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COSTS AND BENEFITS ASSESSMENT

OF

INTERNATIONAL EXECUTIVE SERVICES CORPS
No. 263-0225-A-00-3022-00

FOR USAID/C

PROGRAM DEVELOPMENT AND SUPPORT

EVALUATION OFFICE

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ACRONYMS AND ABBREVIATIONS - IESC ASSESSMENT

AAIB	ARAB AFRICAN INTERNATIONAL BANK
AMCHAM	AMERICAN CHAMBER OF COMMERCE
AUC	AMERICAN UNIVERSITY OF CAIRO
CACE	CENTER FOR ADULT AND CONTINUING EDUCATION
CAD	COMPUTER ASSISTED DESIGN
CD	COUNTRY DIRECTOR
CFO	CHIEF FINANCIAL OFFICER
CT.	CONNECTICUT
CV	CURRICULUM VITAE
DDC	DESERT DEVELOPMENT CENTER
EDP	ELECTRONIC DATA PROCESSING
IESC	INTERNATIONAL EXECUTIVE SERVICES CORPS
LE	EGYPTIAN POUND
MIS	MANAGEMENT INFORMATION SYSTEM
PM	PREVENTIVE MAINTENANCE
RD	REGIONAL DIRECTOR
TA	TECHNICAL ASSISTANCE
USA	UNITED STATES OF AMERICA
USAID/C	UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT - CAIRO MISSION
VE	VOLUNTEER EXECUTIVE

IESC

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EXECUTIVE SUMMARY

C

IESC COSTS AND BENEFITS ASSESSMENT

I - EXECUTIVE SUMMARY

A - Background

IESC, founded in 1964 and located in Stamford, Connecticut, offers short term consulting services of retired executives of U. S. firms on a volunteer basis and has a computer bank of over 13,000 member names for any specific development need. Permanent country and regional directors, visiting advisors, and spouses are housed in hotels.

IESC has been operating in Egypt since 1978 and since October 1992 has been in the modern Bustan Commercial Center in downtown Cairo business district. IESC Alexandria has been in operation since 1982 and since 1988 has been housed in an office suite at the Ramada Hotel. Both offices are professional and representational of a USA consulting marketing organization.

Cairo is staffed by a country director, six administrative staff, regional director, and three project managers. Alexandria is staffed by the regional director, a project manager, and two administrative staff.

Until October 31, 1992 IESC operated in Egypt under Cooperative Agreement No. 263-0102-A-00-9003-00 Modification No.8 obligating grant funds up to a total of US\$ 4,944,861 and LE 5,005,383. Since November 1, 1992 however IESC is operating under a new Cooperative Agreement No.263-0225-A-00-3022-00 with funds obligated up to US\$ 3,358,885 and LE 8,594,403 until October 31, 1994.

B - Scope of Work

The purpose of this evaluation was to determine the cost effectiveness of IESC services in Egypt by assessing and analyzing a random selection of thirty projects. In order to achieve the following five tasks project files were reviewed and on-site client interviews were conducted:

- * Analysis of the costs benefits and results
- * Appropriateness and value of client contributions
- * Comparison of average monthly IESC consulting costs
- * Comparison of IESC permanent staff housing costs
- * Conclusions as to IESC program effectiveness, cost sharing appropriateness, comparability of IESC VE to typical TA, and client selection method

IESC COSTS AND BENEFITS ASSESSMENT

C - VE Recommendations Adopted and Results

1 - VE Recommendations

Annex-2 lists clients visited by the evaluator and summarizes recommendations made by the VEs and followed by the clients. Due to the great variety of projects and the differing requirements of each, only major, practical, definable recommendations and those implemented by the client were tabulated.

In Alexandria, of the clients visited, 90% of VE recommendations made were carried out. In the Cairo selection, 78% of recommendations were implemented. In summary, considering the short term the VE's spent with the clients, the number of changes and improvements was very significant.

2 - Positive Results Achieved

A summary of results and/or clients' comments, elicited during the evaluator's interviews, are briefly presented in Annex-1 in the second paragraph of each CALL MEMO.

Positive results such as increased productivity, increased profitability, increased employment, decreased costs, decreased employment etc. were not always directly accountable. Many clients often needed advice simply to confirm their existing plans for change or reorganization, or to gain the confidence they were "on the right track". This was certainly a positive result, but one hard to quantify or measure. Clients' comments, impressions, and satisfaction were often the measure of positive results.

D - Client Contribution System

1 - System Review

Client contributions are structured in three ranges and are shown in detail in Annex-6. Generally the rates are based on a company's financial status: start up firms with sales under LE 2 million; ongoing firms with sales of LE 2 - 10 million and owners with modest net worth; and large companies, with sales of over LE 10 million and partners/owners of high net worth. Rates were revised and clarified in January 1993 and at present seem entirely appropriate. The fee is collected from the client in local currency upon signing the project agreement, and these funds used by IESC to pay local administrative Egyptian Pound expenses. The system works well and no problems or complaints were mentioned in the files or by clients during site visits

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2 - Contributions Compared to Impact

Clients on average supported approximately one-sixth of actual project expenses and in return received personalized, hands on consulting from independent, top experts in their field who effected change or improvement within 30 to 60 days. For an average fee of \$2,557 for a consultancy valued on average at \$36,771 in Alexandria or \$3,086 for a consultancy valued at \$41,957 in Cairo, and considering all the foregoing, this represented an excellent investment for an entrepreneur. Major, positive impact compared to size of contribution was apparent in the majority of projects (see Annex-1 CALL MEMOS, POSITIVE RESULTS sections).

3 - Appropriateness and Relevance of System

Egypt's private sector is a growing segment of active, small, medium, and moderately large firms where first class, but low cost, international advisory services are most needed. With the current policy stress on privatization, the IESC program in Egypt would appear to be entirely relevant and timely. In view of the many and rapid advancements companies make after IESC volunteer executives' visits, it is entirely appropriate for such short term individual advisory programs at moderate rates to be continued if not expanded.

E - VE Average Costs

1 - Comparison of IESC to TA Costs

a - Total Costs Overview:

As the base for analyzing costs, invoices from seventy files were extracted during the review process and compiled in order to provide as broad an analytical base as possible (see Annex-3). The average length of a VE's stay was around 44 days in Cairo and 42 days in Alexandria. On average USAID's total costs for Cairo-based projects are five times the client's contribution, \$15,705 versus \$3,086, while in Alexandria \$12,227 versus \$2,557 yields nearly the same ratio of 4.8 times. The figures in Annex-3 reveal that on average USAID paid approximately 83% of actual costs of IESC projects.

IESC COSTS AND BENEFITS ASSESSMENT

b - Total Project Value:

The IESC TOTAL COSTS were calculated on a "volunteer" basis, without any fee structure. To arrive at a Total Project Value so that the standard charges (airfare, per diem, overhead, and fee) of a USA consulting company's short term advisor might be comparable, the amount of time donated by the VE consultant and the time and services donated by IESC Director was factored back into the calculation. The average fully loaded rate in Alexandria was \$949 per day, while the Cairo rate worked out to \$1,083 per day. USAID, on average, after client contribution paid only 33% in Alexandria and 37% in Cairo of a project's imputed total value.

c - Project Costs Per Day:

The daily rate calculated on the basis of actual travel and per diem costs, but without any fee or overhead, amounted to an average of \$438 per day in Alexandria and \$492 per day in Cairo. Surprisingly the length of stay, once in country, and resulting additional hotel and per diem costs were not major incremental factors to the daily rates since the initial costs were spread over a greater number of days.

To summarize, in the sample projects reviewed, USAID and clients combined in a 5:1 ratio to pay an average of \$492 per day for Cairo projects and \$438 per day for Alexandria projects. Average total project cost was \$18,791 in Cairo and \$14,784 in Alexandria. The average length of a VE's stay was just over six weeks (42 and 44 days).

2 - Developmental and Financial Benefits to USAID

a - Developmental Benefits:

Reviewing files and visiting IESC clients revealed a private sector of active, motivated entrepreneurs operating on a broad scale throughout Egypt.

Contact with independent, experienced American advisors plus gaining first hand knowledge of USA technology, goods, and services led clients to form a definite bias toward USA imports and services. Company heads and entrepreneurs were more responsive and market oriented as a result of this bottoms up development process. Early decisions, changes, improvements, or equipment purchases, were regularly made on consultants' recommendations. Regular examples of increased profitability, increased employment, cost reductions, increased export earnings, improved products and competitiveness were witnessed (see Section IX TASK FIVE-A-1 Para.2 and Annex-1 CALL MEMOS)

IESC COSTS AND BENEFITS ASSESSMENT

b - Financial Benefits:

IESC BASIS:

Nearly \$243,577 was saved on IESC's full time executive management by having the country director in Cairo reside in a hotel on per diem compared to a consulting company's TA in an apartment (see Annex-5).

The average total project cost in Cairo was \$18,791 for a 44 day project, of which USAID paid \$15,705 (see Annex-3). Adding the VE's donated time and CD's donated supervision, the same project would be valued at \$41,957. Assuming 80 such projects a year were completed, a savings of \$1.8 million would result. Combined with the \$243,577 savings on the TA permanent staff, total annual savings would be \$2.1 million .

USAID BASIS:

On a more typical USAID short term basis of only one air fare (no spouse), per diem, lodging, and \$320 per day for a six day week the project cost would be \$17,164. This amount represents only the costs of a TA arriving, residing, and advising client with no recruiting costs, no supervision costs, no support for the TA in country. Notwithstanding this, the cost of a TA for 44 days on USAID basis at \$17,164 without support or supervision was still \$1,459 more expensive than the IESC basis for a VE and spouse at \$15,705 with very good support.

USAID BASIS PLUS SUPPORT:

Currently USAID reimburses IESC for actual costs, but if a typical consulting firm were employed to supervise 80 short termers per the example above, the amounts of overhead (67.53%), fixed fee (6.9% on total expenses), or similar cost recovery, would assumingly be added. The cost would then amount to \$27,127 per project at \$320 per day with typical support and supervision (calculation given in Section VI-TASK TWO-B-2). This compares to USAID's current \$15,705 average project cost. On this basis then, savings would again be found in the supervisory costs and in the project consultants' costs. Adding these savings together, \$243,577 plus \$913,760 (\$27,127 - \$15,705 x 80) still yields savings of \$1,157,337.

IESC COSTS AND BENEFITS ASSESSMENT

F - Permanent Staff Costs

Annex-5 outlines the actual expenses of IESC's Country Director and Regional Director and these figures are set against corresponding, and typical, expenses of an AID contractor's Chief of Party, who would be considered the most relevant and comparable to an IESC director.

Per diem plus fringes (health and life insurance premium actuals) amounted to a total annual compensation of \$35,015 for CD and only \$27,311 for RD, versus direct compensation of \$120,601 (AID maximum salary, plus fringes at 24.28%, plus cost allowance at 15%) for a typical TA chief of party. An overhead charge of 67.53% or \$72,671 was also added to TA personnel costs. Simply put, total annual compensation to a TA chief of party cost a total of \$193,272 p.a. compared to IESC's \$35,015 p.a. and \$27,311 p.a.

Residence costs in the hotel for IESC's CD in Cairo at \$30,600 p.a. was higher than TA's first class unfurnished three bedroom Maadi flat at \$20,130 p.a. The RD in Alexandria, however, had annual hotel suite charges of only \$13,554. Maintenance, repairs, and utilities added \$1,084 p.a. to the TA apartment costs, of which IESC had none.

Relocation costs for furniture, air, and auto inward shipments amounted to a combined total \$52,900 for the TA. Doubling this amount to reflect the outward shipment produced a total relocation expense of \$105,800. Dividing this total by four (assuming a four year posting) equaled \$26,450 annually compared to \$4,500 and \$1,200 for CD and RD storage.

Air fares and **school fees** for two children were added to the TA ledger. By contrast and by definition, IESC directors are retired executives and at their stage of life and career do not have school aged children, a substantial IESC savings.

General and administrative actual costs are reimbursed to IESC. In the Cairo office, allocated rent, electricity, cleaning actuals amounted to \$6,557 p.a. for the CD, \$3,183 less than the comparable TA's General and Administrative fee of \$9,740 at 3.29%. IESC Alexandria office in the Ramada Hotel had allocated administrative costs of only \$3,614 p.a.

Fixed fee of 6.9% of the total TA costs, taken by the TA consulting firm as its revenue, amounted to \$21,021 p.a. There is no fixed fee to the not-for-profit IESC.

Factoring out two children to make the scenario more directly comparable (but not necessarily more realistic), and reducing the totals by \$40,000, still leaves annual TA costs of \$286,874, over three times the Cairo CD costs and five times the RD costs.

IESC

COSTS AND BENEFITS ASSESSMENT

CONCLUSIONS AND RECOMMENDATIONS

SUMMARY

IESC COSTS AND BENEFITS ASSESSMENT

II- SUMMARY CONCLUSIONS AND RECOMMENDATIONS

A - Conclusions

1 - IESC Program Effectiveness

The entire study and Annexes 1, 2, 3, and 4 all point to the very effective results that are achieved quickly by VEs in their personable, direct, practical approach to sharing information and technology. The program is effective for the client who benefits from the technology transfer almost immediately and from the subsequent commercial and economic benefits. The USA's name and reputation as a leader in free enterprise and cooperative spirit is only enhanced with every project completed. Egypt's private sector middle market is also a beneficiary as the recipient clients prosper, expand, and place new techniques and better quality products into the local economy, stimulating demand, growth, employment, salaries, savings, spending, tax revenues, foreign earnings etc. (see section IX TASK FIVE-A-1 and Annex-1 CALL MEMO for examples).

2 - Cost Sharing Appropriateness

The current structure of clients' fees is priced in three ranges, and clients paid on average LE 8,000 for the initial project month and LE 5,000 for each additional month. Over the seventy project sample, the client contribution averaged out to approximately one-sixth of total project costs. This is, admittedly, a small portion for the value of the advice and assistance normally received. However, IESC directors try in their negotiations to obtain the most appropriate fee possible, according to a client's ability and financial standing. The table in Annex-3 under CLIENT CONTRIBUTIONS column reveals that as a rule large, successful, or industrial clients did pay two and three times more than the smaller individually run firms.

What the resistance level is in this market is not known exactly, and although there may be some price elasticity for these services, it is not something that should be tested just for the sake of increasing clients' share unless there were strong economic or policy reasons. The current price structure is encouraging for the business, and at the same time adequate to commit the client to an earnest interest in the project. Further, the fees were reviewed and revised as of January 1993, appeared to be appropriate and equitable, and need not be increased at this time.

IESC COSTS AND BENEFITS ASSESSMENT

3 - Comparability of IESC VE to Typical TA

As mentioned above IESC uniquely specializes in very short term consultancies on a voluntary basis. Consulting companies, by their nature are in business to sell expertise at a profit by placing TAs in a project for as long a term as possible to generate overhead and fee earnings. By contrast the retired volunteer executive is interested in only staying for very short periods, one or two months normally, and there is no motive other than sharing his/her experience/expertise with those interested in receiving and applying it.

