



UNITED STATES AGENCY for INTERNATIONAL DEVELOPMENT

CAIRO, EGYPT

PROJECT AUTHORIZATION

Name of Country: Arab Republic of Egypt Name of Project : International Executive Service Corps
 Number of Project : 263-0229

1. Pursuant to Section 531 of the Foreign Assistance Act of 1961, as amended (the "Act"), I hereby authorize the International Executive Service Corps Project (the "Project") for the Arab Republic of Egypt ("Cooperating Country"), involving planned obligations not to exceed Eight Million United States Dollars (\$8,000,000) in grant funds over three years from the date of authorization, subject to the availability of funds in accordance with the A.I.D. Operating Year Budget/Allotment process, to help in financing the foreign-exchange and local-currency costs of goods and services required for the Project. The estimated life of the Project is three years from date of initial obligation.

2. The purpose of the Project is to enhance the competitiveness of the Egyptian private sector by improving business skills and productivity of private enterprises through a program of Volunteer Executives who contribute time and expertise through the IESC to upgrade the capabilities of participating firms in Egypt. The technical assistance provided by IESC will be short term and cover industrial, technical and managerial areas in a wide variety of businesses.

3. The Project Agreement, may be negotiated and executed by the officer to whom such authority is delegated in accordance with A.I.D. regulations and delegations of authority. The Project shall be subject to the following essential terms and covenants and major conditions, together with such other terms and conditions as A.I.D. may deem appropriate.

a. Source and Origin of Goods and Services

Goods and services financed by AID under the Project, except for ocean shipping, shall have their source and origin in the United States, or in Egypt as authorized pursuant to the requirements of State 410442, dated December 6, 1990, except as the USAID/Cairo Mission Director, or his/her designee, may otherwise agree in writing. Ocean shipping financed by A.I.D. under the Project shall, except as A.I.D. may otherwise agree in writing, be financed on flag vessels of the United States.

4. Based upon the justification set forth in the Project Paper, I hereby determine, in accordance with Section 612(b) of the Act, that the expenditure of United States Dollars for the procurement of goods and services in Egypt is required to fulfill the purposes of this Project; the purposes of this Project cannot be met effectively through the expenditure of U.S.-owned local currencies for such procurement; and the administrative official approving local cost vouchers may use this determination as the basis for the certification required by Section 612(b) of the Act.

Smahle B
Director

5/26/91
Date

Clearances:

OD/TI/FI, LBrown
AD/TI, GHuger
AD/PDS, CCrowley
FM/FA,
PDS/PS, PDowns
LEG, VMoore
DD, GWachtenheim

LBrown
GHuger
CCrowley
FM/FA
PDowns
VMoore
GWachtenheim

DRAFTED:LEG:VMoore:(5/27/90):PAUTH229

VMoore



UNITED STATES AGENCY for INTERNATIONAL DEVELOPMENT

May 19, 1991

CAIRO, EGYPT

ACTION MEMORANDUM FOR THE DIRECTOR

FROM: Robert Jordan, PDS/PS *RJ*
THROUGH: Frank Miller, AD/PDS(A) *FM*
SUBJECT: International Executive Service Corps Project, 263-0229

Proposed Action: Your approval of the International Executive Service Corps Project Paper (IESC) is requested.

Discussion: The IESC Project Paper has been reviewed by the Project Committee, which has recommended that it be submitted for your approval. The Executive Committee, as indicated in the clearances below, concur in this recommendation. All design issues have been resolved, and changes requested during the review incorporated into the PP document.

The Grantee for the 3 year, \$8 million Project will be the GOE. The implementing agency will be the IESC which will carry out the Project under a cooperative agreement with USAID. The initial obligation will be for \$2 million. USAID and IESC/Egypt have discussed the proposed project and are prepared to move forward. The Project has not yet been negotiated with the GOE or recipient Ministry (MIC). IESC is currently operating under a bridge financing arrangement with USAID which terminates October 30, 1991.

A Congressional Notification was cabled to AID/W on May 19.

Recommendation: That you sign the attached: (1) facesheet approving the International Executive Service Corps Project Paper and (2) project authorization.

Sue A. Ben
Approval

Disapproval
May 24, 1991
Date

Clearance:
AD/TI:GHuger *GH*
AD/FM(A):NWijesooriya *NW*
LEG:TCarter *TC*
CS:FWill *FW*

AD/DR: PThorn *PT*
AD/HRDC:WGelabert *WG*
AD/AGR:DClark
AD/EAS:SSkogstad
DD:GWachtenheim *GW*

memorandum

DATE: May 19, 1991

REPLY TO: TI/FI, Robert Kirk and (A) OD/TI/FI, Timothy C. Hammann
ATTN OF:

SUBJECT: International Executive Service Corps Project Paper
(263-0226)

TO: OD/PDS/PS, Robert Jordan

1. The attached project paper has been prepared by TI/FI for review by the Executive Committee. The Project Committee approved the project paper in a review meeting on May 19, 1991.
2. The Project Committee and Officers named below have reviewed the document and agree with the format, analysis and presentation. There are no issues which need discussion or resolution.

<u>Project Committee</u>	<u>Clearances</u>	<u>Date</u>
Robert Kirk, TI/FI	<u>Robert Kirk</u>	<u>5-19-91</u>
Peter Downs, PDS/PS	<u>PD</u>	<u>5-19-91</u>
Timothy Hamman, A/OD/TI/FI	<u>[Signature]</u>	<u>5/19/91</u>
Dan Leaty, PDS/P	<u>[Signature]</u>	<u>5-19-91</u>
Robert W. Adler, EAS	<u>[Signature]</u>	<u>5/19/91</u>
John Fred Will, OD/DIR/CS	<u>[Signature]</u>	<u>5/20/91</u>
Vicki Moore, A/OD /LEG	<u>[Signature]</u>	<u>5/20/91</u>
Mohamed A. Mounir, FM/FA	<u>[Signature]</u>	<u>5/19/91</u>
Mary D. June, PDS/PS	<u>[Signature]</u>	<u>5/19/91</u>
Aziza Helmy, WID Officer	<u>A.H.</u>	<u>5/19/91</u>
Ken LuePhang, DR/ENG Mission Environmental Officer	<u>[Signature]</u>	<u>5/19/91</u>
Gregory F. Huger Associate Director for Trade and Investment	<u>[Signature]</u>	<u>5-21-91</u>

AGENCY FOR INTERNATIONAL DEVELOPMENT
PROJECT DATA SHEET

1. TRANSACTION CODE
 A = Add
 C = Change
 D = Delete
 Amendment Number _____

DOCUMENT CODE
3

2. COUNTRY/ENTITY
EGYPT

3. PROJECT NUMBER
263-0229

4. BUREAU/OFFICE
NEAR EAST

5. PROJECT TITLE (maximum 40 characters)
International Executive Service Corps

6. PROJECT ASSISTANCE COMPLETION DATE (PACD)
MM DD YY
11 03 19 94

7. ESTIMATED DATE OF OBLIGATION
(Under 'B' below, enter 1, 2, 3, or 4)
 A. Initial FY 91 B. Quarter 4 C. Final FY 94

8. COSTS (\$000 OR EQUIVALENT \$1 =)

A. FUNDING SOURCE	FIRST FY 91			LIFE OF PROJECT		
	B. FX	C. L/C	D. Total	E. FX	F. L/C	G. Total
AID Appropriated Total						
(Grant)	(2,314)	()	(2,314)	(8,000)	()	(8,000)
(Loan)	()	()	()	()	()	()
Other U.S.						
1. Host Country Client		342	342		1,188	1,188
2. Other Donor(s)						
TOTALS		342	2,656	8,000	1,188	9,188

9. SCHEDULE OF AID FUNDING (\$000)

A. APPROPRIATION	B. PRIMARY PURPOSE CODE	C. PRIMARY TECH CODE		D. OBLIGATIONS TO DATE		E. AMOUNT APPROVED THIS ACTION		F. LIFE OF PROJECT	
		1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan
(1) ESE	700	730				2,314		8,000	
(2)									
(3)									
(4)									
TOTALS						2,314		8,000	

10. SECONDARY TECHNICAL CODES (maximum 6 codes of 3 positions each)

11. SECONDARY PURPOSE CODES

12. SPECIAL CONCERNS CODES (maximum 7 codes of 4 positions each)

A. Code _____

B. Amount _____

13. PROJECT PURPOSE (maximum 480 characters)

To enhance the role of the Egyptian private sector as an engine of growth by improving business skills and productivity of private enterprises.

14. SCHEDULED EVALUATIONS

Interim MM YY MM YY Final MM YY
 1 0 9 3

15. SOURCE/ORIGIN OF GOODS AND SERVICES
 000 941 Local Other (Specify) _____

16. AMENDMENTS/NATURE OF CHANGE PROPOSED (This is page 1 of a _____ page PP Amendment.)

USAID/Egypt Controller concurs with the proposed methods of implementation and financing.

Nimalka Wijesooriya
 Nimalka Wijesooriya, Acting Controller

17. APPROVED BY

Signature: *Marshall D. Brown*
 Title: Marshall D. Brown, Director, USAID/Egypt

Date Signed MM DD YY
 15 27 11

18. DATE DOCUMENT RECEIVED IN AID/W, OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION
 MM DD YY

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EXECUTIVE SUMMARY

The International Executive Service Corps (IESC) Project will expand on the successful activities and experience gained by this non-governmental organization (NGO) in over 11 years of operations in Egypt. The purpose of the three year grant project is to enhance the competitiveness of the Egyptian private sector by improving business skills and productivity of private enterprises. This will be accomplished through a program of Volunteer Executives (VEs) who, through the IESC, contribute their time and special expertise to upgrade capabilities of participating firms in Egypt. The technical assistance provided will be short-term (ranging in length from 2 weeks to 3 months) and cover technical and managerial areas in a wide variety of businesses ranging from ceramics to dairy enterprises. It is anticipated that some 345 VE project activities will take place over the life of project. The budget for this major component is approximately \$8.15 million, \$7.1 million of which will be provided by AID.

