

PD-ARB-022
66409

The Evaluation of the Commodity Import Program in Egypt

Report on Evaluation Methodology
and Recommendations

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June, 1984

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Report Summary

During April and May, 1984 an evaluation of the Egypt Commodity Import Program (CIP) was conducted by a team of persons from the Development Associates Inc., Price Waterhouse and the U.S. Census Bureau. It was the first AID evaluation of the Egypt CIP and primary direction for the evaluation was provided by the Mission. The results of that evaluation are documented in a separate report issued by the consultants. The evaluation team interviewed more than 50 persons from USAID/Egypt, the Government of Egypt and public and private business enterprises affiliated with the program. The team also reviewed available Mission program records and information on the Egyptian economy before drafting a report for comments by Mission and AID/Washington staff.

This report presents an overview of the evaluation, focusing on methodology used and recommendations for future CIP evaluations. The major areas of interest covered in this report are summarized here.

What data are needed to perform a CIP evaluation?

Based on this evaluation as well as what is known of the Zimbabwe and Somalia evaluations it appears that issues for the evaluation of CIP's fall into four broad categories:

- 1) Program efficiency and effectiveness
- 2) Developmental and economic impacts
- 3) Policy Dialogue
- 4) Compliance with Conditions Precedent and Covenants

The first issue requires data on program performance, much of which should be routinely maintained by the USAID Program staff. In Egypt a comprehensive data file of all CIP transactions was maintained. This file could have been used to address issues of efficiency and effectiveness as well as to provide some insights into the sectors of the economy which were most heavily involved with the CIP. This data file, however, was for the most part unusable by the evaluation team because it was not immediately available and was not structured with evaluation in mind.

Program records could also have been used to address the second issue of developmental and economic impacts. In addition, evidence of individual or collective effects of CIP transactions on a sample of importer and end-user firms in various economic sectors could be used.

There are certain indicators, such as the number of substantive policy discussions conducted or the number and scope of documented policy changes which could demonstrate program impacts in the area of policy dialogue. The last issue requires evidence of compliance with the conditions of the CIP agreement. This evidence should be available in the Mission.

An expanded list of indicators for use in addressing these issues is included in section II B of this report.

What data sources and techniques of data collection are appropriate for CIP evaluations?

There are some data gathering techniques which will be appropriate to most CIP evaluations. These techniques include the use of available secondary data and the conduct of structured interviews to collect a minimum amount of primary data needed from a cross-section of program staff and host-country program participants. These participants are importer or end-user firms in both the public and private sector.

Can CIP "impacts" be measured in a practical way?

A short-term evaluation such as this one cannot definitively address questions of developmental impacts of the CIP, such as impacts on the country's infrastructure or rate of economic development. It can, however, investigate whether there are obvious obstacles, either internal or external to the program which could prevent it from reaching economic, developmental or political goals. An evaluation of this type can also search for evidence of program impacts on a limited number of participant firms and solicit recommendations for program improvement from government ministries, program participants and USAID staff.

What is the most useful information that can be gathered about a CIP through this type of evaluation?

Given the resources allocated for the typical CIP evaluation, the approach used will necessarily be largely qualitative. A qualitative evaluation is well suited for soliciting recommendations for program improvement and this may be the most useful focus for future evaluations. A much larger scale data collection effort will usually be needed to provide solid evidence of program impacts. A careful analysis of the types of commodities imported and the economic sectors participating in the program along with a relatively small number of interviews with participant firms could, however, show the potential for these impacts to occur.

What have we learned through this evaluation which can be applied to make future evaluations more productive?

The overwhelming lesson learned during the Egypt CIP evaluation was that because of the many issues which arise in evaluating a CIP, the focus of future CIP evaluations must be narrowed to the most important issues. When an evaluation attempts to address as many of issues as this one did, it is not possible to address the key issues in depth, and there is a danger that topics of importance will be overlooked.

Most importantly, future evaluations must be more carefully planned and tightly-focused before they begin. Mission program staff should be involved in both the planning and execution of the evaluation. A standard set of issues and program impact indicators could improve the planning process which would in turn improve the data collection and analysis phases of future evaluations. Consistent use of a standard set of indicators would also promote comparability and consistency in the evaluations.

