improvement as measured by these tests is well documented.

In total, 25,611 person/days of training were presented during the bridging period.

A training task force comprising representatives of the PEDAC Training Department, MOA General Department for Training, Bar-Pages Center for Management Development and the TA training specialist was established during the final year of the SFPF and continued to function for the first quarter of the ACPF bridging year. This task force contributed a great deal to achieving the quantity of training reported here and to maintaining the quality of instruction. The specific functions of this task force were:

1. coordination between the PEDAC, MOA, TA and project governorates
2. institutionalization of ACPF concepts
3. maintain quality of training while decentralizing, i.e., increasing the responsibilities of each governorate to plan and deliver their own training
4. maintain uniformity in training budgets and expenditures
5. coordinate the scheduling of ACPF-related training so that credit services and farm management services are provided in tandem.

It is recommended that this task force be re-activated and continue to coordinate all ACPF in-country training activities.

### 3. Participant Training

Overseas training completed during the bridging year was essentially on target and within budget. Forty-five participants completed twenty-four months of overseas training during the year.

The objectives called for an emphasis on technical training to teach specific skills rather than spending all of the funds for study tours. Improvements toward meeting this goal were realized. Five of the participants were enrolled in skill developing courses.

English language requirements continue to be a serious constraint in selecting participants, but the English language training program (reported in the next section) is starting to alleviate this problem.

A change in the attitude of the project leaders towards health requirements for participants will have the very desirable effect of causing younger participants to be trained. AID procedures require the nominating organization and the individual to sign insurance and liability waivers whenever a medical condition which could limit a participants training activity is detected.

Naturally, older participants have a much higher incidence of such limiting conditions, such as irregular heart beat or high blood pressure, than do younger participants. In the past, about 25 percent of all participants were required to sign medical waivers and these were nearly all in the age range of 45 years and older. In the future, younger participants will be trained on average simply because many of the older nominees will be eliminated by the medical examination.

The following over-seas training was conducted:

- Farm Related Business leadership, two-week study tour to the U.S. (3 trainees)
- Farm Related Business on-the-job training for instructors for one month in the U.S. (3 trainees)
- Technical seminars for training specialist for three weeks in U.S. (1 trainee)
- Cooperative Lending and Finance study tour to Turkey for two weeks (12 trainees)
- Farm Credit Program study tour to the U.S. for two weeks (11 trainees)
- Technical seminar for Executive Assistant, one week in U.S. (1 trainee)

#### 4. English Language Training

All goals were achieved in this activity, and perhaps of even greater importance to the continuity of the APCP project, procedures are institutionalized in PBDAC to continue English language training for the life of the project. The primary goals were to build a cadre of bilingual employees who would be capable of communicating with U.S. advisors and also to enlarge the number of employees who could qualify for technical training in the U.S. Candidates were put forth by all sectors of the bank.

Specific accomplishments were:

- 170 employees nominated for English training.
- 110 of these took the ALIGU English proficiency examination (others declined).
- 25 employees were enrolled in AID-sponsored intensive English courses at AUC.

- 1 employee was identified as already highly proficient in English and not in need of further training.
- 37 employees have completed two terms in the Evening English Program at AUC.
- 31 employees have completed one term in the Evening English Program at AUC.
- 57 employees are enrolled for the coming term, September - December 1988, in the Evening English Program at AUC.

As stated in the opening paragraph of this section, perhaps the most important development was the institutionalization of the English study program so that it will continue. This came about because of several decisions taken by project leaders following recommendations by APCP advisers. First, PBDAC agreed to release employees from work to attend AID-sponsored classes at AUC. This was essential to achieve good performance since the intensive course requires 30 hours of class time and study per week. Next was a decision to negotiate with AUC for direct payment to the University for fees and books for PBDAC employees enrolled in part time evening courses. Previous procedures required the employee to pay his own fees, purchase books, then submit receipts for reimbursement. This was cumbersome for the bank's accounting department and required the employee to pay the university long before he received his money. With present systems in place, a simple letter from PBDAC's Training Director allows an employee to enroll in the evening program and the project later receives a statement covering all PBDAC employees. This process can continue as long as PBDAC notifies AUC of continuing interest each term.