The project will also finance collateral services to be carried out by volunteers and professional staff at the IESC headquarters in the United States. These will seek to identify and promote trade and investment opportunities between Egypt and the U.S. Included in this component are the (1) American Business Linkage Enterprise, which provides information on potential for new or expanding Egyptian enterprises; (2) Joint Venture Search, which promotes U.S. - Egyptian business investment opportunities; (3) Trade Enhancement Program, which facilitates U.S.-Egyptian import/export opportunities; and (4) Quoting Service, which provides price quotes on U.S. goods to be imported into Egypt.

The total LOP costs for the project are estimated at \$9,189 million, \$8 million of which will be provided by USAID through a cooperative agreement with IESC. The remainder will be provided by clients as local currency contributions. The in-kind contribution of VE salaries by IESC is expected to exceed the total of AID and client contributions. Estimates of in-kind contribution by IESC are based on an average daily salary of \$420 per day.

LOP SUMMARY COST ESTIMATES (\$)

<u>COMPONENT</u>	<u>FY 91</u>		<u>FY 92</u>		<u>FY 93</u>		<u>PROJECT TOTALS</u>	
	<u>AID</u>	<u>CLIENT</u>	<u>AID</u>	<u>CLIENT</u>	<u>AID</u>	<u>CLIENT</u>	<u>AID</u>	<u>CLIENT</u>
1. In-country Vol. Exec. Service	2,205.5	315	2,371.5	345	2,537.5	375	7,114.5	1,035.0
2. U.S.-based Trade & Invest. Service	108.4	27.2	140.6	35.5	172.7	43.8	421.7	106.5
3. Evaluation/ Audit					70.0		70.0	
4. Inflation			169.2	21.5	223.8	25	393.8	46.5
TOTAL	2,313.9	342.3	2,681.3	402	3,004.0	443.8	8,000.0	1,188.0

I. BACKGROUND AND RATIONALE

A. Introduction

Egypt faces major challenges in the next few years. Foremost among these is changing an economic system characterized by a tradition of controls and restrictions on private sector growth. Egypt has a long history of state dominated, inward-oriented economic strategies that have discouraged exports and favored import substitution. These have resulted in distorted pricing, excessive regulation, lack of private investment, preferential treatment for public enterprises and a lack of export-oriented production and marketing incentives. The cumulative effect of these controls is a noted reduction in productivity.

Important indices of the economy show declining incomes and increased unemployment. The labor force continues to grow faster than the economy's ability to create jobs, and the gap between actual investments and what is needed to achieve full employment of the labor force is growing. The unemployment rate is estimated at 20 percent of the workforce, an estimate that was made before the 1990 Gulf Crisis. Widespread poverty is a growing problem in Egypt, with 1986 estimates indicating that 15 to 20 percent of urban and rural households have annual expenditures of IE 230 (\$70) per capita or less. This places 15 to 20 percent of the population below the minimum level required to maintain an acceptable standard of living.

In recent years, there have been efforts to liberalize the economy, a move which is supported by President Mubarak who has encouraged expansion of the private sector in the economy. In January, 1991 a significant step was taken when the restrictions on foreign exchange markets and interest rates were lifted.

Both the GOE's 5-year development plan (1987-1992) and USAID's FY 1989 CDSS update address broad development concerns, recognizing that the development of private enterprise could be the "engine of growth" to generate future expansion in income and employment.

Because of state control and limits on the private sector, many Egyptian private enterprises are unable to fully respond to emerging opportunities. They are also constrained by a lack of management skills in areas of basic business practices. Many firms lack the ability to undertake basic financial analysis or manage cash flow. In other cases, plant procedures, basic planning and market analysis do not exist, and inappropriate equipment technology in production processes may be employed.

B. Five Year Development Plan (1987-1992)

The current GOE plan contains four major goals, three of which are related to the project:

1. To increase production and productivity levels;
2. To strengthen the self-sustaining growth of the economy;
3. To develop national management capabilities and strengthen the role of the private sector.

The project seeks to develop and expand entrepreneurial trade and investment activities in the private sector. It will provide short-term technical assistance to firms in the private sector to help resolve technical and managerial problems. Project activities will address basic management constraints faced by many firms in Egypt and offer assistance to these firms in becoming more productive. The project will also promote trade and investment and encourage greater commercial and business exchanges between

the United States and Egypt. The project will promote access to U.S. equipment needed to increase productivity. Joint venture and other investment opportunities between Egyptian and United States businesses will be identified. By improving and strengthening the business sector, the project would contribute to an increase in productivity, expansion of the economy, and greater employment opportunities.

C. Relationship to the CDSS FY 1989 Update:

The project is consistent with USAID's CDSS strategy of encouraging greater involvement by Private Voluntary Organizations (PVOs) in the program. PVOs such as the International Executive Service Corps, play an important role in mobilizing human resources from the U.S. to come to Egypt in order to assist the private sector to improve economic productivity. The 1989 CDSS update indicates that the USAID program will focus on developing technical and management capacities of the private sector to undertake sustainable development activities. This is one of the primary objectives of the proposed project.

The CDSS update also emphasizes a need to improve the climate for private investment, focusing on improving the key sectors of agriculture and private industry along with services to support these sectors. By encouraging private sector growth, the strategy supports measures which liberalize investment and business activities. Project activities to transfer technologies and build private sector capabilities are consistent with this strategy.

D. Other Donor Activity

Other bilateral programs of short-term technical assistance to private enterprise are supported in Egypt by the governments of Canada, England, Germany and the Netherlands. The implementation of these programs has strong parallels with the work of IESC in terms of short-term technical assistance provided to small, medium and large-sized businesses by retired executives.

Also there is a multilateral program in Egypt supported by the United Nations Development Program (UNDP). Through its 48 member states, the UNDP provides technical assistance on a short-term basis to the private sector in diagnosing business problems, developing new product lines, and providing advice on joint venture possibilities.

Although similarities exist between the activities of those donors and AID's project, there is no duplication or conflict in their respective efforts. Given the growing demand for this type of assistance in Egypt, the programs are mutually supportive.

E. A History of the IESC Program in Egypt

IESC is a USAID registered PVO which first began operating in Egypt in 1979. USAID support for IESC did not begin until two years later when a cost reimbursement system was established as an experimental intervention to encourage clients to use IESC services. The provision of short-term technical assistance by retired U.S. businessmen was found to be well suited to local business needs. One of the innovative aspects of the experiment was to have client businesses pay a portion of the operating costs in bringing U.S. executives to Egypt. The IESC completed 10 projects in 1981 and 33 projects in 1982.

USAID financing for IESC continued under the 1983 Business Support and Investment Project (263-0159). BSIP supported a small technology-transfer activity which assisted a modest 80 private sector clients over a period of four years. The IESC element of BSIP was carried out under a USAID cooperative agreement with IESC. The Project Agreement between USAID and the GOE as grantee defined general implementation and monitoring responsibilities by IESC and USAID. The role of IESC in project implementation was to review client needs, evaluate each request for assistance, determine viability of volunteer assistance, recruit the volunteer, establish a project plan between the client and volunteer, and monitor the progress of each client including a final client/IESC evaluation. Other important features included: (a) client contribution to finance technical assistance, a cost which is normally fully borne by USAID; (b) a plan by IESC to continuously advertise and promote its services in the Egyptian private sector in order to expand services; and (c) placing the cost of IESC service within reach of private sector companies.

In the mid-1980s, the private sector began to receive encouragement to take an expanded role in the economy. There emerged a growing demand for technical assistance to expand business skills. Therefore, in 1988 USAID approved continued financing for a separately-funded activity under Project 0102, Technical Cooperation and Feasibility Studies (TCFS). A follow-on cooperative agreement with IESC was signed in December 1989, providing an additional \$3 million to fund the activity. The TCFS Project will end in 1993 and will not be extended.

However, IESC project completions have increased from 56 in 1987 to 99 in 1990. Nearly 300 assignments have been completed since 1987. VE assignments in Egypt since the inception of IESC have totaled over 400, making this IESC field program the largest and most active in the world. Clearly there appears to be significant opportunity for increasing IESC assistance programs in Egypt.

F. Assessment and Lessons Learned

The volunteer program has been targeted on the following three sectors: (1) agribusiness (ranging from seed production and food processing to consumption); (2) tourism; and (3) manufacturing and service industries. Data from IESC contracts over the last four years demonstrate a growing demand for services and a corresponding increase in the number of volunteer executive assignments. See the IESC project completion chart in Annex E for a 1983-90 history of project completions.

In 1990 an external assessment of IESC activities was undertaken by a consulting firm, SRI International, to determine if the project was meeting its goals. Wide ranging interviews were held with IESC management and staff, IESC clients, and Egyptian and U.S. business leaders to gather data for the assessment. Individuals interviewed were unanimous in giving high marks to the program and uniformly recommended a continuation and increase in IESC activities. Most clients characterized individual assignments as successful. IESC management claims that one reason why projects are successful is because of the rigorous procedures applied in identifying volunteers and matching the appropriate individual to a business. One measure of success is the fact that 60 percent of new projects are repeats or referrals from previous clients.