Of course some projects require a long term relationship, but the client base that IESC targets - small, medium, and moderately large companies - normally require short, specialized assistance. The vast pool of VEs available, the breadth and depth of expertise and USA technology, the no-fee structure, and the specialization in short consultancies are advantages that a normal consulting company cannot feasibly match on its own on an ongoing basis.

4 - Client Selection Methods

Being actually a marketing organization, IESC uses typical resources to develop their client base, such as business and association directories, AmCham members, Rotary members, referrals from USAID and previous clients, repeat business from clients, and cold calls.

Once a client has demonstrated an interest in IESC and a genuine business need for consulting services the marketing officer prepares a written proposal that is reviewed with the country or regional director. If the client's needs are found acceptable, the marketing officer returns to the client, reconfirms the requirements, and obtains client's formal agreement. The request is then submitted to IESC head office in Stamford, Ct. for final review and approval, and the search for the appropriate consultant is begun. The process is effective and needs no particular revising.

IESC COSTS AND BENEFITS ASSESSMENT

B - Recommendations

1 - IESC Permanent Housing

The Country and Regional Directors should remain in the hotel suites. The study reveals that this is a far more economical arrangement. Further, the constant influx and departure of VEs also requires the convenience of the hotel. Undertaking the additional manifold duties and costs of managing an apartment or house is not recommended for the Directors.

2 - VE Hotel and Per Diem Program

There is no overriding reason to change the current VE per diem arrangements and the current hotel residency program should remain in force. Any changes for economic reasons (such as a permanent guest house) would be outweighed by the inconveniences (or lack of conveniences for a retiree)

3 - Spouses

As the actual cost of IESC projects are already low, reducing the spouse expense has no additional market or price advantage. There is no economical justification for discontinuing this feature of the program.

4 - Client Contributions

These were revised in January 1993 and are currently adequate to elicit **commitment** from the client. However, if independent **sustainability** is a program goal, in view of the very good value and results clients currently receive at a very low rate, it may be worth the directors' and marketing officers' doing some form of sensitivity study on clients' willingness and ability to support a larger share or all of a project's costs before fees are raised arbitrarily.

5 - Marketing Calls and Transportation

On an average day marketing officers spend three hours or more driving and parking their cars, only about two to two and a half hours actually with the clients, and another two hours writing call reports or proposals. This ratio is inverse to what it should be. An alternative scheme for transportation to and from clients should be studied in an effort to allow more hours in marketing, reporting, and business development, and less hours driving and parking.

6 - Market Expansion

a) Thought should be given to adding at least one additional marketing officer each in Alexandria and in Cairo as the current staff are working at near capacity and will have difficulty adding client numbers required to reach budget.

IESC COSTS AND BENEFITS ASSESSMENT

b) Consideration should be given to penetrating the other major governorate capitals such as Tanta, Mansoura, Benha, Zagazig, or Assiout (third largest city in Egypt) during the coming year. These are the loci of major World Bank-sponsored privatization programs and are populous areas. It will require additional staff, marketing, and transportation arrangements.

7 - Project Definition

As pointed out and recommended several times by VEs, IESC marketing officers need to be more definitive and clearer in the project scope and the expectations of the VEs. This will allow VEs to prepare adequately and to bring appropriate tools and materials prior to leaving the USA, and will ensure better project results (see No. 5 above).

IESC

COSTS AND BENEFITS ASSESSMENT

MAIN REPORT

IESC COSTS AND BENEFITS ASSESSMENT

III-BACKGROUND

A - IESC History and Organization

IESC, founded in 1964 and located in Stamford, Connecticut, offers the voluntary consulting services of retired executives of U. S. firms. IESC has a computer bank of over 13,000 member names to call on for any specific development need. Actual costs and per diem are charged and permanent country and regional directors, visiting advisors, and spouses are housed in hotels.

IESC has been operating in Egypt since 1978. Originally operating out of offices in the Nile Hilton, the Cairo Offices have been in modern, representational premises in the Bustan Commercial Center in downtown Cairo business district since October 1992. IESC Alexandria has been in operation since 1982 and since 1988 has been housed in professional office suites at the Ramada Hotel.

Cairo is staffed by a country director, six administrative staff, regional director, and three project managers. Alexandria is staffed by the regional director, a project manager, and two administrative staff. Directors' wives play a key role in the orientation phase of arriving VEs and spouses, and in arranging for VE spouses to assist in many worthwhile community charitable activities where their own valuable experience can be shared.

IESC operated in Egypt under Cooperative Agreement No. 263-0102-A-00-9003-00 Modification No.8 last amended and approved January 5, 1992 obligating grant funds up to US\$4,944,861 and LE 5,005,383 until October 31, 1992. Since November 1, 1992 however IESC operates under new Cooperative Agreement No.263-0225-A-00-3022-00 with funds obligated up to US\$ 3,358,885 and LE 8,594,403 until October 31, 1994.

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B - Scope of Work Summary

1 - Purpose

The purpose of this evaluation was to determine the cost effectiveness of IESC volunteer advisors' services in Egypt under financial assistance provided by USAID by reviewing and analyzing a random selection of thirty projects carried out during the past four years.

2 - Statement of Work - Five Tasks

The contractor reviewed the impact of Volunteer Executive (VE) advice on projects by means of project file reviews and by on-site client interviews in assessing and achieving the following five tasks:

- * Analysis of the costs benefits and results of advice given to the client
- * Appropriateness and value of client contributions compared to the value of advice received
- * Comparison of average monthly IESC consulting costs
- * Comparison of IESC permanent staff housing costs
- * Conclusions as to IESC Program Effectiveness, Cost Sharing Appropriateness, Comparability of IESC VE to Typical TA, and Client Selection Methods

IESC COSTS AND BENEFITS ASSESSMENT

IV- APPROACH

IESC has been providing advisory services of retired executives since 1978 and the list of completed projects to date exceeds eight hundred. It was decided to review projects carried out during the past four years going back to 1989, as several of the current project managers have been active since then and were able to provide the necessary background information and introductions for the evaluator when interviewing clients on site visits. Also the probability of the presence of the same managers being available was greater. The print out of completed projects was reviewed by industry sector and approximately 40 names selected at random by the evaluator. The only criteria were; sectoral variety of companies, even spread over the four year span, approximate 70/30 Cairo/Alexandria split, and reasonable measurability of results or recommendations. The list of companies was reviewed and agreed with USAID contract officer and project officer.

The list was provided to the IESC and the project files reviewed over the ensuing two week period. Also the list was submitted to the accountant and the invoices of each project supplied to the evaluator. During the next three week period appointments were arranged by project managers and clients visited.

IESC COSTS AND BENEFITS ASSESSMENT

After several visits it became apparent that a short list of standard questions were most often answerable by past project clients. The nature of the questions were:

- * Did the VE address the needs?
- * Did he/she have the necessary experience and expertise?
- * Were most or all of the VE's recommendations implemented?
- * Was there an increase in profitability, production, or employment?
- * Was there a decrease in costs or employment?
- * Were new concepts or technology introduced, staff trained, or skills upgraded?
- * How did IESC consultants compare to other consultants used?

In all, 12 clients and 17 projects were visited in Alexandria and 19 clients and 28 projects visited in the greater Cairo area. The larger project number resulted from many of the clients' being repeat users of the IESC services for two or more types of projects or from clients' requesting related follow-up projects which were often also discussed during the same site visit.

IESC COSTS AND BENEFITS ASSESSMENT

Summary call reports were done for each visit outlining the name and nature of the client, the basic scope of the VE's recommendations, and major results achieved. (see Annex 1)

With the major results listed and the expenses tabulated, the data was then aggregated, reviewed, analyzed, and conclusions drawn during weeks six through eight.

Additionally, the evaluator had the opportunity to meet several VEs on site and benefited from the encounters to obtain VEs' input on general project concepts, such as client responsiveness, cultural problems, housing arrangements, etc.

IESC COSTS AND BENEFITS ASSESSMENT

V - TASK ONE - COST BENEFIT ANALYSIS

A - Percentage of Recommendations Adopted

In Annex-2 the list of clients visited and summary of recommendations made by the VEs and followed by the client is presented. It must be noted that in certain kinds of consultancies quantifying results and impacts was difficult. For instance in projects where recommendations to install pieces of equipment were made it was readily identifiable on site visits whether the new equipment was installed, on hand, or not. In other types of consultancies, for instance where suggestions were made for salesmen to begin using certain new sales techniques, calling, and reporting procedures, then recommendations and results were less concrete, other than the owner/manager affirming that the VE-recommended procedures were implemented and still in practice. Therefore, major, practical, definable recommendations were simply tabulated and those implemented by the client (as reported verbally or sighted physically during the visits) also recorded.

In general it can be noted from the table Annex-2 that, of the clients visited in Alexandria, 90% of recommendations made were carried out. This high ratio is not difficult to accept having once visited the projects and seeing that in the cases of small and medium-sized companies the changes introduced were relatively simple but new techniques mostly procedural, practical, and operational in nature. Further, most were done while the VE was still on project. In some of the larger projects of a more institutional or manufacturing nature, changes or introduction of new operations might have been more complicated or required a longer time to achieve. In the Cairo selection, the 78% seems more reasonable as the client make up contains more diverse and larger organizations where response time might have been longer.

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It is worth noting that the Cairo ratio was also affected negatively by four projects where none of the recommendations was carried out. Two of these were recently completed or still in progress, one (Desert Development Center) could not be approved for policy/funding reasons, and one (Shalagany Law) was prevented by simple internal bureaucracy. In summary, considering the short term the VE's spend with clients, their impact may be considered very significant in the great majority of cases.

Unrecorded in a simplified tabulation of recommendations adopted or changes made, but observed in the clients, was the nearly universal change in attitude, the new interest, and the enthusiasm to try out or to institute new techniques and ideas brought and shared by the VEs.

B - Positive Results Achieved

Positive results such as increased productivity, increased profitability, increased employment, decreased costs, decreased employment were also not always directly accountable. Clients' comments, impressions, and satisfaction were often the measure of positive results. Many clients with ongoing, successful operations used VEs' recommendations and advice simply to confirm their existing plans for change, reorganization, purchases, or investments. The VEs' advice often gave clients confidence they were "on the right track" and allowed them to proceed with pending plans. This was certainly a positive result, but one hard to quantify or measure in terms of productivity, profitability, expenses etc.

In order, however, to present the general impact of VEs' visits and advice, a list of results and clients' comments, elicited during the evaluator's interviews with the clients, are briefly presented in Annex-1 as the second paragraph of each call memo.

IESC COSTS AND BENEFITS ASSESSMENT

C - Total Costs of VE Assistance

1-Total Costs Overview

The preliminary list of forty projects to be reviewed was eventually expanded to a total of some seventy files, as many were not suitable for visit purposes (client away, former project manager resigned, current project manager out of town, travel inconvenience). However, during the review process, invoices from all seventy files were extracted and compiled in order to provide as broad an analytical base as possible.

In reviewing the tables in Annex-3 some general patterns became apparent. The average length of a VE's stay was around 44 days in Cairo and 42 days in Alexandria. On average USAID's total costs for Cairo-based projects were five times the average client's contribution, \$15,705 versus \$3,086 , and in Alexandria \$12,227 versus \$2,557 yielded very nearly the same ratio of 4.8 times. This revealed that on average USAID pays approximately 83% of actual costs of all IESC projects. Alexandria is consistently cheaper in all expense categories, primarily due to the cheaper hotel rates, the lower per diem rates, and shorter stays.

USAID's reimbursements for project costs are made in US Dollars and are normally made in two tranches. Initial reimbursements refund pre-project expenses consisting of IESC headquarters support, recruitment, VE and spouse airfares, and en route expenses. Final reimbursements cover actual costs incurred by the VE consisting of per diem and lodging while in country. As mentioned these average \$15,705 per project in Cairo and \$12,227 in Alexandria.

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The single most expensive project reimbursed by USAID in the sample projects reviewed was file number 20943 EGITALIC wherein USAID's initial and final cost amounted to \$25,891. Further, this project also had the highest contribution paid by a client, \$7,379 and when added to the USAID reimbursement resulted in a total cost of \$33,270, again, the highest in the sample group. It should be noted that at 96 days this was also the longest visit observed in the 70 files reviewed, and one of only ten in the entire sample in which per diem and lodging exceeded the pre-project costs.

More specifically project costs may be seen from three other perspectives: 1, total project value; 2, project cost per day (a consulting norm); and 3, project cost per month. A brief review of the sample files and related tables are discussed from perspective 1 and 2 below, while number 3 is discussed more fully in Section VI-TASK TWO.

2 - Total Project Value

The IESC TOTAL COSTS are calculated on a "volunteer" basis. In order to compare standard consultant charges (airfare, per diem, overhead, and fee) to a USA consulting company's providing an advisor on a short term basis, the amount of time donated by the VE consultant and the time and services donated by IESC Director must be factored back into the calculation. In Annex-3 under the columns TOTAL PROJECT VALUE and FULLY LOADED RATE the same number of days have been translated into a more standard consulting company's rates. With only a few exceptions every project cost near or above \$1000 per day, on a total project value basis, which would not appear out of line with industry standards.

IESC COSTS AND BENEFITS ASSESSMENT

The average fully loaded rate in Alexandria is \$949 per day, while the Cairo rate works out to \$1,083 per day. For USAID, depending on the amount of the client contribution - usually about 7% of the total project value - this means paying only 33% in Alexandria and 37% in Cairo of a project's imputed total value. In other words, USAID paid only approximately one third of the amount it would have cost to employ a known technical assistance firm at standard international rates for the same project, duration, level of expertise, and experience.

Turning to some specific examples again, Cairo file 20943 EGITALIC, noted above, also recorded the highest total value project at \$81,577 after imputing donated VE fee and IESC Country Director (CD) services. The length of this project, 96 days, was the primary cause for the very high total cost. Contrary to expectation however, this was not the most expensive project on an IESC monthly basis (\$10,397 per month) nor was it the most expensive on daily rate basis (only \$347 per day). Average total value of the projects sampled in Cairo was \$41,957 over an average of 44 days.

Similarly, in Alexandria file 21123 Maradive Oil Services recorded a total project value high of \$65,439 over a 78 day visit, while the average total project value for the Alexandria projects sampled was \$36,771, after VE and CD donated services, with average visits of 42 days.

3 - Project Costs Per Day

The daily rate calculated on the basis of actual travel and per diem costs, but without any fee or overhead, amounted to an average of \$438 per day in Alexandria and \$492 per day in Cairo.

IESC COSTS AND BENEFITS ASSESSMENT

Surprisingly the length of stay, once in country, and resulting additional hotel and per diem costs are not major incremental factors to the total costs since the heavy initial costs are spread over a greater number of days.

