

PD-APP-559

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6/91

USAID/GOVERNMENT OF MOROCCO
MOROCCO AGRIBUSINESS PROMOTION PROJECT

QUARTERLY REPORT 1

*For the periods:
August -- December 1992
January -- March 1993*

by

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April 21, 1993

Report MAPP-QR1

MOROCCO AGRIBUSINESS PROMOTION PROJECT

FIRST QUARTERLY REPORT

EXECUTIVE SUMMARY

OVERVIEW

Development Alternatives, Inc. (DAI) began implementing the contract on August 4, 1992 with mobilization of the Chief of Party and Investment Promotion Unit staff immediately following signature. The initial focus of DAI and its subcontractors through December 1992 was on: launching promotional contacts with potential investors through the Investment Promotion Unit in the U.S.A.; fielding the long-term technical assistance team, developing the annual work plan; and initiating the horticultural subsector studies. During the period from January through March 1993, the DAI team expanded its activities to: organization of the Promotion and Investment Fund; identification of investment opportunities; investigation of markets; assessment of promising technologies for technology transfer; and intensive work with the US Food and Drug Administration on upgrading the food safety practices of Moroccan food processors and the Moroccan regulatory control of exporters of food to the USA.

MAJOR ACCOMPLISHMENTS

Major accomplishments from contract start up through March 1993, were:

- Fielding of the long-term technical assistance team completed by 3 January 1993;
- Annual Work Plan for 1993 completed and approved by the MAPP Steering Committee;

- 200 U.S. companies contacted by DAI's Investment Promotion Unit to qualify firms for Moroccan trade and investment opportunities;
- Development of distinct promotional materials for use with US and Moroccan companies;
- Subsector studies for Olives, Fresh Vegetables, and Cut Flowers initiated, with the Olive study in its final Action Plan stage;
- Three regional workshops on registration of Moroccan processed food products and processing plants with the USFDA and subsequent negotiation of follow-up actions to be taken by the key regulatory agency (EACCE), processors, and equipment and service suppliers;
- Promotion of Moroccan horticultural opportunities at trade shows (Produce Marketing Association, Denver, October 1992; SIAL, Paris, October 1992; United States Fresh Fruit and Vegetable Association World Fresh Show, San Diego, February 1993);
- The Promotion and Investment Fund prepared to the point of commercial legal counsel review in the USA and Morocco;
- Development of a joint strategy with the CMPE, trade associations, and private firms for U.S. trade show participation by Moroccan representatives;

MAJOR ACTIVITIES FOR APRIL-JUNE 1993

Major activities for the April-June 1993 period will be:

- Completion of studies and action plans for Olives, Fresh Vegetables, and Cut-Flowers; Initiation of the Spice, Fresh Fruit, and Grapes and Wine studies;
- Finalization and start-up of the Promotion and Investment

- Identification of Eastern European market opportunities for Moroccan products;
- Start-up of the U.S. trade show activities with Moroccan participants at the Chicago Restaurant and Food Trade Show in May;
- Initiation of promotional travel by potential U.S. investors, buyers, and suppliers to Morocco;
- Completion of a promotional video on Moroccan agribusiness;
- Finalization of a two-year plan to bring EACCE and processors of low acid and acidified foods into compliance with FDA regulations;
- Initiation of technology transfer of packaging and production technologies from the USA;
- Selection of the first long-term degree candidates for U.S. training;
- Start-up of the Transport Sector Study; and,
- The holding of two regional workshops on MAPP.

INTRODUCTION

This first quarterly report covers two periods. Part One discusses the August to December 1992 start-up period, and Part Two the January - March 1993 calendar period.

Each part of this report divided into five sections:

- I. Tasks and Level of Effort. A very brief section showing which of the contract tasks were worked upon, and the percentage allocation of team and individual effort allocated to them.
- II. Activities. A brief recap of the principal activities of the quarter and progress to meeting the outputs, objectives, and goals of MAPP.
- III. Problems and Solutions. Identification of problems and suggested solutions.
- IV. Activities for the Next Quarter. A brief schedule of major activities for the following period.
- V. Financial Report. A summary of expenditures made during the period, and cumulative costs to the last monthly closing of accounts. This section includes any financial issues raised.

PART ONE

AUGUST-DECEMBER 1992: CONTRACT START-UP

I. Tasks and Level of Effort.

A. Task Definition

With USAID agreement, tasks were simplified for purposes of reporting the level of long-term effort allocated by the technical assistance team. Tasks 1 (Investment) and 2 (Trade) of the RFP were combined to track labor. The reason for this change was that many promotional activities are both investment and trade related, making labor allocation by staff arbitrary. However, outputs and progress towards end-of-project objectives are tracked using the original separate investment and trade categories (discussed in section II.B.), because the indicators of output and progress are distinct. For example, the dollar value of direct investment and export sales are tracked separately. Tasks 10 (Office and Communications) and 11 (Management, a separate task in the DAI proposal) were similarly combined to improve the usefulness to management of labor reporting.

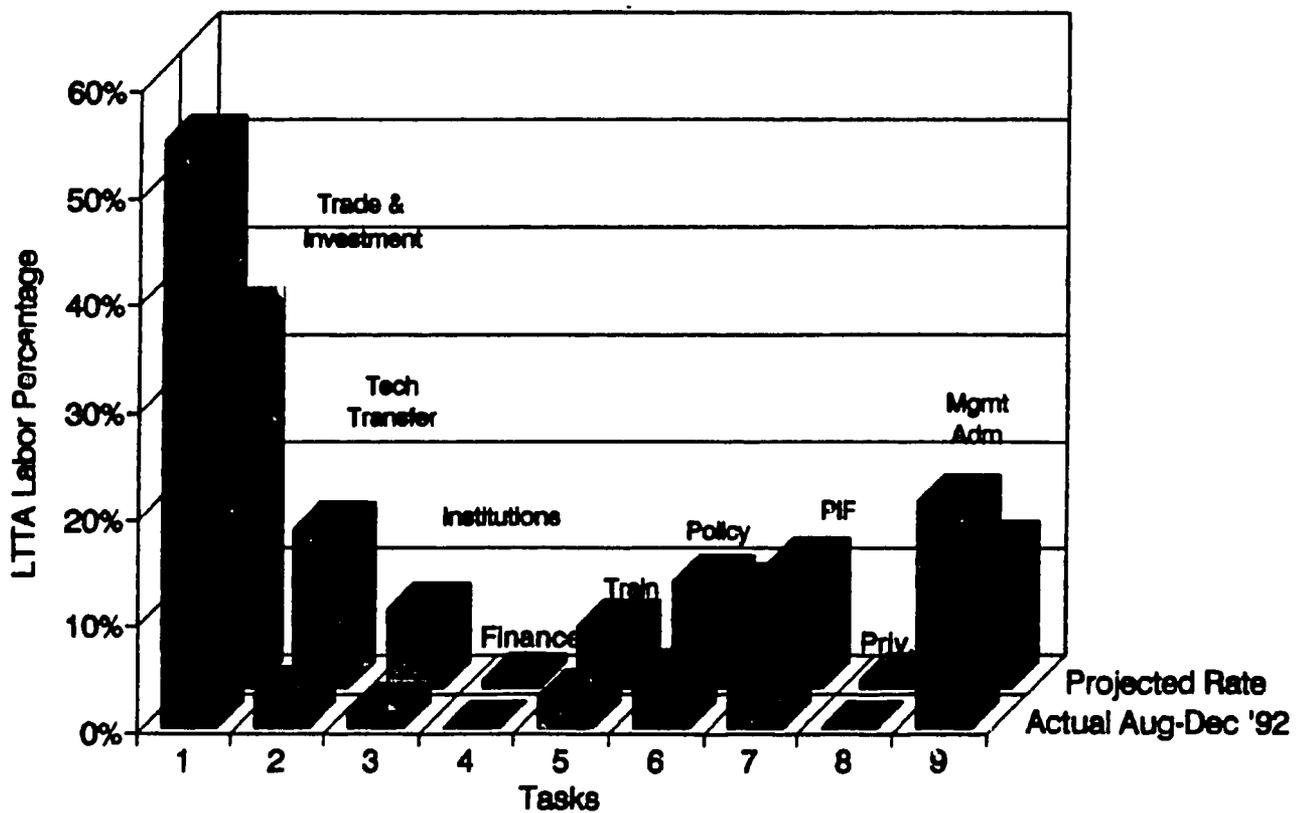
B. Percent LTTA Labor by Task

Figure 1. shows actual LTTA labor use during the start-up period and compares it to the levels projected in our proposal. This period shows concentration on:

- Promotion of Trade and Investment consistent with the need to identify prospects, products, and markets through subsector analysis, promotional campaigns, and individual company contacts;
- Definition and refinement of the Promotion and Investment Fund, in line with its importance as a central tool for stimulating trade and investment;
- Management and Administration, reflecting the normal early effort devoted to team mobilization, office installation, and adapting administrative procedures; and
- The Policy and Regulatory Environment, a secondary focus, driven by the intensive schedule of subsector studies and the rapid shifts taking place in external (EEC 1993, NAFTA, GATT) and internal (customs, fiscal, and financial liberalization) policy and regulations.

FIGURE 1

Task Allocation Aug-Dec vs. Projected Morocco Agribusiness Promotion Project



Technology transfer and work with supporting institutions lagged behind average projected levels, primarily because they require input from other tasks to identify and prioritize activities. Also, no measurable effort was expended on new financing approaches or on privatization. The first quarter of calendar year 1993 should see work in both areas.