The assessment found that IESC staff and management in Egypt are professional, business oriented and aggressive. Overall, the information and views obtained in the assessment conclude the following:

- IESC is currently providing valuable services to Egyptian businesses in the form of the VE program;
- IESC/Egypt is in the process of refining a series of useful trade and investment activities under the auspices of TIS;
- There are major opportunities to collaborate with IESC in the implementation of a comprehensive USAID trade and investment initiative for the future.
- SRI recommended that the IESC Program continue to be supported by USAID and expand opportunities for a comprehensive trade and investment initiative for the future.
- SRI noted that the TIS activity was not receiving adequate support from the Stamford office which had only one part-time, untrained employee to support 4 TIS activities. Since this report was issued in June 1990 a qualified, fully trained employee has been placed in the Stamford Office whose sole responsibility is to support Egypt's TIS program. The number of recruiting personnel have also been increased to support the Egypt program.

II. DETAILED PROJECT DESCRIPTION

A. GOAL

The goal of the Project is to expand the role of the private sector in the Egyptian economy.

B. PURPOSE

The Project seeks to enhance the role of the Egyptian private sector as an engine of growth by improving business skills and productivity of private enterprises.

C. PROJECT OUTPUTS

The primary feature of the project is the introduction of modern business practices so that the private sector can become more productive. IESC, a non-governmental organization, will be responsible for identifying specific technical expertise in speciality fields of management, technical services and finance to improve the operations of selected

firms. Technical assistance will be provided by a corps of retired volunteer executives, some of whom are the most qualified the U.S. business world can offer. This group of retired executives will provide short-term, specific assistance in selected areas. A secondary feature in the project is the promotion of reciprocal trade links between the United States and Egypt, identification of joint venture possibilities between Egyptian and American firms, and assistance to Egyptian firms seeking to import U.S. equipment, supplies and commodities.

There are essentially two interrelated categories of IESC activities that will be financed under this project:

- (1) VE in-country technical assistance; and
- (2) U.S.-based trade and investment services.

Over the three year life of project, a total of approximately 462 IESC activities will be financed.

1. In-Country Volunteer Executive (VE) Service:

The heart of the IESC Project is the technical assistance provided by volunteer executives. Over the life of project, the component will finance approximately 345 IESC volunteers who will each spend anywhere from 2 weeks to 3 months in Egypt, depending on the requirements of the individual assignment. The technical assistance provided usually includes one or more of the following:

- a. Improving management methods and organizational structures;
- b. Instituting guidelines to improve productivity and production quality;
- c. Studying markets and assisting manufacturers in product development;
- d. Introducing manufacturing and processing standards for acceptance in domestic and export markets;
- e. Developing training programs for industries and service organizations; and
- f. Providing expertise in a wide variety of complex industrial and management situations;

Businesses which receive services through this component are expected to increase productivity as a result of the technical assistance. In many cases, a business which receives the services of one volunteer can utilize follow-up services by another volunteer, or be able to participate in other U.S.-based IESC activities. There are a large number of requests from private sector enterprises for follow-on assistance by other volunteer executives or other types of technical assistance. For example, one executive provide short-term diagnostic assistance, and the same or another volunteer can follow-up technical assistance to address the issues identified under the diagnostic assistance. Given the broad range of business assistance available, any one business in Egypt could rely on IESC to provide a number of services.

Participating firms, or clients, will contribute to the cost of the volunteer executive. There is no fixed fee for the assistance, but it generally is approximately 15 percent of the VE costs and takes into consideration the client's ability to pay.

2. U.S.-based Trade and Investment Service (TIS):

A broad range of business assistance services will be made available under the project through IESC's U.S.-based offices to further enhance in-country volunteer activities. The overall emphasis of TIS component is to identify and promote trade and investment programs for Egypt and the U.S.

Over the life of project, it is expected that some 117 TIS assignments will be financed in support of the following specific activities:

a. American Business Linkage Enterprise (ABLE). This activity will provide efficient, low-cost research and technical data to small and medium sized Egyptian businesses interested in identifying possibilities for domestic or export expansion. This includes information on capital equipment needed for an enterprise to carry out business expansion, develop and produce new products, or market requirements to improve exports. ABLE also provides information on U.S. market surveys and U.S. import requirements. The information provided will make it possible for private enterprises to make informed judgments about the business climate and gauge the potential for expanded ventures.

b. The project will also finance Joint Venture Searches (JVS), an activity similar to ABLE, but oriented to promoting joint ventures which capitalizes on using the volunteer network. A comprehensive data base of information on

volunteers and their former companies is maintained by IESC headquarters. JVS utilizes established contacts and expertise of former volunteers who have returned to the U.S. and have access to U.S. companies and specialized skills. Using this network, prospective U.S. investors can be matched with Egyptian businesses.

c. The Quoting Service (QS) activity will provide price quotations on U.S. equipment, products and commodities to assist Egyptian private firms in meeting import requirements. The quoting service supports the Commodity Import Program by assisting firms in meeting CIP approval requirements of obtaining three bids for any specific item.

d. The Trade Enhancement Program (TEP) will match specific Egyptian companies with U.S. companies to explore ways of enhancing Egyptian exports, while also identifying and encouraging the import of U.S. goods and services.

D. FINANCIAL PLAN

AID's contribution of \$8 million will be provided in dollars with a 6 percent inflation factor built into the cost estimates for years 2 and 3.

The budget for the major project activity, the Volunteer Executive Component, is comprised of the costs for the recruitment of VEs, the assignment of the VE to Egypt, and the IESC support costs both in the U.S. and Egypt. The total cost of this component is approximately \$8.15 million (excluding inflation) of which USAID will finance nearly \$7.15 million. Yearly costs of the VE component are contained in Table 1, Annex D. The cost of recruiting a volunteer executive in the U.S. averages \$2200. VE assignment costs primarily include travel for the VE and spouse, per diem for VE and meals for spouse. Full cost estimates are provided in Table 2 of Annex D. Project related office support costs for IESC Headquarters are itemized in Table 3, Annex D. The major items for the IESC/Egypt support costs are housing and subsistence per diem for the 3 country directors (who are long term staff assigned to either Cairo or Alexandria), local salaries and office rent. Full support costs are provided in Table 4 of Annex D.

The U.S.-Based Trade and Investment Service Component comprises four activities, the USAID/client costs of which have been attributed as follows:

<u>TEP</u>	<u>JVS</u>
USAID = \$5020	USAID = 5020
Client = <u>950</u>	Client = <u>950</u>
5970	5970
<u>ABLE</u>	<u>QS</u>
USAID = 3800	USAID = 1900
Client = <u>1200</u>	Client = <u>600</u>
5000	2500

USAID's total contribution for Technical Information Services this component is \$421,740 (excluding inflation).

Client contributions will be provided in Egyptian pounds, and finance such in-country costs as VE meals, in-country travel and IESC/Egypt operational expenses. Since the exact total amount of client contributions cannot be determined until VE project assignments are identified and contracts negotiated with the clients, estimates have been made based on past client contributions. Since 1979 these have averaged the pound equivalent of \$4300 per project. For budget purposes of this project client contributions have been estimated at 15% of direct VE costs. The detailed cost estimates in Annex D show the breakdown of client contributions for the various activities in the TIS component. The full LOP contribution by participating clients is expected to exceed the equivalent of \$1.1 million. IESC will provide in-kind costs of the volunteers' expertise, which are valued at \$420 per day. The sum total of VE assistance greatly exceeds the 25% non-federal funding requirement.

For budget purposes, the following schedule of activities was used:

<u>Activity</u>	No. of Activities			
	<u>Yr.1</u>	<u>Yr.2</u>	<u>Yr.3</u>	<u>LOP</u>
VE assignments	105	115	125	345
Trade enhancement	8	11	14	33
Joint venture searches	3	3	3	9
American business linkages	9	12	15	36
Quoting services	<u>10</u>	<u>13</u>	<u>16</u>	<u>39</u>
Total	135	154	173	462