The major expense factors were the recruitment and transportation costs of landing the VE in Egypt. These are reflected in the INITIAL USAID REIMBURSEMENT column, Annex-3. These expenses are variable but not controllable. I.e., the farther the VE traveled with spouse, the greater the effect of the heavier front end fixed costs on overall cost, serving to raise the average daily rate. Shorter flights, say from east coast USA and with no spouse, reduce initial costs significantly, more than half, and resulted in substantial reduction in daily rate. The effect of this is most dramatically observed in the cases of "piggy back" projects where a VE is already in country for one project and is able to perform a second consultancy without the related front end transportation costs (special agreement/acceptance is always sought and obtained from both clients for this arrangement).

For instance in the case of file number 23167 Pullman Hotel in Alexandria the initial cost was only \$1,667 and in spite of a stay of only 22 days the daily rate worked out to a low \$266. Similarly, Cairo file number 20769 Red Sea Co/Grand Hotel with initial costs of only \$1,621 and a more normal stay of 62 days generated a rate of \$175 per day. Even fully loaded, it was still only \$689.

IESC COSTS AND BENEFITS ASSESSMENT

The other major contributor to the relative low average rates, was the length of stay. As pointed out above, the longer the stay the cheaper the consultancy, on a daily rate basis, which is contrary to normal consulting accounting. Observing this phenomenon in files of longer than the normal 40 to 60 days like number 18564 (91 days) and 20556 (95 days) in Alexandria or numbers 20583 (75 days), 20943 (96 days), or 21938 (74 days) in Cairo produced daily rates of \$188, \$167, \$329, \$347, and \$310 respectively. To repeat, these low actual rates include airfare, per diem, and other actual costs, but no fee or overhead.

To summarize, in the sample projects reviewed, USAID and clients combined in a 5:1 ratio to pay an average of \$492 per day for Cairo projects and \$438 per day for Alexandria projects. The average length of a VE's stay was just over six weeks (42 and 44 days). Longer or extended stays with additional hotel and per diem costs did not result in significantly higher overall costs of a project and in fact, due in large part to absence of fees and overheads, had the effect of lowering IESC's actual daily rate.

IESC COSTS AND BENEFITS ASSESSMENT

VI-TASK TWO - AVERAGE MONTHLY COSTS OF IESC VE'S

A - Comparison of IESC Project Costs to Typical TA

In Annex-4 it can be noted that in Cairo the average monthly cost of a project was \$15,041, while in Alexandria it was \$13,149.

As pointed out above, of projects reviewed, USAID paid only about 35% of the imputed full values. Stated another way, if the same short term projects had been awarded to international consulting companies, the costs would have been two times greater at least, and perhaps more, since IESC projects have no bidding process, no baseline study costs, relatively low supervisory costs.

This can be verified by adding the two columns of USAID INITIAL and FINAL REIMBURSEMENT (extent of USAID's total costs) for each project and compare this sum to the figure in the last column, the FULLY LOADED PROJECT VALUE. In nearly every project of normal length the total value is more than twice the actual costs reimbursed by USAID. Projects of very short duration (e.g. file 23238 Egypt M.E.Import & Export in Cairo or 19956 K. Bassyouni in Alexandria) reveal an even greater relative savings for a similar project that might have been conducted by a consulting firm charging the normal rates. On the other hand, projects of exceedingly long duration (e.g. files 222116 Magar and 21123 Maradive in Alexandria or 18540 International Dairy, 19021 Parfico, or 20583 American Chamber of Commerce) where the effect of the using a greater number of days in the formula to derive and thus reduce the monthly average, has the effect of increasing USAID's relative cost to well over half the total project value.

IESC COSTS AND BENEFITS ASSESSMENT

In summary, very short term projects are relatively costly on a daily and monthly basis (dividing total by smaller number of days) but comparatively cheaper for USAID (less per diem and lodging). Very long projects are cheaper on a daily or monthly basis (dividing total by a larger number of days) and as result USAID's relative costs are a higher percentage. This inverse relationship is of course created by dividing project costs by a smaller or larger divisor (days) depending on length of VEs' stays, and the fact that USAID pays relatively large fixed pre contract costs irrespective of the project length.

B - Developmental and Financial Benefits to USAID

1 - Developmental

It was possible to categorize the clients also into two broad groups: smaller start up or growing companies, usually sole proprietorships or partnerships, who did not have the means to identify or employ first class international consultants; and larger, established, successful companies who were able to choose and afford consultants from any field or country but who wanted USA technology and value for money (more economic rates).

Reviewing the files and visiting IESC clients over a four week period gave the reviewer the definite and surprising impression that beneath the large scale public sector industrial levels, an active private sector was an accomplished fact on a very broad scale throughout Egypt. These small, medium, and moderately large firms, that filled interesting niches in the economy, were all headed by vital, busy, motivated entrepreneurs. Obviously the more this sector is encouraged and the more it grows, the better for the overall economy.

IESC COSTS AND BENEFITS ASSESSMENT

The impression gained from site visits was that the more these entrepreneurs learned of USA technology, goods, and services from independent, mature, experienced American advisors and consultants, the greater bias they had toward the USA for imports, dealings, etc. (see Call Reports file 20556 Santa Rita or 18677 Diab Agriculture). This bottoms up process of promoting private sector development certainly has the advantage of being more responsive, more broadly based, more market oriented, and less inherently resistant to change, than does a tops down policy dictate. Every client met was able to make relatively early decisions on steps necessary to adopt consultants' recommendations, or to spend the necessary funds for changes, improvements, or equipment purchases.

2 - Financial

a) IESC BASIS:

As pointed out in Section VIII - TASK FOUR PERMANENT STAFF COSTS, nearly \$243,577 would be saved by having a country director in Cairo in a hotel on per diem. To get the same full time management supervision would mean having either a consulting company's TA or a full time USAID project officer assigned. In either case it would cost very close to the numbers outlined in Annex-5.

Savings obtained on each project can be ascertained by reviewing and comparing the TOTAL COSTS column with the TOTAL PROJECT VALUE COLUMN in Annex-3. It was noted in Section V-C-2 above that the average total project cost in Cairo was \$18,791 for a 44 day project, of which USAID paid \$15,705. Adding the VE's donated time and CD's donated supervision, the same project would be valued at \$41,957.

IESC COSTS AND BENEFITS ASSESSMENT

If just 80 such projects a year were completed a savings of \$1.85 million would result. Combined with the \$243,577 savings on the TA permanent staff, total annual savings would be \$2.1 million.

b) USAID BASIS:

The above is calculated on the basis of IESC's imputed costs to derive total project value. Following is a comparison wherein costs are put on a more typical USAID short term basis of only one air fare (no spouse), per diem, lodging, and \$320 per day for a six day week:

(44 days-6 days) 38 days x \$320 =	\$ 12,160
single air fare =	4,000
(44 days x \$91) lodging/per diem =	<u>4,004</u>
Total per project	\$ 20,164
Less Client share	<u>- 3,000</u>
Net cost to USAID	\$ 17,164

This amount represents only the costs of a TA's arriving, residing, and advising client. There are no recruiting costs, no supervision costs, no support for the TA in country. So in fact this would be an extreme comparison. To have support logically implies an organization, which translates into overheads and fees. It would hardly be feasible to obtain 80 advisors per year for such a broad range of projects for only daily rate, air fare, lodging, and per diem without some form of support and supervision. Notwithstanding the above, the cost of a VE for 44 days on USAID basis at \$17,164 without support or supervision would still be \$1,459 more expensive than the IESC basis at \$15,705 with very good support.

IESC COSTS AND BENEFITS ASSESSMENT

c) USAID BASIS PLUS SUPPORT:

In addition to the savings in permanent staff and project TA costs noted above, the great savings is the organizational expenses. Currently USAID reimburses IESC for actual costs, but if a typical consulting firm were employed to supervise 80 short termers in the example above, the amounts of overhead (67.53%), fixed fee (6.9% on total expenses) or some similar cost recovery would assumingly be added. The calculation would be:

$$\$12,160 \times 1.6753 + 8004 - 3000 \times 1.069 = \$ 27,127$$

per project at \$320 per day with typical support and supervision. Compare this to USAID's current \$15,705 average IESC project cost in Annex-3 (INITIAL plus FINAL USAID REIMBURSEMENT columns).

On the second basis then, savings would again be found in the supervisory costs and in the project consultants' costs. Adding these savings together:

\$ 243,577	
<u>\$ 913,760</u>	(\$27,127 - \$15,705 x 80)
\$1,157,337	Total savings

IESC COSTS AND BENEFITS ASSESSMENT

VII - TASK THREE - IESC CLIENT CONTRIBUTION SYSTEM

A - System Review

Client contributions are structured into ranges and are shown in detail in Annex-6. Generally the rates are based on a company's financial status: start up firms with sales under LE 2 million; ongoing firms with sales of LE 2 - 10 million and owners with modest net worth; and large companies, with sales of over LE 10 million and partners of high net worth. Rates were revised and clarified in January 1993 and at present seem entirely appropriate. In reviewing seventy some files in detail, the average range for the first month's fee was regularly noted to be between LE7,000 and LE9,000. Subsequent months' fees appeared normally to be in the LE4,000 to LE 6,000 range. These ranges in dollars equal approximately \$2,400 to \$3,000 and coincided generally with the actual tabulated averages shown in CLIENT CONTRIBUTIONS column in Annex-3 (\$2,557 in Alexandria and \$3,086 in Cairo).

The fee is collected from the client upon signing the project agreement and must be received before the recruitment can begin, thus there are normally no "collection" problems. These fees, accepted only in local currency, are used by IESC to pay local administrative Egyptian Pound expenses. The system works well and no problems or complaints were mentioned in the files or by clients during site visits

IESC COSTS AND BENEFITS ASSESSMENT

B - Contributions Compared to Impact

Clients on average supported approximately one-sixth of actual project expenses. Clients received personalized, hands on consulting from independent, top experts in their field, and in most cases major changes or improvements were effected within 30 to 60 days. Clients in Alexandria paid the equivalent of only \$2,557 for a consultancy valued on average at \$ 36,771. Similarly, Cairo area clients paid \$3,086 for average project value of \$41,957. Considering all the foregoing, the impact was profound and the fee represented an excellent investment for the entrepreneur. This is born out by observing the most frequent repeat users of IESC services. They are the large, successful, profitable, and cost conscience firms who want results and know value for money. The major, positive impact compared to size of contribution is unquestioned (see call memos, POSITIVE RESULTS sections).

C - Appropriateness and Relevance of System

In summary and in general, small, medium, and moderately large private sector firms are vitally active in Egypt. In this growing sector where first class international, but low cost, advisory services are most needed and with the current policy stress on developing the private sector, the IESC program in Egypt would appear to be entirely relevant and timely. In view of the many and rapid advancements companies made after IESC volunteer executives' visit, it would be entirely appropriate for short term individual advisory programs at encouragingly moderate and fair rates to be continued if not expanded.

IESC COSTS AND BENEFITS ASSESSMENT

VIII-TASK FOUR - PERMANENT STAFF COSTS

A - Costs Breakdown and Summary

Annex-5 outlines the actual annual per diem, hotel, relocation, home leave costs for IESC's Country Director (CD), Cairo and Regional Director (RD) Alexandria along with allocated administrative expenses, consisting of office rent, electricity, and cleaning. These figures are set against actual corresponding, and typical expenses of an AID contractor's Chief of Party, who would be considered the most relevant and comparable to an IESC director.

B - Comparison to Typical Long Term TA Costs

Beginning with the Per Diem/Salary line item, the effect of the directors' being reimbursed only per diem in lieu of salary generates an obvious savings in IESC supervisory staff costs. Per diem plus fringes (health and life insurance premium actuals) amounted to a total annual compensation of \$35,015 for CD and only \$27,311 for RD versus direct compensation of \$120,601 (AID maximum salary, plus fringes at 24.28%, plus post allowance at 15%) for a typical TA chief of party. Additionally, the consulting company head office levied an overhead charge on the direct personnel costs which in this case amounted to a 67.53% charge, equal to an additional cost of \$72,671. Simply put, annual compensation to a TA chief of party cost a total of \$193,272 p.a. compared to IESC's \$35,015 and \$27,311 p.a.

The cost of hotel residence for IESC's CD in Cairo at \$30,600 p.a. was higher than a typical TA's first class unfurnished three bedroom apartment in Maadi at \$20,130 p.a. In the case of the RD in Alexandria, however, the annual hotel suite charge was considerably cheaper at only \$13,554.

IESC COSTS AND BENEFITS ASSESSMENT

Additionally, maintenance, repairs, and utilities added \$1,084 to the TA apartment costs while IESC, in hotels, had no maintenance, repairs, or utilities charges.

Other TA-related charges that vastly exceeded IESC's were relocation costs. Though these were not annual, but rather one time charges they were shown since they are a very major expense for any TA company. Furniture, air, and auto shipments amounted to a combined total \$52,900 for the sample TA. Assuming a typical four year posting, the outward shipment at assignment completion was also reflected in the comparison for a total of \$105,800. Dividing by four annualized the cost at \$26,450 compared to storage charges in the USA of \$4,500 for the CD and \$1,200 for the RD.

Further, a typical TA would probably have two children of school age (chiefs of party are normally experienced and older and would probably not have new or young families). Thus an additional two air fares and two C.A.C. school fees were added. By contrast and by definition, IESC directors are retired executives and at their stage of life and career would not have school aged children. This (two air fares and two school fees) was a substantial annual savings for IESC.

Consulting companies are entitled to recover administrative costs through a General and Administration fee (3.29% in this case) whereas IESC is reimbursed actual general and administration costs. In Cairo this consisted of office rent, electricity, cleaning only and the CD allocated portion of these actuals amounted to \$6,557, compared to the TA's G and A fee of \$9,740. IESC Alexandria rents a two room office suite in the Ramada Hotel and therefore had allocated administrative costs of only the hotel room charges amounting to \$3,614 p.a. for the RD.

IESC COSTS AND BENEFITS ASSESSMENT

In addition, the consulting company sampled took a fixed fee of 6.9% on the total TA costs as its revenue, which amounted to \$21,021 p.a. There was no fixed fee to the not-for-profit IESC.

The total annualized costs for supporting a TA chief of party and an IESC director are shown at the bottom of the table in Annex-5. Even factoring out two children to make the scenario more directly comparable (but not necessarily more realistic) and reducing the totals by, say \$40,000, still leaves annual TA costs of around \$286,874, over three times the Cairo CD costs and five times the RD costs.

IESC COSTS AND BENEFITS ASSESSMENT

IX - TASK FIVE - CONCLUSIONS AND SUMMARY COST BENEFITS

A - Conclusions

1 - IESC Program Effectiveness

The entire study and Annexes 1, 2, 3, and 4 all point to the very effective results that were achieved by VEs in their personable, direct, practical approach to sharing information and technology and in effecting change. The program was effective for clients who benefited from the technology transfer almost immediately and the subsequent commercial and economic benefits. The USA's name and reputation as a leader in free enterprise and cooperative spirit was only enhanced with every project completed. Egypt's private sector middle market was also a beneficiary as the recipient clients prospered, expanded, instituted new techniques and placed better quality products into the local economy.