C. Individual Work on Tasks

Figure 2. shows individual allocation of effort of the LTTA team by task. All staff were involved in promotional work. This allocation is consistent with our primary objective of finding and realizing market and investment opportunities. The lag of two months in the hiring of the Marketing Specialist resulted in a larger allocation of other staff time to trade and investment promotion. This was particularly true in the case of the COP.

Our management approach requires that at least two LT team members work on a given task area. This approach provides continuity in coverage and enables better workload management. Six of nine task areas have met this criterion. Of the three that did not meet this criterion -- Finance (Task 4), Policy and Regulatory Climate (Task 6), and Privatization (Task 8) -- we will adjust level of effort to ensure that they come back into line with our plan.

II. Activities

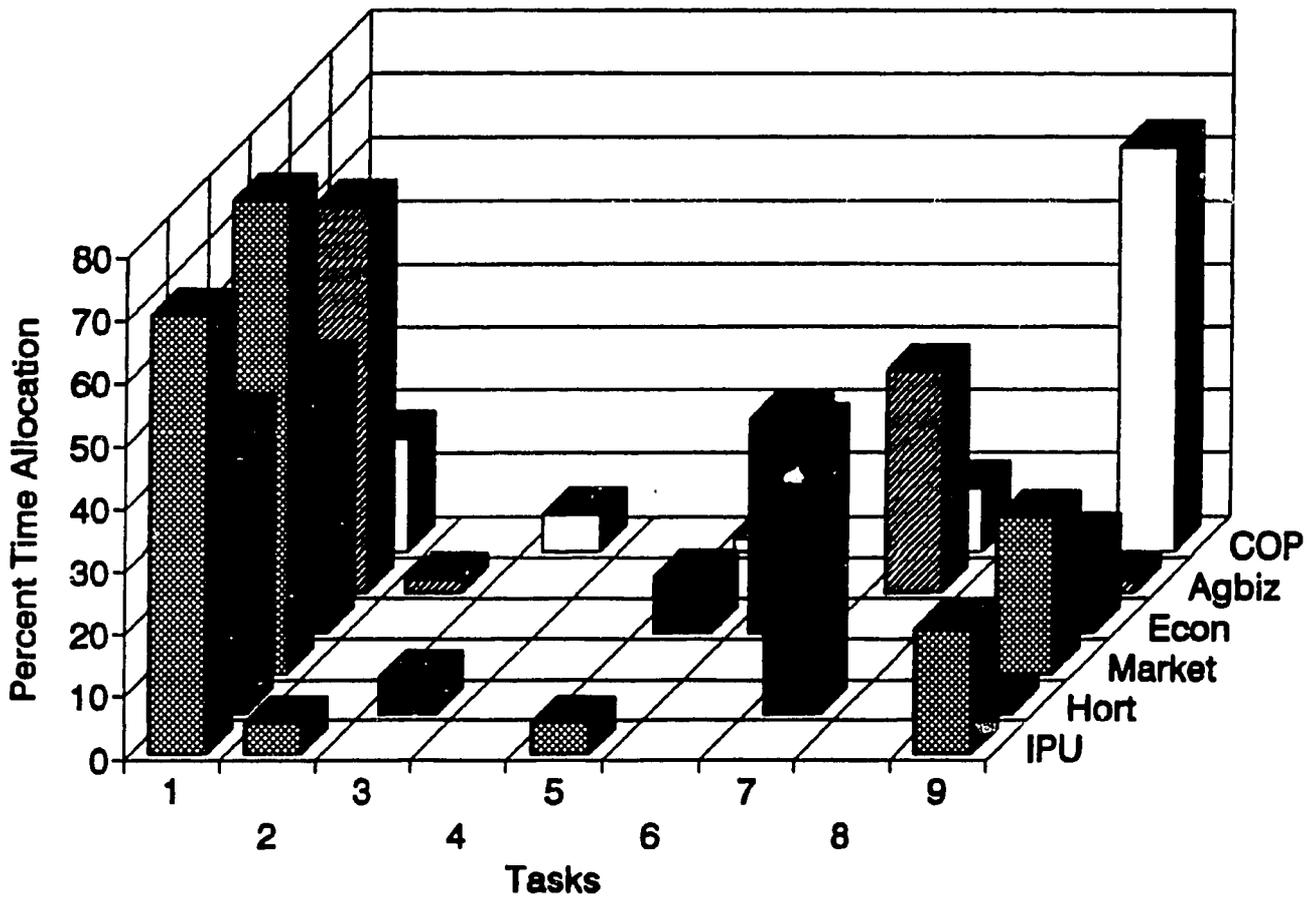
A. Activities

Figure 3. provides the calendar of major activities during the beginning of the contract. It contains the start-up activities we originally proposed. It also demonstrates substantial flexibility in meeting early demands for services. For example, we organized an agribusiness panel and processing plant visits for the National Association of State Development Agencies (NASDA) less than four weeks after most of the long-term team arrived in country.

The Investment Promotion Unit (IPU) in Bethesda was functional the day after contract signature. It built its activities on the those contained in our proposal and our presentation to the U.S. AID evaluation committee. IPU staff and the Chief of Party developed informational material, a mailing campaign to the agribusiness press, began testing of contact database management software, and started the planned U.S. company contact campaign.

FIGURE 2

LTTA Task Allocation Aug-Dec '92 By Team Member



Activities in Morocco began with a TDY by the Chief of Party to Morocco on August 15 to set up housing, office space, logistics, and communications. Work was also initiated with the Ad Hoc Management Committee on contract activity planning and coordination with the USDA FASA and the IAV Program for Support to Agribusiness.

DAI's Office of Overseas Projects managed team mobilization efforts culminating in the team building effort in Bethesda. The team building effort included administrative processing of long-term Technical Assistance personnel, a team member briefing, a review of project objectives and terms of reference, investment and trade promotion strategy sessions, and off-site meetings with Washington, DC-based international development agencies and trade associations. Figure 3. includes the subsequent arrival dates in Morocco of the individual team members.

The DAI team took up temporary office quarters on October 13, 1992. Our stay was extended to a longer-run basis in November. This base equipped with telephone, fax, and some office furnishings enabled us to move contract activities forward quickly. We established an agreement to continue to use this space at low monthly cost until a lease agreement is reached, or until we find an alternative office with greater available space.

Richard Abbott of the IPU attended the Produce Marketing Association's (PMA) annual show in Denver in mid-October. Mr. Abbott made a series of industry contacts and presentations and initiated discussions with PMA, the U.S. Floral Association, and the U.S. Fresh Fruit and Vegetable Association about cooperation with Moroccan counterpart associations.

At the request of USAID, we organized the logistics, an agribusiness panel and two plant visits for the eight state delegation from NASDA. Twenty-seven people attended the agribusiness panel from Moroccan companies, trade associations, and the Ministry of Agriculture. DAI arranged, guided, and translated for the delegation's visit to a quick freezing (TREGAL-Skhirat) and a vegetable canning (Vinaigreries Chérifiennes Réunies (VCR) - Casablanca) plant. DAI organized two visits to investment project sites which the delegation cancelled.

As the NASDA delegation departed, the DAI group's team arrived to assist in work plan development. Richard Abbott (Post-Harvest Institute of Technology--PIP) of the Bethesda IPU arrived from the SIAL (Salon International Agric-Alimentaire) food trade show in Paris, where he made contact with Moroccan, U.S. and European firms, worked with Mr. Driss Meski of USAID/ANR/Rabat, and did a comparative assessment of the Moroccan, Tunisian, and Egyptian stands. He identified the need

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products than the fish, olives, condiments, and canned vegetables on display. Packaging quality and design also was identified as a Moroccan product weakness compared to Tunisian, Egyptian, and Turkish competitor displays. Mr. Abbott worked on the trade and investment development strategy and campaigns with the field team. Steve Clark (University of Minnesota) worked on the long-term degree training program, industry awareness, and technology diffusion planning. Rosemarie Kelly-Rieks (Land O'Lakes) worked on the industry internship and association activities. Bryan Cordray of AMEG (American Manufacturer's Export Group) collaborated with the team to develop the procurement plan. Company, trade association, and ministry contacts were made by all start-up team members. The start-up team prepared a presentation for the Ad Hoc Management Committee. The MARA members of the committee attended only a brief portion of the presentation, because they were occupied with deliberations on ministerial reorganization which followed the unexpected resignation of the Minister of Agriculture and Agrarian Reform.

On November 29, Mr. Ed Thor, Vice President of Corporate Development, and Mr. Tom Birchall, Senior Cost Analyst, of Tri-Valley Growers arrived to help the long-term team carry out the olive subsector study. Bill Grant, DAI Agricultural Economist, led the study effort, assisted by Abdel Aboukassimi, DAI Horticultural Specialist; Hassan Benabderrazik, Agro-Concept; and Omar Aloui, Agro-Concept. MARA contributions were made by the Division of Plant Production (DPV), Department of Horticultural Production (DPH), and the Provincial Departments of Agriculture (DPA's) of Fez, Meknes, and Marrakech. The Office Regional du Mise en Valeur de la Haouz (ORMVA-Haouz), the Federation of Food Processing Associations (FICOPAM), and the Association of Vegetable Oil Industries (ADEHO) were active participants in the study. Ed Thor and Abdel Aboukassimi made a marketing and promotion trip to Spain and France in mid-December. They established working relations with the World Olive Council in Madrid, obtained data on the products and cost structure of the Spanish industry, analyzed the flow of bulk Moroccan olives through French reconditioning plants, and obtained buyer evaluation of Moroccan table olives and olive oil products.