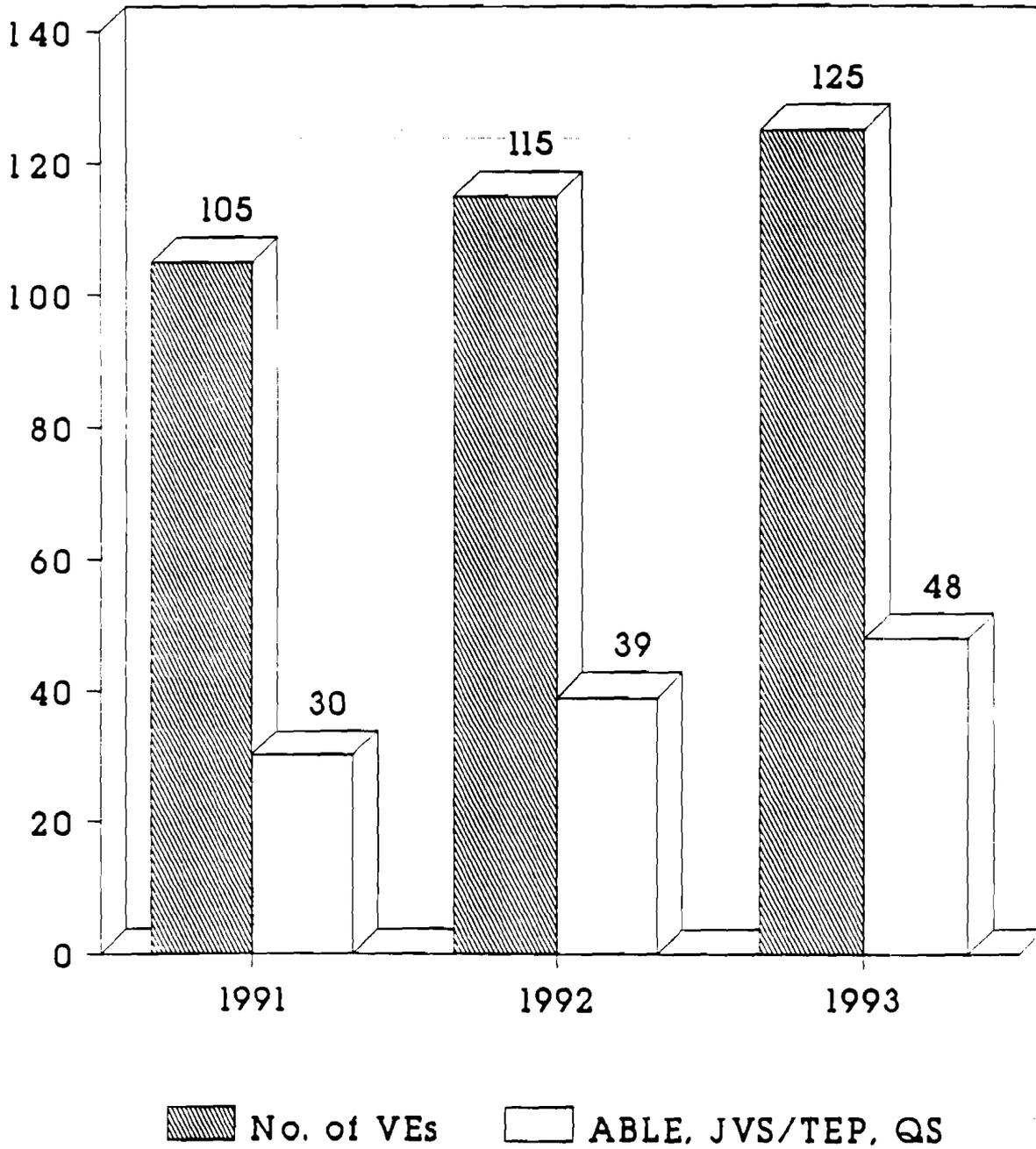
SUMMARY OF COST ESTIMATES
LOP (\$)

Activity	Year 1		Year 2		Year 3		AID Total	Client Total	LOP Total
	AID	Client	AID	Client	AID	Client			
1. VE Component									
- VE Recruitment	231,000		253,000		275,000		759,000		759,000
- VE Assignment @17,400	1,512,000	315,000	1,656,000	345,000	1,800,000	375,000	4,968,000	1,035,000	6,003,000
- IESC Support									
IESC/Egypt	362,000		362,000		362,000		1,086,000		1,086,000
IESC/U.S. Hdqs	100,500		100,500		100,500		301,500		301,500
Subtotal	2,205,500	315,000	2,371,500	345,000	2,537,500	375,000	7,114,500	1,035,000	8,149,500
2. TIS Component									
JVS	15,060	2,850	15,060	2,850	15,060	2,850	45,180	8,550	53,730
TEP	40,160	7,600	55,220	10,450	70,280	13,300	165,660	31,350	197,010
ABLE	34,200	10,800	45,600	14,400	57,000	18,000	136,800	43,200	180,000
QS	19,000	6,000	24,700	7,800	30,400	9,600	74,100	23,400	97,500
Subtotal	108,420	27,250	140,580	35,500	172,740	43,750	421,740	106,500	528,240
3. Evaluation/Audit					70,000		70,000		70,000
4. Inflation			169,920	21,500	223,840	25,000	393,760	46,500	440,260
Total	2,313,920	342,250	2,682,000	402,000	3,004,080	443,750	8,000,000	1,188,000	9,188,000

* A 6% inflation rate has been used for years 2 and 3.

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Planned Sub-Project Completions IESC



E. PROJECT IMPLEMENTATION, MONITORING AND EVALUATION

1. Implementation

a. Role of The GOE:

The Ministry of International Cooperation (MIC) is the Grantee and GOE counterpart agency for the project. MIC will sign the Project Grant Agreement on behalf of the GOE with USAID. The Grant Agreement will authorize USAID to execute a cooperative agreement with IESC, pursuant to which project funds will be provided by USAID directly to IESC for project implementation.

b. Role of IESC:

The role of IESC as the implementing agency will be spelled out in the Cooperative Agreement with USAID.

IESC's Egypt Office will carry out initial contacts with the private sector by publicizing services available through the project. The use of business associations and other private organizations has been shown to be a useful forum to publicize project activities. Businesses which indicate an interest in a specific service submit requests for assistance directly to IESC, and discussions take place to determine how a volunteer executive might provide technical assistance or perform a business service to meet the needs of that particular business. If successful, these negotiations form the basis for an agreement between IESC and the private enterprise. The agreement spells out individual responsibilities and contributions each party will make to the activity.

IESC headquarters in Stamford, Connecticut play a critical liaison role with IESC/Egypt in project implementation. Requests for technical assistance or a business service are communicated to the IESC international headquarters to identify a VE for travel to Egypt to provide short-term advice. Once an individual is recruited and general agreement reached on provision of assistance, travel arrangements are coordinated and IESC/Cairo performs all aspects of in-country placement. On arrival in Egypt, IESC staff takes the volunteer to the client to implement the technical assistance and then serves as the administrative contact point for the VE.

IESC/Egypt prepares quarterly and annual reports which summarize financial and administrative activities of each project activity. These reports, submitted to USAID, are used to determine how the project is meeting quarterly benchmarks.

IESC submits quarterly vouchers to USAID for examination and payment. The accounting department of IESC/Egypt has been an effective unit in providing timely financial reports to USAID.

c. Role of USAID:

AID's role in implementation is to provide overall backstop support to IESC, monitor project activities, measure and evaluate the project's progress to assure that the purposes of the project are being effectively achieved and that the assumptions underlying the selection of activities remain valid. Annually, USAID and IESC will meet to develop an implementation and financial plan for the next project year. Quarterly benchmarks will be established for each project activity including the provision of disaggregated data on project utilities. The IESC quarterly and annual reports on financial and administrative issues will be the basis for AID's monitoring of the project. An annual time line representation of implementation schedules for the different activities is given in Appendix J.

Two officers within USAID play a critical role in project implementation.

1) The IESC Project Officer within the TI/FI office is concerned with day-to-day project implementation, evaluation and substantive program and policy aspects of the project. He/she is the primary point of contact with IESC/Egypt, outlining the responsibilities and authorities of AID and insuring that overall AID procedures and practices are followed. The project officer carries out programming and implementation oversight in close collaboration with IESC. The preparation of implementation documentation and other budget information is the primary responsibility of the project officer.

2) The grant officer (Contracting Services officer) is responsible for the preparation, negotiation and signing of the cooperative agreement with IESC. The grant officer also revises the assistance instrument or agrees to any binding promise or obligation by USAID, including final negotiations of financial items and maintenance of official files.

3) The Project Committee, representing various USAID offices, provides guidance in project implementation, and review of project activities such as annual reviews of project progress, reviews of implementation plans and budgets, and critical documents, e.g. assessments, evaluations, audits and contracts.

LOP IMPLEMENTATION AND PROCUREMENT SCHEDULE

<u>Date</u>	<u>Action</u>	<u>Responsible Organization</u>
5/91	PP approved	USAID
6/91	Grant Agreement signed	USAID/MIC
6/30	PIO/T approved and submitted to DIR/CS	USAID
7/91	Conditions Precedent met	MIC
7/15	Proposal received	IESC/USAID
8/15	Negotiation completed	USAID/IESC
9/01	Cooperative Agreement signed	USAID/IESC
9/93	Project Evaluation	USAID
9/94	PACD	USAID

2. Procurement Plan

USAID will not solicit applications for this project activity, but will negotiate directly with IESC, since competition requirements have already been met. The provisions for Special Programs (Handbook 13, Chapter 2B) consider that requirements for competition are met "when assistance awards are based on prescribed eligibility requirements and selection procedures for special programs.." Among the special programs that qualify are mission funded grants and cooperative agreements to registered Private Voluntary Organizations for field programs (Section 2B2.e.). IESC is a U.S. PVO registered with A.I.D. and currently operating under a core agreement with AID/W. The provisions of the proposed project (i.e. Egypt "field program") are consistent with the provisions of the core agreement.

Small Business and minority firms have been and will continue to be encouraged to participate in the evaluation of this project and such other activities as feasible. The purchase of IESC/Egypt office equipment and supplies is expected to be small item local procurement, and will be made in accordance with AID requirements outlined in Handbook 1B and the provisions of the Cooperative Agreement. Local source procurement transactions are not expected to exceed the LE equivalent of \$5000.

3. Monitoring and Evaluation Plan

Routine quarterly and annual reports submitted by IESC and frequent site visits by the Project Officer will provide sufficient information to make management decisions regarding adjustments in project targets, budget allocations, and other strategic decisions. Below is a quarterly schedule of monitoring and an information plan for audits and evaluations.