A composite of examples where direct benefits resulted from a VE's visit may illustrate:

MIRACO expands air-conditioning factory by 50%, employing a new shift of workers, increasing imports from USA to well over \$12 million, and increasing their own sales and exports to Middle East markets.

Diab Ag. Development increases from 160 to 450 feddans of grapes and strawberries increasing exports by triple and garnering the majority of European export markets in three crops establishing, a better reputation for Egypt, stimulating trade development, and increasing employment by 200.

Red Sea Hotel has a very short and efficient start up time, with major cost savings and reaching break-even in first year, approximately LE 200,000 profits per month, employing 300 new staff.

Three different hotel/bakery projects generate increased daily sales, raise quality of goods, and place strong specific demand on US wheat and flour

IESC COSTS AND BENEFITS ASSESSMENT

Two dyeing and weaving projects allow early and efficient start ups and in one case produces a recorded cost savings of LE 3,000 per week (i.e. \$50,000 p.a.) and fourfold increase in production.

EGITALIC engineering company computerizes its design department with Auto CAD, saving hundreds of man hours, and becoming more competitive in bidding and increasing profits 20% after adding 13 engineers and several EDP staff to keep pace with increased business.

Retail ice cream outlet improves image, technology, and sales by 25%, and number of owned and franchised stores growing monthly.

These few companies within a span of about a year and a half were responsible for employing nearly 1000 people paying 18 % income tax on their salaries to GOE, for importing nearly \$50 million in USA parts and commodities, for generating at least twice that in domestic sales and export earnings, for producing better and higher quality goods for local consumption, for raising the level of competition in the market. The economic and development impact, regardless of the size of the client, is direct and ongoing. These are only nine or ten of the thirty companies reviewed which generated this much employment, tax revenue, imports from USA, export earnings etc. There have been nearly 200 such projects during the past three years with the same kind of steady and growing impact.

IESC COSTS AND BENEFITS ASSESSMENT

2 - Cost Sharing Appropriateness

The current structure of clients' fees, priced in three ranges, appeared to be appropriate. The clients paid on average LE 8,000 for the first month and LE5,000 for each additional month. Over the seventy project sample, the client contribution averaged out to approximately one-sixth of total project costs. This is, admittedly, a small portion for the value of the advice and assistance normally received. However, IESC directors regularly review the fees and try in their negotiations to obtain the most appropriate fee possible, according to a client's ability and financial standing. The table in Annex-3 under CLIENT CONTRIBUTIONS column reveals that as a rule large, successful, or industrial clients paid two and three times more than smaller firms.

The examples given in IX-A-1 above demonstrate that "development" does take place, whether it is a large successful company using IESC's services for the low rate benefit, or a small start up company unable to afford or gain access to first class international advisory services. *At what point or what price should subsidizing private sector development stop ? or is such development worth the investment ?* are questions and policies to be addressed by development specialists.

The resistance level to increased fees in this market is not known exactly. There may be some price elasticity for these services, but it is not something that should be tested just for the sake of increasing clients' share without strong economic or policy reasons. The current fees appeared to be encouraging for the business, and at the same time adequate to commit the client to the project. Further, the fees were reviewed and revised in January 1993 and appeared to be appropriate and equitable. They need not be increased at this time.

IESC COSTS AND BENEFITS ASSESSMENT

3 - Comparability of IESC VE to Typical TA

As mentioned above, IESC uniquely specializes in very short term consultancies on a voluntary basis. Consulting companies, by their nature are in business to sell expertise at a profit. They can do this most profitably by placing TAs in a project for as long a term as possible to generate overhead and fee earnings. By contrast, the retired volunteer executive is interested only in staying for very short periods, one or two months normally, and there is no motive other than sharing his/her experience/expertise with those who are interested in receiving and applying it.

Of course some projects require a long term relationship, but the client base that IESC targets, small, medium, and moderately large companies, normally require short, specialized assistance. The vast pool of VEs available, the breadth and depth of expertise and USA technology, the no-fee structure, and the specialization in short consultancies are advantages that a normal consulting company cannot feasibly match on its own on an ongoing basis.

4 - Client Selection Methods

Being actually a marketing organization, IESC uses typical resources to develop their client base, such as business and association directories, AmCham members, Rotary members, referrals from USAID and previous clients, repeat business from clients, and cold calls.

Once a client has demonstrated an interest in IESC and a genuine business need for consulting services, the marketing officers prepare a written summary and proposal which is reviewed with the country or regional director.

IESC COSTS AND BENEFITS ASSESSMENT

If the client's needs are found acceptable the marketing officer returns to the client and reconfirms the requirements and executes a formal agreement. The request is then submitted to IESC head office in Stamford, Ct. for final review and approval, and the search for the appropriate consultant is begun. The process needs no particular revising.

B - Other Impacts and Observations

1 - Time management/allocation

In making calls on a regular basis with marketing officers, major activities and time frames were observed. In general, the majority of their time should be spent with the clients selling services, finalizing agreements, or writing up well defined proposals. However, on a typical day, a marketing officer spent over three hours in his car, two and a half hours with clients, and another two hours in the office. The traffic and in many cases the distances (6th October, 10th Ramadan, Sadat City) make unusual demands on the officers' time. The ratio should be more like three to four hours with clients, three hours writing up reports, and one and a half hour traveling.

2 - Project definition

The single most expressed concern of visiting advisors in the VE Analysis form was the need for better project definition. It was stated often that if the VE had had better information he could have brought more appropriate materials along from the USA and could have been more effective. The impression given was that marketing officers do not elicit complete enough information from the client regarding the company's actual needs. More time focused in this area would be well spent (see the preceding paragraph).

IESC COSTS AND BENEFITS ASSESSMENT

3 - Project Cancellation

There also seems to be a relatively high rate of project cancellations after write-up, submission, and approval. The reasons are many and mostly originate with the client, but it does represent a huge block of time and money (clients' fees often refunded and marketing officers' commissions returned). The reviewer was advised that the normal attrition rate has run around 35%, which is consistent with IESC globally and is the budgeted number for annual planning purposes. In fact IESC-Egypt last year budgeted 125 project proposals of which only 82 actual start ups will be realized. This may be just the nature of the business, with so many variables involved, but it is a substantial number.

4 - Marketing Other Governorate Capitals

The Cairo and Alexandria marketing teams and directors carry out the IESC programs efficiently and well. These are, understandably, concentrated in the Cairo and Alexandria urban areas. However, there are at least seven cities of over one million population that do not appear to benefit from IESC program.

The reviewer did not come across any projects in governorate capitals such as Assiout (third largest city in Egypt), Benha, Damanhour (one client), Mahala Kubra, Mansoura, Tanta, Zagazig. These cities of one and two million plus, although admittedly difficult from the standpoint of regular ease of travel, are potentially ripe centers for small, medium, and moderately large private sector, entrepreneurial needs. Damietta, famous for its independent, entrepreneurial attitudes, has had only a few project visits. It may be worth considering staged geographic expansion and less emphasis on repeat projects of previous clients (notwithstanding the fact these provide major commissions and referrals).

IESC COSTS AND BENEFITS ASSESSMENT

X - RECOMMENDATIONS

A - IESC Permanent Housing

The Country and Regional Directors should remain in the hotel suites. The study reveals that this is a far more economical arrangement. Further, the constant influx and departure of VEs also requires the convenience of the hotel. Undertaking the additional manifold duties and costs of managing an apartment or house is not recommended for the Directors.

B - VE Hotel and Per Diem Program

There is no overriding reason to change the current VE per diem arrangements and the current hotel residency program should remain in force. Any changes for economic reasons (such as a permanent guest house) would be outweighed by the inconveniences (or lack of conveniences for a retiree).

C - Spouses

As the actual cost of IESC projects are already low, reducing the spouse expense has no additional market or price advantage. There is no economical justification for discontinuing this feature of the program.

D - Client Contributions

These were revised in January 1993 and are currently adequate to elicit **commitment** from the client. However, if independent **sustainability** is a program goal, in view of the very good value and results clients currently receive at a very low rate, it may be worth the directors' and marketing officers' doing some form of survey or sensitivity study on clients' willingness/ability to support a larger share or all of a project's costs before fees are raised arbitrarily.

IESC COSTS AND BENEFITS ASSESSMENT

E - Marketing Calls and Transportation

On an average day marketing officers spend three hours or more driving and parking their cars, only about two to two and a half hours actually with the clients, and another two hours writing call reports or proposals. This ratio is inverse to what it should be. An alternative scheme for transportation to and from clients should be studied in an effort to allow more hours in marketing, reporting, and business development, and less hours driving and parking.

F - Market Expansion

a) Thought should be given to adding at least one additional marketing officer each in Alexandria and in Cairo as the current staff are working at near capacity and will have difficulty adding client numbers required to reach budget.

b) Consideration should be given to penetrating the other major governorate capitals such as Tanta, Mansoura, Benha, or Assiout (third largest city in Egypt) during the coming year. These are the loci of the major privatization programs and are populous areas. It will require additional staff, marketing, and transportation arrangements.

c) Depending on IESC's global policy and past experience, more could be done in locally promoting consulting services via traditional methods such as the Arabic and English press, monthly business magazines, Arabic brochures, yellow pages, etc.

G - Project Definition

As pointed out and recommended several times by VEs, IESC marketing officers need to be more definitive and clearer in writing up the project scope and the expectations of the VEs. This will allow VEs prior to leaving the USA to prepare adequately, to bring appropriate tools and materials, and to ensure better project results.

IESC COSTS AND BENEFITS ASSESSMENT

XI - ANNEXES

- A.1 - Call Reports
- A.2 - VE Recommendations
- A.3 - Total VE Project Costs & Daily Rate
- A.4 - Total VE Project Costs & Monthly Rate
- A.5 - Permanent IESC Staff vs. Typical TA Costs
- A.6 - Client Contribution Guidelines

ANNEX 1

CALL MEMOS

IESC ASSESSMENT - CALL MEMOS

FILE NO. CLIENT VISITED CATEGORY VE PROJECT DATE

CAIRO:

20583 AMERICAN CHAMBER BUS.ASSOC. FELT DEC-91

SUMMARY: Met with Editor Mireille Nessim. VE left a very complete and professionally written report. His meeting with the magazine's Board was key to getting many of the practical and do-able recommendations implemented for office reorganization, salaries, magazine content, distribution.

POSITIVE RESULTS: Long range planning; better time management, upgraded staff's publications expertise, improved editorial techniques, increased circulation and revenues.

RECOMMENDATIONS: MADE - 9 IMPLEMENTED - 7

23346 AMERICAN UNIV.CAIRO EDUCATION CANTOR MAY-93

SUMMARY: Met with Andrew Snaith, CFO to whom Personnel Director reports. VE suggested admin. organizational changes, surveyed existing jobs, positions, titles, and salaries. He organized them into job families and ranked them. Provided industry standards and philosophies in hiring practices and salaries of nationals and non-nationals to bring them back into relative, rational alignment.

POSITIVE RESULTS: Provided university admin. department organization chart, non-faculty salary and job position survey completed, salaries and titles rationalized, seniors and supervisors training planned, annual frank performance appraisals proposed.

RECOMMENDATIONS: MADE - IMPLEMENTED - (too early)

21261 AMERICAN UNIV. CAIRO EDUCATION KEISER FEB-92

SUMMARY: Met with Professor Farouk Hitami. VE reviewed and modified Hospitality degree/diploma curriculum, advised on two separate programs, one to earn a professional certificate and one for a full course graduate degree. Recommended establishing advisory board. VE assisted in interviewing, reviewing CV's, and recruiting the department's two professors.

POSITIVE RESULTS: College level curriculum produced, two degree programs introduced, two professors hired. Hospitality management program (HMP) was incorporated into the university's School of Business Administration, Management Department. 20 students enrolled.

RECOMMENDATIONS: MADE - 3 IMPLEMENTED - 3

IESC ASSESSMENT - CALL MEMOS

17885 AMERICAN UNIV. CAIRO EDUCATION MORTOLA OCT-89

SUMMARY: Talked with Paul Condie at AUC's Center for Adult and Continuing Education (CACE). VE reviewed existing organization and conducted extensive interviews. He then proposed several steps to enhance CACE's identity and educational services to the community. The AUC and CACE leadership responded very positively and followed most of the recommendations which continue to be effective even today.

POSITIVE RESULTS: Following VE's suggestions, CACE now has a separate registration office and hence a better and more identifiable image (as separate from AUC courses). The administration approved library resource budget and CACE now receives many journals and books pertinent to its own courses; Community relations have been established through attendance of AmCham luncheons and yearly receptions for staff, patrons, clients etc. Marketing ideas advanced by the VE continue in the form of an active marketing committee, regular marketing planning, new brochures. Short term seminars are occasionally offered and led by corporate executives. Several of the CACE faculty have carried out and are available for short term consultancies as VE proposed. Very good response by AUC and CACE.

RECOMMENDATIONS: **MADE - 8** **IMPLEMENTED - 7**

<u>18680</u>	<u>DIAB AG. RECLAM.</u>	<u>GRAPES</u>	<u>OLMO</u>	<u>APR-90</u>
<u>18681</u>	<u>DIAB AG. RECLAM.</u>	<u>GRAPES</u>	<u>OLMO</u>	<u>APR-90</u>
<u>19520</u>	<u>DIAB AG. RECLAM.</u>	<u>GRAPES</u>	<u>OLMO</u>	<u>DEC-90</u>
<u>19856</u>	<u>DIAB AG. RECLAM.</u>	<u>STRAWBERRIES</u>	<u>LOCKE</u>	<u>NOV-90</u>
<u>18677</u>	<u>DIAB AG. RECLAM.</u>	<u>ASPARAGUS</u>	<u>KYTE</u>	<u>NOV-89</u>

SUMMARY: One of the more interesting, diversified, and successful private sector companies in Egypt. Owners Salah and Kamal Diab are cousins. Salah is a mechanical engineer and Kamal, who got his start with the public sector citrus export company, Al Wadi Co, has degrees in Agricultural Engineering, Law, and M.B.A. Company activities include oil services, construction equipment sales, bakeries, and agri-business. In a lengthy meeting with Dr. Khalid Khalil we discussed the five related agri-business projects which took place between November 1989 and December 1990. These concerned growing and harvesting techniques of grapes, strawberries, and asparagus, all for export. PICO also has large productions of potatoes, bananas, nectarines, and peaches but not in the quantities of the aforementioned three crops. These projects ran the gamut from tissue cultures of particular plant strains to growing, pruning, and harvesting. All these projects were field oriented where the experts worked with the staff to train them in new and necessary techniques for farming in reclaimed land in order to produce export quality fruits and vegetables. Khalil was enthusiastic about the success of this "pioneering" venture which he attributed directly to the hands-on training, attitude, and expertise of the VE's. Khalil had used many other international agricultural specialists, but none was at the standard of the IESC's VEs.

