

PD-ABN-754

93093

HOST COUNTRY CONTRACT  
263-0202-02

AMENDMENT NUMBER FOUR

between

THE PRINCIPAL BANK FOR DEVELOPMENT  
AND AGRICULTURAL CREDIT (PBDAC)  
110 Kasr El Aini Street, Garden City,  
Cairo, Egypt

and

CHEMONICS INTERNATIONAL INC.  
Suite 200  
2000 M Street, Northwest  
Washington, D.C. 20036

Financed by:

THE AGENCY FOR INTERNATIONAL DEVELOPMENT

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Washington, D.C. 20036

Financed by:

THE AGENCY FOR INTERNATIONAL DEVELOPMENT

Signed On:

September 5, 1995

This Amendment Number Four amends and restates specific provisions and sections as herein referred to below, of Host Country Contract Number 263-0202-02 between the parties, dated September 15, 1988, which was previously amended by Contract Amendment 01, dated June 28, 1990, and by Contract Amendment 02, dated October 15, 1991 and by Contract Amendment 03, dated April 14, 1994.

This Amendment Number Four consists of specific changes as referred to below and along with the aforementioned original contract and amendments constitute the full agreement between the parties. This Amendment Number Four consists of this cover page, table of contents, schedule, signature page, annexes A and B, and any other documents expressly incorporated herein by reference.

IN THE EVENT of inconsistency between the Schedule or the General Provisions and any specification or other provisions which are made a part of this Amendment Number Four, by reference or otherwise; the Schedule and the General Provisions shall control. In the event of inconsistency between the Schedule and the General Provisions, the Schedule shall control.

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Note: Copies of the original contract, amendments thereto, and all inclusive references may be referred to at the offices of Chemonics International Inc., the Principal Bank for Development and Agricultural Credit, and USAID/Cairo.

AMENDMENTS TO SCHEDULE

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1. ARTICLE I - DESCRIPTION OF PROJECT AND CONTRACT, Clause A. Project Description. Is deleted in its entirety and replaced with the following language:

"A. Project Description. The purpose of the Agricultural Production and Credit Project (APCP) is to assist the Government of Egypt to make policy changes needed to deregulate the agricultural sector, and assist the Principal Bank for Development and Agricultural Credit (PBDAC) to extend, to the maximum feasible, full banking services, market-level interest rates, rapid and efficient loan approval, and increased extension services to farmers so they can take advantage of higher returns to investment in a deregulated agricultural sector. The on-going deregulation of the sector through policy reforms will add to the current constraint to expanded credit and financial services in the rural areas. The PBDAC will need to increase its capital, improve its efficiency of operations, and add new lending packages to meet the demands for credit in the agricultural and rural development sectors. To accomplish this the APCP provides for four areas of activity: policy reform including a set of incremental grants from the United States Agency for International Development (USAID) tied to the reforms; private enterprise support; expansion of PBDAC's capital and available credit sources; and improvement of credit packages."

2. ARTICLE I - DESCRIPTION OF PROJECT AND CONTRACT, Clause B. Contract Description. Is deleted in its entirety and replaced with the following language:

"B. Contract Description. This Contract is directed primarily at the final three areas of activity of the APCP. The overall objective of the Contract is to collaborate with the PBDAC to improve its provision of the financial services to rural clients. The Contractor, Chemonics International Inc., will assist in reorienting and strengthening the PBDAC as a financial institution."

3. ARTICLE III - REPORTS, Clause C. Is deleted in its entirety and replaced with the following language:

"C. The Contractor shall submit 10 (ten) copies of the signed Contract and any amendments to the Contracting Agency and eight (8) copies of the signed Contract and any amendments to the USAID/Egypt Project Officer."

4. ARTICLE IV - KEY PERSONNEL, Clause A. Is deleted in its entirety and replaced with the following language:

"A. The Key Personnel under this Contract are:

<u>NAME</u>	<u>POSITION</u>
<u>Wilmot Averill</u>	<u>Chief of Party/Team Leader</u>
<u>David Munro</u>	<u>Credit Specialist</u>
<u>Douglas Petrie</u>	<u>Administrative/Management Specialist</u>
<u>Mohamed Anwar Youssef</u>	<u>Finance/Capital Management Specialist</u>
<u>Nivine El Oraby</u>	<u>Credit Marketing Specialist</u>
<u>Samir Sultan</u>	<u>Training Specialist"</u>

5. ARTICLE V - LEVEL OF EFFORT (LOE), Clause A. Is deleted in its entirety and replaced with the following language:

"A. The estimated level of effort for the performance of this Contract shall be 2,531.03 person-months of direct professional labor, including subcontract level of effort."

6. ARTICLE V - LEVEL OF EFFORT (LOE), Clause B. Is deleted in its entirety and replaced with the following language:

"B. The composition of estimated total person-months of direct professional labor is as follows:

<u>CATEGORY</u>	<u>PERSON-MONTHS</u>
Expatriate Long- and Short-term	735.00
Local Professional Long- and Short-term	510.05
Home Office	78.48
Subcontractors	1,207.50
	=====
TOTAL PROFESSIONAL EFFORT	2,531.03"

7. ARTICLE VI - RELATIONSHIP OF PARTIES AND GENERAL RESPONSIBILITIES, Clause A. Is deleted in its entirety and replaced with the following language:

"A. The officials of the Contracting Agency who have primary responsibility for operations under this Contract are Dr. Hassan Khedr, the Chairman of PBDAC, and Eng. Zeinab Salem, PBDAC Vice Chairman. They are responsible for overall guidance of the Contractor and for approvals of annual work plans and other official Contract documents."

8. ARTICLE VII - TERMS OF CONTRACT, Clause A. Is deleted in its entirety and replaced with the following language:

"A. The Contractor shall commence work on the date of receipt of a Notice to Proceed from the Contracting Agency confirming that payment arrangements have been established. The estimated completion date for all work under the Contract is July 15, 1996."

9. ARTICLE IX - CONTRACT TYPE, AMOUNT, AND PAYMENT MODE, Clause A. Is deleted in its entirety and replaced with the following language:

"A. This is a cost-reimbursable-plus-fixed-fee Contract financed under USAID Grant Number 263-0202-02. The total estimated cost for technical and training services is \$ 24,657,196 as set forth in the attached budget Annex B. The fixed fee for technical and participant training services is \$ 1,645,232 and the fee for procurement services is \$67,250."

10. ARTICLE IX - CONTRACT TYPE, AMOUNT, AND PAYMENT MODE, Clause D. Is deleted in its entirety and replaced with the following language:

"D. The Contracting Agency shall request the U.S. Agency for International Development to open a Direct Letter of Commitment to the Contractor to finance all other costs of the Contract. In Accordance with paragraph A.1.a. of General Provisions Clause 7 ("Payment"), the Contractor's option and instruction for payment is as follows: U.S. Treasury check payable to "Chemonics International Inc." to be issued by the Birmingham Finance Center, Alabama (BFC), and mailed to the Contractor at the following address:

Chemonics International Inc.  
2000 M Street, N.W. Suite 200  
Washington, D.C. 20036"

11. ARTICLE X - LOGISTICAL SUPPORT AND/OR PROPERTY, Clause B. Is deleted in its entirety and replaced with the following language:

"B. Ten (10) vehicles of the group of 70 (seventy) procured by the Contractor for the PBDAC will be assigned full-time to the long-term specialists for official use through April 30, 1996. From May 1, 1996, through the end of the Contract period, two (2) vehicles will be available full-time for official use by the Contract team. Vehicles may be used for personal purposes only if the Contractor pays the official rate specified for personal use by USAID in accordance with USAID Mission Order 1-7 and its amendments."

12. ARTICLE XI - COST PROVISIONS, Clause B. Salaries and Allowances, Section 1.a. Is deleted in its entirety and replaced with the following language:

"a. Expatriate long-term personnel: With respect to this Contract, expatriate long-term professionals are eligible for individual merit increases and annual increases.

Individual merit increases are periodic salary increases designed to recognize and reward achievement and contribution to the Project. These salary increases will be based on a three (3) percent salary increase pool that includes all expatriate long-term professional salaries except those at the USAID maximum salary ceiling. Within the pool, the Chief of Party has the flexibility to determine the percentage and amount of individual salary increases. The Chief of Party, based on performance evaluations and consultation with the home office, shall prepare a single matrix proposing the allocation of salary increases within the pool for all eligible expatriate staff. This matrix will include a merit increase for the Chief of Party, which will be proposed by the home office Project Supervisor in consultation with PBDAC. The Chief of Party will submit this matrix for PBDAC approval no later than October 1 of each year. Once approved, the salary increases shall go into effect either on the anniversary of the employee's date of hire or in the event of a salary increase not on the employee's date of hire anniversary, on the anniversary of the employee's last annual salary increase. All long-term expatriate professionals whose salary is below the USAID maximum salary ceiling will also be eligible for an annual increase of five (5) percent. This increase will be awarded, subject to satisfactory performance, either on the anniversary of the employee's date of hire or in the event of a salary increase not on the employee's date of hire anniversary, on the anniversary of the employee's last annual salary increase. The Chief of Party will submit a performance report for all eligible employees for Contracting Agency concurrence.

Employees whose salaries are at the USAID maximum salary ceiling will be awarded increases in accordance with USAID maximum salary ceiling increases, subject to satisfactory performance, but shall not exceed an annual salary increase of five (5) percent plus a three (3) percent merit increase. The Chief of Party will submit a performance report for all eligible employees for Contracting Agency concurrence."

13. ARTICLE XI - COST PROVISIONS, Clause C. Work Week and Leave, Subclause 4. Is deleted in its entirety and replaced with the following language:

"4. Holidays authorized are those holidays specified in official USAID/Egypt Administrative Memoranda or Contractor Notices, as issued from time to time."

14. SIGNATURES

IN WITNESS WHEREOF, the parties, through their duly authorized representatives, hereby agree to the provisions of this Contract Amendment Number Four.

Contractor:  
Chemonics International Inc.

Contracting Agency:  
Principal Bank for  
Development and  
Agricultural Credit (PBDAC)

By: Mohamed A. Youssef

Name : Dr. Anwar Youssef

Title: APCR Acting/Chief of  
Party

Date: Sept. 5, 1995.

By: Hassan S. Khedr

Name : Dr. Hassan Khedr

Title: Chairman, PBDAC

Date: Sep. 5, 1995

ANNEX A  
STATEMENT OF WORK

EIGHTH ANNUAL WORK PLAN  
(OCTOBER 1995 - JULY 15, 1996\*)

AGENCY FOR INTERNATIONAL DEVELOPMENT

PROJECT NUMBER: 263-0202  
CONTRACT NUMBER: HCC-263-0202-02

Prepared by:

THE PRINCIPAL BANK FOR DEVELOPMENT AND AGRICULTURAL CREDIT  
and

CHEMONICS INTERNATIONAL CONSULTING DIVISION

APCP Work Plan No. 8

June 29, 1995

\* Project Assistance Completion Date

EIGHTH ANNUAL WORK PLAN  
(OCTOBER 1995 - JULY 15, 1996\*)

AGENCY FOR INTERNATIONAL DEVELOPMENT

PROJECT NUMBER: 263-0202  
CONTRACT NUMBER: HCC-263-0202-02

Prepared by:

THE PRINCIPAL BANK FOR DEVELOPMENT AND AGRICULTURAL CREDIT

and

CHEMONICS INTERNATIONAL CONSULTING DIVISION

APCP Work Plan No. 8

June 29, 1995

\* Project Assistance Completion Date

APCP ANNUAL WORK PLAN VIII

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ACRONYMS FOR AWP-VIII

AID Agency for International Development  
APCP Agricultural Production and Credit Project  
AUC American University in Cairo  
AWP I-VII Annual Work Plans (One to Seven)  
AWP VIII Annual Work Plan Eight  
BDAC Bank for Development and Agricultural Credit  
(governorate-level headquarters)  
BIP Bank Improvement Plan  
COP Chief of Party  
CMO Credit Marketing Officer  
DMO Deposits Marketing Officer  
G/L General Ledger  
GOE Government of Egypt  
HO Chemonics Home Office - Washington, D.C.  
LT Long-term Specialist  
MALR Ministry of Agriculture and Land Reclamation  
MIS Management Information Systems  
MOU Memorandum of Understanding  
O&M Organization and Management  
QPR(s) Quarterly Progress Report(s)  
PACD Project Assistance Completion Date  
PBDAC Principal Bank for Development and Agricultural Credit  
(national-level headquarters)  
PIL Project Implementation Letter  
PIO Project Implementation Order  
S/T Short-term Specialist

TA(s) Technical Advisor(s)  
TBD To be Determined  
USAID AID's Mission in Egypt  
VB(s) Village Bank(s)  
Z/K Zarrouk, Khaled & Co. (O&M Study Team)

KEY TO LOE INITIALS

1. Long-term Expatriate Staff

(WA) Wilmot Averill  
(DP) Douglas Petrie  
(DM) David Munro  
(MAY) M. Anwar Youssef

2. Short-term Expatriate Staff

(ER) Edmond Ricketts  
(RK) Ron Krenz

3. Long-term Local-hire Staff

(NEO) Nivine El Orabi  
(SS) Samir Sultan

4. Long-term Local-hire ArabSoft/Subcontractor Staff

(AHM) Abdél Hamid Mohamed  
(GS) Gihad Salama  
(HK) Hatem Khalifa  
(HEM) Hisham El Masry  
(MHB) Mohamed H. El Bagoury  
(SM) Sherif Mahdy  
(AHS) Anwar Hussein  
(HF) Hany Fazwy

**SECTION ONE:**

**INTRODUCTION**

Annual Work Plan VII was to have been the APCP's final one and that plan covered 15 rather than 12 months with a PACD date of September 30, 1995. USAID and PBDAC on behalf of the GOE agreed to an extension of the project to end on July 15, 1996. This AWP VIII is the project's final work plan and covers the period from October 1, 1995 through July 15, 1996. Except for close out administrative activity, all of the specific technical assistance will end on April 30, 1996.