Promotional and organizational activities continued in parallel with the sub-sector study. Company contacts led to a number of investment and trade leads which are summarized in section II. B. Agribusiness-Marketing-Investissement (AMI) was selected as the name for the Casablanca unit of the contract. Mr. Tom Bennett began profiling potential investments and assisting individual firms in their identification of potential new products for the U.S. markets. He also studied the feasibility of the production of an informational video on Moroccan agribusiness for use with U.S. and third country firms. Mr. Humpal and Mr. Bennett worked on the PIF application, scoring, approval, cost-sharing, and grant formats and procedures. Mr. Aboukassimi developed collaborative links to

requested by potential U.S. investors. The IPU qualified 15 firms for potential trade and investment follow-up.

The long-term team presented the draft work-plan to the Ad Hoc Management Committee on December 1. Revisions were made to enable presentation of the work plan to the Steering Committee on December 17. The Steering Committee approved the work plan at the end of the meeting.

Mr. Patrick Fachot, Marketing Specialist, began work for DAI on December 21. He activated trading and importer contacts in the U.S. and Europe before moving to Morocco. The activation of his importer network enabled him to begin sorting the market opportunities for Moroccan products in the U.S. and orient his first set of searches for Moroccan suppliers.

Figure 3. MAPP-Major Contract Activities
August - December 1992

Date/Period	Activity
August 4, 1992	Contract Signature
August 5	Investment Promotion Unit (IPU) Starts Work
August 10	U.S. Targeted Publicity Campaign Starts
August 15	COP Don Humpal Set-Up TDY to Morocco
August 17	IPU Corporate Contact Campaign Starts
September 24	Ag Economist Bill Grant Arrives at Post
September 28 - Oct 2	LTTA Mobilization, Orientation, Planning Session at DAI Bethesda
October 5	COP arrives at Post
October 11	Horticultural Specialist Abdelatif Aboukassimi Arrives at Post
October 11-13	IPU's Richard Abbott to Produce Marketing Association Meeting in Denver
October 13	Agribusiness Specialist Thomas Bennett Arrives at Post
October 13	MAPP Casablanca Office Functional
October 27	Management Committee Meeting - Memento Vulgarisé draft presented
October 27-29	IPU's Abbott to SIAL, Paris trade show
October 28-31	NASDA Delegation Visit and Agribusiness Panel (October 29)
November 1-26	Start-Up Work Plan Team Arrives (DAI, U. Minnesota, Land O'Lakes, PIP, AMEG)
November 29 - December 31	Olive and Olive Oil Subsector Study with Tri-Valley Growers and Agro-Concept
December 1	Management Committee Meeting Agribusiness-Marketing-Investissement name selection Draft work plan presentation
December 17	Steering Committee Meeting - Election of Second Co-President Work Plan Presented and Approved by Steering Comm.
December 18	Company Profile No. 1 sent from Casa to IPU
December 21	Marketing Specialist Patrick Fachot begins work

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B. Progress

The period from August to December has been the start-up period for our contract. This section describes the status of subcontracting and outputs.

1. Subcontracting

The DAI group consists of nine subcontractors. Subcontracting has been scheduled in order of anticipated major project expenditure. Subcontracts status at the end of December is summarized below:

- Postharvest Institute for Perishables (PIP) - Subcontract negotiated, approved by USAID RCO and signed;
- American Manufacturers Export Group (AMEG) - Procurement subcontract negotiated, approved by USAID and signed. Services subcontract negotiated and submitted to USAID.
- Tri-Valley Growers (TVG) - Subsector study expenditure letter issued. Subcontract terms being finalized;
- University of Minnesota (UMinn) - Start-up team expenditure authorization letter issued. Subcontract terms being finalized;
- Land O'Lakes (LOL) - Start-up team expenditure authorization letter issued. Subcontract terms being finalized;
- Agro-Concept (Agro-C) - Subsector study expenditure authorization letter issued. Subcontract terms in draft;
- ICEA Enterprises - Waiver for 935 geographic code under preparation;
- IMCC - Start-up expenditure authorization letter issued;
- Purdue University - Draft terms under discussion.

2. Outputs

Figure 4. shows progress against output measures by task. Outputs are generally consistent with labor allocation, showing a concentration on trade and investment promotion, project start-up management and administration tasks, and preparation for technology transfer, training, policy, and Promotion and Investment Fund work in the next period. Purpose measures have been developed to monitor result achievement on which reports will be made starting in the first quarter of calendar year 1993. No purpose level results were expected during start-up.

III. Problems and Solutions

Problems and solutions are grouped in four categories:

- Start-Up Problems and Solutions
 - Administrative Problems and Solutions
 - Personnel Problems and Solutions
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Figure 4. Development Alternatives, Inc. MAPP

PROGRESS TO OUTPUTS		PERCENT CONTRACT		8.33%		
TASK	LOP OUTPUT MEASURE	LOC TARGET	PERIOD PROGRESS	AMT	PERCENT ACHIEVEMENT	
1. AUGMENT FOREIGN INVESTMENT	Subsector Studies	8	Olives + SOW primeurs+flowers	0.8	7.50%	
	Feasibility Studies	8		0	0.00%	
	Investor Briefings	200		9	4.50%	
		U.S.	150	Briefings at U.S. companies	1	5.33%
2. DIVERSIFY AGBIZ TRADE		Other	50	Czech firm	1	2.00%
	U.S. Firms Contacted	1500	Mail+phone with some meetings	170	11.33%	
	U.S. Firms Visiting	150	Several await cost-share	0	0.00%	
	Moroccan Firms to USA	50	Organized meetings/plant visits	6	12.00%	
3. IMPROVED APPLIED TECHNOLOGY	Study Observation Tours	30	NASDA Delegation	1	3.33%	
	Production/Pkg/Processing	4	Tomato shrink-wrap, fruit leather	0	0.00%	
	Firms Adopting	20		0	0.00%	
	Product Marketing Strategies	6		0	0.00%	
4. REINFORCE INDUSTRY ORGS AND SUPPORT INSTITUTIONS	Firms New Market/Biz Plans	10		0	0.00%	
	Association/Group Plans	6	Preliminary meetings	0	0.00%	
	Membership Info Services	4		0	0.00%	
	DPAE Industry Info Study	1		0	0.00%	
5. IMPROVEMENTS IN FINANCIAL SERVICES	DPVCTRF Improved Cert Plan	1		0	0.00%	
	DPV Agbiz Database	1		0	0.00%	
	Financial Studies/Consultanc	NYA		0		
	Client Referrals MAPP-NED et	NYA		0		
6. ENHANCING HUMAN RESOURCE	LT Degree Programs	4		0		
	ST Advanced Training Progra	18		0		
	ST Industrial Interns	19		0		
	Moroccans on Study/IA Tours	90		0		
	Workshops	20		0		
7. IMPROVING THE POLICY/ REGULATORY ENVIRONMENT	Policy/Regulatory Reports	11		0		
	Dissemination Seminars/Work	11		0		
8. ADMINISTER THE PROMOTION AND INVESTMENT FUND	Cost Sharing Applications	100		0		
	Acceptable Applications	75		0		
	Amount Awarded	2000000		0		
	Cost/Services Leveraged	2000000		0		
	Pre-investment Activities	50		0		
9. ASSIST PRIVATIZATION	Parastatal Privatizations	5		0		
	U.S.Privatization Partners	5		0		
10. MANAGEMENT AND ADMINISTRATION	LT Staffing Completed (FTE)	6		5	83.33%	
	Communication Systems	1		0		
	Timely Reports					
	Workplans	5		1	20.00%	
	Qtrly Reports	15		0	0.00%	
	Annual Reports	5		0	0.00%	
	Late Reports					
	Workplans	0		0		
	Qtrly	0		0		
	Annual	0		0		

A. Start-Up Problems and Solutions

Contract start-ups inevitably encounter start-up problems which were unanticipated during bid preparation. The TDY by the Chief of Party was used to overcome some of the common problems, particularly those related to housing, schooling, temporary office space, transportation, project banking, testing of communication, and obtaining agreement with Mission and MARA staff on initial contract activities and priorities.

The IPU start-up was quickly executed because the personnel were all DAI and PIP employees in place and ready to go. All had also worked on the MAPP bid and knew their roles. One substantial logistical hitch was encountered when DAI expanded and reorganized its office space in Bethesda, which resulted in a lag in allocation of a computer terminal to the PIP staffer.

Enough progress was made in each area to permit the long-term staff to move quickly to the field and initiate project activities while operating from temporary lodging in hotels. The start-up effort was intensive and fast-paced. The individual members of the long-term TA team and their families were extraordinarily helpful in getting the contract work off the ground. Unfortunately, the stress level was high and resulted in one major medical crisis discussed under III. C. Personnel.

The identification of reasonably priced rental office space in Casablanca has proven much more time consuming than anticipated. Rental of commercial space in Morocco results in the accumulation of what is called a "fonds de commerce" endowing the renter or lessee with rights in the space which are transferable to another company in the event of sale or transfer of business activity to the third party. Secondly, urban renewal plans have lead office property owners to vacate tenants as leases expire in order to permit renovation or reconstruction. Finally, many companies are trying to improve their cash positions and avoid "fonds de commerce" problems by selling offices as condominium offices. As AID projects are not authorized to buy office space, negotiations with owners to permit leasing of space is frequently unsuccessful. We have extended our temporary space agreement to maintain the continuity of our operations pending conversion of the agreement to include the full office space of our current location. We maintain a search for a space which offers good value and downtown access. The next period should see resolution of this issue.