IESC ASSESSMENT - CALL MEMOS

POSITIVE RESULTS: Reclaimed desert acreage increased from original 160 feddans to 450 feddans due to confidence developed from early project results. For example in 1989 ten tons per feddan of grapes were produced of which 1.5 tons were exported. In 1991 season seven tons were produced of which 2,5 tons were exported i.e. exports grew from 15% of crop to 36%. Increased export earnings more than compensated for the reduced residual volume available for domestic sales. PICO enjoys 60% market share of Egypt's asparagus exports, 50% of table grapes exports, and 90% of strawberries export market. Egypt's export earnings and reputation abroad have clearly been enhanced. 200 employees have been added since 1989. Management and employees have all learned new concepts and techniques and to quote Khalil, "technology transfer in large magnitude" has taken place. Agreement made with University of California to test new and patented grape varieties for commercial growing in Egypt.

RECOMMENDATIONS:	MADE	IMPLEMENTED
18680	8	8
18681	8	8
19520	2	2
19856	5	5
18677	5	5

21173 EGITALIC ENGINEERING KNORR AUG-92

SUMMARY: This client, a 55% Egyptian public sector and 45% Italimpianti joint venture, is a frequent user of IESC services, having benefited from 15 projects. This report focuses on the Computer Assisted Design (CAD) project which was discussed with G.M. Dr. Eng. Ahmed Nozahi. The company is organized into three divisions; design, consulting, construction management. VE brought and installed software and equipment and trained DP staff and engineers on the CAD programs. Also helped in connecting and organizing the computer departments. Nozahi was very positive about the results and continued development of this project.

POSITIVE RESULTS: Now with over 20 staff trained and operating efficiently positive results are apparent. Nozahi commented that there is currently a 20% time savings in preparing designs and drawings and this savings will grow to approximately 40%. Further, what used to take 30 to 40 hours to check and revalue drawing dimensions now takes minutes! This allows engineering time to be shifted to design. Being more efficient and faster in designs and drawings means being more competitive in bid prices, leading to more projects and profits (not accounted yet but Nozahi estimated a 20% increase). 13 new engineers hired to keep pace.

NOTE: Some other VE comments reflect opinion that EGITALIC tends to use IESC projects and VEs to glean ideas and information. Also comments noted unclear project definition which doubled effort at site to get direction and definition, preventing clear project success.

RECOMMENDATIONS: MADE - 1 IMPLEMENTED - 1

IESC ASSESSMENT - CALL MEMOS

18858 PICO TOURISTIC DAIRY BROWN MAY-90

SUMMARY: Met with Khalil El Khadim, G.M. in the Mohandassin head office. Of the \$23,000,000 total sales volume only 5% is ice cream and is actually produced by Dolce Ice Cream to La Poire specifications. An interesting interlocking ownership in that PICO parent company owner Salah Diab is the son-in-law of Saeed Taweel the owner of Dolce. VE Brown performed a diagnostic study of La Poire's ice cream outlets and offered several recommendations for premises improvements, ice cream flavor additions, freezing/storing/serving techniques, take out packs, and sanitary procedures. El Khadim was very pleased with the project and stated that they had carried out about 60% of the recommendations.

POSITIVE RESULTS: Sales had definitely increased by at least 25% from the improved parlor images, from the take out packs, and from the freezing/serving/storing techniques which had generated measurable cost savings. Further, employees were now aware of sanitary requirements and importance of standardized serving portions, another savings.

RECOMMENDATIONS: MADE - 6 IMPLEMENTED - 4

20769 RED SEA/GRAND HOTEL TOURISM KHALIFE DEC-91

SUMMARY: Met with owner Samir AbdulFatah a successful but low key entrepreneur who owns or is part owner in Cairo Express travel agency, Grand Hotel, Hurgada, hotel management company - Shedwan tourist village, Hurgada, Isis Travel Company and cruise ship, large super market (Express), food processing plant, bakery and pastry shop (10th of Ramadan) and large apartments, etc. all managed personally, directly from his unassuming office in Heliopolis. AbdulFatah was very positive about VE's visit and recommendations as they were key to a successful and controlled start up of his Grand Hotel. Since opening they have reached break-even at around 60% occupancy but the current political situation has caused a severe drop in visitors. Monthly revenue is LE 1.5 million and expenses are LE 1.2 million with 550 employees at the 450 room hotel. VE provided many control systems and procedures, a budget plan, engineering and maintenance plan, sanitation scheme, accounting system, job rotation plan, list of furniture and equipment along with practical management ideas.

POSITIVE RESULTS: 300 new jobs created, stronger organization and systems established, many cost saving procedures, and most importantly a management reporting system used by AbdulFatah which he had not previously had.

RECOMMENDATIONS: MADE - 6 IMPLEMENTED - 5

IESC ASSESSMENT - CALL MEMOS

21938 SHALAQANY LAW LEGAL NIKKEL AUG-92

SUMMARY: Met with Senior Partner Ali Shalagany who was articulate and westernized. The office was staffed by over 100 lawyers, paralegals, secretaries and administration staff occupying several floors. The VE was eminently qualified for the task of rewriting the administrative procedures of a large law firm. His manuals, guidelines, job descriptions, incentive plan, fee structures, computer plan, equitable space and assets allocation plan, and partners' self evaluation forms were as complete, clear, and professional a package as the evaluator saw in his review of 70 project files. It was therefore somewhat of a surprise to learn that not one of the recommendations or procedures had been considered. Client stated that with many partners such major management changes would "require time and needed consensus" in order to make a smooth transition etc. etc. Mr. Shalagany felt that two months was not long enough for the project, but the file reveals client had left for six weeks vacation during VE visit!

POSITIVE RESULTS: Client felt there was a positive result in that "clarifying ideas and identifying administrative and management problems and ways to resolve " were discussed.

RECOMMENDATIONS: MADE - 7 IMPLEMENTED - 0

21946 VITRAC FOOD/JAMS POLYA JUL-90

SUMMARY: Talked with Technical General Manager Eng. Mohamed Sami. The company, in business for ten years, is the leading seller of jams in the country with exports to the Arab world, Europe, Australia, and USA. Originally it was a 50/50 joint stock company between VITRAC of France and local Egyptian institutions and individuals but the French ownership is now only 15% since a capital share increase two years ago. The French have not provided any technical assistance since the original installation of factory and equipment. This was a very technical project concerned with improving the jam production and packing process. The VE fully met the expectations of the client and spent most of his time working with the factory and lab. staff.

POSITIVE RESULTS: Sami reported that the two primary and direct benefits of Polya's time was a definite improvement in the quality of the jams' flavor and color (thus ensuring maintenance of market share) and the technology transfer to the factory and lab. staff.

RECOMMENDATIONS: MADE - 12 IMPLEMENTED - 8

IESC ASSESSMENT - CALL MEMOS

OUTSIDE CAIRO:

23489 CARLIN MIDDLE EAST SOYA MILK MOSTAFA MAR-93

SUMMARY: Met with Hady Tarrab, founder and owner and Mohsin Azmi, advisor. Tarrab is an avid supporter of IESC and a strong private sector/free market advocate. Got his start with GM Middle East in early 1950's, suffered through nationalization and formed own agencies company with former president of GM (Carlin was his middle name). Now owns/manages large number of international activities and holdings. He was very satisfied with VE, an internationally recognized specialist in soya milk.

POSITIVE RESULTS: VE left a complete technical manual covering every aspect of starting a soya milk operation. Reaffirmed client's interest and intention to proceed. Client has imported small mill and processor to test market on small scale. Final feasibility studies need to be completed.

RECOMMENDATIONS: MADE - 3 IMPLEMENTED - 2

20139 DESERT DEVEL.CENTER RESEARCH PARKS JUN-91

SUMMARY: Met with Dr. Bishai on his last day in department and AUC before joining UNDP. Very complimentary of IESC and VE on project, but apologetic that DDC did not have the funding to follow any of the recommended steps to commercialize research by establishing a business development department and investing in buildings and equipment. Nothing was done with the very good and complete report produced by VE.

POSITIVE RESULTS: Other than the value of the information and development plan provided and the reaffirmation of the original idea, none

RECOMMENDATIONS: MADE - 5 IMPLEMENTED - none

20499 DOLCE ICE CREAM DAIRY JOSEPHSON JUN-91

SUMMARY: Met with U.S.A.-trained Marketing Manager Salma Saidi. This is a large, modern operation and a market leader. This project focused on production. VE's relocation plans are still valid but have yet to be implemented as Dolce still produces out of old Imbaba plant while trying to ready new facility at 6th October. No ready answer as to why two years have lapsed since VE's visit and detailed moving plan prepared. VE's expertise acknowledged, especially in production and formula quality control.

POSITIVE RESULTS: Many new marketing and productions ideas presented. Quality control procedures instituted. Confidence and direction provided for major factory relocation.

RECOMMENDATIONS: MADE - 4 IMPLEMENTED - 2

IESC ASSESSMENT - CALL MEMOS

22476 DOLCE ICE CREAM DAIRY BROWN NOV-92

SUMMARY: This project also discussed with Manager, Salma Saidi on same visit as above. Emphasis of this project was retail and marketing. Product development flow chart was produced and implemented. VE assisted management in establishing marketing control inventory to replace production control inventory. Many ideas and steps to improve retail outlet services were written up.

POSITIVE RESULTS: Product shortages eliminated during peak periods. Staff awareness of service, cleanliness, standards, controls enhanced.

RECOMMENDATIONS: MADE - 7 IMPLEMENTED - 5

22442 E.C.E.I. ELECTRONICS SCHILLER MAY-93

SUMMARY: Client produces single side circuit boards for Phillips Egypt televisions and ITT telephones. Managing Director unfortunately missed appointment, but we took advantage of time to meet with VE Schiller currently on project to assist client with production and quality control problems. Impression was that more funding for tools and equipment are required. Productivity is low, 35 to 40 %. Accuracy on the circuits needs attention and a costing/pricing system needs to be implemented. Practical production methods need to be instilled. No direct evidence of VE Muir's earlier assistance.

POSITIVE RESULTS: None apparent from earlier project 21138 and too early to measure/comment on current project - VE still here.

RECOMMENDATIONS: MADE - 6 IMPLEMENTED - none yet

23238 EGYPT M.E.IMP.EXP. ELECT.EQUIP. SINCLAIR APR-93

SUMMARY: Met with GM-owner Odette Skander and Manager Eng. Roushdi Attia. They have several agencies for medical, testing, and alarm

electronic equipment, but the past year satellite dish sales have become the leading product. This was an unusual project in that the VE was relatively young and still employed by a satellite dish manufacturer. He was, however, very well qualified, adaptable, enthusiastic. The client especially praised his hands-on training of engineers in installation, fixing, and tracking techniques. He also brought along and demonstrated new and proper tools for efficient, correct installation.

POSITIVE RESULTS: Quicker installation and servicing by well-trained engineers. Less technical problems. Fewer complaints from customers. Definite, recorded increase in sales as name and reputation became known. Latest equipment and tools. Stated bias for USA equipment and products.

RECOMMENDATIONS: MADE - 4 IMPLEMENTED - 4

IESC ASSESSMENT - CALL MEMOS

23514 GENERAL MOTORS EGYPT AUTOS SCHILLER MAY-93

SUMMARY: Talked with G.M. Ron Nardi regarding the recent consultancy on the GME factory paint shop. This department is one of the most elaborate and expensive in an auto plant and needs a particularly skilled and experienced advisor. Paint quality problems were addressed by the VE and the department supervisor and operators. A list of ten recommendations for major changes in the paint shop was agreed and carried out by the staff.

POSITIVE RESULTS: By the end of the visit the paint quality was better, the finish on the vehicles was definitely improved, and new processing techniques were implemented. A better product was coming off the line leading to cost savings (fewer rejects/repaints), more durable finish, better demand, and increased sales. Complete staff involvement. VE stated that his biggest contribution was creation of "awareness of managementto improve quality".

RECOMMENDATIONS: MADE - 10 IMPLEMENTED - 10

22834 HIGH TECH.SYSTEMS ELECT. DIST. HALE JAN-93

SUMMARY: Met with Dr. Eng. Mohamed Nofal, owner of this manufacturer's agency for all kinds of electronic testing, military, aircraft, workshop equipment. The VE ended up providing broad general management principles on marketing, sales organization, financial control, inventory pricing and control, MIS, planning etc. VE spent long direct time during the day with the sales staff and evenings with the owner in training and reorganizing sales programs, inventory, budgeting etc.

POSITIVE RESULTS: Client implemented annual budget process, sales forecast and weekly reviews, reorganized nearly 70% of VE's suggestion, introduced new products (fiber optics), quarterly bonus program for sales staff (instead of once at year end). January and April sales figures are up significantly. Very good finish to a project whose actual work plan developed differently from the original scope.

RECOMMENDATIONS: MADE Financial - 7 IMPLEMENTED - 5
 Marketing - 7 - 6
 General - 3 - 2

23844/22387 HOSNI WEAVING TEXTILES SCHNEIDER DEC-92

SUMMARY: Met with owner/chairman Robert and daughter Maryanne, head of sales and marketing. Of the three related companies, Hosni Dyers and Finishers, Egyptian Weavers, and Hosni Knitting, the latter company was a recent start up. In related efforts, installation (project no.22387) and follow up (project no. 23844), VE helped in equipment selection, installation, staff training, processing, and controls. Hosni had the dyeing experience but sought the long and practical experience of VE in manufacturing processing (erecting and running cotton knitting machines). A well defined and executed project.

5

IESC ASSESSMENT - CALL MEMOS

POSITIVE RESULTS: VE's guidance enabled an exceedingly fast and trouble free start up, production still increasing beyond expectation - great financial savings here. Staff were at a high level of operating efficiency nearly immediately after initial production. Staff learned practical processing and control procedures increasing efficiency and profitability. Enabled Hosni to compete strongly in fast growing sector and to maintain number one private sector position in the industry.

RECOMMENDATIONS: MADE - 11 IMPLEMENTED - 9

22272 MASHHOUR PACKING PACKAGING TEWELL MAY-93

SUMMARY: Met with owners, brothers, Ahmed and Usama Mashhour of this leading producer and printer of folding cartons of a great majority of the consumer goods seen on store shelves. This modern company had no specific problem but wanted to upgrade their reproduction process, quality control measures, and operating efficiency. VE came very well prepared with the latest materials for film quality control. Spent most of the time in the plant with the staff testing and implementing the new processes.

POSITIVE RESULTS: Complete staff involvement who gained OJT on latest techniques. New techniques had effect of reducing waste and achieving major cost savings. This was an example of management's taking steps to improve, enhance, and modernize their operations up to latest western standards in order to be more competitive and gain in market share. All work plan objectives and recommendations implemented while VE on site.

RECOMMENDATIONS: MADE - 6 IMPLEMENTED - 6

20277/21078 MIRACO REFRIGERATION SPENCE MAY-91

SUMMARY: Met with Eng. Samy Shelaby, Plant Manager of this modern full line air conditioning manufacturer, located in Abu Rawash, west of Cairo. Shelaby advised that as a result of Carrier's going out of business in Egypt and taking a participation in MIRACO, the ownership changed as of December 1992 to become: York-15%; Carrier-26%; Egyptian-59% (Misr Insurance, Misr Iran Bank, AAIB). This had no effect on the plant expansion plans. Currently production is running at 60,000 units per year with two shifts assembling 60% split units and 40% window units. VE Spence, a former long time employee of York Air Conditioner USA, assisted in materials specifications in mid-1991, and then returned in December 1991 to assist and supervise plant expansion plans.