Before a VE travels to Egypt, he/she signs a contract agreement with IESC that spells out his/her role and responsibilities and those of the client. After arrival and a week or so of observation and evaluation, the VE develops a work plan that spells out objectives in the assignment. At the end of the assignment, each VE submits a completion report. These reports contain useful information on impact, effectiveness of the assignment and impressions of the volunteer. USAID plans to use these reports to monitor and evaluate the project in terms of impact.

An evaluation record by beneficiaries on how they have benefited from VEs will be systematically established.

Monitoring activities will include:

- Site visits by the Project Officer and IESC/Egypt staff;
- Routine reports submitted by IESC;
- Annual project reviews;
- Evaluation and audits.

FY 92 MONITORING PLAN

	<u>Qtr1</u>	<u>Qtr2</u>	<u>Qtr3</u>	<u>Qtr4</u>
Project performance reports to USAID	I	I	I	I
Semi Annual Review		I		
Submission of Vouchers	I	I	I	I
USAID Review Voucher, Reimbursement	A	A	A	A
Annual Implementation Plan	A,I	A,I	A,I	A,I
Project Officer Site Visits Cairo, Alexandria	A	A	A	A
Audit				A
Evaluation				I

Evaluation Plan

Evaluation requirements will be contained in a covenant in the Project Grant Agreement. Over the 3-year life of project, one outside evaluation is planned and budgeted. This evaluation is scheduled at the end of year 2 to determine how effective the

* A = AID; I = IESC

project has been in providing technical assistance to Egypt and the responsiveness of the Egyptian business client in utilizing IESC as a vehicle for technical assistance. The evaluation will measure progress in meeting established benchmarks, and identify problems that need to be addressed should follow-on assistance be contemplated at that time.

F. COVENANTS

Following the approval of the Project Paper, negotiations regarding the responsibilities of USAID, IESC, and the GOE will take place. It is anticipated that the following covenants will be contained in the Project Grant Agreement.

(1) Cooperative Agreement with IESC.

The Grantee (GOE) agrees that USAID shall enter into a Cooperative Agreement with IESC, financed under the Grant, pursuant to which IESC will implement Project activities, as described in Annex 1 to the Grant Agreement.

(2) Import Duties and Taxes.

The Grantee agrees that the Ministry of International Cooperation shall provide letters of guarantee as needed to the Government of Egypt Customs Administration for:

- (a) all commodities, including vehicles, financed under this Grant;
- (b) all materials, equipment, supplies, and vehicles imported by any firm or organization financed under this Grant which are to be used for Project purposes; and
- (c) all household effects and personal vehicles imported by non-Egyptian individuals financed under this Grant. All such letters of guarantee will provide for payment of customs duties and all other taxes in the event that the commodities imported are not exempted from customs duties or re-exported.

The Grantee agrees that it will take any other necessary actions regarding customs and taxes to ensure that any assessed customs duties and taxes are either paid from non-Project funds, or an exemption therefrom is provided.

(3) Project Evaluation.

The Parties agree to establish an evaluation program as part of the Project. Except as the Parties otherwise agree in

writing, the program will include an evaluation at the end of the second year of project activity which:

- (a) evaluates the project to determine effectiveness in providing technical assistance to Egypt;
- (b) evaluates the responsiveness of the Egyptian business client in utilizing IESC for the provision of technical assistance;
- (c) evaluates, to the degree feasible, the overall development impact of the project;
- (d) identifies and evaluates problem areas or constraints which may inhibit such attainment;
- (e) and assesses how such information may be used to help overcome such problems.

G. SUMMARIES OF ANALYSES

1. Technical Analysis: The technical analysis concluded that the project was sound in view of IESC's successful history of 10 years of assistance to Egypt's private sector in solving a broad range of industrial, technical and managerial problems. A November 1990 assessment of the program concluded that the program offered valuable service to the private sector through the VE component and that trade and investments were increasing due to the assistance through the IESC program.

The program's ability to effectively channel technical assistance and specific business information to Egypt's private sector was a result of efficient elements of IESC's delivery system. Highlights of this system include:

- (a) A strong outreach and marketing system;
- (b) Successful problem identification and documentation process;
- (c) A comprehensive data base of information on volunteer executives;
- (d) The use of a strong local counterpart to work with the volunteer executive;
- (e) The reliance on a specific work plan to outline objectives and establish goals.

2. Administrative Analysis: The IESC is a nonprofit organization, founded in 1964, and headquartered in Stamford, Connecticut. IESC is operated by U.S. businessmen to assist

businessess throughout the world. The organization has access to data on over 12,000 retired executives who have indicated a willingness to provide short-term technical assistance overseas.

The IESC/Egypt administrative structure is field oriented and designed so that 75 percent of the staff is focused on working with potential clients and supporting VEs assigned to Egypt. Efficient administrative links exist between IESC/Egypt operations and IESC headquarters in Connecticut, and in 1989 the financial systems in place were judged by a RIG/A audit to be adequate and without material weakness.

3. Social Analysis: The socio-cultural context of this project is a country which is emerging from a tradition of centralized, state-controlled enterprise in which competition was limited and the private sector viewed with suspicion. Within the past decade a shift in emphasis has strengthened the role of the private sector along with an official recognition that private enterprise can contribute to national development in a freer market environment.

The private sector has responded positively to this initiative, seeking foreign technical assistance to improve basic management practices and expand commercial opportunities. An example of this is IESC operations in Egypt successfully providing technical assistance on an expanding scale since 1981.

Through an expanding number of technical assistance assignments, IESC has been able to ensure that the benefits are diffused into the private sector. Ultimately, the spread effect of increased private sector efficiency will result in increased employment opportunities and better service to Egyptian citizens. Enhanced consumer confidence will provide gains to Egyptian companies and their employees and the social impact and distribution of benefits will result in improved general well-being for the people of Egypt.

The project will encourage more active participation of women in private sector activities. Targets of women volunteer executives fielded by IESC and women-owned or managed client business will be considered within a seminar to be held in year 2 of the project. Disaggregated data on project activities will be collected.

4. Economic Analysis: Project cost will be considerably reduced by the provision of volunteer (i.e. non-salaried) technical consultants, which form the principal project investment. IESC/Egypt experience to date shows that VE assistance has resulted in decreases in production costs and gains in sales by client firms. This, plus experience gained from other IESC programs worldwide, indicate a very positive internal rate of return should be achieved under the Project.

Project Title & Number: International Executive Service Corps (IESC) - (263-0229)

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATIONS	IMPORTANT ASSUMPTIONS
<p>Program or Sector Goal: The broader objective to which this project contributes:</p> <p>To expand the role of the private sector in the Egyptian economy.</p>	<p>Measures of Goal Achievement:</p> <p>Increased productivity in the private sector.</p>	<p>GOE, USAID analysis and records.</p>	<p>Assumptions for achieving goal targets:</p> <p>GOE continues policy of economic liberalization and support for the private sector. The Egyptian economy is not affected by a major downturn.</p>
<p>Project Purpose:</p> <p>To enhance the role of the Egyptian private sector as an engine of growth by improving business skills and productivity of private enterprises.</p>	<p>Conditions that will indicate purpose has been achieved: (End of project status.)</p> <p>Improved operations, greater productive capacity, greater company efficiency, improved product quality, more U.S. business contacts, improved U.S. export business.</p>	<p>Business firm records; IESC records; Project records; IESC follow-up reports.</p>	<p>Assumptions for achieving purpose:</p> <p>Egyptian businesses follow recommendation of IESC advisors.</p>
<p>Outputs:</p> <p>Improved business operations and management skills, increased commercial links and joint ventures with U.S. firms.</p>	<p>Magnitude of Outputs:</p> <p>1. In-country Volunteer Executive Assignment: 345 2. U.S.-Based TIS Assignments: 117 a) TEP: 33 b) JVS: 9 c) ABLE: 36 d) QS: 39</p>	<p>IESC records.</p>	<p>Assumptions for achieving Outputs:</p> <p>Client demand for IESC services exists and a willingness by individual businesses to contribute/use IESC services.</p>
<p>Inputs:</p> <p>Technical assistance.</p>	<p>Implementation Target (Type and Quantity):</p> <p>AID - \$8.0 Mil. Clients \$1.2 Mil.</p>	<p>Grant Agreement, Project Records.</p>	<p>Assumptions for providing inputs:</p> <p>Timely signature of agreements with IESC and GOE.</p>



UNITED STATES AGENCY for INTERNATIONAL DEVELOPMENT

CAIRO, EGYPT
ACTION MEMORANDUM FOR THE ENE BUREAU ENVIRONMENTAL COORDINATOR

DATE: April 23, 1991 *for Ph*

FROM: Ken LuePhang, Mission Environmental Officer (MEO),
USAID/Cairo

SUBJECT: International Executive Service Corps Project (263-0226)
Concurrence in Categorical Exclusion of the Initial
Environmental Examination (IEE)

ISSUE:

Your concurrence in the Categorical Exclusion for the subject project is requested.

BACKGROUND:

The purpose of the International Executive Service Corps (IESC) Project is to enhance the role of the Egyptian private sector as an engine of growth by improving business skills and productivity of private enterprises. The project is based on the premise that the development of private enterprises could be the "engine of growth" to generate future expansion in income and employment.

Because of state control and repression of the private sector, many enterprises in the Egyptian private sector are unable to fully respond to the emerging opportunities, constrained by lack of management skills in areas of basic business practices. Modern office practices are not in place; plant procedures, basic planning and market analysis often do not exist. Many firms lack the ability to undertake basic financial analysis or management cash flow.

To achieve the project's purpose, IESC project will seek to develop and expand private sector entrepreneurial trade and investment programs.