A major start-up problem developed when DAI encountered a cash flow problem in early November, delaying the purchase of authorized computer equipment until the end of the period. Computer rental and the borrowing of equipment in the USA and Morocco enabled us to keep operations moving forward, but increased the time needed to produce reports, maintain correspondence and accounts, set-up files and train staff. This problem will be remedied as subsequently ordered equipment is delivered and the procurement plan is authorized.

reduce operating costs and increase efficiencies once the new computers are in place.

The availability of good quality French translation services proved to be an unexpected constraint. Service is slow and accuracy of translation of even general themes leaves much to be desired. Consequently, the staff have had to take on greater responsibility for translations of scopes of work and reports than was originally intended, reducing the efficiency of long-term staff and causing delays in report delivery. We have been steadily testing translators and interpreters and intend to weed out the unreliable ones from the unreliable ones over the next two quarters.

Working relationships with MARA and USAID developed throughout the period. As a project oriented primarily at the private sector, it has been difficult for the Ministry to define how it operates with us at the activity level. USAID has been very efficient in moving requests for approvals through its administration. The Ministry is finding it more difficult to process paperwork and requests from the project. In addition, the resignation of the Minister of Agriculture in late November has greatly increased the work load of the staff of the ministry and, correspondingly, reduced the availability of the lead MARA Co-Manager.

In the next period, we will work to more clearly outline efficient communication and decisionmaking pathways with MARA. The first target will be subsector studies. There is general agreement that the primary purpose of the subsector studies is to identify commodity action plans which meet market realities and private sector priorities. To efficiently reach this objective, study teams need to be highly focused and mobile. During the next period we will use a scope of work review (scopes of work are delivered to USAID and MARA eight weeks in advance of the study), a scheduling meeting, and a start-up briefing session with MARA to identify ministry and industry participation and to keep the teams on schedule and focused on the study objectives.

B. Administrative Problems and Solutions

Relatively simple administrative tasks in Morocco (such as residency registration, allotment of telephone numbers and line installation, vehicle registration, preparation of customs documents for duty free import) involve multiple government ministries and agencies. It has proven very time-consuming to fill out, deliver, recover, and move on to the step of paperwork processing. Even with Moroccan administrative staff versed in relations with government offices, we have found most set-up processes to be administratively burdensome. While they are not expensive in terms of fees or stamp duties, they are distractions from doing business in Morocco. They detract from the image Morocco promotes as a country open to investment and international business. Established firms may find the process transparent, we find it to be translucent at best. Hiring

gauntlet adds to the costs of doing business in Morocco. While no more complicated than the systems in many developing countries, existing administrative procedures will be an irritant to most U.S. firms.

One problem is related to cash flow and the clearing of checks by the Moroccan banking system. It takes five to six weeks from deposit of a dollar check for money to be deposited in a convertible account in Morocco. This is the case despite the fact that checks clear the US banks about 8 days after their deposit in Morocco. We have gotten a variety of unclear responses about where the float is occurring. We are attempting to document the float so that we can negotiate more favorable clearing times in the future, if possible. We hope that Morocco's move to make the Dirham fully convertible over 1993 and 1994 will reduce the dollar check clearing time in the banking system. Wire transfers are a faster option, but they incur added banking charges.

MAPP is the first DAI contract to use a new, database version of the corporate Field Accounting System. The new software proved to have unanticipated bugs. While the software is being debugged, we have had to use a hybrid system of spreadsheet and database software to manage our books. This has resulted in significant but controllable increases in the allocation of administrative time by the COP and Administrative Assistant to bookkeeping and account management. The solution is the debugged release which will be delivered by DAI at the end of March.

We initiated the contact database using WordPerfect files developed for the proposal, and a PF-Files database, while testing the contact database management software programs we had previously identified. DAI management asked for a comparison of commercial programs with a program developed by DAI's in-house information system service supplier. Doyle Peterson of the IPU is leading this comparison.

C. Personnel Problems and Solutions

The original candidate for the Marketing Specialist entered into a prolonged period of negotiation of an employment agreement with DAI. Over time it became apparent that we would not reach closure on the issues. We undertook a search for a replacement and found a better candidate. USAID approved the candidacy of Patrick Fachot as Marketing Specialist. Mr. Fachot signed an employment agreement with DAI in late December and began work shortly thereafter.

Stress levels are high in any overseas move. They extend beyond the technical assistance team to their families. Unfortunately, one spouse required intensive medical care for the latter part of the year. The spouse was evacuated to the USA early in January 1993. We hope that her recovery will be complete and speedy.

D. Technical Problems and Solutions

The IPU began its work quickly and efficiently, stimulating U.S. company interest in selling technology and services to Morocco, sourcing horticultural products, and investing. Unfortunately, AID programs became a target of the 1992 Presidential and legislative campaigns. Communication of a producer inquiry to Senator John Seymour of California led to an official query from the Senator to AID about MAPP activities with raisins. Mr. Seymour was informed by Mr. R. Ray Randlett, Assistant Administrator for Legislative Affairs, in an October 1992 letter that, "Please be assured that the Morocco Agribusiness Promotion (MAP) is not designed to support raisin production or marketing. While the MAP project design does mention raisin processing and marketing as possible areas of activity, no action along these lines is presently envisaged." DAI subsequently removed all mention of raisins from its already prepared promotional materials. We also informed Moroccan and U.S. companies that we would not work with raisins, because there was no practical way for our program to include raisins and to comply with the declarations to Senator Seymour contained in Mr. Randlett's letter. The Project Management Committee was verbally apprised of these changes. Further discussions with USAID/Rabat about congressional and media sensitivity to investment and trade promotion issues led us to decrease the profile of our planned promotional campaigns at upcoming U.S. trade shows and eliminate the general mailings to agribusiness publications in the USA to avoid triggering potentially negative responses to USAID Morocco development programs. We have subsequently shifted promotional strategy to one primarily of individual company contacts which avoids media exposure. This approach will slow the generation of prospect leads. The USAID turnaround from a go-go approach at the RFP and selection stage to a slow-go approach early in implementation puts a brake on our promotional efforts in the USA.

The legislative fall-out of investigative reporting on AID Latin America programs led to formulation and passage of paragraph 599 of the new foreign assistance legislation. As a contractor, we are now faced with additional screens and tests for compliance with U.S. regulations which may increase operating costs to the extent that USAID requires the research and documentation of individual firm and industry labor and production profiles beyond those normally required to assess the feasibility of proposed investment projects. We are not yet able to determine what the costs of the new analysis and reporting requirements will be. These costs will become more evident as we learn which information can come from the subsector studies and marketing analyses already planned, and which information requires new work.

IV. Activities for the Next Period.

Major activities for the period January 1993 through March 1993 will include:

- Kick-Off Conference - Scheduled for February 15, 1993 in Mohammedia with participation by the Minister of Agriculture and the U.S. Ambassador and Director of USAID;
- Subsector Studies - Completion of the Olive Subsector Study and the field work for the Early Vegetables and the Cut-Flower Subsector studies, preparation of the Spices, Essential Oils and Medicinal Plants study;
- Promotion and Investment Fund - Finalization of operating procedures, cost-sharing agreement language, and initial work on applications with potential clients;
- Investment Promotion - Acceleration of the profiling effort with Moroccan companies, initial visits of potential U.S. investors, increased identification of investment opportunities,
- Market Promotion - Product and market data collection and assessment, trading company contacts, market prospect lead generation
- Institutional Strengthening - Work with USFDA and USDA/APHIS on processed and fresh export product safety, quality, and regulatory compliance with EACCE and the DPVCTRF.
- Training - Initiate the long-term and short-term trainee recruitment
- Policy and Regulatory Issues - Develop transport subsector terms of reference and organize the study
- Technology Transfer - Assist ANAF (Association National Du Froid) and IAV/Agadir in the organization of three conferences in 1993/1994 treating 1.) Cold Storage, 2.) Greenhouse Production in Mediterranean Environments, and 3.) Postharvest Technology for Fresh Products

V. Financial Report.

DAI's field projects do the consolidation of project expenditures and submission of billings directly to USAID missions. The MAPP project was the initial site of installation of DAI's newest version of the proprietary corporate field accounting system (FAS). Bugs found in the first installation required us to operate two accounting systems during the start-up period. While inconvenient, billings have

Cash flow has been a start-up problem. It takes from 5 to 6 weeks for a U.S. dollar check drawn on a U.S. bank to be deposited in a Moroccan bank to be cleared, converted into convertible dirhams, and credited to our convertible dirham account. No banks, including Citibank, offer better clearing times. Our bank has informed us that there is an interbank regulation requiring a 22-day clearing period on foreign currency checks. Wire transfers are an option, but they incur additional banking charges.

Project expenditures recorded from August through December totaled \$429,647. This represents 3.15 percent of the total contract budget expended over 8.33 percent of the contract. Figure 5. provides the expended and remaining amounts of the contract budget. The percentage distribution of expenditure is typical of project start-ups. The highest rates of spending fall in mobilization of the technical assistance team and related relocation, settling in, and initial housing establishment. Level of effort related costs lead the expenditure categories. Procurement, subcontractor expenditures, and training expenditures generally lag behind other categories because of the procedural requirements of procurement specification and bidding, subcontract expenditure, and trainee identification and preparation.