The evening study program is appropriate for basic level students of English. At a more advanced level, employees who score over 100 points on the ALIGU exam can be enrolled in the intensive daytime courses sponsored by AID, provided the employees' department head agrees to the absence of the employee for an eight-week term.

Employees with previous experience with English language training are:

- (a) Employees who are released from work to benefit from the intensive course. Those employees who attempted to carry on a normal work routine failed to make good improvement in their ALIGU scores.

81

- (b) Evening courses can be made available to all interested employees without extreme costs. Because the employee is contributing his or her own time only serious students will participate.
- (c) Both English courses have proven to be morale builders for employees.
- (d) The PBDAC Training Department can continue this function without guidance from project advisers.
- (e) The attitude of AID project officers has universally been to encourage and expand English language training.

All of the foregoing information relates only to PBDAC employees working in Cairo. The major consideration of providing similar training to SOAC employees in the governorates remains. This challenge should be undertaken as a part of the long range ACP program.

#### 5. Training Resources Development

The goal of providing facilities and equipment to carry out the comprehensive field training programs needed by ACP is moving forward, but is somewhat behind the schedule established for the bridging year. The plan prepared in September 1987 called for significant purchases during the bridging year with completion the following year.

Surveys of needs in all twelve governorates, as well as the PBDAC Training Department, were conducted. Equipment was priced, specifications drawn, and by February a well documented request to AID was ready for delivery.

Major components included the complete equipping of training rooms in new bank buildings in Sohag, Fayoum, and Kafr El Sheikh, major improvement in a second training room at the Mehalla Training Center in Gharbiya, new training equipment in the five other newly added governorates, a sophisticated, high speed copier-collator for PBDAC, and an electric paper-cutter for PBDAC. The complete equipment request totaled:

US \$1,145,000 for PBDAC, and  
 US \$1,145,000 for the twelve governorates.

92

In February when this list was completed, we received advice from our AID Project Officer that funds for major purchases of training equipment beyond the ten photo-copiers already delivered would not be available until the next fiscal year of USAID. Thus, the purchase request was held until July 1988 when it was signed and delivered to USAID.

At the end of the fiscal year to report AID action but are hopeful that approval and release of this LE 500,000 request will allow purchasing to begin at the start of fiscal 1989 and that the purchases can be completed during the first year of the 5-year ACPF technical assistance span for use during the balance of ACPF.

#### 6. International Expense Funding

The goal of providing funds to carry out the in-country training courses, seminars, and conferences necessary for development of human resources was completed with only minor temporary interruptions. These small technical problems are explained, not because they stopped progress, but because in the future greater efficiencies can be achieved by correcting these problems.

As was anticipated in September 1987, the funds for conducting in-country training as provided in the original P11 7 budget, LE 316,520, could not support the expanded training schedule being developed. By January, the original budget was expended and a request for additional funds delivered to USAID. A short delay in approval caused late payment of some training expenses, but training continued as planned through this emergency. Total funding for in-country credit, accounting, MIS and computer training through P11 7 was increased to LE 461,778. At the end of July 1988 approximately LE 195,000 remains in this fund, which is adequate to continue present levels of training for the remainder of 1988.

The delays were caused by two factors that could be eliminated in the future by appropriate management decisions of project leaders. Recommendations for future action are:

1. Improve communication between PBDAC and USAID. This is not only training, but all areas of ACPF activities. The number of reports and complexity of information needed for AID will increase as the project expands and ultimately PBDAC's success in getting funding from USAID is going to be limited by their ability to communicate. USAID will expect reports to be filed on a timely basis, letters to be answered, etc., and one office in PBDAC should be responsible for insuring that all parties have complied.

3. A coordinated plan and budget for all training activities funded by AICF. In the past year different offices have submitted requests to USAID for training funds for credit training, for agricultural extension agent training, and for computer/MIS training. This resulted in separate PILs being issued, different people responsible for accounting for the money and different people responsible for submitting various reports. Naturally, there have been areas of overlap and possibly some gaps filled by no one. The project would be better served by tying together all training funding through one office.

NG/ns

Ref:NG071258.FIN