I. The Egypt Commodity Import Program (CIP) Evaluation

A. Planning for the evaluation

Evaluation Issues

A project or program is usually evaluated against its stated goals and objectives. The officially stated goals and objectives of the Egypt CIP are numerous and have evolved over the 10 year lifespan of the program. The unstated objectives have also evolved and multiplied. Among the large staff of this long-standing program, one encounters a wide diversity of opinions on what the CIP in Egypt is actually designed to accomplish.

The evaluators of the Egypt CIP faced an unmanageably large range of issues. The major issues for the CIP evaluation were drawn from the USAID/Egypt Evaluation Scope of Work and supplemented through discussions with AID staff, USAID staff and Egyptian participants. The scope of work developed by the Mission for this evaluation contained four pages of issues ranging from procedural questions to developmental and political impacts of the program. The issues were often quite broad and were not presented in order of priority. The list of issues needed further development and explanation, but most of all, it needed cutting down. Since there were so many issues and only limited resources to gather data, it was obvious from the beginning that the answers to most of the questions raised would necessarily be impressionistic.

B. Data Gathering and Analysis

Data for the evaluation came from four major sources: USAID/Egypt program records; interviews with USAID and Embassy CIP program and related staff; interviews with Egyptian government officials, banks and program participants; and other available data on the Egyptian economy.

USAID Program Records

The CIP staff maintained thorough records of each CIP transaction in its Commodity Import Program/Arrival Accounting CIP/AA computerized data base. These records included such data items as: date of preliminary request for commodity, letter of commitment, letter of credit, commodity shipment and arrival; type of commodity; importer name; bank name; and many others. The Mission used this CIP/AA data base to generate regular reports on the amount of CIP transactions by type of commodity, sector of the economy, ministry, etc. The evaluators had hoped to use the CIP/AA data base to generate several more detailed analytical reports which could have addressed many of the questions about program efficiency and perhaps about the developmental impacts of the program.

As an example, the evaluators had hoped to look at the length of time it took to complete the average transaction (e.g., from date of letter of commitment to date of commodity arrival) by type of commodity, year, ministry, etc. But the evaluators were thwarted in this attempt by the sheer size (over 4,400 transactions) and complexity of the data base and the fact that the CIP/AA system's programs and file structure had been designed to produce only the routine reports and did not easily lend themselves to producing custom reports.

A computer systems analyst from Price Waterhouse worked in Cairo for six days during which he had planned to generate custom reports which the evaluators requested from the CIP/AA data file. Unfortunately, it required three days for him to gain access to the data file and three days to achieve the necessary understanding of the file structures and linkages in order to produce even the simplest lists of transactions. Hence the CIP/AA information available to the evaluators was limited to that produced in the routine reports, or that which could be hand tabulated from the listings.

Interviews with USAID and Embassy Staff

These interviews yielded information on the entire range of CIP evaluation issues. There were 24 structured interviews conducted by the evaluation team leader, using an interview form developed by the team. There were also many more informal individual and group discussions conducted by various team members. Many of the findings and conclusions contained in the evaluation report stem from these interviews, meetings and discussions. The information gathered, of course, represented the opinions of those interviewed. Because of the open-ended interviews and discussions - due partly to insufficient time for interview planning - it was virtually impossible to objectively analyze the information gathered in these interviews.

Had the range of issues for the evaluation been more narrowly focused, the interviews could have been more highly structured so that certain key questions could have been asked in all interviews and in a consistent way.

The answers to these key questions could then have been assigned during or after each interview into a manageable number of response categories, making efficient analysis possible. The responsibility for questionnaire or interview form design and procedures for coding and analysis should rest with a person with some experience in this area. In the case of the Egypt CIP evaluation, an experienced survey statistician was a member of the team. The interview and analysis activities could have been improved immeasurably if the team as a whole could have agreed to focus on a manageable number of issues. A sample questionnaire is attached to the evaluation report.

Interviews with Egyptian Program Participants

Twenty-four interviews with Egyptian government officials and officials from public and private importers and end-users were

conducted. The major problem with these interviews and the analysis of the interview data was, again, that the range of issues which the evaluators attempted to cover was too broad. As with the USAID/Embassy interviews, the topics covered and responses given in the interviews were not well structured and the data was thus very difficult to analyze.

Compounding this situation was the fact that total number of importers interviewed was less than one percent of the total number of firms which had participated in the Program over the years. The business and government official interviewees were chosen mostly on the basis of their availability rather than because they were representative of the entire body of CIP participants.