USAID has provided timely payment on all submitted vouchers.

FIGURE 5. CUMULATIVE REPORT OF EXPENDITURES THROUGH DECEMBER 1992
 PROJECT NO. 3707
 MOROCCO AGRIBUSINESS PROMOTION PROJECT

AUGUST - DECEMBER 1992

CONTRACT NO.: 608-0210-C-00-2044

CATEGORY	BUDGET AMOUNT	CUMULATIVE AMOUNT	REMAINING AMOUNT	PERCENT OF BUDGET EXPENDED
SALARIES/WAGES	\$1,543,140.00	\$93,866.69	\$1,449,273.31	6.08%
INDIRECT COSTS	\$1,395,717.00	\$91,932.78	\$1,303,784.22	6.59%
TRAVEL/TRANSP/PER DIEM ALLOWANCES	\$380,384.00	\$55,169.57	\$325,214.43	14.50%
PROMOTIONAL TRAVEL	\$477,706.00	\$52,654.65	\$425,051.35	11.02%
TRAINING	\$951,873.00	\$11,777.27	\$940,095.73	1.24%
WRKSHPS/CONFS/TOURS	\$130,388.00	\$0.00	\$130,388.00	0.00%
OTHER DIRECT COSTS	\$326,289.00	\$56.60	\$326,232.40	0.02%
PROJECT SUPPORT COSTS	\$180,473.00	\$8,964.97	\$151,508.03	5.59%
SUBCONTRACTS	\$2,599,664.00	\$28,424.94	\$2,571,239.06	1.09%
	\$5,073,830.00	\$67,905.00	\$5,005,925.00	1.34%
SUBTOTAL	\$13,039,464.00	\$410,752.47	\$12,628,711.53	3.15%
FEE	\$600,000.00	\$18,894.61	\$581,105.39	3.15%
TOTAL COSTS	\$13,639,464.00	\$429,647.08	\$13,209,816.92	3.15%

PART TWO

JANUARY - MARCH 1993

I. Tasks and Level of Effort.

A. Percent of LTTA Labor by Task

Figure 6. shows actual LTTA labor use during the January-March 1993 period and compares it to the average levels projected in our proposal. Compared with the start-up period, the first part of calendar year 1993 period shows:

- Continued strong emphasis on Trade and Investment, a level of effort which will be maintained throughout the year to identify prospects, products, and markets;
- The shifting of effort to Technology Transfer activities as staff identified initial opportunities;
- An increase in work with Supporting Institutions, notably intensive support of USFDA and EACCE activities in registration of processed foods for export to the USA;
- The reduction of Management and Administration effort, reflecting the shift from start-up concerns to increased work on contract tasks; and
- Continued effort on The Policy and Regulatory Environment led by the subsector studies and the follow-up of regulatory issues raised by Moroccan and U.S. firms.

Preparation for long and short-term training programs continued. Work began in this period on new financing approaches through discussions with bankers, participation in a financial workshop for small and medium-scale enterprises, and referrals of SME's to the New Enterprise Development Project. The team, while gathering information on privatization programs in Morocco, allocated no measurable effort to this task.

B. Individual Work on Tasks

Figure 7. shows individual allocation of effort of the LTTA team by task during this period. The January-March 1993 period shows a more even spread of effort across promotion, technology transfer, and supporting institutions than in August-December 1992. All staff worked on promotional efforts, three worked in technology transfer and the Promotion and Investment

FIGURE 6

Task Allocation Jan-Mar vs. Projected

Morocco Agribusiness Promotion Project

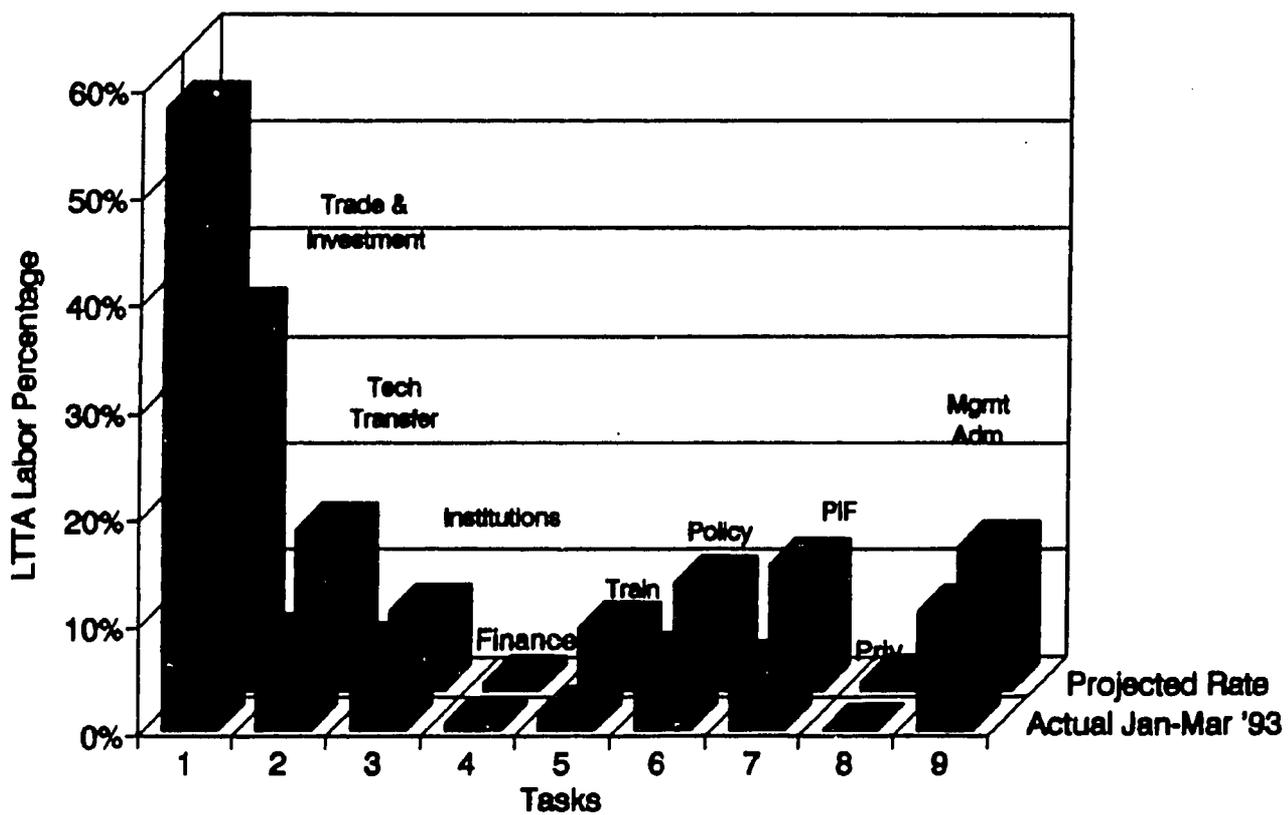
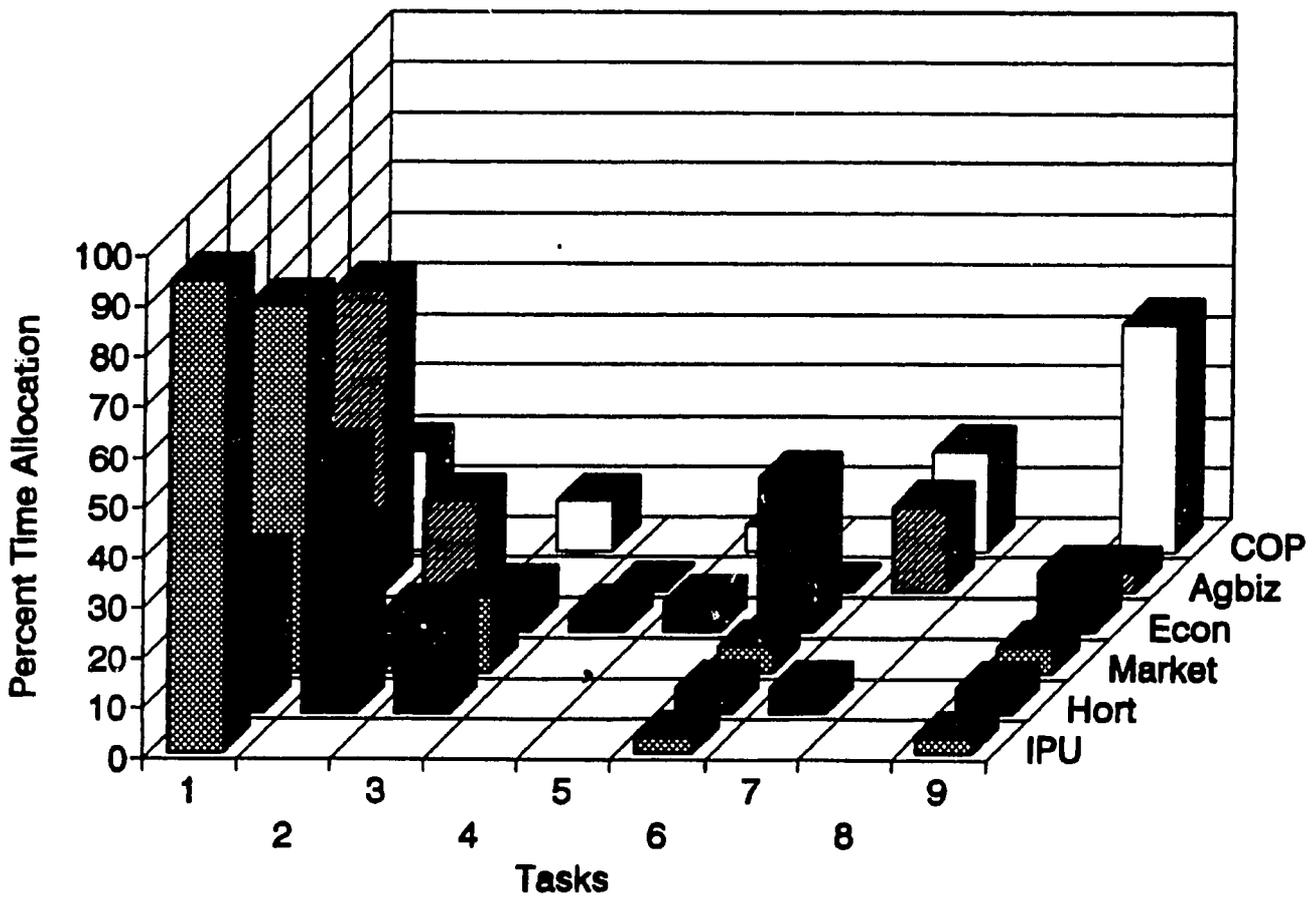