DISCUSSION:

The project will effectively build on the positive IESC experience gained since 1979. As a continuation of these IESC efforts, the project will provide short-term technical assistance to firms in the private sector to help resolve industrial, technical and managerial problems. Under this activity up to 385 IESC volunteers will spend from one to three months providing technical assistance. Their activities would complement Mission policy dialogue efforts by promoting export and export-oriented investments through training, technical assistance, seminars, information dissemination, feasibility studies, etc.

There are no environmental problems associated with this project. The expected achievements are mostly institutional improvements, and an increase in private sector production and exports.

In summary, we submit that the project components qualify under the Categorical Exclusion criteria 216.2(c)(1)(i), "The action does not have an effect on the natural or physical environment."

AUTHORITY:

AID Environmental Procedures under 22 CFR 216.2 (c)(3) state that a Categorical Exclusion determination shall be reviewed by the Bureau Environmental Officer in the same manner as a Threshold Decision under 22 CFR 216.2(a)(2). You may indicate your concurrence with the foregoing determination by signing in the space below and on the attached Record of Categorical Exclusion.

RECOMMENDATION:

That you concur in the Categorical Exclusion from AID Environmental Procedures for the Export and Investment Promotion Project.

APPROVED: *Ronald Greenberg*
Ronald Greenberg, ENE/TR

DISAPPROVED: _____

DATE: 4/29/91

Clearance: PDowns: PDS/PS *P. Down*
BSmith: CD/ENG *WRA*

Drafted by: KLP:klp:04/23/91
ID: BASIC (Pg 1-4)

Annex B

INITIAL ENVIRONMENTAL EXAMINATION

Project Location : Egypt

Project Title and Number : International Executive Service Corps
No. 283-0226

Funding : A.I.D.: ICP US \$9.2 million
Four Years, FY 1991-FY1995

IEE prepared by : Signature: Robert Kirk
Robert Kirk, TI/PI
USAID Project Officer

Date: April 23, 1991

Environmental Action Recommended : Categorical Exclusion

Mission Environmental Officer's Concurrence : Signature: Kenneth LuPhang
Kenneth LuPhang

Date: April 23 1991

Associate Mission Director's Concurrence : Signature: William R. Smith
Paul Thorn

Date: 4/23/91

Decision of Environmental Officer, Bureau for Asia and Near East : Concur: Ronald Greenberg
Ronald Greenberg, ENE/IR/INV

Not Concur: _____

Date: 4/29/91

INITIAL ENVIRONMENTAL EXAMINATION

Project Title: International Executive Service Corps (IESC) Project
and Number : No. 263-0226

Discussion of Major Environmental Relationships of Project Relevant to Attached Impact Identification and Evaluation Form:

The IESC Project will effectively build on the positive experience gained since 1979. Its activities would complement Mission policy dialogue efforts by promoting export and export-oriented investments through training, technical assistance, seminars, information dissemination, feasibility studies, etc. The IESC activities will be provided in five major subactivities: (1) Volunteer executive assignments (2) Trade enhancement program (3) Joint venture search (4) American business linkage enterprise and (5) Quoting service.

The expected project achievements are mostly institutional improvements, an increase in private sector production efficiency and exports.

There is no foreseeable adverse health impact from this project. Health and social impact should be positive if one assume a higher income and more efficient population is able to achieve a higher level of social and physical well-being. We should expect an improved socio-economic impact by the increased income to the rural areas, by reducing rural migration, and by increasing and diversifying productivity of the rural and provincial population.

5C(1) - COUNTRY CHECKLIST - EGYPT

4/91

Listed below are statutory criteria applicable to: (A) FAA funds generally; (B)(1) Development Assistance funds only; or (B)(2) the Economic Support Fund only.

A. GENERAL CRITERIA FOR COUNTRY ELIGIBILITY1. FY 1991 Appropriations Act Sec. 559(b).

Has the President certified to the Congress that the government of the recipient country is failing to take adequate measures to prevent narcotic drugs or other controlled substances which are cultivated, produced or processed illicitly, in whole or in part, in such country or transported through such country, from being sold illegally within the jurisdiction of such country to United States Government personnel or their dependents or from entering the United States unlawfully?

NO

2. FAA Sec. 481(h); FY 1991 Appropriations Act Sec. 559(b). (These provisions

apply to assistance of any kind provided by grant, sale, loan, lease, credit, guaranty, or insurance, except assistance from the Child Survival Fund or relating to international narcotics control, disaster and refugee relief, narcotics education and awareness, or the provision of food or medicine.) If the recipient is a "major illicit drug producing country" (defined as a country producing during a fiscal year at least five metric tons of opium or 500 metric tons of coca or marijuana) or a "major drug-transit country" (defined as a country that is a significant direct source of illicit drugs significantly affecting the United States, through which such drugs are transported, or through which significant sums of drug-related profits are laundered with the knowledge or complicity of the government): (a) Does the country have in place a bilateral narcotics agreement with the United States, or a multilateral narcotics agreement, and (b) Has the President in the March 1 International Narcotics Control

NA

Strategy Report (INSCR) determined and certified to the Congress (without Congressional enactment, within 45 days of continuous session, of a resolution disapproving such a certification), or has the President determined and certified to the Congress on any other date (with enactment by Congress of a resolution approving such certification), that (1) during the previous year the country has cooperated fully with the United States or taken adequate steps on its own to satisfy the goals agreed to in a bilateral narcotics agreement with the United States or in a multilateral agreement, to prevent illicit drugs produced or processed in or transported through such country from being transported into the United States, to prevent and punish drug profit laundering in the country, and to prevent and punish bribery and other forms of public corruption which facilitate production or shipment of illicit drugs or discourage prosecution of such acts, or that (2) the vital national interests of the United States require the provision of such assistance?

3. 1986 Drug Act Sec. 2013. (This section applies to the same categories of assistance subject to the restrictions in FAA Sec. 481(h), above.) If recipient country is a "major illicit drug producing country" or "major drug-transit country" (as defined for the purpose of FAA Sec 481(h), has the President submitted a report to Congress listing such country as one: (a) which, as a matter of government policy, encourages or facilitates the production or distribution of illicit drugs; (b) in which any senior official of the government engages in, encourages, or facilitates the production or distribution of illegal drugs; (c) in which any member of a U.S. Government agency has suffered or been threatened with violence inflicted by or with the complicity of any government officer; or (d) which fails to provide reasonable cooperation to lawful activities of U.S. drug

NA

enforcement agents, unless the President has provided the required certification to Congress pertaining to U.S. national interests and the drug control and criminal prosecution efforts of that country?

4. FAA Sec. 620(c). If assistance is to a government, is the government indebted to any U.S. citizen for goods or services furnished or ordered where: (a) such citizen has exhausted available legal remedies, (b) the debt is not denied or contested by such government, or (c) the indebtedness arises under an unconditional guaranty of payment given by such government or controlled entity? NO
5. FAA Sec. 620(e)(1). If assistance is to a government, has it (including any government agencies or subdivisions) taken any action which has the effect of nationalizing, expropriating, or otherwise seizing ownership or control of property of U.S. citizens or entities beneficially owned by them without taking steps to discharge its obligations toward such citizens or entities? NO
6. FAA Secs. 620(a), 620(f), 620D; FY 1991 Appropriations Act Secs. 512, 545. Is recipient country a Communist country? If so, has the President: (a) determined that assistance to the country is vital to the security of the United States, that the recipient country is not controlled by the international Communist conspiracy, and that such assistance will further promote the independence of the recipient country from international communism, or (b) removed a country from applicable restrictions on assistance to communist countries upon a determination and report to Congress that such action is important to the national interest of the United States? Will assistance be provided either directly or indirectly to Angola, Cambodia, Cuba, Iraq, Libya, Vietnam, Iran or Syria? Will assistance be provided to Afghanistan? NO

without a certification, or will assistance be provided inside Afghanistan through the Soviet-controlled government of Afghanistan?

7. FAA Sec. 620(j). Has the country permitted, or failed to take adequate measures to prevent, damage or destruction by mob action of U.S. property? NO

8. FAA Sec. 620(l). Has the country failed to enter into an investment guaranty agreement with OPIC? NO

9. FAA Sec. 620(o); Fishermen's Protective Act of 1967 (as amended) Sec. 5. (a) Has the country seized, or imposed any penalty or sanction against, any U.S. fishing vessel because of fishing activities in international waters? (b) If so, has any deduction required by the Fishermen's Protective Act been made? a) NO b) NA

10. FAA Sec. 620(q); FY 1991 Appropriations Act Sec. 518 (Brooke Amendment). (a) Has the government of the recipient country been in default for more than six months on interest or principal of any loan to the country under the FAA? (b) Has the country been in default for more than one year on interest or principal on any U.S. loan under a program for which the FY 1991 Appropriations Act appropriates funds? a) Not at present 4/3/91 b) NO

11. FAA Sec. 620(s). If contemplated assistance is development loan or to come from Economic Support Fund, has the Administrator taken into account the percentage of the country's budget and amount of the country's foreign exchange or other resources spent on military equipment? (Reference may be made to the annual "Taking Into Consideration" memo: "Yes, taken into account by the Administrator at time of approval of Agency OYB." This approval by the Administrator of the Operational Year Budget can be the basis for an affirmative answer during the fiscal year unless significant changes in circumstances occur.) Yes, taken into account by the Administrator at time of approval of Agency OYB.