As stated in AWP VII the APCP is a project with two principal components.

The first component, Agricultural Policy Reform, consisted of a series of agricultural policy reform measures negotiated between USAID and the MALR. A majority of these reform actions, while not within PBDAC's institutional authority, are, however, national agricultural economic reforms to which the Ministry of Agriculture and Land Reclamation agreed. Moreover, these reform targets triggered, when verified, disbursements to increase PBDAC's capitalization. In this context, PBDAC had a vital interest in helping to see these reforms adopted. Not all the planned targets were reached as of the date this work plan was drafted. The specific PBDAC benchmark commitments are identified in section 9.a, b and c of the amendment to the GOE/USAID Memorandum of Understanding dated August 24, 1994. The period in which these targets were to have been reached was extended to May 31, 1995, by letter (undated, but delivered on April 26th) to Dr. Hassan Khedr, Chairman of PBDAC from Mr. John Westley, Director of USAID.

The second component, PBDAC Institutional Strengthening, provides for direct project assistance to PBDAC and the BDACs to strengthen and expand their banking services, improve operations, and strengthen unit organization. The technical assistance for this component has been funded by USAID under the project agreement with PBDAC. A contract for the project's technical assistance and other support i.e., training and commodities was negotiated between PBDAC and Chemonics International. Ancillary MIS services have been provided under a Chemonics subcontract with ArabSoft Engineering.

To carry out the APCP's final year of activities within the context of the Chemonics contract the work plan's specific tasks for implementation are stated below.

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**SECTION TWO:                   ACTIVITY TASKS**

**TASK I                   BANK IMPROVEMENT PROGRAM**

**A.   Introduction, Objectives, and Scope:**

1. Three branch banks and six of their subordinate village banks, two in each of the three governorates of Daqahliya, Gharbiya, and Beni Suef, have been receiving under APCP auspices during AWP VII, intensive technical assistance to become upgraded and improved model banks.
2. The objectives of this pilot effort were:
  - (a) To devise and implement new lending policies and procedures thereby freeing the Bank to finance any activity that contributes to rural development. The principal means of achieving this objective were training in accounting and credit analysis, the carrying out of market surveys in the six pilot sites, and the development and implementation of a goal-oriented marketing program;
  - (b) To promote deposit mobilization in the participating units by undertaking on-the-job training in marketing and promotion techniques and by coordinating the marketing efforts;
  - (c) To implement the accounting and operating procedures manuals developed jointly by APCP and the Bank, and, in particular, to assure that:
    - (1) Accrual accounting is used for revenue and expense recognition;
    - (2) Banking service levels are improved to meet requirements imposed by the market.
  - (d) To renovate participating units in order that they be more efficient and pleasant premises in which to provide banking services and, at the same time, better places to work.
3. Two long-range objectives were sought from this task. First, it was expected this could lead to expansion of the program nationwide and bring the PBDAC banks to a sound position of profitability; and second, that improving and expanding bank

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services to most of Egypt's rural citizens would effectively support the Government of Egypt's policies for economic and social development.

4. Following positive initial reports on the pilot phase, PBDAC decided to fully implement the program in the three governorates during the final year of the APCP. PBDAC also designated this activity a first priority task so as to take advantage of the support APCP can provide during the expanded implementation throughout the three governorates. The Bank believes that with this expansion to all the branch and village banks in the three governorates it will in future years be in a much stronger position to carry out nationwide implementation of the Bank Improvement Program.
5. The scope of this Task I under AWP VIII is to commence the full-scale implementation of the Bank Improvement Program throughout all the 27 branches and 167 village banks in the three aforementioned governorates.

B. Implementation Strategy:

1. To implement this task it is proposed to implement one governorate at a time. This sequence will start in Beni Suef as soon as feasible under the authorization of PBDAC and the governorate implementation plans are completed. Following Beni Suef, Gharbiya will be second and Daqahliya last.
2. The PBDAC, or depending on special skills needs the involved BDACs, will select a to be determined, number of employees from central staffs to be intensively trained in four subject areas: accounting, banking operations, deposits, and credit. These employees will be the PBDAC's or BDACs' core specialists working with APCP experts. The PBDAC core specialists will provide the leadership to further implement the Bank Improvement Program in the 14 remaining governorates, after the APCP is terminated on or before July 15, 1996. It is imperative that all the PBDAC/BDAC core employees assigned to this activity, work on a full-time basis and work in consort with branch and village banks to implement the program plans as proposed for each governorate. They are basically technical experts without direct supervisory authority. They will

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work for and under the BDAC Chairman's directions and authority when they are working in this activity.

3. PBDAC's Sector of Internal Audit will select a small number of its staff who have been trained on the Manual of Internal Audit. These employees will attend the training in the above three governorates. The purpose of this is to expose the Sector of Internal Audits to the particulars of the Bank Improvement Program so they can observe them when conducting their audits in those governorates in which the Bank's Improvement Program is being implemented.
4. The Chairman of each concerned governorate will commit himself, in close coordination with the APCP/PBDAC team specialists, to be the day-to-day director and supervisor of the team in his governorate and will be responsible for implementing the Bank Improvement Program. It is expected that involved Chairmen will appoint a full time program coordinator to assist him and establish a point of contact office, for the coordinator to use, which has a telephone. It is also expected that the Chairmen will devote a large portion of their own time to this activity.
5. The APCP and PBDAC's Department of Training will conduct the intensive training for the selected PBDAC staff and Internal Audit staff as mentioned in points 2 and 3 above. Once this step is accomplished, the APCP team in coordination with the Chairmen of the three BDACs, Beni Suef, Gharbiya, and Daqahliya will prepare actions plans to implement the Bank Improvement Plan for all the banks in each of the three governorates. Upon finalizing these governorate action plans, the APCP team will assist the Chairman of Beni Suef to start implementation of his plan. Following this, the implementation process will be started in Gharbiya and lastly in Daqahliya. (See Appendix A.)
6. The PBDAC must approve:
  - o A program to finance loans for up to 600 motorcycles to be purchased by field staff needing transportation to serve clients. (See Appendix B.) This is a means of transportation to help employees visit customers in their respective locations throughout their bank's area

of operation. A special travel allowance will help these employees pay in part for their motorcycles.

- o A program of incentives and travel allowances for those staff who are working on the Bank Improvement Program will be approved and operated in the same way as being currently done for the Pilot Project.
- o PBDAC will establish a coordinating committee made of the following official members:

Eng. Zeinab Salem, Chairperson  
Mr. Hamed Hassanien, Chairman of Beni Suef BDAC  
Mr. Adel Hussien, Chairman of Gharbiya BDAC  
Mr. Abdel Hamid Bassiouni, Chairman of Daqahliya BDAC  
Mr. Wilmot Averill, Team Leader and Dr. Anwar Youssef, Deputy COP Chemonics-APCP  
Mr. Mahmoud Barakat, PBDAC Program Coordinator

The Committee will meet once every two weeks in order to review progress of implementation as well as to resolve problems affecting implementation. All aggregated monthly reports or summaries of reports will be given to the committee members so they will be fully advised of progress and any problems. APCP staff will provide samples and help train bank employees to prepare these reports. (Reports are already being prepared in the original six pilot village banks.)

7. Once Beni Suef is covered as outlined in point 5, the APCP team will move to do the same in Gharbiya governorate followed by Daqahliya. It is expected that Beni Suef will require at least two but not more than three months to have obtained the necessary help for it to continue to apply the project implementation activities without the intensive assistance needed for full implementation start-up. Periodic and problem-solving visits will continue to be made to Beni Suef when the intensive start-up work is undertaken in Gharbiya, however, these will not be as intensive or as frequent as the start-up work.
8. Daqahliya governorate will vary the implementation process slightly by continuing to expand the implementation of the Bank Improvement Program

beyond the present two pilot sites on a self-help basis. The APCP Team will assist the Daqahliya BDAC to prepare its governorate action plan at the onset of the self help basis. This governorate will use its own resources in this endeavor, as set forth in its governorate Bank Improvement Plan. Daqahliya will be aided in implementing pilot policies and procedures by periodic visits from and consultations with APCP/PBDAC staff and by the provision of written operating guides where feasible to assure that the efforts undertaken are consonant with the overall BIP modi operandi. Daqahliya will undertake to use identical monitoring and evaluation report formats, credit analysis and approval forms, and other project-generated materials deemed essential to implementing the BIP.

C. Program Targets and Evaluation Indicators:

The specific activity targets for the Bank Improvement Program are:

- (a) To train up to 2,200 of the involved Bank staff necessary to implement the program. (See Annex I.)
- (b) To install new and approved bank operating systems in the 27 branches and 167 village banks, i.e., accounting, records, reporting.
- (c) To activate an improved bank image and better client services awareness among Bank employees.
- (d) To increase the participating bank's volume of deposits.
- (e) To profitably expand these banks credit and loan portfolios.
- (f) To use credit worthy principles for lending and to apply the new Credit Manual of March 1994 as revised.
- (g) To upgrade physical facilities of the participating village banks and to orient staff to improve bank image with clients, i.e., "the customers are first and we in the Bank are working to please and serve them".
- (h) To install the recommended new functional re-organization for the village banks. (See Task Two.)

Indicators of the success of the program will be positive when a majority of the participating branch and subordinate village banks are able to:

- (a) Prepare monthly profit and loss statements;
- (b) Expand their past years average volume of generated deposits by mutually agreed (PBDAC and BDACs) numerical targets;
- (c) Expand their loan portfolio by mutually agreed targets; and
- (d) Show progress toward profitability or make substantial profitability.

(The last year average means the year (12-month period) immediately preceding that before the unit was included in the Village Bank Improvement Program.)

D. Monitoring, Reporting and Auditing:

- 1. Implementation of the current pilot activity (six village banks) has required extensive travel in the governorates and the provision of special logistical support from PBDAC including funds for travel and monetary incentives for the Bank personnel involved. (See B.6 above.)
- 2. A performance reporting and evaluation system was developed to record the Bank officers' activities and to evaluate the expansion of the volume of business and number of clients gained during the first three months of the pilot programs initiation. This system and the present pilot project reporting forms will be employed for the implementation phase in AWP VIII.
- 3. PBDAC and the BDACs will try to establish a permanent profit-based incentives system for the branch and village units as well as on individual performance system as soon as bank records permit. APCP will assist in the design of this. APCP and PBDAC specialists have developed certain MIS reports and the monthly credit report is one such report which could be computer generated with some work/support from the MIS staff over the course of the next year. A monthly profit center report will also be developed so each unit can file these on a

monthly basis. These MIS reports will be deliverables and will be important means for the Bank to monitor project progress.

E. Level of Effort:

Credit Marketing Specialist/E (DM)	101	days
Bank Marketing Specialist/L (NO)	109	days
Training Specialist/L (SS)	71	days
Finance Specialist/E (MAY)	40	days
ArabSoft/Banking Specialist/L (AHM)	102	days
ArabSoft/Banking Operation Spec./L (MHB)	102	days
COP/Team Leader/E (WA)	40	days
Administrative/Mgmt Specialist/E (DP)	18	days

F. Deliverables:

1. Draft with BDAC three governorate Bank Improvement Implementation Plans (three).
2. Draft unit and individual incentives system based on profit.

APPENDIX A

Paper for discussion  
among TAs

Date: May 21, 1995

Outline of An Action Plan

I- Purpose:

The Bank and the APC Project agreed to initiate implementation of the Bank Improvement Program in Beni Suef, followed by Gharbiya and Daqahliya during program year 95/96.

The purpose of this paper is to suggest the minimum information that should be obtained from each governorate in order to prepare an implementing action plan for each particular governorate.

II- Human Resources Information:

- 1- I recommend that the cut off date based on which information should be collected for each governorate be April 30, 1995.
- 2- For each branch and village bank in the governorate, APCP should obtain following listed information.
- 3- The above information should be put on the computer for analysis and readiness for training.

III- The Action Plan:

- 1- Each of the three TAs, Accounting and Bank Operations, Deposit and Credit should suggest the training material and the estimated time for in class training.
- 2- Jointly with the Training Specialist, each TA should assess the adequacy of the number of staff in each unit. Most probably, they will recommend to the BDAC Chairman to increase the number of staff in a given unit/function.