POSITIVE RESULTS: Cost savings in materials and parts, 50% increased manufacturing capacity, increased sales, increased employment. Of \$20,000,000 in imported parts, \$12,000,000 come from USA and this will continue to grow.

RECOMMENDATIONS:	MADE	IMPLEMENTED
21078	3	3
20277	5	4

IESC ASSESSMENT - CALL MEMOS

21669 PYRAMIDS PAPER PAPER MILL MOSELEY JUN-92
21670 PYRAMIDS PAPER PAPER MILL RONDEAU JUL-92

SUMMARY: Met with Plant Manager and Mr. at the 6th October Flora paper products factory - very modern and busy. Cavaliis reviewed for us the ownership of Pyramids Paper which is 52% Thrace (Greece), 26% Misr Insurance, and 22% Kuwaiti et al. It is Greek managed and a local market leader in paper products, especially in the personal pack tissues. We discussed two past projects one a management consultancy (VE Rondeau) and the other a marketing and sales assistance (VE Moseley). Rondeau's visit dealt with factory work orders, daily schedules, down time reports, computerizing defects, maintenance, and developing an equipment maintenance manual. Moseley concentrated his time with sales and management staff to help reorganize the sales department, develop marketing plans, produce a training plan, a bonus plan, new brochures, client reports. Cavallis confirmed that the single most positive step was implementing a communications system in the production process - from the initial manufacturing point up to management check points. Work order forms and computerized maintenance programs (consumption, production rates, down times, defects etc.,) were key steps in achieving more efficient production schedules. Sales people were now more aggressive, planned their time and calls better, did a better job of reporting.

POSITIVE RESULTS: Manufacturing - indirect cost savings from longer machinery life due to the preventive and regular maintenance program; dead time reduced by 25%; Sales - more institutional clients, sales and profits increased over previous year, distribution improved to top 50 clients. More importantly "attitude and mentality" have changed noticeably.

RECOMMENDATIONS:	MADE	IMPLEMENTED
21669	10	10
21670	6	6

ALEXANDRIA:

19070 ALEXANIAN TEXTILES HAMMET SEP-90

SUMMARY: Met with Mr. Vahan Alexanian, real old world gentleman who is owner of Alexanian & Co., Al Ahram Dyers, and 50/50 joint venture partner with Benneton which has 23 outlets in Egypt. He is probably the second largest private sector knitting, weaving, and dyeing firm after Hosni Weaving in Cairo. VE provided specific recommendations on the design and arrangement of planned new dyeing plant in Borg Al Arab, a long list of technical processing recommendations, and many practical cost saving and production ideas. He helped them set up computerized inventory system, lab. for testing dye formulae, jet drying machines.

POSITIVE RESULTS: Jet drying reduced drying by two-thirds and saved around LE 3,000 per week. Production increased fourfold due to processing suggestions. VE's guidance confirmed Alexanian's decision to proceed with the new factory.

RECOMMENDATIONS:	MADE - 7	IMPLEMENTED - 7
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IESC ASSESSMENT - CALL MEMOS

22508 COLLOID CERAMICS/OIL SINDONI NOV-92

SUMMARY: Met Chairman Alaa Abdelhady at the Colloid plant in Amriya industrial district. The plant was busy and Abdelhady was enthusiastic. This was an unusual project in that although this is an ore processing plant for oil drilling fluids the scope of work was strictly banking. The company had years before signed an Egyptian Pound loan agreement that had become financially burdensome and had prevented a proposed merger with a major USA oil services company from going forward. VE reviewed the loan terms, interviewed banks and American Consul, reviewed Colloid's accounting system and then developed a financial strategy..

POSITIVE RESULTS: List of recommended financial steps and negotiating points to take to bankers was exactly on target and Abdelhady has now begun negotiations with Alexandria Maritime Bank. Final outcome not yet determined.

RECOMMENDATIONS: MADE - 7 IMPLEMENTED - 6

19333 ENG. TRADING DEVEL FARM MGMT HERASIMCHUCK AUG-90

SUMMARY: Met head of family-owned company Ibrahim Mansour, who is a mechanical engineer and also runs a construction company that is agent for weigh bridge manufacturers and erecting and maintaining truck scales all over Egypt. Impression is that much of the construction company profits go into the two farms, 35 feddans in Daqahliya and 40 feddans west of Alexandria. VE's project was a farm management advisory to assist in modernizing the Alexandria farm. In addition to recommendations relating to soil testing, reclamation techniques, equipment suggestions, physical barn and pen layouts, and crop marketing ideas, VE also provided several management-related recommendations concerning accounting, computerizing, business planning, and training. Mansour's idea was to have different members of his family responsible for different management aspects, but this apparently has not worked out. A computer was purchased and training provided to Mansour's son on spread sheet analysis, but the programs are still not being run on regular basis.

POSITIVE RESULTS: Again this was an example of need to modernize or upgrade needing requiring an investment decision and for which the VE's recommendations served to confirm the investor's intent to proceed. No concrete results as yet other than the client is proceeding, albeit slowly, according to the VE's recommendations.

RECOMMENDATIONS: MADE - 5 IMPLEMENTED - 3

IESC ASSESSMENT - CALL MEMOS

18402 FANOPAK SPICES BRODERICK APR-90
20538 FANOPAK SPICES HERMANN APR-92

SUMMARY: Met Halim Fanous, Managing Director and son of founder in their grand old villa that serves as office, lab, and factory. They supply food companies, restaurants, flavored drink producers, food processors, meat and fish processors as well as retail market - supermarkets, shops etc. Two projects have been conducted for this interesting family-owned company, one concerning formulations of nine different flavors and providing the chemist with articles and resource literature. The second project concerned preparation, cutting, processing, packaging, and marketing. Fanous was very appreciative of the expertise and new techniques gained from the VE's to which he attributes directly Fanopak's recent success and becoming more competitive in the market.

POSITIVE RESULTS: Company was struggling, but these two VE's assisted in client's developing new products, better marketing ability, and becoming competitive. Company was turned around and has become nicely successful. Development of new products accepted widely in the market. One spice, fish seasoning, has generated 25% increase in total sales. New cutting and processing techniques have also been key.

RECOMMENDATIONS:	MADE	IMPLEMENTED
18402	3	3
20538	8	8

22116 MAGAR AUTOS AUTOS BIERMAN MAY-93

SUMMARY: Met owner Jackie Magar in the showroom/offices of this GMC, Cadillac, Buick, Pontiac, Isuzu, dealer. Magar has been struggling as sales of large USA cars are poor due to heavy government import duties which are based on engine size, making them unreasonably expensive. Most servicing and parts business is for GM cars brought in by expats or Egyptians from the Gulf. This project involved training and upgrading of the service garage operations and equipment.

POSITIVE RESULTS: Staff received excellent training from a long time GM expert. Latest technology and tools were introduced. This will mean faster, technically better repair services, and customer time and money savings. Consequently can expect Magar's reputation and market share to improve.

RECOMMENDATIONS:	MADE - 4	IMPLEMENTED - 4
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IESC ASSESSMENT - CALL MEMOS

21123 MARADIVE OIL SERVICES MIS GILBERT DEC-90
20386 MARADIVE OIL SERVICES BANKING SLACK MAY-91

SUMMARY: Two separate projects that had similar client responses. In the first the VE was to perform a study for developing a computerized MIS for Maradive. Three detailed alternate work plans were drawn up by the VE.. Although he spent time in all six divisions of this diverse marine services company there appeared to be little awareness of benefits of an MIS and less than enthusiastic interest by staff or management.

VE left system outlines for each division and a final report with guidelines. In the second project the VE was called to assist in developing a plan to relieve client of burden of earlier Deutsch Mark loans on which they defaulted due to drastic drop in offshore rig daily rates causing them a severe negative cash flow crunch. The loans had been "called" and KFW were threatening legal action and seizure of rigs. The VE outlined a strategy and stance for Maradive which at first was not appreciated nor accepted. Manager Emad Fawzi whom we met confirmed that on the first project they had now in fact begun to computerize one division, Marine and Engineering. He further clarified that on the second project, with time, they had understood VE's recommended actions vis a vis KFW were correct and to their advantage and they had subsequently visited Germany and negotiated on the basis of VE's program and were standing firm on those terms. No decision yet taken by KFW. Both VE's commented on top management's absence out of the country during their visits. Further VE Gilbert felt that project definition by IESC should have been better.

POSITIVE RESULTS: After VE's report and a lapse of time, client became aware of need and benefits of computerized MIS for their diverse operations. Client was left with a very good strategy and set of negotiating terms and an understanding of their own position and advantages vis a vis the lender.

RECOMMENDATIONS:	MADE	IMPLEMENTED
21123	4	1
20386	6	6

19905 MARINE & ENG. SHIPPING HERMAN-GIDDENS OCT-91

SUMMARY: Met with Samir El Alaily to discuss developments of their computerization program since VE's visit in late 1991. As it turned out the system on UNIX failed and they have since returned for their system software. Documentation of their in-house programs were still at only a low level and not fully completed as recommended. They had connected their offices through INTERNET though. They also had a manifest system, computerized container control program, sales records, word processing, and accounting and billing operational - so in fact were a very long way toward complete computerization of their operations.

I E S C A S S E S S M E N T - C A L L M E M O S

POSITIVE RESULTS: Cost savings with fewer staff. Technical know how of EDP staff greatly increased. The company was far more competitive in timeliness and invoicing clients. Income had noticeably increased. They had management systems that allowed them to make regular management and market evaluations.
RECOMMENDATIONS: MADE - 9 IMPLEMENTED - 5

21304 MIDDLE EAST EXPERTS GLUE LANSEL FEB-92

SUMMARY: Met Hani Abounour G.M and majority owner of this family-owned company in the plant office near Amriya. This was interesting company in that it is the only private sector rendering/gelatin factory competing against two large public sector slaughter house/rendering plants. Abounour was effusive about IESC as the "best and only access to western technology and consulting" He also praised VE motivation, the short term, focused nature of the projects, and the moderate fees.

This project concerned start up of a modern rendering plant for which VE provided assistance in planning, equipment lists, raw material, and end product guidance. Primary products are glue, gelatin, and bone meal. Major markets for each are furniture and paint producers, food industries, and poultry and fertilizer industries respectively.

POSITIVE RESULTS: Factory construction and start up completed in twelve months. Latest rendering technology and equipment in place, new market opportunities, and new product applications realized.

RECOMMENDATIONS: MADE - 6 IMPLEMENTED - 6

19282/19963 EL NAGGAR MEAT/SPICES COHODAS JUN-90/JAN-91

SUMMARY: Met Mohammed El Naggar, USA-educated son of founder of this large processor of all kinds of meat products. When they expanded and diversified into spices, a product related to their meat business, they wanted a large scale, modern and efficient operation from the start. VE assisted them through first stage of planning, equipment lists, production layout, handling and storing of spices. Within six months client was ready and VE was asked to gather research data on packaging and grading spices and herbs to be implemented in their new plant. This was completed and VE joined client to agree on equipment and packaging materials. He stated that all the VE's recommendations were followed. El Naggar was very appreciative of IESC's technical assistance. Very profit oriented and would not use other high rate consultants. He did suggest IESC be a little more selective in age and health when sending VEs to difficult environments like Egypt.

POSITIVE RESULTS: Fast and efficient start up making client almost immediately the largest spices and herbs producer in Egypt.

RECOMMENDATIONS:	MADE	IMPLEMENTED
19282	4	4
19963	6	6

IESC ASSESSMENT - CALL MEMOS

23167 PULLMAN HOTEL HOTEL BRANT JAN-92

SUMMARY: Mr. Hossam El Fiki, Resident Manager, received in the hotel offices and shared with us that April had been a good month at 92% occupancy, boosted by ABB's and Fine Foods' staff residing there. In response to our queries he stated that the VE's visit had been very worth while. He had gone into the market with the Pastry Chef to check four suppliers. USA flour from Alexandria Flour Mills was selected for all white flour products and Australian flour from Ma'atouk for brown and whole wheat products. He also spent time with the pastry staff working on recipes, production methods for standard results.

POSITIVE RESULTS: Definite improvement in taste and quality. New products introduced and accepted well by market. Take away sales from the lobby pastry counter increased by LE 200 per day.

RECOMMENDATIONS: **MADE** - 5 **IMPLEMENTED** - 5

18964 RAMADA HOTEL HOTEL ROSSEL MAR-90
22279 RAMADA HOTEL HOTEL BROTEN NOV-92

SUMMARY: General Manager Rasmussen received us in the hotel management offices. Ramada has evolved into the leading hotel in Alexandria. Occupancy rates October - May averages 68% and June - August 82%. Rasmussen, a former chef himself, was pleased with Rossel's results. Some very good suggestions were put forward for improving buffet presentations, controlling food volume, planning, ordering, purchasing procedures, and cost saving measures. Rasmussen was particularly content with VE Broten's efforts to analyze and comment on the hotel physical condition. He managed to inspect every bit of hotel space on his own while the hotel engineer was occupied with a hotel construction project. The VE turned up several areas of deterioration and safety hazards that needed attention. He developed a preventive maintenance (PM) check list in manual format for the hotel engineering staff. Nearly all items have been remedied.

POSITIVE RESULTS: Cost and volume savings in food. Improved menus and presentations have attracted many more diners. Energy consumption programs have resulted in a LE 15,000 - LE 20,000 monthly reduction in electricity and fuel costs. The PM program produced longer life of furniture and equipment with reduced replacement costs. This also led to reduction of four staff in the maintenance and engineering department.

RECOMMENDATIONS: **MADE** **IMPLEMENTED**
 18964 5 5
 22279 4 4

31

IESC ASSESSMENT - CALL MEMOS

<u>20556</u>	<u>SANTA RITA</u>	<u>BAKERY</u>	<u>CARDAROPOLI</u>	<u>SEP-91</u>
<u>22140</u>	<u>SANTA RITA</u>	<u>BAKERY</u>	<u>FORSYTHE</u>	<u>JUL-92</u>

SUMMARY: Owner General (Ret.) Talaat Rashad received us warmly. After three successful IESC projects (two VE and one USVE) he is a convert. VE Cardaropoli basically educated the chef and kitchen staff in detail in the process of producing fine quality baked goods. He stressed being very systematic and exact (even input baking formulae in the computer). Made them weigh dough over and over to get it right. Went to the market and compare-shopped all the flour suppliers. Taught them volume and cost controls. Excellent results began happening immediately. VE Forsythe assisted in setting up computer accounting and reporting systems and showing the benefit of management reports.