FIGURE 7

LTTA Task Allocation Jan-Mar '93 By Team Member



complexity of the regulatory picture on both the Moroccan and U.S. scenes led to five staffers working on regulatory issues. All staff were able to reduce time spent on administrative and managerial tasks.

During the January-March period eight of nine task areas met the management criterion that at least two LT team members work on a given task area. Privatization (Task 8) activities have not yet begun.

II. Activities

A. Activities

Figure 8. provides the calendar of major activities during the first calendar quarter of 1993. The Marketing Specialist Mr. Patrick Fachot moved to Casablanca in early January, completing the fielding of the long-term technical assistance team. Five main activities dominated the period: processed food product registration for the U.S. marketplace done in cooperation with USFDA and EACCE; the kick-off conference for MAP; work on three subsector studies; the Promotion and Investment Fund; and investment and trade promotion.

1. Processed Food Product Registration

Mr. Tom Bennett, the Agribusiness Specialist, Mr. Abdel Aboukassimi, the Horticulture Specialist, and Mr. Humpal, the COP, spent a substantial amount of time working with USAID/ANR, the MARA/DPV/Cellule de Partenariat, and the USDA PASA manager to set up, support, and follow-up a USFDA team presenting regional workshops on the requirements for registration of processed food products for importation to the USA. Mr. William Deckert, Mr. Leonard Valenti and AMI staff gave three regional workshops in Casablanca, Fez, and Marrakech to audiences from the public and private sectors. The team also made plant inspections, gave individualized instruction in registration of plants and processed food products with the FDA, and worked with the EACCE and the Laboratoire Officiel on their inspection and laboratory services. Mr. Deckert stayed on through the MAPP kick-off conference to make a final presentation and to work through regulatory issues and a memorandum of understanding with the EACCE on future cooperation with the USFDA. The FDA has identified low acid and acidified foods as the processed food products which pose the greatest potential safety risk to U.S. consumers. Mr. Deckert and Mr. Valenti outlined the steps to take to reach compliance with U.S. food safety regulations. The EACCE indicated that it would work with Moroccan processors exporting to the USA and FDA to bring about compliance. A follow-up meeting with the processors was held on March 4 to introduce the proposed program.

2. MAPP Kick-Off Conference

The MAPP Kick-Off Conference was held in Mohammedia on February 15, 1993. The opening session was presided over by the Secretary General of the Ministry of Agriculture, Moulay Ahmed Alaoui Abdellaoui, who also serves as the first Co-President of the MAPP Steering Committee. Invited speakers included Mr. Mohammed Anechoum, Project Co-Director; Mr. Charles Uphaus, Chief USAID/ANR; Mr. Sam Starrett, U.S. Commercial Attaché; Mr. Brahim Boussetta, Vice-Président, Association des Producteurs Exportateurs de Primeurs et Maraîchage (ASPEM), who also serves as the second Co-President of the MAPP Steering Committee; Mr. Haj Mohammed Benazouz, Secrétaire Général, Fédération des Industries de la Conserve de Produits Agricoles au Maroc (FICOPAM); Mr. William Deckert, USDA; Mr. Scott Campbell, USDA/APHIS; and Mr. Rick Koskella, trade show specialist from IMCC. Attendance by the public sector was good. Attendance by the private sector was light, despite the sending of over 450 invitations. The general nature of the conference (seen as low pay-off in terms of corporate opportunity cost), the timing of the conference at the peak of the winter fruit, vegetable, and flower season, and election year constitution of chambers of commerce and agriculture combined to reduce participation by the private sector. Valuable lessons about targeting future private sector audiences to meet pocket-book concerns were learned. A proposal was made from the floor that regional conferences be held in major agricultural centers around the country. The proposal was accepted by the MAPP Ad Hoc Management Committee.

Figure 8. MAPP-Major Contract Activities
January-March 1993

Date/Period	Activity
January 6, 1993	Marketing Specialist Patrick Fachot Arrives at Post
January 15-17	Team Work at EXIFLOR Marrakech
January 23 - February 19	USFDA food safety and imported food regulation workshops and technical assistance
February 15	MAPP/AMI Kick-Off Conference -Mohammedia
February 16	Table Olive Industry Briefing - FICOPAM - Casablanca
February 19	Olive Oil in Morocco Conference (MARA/IAV)
February-March	Early Vegetable Subsector Study
February-March	Cut Flower Subsector Study
February	IPU Participation at USFFVA Show - San Diego
March 4	EACCE-Food Processor Meeting on USFDA Food Safety Regulations and Import Requirements
March 27 - April 2	DAI Annual Senior Management Visit - Tony Barclay, DAI President and Martha Blaxall, Director ATI

3. Subsector Studies

Mr. Bill Grant and Mr. Abdel Aboulkassimi continued their concentration of effort on subsector studies throughout the first three months of 1993. The Table Olive Industry Briefing was held in Casablanca at FICOPAM headquarters on February 16. The draft action plan for the subsector was presented to a portion of the table olive industry. Mr. Grant and Mr. Aboulkassimi also participated in the Olive Oil in Morocco Conference held in Rabat on February 19. Additional industry meetings are being planned for the second quarter of 1993 in Marrakech. The final report is currently being edited and translated.

Mr. Paul Guigou, ICEA consultant, and Mr. Bill Sims, DAI consultant worked with Messrs Grant and Aboulkassimi and Agro-Concept staff throughout February and March on the Early Vegetable (*Primeur*) subsector study. The study was well-received by the fresh produce exporting companies even though it was done during Ramadan. Analysis of the production and marketing information continues to permit finalization of the report. The elements of the action plan will be examined in a series of fora, the first of which will be the EACCE/ASPEM tomato conference on May 12 in Mohammedia.

The entire team visited and worked the EXIFLOR trade show in Marrakech to make contacts, evaluate the show's foreign buyer presence, and to lay groundwork for the cutflower subsector study. The pay-off was high for the subsequent subsector study. The industry is under significant competitive pressure and the cut-flower association membership AMPEXFLEURS proved an eager client for project services.

The cutflower study began in mid-March. It has elicited exceptional support from the AMPEXFLEURS' membership and MARA/DPH. Len Busch, of Len Busch Roses, Minnesota, and Dr. Mignon Mokhtari of the Complexe Horticole Agadir of IAV, are working with Abdel Aboukassimi on the production elements of the study. Mr. Bill Grant and Mr. Bill Haines, consultant to U. Minnesota, are focusing on the marketing elements. The cutflower industry is a motivated client, because it is at a turning point in its development. Early preparation with AMPEXFLEURS enabled scheduling of fieldwork in producer greenhouses and packing stations throughout Ramadan. Initial signs are that this subsector study will generate several important follow-up actions in the transfer of technology and management methods.

The Essential Oils, Spices, and Medicinal Plants subsector study terms of reference were prepared by Mr. Bill Grant and delivered to USAID and MARA for review. The staff did initial work on team and issue identification for the Transport Policy Study.

4. The Promotion and Investment Fund

Several meetings were held with the USAID mission, the private sector, bankers, and lawyers to finalize the PIF cost-sharing award mechanisms and agreements. Messrs. Humpal, Bennett, and Aboukassimi worked on the PIF documents along with USAID's RCO Ms. Mary Reynold's and Mr. Jeff Allen, USAID/ANR Project Officer for MAPP. Regional Legal Officer review and comments were obtained in March. A guide to the PIF was drafted and submitted to USAID and DAI/Bethesda for contract and legal review.

Promotional work and the subsector studies have led to a growing demand for the PIF mechanism to be put in place. AMI has a backlog of at least eight projects in Morocco for which cost-sharing award requests will be formulated. Additional demand from U.S. companies has also been identified by the IPU.

5. Promotional Activities

Messrs. Bennett and Aboukassimi continued work on the promotional video on Moroccan agribusiness. The contracted producer and the AMI staff worked through several versions of the script and identified footage from MARA, Ecole Nationale d'Agriculture Meknes, and other sources. Editing and filming suppliers were evaluated and a

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AMI staff continued their profiling of Moroccan companies. Mr. Bennett produced three profiles for use with U.S. companies. IPU staff members Doyle Peterson, Richard Abbott and Melissa Graham continued qualification of the 200 U.S. firms contacted since contract start up. Mr. Doyle Peterson presented the MAPP project and subsector opportunities to the American Society of Agricultural Consultants. Richard Abbott of the IPU attended the U.S. Fresh Fruit and Vegetables Association meetings in San Diego. This is the second U.S. show attended by the IPU to generate contacts. Mr. Abbott recommended that future show attendance in the USA be linked to the presence of Moroccan visitors or exhibitors.