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Branch/Village Bank Name: \_\_\_\_\_

Census of Human Resources as of: May 31, 1995

Name of Employee	Present Position Title	Highest Education Degree	Year of Hire	Distribution of Training Needed According to Function					
				Bank Ops	Accounting	Admin.	Credit	Marketing of Deposits	Other

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- 3- The Training Specialist together with TA specialists will put together the in class training plan which will include, courses, names of trainees, location and dates. He will discuss it with the BDAC Chairman and get his approval.
- 4- Each one of the three TAs will prepare a supplementary plan to provide for on-the-job training. This OJ training to start immediately after the in class training is finished.
- 5- An appraisal of the adequacy of the physical facilities for each branch and village bank should be made by Mr. Samir Sultan or his designee classifying these as (1) adequate, (2) needs some improvement, (3) needs major improvement, (4) should be relocated. Details as to what is recommended to upgrade the facility will be prepared and given to the BDAC Chairman.

M. Anwar Youssef

(WA/MAY Disk 9 - ACTNPLAN/mb)  
05/21/95

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**APPENDIX B**

May 21, 1995

TO: Bill Averill  
FM: Nivine El Oraby

RE: YOUR PROPOSAL FOR A MOTORCYCLE LOAN FUND FOR BANK  
MARKETING OFFICERS

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Further to your memo of 30/3/1995 on "Resource Needs for Expansion of Bank Improvement Pilot Project", (copy attached) herebelow are details that the Bank's management would need to see in order to consider such a proposal. Details are on the following:

- 1) Loan servicing (i.e. value of monthly installments plus interest)
- 2) Motorcycle operation costs
- 3) Cost of insurance
- 4) A sample of your concept of "trip ticket" for mileage recording
- 5) Beneficiaries
- 6) Comparison between benefits of this program as opposed to using public transportation.

\* \* \*

1) LOAN SERVICE

Out of the 5 brands listed in the previous memo, we chose to base our calculations on the least expensive ones (Bosh 65 and MZ) having informally obtained positive information on their quality.

Assumptions:

- Loan : LE 2,400
- Repayment: Over 5 years, by equal monthly installments (i.e. LE 40/month)
- Interest Rate: 14%

Assuming that interest is calculated on the outstanding debit balance, then highest monthly interest is LE 28 in the first year (LE 2400 x 14% divided by 12 months), then LE 22, LE 17, LE 11 and LE 6 in years 2, 3, 4 and 5 respectively.

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Highest monthly debt service is therefore:

LE 68, LE 62, LE 57, LE 51 and LE 46 in the five years respectively. (These values would decrease from one month to another as and when installments are paid and outstanding balance is reducing, but the above values are an indication for the maximum point of debt service in every year.)

N.B. One alternative would be to have smaller installments in the earlier repayments to make-up for the higher interest payments in the beginning, and thus have a fixed monthly debt service in the range of LE 60 (roughly) throughout the whole loan repayment period.

OR we can leave things as they are, i.e. on a reducing basis, to account for increases in "maintenance expenses", as these are usually more heavily associated with latter - rather than earlier - years of operation. (While always maintaining your criteria concerning no purchase of second-hand motorcycles under this fund.) Also no penalty to be charged for any prepayments.

2) MOTORCYCLE OPERATION COSTS

The following facts and assumptions are noted:

- a) Each village bank (VB) serves a number of surrounding villages, say 5 or 6.
- b) Villages are usually in a cluster, each at an average distance of 7 km from the VB.
- c) Traveling distance within a village is in the range of 2 km.
- d) We assume that a marketing-officer usually goes to only one village per day. (i.e. daily traveling distance per day is at an average of 16 km, of which 2 km are within a village, and 14 km are to go to and from VB).
- e) One liter of gas allows for a distance of 25 km approximately. (Mr. Noor advised we should base our calculations on 20/25 km of daily traveling, from his experience with extension staff.)
- f) In 25 working days per month, operating costs are:
  - 25 liters of gas: LE 25
  - 2 kg of oil : LE 8
  - maintenance and lubrication: LE 10

Which amounts to about LE 33 per month

3) INSURANCE

Through Mr. Abdel Shakour we checked with Al Shark Insurance Co. The costs according to their advice are in the range of LE 105 per annum, i.e. around LE 9 monthly. Details are in the attached appendix.

4) RECORDING OF MILEAGE

Herebelow is an illustration of your concept of "trip ticket" to be filled by each marketing officer and certified by the VB manager, indicating:

- Name and location of client called on (prospective or existing client)
- Visit time: hour and duration
- Odometer reading (if no odometer in motorcycle, should be estimated)
- Remarks (visit purpose and/or outcome)

Marketing Officer Name: _____		VB: _____				
		Branch: _____				
Month: _____		Gov. Bank: _____				
Date	Client Name & Location	Odometer at:		Hour at:		Remarks
		Begin of Trip	End	Begin of Visit	End	

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5) BENEFICIARIES

The number of employees expected to benefit from this program depends on the number of units (VBs and/or branches) where the "marketing function" will be introduced.

If each unit assigns one loan marketing officer (usually males), one male deposit marketing officer (DMO) and one female DMO, then we expect two thirds of the total number of marketing officers to make use of this fund, i.e. females are not considered.

6) COMPARING BENEFITS OF THIS PROGRAM AS OPPOSED TO USING PUBLIC TRANSPORTATION:

Per Mr. Noor's advice we checked on cost of public transportation as well as waiting time. From a financial point of view, public transportation is much less costly as the maximum is said to be LE 0.5 or LE 0.75 for a one way ticket, to go from one village to another. However, the public minibuses do not leave the station unless they're full with passengers regardless of how much time it takes. Waiting time could reach one hour in the morning and one hour on the trip back. Two hours of wasted time could have been used for 5 or 6 calls to prospective clients, i.e. about 125 calls a month. And if we assume the probability of materialized calls to be 10/15 percent, then the foregone business is about 15 new clients every month. Foregone business could be more, if we also take into consideration that circulation within the village would be totally on foot. In addition, the inconvenience and discomfort associated with using crowded means of transportation would negatively affect marketing activity.

N.B. During the pilot period we noticed that much more business was solicited to the bank upon making APCP cars available to the field work almost every day, as opposed to the first two months of the pilot project.

CONCLUSION

From the above calculations, we estimate a reasonable transportation cost to be about LE 110 per month (LE 68 for debt service, LE 33 for operating costs, and LE 9 for insurance). On an average of 25 working days per month, this means the daily allowance is LE 4.5 approximately. This of course is subject to adequate field work as indicated on each marketing officer's trip ticket, and certified by his manager.

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## APPENDIX

The insurance on the motorcycle costs 2.5% of the price of the motorcycle itself: LE 2400 X 2.5% divided by 12 months = LE 5 per month. (a)

Mr. Noor also proposed life insurance for LE 20,000 per employee. The insurance company's representative said the most economic way is to divide this into two policies.

- "personal accident insurance" (to be paid only in case of death resulting from accidents) whose rate is very small : 1.5 per mile X LE 20,000 divided by 12 month = LE 3 per month approx. (b)  
(N.B. Inheritors would benefit from this insurance).
- "Life insurance policy" whose value would be linked to the outstanding balance of the loan (i.e. on a reducing basis) to be paid to the bank in case of death by any reason. The assumptions are average age of 45 years, a group of 100 or 500 persons. Cost: LE 50 per person to be paid once and for all upfront. i.e. monthly cost for the whole period of about LE 1. (c)

Total insurance cost: a + b + c = LE 9

## AWP VIII PROPOSED TRAINING PLAN

ANNEX I  
Page 1 of 2

COURSE	Duration (Wk)	Type of Trainees	Beni Suef		Gharbiya		Daqahliya		Total	
			[ Br. 6 - V.B. 31]		[ Br. 7 - V.B. 61]		[ Br. 11 - V.B. 69]		[ Br. 24 - V.B. 161]	
			# Trainees	# Sessions	# Trainees	# Sessions	# Trainees	# Sessions	# Trainees	# Sessions
<b>I. CREDIT ANALYSIS &amp; ACCOUNTING</b>										
(a) Trainers Coaching:	one	Credit worthiness Trainers	5		5		6		16	1
(b) Credit Analysis & Accounting Skills:	2	V.B. Cr. Marketing Officer + Br. Cr. Marketing Supervisors	62 } 15 } 3		122 } 30 } 6		138 } 35 } 7		322 } 80 } 16	(*1)
<b>TOTAL CREDIT TRAINING</b>			<b>82</b>	<b>3</b>	<b>157</b>	<b>6</b>	<b>179</b>	<b>7</b>	<b>418</b>	<b>17</b>
<b>II. DEPOSIT MOBILIZATION TRAINING:</b>										
- Functional Skills Development	0.5	V.B. Deposit Mob. Officer (2 per V.B.) + Branch DMO (2 per Br.) + BDAC DMO (2 per BDAC)	62 } 12 } 3 2 } }		122 } 14 } 6 2 } }		138 } 22 } 6 2 } }		322 } 48 } 15 6 } }	
<b>TOTAL DEPOSIT MOBILIZATION TRAINING</b>			<b>76</b>	<b>3</b>	<b>138</b>	<b>6</b>	<b>162</b>	<b>6</b>	<b>376</b>	<b>15</b>
<b>III. ACCOUNTING/BANKING OPERATIONS:</b>										
(a) Supervisors Orientation Seminar:	0.5	V.B. Manager Br. Manager + Fin. & Bank Ops Supervisor (3) BDAC Acc., Fin. & B. Ops Superv. (5) PBDAC Follow-up Staff: (3 Accts + 3 B. Ops.) PBDAC & BDAC Auditors (2 PBDAC + 3 BDAC)	31 } 18 } 2 5 } 6 } 5 }		61 } 21 } 4 5 } }		69 } 33 } 4 5 } }		161 } 72 } 10 15 } 6 } 15 }	
<b>SUBTOTAL ACCT./BANKING OPS ORIENTATION</b>			<b>65</b>	<b>2</b>	<b>92</b>	<b>4</b>	<b>112</b>	<b>4</b>	<b>269</b>	<b>10</b>

Note: The majority of this training is sponsored and administered by the Bank. The APCP input is principally advice and some instructional participation for specialized courses by senior APCP technical advisors.

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COURSE	Duration (Wk)	Type of Trainees	Beni Suef [ Br. 6 - V.B. 31]		Gharbiya [ Br. 7 - V.B. 61]		Daqahliya [ Br. 11 - V.B. 69]		Total [ Br. 24 - V.B. 161]	
			#	#	#	#	#	#	#	#
			Trainees	Sessions	Trainees	Sessions	Trainees	Sessions	Trainees	Sessions
<u>(b) Technical Trainer Skills Development:</u>	One	PBDAC Level: - Acct Trainers (3) - B. Ops Trainers (3) BDAC Level: - Acct Trainers (2) - B. Ops Trainers (2)							3 } 3 } } 1 } } } 4	4 4 4 12
<b>SUBTOTAL TECH. TRAINER SKILLS DEVELOPMENT</b>			4		4		4		18	1
<u>(c) Accounting Skills Development:</u>	One	V.B. Accountants (3) Br. Accountants (3) BDAC Accountants & Sup. (3)	93 } 18 } 5 3 }		183 } 21 } 8 3 }		207 } 33 } 10 3 }		483 } 72 } 23 9 }	
<b>SUBTOTAL ACCT SKILLS DEVELOPMENT</b>			114	5	207	8	243	10	564	23
<u>(d) Bank Operations &amp; Customer Service Training:</u> - Manual Applications Training:	One	V.B. Staff (3) + Br. Staff (3) + BDAC Staff (4)	93 } 18 } 5 4 }		183 } 21 } 8 4 }		207 } 33 } 10 4 }		483 } 72 } 23 12 }	
<b>SUBTOTAL BANK OPS &amp; CUSTOMER SERVICE TRG.</b>			115	5	208	8	244	10	567	23
<b>TOTAL ACCOUNTING/BANK OPERATIONS TRG.</b>			298	12	511	20	603	24	1418	56
<b>GRAND TOTAL AWP VIII TRAINING</b>			456	18	806	32	944	37	2212	88

(\*2)

(\*2)

(\*1) 7 trainers from PBDAC to attend the course beside the 9 BDACs trainers.  
(\*2) 6 trainers from PBDAC to attend the course beside the 12 BDACs trainers.