POSITIVE RESULTS: After market comparison exercise they used only USA wheat and flour. As a major flour consumer they were recognized by the US Wheat Association and have been a major factor in US wheat's market dominance and in replacing French flour there. The improved quality raised demand which allowed them to raise prices and increase profits.

The General delighted in showing last month's figures generated by the computer program. He also shared annual figures demonstrating the direct positive impact of these IESC projects:

	<u>1990</u>	<u>1991</u>	<u>1992</u>
Profit as % sales	7%	20%	28%
Net profit	7%	8%	13%
Cost of goods sold	LE 206M	LE 152M	LE 148M
Sales	LE 435M	LE 349M	LE 407M
Sales/costs ratio	2.1	2.3	2.8

RECOMMENDATIONS:	MADE	IMPLEMENTED
20556	10	10
22140	4	4

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ANNEX 2

VE RECOMMENDATIONS

FILE NUMBER	CLIENTS VISITED	CATEGORY	CITY	VOLUNTEER EXECUTIVE	PROJ. DATE	RECOMMENDATIONS MADE	IMPLEM
20583	American Chamber of Commerce	Business Assoc.	Cairo	Felt	Dec-91	9	7
23346	American University in Cairo	Education	Cairo	Cantor	May-93	0	too early
21261	American University in Cairo	Education	Cairo	Keiser	Feb-92	3	3
17885	American University in Cairo	Education	Cairo	Mortola	Oct-89	8	7
18680	Diab Agriculture Reclamation Co.	Ag - Grapes	Cairo	Olmo	Apr-90	8	8
18681	Diab Agriculture Reclamation Co.	Ag - Grapes	Cairo	Olmo	Apr-90	8	8
19520	Diab Agriculture Reclamation Co.	Ag - Grapes	Cairo	Olmo	Dec-90	2	2
19856	Diab Agriculture Reclamation Co.	Ag - Grapes	Cairo	Locke	Nov-90	5	5
18677	Diab Agriculture Reclamation Co.	Ag - Grapes	Cairo	Kyte	Nov-89	5	5
21773	Egitalec	Steel	Cairo	Knorr	Aug-92	1	1
18858	Pico Touristic Projects(La Poire)	Dairy	Cairo	Brown	May-90	6	4
20769	Red Sea Co./Grand Hotel	Tourism	Cairo	Khalife	Dec-91	6	5
21938	Shalaqany Law Office	Legal	Cairo	Nikkel	Aug-92	7	0
21946	Vitrac	Food/Jams	Cairo	Polya	Jul-90	12	8
23489	Carlin Middle East	Soya Milk	Giza	Mostafa	Mar-93	3	2
20139	Desert Development Center(AUC)	Research	Sadat City	Parks	Jun-91	5	0
20499	Dolce Ice Cream Co.	Dairy	Giza	Josephson	Jun-91	4	2
22476	Dolce Ice Cream Co.	Dairy	Giza	Brown	Nov-92	7	5
22442	E.C.E.I.	Electronics	6th Oct	Schiller	May-93	6	too early
23238	Egypt & Middle East Imp. Exp.	Elect. Equip.	Heliopolis	Sinclair	Apr-93	4	4
23514	General Motors Egypt	Autos & Trucks	Mohandessin	Schiller	May-93	10	10
22834	High Tech. Systems	Elec. Dist.	Mohandessin	Hale	Jan-93	17	13
23844	Hosni Dyeing & Weaving	Textiles	10th Ram	Schneider	Dec-92	10	9
22272	Mashhour Packing	Packaging	Heliopolis	Tewell	May-93	6	6
20277	Misr Air Conditioning (MIRACO)	Refrigeration	Giza	Spence	May-91	5	4
21078	Misr Air Conditioning (MIRACO)	Refrigeration	Giza	Spence	Dec-91	3	3
21669	Pyramids Paper Mills	Paper Mill	6th Oct.	Moseley	Jun-92	10	10
21670	Pyramids Paper Mills	Paper Mill	6th Oct.	Rondeau	Jul-92	6	6
137/176 = 0.78 Per Cent						176	137

FILE NUMBER	CLIENTS VISITED	CATEGORY	CITY	VOLUNTEER EXECUTIVE	PROJ. DATE	RECOMMENDATIONS	
						MADE	IMPLEM
19070	Alexanian	Textiles	Alexandria	Hammet	Sep-90	7	7
22508	Colloid	Ceramics/Oil	Alexandria	Sindoni	Nov-92	7	6
19333	Engineer & Trading Devel. Co.	Farm Managemt	Alexandria	Herasimchuck	Aug-90	5	3
20538	Fanopak	Spices	Alexandria	Hermann	Apr-92	8	8
18402	Fanopak	Spices	Alexandria	Broderick	Apr-90	3	3
21304	Middle East Experts	Glue	Alexandria	Lansel	Feb-93	5	6
22116	Magar Autos	Auto	Alexandria	Bierman	May-93	4	4
20386	Maradive & Oil Services	Banking	Alexandria	Slack	May-91	6	6
21123	Maradive & Oil Services	Oil & Gas	Alexandria	Gilbert	Dec-90	4	1
19905	Marine & Engineering	Shipping	Alexandria	Herman-Giddens	Oct-91	9	5
19282	Naggar	Meat/Spices	Alexandria	Cohodas	Jun-90	4	4
19963	Naggar	Meat/Spices	Alexandria	Cohodas	Jan-91	6	6
23167	Pullman Hotel	Hotel	Alexandria	Brant	Jan-92	5	5
18964	Ramada Hotel	Hotel	Alexandria	Rossel	Mar-90	5	5
22279	Ramada Hotel	Hotel	Alexandria	Broten	Nov-92	4	4
20556	Santa Rita	Bakery	Alexandria	Cardaropoli	Sep-91	10	10
22140	Santa Rita	Bakery	Alexandria	Forsythe	Jul-92	4	4
87/97 = 0.90 Per Cent						97	87

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ANNEX 3

PROJECT COSTS

AND

DAILY RATES

IESC PROJECTS DAILY RATES				All Figures US \$ Except Days								
FILE NUMBER	CLIENT NAME	CITY	NO. DAYS	INITIAL	FINAL		TOTAL COSTS	IESC DAILY RATE	DONATED		TOTAL PROJ. VALUE	FULLY LOADED RATE
				USAID REIMB	USAID REIMB	CLIENT CONT'N			V.E.	C.D.		
20583	Am. Cham of Comm.	Cairo	75	11,962	11,330	1,411	24,703	329	35,175	3,263	63,161	842
23346	A.U.C.	Cairo	60	9,428	9,939	3,915	23,282	388	30,720	3,584	57,586	960
21261	A.U.C.	Cairo	31	11,317	4,816	1,958	18,091	584	14,539	3,283	35,913	1,158
17885	A.U.C.	Cairo	28	6,993	3,476	2,307	12,776	456	11,667	1,750	26,193	935
20579	Bechtel Egypt	Cairo	41	10,089	6,672	2,892	19,653	479	19,229	3,283	42,165	1,028
18677	Diab Ag. Reclam. Co.	Cairo	20	8,827	2,618	1,569	13,014	651	8,333	1,750	23,097	1,155
18680	Diab Ag. Reclam. Co.	Cairo	30	9,704	3,754	2,452	15,910	530	12,510	1,750	30,170	1,006
18681	Diab Ag. Reclam. Co.	Cairo	20	6,124	1,485	2,407	10,016	501	8,333	1,750	20,099	1,005
19520	Diab Ag. Reclam. Co.	Cairo	20	9,865	2,846	1,748	14,459	723	8,340	1,750	24,549	1,227
19319	Egitalec	Cairo	31	9,252	4,343	2,518	16,113	520	12,927	1,750	30,790	993
20761	Egitalec	Cairo	60	12,006	8,651	4,217	24,874	415	28,609	3,283	56,766	946
20943	Egitalec	Cairo	96	11,407	14,484	7,379	33,270	347	45,024	3,283	81,577	850
22650	Intern'l Electronics	Cairo	44	6,845	11,883	3,842	22,570	513	21,912	3,486	47,968	1,090
20983	Intertec	Cairo	43	10,605	6,806	3,203	20,614	479	20,167	3,283	44,064	1,025
20243	Intertec	Cairo	52	11,510	7,995	3,364	22,870	440	24,388	3,283	50,541	972
22478	J.A.C.	Cairo	54	11,725	9,503	4,772	26,000	481	26,892	3,486	56,378	1,044
18812	Leco Latif Eng. & Con	Cairo	22	9,300	3,181	1,879	14,360	653	9,174	1,750	25,284	1,149
22441	National Bank Egypt	Cairo	16	7,894	2,040	1,801	11,735	733	7,968	3,486	23,189	1,449
19021	Parfico	Cairo	75	8,644	10,805	4,844	24,293	324	31,275	1,750	57,318	764
19023	Parfico	Cairo	61	11,724	9,405	3,323	24,452	401	28,609	3,283	56,344	924
18132	Penguin International	Cairo	16	7,627	1,525	1,538	10,690	668	6,667	1,750	19,107	1,194
20520	Pico - Equip.	Cairo	60	11,698	9,070	4,204	24,972	416	27,671	3,283	55,926	932
20769	Red Sea Co./Grand	Cairo	62	1,621	4,847	4,380	10,848	175	28,609	3,283	42,740	689
18272	Seli First Travel	Cairo	61	8,498	8,768	3,759	21,025	345	25,437	1,750	48,212	790
21287	Shaalani Surgery	Cairo	39	7,191	5,036	2,094	14,321	367	18,291	3,283	35,895	920
21938	Shalakany Law Off.	Cairo	74	7,634	9,076	6,232	22,942	310	34,706	3,283	60,931	823
	Average		44	9,360	6,345	3,086	18,791	492	20,240	2,925	41,957	1,048

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IESC PROJECTS DAILY RATES				All Figures US \$ Except Days								
FILE NUMBER	CLIENT NAME	CITY	NO. DAYS	INITIAL	FINAL		TOTAL COSTS	IESC	DONATED		TOTAL	FULLY
				USAID REIMB	USAID REIMB	CLIENT CONT'N		DAILY RATE	V.E.	C.D.	PROJ. VALUE	LOADED RATE
18437	Barbour Co.	Dam.	26	8,088	2,155	1,538	11,781	453	10,833	1,950	24,564	945
23489	Carlin	Giza	30	10,261	4,669	2,388	17,318	577	15,360	3,580	36,258	1,209
20139	Desert Devel Center	Sadat	40	10,986	6,183	1,828	18,997	475	18,760	3,283	41,040	1,026
20499	Dolce Ice Cream Co.	Giza	16	6,815	1,894	1,510	10,219	639	7,504	3,283	21,006	1,313
22476	Dolce Ice Cream Co.	Giza	32	11,245	5,430	3,003	19,678	615	15,936	3,486	39,100	1,222
22442	E.C.E.I.	6thOct	60	10,926	9,969	4,229	25,124	419	30,720	3,584	59,428	990
23238	Egypt M.E. Imp. Exp.	Helio	15	7,409	2,008	1,796	11,213	748	7,680	3,584	22,477	1,498
23514	General Motors	Mohan	58	15,066	9,637	6,344	31,047	535	28,884	3,486	63,417	1,093
22834	High Tech Systems	Mohan	57	11,413	87	3,033	24,133	423	29,184	3,584	56,901	998
20214	Higher Tech. Inst.	10Ram	73	8,058	11,110	0	19,168	263	34,237	3,283	56,688	777
23844	Hosni Dyeing	10Ram	30	11,291	4,970	2,710	18,971	632	14,940	3,486	37,397	1,247
18540	Int'l Dairy & Foods	10Ram	83	8,729	11,192	5,018	24,939	300	34,611	1,750	61,300	739
22272	Mashhour Packing	Helio	37	11,640	6,148	2,992	20,780	562	14,826	3,486	39,092	1,057
20277	Misr Air Cond.	Giza	27	6,426	2,936	2,417	11,779	436	12,663	3,283	27,725	1,027
21078	Misr Air Cond.	Giza	28	6,988	3,299	3,625	13,912	497	13,132	3,283	30,327	1,083
22545	Nile Co. for Hotels	Giza	5	1,667	616	602	2,885	577	2,345	3,283	8,513	1,703
21816	Palma Pyramids	Giza	17	11,651	2,295	1,807	15,753	927	7,973	3,283	27,009	1,589
18858	Pico La Poire	Mohan	19	9,560	2,696	1,476	13,732	723	7,923	1,750	23,405	1,232
21669	Pyramids Paper	6thOct	54	9,709	7,355	4,217	21,281	394	25,326	3,283	49,890	924
21670	Pyramids Paper	6thOct	83	14,566	11,302	5,377	31,245	376	38,927	3,283	73,455	885
21946	Vitrac	Giza	69	7,928	8,328	5,135	21,391	310	32,361	3,283	57,035	827

IESC PROJECTS DAILY RATES				All Figures US \$ Except Days								
FILE NUMBER	CLIENT NAME	CITY	NO. DAYS	INITIAL	FINAL		TOTAL COSTS	IESC	DONATED		TOTAL	FULLY
				USAID REIMB	USAID REIMB	CLIENT CONT'N		DAILY RATE	V.E.	C.D.	PROJ. VALUE	LOADED RATE
18564	Alex. Coptic Evangelic	Alex.	91	8,982	8,120	0	17,102	188	37,947	1,750	56,799	624
19070	Alexanian	Alex.	20	9,376	1,847	1,642	12,865	643	8,340	1,750	22,955	1,148
22508	Colloid	Alex.	57	13,062	5,717	4,191	22,970	403	28,386	3,486	54,842	962
19333	Eng. & Trading Dev Co.	Alex.	29	8,552	2,547	1,845	12,944	446	12,093	1,750	26,787	924
20538	Fanopak	Alex.	32	11,300	2,803	2,417	16,520	516	15,008	3,283	34,811	1,088
21610	Floating Silos	Alex.	29	13,043	2,892	2,409	18,344	633	13,601	3,283	35,228	1,215
19956	Khamis Bassyouny	Dinhr	12	9,559	1,121	1,205	11,885	990	5,628	3,283	20,796	1,733
21304	Middle East Experts	Alex.	29	10,627	2,909	1,946	15,482	534	14,848	3,584	33,914	1,169
22116	Magar Autos	Alex.	71	11,143	7,121	3,143	21,407	302	35,358	3,486	60,251	849
21123	Maradive & Oil Serv.	Alex.	78	11,481	7,097	5,120	23,698	304	38,458	3,283	65,439	839
20386	Maradive & Oil Serv.	Alex.	36	10,078	2,597	2,402	15,077	419	16,884	3,283	35,244	979
19905	Marine & Engineering	Alex.	66	8,579	4,012	3,636	16,227	246	30,954	3,283	50,464	765
19619	Mido	Alex.	22	8,249	2,009	1,625	11,883	540	9,174	1,750	22,807	1,037
20799	Mido	Alex.	22	6,041	1,201	1,897	9,139	415	10,318	1,750	21,207	964
19282	Naggar	Alex.	23	7,815	2,022	1,481	11,319	492	9,591	1,750	22,660	985
18776	Pharco	Alex.	31	8,033	2,967	2,344	13,344	430	12,917	1,667	27,928	901
23167	Pullman Hotel	Alex.	22	1,667	2,193	1,993	5,853	266	10,318	3,283	19,454	884
18964	Ramada Hotel	Alex.	47	8,660	4,210	3,208	16,078	342	19,599	1,750	37,427	796
22279	Ramada Hotel	Alex.	69	11,096	6,921	5,090	23,107	335	34,362	3,486	60,955	883
20556	Santa Rita	Alex.	95	3,052	7,509	5,271	15,832	167	44,555	3,283	63,670	670
22140	Santa Rita	Alex.	53	7,542	3,431	3,313	14,286	270	24,857	3,283	42,426	800
20152	Tewfiq's Farms	Alex.	15	8,731	1,143	1,897	11,771	785	7,035	3,283	22,089	1,473
19133	Al Roda Ag. Devel.	Alex.	7	1,727	440	742	2,909	416	2,919	1,750	7,578	1,083
	Average		42	8,626	3,601	2,557	14,784	438	19,267	2,719	36,771	990