Before and after the kick-off conference, the U.S. trade show strategy was developed by the IPU, Mr. Rick Koskella of IMCC, and Patrick Fachot, the Marketing Specialists, in consultation with the CMPE (Moroccan Center for Export Promotion), trade associations, direct contacts with current ANUGA and SIAL exhibitors. It was decided that MAPP should support a trade show "walk-through" visit in late spring or early summer followed by a Morocco stand in a fall 1993 or winter 1994 U.S. show. The Restaurant and Food Trade Show in Chicago in May 1993 has been targeted for the walk-through mission.

Mr. Fachot initiated a survey of U.S., EEC, and Eastern European importers which led to identification of a series of short-term trade leads and market opportunities. Mr. Fachot organized a mission to investigate trading opportunities and the requirements for Moroccan entry or expansion into Eastern and Northern European markets. Mr. Aboukassimi identified crop and varietal seasonality for the mission. Mr. Fachot identified Poland, Hungary, and the Czech Republic as the most promising markets using either France or Germany as the transshipment point. Initial work with Moroccan exporters and Eastern European importers highlighted the need to perform Bumper's amendment analysis of potential adverse competition with U.S. exporters of horticultural products. The EEC portion of the analysis was already underway for the subsector studies. The IPU undertook the collection of Bumper's Amendment related data for over 50 potential Moroccan horticultural exports to non-EC European countries.

6. Other Activities

AMI staff continued to work with ANAF and IAV in post-harvest and production technology conference development. The period saw the finalization of arrangements for the visit of Dr. Bedroosian, President of Natural Pak ® Systems, Inc. to examine the demand adaptability of his shrink-wrap and controlled atmosphere packaging technology (Natural Pak ®).

At the end of the period, DAI's President and Chief Operating Officer, Dr. Tony Barclay, and DAI's Director of Agribusiness, Trade and Investment (ATI), Dr. Martha Blaxall, made the first annual management visit to the project. They met with USAID mission and project management, Mr. Albert Sasson, MAPP Co-Director,

B. Progress

This section describes the status of subcontracting, outputs, and progress to objectives during the January to March period.

1. Subcontracting

Subcontracts status at the end of the March is summarized below:

- Postharvest Institute for Perishables (PIP) - Subcontract signed and approved by USAID RCO;
- American Manufacturers Export Group (AMEG) - Procurement subcontract negotiated, approved by USAID and signed. Services subcontract negotiated, submitted to USAID RCO, and signed.
- Tri-Valley Growers (TVG) - Subcontract finalized and negotiated, awaiting signature to permit shipment to USAID;
- University of Minnesota (UMinn) - Subcontract terms finalized but may require modification if the training program shifts to a predominantly short-term training approach;
- Land O'Lakes (LOL) - Subcontract finalized, awaiting signature to permit shipment to USAID;
- Agro-Concept (Agro-C) - Subcontract awaiting final DAI/Bethesda review;
- ICEA Enterprises - Waiver for 935 geographic code approved by USAID Mission Director, subcontract terms under review by COP;
- IMCC - Subcontract terms under review by COP;
- Purdue University - Draft terms under review by COP.

2. Outputs

Figure 9. shows progress against output measures by task up through the January-March 1993 period. Compared with the start-up period, the subsector studies and investor briefing categories have made the most substantial gains.

Purpose measures (Figure 10.) have been developed to monitor result achievement and are reported on here for the first time. The market penetration shown is for spring potatoes to Poland. It is the direct result of Technical Assistance provided by the Marketing Specialist to a Moroccan trading company and a Polish importer. While minor in terms of dollar value (\$16,000), the transaction is a promising step in the right direction.

Figure 9. Development Alternatives, Inc. MAPP

		PROGRESS TO OUTPUTS	PERCENT CONTRACT	13.33%	
TASK	LOP OUTPUT MEASURE	LOC TARGET	PERIOD PROGRESS	AMT	PERCENT ACHIEVEMENT
1. AUGMENT FOREIGN INVESTMENT	Subsector Studies	8	Olive + SOW primeurs+flowers	1.5	18.75%
	Prefeasibility Studies	8		0	0.00%
	Investor Briefings	200		16	8.00%
	U.S.	150	Briefings at U.S. companies	15	10.00%
	Other	50	Czech firm	1	2.00%
2. DIVERSIFY AGBIZ TRADE	U.S. Firms Contacted	1500	Mail+phone with some meetings	200	13.33%
	U.S. Firms Visiting	150	Several await cost-share	0	0.00%
	Moroccan Firms to USA	50	Organized meetings/plant visits	6	12.00%
	Study Observation Tours	30	NASDA Delegation, NRS Trade S	1	3.33%
3. IMPROVED APPLIED TECHNOLOG	Production/Pkg/Processing	4	Tomato shrink-wrap, fruit leather,	0	0.00%
	Firms Adopting	20		0	0.00%
	Product Marketing Strategies	6		0	0.00%
	Firms New Market/Biz Plans	10		0	0.00%
4. REINFORCE INDUSTRY ORGS AND SUPPORT INSTITUTIONS	Association/Group Plans	6	Preliminary meetings	0	0.00%
	Membership Info Services	4	Market information Key Need	0	0.00%
	DPAE Industry Info Study	1		0	0.00%
	DPVCTRF Improved Cert Plan	1	USDA APHIS Visit	0	0.00%
	DPV Agbiz Database	1	AMI Data Base Initiated	0	0.00%
5. IMPROVEMENTS IN FINANCIAL SERVICES	Financial Studies/Consultancy	NYA		0	
	Client Referrals MAPP-NED et	NYA		0	
6. ENHANCING HUMAN RESOURCE	LT Degree Programs	4	7 Candidates Nominated	0	0.00%
	ST Advanced Training Progra	16	Informational Campaign Begun	0	0.00%
	ST Industrial Interns	19		0	0.00%
	Moroccans on Study/IA Tours	90	Trade Show IA Show Organizatio	0	0.00%
	Workshops	20	Kick-Off Conference, 8 FDA, 1 Ta	5	25.00%
7. IMPROVING THE POLICY/ REGULATORY ENVIRONMENT	Policy/Regulatory Reports	11	Transport Study Organization	0	0.00%
	Dissemination Seminars/Work	11		0	0.00%
8. ADMINISTER THE PROMOTION AND INVESTMENT FUND	Cost Sharing Applications	100		0	0.00%
	Acceptable Applications	75		0	0.00%
	Amount Awarded	2000000		0	0.00%
	Cost/Services Leveraged	2000000		0	0.00%
	Pre-investment Activities	50		0	0.00%
9. ASSIST PRIVATIZATION	Parastatal Privatizations	5		0	0.00%
	U.S.Privatization Partners	5		0	0.00%
10. MANAGEMENT AND ADMINISTRATION	LT Staffing Completed (FTE)	6		8	100.00%
	Communication Systems	1		0	0.00%
	Timely Reports				
	Workplans	5		1	20.00%
	Qtrly Reports	15		1	6.67%
	Annual Reports	5		0	0.00%
	Late Reports				
	Workplans	5		0	
	Qtrly	15		0	
	Annual	5		0	

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**Figure 10. Development Alternatives, Inc. MAPP
PROGRESS TOWARDS OBJECTIVES**

TASKS	:: TASK1	INVEST	:: TASK 2	TRADE	:: TASK 8	PIF			:: TASK 3	APPLIED TECH		
	:: 1.1	1.2	:: 2.1	2.2	:: 8.1	8.2	8.3	8.4	:: 3.1	3.2	3.3	
MEASURE	:: JOINT	DOLLARS	:: MARKET	ASSOCIAT	:: NUMBER	DOLLARS	TRADE	DOLLAR	:: SALES/	COST/	PROFIT	
PERIOD	:: VENTURE	INVESTED	:: PENETRA	PARTNER	:: INVESTM	INVESTED	LINKAGE	VALUE	:: COST	UNIT		
=====	:: =====	=====	:: =====	=====	:: =====	=====	=====	=====	:: =====	=====	=====	=====
AUG	::	0	0	::	0	0	0	0	::	0	0	0
SEP	::	0	0	::	0	0	0	0	::	0	0	0
OCT	::	0	0	::	0	0	0	0	::	0	0	0
NOV	::	0	0	::	0	0	0	0	::	0	0	0
DEC	::	0	0	::	0	0	0	0	::	0	0	0
TOTAL 1992	::	0	0	::	0	0	0	0	::	0	0	0
JAN	::	0	0	::	0	0	0	0	::	0	0	0
FEB	::	0	0	::	0	0	0	0	::	0	0	0
MAR	::	0	0	::	1	0	0	0	::	0	0	0
APR	::			::					::			
MAY	::			::					::			
JUNE	::			::					::			
JULY	::			::					::			
AUG	::			::					::			
SEP	::			::					::			
OCT	::			::					::			
NOV	::			::					::			
DEC	::			::					::			
TOTAL 1993	::			::					::			

III. Problems and Solutions

Problems and solutions are grouped in four categories:

- Start-Up Problems and Solutions
- Administrative Problems and Solutions
- Personnel Problems and Solutions
- Technical Problems and Solutions

A. Start-Up Problems and Solutions

The problem of permanent office space was accentuated during this period by our current landlord's unwillingness to enter into a long-term lease for the amount of space we needed for staff, consultants, visitors, and equipment. However, we continue to benefit from the rapid start afforded us by the current space. We have set the end of April for identification and negotiation of a lease on new space with a move to permanent quarters by late June or early July.