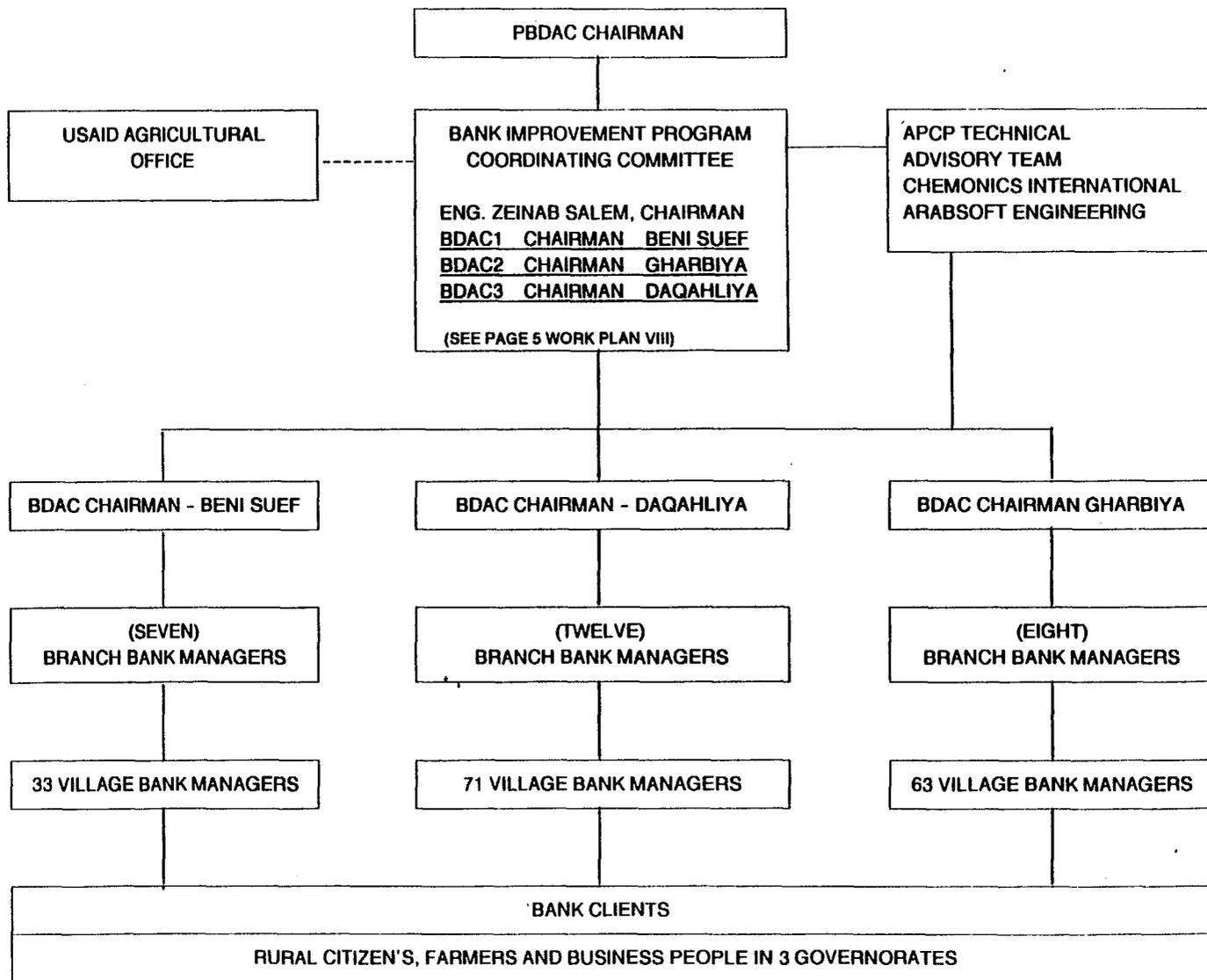
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**ORGANAGRAM FOR IMPLEMENTATION  
BANK IMPROVEMENT PROGRAM**



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ANNEX II

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ANNEX III

ESTIMATES FOR TRAVEL AND INCENTIVES  
NEEDED FOR IMPLEMENTATION OF THE BANK  
IMPROVEMENT PLAN 3 GOVERNORATES

Travel:

- PBDAC staff to and from Governorates:
- Six vehicles for 4 days each week in the governorates where TAs are needed.
  - Motorcycle loans.

Activities Include:

- Conduct of Training courses
- Orientation/Implementation Meetings
- On-the-job Training
- Field Visit Consultations and Problem Solving
- Credit/Deposit Visits to Clients
- Installation of:
  - o New Accounting System
  - o Bank Operations System
- Bank Facilities Improvement Planning and Works Progress Inspection

PBDAC/BDACs Estimated Inputs Costs:

Costs	Beni Suef	Gharbiya	Daqahliya
Incentives LE 300/month x 18 x 12	28,800	28,800	28,800
Travel (motorcycle operation) LE 40/mo x 12 x 2 cycles/bank	38,400	68,160	79,680
Per Diems LE 260/month x 8 x 12	24,960	24,960	24,960
Motorcycle Loans LE 2,400/each x 2 bikes per bank	192,000	340,800	398,400
Bank Facility Improvement LE 20,000 x number of VBs	660,000	1,260,000	1,420,000

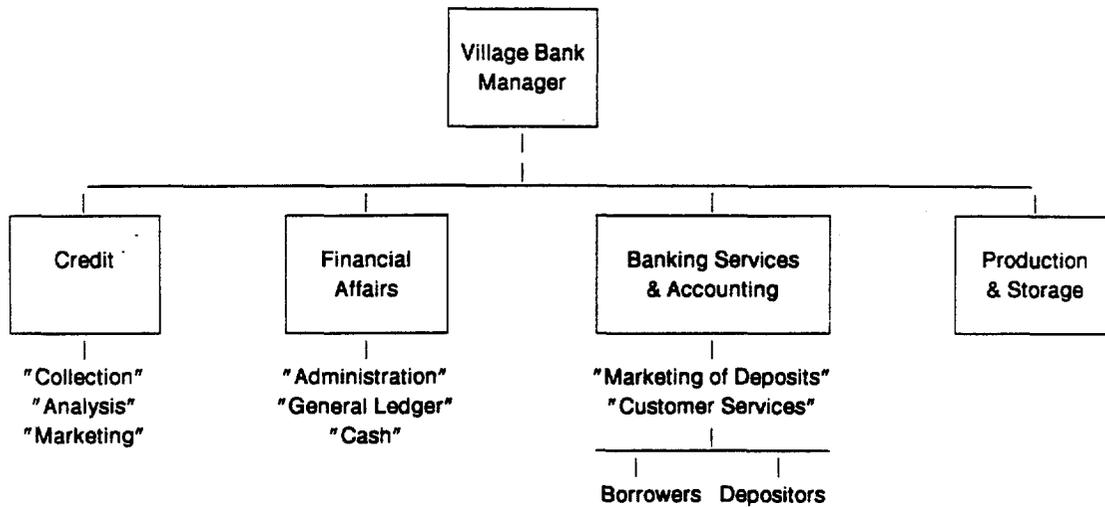
PRELIMINARY AND ILLUSTRATIVE ONLY

ANNEX IV

SUGGESTED NEW IMPROVED ORGANIZATION FOR VILLAGE BANKS

THE MOST IMPORTANT FUNCTIONS OF VBs

Based on previous knowledge and experience and the O&M study, the organization chart of the village bank can be depicted as follows:



Zarrouk and Khaled only proposed the first level below the VB manager. We added the second and third level in order to pose the following important questions:

1. What is the impact of bank size on the above organization? In particular, how to deal with the span of control given different sizes?
2. Is it preferable to merge marketing of loans and deposits in one person or separate them? Why?
3. Is there enough work to occupy one person who is handling the cashier function? If added function should be considered, which one should be added without violating principles of internal control?
4. The same point is raised with respect to collection. Will one person devoted to that function? Will he receive help from others without violating principles of internal control?

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ANNEX V

MANAGEMENT, MONITORING AND PROGRESS REPORTING

Village Bank Monthly Monitoring Reports:

- o Monthly Deposit Activity:  
Deposit Mobilization Amounts (by type)  
Depositor Client Numbers (by type)
  
- o Monthly Investment Lending:  
Outstandings (by loan purpose)  
Loan distribution (by size)  
" " (by type)  
" " (by tenor)  
Past dues - ageing  
Market pipeline activity
  
- o Monthly Bank Operations & Accounting: Monthly Report  
Progress and evaluation of accounting upgrading,  
financial positions with profit/loss accounts,  
(Profit Center Reports).

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ANNEX VI

PROJECT IMPLEMENTATION SUGGESTED STAFF MANAGEMENT MEETINGS

BI-WEEKLY - CAIRO                      PROJECT COORDINATING COMMITTEE.

Supervisory Vice Chairman  
Eng. Zeinab Salem  
BDAC Chairmen  
Mr. Hamed Hassanien, Beni Suef  
Mr. Adel Hussien, Gharbiya  
Mr. Abdel Hamid Bassiouni, Daqahliya  
Senior PBDAC Program Coordinator  
APCP Chemonics Technical Team  
Mr. Wilmot Averill, Team Leader  
Dr. Anwar Youssef, D/COP  
Mrs. Laila Abdel Hady, Operations Coordinator  
Mr. Mahmoud Barakat, Operations Coordinator

SUNDAY WEEKLY - 3 MEETINGS 1 IN EACH GOVERNORATE

APCP Technical Team - APCP/Chemonics all TAs

TO BE ARRANGED                      BDAC and Branch meetings in each Governorate  
(at least monthly)

Other                      Branch/Village Bank meetings in governorate  
as scheduled by governorate  
coordinator or branch coordinators

TASK II ORGANIZATION/RESTRUCTURING

A. Introduction, Objectives, and Scope:

This task encompasses two distinct subtasks. The APCP Chemonics staff will provide PBDAC technical follow-up assistance and support for the activities and actions the Bank determines it wants to undertake to:

1. Modify its organization and operations in response to recommendations in the 25 March 1995 PBDAC Reorganization and Restructuring Study as proposed by Zarrouk, Khaled (Z/K) and Company;
2. Prepare PBDAC's long range Strategic Plan.

B. Implementation Strategy:

It is strongly recommended that reorganization activity during the period of this work plan be directed only to the village banks (grass roots level) where efficiency and economy are critical to profitability and improving the village banks operations. In addition improved structure and operational changes at this level are considerably less difficult to effect than in the Bank's higher levels, i.e., the BDACs and in PBDAC itself. To make major structural changes in the over-all PBDAC and BDACs organization would in all probability require at least top-level policy changes or even amending laws. Also these changes should be outlined in the Strategic Plan and this document has not yet been prepared. Due to the time available for the APCP extension (July 15, 1996) any major restructuring would be severely restricted.

For subactivity (1) the re-organization recommendations, suggested by both the Z/K team and others from APCP staff concerning village banks, are to be reviewed by PBDAC. For those recommendations PBDAC wishes to implement, APCP will assist PBDAC and the BDACs to implement these changes. This would include preparation of (a) revised staff organization charts, (b) functional statements, and (c) any necessary new position descriptions. It might also require new skills training or special orientation meetings regarding changes in unit functions and specific job responsibilities, i.e., marketing specialists for credit and deposits, etc.

This subactivity as well as the other following subactivity (2) are for the most part demand-driven. This means that PBDAC will need to decide what it wants done or implemented and then APCP Chemonics will provide support assistance in response to the Bank's specific requests.

In addition, APCP Chemonics will, under Task One, design a new pay incentives system both for unit and personal performance. When completed this will be submitted for PBDAC's review. If and when this is approved and accepted by PBDAC, APCP Chemonics staff will assist the Bank install it in some of the branch and village banks on a trial basis.

The second subactivity (2) in this task is the preparation and publication of PBDAC's Strategic Plan. The purpose of the Strategic Bank Development Plan is to create a blueprint for the implementation of multiple policy reform measures and structure and procedural changes which PBDAC needs, to better provide a nationwide and long-term flow of financial services to Egypt's rural people and agricultural sector. The Plan will include an implementation schedule identifying resource requirements and indicate who is responsible for carrying out the actions.

The Chemonics APCP team members, plus one short-term specialist will assist the PBDAC Planning Committee, (appointed in January 1995), to prepare and finalize the plan. Again, PBDAC is the driving force for this action and Chemonics APCP will respond immediately to PBDAC's need when requested. One short-term specialist is anticipated to be needed for this work.

C. Level of Effort:

COP/Team Leader/E (WA)	27	days
S/T Organization/Management Specialist/E (ER)	60	days
Finance Specialist/E (MAY)	35	days
Credit Marketing Specialist/E (DM)	18	days
Bank Marketing Specialist/L (NO)	5	days
Training Specialist/L (SS)	3	days
ArabSoft/Banking Specialist/L (AHM)	10	days
ArabSoft/Banking Operation Spec./L (MHB)	10	days

D. Deliverables:

1. Draft functional statements for the proposed new organization of village banks plus related position descriptions for staff positions recommended. NOTE: This deliverable will only be prepared if the PBDAC and BDACs decide they wish to have the village bank re-organization.
2. Help to finalize, edit, and publish for PBDAC its Strategic Plan. This is subject to request for this from PBDAC Strategic Plan Committee or higher authority.

TASK III            TRAINING

A.    Introduction, Objectives, and Scope:

In compliance with the long and short-range goals of the "Bank Improvement Program" stipulated in Task I-A, the employees of the additional village banks involved in this program will require specific and intensive training to adequately carry out their duties to best serve the Bank customers as well as to comprehensively contribute to the Bank's strengthening and improvement. APCP will continue to:

1.    Provide technical assistance to PBDAC and the selected BDACs to target employee orientation and training activities in the Bank system to meet the challenges of the required changes;
2.    Assist to institutionalize the new banking skills related to credit worthy lending, intensive deposit mobilization, improved bank operating support services and enhanced customer/staff interpersonal relations; and
3.    Emphasize some special technical, managerial and advanced overseas participant training.