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ANNEX 4

PROJECT COSTS
AND
MONTHLY RATES

IESC PROJECT COSTS PER MONTH							All Figures US \$ Except Days					
FILE NUMBER	CLIENT NAME	CITY	NO. DAYS	INITIAL		FINAL		TOTAL COSTS	IESC		FULLY	LOADED
				USAID REIMB	USAID REIMB	CLIENT CONT'N	DAILY RATE		MONTHLY RATE	DAILY RATE	MONTHLY RATE	
20583	Am. Cham of Comm.	Cairo	75	11,962	11,330	1,411	24,703	329	9,881	842	25,260	
23346	A.U.C.	Cairo	60	9,428	9,939	3,915	23,282	388	11,641	960	28,800	
21261	A.U.C.	Cairo	31	11,317	4,816	1,958	18,091	584	17,507	1,158	34,740	
17885	A.U.C.	Cairo	28	6,993	3,476	2,307	12,776	456	13,689	935	28,050	
20579	Bechtel Egypt	Cairo	41	10,089	6,672	2,892	19,653	479	14,380	1,028	30,840	
18677	Diab Ag. Reclam. Co.	Cairo	20	8,827	2,618	1,569	13,014	651	19,521	1,155	34,650	
18680	Diab Ag. Reclam. Co.	Cairo	30	9,704	3,754	2,452	15,910	530	15,910	1,006	30,180	
18681	Diab Ag. Reclam. Co.	Cairo	20	6,124	1,485	2,407	10,016	501	15,024	1,005	30,150	
19520	Diab Ag. Reclam. Co.	Cairo	20	9,865	2,846	1,748	14,459	723	21,689	1,227	36,810	
19319	Egitalec	Cairo	31	9,252	4,343	2,518	16,113	520	15,593	993	29,790	
20761	Egitalec	Cairo	60	12,006	8,651	4,217	24,874	415	12,437	946	28,380	
20943	Egitalec	Cairo	96	11,407	14,484	7,379	33,270	347	10,397	850	25,500	
22650	Intern'l Electronics	Cairo	44	6,845	11,883	3,842	22,570	513	15,389	1,090	32,700	
20983	Intertec	Cairo	43	10,605	6,806	3,203	20,614	479	14,382	1,025	30,750	
20243	Intertec	Cairo	52	11,510	7,996	3,364	22,870	440	13,194	972	29,160	
22478	J.A.C.	Cairo	54	11,725	9,503	4,772	26,000	481	14,444	1,044	31,320	
18812	Leco Latif Eng. & Con.	Cairo	22	9,300	3,181	1,879	14,360	653	19,582	1,149	34,470	
22441	National Bank Egypt	Cairo	16	7,894	2,040	1,801	11,735	733	22,003	1,449	43,470	
19021	Parfico	Cairo	75	8,644	10,805	4,844	24,293	324	9,717	764	22,920	
19023	Parfico	Cairo	61	11,724	9,405	3,323	24,452	401	12,026	924	27,720	
18132	Penguin International	Cairo	16	7,627	1,525	1,538	10,690	668	20,044	1,194	35,820	
20520	Pico - Equip.	Cairo	60	11,698	9,070	4,204	24,972	416	12,486	932	27,960	
20769	Red Sea Co./Grand	Cairo	62	1,621	4,847	4,380	10,848	175	5,249	689	20,670	
18272	Seti First Travel	Cairo	61	8,498	8,768	3,759	21,025	345	10,340	790	23,700	
21287	Shaalan Surgery	Cairo	39	7,191	5,036	2,094	14,321	367	11,016	920	27,600	
21938	Shalakany Law Off.	Cairo	74	7,634	9,076	6,232	22,942	310	9,301	823	24,690	
	Average		44	9,360	6,345	3,086	18,791	492	14,750	1,048	31,439	

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IESC PROJECT COSTS PER MONTH

All Figures US \$ Except Days

FILE NUMBER	CLIENT NAME	CITY	NO. DAYS	INITIAL		FINAL		IESC		FULLY	LOADED
				USAID REIMB	USAID REIMB	CLIENT CONT'N	TOTAL COSTS	DAILY RATE	MONTHLY RATE	DAILY RATE	MONTHLY RATE
18437	Barbour Co.	Dam.	26	8,088	2,155	1,538	11,781	453	13,593	945	28,350
23489	Carlin	Giza	30	10,261	4,669	2,388	17,318	577	17,318	1,209	36,270
20139	Desert Devel Center	Sadat	40	10,986	6,183	1,828	18,997	475	14,248	1,026	30,780
20499	Dolce Ice Cream Co.	Giza	16	6,815	1,894	1,510	10,219	639	19,161	1,313	39,390
22476	Dolce Ice Cream Co.	Giza	32	11,245	5,430	3,003	19,678	615	18,448	1,222	36,660
22442	E.C.E.I.	6thOct	60	10,926	9,969	4,229	25,124	419	12,562	990	29,700
23238	Egypt M.E. Imp. Exp.	Helio	15	7,409	2,008	1,796	11,213	748	22,426	1,498	44,940
23514	General Motors Egypt	6thOct	58	15,066	9,637	6,344	31,047	535	16,059	1,093	32,790
22834	High Tech. Sytems	Mohan	57	11,413	9,687	3,033	24,133	423	12,702	998	29,940
20214	Higher Tech. Inst.	10Ram	73	8,058	11,110	0	19,168	263	7,877	777	23,310
23844	Hosni Dyeing	10Ram	30	11,291	4,970	2,710	18,971	632	18,971	1,247	37,410
18540	Int'l Dairy & Foods	10Ram	83	8,729	11,192	5,018	24,939	300	9,014	739	22,170
22272	Mashhour Packing	Helio	37	11,640	6,148	2,992	20,780	562	16,849	1,057	31,710
20277	Misr Air Cond.	Giza	27	6,426	2,936	2,417	11,779	436	13,088	1,027	30,810
21078	Misr Air Cond.	Giza	28	6,988	3,299	3,625	13,912	497	14,906	1,083	32,490
22,545	Nile Co. for Hotels	Giza	5	1,667	616	602	2,885	577	17,310	1,703	51,090
21,816	Palma Pyramids	Giza	17	11,651	2,295	1,807	15,753	927	27,799	1,589	47,670
18,858	Pico - La Poire	Mohan	19	9,560	2,696	1,476	13,732	723	21,682	1,232	36,960
21,669	Pyramids Paper	6thOct	54	9,709	7,355	4,217	21,281	394	11,823	924	27,720
21670	Pyramids Paper	6thOct	83	14,566	11,302	5,377	31,245	376	11,293	885	26,550
21946	Vitrac	Giza	69	7,928	8,328	5,135	21,391	310	9,300	827	24,810

IESC PROJECT COSTS PER MONTH

All Figures US \$ Except Days

FILE NUMBER	CLIENT NAME	CITY	NO. DAYS	INITIAL		FINAL		IESC		FULLY	LOADED
				USAID	USAID	CLIENT	TOTAL	DAILY	MONTHLY	DAILY	MONTHLY
				REIMB	REIMB	CONT'N	COSTS	RATE	RATE	RATE	RATE
18564	Alex. Coptic Evangelic	Alex.	91	8,982	8,120	0	17,102	188	5,638	624	18,720
19070	Alexanian	Alex.	20	9,376	1,847	1,642	12,865	643	19,298	1,148	34,440
22508	Colloid	Alex.	57	13,062	5,717	4,191	22,970	403	12,089	962	28,860
19333	Eng. & Trading Dev Co	Alex.	29	8,552	2,547	1,845	12,944	446	13,390	924	27,720
20538	Fanopak	Alex.	32	11,300	2,803	2,417	16,520	516	15,488	1,088	32,640
21610	Floating Silos	Alex.	29	13,043	2,892	2,409	18,344	633	18,977	1,215	36,450
19956	Khamis Bassyouny	Dmhr	12	9,559	1,121	1,205	11,885	990	29,713	1,733	51,990
21304	Middle East Experts	Alex.	29	10,627	2,909	1,946	15,482	534	16,016	1,169	35,070
22116	Magar Autos	Alex.	71	11,143	7,121	3,143	21,407	302	9,045	849	25,470
21123	Maradive & Oil Serv.	Alex.	78	11,481	7,097	5,120	23,698	304	9,115	839	25,170
20386	Maradive & Oil Serv.	Alex.	36	10,078	2,597	2,402	15,077	419	12,564	979	29,370
19905	Marine & Engineering	Alex.	66	8,579	4,012	3,636	16,227	246	7,376	765	22,950
19619	Mido	Alex.	22	8,249	2,009	1,625	11,883	540	16,204	1,037	31,110
20799	Mido	Alex.	22	6,041	1,201	1,897	9,139	415	12,462	964	28,920
19282	Naggar	Alex.	23	7,816	2,022	1,481	11,319	492	14,764	985	29,550
18176	Pharco	Alex.	31	8,033	2,967	2,344	13,344	430	12,914	901	27,030
23167	Pullman Hotel	Alex.	22	1,667	2,193	1,993	5,853	266	7,981	884	26,520
18964	Ramada Hotel	Alex.	47	8,660	4,210	3,208	16,078	342	10,263	796	23,880
22279	Ramada Hotel	Alex.	69	11,096	6,921	5,090	23,107	335	10,047	883	26,490
20556	Santa Rita	Alex.	95	3,052	7,509	5,271	15,832	167	5,000	670	20,100
22140	Santa Rita	Alex.	53	7,542	3,431	3,313	14,286	270	8,086	800	24,000
20152	Tewliq's Farms	Alex.	15	8,731	1,143	1,897	11,771	785	23,542	1,473	44,190
19133	Al Roda Ag. Devel.	Alex.	7	1,727	440	742	2,909	416	12,467	1,083	32,490
	Average		42	8,626	3,601	2,557	14,784	438	13,149	990	29,701

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ANNEX 5

**PERMANENT IESC STAFF COSTS
VERSUS TYPICAL TA COSTS**

EXPENSES - PERMANENT IESC VS. TYPICAL T.A.

EXPENSE CATEGORY	CD CAIRO	RD ALEX.	T A		
	(US\$ p.a.)		(US\$ p.a.)		
PER DIEM/SALARY	27,995	20,999	86,589		
FRINGES 24.28%	7,020	6,312	21,024		
OVERHEAD 67.53%	0	0	72,671		
POST ALLOW. 15%	0	0	12,988		
HOTEL/RENT	30,600	13,554	20,130		
Maint. Repair. Util.			1,084		
AUTO					
SHIPMENT - T.A.	0	0	16,000		
RELOCATION					
PERSONAL EFFECTS	0	0	30,000		
AIR SHIPMENT	0	0	5,000		
STORAGE	4,500	1,200	1,900		
HOME LEAVE					
AIR FARE	6,625	6,625	8,800		
R AND R	0	0			
AIR FARE	0	0	4,800		
SCHOOL FEES	0	0	14,000		
OTHER DIRECT	0	0	1,050		
CONSULTING FEES					
GEN & ADMIN 3.29%	6,557	3,614	9,740		
FIXED FEE 6.9%	0	0	21,099		
TOTALS	83,297	52,305	326,874	0	0

ANNEX 6

CLIENT CONTRIBUTION GUIDELINES

I.E.S.C.-EGYPT
CLIENT CONTRIBUTION GUIDELINES
JANUARY 1, 1993

REGULAR PROJECTS:

Initial Month	(A)	-	LE 4000 to LE 12000
			Average LE 8000
Subsequent Months	(B)	-	LE 1000 to LE 9000
			Average LE5000

SCALE/EXAMPLE:

<u>LOW END RANGE</u>	<u>AVERAGE RANGE</u>	<u>HIGH END RANGE</u>
4000 (A) 6000 (A) (1000) (B) (3000)(B) 5000 (A) (2000)(B)	7000 (A) 9000 (A) (4000) (B) (6000)(B) 8000(A) (5000)(B)	10000(A) 12000(A) (7000)(B) (9000)(B) 11000(A) (8000) (B)

New Start Up Company
 and or sales under LE 2 M.
 Limited outside net worth

- Sales LE 2-10 M.
- Modest Outside Net Worth

- High Net Worth Local Client &/or Company with sales of over LE 10M.
- Multi National Partners
- Public Sector interest

**SHORT TERM/
DIAGNOSTIC PROJECTS**

Two Weeks LE 4000 to LE 7000
 Average LE 6000
 Subsequent Weeks LE 1500 to 2500

PIGGY BACK PROJECTS

Priced same as a regular project (based on principal of consistency and fairness to all clients).

CLIENT CONTRIBUTION GUIDELINES - JANUARY, 1992

REGULAR PROJECTS:

- Initial Month - LE 6000 to LE 15000
Average LE 8500
If below LE 6000 discuss with D. K. Mitchell
prior to presentation to client.
- Subsequent Months - LE 5000 to LE 8000
Average LE 6000

DIAGNOSTIC PROJECTS:

- Two Weeks - LE 5000 to LE 7000
Average LE 6000
Each subsequent week at LE 2000
NO VE SPOUSE FUNDED

PIGGYBACK PROJECTS:

- Initial Month -
 - If arranged AFTER initial project started in Egypt - no change in either project client contribution, i.e. same as original regular projects.
 - If arranged BEFORE initial project started in Egypt, MODEST (i.e. no more than LE 500) reduction in client contribution for each involved project.
 - If piggyback to/from another country - no change in Egypt client contribution.
- Subsequent months - Same as Regular Projects.

USVE PROJECTS

- One-time total client contribution of at least LE 3500. Payment in full on signing. USVE projects must be bounded in time for completion and may not be open-ended.

ABLE STUDY

- Basic, 40-hr. Study - LE 3000
Each additional 10-hrs. - LE 600
Payment, in full, on signing, includes air-courier charge for study delivery.

BID QUOTATION

- Each SET of three quotations - LE 1500
Payment, in full, on signing.
Refund entire contribution if IESC is unable to deliver at least three proforma invoice quotations.