The visit by DAI Corporate Management at the end of the period enabled us to outline an improved cash-flow pathway to accelerate procurement. This should alleviate problems encountered by the staff due to lack of equipment over the next two quarters.

French language interpretation services have been identified which will meet most of our consecutive and simultaneous interpretation needs. Speedy and accurate French translation assistance for major reports is still proving to be difficult to find, particularly as we need the translation to be prepared in WordPerfect 5.1 format. The growing volume of translation requires identification of a good, computer literate translator by the end of April.

The continuing reorganization of MARA, the accelerated development program for the North of Morocco, and the income substitution programs to reduce drought affects have increased the workload of the MARA Project Co-Directors, thereby reducing the amount of time that they have available for MAPP. Shorter, more frequent management committee meetings with the primary Project Co-Director have helped overcome this constraint. The recommendation has also been made that the COP spend more time in Rabat and that Ministerial awareness of the project be increased by making a presentation on the project to the new Minister of Agriculture. Both suggestions will be acted upon during the April-June period.

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B. Administrative Problems and Solutions

Customs clearing and tax exemption on imported goods continues to be a hurdle to contract execution. This has been particularly true on vehicle and computer imports, but also on simple shipments of technical books and informational materials arriving at the Colis Postaux. Even with supporting letters and faxes from MARA and import dossiers prepared by professional clearing agents, each importation requires multiple trips and negotiations with customs officials. The waste of staff time and the additional storage and demurrage costs are not inconsequential. Thanks to advice from the MIAC Aridoculture team, we are preparing a dossier for the Minister of Finance to obtain a fiscal "decision number" for contract imports which we hope will enable us to avoid the delays now encountered with individually duty and tax exempted shipments.

The debugged version of the DAI Field Accounting System was delivered in late March. It will enable us to simplify our accounting practices and reduce redundancy of effort in bookkeeping and reporting.

Doyle Peterson and DAI/Bethesda staff completed full network testing of the proprietary Contact Information System (CIS) software in March. Delivery to AMI in Casablanca is scheduled for mid-April. Installation of the software will permit consolidation of our existing databases and improved management of mailing lists and contact follow-up.

C. Personnel Problems and Solutions

Mr. Fachot, the Marketing Specialist, moved to Casablanca in early January. His move completed the staffing of the technical assistance team.

The illness and evacuation of one of the team member's spouse interfered with one staff member's performance. The medical problem was compounded by the State Department Medical Office's refusal to grant medical clearance to the spouse for return to post despite her U.S. physician recommendations. An added financial burden and emotional stress was imposed upon the team member and his family by this decision. The team member made a trip to the USA and brought his spouse back to Casablanca after her recovery.

D. Technical Problems and Solutions

The relatively low turn-out of the private sector for the kick-off conference, regional FDA workshops, and initial industry debriefings on subsector studies has been discussed earlier. While the election year and costs and inconvenience of travel are partly responsible, it is also clear that the private sector is skeptical of the value of participation in general meetings. Several individuals have noted that the many conferences and meetings they have attended in the past have led to lists of recommendations with very little follow-up. The solution, if our experience with the flower subsector is any indicator, is for us to do sufficient ground-work far enough in advance to identify issues of great importance to private companies, and to organize the meetings to focus on those topics.

Initial feedback from the private sector on participant training opportunities offered by the project has been weak. This problem had been diagnosed at the work plan stage in November. The MAPP training design focused on long-term graduate programs of one year or more. Most Moroccan companies measure useful training in days or weeks rather than months or years. They prefer shorter training on discrete topics which can be put to use immediately to generate return in the short term. The solution to increase private sector use of training opportunities probably has three parts: 1) rework the use of training funds to support of Moroccan participation in established short-courses; 2) refer requests for training in generic business management techniques to the USAID business training program, and 3) work with Moroccan companies to better define their training/human resource needs. The first solution will require amendment of AID agreements with the Government of Morocco and a rework of the U.Minnesota subcontract. The second will require regular communication with the USAID training office. The third will require work throughout the project by the technical assistance team. As a start on the third point, the Agribusiness Specialist is planning a hiring attitude survey among food processors in Morocco to see why they hire so few food technologists.

IV. Activities for the Next Quarter.

Major activities for the period April 1993 through June 1993 include:

- Subsector Studies - Final translation and production of the Olive Subsector Study; finalization of the Early Vegetables and the Cut-Flower Subsector studies; execution of the Spices, Essential Oils and Medicinal Plants study; initiation of the combined fruit, grape, and wine subsector studies;
- Promotion and Investment Fund - Finalization of operating procedures, cost-sharing agreement language, and initial work on applications with potential clients.

- Investment Promotion - U.S. Investor Visits to Morocco; Moroccan partner visits to U.S.; Acceleration of profiling and company qualification; Installation of the improved Contact Information System; Completion of the video on Moroccan agribusiness;
- Market Promotion - Eastern Europe Market Investigation; National Restaurant Show Industry Awareness Tour and planning for a Morocco stand at a US Trade Show; May 12 EACCE/ASPEM Tomato Marketing Conference Presentation; Technical Assistance to Moroccan Exporters; work with exporters to test transit shipment procedures for Moroccan produce moving through the USA to Canada
- Institutional Strengthening - USFDA and USDA/APHIS follow-up steps on processed and fresh export product safety, quality, and regulatory compliance with EACCE and the DPVCTRF.
- Training - Interview and select the long-term degree candidates; Initiate survey on food technologist hiring attitudes among Moroccan processing companies.
- Policy and Regulatory Issues - Develop transport subsector terms of reference and manage the study;
- Technology Transfer - Assist IAV/Agadir in the organization of conferences in 1993/1994 treating 2.) Greenhouse Production in Mediterranean Environments, and 3.) Postharvest Technology for Fresh Products; Initiate testing program for "Imperial Star" artichoke; Set-up commodity tests of Natural Pak® for spring and summer crops;
- Administration - Lease permanent office space and plan move; procure outstanding office equipment and computer network to match.
- Presentation on the MAP project to Mr. Meziane, the Minister of Agriculture.

V. Financial Report.

Project expenditures billed during the January-March period totaled \$520,416. Cumulative project expenditures recorded since contract inception amounted to \$916,743. This sum represents 6.72 percent of the total contract budget expended over 13.3 percent of the life of contract.

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Figure 11. provides the amounts expended to date and remaining in the contract budget. As during the start-up period, the level-of-effort related costs lead the expenditure categories. Subcontractor expenditures increased as billings for services performed during the start-up period were received and processed. It should be noted that all major off-shore procurement falls under the subcontracts category. Training expenditures lag behind other categories because of the lead time required for trainee identification and preparation. Also, substantial training resources are subsumed under the Subcontracts line item. Project Support Costs include \$2 million for the Promotion and Investment Fund (PIF). When the PIF is separated from other Project Support Costs, the percent of the budget expended on project support costs other than PIF is to 11.7 percent.

FIGURE 11. CONTRACT EXPENDITURES TO THE END OF MARCH 1993
 PROJECT NO. 3707
 MOROCCO AGRIBUSINESS PROMOTION PROJECT

CONTRACT NO.: 608-0210-C-00-2044

CATEGORY	BUDGET AMOUNT	INCEPTION TO DECEMBER 1992 PERIOD	JANUARY 1993 THROUGH MARCH 1993	CUMULATIVE AMOUNT	REMAINING AMOUNT	PEF OF EXF
SALARIES/WAGES	\$1,543,140.00	\$93,866.69	\$101,227.89	\$195,094.58	\$1,348,045.42	
INDIRECT COSTS	\$1,395,717.00	\$91,932.78	\$90,458.12	\$182,390.90	\$1,213,326.10	
TRAVEL/TRANSP/PER DIEM ALLOWANCES	\$380,384.00	\$55,169.57	\$7,269.74	\$62,439.31	\$317,944.69	
PROMOTIONAL TRAVEL	\$477,708.00	\$52,854.65	\$36,636.14	\$89,290.79	\$388,417.21	
TRAINING	\$951,873.00	\$11,777.27	\$8,818.79	\$20,594.06	\$931,278.94	
WRKSHPS/CONFS/TOURS	\$130,388.00	\$0.00	\$0.00	\$0.00	\$130,388.00	
OTHER DIRECT COSTS	\$328,289.00	\$58.80	\$14,302.12	\$14,358.72	\$311,930.28	
PROJECT SUPPORT COSTS	\$180,473.00	\$8,994.97	\$10,876.59	\$19,841.58	\$140,631.44	
SUBCONTRACTS	\$2,599,884.00	\$28,424.94	\$19,944.74	\$48,369.68	\$2,551,294.32	
	\$5,073,830.00	\$87,905.00	\$178,142.81	\$244,047.81	\$4,829,782.19	
SUBTOTAL	\$13,039,484.00	\$410,752.47	\$465,674.94	\$876,427.41	\$12,163,036.59	
FEE	\$600,000.00	\$18,894.61	\$21,421.05	\$40,315.66	\$559,684.34	
TOTAL COSTS	\$13,639,484.00	\$429,647.08	\$487,095.99	\$916,743.07	\$12,722,720.93	

ANNEX

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