- 12. FAA Sec. 620(t). Has the country severed diplomatic relations with the United States? If so, have relations been resumed and have new bilateral assistance agreements been negotiated and entered into since such resumption? NO

- 13. FAA Sec. 620(u). What is the payment status of the country's U.N. obligations? If the country is in arrears, were such arrearages taken into account by the A.I.D. Administrator in determining the current A.I.D. Operational Year Budget? (Reference may be made to the "Taking into Consideration" memo.) NO ARREARS

- 14. FAA Sec. 620A. Has the president determined that the recipient country grants sanctuary from prosecution to any individual or group which has committed an act of international terrorism or otherwise supports international terrorism? NO

- 15. FY 1991 Appropriation Act Sec. 556. Has the country been determined by the President to: (a) grant sanctuary from prosecution to any individual or group which has committed an act of international terrorism, or (b) otherwise supports international terrorism, unless the President has waived this restriction on grounds of national security or for humanitarian reasons? a) NO
b) NO

- 16. ISDCA of 1985 Sec. 552 (b). Has the Secretary of State determined that the country is a high terrorist threat country after the Secretary of Transportation has determined, pursuant to section 1115 (e) (2) of the Federal Aviation Act of 1958, that an airport in the country does not maintain and administer effective security measures? NO

- 17. FAA SEC. 666(b). Does the country object, on the basis of race, religion, national origin or sex, to the presence of any officer or employee of the U.S. who is present in such country to carry out economic development programs under the FAA? NO

18. FAA Secs. 669, 670. Has the country, after August 3, 1977, delivered to any other country or received nuclear enrichment or reprocessing equipment, materials, or technology, without specified arrangements or safeguards, and without special certification by the President? Has it transferred a nuclear explosive device to a non-nuclear weapon state, or if such a state, either received or detonated a nuclear explosive device? (FAA Sec. 620E permits a special waiver of Sec. 669 for Pakistan.) NO
19. FAA Sec. 670. If the country is a non-nuclear weapon state, has it, on or after August 8, 1985, exported (or attempted to export) illegally from the United States any material, equipment, or technology which would contribute significantly to the ability of a country to manufacture a nuclear explosive device? NO
20. ISDCA of 1981 Sec. 720. Was the country represented at the Meeting of Ministers of Foreign Affairs and Heads of Delegations of the non-Aligned Countries to the 26th General Assembly of the U.N. on Sept. 25 and 28, 1981, and did it fail to disassociate itself from the communique issued? If so, has the President taken it into account? (Reference may be made to the "Taking into Consideration" memo.) NO
21. FY 1991 Appropriations Act Sec. 513. Has the duly elected Head of Government of the country been deposed by military coup or decree? If assistance has been terminated, has the President notified Congress that a democratically elected government has taken office prior to the resumption of assistance? NO
22. FY 1991 Appropriations Act Sec. 539. Does the recipient country fully cooperate with the International refugee assistance organizations, the United States, and other governments in facilitating lasting solutions to YES

refugee situations, including resettlement without respect to race, sex, religion, or national origin?

- 23. FY 1991 Appropriations Act Sec. 586.
Is the recipient country in compliance with the United-Nations sponsored economic sanctions against Iraq? If not, has the President determined and so certified to Congress that it is in the national interest of the U.S. to provide such assistance, that such assistance would directly benefit the needy people in that country or would provide humanitarian assistance to refugees in that country, or that the government of that country is making a good faith effort to comply with those economic sanctions?

YES

B. FUNDING SOURCE CRITERIA FOR COUNTRY ELIGIBILITY

1. Development Assistance Country Criteria

- a. FAA Sec. 116. Has the Department of State determined that this government has engaged in a consistent pattern of gross violations of internationally recognized human rights? If so, can it be demonstrated that contemplated assistance will directly benefit the needy?

NA

- b. FY 1991 Appropriations Act Sec. 535. Has the President certified that use of DA funds by this country would violate any of the prohibitions against use of funds to pay for the performance of abortions as a method of family planning, to motivate or coerce any person to practice abortions, to pay for the performance of involuntary sterilization as a method of family planning, to coerce or provide any financial incentive to any person to undergo sterilizations, to pay for any biomedical research which relates, in whole or in part, to methods of, or the performance of, abortions or involuntary sterilization as a means of family planning?

NA

2. Economic Support Fund Country Criteria

a. FAA Sec. 502B. Has it been determined that the country has engaged in a consistent pattern of gross violations of internationally recognized human rights? If so, has the President found that the country made such significant improvement in its human rights record that furnishing such assistance is in the U.S. national interest?

NO

5C(2) - ASSISTANCE CHECKLIST

Listed below are statutory criteria applicable to the assistance resources themselves, rather than the eligibility of a country to receive assistance. This section is divided into three parts. Part A includes criteria applicable to both Development Assistance and Economic Support Fund resources. Part B includes criteria applicable only to Development Assistance resources. Part C includes criteria applicable only to Economic Support Funds.

CROSS REFERENCES:

IS COUNTRY CHECKLIST UP TO DATE?

A. CRITERIA APPLICABLE TO BOTH DEVELOPMENT ASSISTANCE AND ECONOMIC SUPPORT FUNDS

- | | |
|--|--|
| <p>1. Host Country Development Efforts (FAA Sec. 601(a)): Information and conclusions on whether assistance will encourage efforts of the country to: (a) increase the flow of international trade; (b) foster private initiative and competition; (c) encourage development and use of cooperatives, credit unions, and savings and loan associations; (d) discourage monopolistic practices; (e) improve technical efficiency of industry, agriculture, and commerce; and (f) strengthen free labor unions.</p> | <p>Yes. The Project will directly encourage U.S.-Egypt trade linkages. The purpose of the Project is to increase the role of the private sector in Egypt's economy.</p> |
| <p>2. U.S. Private Trade and Investment (FAA Sec. 601(b)): Information and conclusions on how assistance will encourage U.S. private trade and investment abroad and encourage private U.S. participation in foreign assistance programs (including use of private trade channels and the services of U.S. private enterprise).</p> | <p>Yes. The Project finances a corps of retired private U.S. business people to provide short-term technical assistance to Egyptian business, and seeks to promote U.S. private trade and investment in Egypt.</p> |

3. **Congressional Notification**

(a) **General requirement** (FY 1991 Appropriations Act Secs. 523 and 591; FAA Sec. 634A): If money is to be obligated for an activity not previously justified to Congress, or for an amount in excess of amount previously justified to Congress, has Congress been properly notified (unless the notification requirement has been waived because of substantial risk to human health or welfare)?

Standard Congressional Notification procedures will be satisfied prior to obligation of funds.

(b) **Notice of new account Obligation** (FY 1991 Appropriations Act Sec. 514): If funds are being obligated under an appropriation account to which they were not appropriated, has the President consulted with and provided a written justification to the House and Senate Appropriations Committees and has such obligation been subject to regular notification procedures?

N/A.

(c) **Cash transfers and nonprojectsector assistance** (FY 1991 Appropriations Act Sec. 575(b)(3)): If funds are to be made available in the form of cash transfer or nonproject sector assistance, has the Congressional notice included a detailed description of how the funds will be used, with a discussion of U.S. interests to be served and a description of any economic policy reforms to be promoted?

N/A.

4. **Engineering and Financial Plans** (FAA Sec. 611(a)): Prior to an obligation in excess of \$500,000, will there be: (a) engineering, financial or other plans necessary to carry out the assistance; and (b) a reasonably firm estimate of the cost to the U.S. of the assistance? Yes.
5. **Legislative Action** (FAA Sec. 611(a)(2)): If legislative action is required within recipient country, with respect to an obligation in excess of \$500,000, what is the basis for reasonable expectation that such action will be completed in time to permit orderly accomplishment of the purpose of the assistance? No such action is required.
6. **Water Resources** (FAA Sec. 611(b); FY 1991 Appropriations Act Sec. 501): If project is for water or water-related land resource construction, have benefits and costs been computed to the extent practicable in accordance with the principles, standards, and procedures established pursuant to the Water Resources Planning Act (42 U.S.C. 1962, et seq.)? (See A.I.D. Handbook 3 for guidelines.) N/A.
7. **Cash Transfer and Sector Assistance** (FY 1991 Appropriations Act Sec. 575(b)): Will cash transfer or nonproject sector assistance be maintained in a separate account and not commingled with other funds (unless such requirements are waived by Congressional notice for nonproject sector assistance)? N/A.

8. **Capital Assistance** (FAA Sec. 611(e)). If project is capital assistance (e.g., construction), and total U.S. assistance for it will exceed \$1 million, has the Mission Director certified and Regional Assistant Administrator taken into consideration the country's capability to maintain and utilize the project effectively?
- Not such a Project.
9. **Multiple Country Objectives** (FAA Sec. 601(a)): Information and conclusions on whether projects will encourage efforts of the country to:
- (a) increase the flow of international trade;
 - (b) foster private initiative and competition;
 - (c) encourage development and use of cooperatives, credit unions, and savings and loan associations;
 - (d) discourage monopolistic practices;
 - (e) improve technical efficiency of industry, agriculture and commerce; and
 - (f) strengthen free labor unions.
- Yes. The Project seeks to improve trade with the U.S. The Project purpose is to enhance the role of the private sector in the economy. The Project improves business skills and increases productivity of private enterprises.
10. **U.S. Private Trade** (FAA Sec. 601(b)): Information and conclusions on how project will encourage U.S. private trade and investment abroad and encourage private U.S. participation in foreign assistance programs (including use of private trade channels and the services of U.S. private enterprise).
- The Project finances a corps of retired private U.S. business people to provide short-term technical assistance to Egyptian business and promote private U.S. trade and investment in Egypt.