The training program of this work plan will focus on:

1.    Duplication and implementation of the pilot plan's in-country training program. This to be geared for selected employees of all the village banks in the three governorates. The training program will encompass both formal and on-the-job training activities.
2.    Continuation of the strengthening the PBDAC and BDACs management levels and training staff as related to the Bank Improvement Program activities.
3.    Some relevant overseas programs will be sponsored with emphasis on areas of credit and deposits analysis, administration, marketing, and bank management and policy planning.

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B. Implementation Strategy:

1. In-Country Technical Training Support

Technical training assistance will continue to be provided on curriculum development and training course and on-the-job training delivery (implementation) processes for the technical areas targeted in the Bank Improvement Program. This also relates to and supports any bank management and/or APCP TAs inputs to improve performance and enhance Bank profitability. This subtask will be carried out in collaboration with the APCP TAs and the PBDAC's General Department for Training.

2. Participant Training Program

The major purpose of this subtask is to augment the level and types of technical skills in the Bank. Activities of this subtask are:

- (a) Develop the required participant training plan and budget.
- (b) Prepare working documents for training in the United States and Third Countries. This will be study tours and specialized technical training. Some of this may be in Morocco, Thailand, Malaysia, Indonesia or the Philippines.

ILLUSTRATIVE PARTICIPANT TRAINING

Country	Length	# Participants	Suggested Subjects
MOROCCO	5 days	6	Credit/Deposit Marketing
MALAYSIA	5 days	} 12	Small Bank Administration
INDONESIA	5 days		
PHILIPPINES	7 days	10	Private Rural Banks Agri-Business Lending
UNITED STATES	14 days	10	
TOTAL	36 days	40	

C. Level of Effort:

Training Specialist/L (SS)	48	days
Credit Marketing Specialist/E (DM)	28	days
Bank Marketing Specialist/L (NO)	8	days
Finance Specialist/E (MAY)	15	days
ArabSoft/Banking Specialist/L (AHM)	10	days
ArabSoft/Banking Operation Spec./L (MHB)	10	days

D. Deliverables:

- 1-a In-country training plan (October 95 - April 96).
- 1-b Training courses/workshops and orientation sessions for different Bank staff.
- 2-a Participant Training Plan with budget.
- 2-b Prepare third country study tours.
- 2-c Assist in other study tours and/or short-term technical courses, if needed.

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## TASK IV

## MIS TECHNICAL ASSISTANCE

### A. Introduction, Objectives, and Scope:

By the end of AWP VII the status of the automation throughout PBDAC is expected to be as follows: the Tersa village bank pilot, 150 district branches, 17 BDACs, and the PBDAC. This is what was originally planned.

For the extension period of APCP, up to April 30, 1996, it is thought advisable to provide continued technical support to PBDAC to assist and sustain the automation and to provide needed software upgrading and additional technical training to the PBDAC MIS Sector. During this period the APCP/ArabSoft experts will also continue to fine tune the system and provide help to resolve any unanticipated problems with programming, software applications, and hardware.

Specifically the APCP ArabSoft technical specialists will on an as-needed demand-driven basis, provide PBDAC MIS staff technical assistance for software updates, systems monitoring, and assistance in the transfer of existing project procured software and hardware used in APCP implementation administration and operations to PBDAC at project's end.

### B. Implementation Strategy:

This includes but is not necessarily limited to increasing the MIS operational efficiency, improving the MIS control procedures, conducting special training, improving the MIS internal management reporting system, and enhancing the technical capabilities of the MIS staff: The principal subtasks are:

1. Assisting the PBDAC's MIS counterparts to achieve smooth transition in handling new software applications or any requested updates being done by the MIS staff.
2. Providing technical support for system analysis and to assist senior programmers to produce well-defined systems updates or new systems and apply the follow-up policy starting from user requirements and ending with systems installation steps.
3. Providing technical advice for application of new or updated software implementation plans.
4. Providing technical advice in data processing procedures.

5. Technical support in software installation/testing.
6. Enhancement of MIS managerial skills in the areas of:
  - o team work
  - o meetings
  - o setting priorities
  - o follow up and process evaluation
  - o optimizing hardware
  - o staff performance evaluation
  - o implementing follow up of internal management
  - o preparing future operational plans

C. Level of Effort:

ArabSoft/MIS Specialist/L (HK)	122	days
ArabSoft/Systems Specialist/L (HEM)	199	days
ArabSoft/Software Application Cons./L (GS)	122	days
ArabSoft/Programming Support Engineer/L (SM)	122	days
ArabSoft/Software Applications (AHS)	122	days
ArabSoft/Software Applications.(HF)	122	days

D. Deliverables:

Provide written reports and suggestions on a case by case basis relating to the PBDAC, and identify problems and their solutions.

TASK V                    PROGRAM ADMINISTRATION AND  
                              CONTRACT CLOSE-OUT

A.    Introduction, Objectives, and Scope:

1.    Administrative Support:

To provide required administrative support services to the APCP-Chemonics team in a timely, cost-controlled, and effective manner. It will also provide ad hoc support to PBDAC.

2.    Financial Support:

To provide accurate and comprehensive financial control and management reporting.

3.    Publication/Documentation & Clerical Support:

To provide required clerical support services and produce high-quality project documentation in both English and Arabic in a timely and effective manner.

4.    Project Close-out and Final Report:

To demobilize the project through the transfer of project-procured nonexpendable supplies to PBDAC; the repatriation of long-term technical advisors and their families; the transfer and integration of field office financial and project records and files to the Chemonics APCP home office files; the termination of local-hire employees, subcontractors, and local project support agreements; and other tasks in accordance with Chemonics' policies and procedures; the contract, USAID and FAR regulations, and local laws.

B.    Implementation Strategy:

1.    The administrative staff will meet their work requirements in accordance with established Chemonics policies, procedures, and systems. As needed, procedures will be adjusted to support project requirements.
2.    The existing financial control and reporting systems will be maintained in accordance with Chemonics' policies and procedures and USAID guidelines. Periodic reviews and analysis will also be provided as needed.

3. The documentation/clerical system will provide a continued high standard of daily clerical support to the APCP/Chemonics team as needed. The system will support ongoing project filing requirements, APCP library updates, home office support, quarterly reporting, work plan updates, ad hoc translation needs, and reproduction/binding services.

C. Level of Effort:

Administrative/Mgmt Specialist/E (DP)	161	days
Chief of Party/E (WA)	15	days
Finance Specialist/E (MAY)	8	days
Local Administrator/L	199	days
Project Accountant/L	199	days
Translator/Secretary/L	199	days
APCP Secretarial Support/L	520	days
PBDAC Exec. Secretarial Support/L	199	days
Expeditor/L	199	days
Copier/Messengers/L	398	days
Drivers/L	1252	days
S/T H.O. Project Supervisor/E	18	days
S/T H.O. Project Administrator/E	26	days
S/T H.O. Field Accountant/E	12	days

D. Deliverables:

1. Continue to maintain and coordinate administrative policies and procedures as project liaison with PBDAC and the local business community consistent with PBDAC and USAID regulations; providing for the import of commodities, local procurement, inventory records, visas, licenses, leases, work permits, project vehicles, office maintenance, and security.
2. Payroll, vouchers, ledgers and journals, monthly invoices, financial files, social insurance and tax reporting, budget preparation and control, petty cash, and PBDAC liaison.
3. Master filing system, library catalog system, QPRs, internal communications, home office and international communications, office automation services, ad hoc translation, timeline updates, and personnel records.
4. Demobilization Plan.
5. Contractor's Final Report.

(WA/mb Disk 11/AWP VIII - AWP8FIN.RVS)

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**ANNEX A**

1st Work Plan	January 1989	June 1989
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TASK ONE	Credit and Lending	
" TWO	Finance & Capital Management	
" THREE	Farm Related Business	
" FOUR	Accounting	
" FIVE	Audit and Monitoring	
" SIX	Training	
" SEVEN	MIS, Planning & Budgets	
" EIGHT	Program Support	

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2nd Work Plan	July 1989	June 1990
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TASK ONE	Credit	
" TWO	Specialized Financial Services	
" THREE	Farm Related Business	
" FOUR	Finance & Capital Management	
" FIVE	Accounting	
" SIX	Audit and Monitoring	
" SEVEN	MIS and Data Processing	
" EIGHT	Planning, Budgeting, & Reporting	
" NINE	Training	
" TEN	Human Resources Development	
" ELEVEN	Program Support	

---

3rd Work Plan	July 1990	June 1991
---------------	--------------	--------------

TASK ONE	Credit Development	
(10 subtasks:)		
1.	Improve Efficiency of Credit Operations	
2.	Develop Credit Procedures for Special Activities	
3.	Credit Reporting	
4.	Credit Training	
5.	Loan Follow-up/Classification	
6.	Institutionalize FRB in the PBDAC Organization	
7.	Privatization of Inputs Distribution	
8.	Private Sector Agribusiness Lending	
9.	Promotion of Credit in Technology Transfer	
10.	Project Monitoring and Evaluation	



6th Work Plan

July  
1993

June  
1994

TASK ONE

" TWO

" THREE

" FOUR

" FIVE

" SIX

Economics and Planning  
Privatization/Organization -  
Restructuring  
Finance/Capital Management  
Training  
MIS/Operations  
Administrative Support

---

7th Work Plan

July  
1994

September  
1995

TASK ONE

" TWO

" THREE

" FOUR

" FIVE

" SIX

" SEVEN

SECTION FOUR

Organization & Restructuring  
Lending, Deposits and Services  
Finance, Accounting and Budgeting  
Management Information System  
Training Activities  
Privatization Activities  
Policy Reform Activities &  
Special Studies  
Program Administrative & Financial  
Support, and Contract Close-Out

**ANNEX C**

**TA LEVEL OF EFFORT**

(Work/Days)

**CHEMONICS/ARABSOFT**

	TASKS AWP VIII					SPECIAL	TOTAL	EOA
	1	2	3	4	5			
<b><u>CHEMONICS CONTRACT</u></b>								
DAVID MUNRO	101	18	28				147	30/4/96
N. EL ORABY	109	5				8(a)	122	30/4/96
W. AVERILL	40	27			15	40(b)	122	30/4/96
S. SULTAN	71	3	48				122	30/4/96
A. YOUSSEF	40	35	15		8	24(c)	122	30/4/96
D. PETRIE	18				161	20(d)	199	15/7/96
<b><u>ARABSOFT SUBCONTRACT</u></b>								
A. HAMID MOHAMED/AS	102	10	10				122	30/4/96
M. EL BAGOURY/AS	102	10	10				122	30/4/96
G. SALAMA/AS				122			122	30/4/96
H. EL MASRY/AS				133		66(e)	199	15/7/96
H. KHALIFA/AS				122			122	30/4/96
S. MAHDY/AS				122			122	30/4/96
A. HUSSEIN				122			122	30/4/96
H. FAWZY				122			122	30/4/96

AS ArabSoft

- (a) Training non-formal on-the-job
- (b) COP supervisory/negotiation, etc.
- (c) COP acting/special counsel to Chairman and V. Chairmen
- (d) COP supervisory for project close out
- (e) Close out of APCP computers/transfer to PBDAC

*Note: This is a person/days worksheet. For Contract person/months see Amendment for Contract.*

ANNEX B

BUDGET

<b>BUDGET</b>	
<b>LINE ITEM</b>	<b>AMOUNT (U.S. \$)</b>
A. Salaries	6,317,590
B. Fringe Benefits	1,501,216
C. Overhead	4,751,748
D. Travel/Transport	1,078,085
E. Allowances	2,388,211
F. Other Direct Costs	1,903,614
G. Equipment, Vehicles, Freight	2,392,608
H. Participant Training	790,655
I. Subcontracts	2,778,992
<b>SUBTOTAL</b>	<b>23,902,718</b>
J. General and Administration (G&A)	754,478
<b>SUBTOTAL</b>	<b>24,657,196</b>
K. Fixed Fee	1,645,232
L. Procurement Fee	67,250
<b>GRAND TOTAL</b>	<b>26,369,678</b>

AMENDMENT NUMBER ONE

CONTRACT AMENDMENT 01

Between

THE PRINCIPAL BANK FOR DEVELOPMENT AND AGRICULTURAL CREDIT

and

CHEMONICS INTERNATIONAL CONSULTING DIVISION

The contract between the Principal Bank for Development and Agricultural Credit (herein referred to as PSDAC or contracting agency) and Chemonics International Consulting Division (herein referred to as Chemonics or contractor) for the implementation of the Agricultural Production and Credit Project (host country contract number HCC-253-0202-02) is modified as follows:

- Article XI.D.2 Indirect Costs: Delete rate chart from 4-1-84 to "Until Amended" entirely and substitute as follows:

<u>Type</u>	<u>From</u>	<u>Through</u>	<u>OVERHEAD RATES</u>			<u>FRINGE BENEFITS</u>	
			<u>Home Office</u> (a)	<u>Field</u> (b)	<u>Gen</u> (c)	<u>Excess</u> (d)	<u>Host Country</u> (e)
Provisional	4-1-87	Until Amended	80.76	64.21	2.35	22.39	41

All other articles of the contract to remain unchanged.