Once again, the interview and analysis phases could have been better prepared and executed if the issues had been more narrowly defined and if more time had been allowed. It is also important to note that the number of interviews could have been increased if the mission staff would have assisted the evaluation team by identifying the most important GOE officials and some representative business firms and by scheduling some of these interviews for the team in advance of the evaluation.

Use of Other Available Data

The principal sources of other relevant data were reports on the Egyptian economy available from the USAID/Embassy and the GOE. The major weakness of this data is that it was not developed for purposes of gauging CIP impacts nor was it suitable for this purpose. It was, however, used by the evaluators for this purpose. The analysis focused on macroeconomic impacts and importance of the CIP from 1975-84. The results of the impact analysis were predictably inconclusive.

II. Data Needed for a CIP Evaluation

A. Issues

This section summarizes the evaluation issues and questions suggested for the Egypt CIP evaluation. It is derived from the USAID/Egypt evaluation scope of work, program objectives stated in PAAD's for 1975 through 1984, discussions with USAID, Embassy and AID/Washington staff as well as some questions which came up during interviews with Egyptian officials involved with the CIP.

Major issues for the evaluation of the CIP in Egypt were:

- Program Efficiency and Effectiveness
- Developmental Impacts (includes uses and impacts of the Special Account)
- Economic Impacts
- Political Impacts

B. Indicators and subissues

The following is a list of some of the most useful indicators and subissues which could be used to address the above issue categories. This list should be supplemented by future evaluators. All of these and others came up at one time or another during the evaluation and most were addressed in the evaluation report.

Program Efficiency and Effectiveness - Indicators and Subissues

- length of time needed to sign the CIP agreements
- reasons for delays in signing agreements
- length of time needed to disburse funds
- acceptability of CIP mechanisms and regulations to importers
- conversion rate
- U.S. prices vis-a-vis world prices for selected commodities
- the "50/50" requirement for shipping commodities
- terms of CIP loans and their acceptability to end-users
- required specifications for imported commodities
- suggested alternatives to the CIP

Developmental Impacts - Indicators and Subissues

- actual use of imported commodities
- the mix of capital versus intermediate and consumable goods imported
- procedures followed for approval of commodity transactions - do the mission technical officers approve individual transactions?
- mix of commodities imported - are they appropriate to achieve maximum development impacts
- uses of the Special Account

Economic Impacts - Indicators and Subissues

- Perceived benefits of CIP by importers
- employment generated
- effects on infrastructure
- Opinions of non-users or former user firms

Political Impacts - Indicators and Subissues

- perceived U.S. profile
- opinions of the CIP by Egyptian importers and end-users
- opinions of the CIP by the general public

III. Methodological Conclusions and Recommendations

A. Can we measure CIP impacts?

According to the USAID scope of work, the evaluators were charged with measuring the economic and developmental impacts of the CIP on the Public and Private sectors, various economic sectors, etc. One would scarcely doubt that a \$2.8 billion, 10-year program has had

some impacts on Egypt. Many of the Egyptian and U.S. officials interviewed had opinions on the nature and scale of these impacts. However, no clear consensus arose from interviews with these people. The evaluators' conclusions on the program impacts came from a subjective analysis of interviewee opinions and various manipulations and interpretations of available data.

Few firm conclusions on program impacts which can be supported with quantitative data emerged from this study. We do know the exact amount of money which the CIP has injected into the Egyptian economy over the years. We also know the rough amounts (there was no definition of these terms which was consistently used) of capital, intermediate and consumable goods imported. But that is where the data trail ends.

USAID/Egypt has a system of "end-use audits" through which it verifies arrival and, in some cases, use of CIP imported commodities. Although end-use audits have been conducted on 69 percent of the dollar value of goods received by importers, the audits do not address the issue of program impacts. The current purpose of the end-use audit system is basically to verify that the commodity transactions have been completed and that the commodities are being used in some way. This system could be modified so that it could furnish valuable data for program evaluation. By simply designing a data collection form to be used for all future end-use audits, information could be gathered from importers and end-users on actual or perceived immediate program impacts.

Because of the many extraneous variables acting on any economy, it is extremely difficult to isolate and measure CIP impacts with any precision on a macro-economic basis. Various economic impact factors can be developed and used to estimate the quantitative impact of development programs such as the CIP, but these factors remain untested.

CIP impacts can only be approached realistically from the point of view of the individual importer or end-user. In Egypt, there have been over 4,400 CIP-sponsored transactions. These transactions could be stratified by the GOE Ministry involved, geographic area, commodity type, size of transaction, etc., so that a representative sample of participant firms could be drawn. A sample of units from each stratum could then be interviewed to get some indication of potential impacts on a given sector or for the entire economy.