This contract amendment shall enter into force following the signature of the authorized representatives of the parties and the written approval of USAID/Cairo.

PSDAC:

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Chemonics:

By: [Signature]

Name: SAUL E. LEE, SR.

Title: CHIEF OF BUREAU

Date: MAY 7 1990

USAID/Cairo Approval:

By: [Signature]

Name: Orion Yeandel

Contracting Officer

Title: \_\_\_\_\_

Date: JUN 28 1990

*Rec'd by (S&I)  
on 25 June 90  
[Signature]*

*45*

AMENDMENT NUMBER TWO

II-1

**HOST COUNTRY CONTRACT  
263-0202-02**

**AMENDMENT NUMBER TWO**

between

**THE PRINCIPAL BANK FOR DEVELOPMENT  
AND AGRICULTURAL CREDIT (PBDAC)  
110 Kasr El Aini Street, Garden City,  
Cairo, Egypt**

and

**CHEMONICS INDUSTRIES, INC.  
Suite 200  
2000 M Street, Northwest  
Washington, D.C. 20036**

Financed by:

**THE AGENCY FOR INTERNATIONAL DEVELOPMENT**

Signed On:

OCTOBER 15, 1991

This Amendment Number Two amends and restates in its entirety the Host Country Contract between the parties, dated September 15, 1988, as previously amended by Contract Amendment 01, dated June 28, 1990. This Amendment (hereafter referred to as the "Contract") thus states the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements between the parties with respect thereto. The Contract consists of this cover page, table of contents, schedule, signature page, annexes A through C, and any other documents expressly incorporated herein by reference.

IN THE EVENT of inconsistency between the Schedule or the General Provisions and any specification or other provisions which are made a part of this Contract, by reference or otherwise, the Schedule and the General Provisions shall control. In the event of inconsistency between the Schedule and the General Provisions, the Schedule shall control.

**SCHEDULE**

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The Schedule, on pages 1 through 10, consists of this Table of Contents and the following Articles:

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## ARTICLE I - Description of Project and Contract

### A. Project Description

The purpose of the Project is to provide farmers with new technology, improved financial services, and expanded access to input supply, so they can take advantage of higher returns to investment in a deregulated agricultural sector. The planned deregulation of the sector through policy reforms will add to the current constraint to expanded credit and financial services in the rural areas. The Principal Bank for Development and Agricultural Credit (PBDAC) will need to increase its capital, improve its efficiency of operations, and add new lending packages to meet the demands for credit in the agricultural, rural development, and farm-related business sectors. To accomplish this, the APCP provides for five areas of activity: policy reform; a set of incremental grants from AID used to the reforms; private enterprise support; expansion of the PBDAC's capital and available credit sources; and improvement of credit packages.

### B. Contract Description

This Contract is directed primarily at the final three areas of activity of the APCP. The overall objective of the Contract is to collaborate with the PBDAC to improve the financial services to rural clients. The Contractor will assist in reorienting the PBDAC as a financial institution.

## ARTICLE II - Statement of Work

In consideration of the compensation to be paid to the Contractor, the Contractor shall perform the following services: technical assistance, procurement services, and participant training services for overseas short-term training (see annex A).

## ARTICLE III - Reports

A. In addition to the reports required in General Provisions Clause 7 ("Payment"), the Contractor shall submit reports as follows:

1. Five (5) copies to the PBDAC and five (5) copies to USAID/Egypt of the work plan, based on the Contractor's first three months in Egypt, which describes the Contractor's strategy for accomplishing the work under this Contract. The work plan is due within 90 days after start-up.
2. Five (5) copies to the PBDAC and five (5) copies to USAID/Egypt of progress reports on a quarterly basis which summarize the work performed during the

preceding period, problems encountered and the way they were (or are being) overcome, and significant findings. The first progress report is due 30 days after the end of the first quarter of implementation.

3. Five (5) copies to the PBDAC and five (5) copies to USAID/Egypt of each annual report due within sixty (60) days after the end of the Contract year.
  4. Twenty-five (25) copies to the PBDAC and five (5) copies to USAID/Egypt of a final report which reviews the work performed under the Contract and the resulting findings. Problems or issues affecting the overall project and its success in the future shall be highlighted. The final report is due within sixty (60) days after departure of the Chief of Party.
- B. The Contractor shall furnish to the Contracting Agency and the USAID/Egypt Project Officer all reports required by paragraph A above no later than the required submission dates. Reports shall be printed or typewritten and may include photographs or other illustrative material as appropriate. Such reports (other than routine tabulations) shall commence with a summary and a statement of conclusions and recommendations followed by the detailed report itself. Reports shall display on their covers the name of the contractor and the relevant AID Loan/Grant and Contract Numbers. Detailed reports will generally follow the work plan format and will clearly reflect the status of activities with respect to schedules contained in the work plan. Reports will be in English.
- C. The Contractor shall submit ten (10) copies of the signed Contract to the Contracting Agency and eight (8) copies of the signed Contract and any amendments to the USAID/Egypt Project Officer.

#### ARTICLE IV - Key Personnel

- A. The Key Personnel under this Contract are:

<u>NAME</u>	<u>POSITION</u>
William A. Ellis	Chief of Party (COP)

- B. Prior to removing or replacing this individual, the Contractor shall obtain the approval of the Contracting Agency ninety (90) days in advance and shall submit justification (including proposed substitutions) in sufficient detail to permit evaluation of the impact on the Contracting Agency and AID. The Contractor may make the suggested change if he does not receive a response from the Contracting Agency within 30 days of notification.

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**ARTICLE V - Level of Effort (LOE)**

- A. The estimated level of effort for the performance of this Contract shall be 2.129 person-months of direct professional labor, including subcontractor LOE.
- B. The composition of the estimated total person-months of direct professional labor is as follows:

TOTAL EXPATRIATE LT AND ST	609
TOTAL LOCAL PROFESSIONAL LT AND ST	548
TOTAL HOME OFFICE	76
TOTAL SUBCONTRACTORS	896
TOTAL PROFESSIONAL EFFORT	<u>2.129</u>

- C. The rate at which the contractor provides services may fluctuate, provided that such fluctuation does not exhaust the estimated total person-months of effort prior to the expiration of this Contract. The estimated number of months of effort for any classification (except for Key Personnel) may be utilized by the Contractor in any other direct labor classification, if necessary. In no event, however, shall either the total estimated level of effort specified above or the total estimated cost for "salaries" and "fringe benefits" stated in annex C be exceeded without the prior written approval of the Contracting Agency and the Agency for International Development.
- D. The Contracting Agency may, by written order, direct the Contractor to increase the average monthly rate of utilization of direct labor to such an extent that the total person-months of effort, specified above, would be utilized prior to the expiration of this Contract. Any such order shall specify the degree of acceleration required and the revised term resulting from such acceleration. Any removal of Contractor staff by the Contracting Agency shall be done in collaboration with the Contractor and shall require the approval of AID.

**ARTICLE VI - Relationship of Parties and General Responsibilities**

- A. The officials of the Contracting Agency who have primary responsibility for operations under this Contract and Mr. Mahmoud Noor and Mr. Kamal Nasser. They are responsible for overall guidance of the Contractor and for approvals of annual work plans and other official Contract documents.

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- B. The Contractor's home office Project Supervisor will retain overall contractual responsibility, and the Chief of Party will be delegated responsibility for the management of all field staff and operations.

#### ARTICLE VII - Terms of Contract

- A. The Contractor shall commence work on the date of receipt of a Notice to Proceed from the Contracting Agency confirming that payment arrangements have been established. The estimated completion date for all work under the Contract is September 30, 1995.
- B. The Contracting Agency may, with the prior written approval of AID, extend the term of this Contract by written notice within the time specified in this Schedule providing that the Contracting Agency shall give the Contractor a preliminary written notice of its intent to extend at least sixty days before the Contract expires. If the Contracting Agency exercises this option, the extended Contract shall be considered to include this provision.

#### ARTICLE VIII - Precontract Costs

- A. As agreed during initial discussions between Contractor and Contracting Agency as evidenced by the Aide Mémoire signed July 12, 1988, the Contractor shall be allowed to invoice those precontract costs associated with mobilization of the Contract prior to signature of this Contract.
- B. Precontract costs shall be reimbursed only for those costs incurred after July 12, 1988, and up to the date of signature of this Contract.

#### ARTICLE IX - Contract Type, Amount, and Payment Mode

- A. This is a cost-reimbursable-plus-fixed-fee Contract financed under USAID Grant No. 263-0202. The total estimated cost for technical and training services is \$21,711,726, as set forth in the attached budget, annex C. The fixed fee for Technical and Training services is \$1,497,958 and the fee for procurement services is \$67,250.
- B. A fee of \$67,250 for procurement services will be provided to the Contractor hereunder. The fixed fee and fee for procurement services shall be payable as provided in paragraphs A.4 and A.5, respectively, or General Provisions clause 7 ("Payment").

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- C. The Contracting Agency shall request the Agency for International Development to open a Bank Letter of Commitment, naming the Contractor as the approved applicant for financing the purchase of commodities agreed to between the parties (15 photocopiers, audiovisuals, 16 minicomputers, 150 microcomputers) in the approximate amount of \$2,700,000 as provided in the APCP Commodity Procurement Plan. This amount shall not be part of this Contract. A PIL will be established to reimburse the Contracting Agency for local procurement.
- D. The Contracting Agency shall request the Agency for International Development to open a Direct Letter of Commitment to the Contractor to finance all other costs of the Contract. In accordance with paragraph A.1 of General Provisions clause 7 ("Payment"), the Contractor's option and instruction for payment is as follows: U.S. Treasury check payable to "Chemonics International Consulting Division" to be issued by the U.S. Disbursing Officer, American Embassy, Cairo, Egypt, and mailed to the Contractor at the address specified on the Cover Page of this Contract.
- E. Egyptian Pound payments shall be reimbursed in U.S. Dollars as described in General Provisions clause 8 ("Payment for Local Currency").

#### ARTICLE X - Logistic Support and/or Property

The Contracting Agency will provide the Contractor with the following services, logistic support and/or property:

- A. Headquarters office space shall be made available in suitable amounts and locations so as to accommodate the long-term and short-term specialists with appropriate furniture, equipment, and staff support in reasonable working proximity to their respective PBDAC counterparts.
- B. Until the PBDAC provides sufficient headquarters office spaces, additional separate facilities will be maintained near the PBDAC in Cairo, such as at Cairo Center, containing adequate room for the Contractor's support staff offices, meeting rooms, work rooms for computers and office equipment, etc.
- C. Twelve vehicles of the new group of 70 procured by the Contractor for the PBDAC will be assigned full-time for official use by the long-term specialists. Vehicles may be used for personal purposes only if employees pay the official rate specified for personal use by AID.

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- D. Work permits, visas, clearances, and other documentation needed for Contractor personnel, commodities, and transportation as required.

#### ARTICLE XI - Cost Provisions

A. General

All reimbursable costs under this Contract shall be allowed, allocable, and reasonable as defined in AID Handbook II, Country Contracting, chapter 4, "Cost Principles for Borrower/Grantee Contract," as from time to time revised.

B. Salaries and Allowances

1. Annual salary increases may be granted to eligible direct employees, subject to the Contractor's established policy and practice.

a. Expatriate Long-term Professionals: With respect to this Contract, expatriate long-term professionals are eligible for individual merit increases and annual increases

Individual merit increases are periodic salary increases designed to recognize and reward achievement and contribution to the Project. These salary increases will be based on a 3% salary increase pool which includes all long-term professional salaries except those at the AID maximum salary ceiling. Within the pool, the Chief of Party has the flexibility to determine the percentage and amount of individual salary increases. The Chief of Party, based on performance evaluations and in consultation with the home office and the field administrator, shall prepare a single matrix proposing the allocation of salary increases within the pool for all eligible expatriate staff. This matrix will include a merit increase for the Chief of Party which will be proposed by the home office Project Supervisor in consultation with the PBDAC. The Chief of Party will submit this matrix for PBDAC approval no later than October 1 of each year. Once approved, the salary increases shall go into effect on the respective date-of-hire anniversaries of the employees.

All long-term expatriate professionals whose salary is below the AID maximum salary ceiling will also be eligible for an annual increase of 5%. This increase will be awarded on the anniversary of the employee's date of hire subject to satisfactory performance. The Chief of Party will submit a performance report for each eligible employee for Contracting Agency concurrence.

Employees whose salaries are at the AID maximum salary ceiling will be awarded increases in accordance with AID maximum salary ceiling increases.

performance report for each eligible employee for Contracting Agency concurrence.

b. **Local Direct Employees:** With respect to this Contract, local long-term direct employees are eligible for individual merit increases, annual increases, and cost of living adjustments.

Individual merit increases are periodic salary increases designed to recognize and reward achievement and contribution to the Project. These salary increases will be based on a 3% salary increase pool which includes all long-term professional and support salaries except those at the local hire maximum salary ceiling. Within the pool, the Chief of Party has the flexibility to determine the percentage and amount of individual salary increases. The Chief of Party, based on performance evaluations and in consultation with the home office and the field administrator, shall prepare a single matrix proposing the allocation of salary increases within the pool for all staff-long-term professional and support staff. The Chief of Party will submit this matrix for PBDAC approval no later than July 1 of each year. Once approved, the salary increases shall go into effect on the respective date-of-hire anniversaries of the employees.

All local long-term direct employees will also be eligible for an annual increase of 5%. This increase will be awarded on the anniversary of the employee's date of hire subject to satisfactory performance. The Chief of Party will submit a performance report for each employee for Contracting Agency concurrence.

All local long-term direct employees will receive cost of living adjustments which will be awarded twice annually on September 1 and March 1 based on the devaluation of the Egyptian Pound in relation to the U.S. Dollar. The Chief of Party will prepare an Administrative Memorandum outlining the application of these adjustments for PBDAC concurrence.

Any exceptional adjustments not covered by the above, such as bonuses, promotions, and market adjustments, will require the approval of the PBDAC and USAID/Egypt.

2. Any overseas differential, allowances, premium pay, housing, temporary lodging, education, educational travel, medical and other evacuations, emergency visitation travel, home leave, home leave travel, rest and recuperation (R & R) travel, per diem, motor vehicle shipment and packing, shipping and storage of household effects shall be reimbursed in accordance with AID regulations, as from time to time revised.

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C. Work Week and Leave

1. **Non-Overseas Employees of the Contractor:** The work week for non-overseas employees shall not be less than the established practices of the Contractor.
2. **Overseas Employees:** The work week for overseas employees shall be forty hours and shall be scheduled to coincide with the counterparts of the Contracting Agency.
3. A six-day work week is authorized for all short-term specialists and home office staff on field assignments supplied under this Contract as approved by the PBDAC.
4. Holidays authorized are those holidays specified in official USAID/Egypt Administrative Memoranda, as issued from time to time.
5. Rest and Recuperation (R&R) is authorized as specified by AID regulations, as amended from time to time.
6. Home Leave is authorized for Contractor employees who have served a minimum of two years overseas under this Contract and have not taken more than thirty (30) days leave (vacation or sick leave) in the United States provided that such employees agree to return overseas for an additional two-year appointment under the Contract. In no case shall the employee spend more than 45 calendar days away from post of duty, except by written approval of the PBDAC and USAID/Egypt. Accrual of Home Leave days will be in accordance with AID regulations. Unused Home Leave is not compensable under this Contract.
7. Overtime payment for over 40 hours a week shall be considered overtime premium payment. Premium payment for overtime work must be in accordance with the Contractor's written policies and procedures. It is expected that overtime work at premium rates will be necessary, especially for field nonprofessional staff.
8. Effective from the date of the signing of the Contract Amendment, Sunday Pay is no longer authorized.

D. Indirect Costs

An indirect cost rate or rates shall be established for each of the Contractor's accounting periods which apply to this Contract. Pending establishment of revised provisional or final indirect cost rates for each of the Contractor's accounting periods which apply to this Contract, provisional payment on account of allowable indirect costs shall be

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made on the basis of the following negotiated provisional rate(s) applied to the base(s) which are set forth below. Any written agreement to revise rates is incorporated into this Contract without need for further Contract modification.

**OVERHEAD RATES    FRINGE BENEFITS**

<u>Type</u>	<u>From</u> <u>Through</u>	<u>Home-</u>			<u>Host-</u>	
		<u>Office</u>	<u>Field</u>	<u>G&amp;A</u>	<u>Expatriate</u>	<u>Country</u>
		(a)	(b)	(c)	(d)	(e)
Final	4-1-86 3-31-87	99.49	79.82	4.05	17.25	.79
Final	4-1-87 3-31-88	80.76	64.21	2.85	22.89	.41
Provisional	4-1-88 3-31-89	71.19	59.99	5.12	22.21	2.48
Provisional	4-1-89 3-31-90	74.73	60.94	2.96	23.79	.56
Provisional	4-1-90 3-31-91	96.15	83.71	3.63	26.53	.64
Provisional	4-1-91 Until Amended	73.63	62.68	3.42	22.03	.10

**Base of Application**

- (a) Direct Home Office Salaries and Fringe Benefit Costs
- (b) Direct Field Salaries and Fringe Benefit Costs
- (c) Total Cost Input, Excluding USAID furnished Local Currency
- (d) Direct Home Office and Expatriate Field Salaries
- (e) Direct Host Country Professional Salaries

The Contractor, as soon as possible but not later than six (6) months after the close of each of the Contractor's fiscal years during the term of this Contract and after termination of the Contract, shall submit to the AID Overhead and Special Costs Branch a proposed final indirect cost rates for the preceding period together with supporting cost data. The Overhead and Special Costs Branch shall issue a Negotiated Indirect Cost Rate Agreement (NICRA).

**E. Other**

1. Transportation costs for Project materials is an allowable cost under this Contract.
2. Air ticketing for Egyptian participants is funded from FT-800 Trust Funds (outside Project funding) which is estimated to be LE 325,000. Indirect costs are based on total direct costs under the Contract, exclusive of FT-800.

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**ARTICLE XII- Host Country Taxes**

In accordance with Section B.4 of the Project Grant Standard Provisions Annex of the Project Grant Agreement No: 263-0202 dated September 30, 1986, as amended, between the Arab Republic of Egypt and AID, the General Provisions Clause 35 ("Host Country Taxes") shall govern the tax treatment of Project commodities, contractors, subcontractors and their employees financed by AID.

**Article XIII- Annexes**

All Annexes, as amended or changed during the life of the Contract, which are attached to this Schedule of the Contract, are an integral part of this Contract and shall be fully binding on all parties.

**ARTICLE XIV- Signature**

IN WITNESS WHEREOF, the parties, through their duly authorized representatives, hereby agree to the provisions of this Contract.

(Chemonics)

(PBDAC)

By:



By:



Name:

THURSTON F. TEELE

Name:

ADEL EZZY

Title:

PRESIDENT, CHEMONICS

Title:

CHAIRMAN, PEDAC

Date:

OCTOBER 15, 1991

Date:

OCTOBER 15, 1991

AMENDMENT NUMBER THREE

III-1



**HOST COUNTRY CONTRACT  
263-0202-02**

**AMENDMENT NUMBER THREE**

**between**

**THE PRINCIPAL BANK FOR DEVELOPMENT  
AND AGRICULTURAL CREDIT (PBDAC)  
110 Kasr El Aini Street, Garden City,  
Cairo, Egypt**

**and**

**CHEMONICS INDUSTRIES, INC.  
Suite 200  
2000 M Street, Northwest  
Washington, D.C. 20036**

**Financed by:**

**THE AGENCY FOR INTERNATIONAL DEVELOPMENT**

**Signed On:**

**April 14, 1994**

2000 M St., N.W.  
Suite 200  
Washington, D.C. 20036

Tel: (202) 456-5340 or 293-1178  
Fax: (202) 331-6202  
ITT Telex: 1440381 CHNC UT

**HOST COUNTRY CONTRACT  
263-0202-02**

**AMENDMENT NUMBER THREE**

between

**THE PRINCIPAL BANK FOR DEVELOPMENT  
AND AGRICULTURAL CREDIT (PBDAC)  
110 Kasr El Aini Street, Garden City,  
Cairo, Egypt**

and

**CHEMONICS INDUSTRIES, INC.  
Suite 200  
2000 M Street, Northwest  
Washington, D.C. 20036**

Financed by:

**THE AGENCY FOR INTERNATIONAL DEVELOPMENT**

Signed On:

April 14, 1994

This Amendment Number Three amends and restates in its entirety the Host Country Contract between the parties, dated September 15, 1988, as previously amended by Contract Amendment 01, dated June 28, 1990, and by Contract Amendment 02, dated October 15, 1991. This Amendment (hereafter referred to as the "Contract") thus states the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements between the parties with respect thereto. The Contract consists of this cover page, table of contents, schedule, signature page, annexes A through C, and any other documents expressly incorporated herein by reference.

**IN THE EVENT** of inconsistency between the Schedule or the General Provisions and any specification or other provisions which are made a part of this Contract, by reference or otherwise, the Schedule and the General Provisions shall control. In the event of inconsistency between the Schedule and the General Provisions, the Schedule shall control.

## SCHEDULE

### TABLE OF CONTENTS

The Schedule, on pages 1 through 10, consists of this Table of Contents and the following Articles:

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## ARTICLE I - Description of Project and Contract

### A. Project Description

The purpose of the project is to provide farmers with new technology, improved financial services, and expanded access to input supply, so they can take advantage of higher returns to investment in a deregulated agricultural sector. The planned deregulation of the sector through policy reforms will add to the current constraint to expanded credit and financial services in the rural areas. The Principal Bank for Development and Agricultural Credit (PBDAC) will need to increase its capital, improve its efficiency of operations, and add new lending packages to meet the demands for credit in the agricultural and rural development sectors. To accomplish this, the APCP provides for five areas of activity: policy reform; a set of incremental grants from A.I.D. tied to the reforms; private enterprise support; expansion of PBDAC's capital and available credit sources; and improvement of credit packages.

### B. Contract Description

This Contract is directed primarily at the final three areas of activity of the APCP. The overall objective of the contract is to collaborate with the PBDAC to improve the financial services to rural clients. The contractor will assist in reorienting the PBDAC as a financial institution.

## ARTICLE II - Statement of Work

In consideration of the compensation to be paid to the Contractor, the Contractor shall perform the following services: technical assistance, procurement services, and participant training services for overseas short-term training (see annex A).

## ARTICLE III - Reports

A. In addition to the reports required in General Provisions Clause 7 ("Payments"), the Contractor shall submit reports as follows:

1. Five (5) copies to PBDAC and five (5) copies to USAID of the work plan, based on the Contractor's first three months in Egypt, which describes the Contractor's strategy for accomplishing the work under this Contract. The work plan is due within 90 days after start-up.
2. Five (5) copies to PBDAC and five (5) copies to USAID of progress reports on a quarterly basis which summarize the work performed during the preceding period, problems encountered and the way they were (or are being) overcome, and significant findings. The first progress report is due 30 days after the end of the first quarter of implementation.

3. Five (5) copies to PBDAC and five (5) copies to USAID of each annual report due within sixty (60) days after the end of the contract year.
  4. Twenty-five (25) copies to PBDAC and five (5) copies to USAID of a final report which reviews the work performed under the Contract and the resulting findings. Problems of issues affecting the overall project and its success in the future shall be highlighted. The final report is due within sixty (60) days after departure of the chief of party.
- B. The Contractor shall furnish to the Contracting Agency and the USAID/Egypt Project Officer all reports required by paragraph A above no later than the required submission dates. Reports shall be printed or typewritten and may include photographs or other illustrative material as appropriate. Such reports (other than routine tabulations) shall commence with a summary and a statement of conclusions and recommendations followed by the detailed report itself. Reports shall display on their covers the name of the contractor and the relevant A.I.D. Loan/Grant and Contract Numbers. Detailed reports will generally follow the work plan format and will clearly reflect the status of activities with respect to schedules contained in the work plan. Reports will be in English.
- C. The Contractor shall submit ten (10) copies of the signed Contract to the Contracting Agency and eight (8) copies of the signed Contract and any amendments to the USAID/Egypt Project Officer.

**ARTICLE IV - Key Personnel**

- A. The Key Personnel under this Contract are:

<u>NAME</u>	<u>POSITION</u>
Ralph Tomerlin	Chief of Party/M.I.S. Specialist
Mohamed Anwar Youssef	Finance and Capital Management Specialist

- B. Prior to removing or replacing these individuals, the Contractor shall obtain the approval of the Contracting Agency ninety (90) days in advance and shall submit justification (including proposed substitutions) in sufficient detail to permit evaluation of the impact on the Contracting Agency and A.I.D. The Contractor may make the suggested change if he does not receive a response from the Contracting Agency within 30 days of notification.

**ARTICLE V - Level of Effort (LOE)**

- A. The estimated level of effort for the performance of this Contract shall be 2,398.6 person months of direct professional labor, including subcontractor LOE.
- B. The composition of the estimated total person-months of direct professional labor is as follows:

TOTAL EXPATRIATE LT AND ST	727.5
TOTAL LOCAL PROFESSIONAL LT AND ST	559.0
TOTAL HOME OFFICE	77.1
TOTAL SUBCONTRACTORS	1,035.0
TOTAL PROFESSIONAL EFFORT	2,398.6

- C. The rate at which the Contractor provides services may fluctuate, provided that such fluctuation does not exhaust the estimated total person-months of effort prior to the expiration of this Contract. The estimated number of months of effort for any classification (except for Key Personnel) may be utilized by the Contractor in any other direct labor classification, if necessary. In no event, however, shall either the total estimated level of effort specified above or the total estimated cost for "salaries" and "fringe benefits" stated in Annex D be exceeded without the prior written approval of the Contracting Agency and the Agency for International Development.
- D. The Contracting Agency may, by written order, direct the Contractor to increase the average monthly rate of utilization of direct labor to such an extent that the total person-months of effort, specified above, would be utilized prior to the expiration of this Contract. Any such order shall specify the degree of acceleration required and the revised term resulting from such acceleration. Any removal of Contractor staff by the Contracting Agency shall be done in collaboration with the Contractor and shall require the approval of AID.