One way to provide data to address program impacts in the future would be to establish a small number of appropriate impact indicators and collect data on these indicators as part of the CIP transaction routine. This would amount to an extension and improvement of the end-use audit system now in effect in Egypt, as mentioned above. For a large program, as in Egypt, a representative sample of end-users could be contacted. This process would provide future evaluation teams, as well as USAID program monitors with some useful data on impacts. Of course, the best time to design such a system is during program design.

B. What are practical objectives for a CIP evaluation of this type?

CIP Efficiency and Effectiveness

The major limitations to the scope and reliability of a CIP evaluation will always be the time and effort available for data gathering and analysis. Most CIP offices have extensive records on transactions as well as the procedures followed in arranging and conducting these transactions. With this information, evaluators can address many of the questions relating to program efficiency and effectiveness, such as length of time needed to complete transactions. By combining the available CIP transaction records with interviews of USAID CIP staff and interviews of host-country program participants, problems with CIP procedures and regulations can be identified. Important recommendations for program improvements can also be gathered. If data on the number of potential program users are available these can be used to calculate program coverage, possibly broken down by economic sector or other category.

Developmental and Economic Impacts

Utilizing transaction records, evaluators can determine the types of commodities being imported under the program and draw some conclusions about the potential for developmental impacts. Mission technical officers can make valuable contributions to this process. Questions about potential impacts on certain economic sectors and the most appropriate commodities for development can be addressed.

In order to estimate actual developmental impacts, a significant number of import transactions would have to be tracked and importers and end-users interviewed. This is only practical when the total number of transactions or number of transactions in a specific sector of interest is relatively small. It is always appropriate to examine all available economic and development data available from the host-country or from external sources. It is not reasonable, however, to expect this available data to allow evaluators to draw firm conclusions about program impacts.

Political Impacts

Certain indicators of political impacts, such as the number substantive policy discussions between USAID and host-country government officials or the number and scope of documented policy changes (or lack thereof) can be gotten through interviews with USAID Embassy staff. Other questions, such as public perceptions of U.S. support, etc. can usually only be addressed using large scale data collection efforts.

C. What are appropriate techniques for CIP evaluation?

Ten Basic Steps in an Evaluation

Any evaluation study, no matter what its subject or scale, should be designed in a structured way. The following ten steps are suggested

for all evaluations and are presented here to guide the discussion of CIP evaluations in general and of the Egypt CIP evaluation in particular.

1. List and define issues - define the audience for the report.
2. Choose the most important issues.
3. Indicate the level of precision required in addressing the key issues.
4. Choose appropriate indicators.
5. Design plans for analysis and data processing.
6. Define sources of data (primary and secondary).
7. Design data collection activities.
8. Conduct data collection activities (primary and secondary).
9. Analyze data according to plans.
10. Report results and recommendations.

For future CIP evaluations, the Evaluators, Mission and AID/W staff must work together particularly on the first four steps and thus:

- Rank all issues in order of their importance.
- Cut down the number of issues for the evaluation.
- Reach agreement on appropriate indicators to be used.
- Decide which, if any issues require definitive answers.

If certain critical questions require a quantitative evaluation approach, sufficient resources for data collection and analysis should be made available.

It takes time and some insights into the program to choose the most important sources of information and the "key participants" who must be interviewed if a thorough evaluation is to be done. The CIP program staff usually knows who these people are. The mission should assemble lists of the most important banks, ministries, importers, etc. which have participated in the CIP. Each of these should be ranked by some measure of the degree of program participation.

Egypt is certainly not the only country where it takes time and preparation to arrange appointments with host-country government officials and other program participants. The assistance of Mission staff is definitely needed to arrange interviews and meetings.

For future CIP evaluations the following brief but important points should also be remembered.

- Sufficient time should be allowed to design, test and refine questionnaires and/or interview forms.
- Plans for the analysis should be done before data are collected, in order to narrow the focus of data collection efforts and limit collection to the minimum which is needed for analysis.
- Planning of data tables and analysis should be done before data collection. AID/Washington and the Mission must provide more input into these steps.
- The scope of the evaluation should be narrowed first in Washington and again in-country, if necessary, in order to allow sufficient time for data gathering and analysis.
- All available program data should be provided to the evaluators when they arrive in-country or before they leave Washington.