**ARTICLE VI - Relationship of Parties and General Responsibilities**

- A. The officials of the Contracting Agency who have primary responsibility for operations under this Contract are Dr. Hassan Khedr and Mme. Zeinab Salem. They are responsible for overall guidance of the contractor and for approvals of annual work plans and other official contract documents.

- B.** The Contractor's Home Office Project Supervisor will retain overall contractual responsibility, and the Chief of Party will be delegated responsibility for the management of all field staff and operations.

**ARTICLE VII - Terms of Contract**

- A.** The Contractor shall commence work on the date of receipt of a Notice to Proceed from the Contracting Agency confirming that payment arrangements have been established. The estimated completion date for all work under the Contract is September 30, 1995.
- B.** The Contracting Agency may, with the prior written approval of AID, extend the term of this contract by written notice within the time specified in this Schedule providing that the Contracting Agency shall give the contractor a preliminary written notice of its intent to extend at least sixty days before the contract expires. If the Contracting Agency exercises this option, the extended contract shall be considered to include this provision.

**ARTICLE VIII- Precontract Costs**

- A.** As agreed during initial discussions between Contractor and Contracting Agency as evidenced by the Aide Memoire signed July 12, 1988, the Contractor shall be allowed to invoice those precontract costs associated with mobilization of the contract prior to signature of this contract.
- B.** Precontract costs shall be reimbursed only for those costs incurred after July 12, 1988, and up to the date of signature of this Contract.

**ARTICLE IX- Contract Type, Amount, and Payment Mode**

- A.** This is a cost-reimbursable-plus-fixed-fee Contract financed under USAID Grant No. 263-0202-02. The total estimated cost for technical and training services is \$23,688,638, as set forth in the attached budget, Annex C. The fixed fee for technical and training services is \$1,596,804 and the fee for procurement services is \$67,250.
- B.** A fee of \$67,250 for procurement services will be provided to the Contractor hereunder. The fixed fee and fee for procurement services shall be payable as provided in paragraphs A.4 and A.5, respectively, of General Provisions clause 7 ("Payment").

- C. The Contracting Agency shall request the Agency for International Development to open a Bank Letter of Commitment, naming the Contractor as the approved applicant for financing the purchase of commodities agreed to between the parties (15 photocopiers, audiovisuals, 16 minicomputers, 150 microcomputers) in the approximate amount of \$2,700,000 as provided in the APCP Commodity Procurement Plan. A PIL will be established to reimburse the Contracting Agency for local procurement.
- D. The Contracting Agency shall request the Agency for International Development to open a Direct Letter of Commitment to the Contractor to finance all other costs of the Contract. In accordance with Paragraph A. 1. a. of General Provisions Clause 7 ("Payment"), the Contractor's option and instruction for payment is as follows: U.S. Treasury check payable to "Chemonics International Consulting Division", to be issued by the U.S. Disbursing Officer, American Embassy, Cairo, Egypt, and mailed to the Contractor at the address specified on the Cover Page of this Contract.
- E. Egyptian Pound payments shall be reimbursed in U.S. Dollars as described in General Provisions Clause 8 ("Payment for Local Currency").

**ARTICLE X - Logistic Support and/or Property**

The Contracting Agency will provide the Contractor with the following services, logistic support and/or property"

- A. Headquarters office space shall be made available in suitable amounts and locations so as to accommodate the long-term and short-term specialists with appropriate furniture, equipment, and staff support in reasonable working proximity to the respective PBDAC counterparts.
- B. Ten (10) vehicles of the group of 70 procured by the Contractor for the PBDAC will be assigned full-time to the long-term specialists for official use through March 31, 1995. From April 1, 1995, through the end of the Contract period, five (5) vehicles will be available full-time for official use by the long-term specialists. Vehicles may be used for personal purposes only if the Contractor pays the official rate specified for personal use by A.I.D. in accordance with USAID mission order 1-7 and its amendme
- C. Work permits, visa, clearances, and otehr documentation needed for Contractor personnel, commodities, and transportation as required.

**ARTICLE XI- Cost Provisions**

**A. General**

All reimbursable costs under this contract shall be allowed, allocable, and reasonable as defined in A.I.D. Handbook 11, Country Contracting, Chapter 4, "Cost Principles for Borrower/Grantee Contract," as from time to time revised.

**B. Salaries and Allowances**

1. Annual salary increases may be granted to eligible direct employees, subject to the Contractor's established policy and practice.

a. Expatriate long-term professionals: With respect to this contract, expatriate long-term professionals are eligible for individual merit increases and annual increases.

Individual merit increases are periodic salary increases designed to recognize and reward achievement and contribution to the project. These salary increases will be based on a 3 % salary increase pool which includes all long-term professional salaries except those at the AID maximum salary ceiling. Within the pool, the Chief of Party has the flexibility to determine the percentage and amount of individual salary increases. The Chief of Party, based on performance evaluations and in consultation with the home office, shall prepare a single matrix proposing the allocation of salary increases within the pool for all eligible expatriate staff. This matrix will include a merit increase for the chief of party which will be proposed by the home office project supervisor in consultation with PBDAC. The Chief of Party will submit this matrix for PBDAC approval no later than October 1 of each year. Once approved, the salary increases shall go into effect on the anniversary of the employee's date of hire. All long-term expatriate professionals whose salary is below the AID maximum salary ceiling will also be eligible for an annual increase of 5 %. This increase will be awarded on the anniversary of the employee's date of hire subject to satisfactory performance. The Chief of Party will submit a performance report for all eligible employees for Contracting Agency concurrence.

Employees whose salaries are at the AID maximum salary ceiling will be awarded increases in accordance with AID maximum salary ceiling increases, subject to satisfactory performance. The Chief of Party will submit a performance report for all eligible employees for Contracting Agency concurrence.

b. **Local Direct Employees:** With respect to this Contract, local long-term direct employees are eligible for individual merit increases, annual increases, and cost of living adjustments.

Individual merit increases are periodic salary increases designed to recognize and reward achievement and contribution to the Project. These salary increases will be based on a 3 % salary increase pool which includes all long-term professional and support salaries except those at the local hire maximum salary ceiling. Within the pool, the Chief of Party has the flexibility to determine the percentage and amount of individual salary increases. The Chief of Party, based on performance evaluations and in consultation with the home office and the local administrator, shall prepare a single matrix proposing the allocation of salary increases within the pool for all staff--long-term professional and support staff. The Chief of Party will submit this matrix for PBDAC approval no later than July 1 of each year. Once approved, the salary increases shall go into effect on the respective date-of-hire anniversaries of the employees.

All local long-term direct employees will also be eligible for an annual increase of 5%. This increase will be awarded on the anniversary of the employee's date of hire subject to satisfactory performance. The Chief of Party will submit a performance report for each employee for Contracting Agency concurrence.

All local long-term direct employees will receive cost of living adjustments which will be awarded twice annually on September 1 and March 1 based on the devaluation of the Egyptian Pound in relation to the U.S. dollar. The Chief of Party will prepare an Administrative Memorandum outlining the application of these adjustments for PBDAC concurrence.

Any exceptional adjustments not covered by the above, such as bonuses, promotions, and market adjustments, will require the approval of the PBDAC and USAID/Egypt.

2. Any overseas differential, allowances, premium pay, housing, temporary lodging, education, educational travel, medical and other evacuations, emergency visitation travel, home leave, home leave travel, rest and recuperation (R & R) travel, per diem, motor vehicle shipment and packing, shipping and storage of household effects shall be reimbursed in accordance with AID regulations, as from time to time revised.

C. Work Week and Leave

1. **Non-overseas Employees of the Contractor:** The work week for non-overseas employees shall not be less than the established practices of the Contractor.

2. **Overseas Employees:** The work week for overseas employees shall be forty hours and shall be scheduled to coincide with the counterparts of the Contracting Agency.
3. A six-day work week is authorized for all short-term specialists and home office staff on field assignments supplied under this Contract as approved by the PBDAC.
4. Holidays authorized are those holidays specified in official USAID/Egypt Administrative Memoranda, as issued from time to time.
5. Rest and recuperation (R&R) is authorized as specified by AID regulations as amended from time to time.
6. Home Leave is authorized for Contractor employees who have served a minimum of two years overseas under this Contract and have not taken more than thirty (30) days leave (vacation or sick leave) in the United States provided that such employees agree to return overseas for an additional two-year appointment under the Contract. In no case shall the employee spend more than 45 calendar days away from post of duty, except by written approval of the PBDAC and USAID/Egypt. Accrual of home leave days will be in accordance with AID regulations. Unused Home Leave is not compensable under this Contract.
7. Overtime payment for over 40 hours a week shall be considered overtime premium payment. Premium payment for overtime work must be in accordance with the Contractor's written policies and procedures. It is expected that overtime work at premium rates will be necessary, especially for field nonprofessional staff.
8. Effective from the date of the signing of the Contract Amendment No. 2, Sunday Pay is no longer authorized.

D. Indirect Costs

An indirect cost rate or rates shall be established for each of the Contractor's accounting periods which apply to this Contract. Pending establishment of revised provisional or final indirect cost rates for each of the Contractor's accounting periods which apply to this Contract, provisional payment on account of allowable indirect costs shall be made on the basis of the following negotiated provisional rate(s) applied to the base(s) which are set forth below. Any written agreement to revise rates is incorporated into this Contract without need for further contract modification.

Type	From	Through	OVERHEAD RATES			FRINGE BENEFITS	
			Home-Office (a)	Field (b)	G&A (c)	Expatriate (d)	Host-Country (e)
Final	4-1-86	3-31-87	99.49	79.82	4.05	17.25	.79
Final	4-1-87	3-31-88	80.78	64.21	2.85	22.89	.41
Final	4-1-88	3-31-89	71.42	60.13	4.05	21.11	2.48
Final	4-1-89	3-31-90	74.89	60.97	2.51	22.60	.56
Provisional	4-1-90	3-31-91	95.15	83.71	3.63	26.53	.64
Provisional	4-1-91	3-31-92	82.37	71.28	3.92	27.20	2.58
Provisional	4-1-92	Until Amended	78.54	67.53	3.29	24.28	1.49

**Base of Application**

- (a) Direct Home Office Salaries and Fringe Benefit Costs
- (b) Direct Field Salaries and Fringe Benefit Costs
- (c) Total Cost Input, excluding USAID-furnished Local Currency
- (d) Direct Home Office and Expatriate Field Salaries
- (e) Direct Host Country Professional Salaries

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The Contractor, as soon as possible but not later than six (6) months after the close of each of the Contractor's fiscal years during the term of this Contract and after termination of the Contract, shall submit to the AID Overhead and Special Costs Branch a proposed final indirect cost rates for the preceding period together with supporting cost data. The Overhead and Special Costs Branch shall issue a Negotiated Indirect Cost Rate Agreement (NICRA).

E. Other

1. Transportation costs for Project materials is an allowable cost under this Contract.
2. Air ticketing for Egyptian participants is funded from FT-800 Trust Funds (outside Project funding), which is estimated to be LE 325,000. Indirect costs are based on total direct costs under the Contract, exclusive of FT-800.

ARTICLE XII - Host Country Taxes

In accordance with Section B.4 of the Project Grant Standard provisions Annex of the Project Grant Agreement No. 263-0202, dated September 30, 1986, as amended, between the Arab Republic of Egypt and AID, the General provisions Clause 35 ("Host Country Taxes") shall govern the tax treatment of Project commodities, contractors, subcontractors, and their employees financed by AID.

ARTICLE XIII - Annexes

All Annexes, as amended or changed during the life of the Contract, which are attached to this Schedule of the Contract, are an integral part of this Contract and shall be fully binding on all parties.

ARTICLE XIV - Signature

IN WITNESS WHEREOF, the parties, through their duly authorized representatives, hereby agree to the provisions of this Contract.

(Chemonics)

By: [Signature]

Name: Thurston F. Teele

Title: Director, Chemonics

Date: April 14, 1994

(PBDAC)

By: [Signature]

Name: Hassan Khedr

Title: Chairman, PBDAC

Date: April 14, 1994

**MEMORANDUM**

To: Mohammed Omar

January 11, 1996

From: Marie Aziz *MA*

Re: APCP November Invoice E/APCP-86

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Please make the following correction:

Obligated Amount: The page 1 (Rept 6071) of the invoice shows the old obligated amount of \$25,352,692. As of October invoice, the obligated amount should show the Amendment Four figure which is: \$26,369,678. This amount is correctly shown as Total under Budget column.

Many thanks.

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