11. Local Currencies

(a) Recipient Contributions (FAA Secs. 612(b), 636(h)). Describe steps taken to assure that, to the maximum extent possible, the country is contributing local currencies to meet the cost of contractual and other services, and foreign currencies owned by the U.S. are utilized in lieu of dollars.

N/A. Egyptian private enterprises which receive IESC's services will contribute local currency to cover a portion of in-country expenses of IESC volunteers. U.S.-owned Egyptian currency is not available specifically for this Project.

(b) U.S.-owned Currency (FAA Sec. 612(d)): Does the U.S. own excess foreign currency of the country and, if so, what arrangements have been made for its release?

No.

(c) Separate Account (FY 1991 Appropriations Act Sec. 521). If assistance is furnished to a foreign government under arrangements which result in the generation of local currencies

N/A.

(1) Has A.I.D. (a) required that local currencies be deposited in a separate account established by the recipient government, (b) entered into an agreement with that government providing the amount of local currencies to be generated and the terms and conditions under which the currencies so deposited may be utilized, and (c) established by agreement the responsibilities of A.I.D. and that government to monitor and account for deposits into and disbursements from the separate account?

N/A.

(2) Will such local currencies, or an equivalent amount of local currencies, be used only to carry out the purposes of the DA or ESF chapters of the FAA (depending on which chapter is the source of the assistance) or for the administrative requirements of the United States Government? N/A.

(3) Has A.I.D. taken all appropriate steps to ensure that the equivalent of local currencies disbursed from the separate account are used for the agreed purposes? N/A.

(4) If assistance is terminated to a country, will any unencumbered balances of funds remaining in a separate account be disposed of for purposes agreed to by the recipient government and the United States Government? N/A.

12. Trade Restrictions

a. **Surplus Commodities** (FY 1991 Appropriations Act Sec. 521(a)): If assistance is for the production of any commodity for export, is the commodity likely to be in surplus on world markets at the time the resulting productive capacity becomes operative, and is such assistance likely to cause substantial injury to U.S. producers of the same, similar or competing commodity? No.

b. **Textiles (Lautenberg Amendment)** (FY 1991 Appropriations Act Sec. 521(c)): Will the assistance (except for programs in Caribbean Basin Initiative No. The Cooperative Agreement which will be entered into between A.I.D. and IESC will include a covenant prohibiting IESC from

countries under U.S. Tariff Schedule "Section 807," which allows reduced tariffs on articles assembled abroad from U.S.-made components) be used directly to procure feasibility studies, prefeasibility studies or project profiles of potential investment in, or to assist the establishment of facilities specifically designed for, the manufacture for export to the United States or to third country markets in direct competition with U.S. exports, of textiles, apparel, footwear, handbags, flat goods (such as wallets or coin purses worn on the person), work gloves or leather wearing apparel?

providing assistance which violates the Lautenberg Amendment.

13. **Tropical Forests** (FY 1991 Appropriations Act Sec. 533(c)(3)): Will funds be used for any program, project or activity which would (a) result in any significant loss of tropical forests, or (b) involve industrial timber extraction in primary tropical forest areas?

No.

14. **Sahel Accounting** (FAA Sec. 121(d)): If a Sahel project, has a determination been made that the host government has an adequate system for accounting for and controlling receipt and expenditure of project funds (either dollars or local currency generated therefrom)?

N/A.

15. **PVO Assistance**

a. **Auditing and registration** (FY 1991 Appropriations Act Sec. 537): If assistance is being made available to

Yes.

a PVO, has that organization provided upon timely request any document, file, or record necessary to the auditing requirements of A.I.D., and is the PVO registered with A.I.D.?

b. **Funding sources** (FY 1991 Appropriations Act, Title II, under heading "Private and Voluntary Organizations"): If assistance is to be made to a United States PVO (other than a cooperative development organization), does it obtain at least 20 percent of its total annual funding for international activities from sources other than the United States Government?

N/A. The requirement does not apply to PVOs receiving ESF funded grants. All A.I.D. funding provided under this Project is from ESF funds.

16. **Project Agreement Documentation** (State Authorization Sec. 139 (as interpreted by conference report)). Has confirmation of the date of signing of the project agreement, including the amount involved, been cabled to State L/T and A.I.D. LEG within 60 days of the agreement's entry into force with respect to the United States, and has the full text of the agreement been pouched to those same offices? (See Handbook 3, Appendix 6G for agreements covered by this provision).

Case-Zablocki Act reporting procedures will be followed with respect to this Project.

17. **Metric System** (Omnibus Trade and Competitiveness Act of 1988 Sec. 5164 as interpreted by conference report, amending Metric Conversion Act of 1975 Sec. 2. and as implemented through A.I.D. policy): Does the assistance use the metric

Yes.

system of measurement in its procurements, grants, and other business-related activities, except to the extent that such use is impractical or is likely to cause significant inefficiencies or loss of markets to United States firms? Are bulk purchases usually to be made in metric, and are components, subassemblies, and semi-fabricated materials to be specified in metric units when economically available and technically adequate? Will A.I.D. specifications use metric units of measure from the earliest programmatic stages, and from the earliest documentation of the assistance processes (for example, project papers) involving quantifiable measurements (length area, volume, capacity, mass and weight), through the implementation stages?

18. **Women in Development** (FY 1991 Appropriations Act, Title II, under heading "Women in Development") Will assistance be designed so that the percentage of women participants will be demonstrably increased?

The Project will encourage more active participation by women in private sector activities. Disaggregated data on participation of women in Project activities will be collected.

19. **Regional and Multilateral Assistance** (FAA Sec. 209). Is assistance more efficiently and effectively provided through regional or multilateral organizations? If so, why is assistance not so provided? information and conclusions on whether assistance will encourage developing countries to cooperate in regional development programs.

No. The purpose of the Project is to develop the Egyptian private sector and linkages to the U.S., and is appropriate for country-specific assistance.

20. **Abortions** (FY 1991 Appropriations Act, Title II, under heading "Population, DA," and Sec. 525): (a) Will assistance be made available to any organization or program which, as determined by the President, supports or participates in the management of a program of coercive abortion or involuntary sterilization? (b) Will any funds be used to lobby for abortion? No.
21. **Cooperatives** (FAA Sec. 111): Will assistance help develop cooperatives, especially by technical assistance, to assist rural and urban poor to help themselves toward a better life? N/A.
22. **U.S.-owned Foreign Currencies**
a. **Use of currencies** (FAA Secs. 612(b), 636(h); FY 1991 Appropriations Act Secs. 507, 509): Describe steps taken to assure that, to the maximum extent possible, foreign currencies owned by the U.S. are utilized in lieu of dollars to meet the cost of contractual and other services. N/A. Egyptian private enterprises which receive IESC's services will contribute local currency to cover a portion of in-country expenses of IESC volunteers. U.S.-owned Egyptian currency is not available specifically for this Project.
- b. **Release of currencies** (FAA Sec. 612(d)): Does the U.S. own excess foreign currency of the country and, if so, what arrangements have been made for its release? No.
23. **Procurement**
a. **Small business** (FAA Sec. 602(a)): Are there arrangements to permit U.S. small business to participate equitably in the furnishing of commodities and services financed? Yes.

b. **U.S. procurement** (FAA Sec. 604(a)): Will all procurement be from the U.S. except as otherwise determined by the President or determined under delegation from him?

Yes.

c. **Marine insurance** (FAA Sec. 604(d)): If the cooperating country discriminates against marine insurance companies authorized to do business in the U.S., will commodities be insured in the United States against marine risk with such a company?

Egypt does not so discriminate.

d. **Non-U.S. agricultural procurement** (FAA Sec. 604(e)) If non-U.S. procurement of agricultural commodity or product thereof is to be financed, is there provision against such procurement when the domestic price of such commodity is less than parity? (Exception where commodity financed could not reasonably be procured in U.S.)

N/A.

e. **Construction or engineering services** (FAA Sec. 604(g)): Will construction or engineering services be procured from firms of advanced developing countries which are otherwise eligible under Code 941 and which have attained a competitive capability in international markets in one of these areas? (Exception for those countries which receive direct economic assistance under the FAA and permit United States firms to compete for construction or engineering services financed from assistance programs of these countries.)

N/A.

- f. **Cargo preference shipping** (FAA Sec. 603): Is the shipping excluded from compliance with the requirement in section 901(b) of the Merchant Marine Act of 1936, as amended, that at least 50 percent of the gross tonnage of commodities (computed separately for dry bulk carriers, dry cargo liners, and tankers) financed shall be transported on privately owned U.S. flag commercial vessels to the extent such vessels are available at fair and reasonable rates? 50/50 Shipping rules will apply to this Project.
- g. **Technical assistance** (FAA Sec. 621(a)): If technical assistance is financed, will such assistance be furnished by private enterprise on a contract basis to the fullest extent practicable? Will the facilities and resources of other Federal agencies be utilized, when they are particularly suitable, not competitive with private enterprise, and made available without undue interference with domestic programs? Yes.
- h. **U.S. air carriers** (International Air Transportation Fair Competitive Practices Act, 1974): if air transportation of persons or property is financed on grant basis, will U.S. carriers be used to the extent such services is available? Yes.
- i. **Termination for convenience of U.S. Government** (FY 1991 Appropriations Act Sec. 504) If the U.S. Government is a party to Yes.

a contract for procurement, does the contract contain a provision authorizing termination of such contract for the convenience of the United States?

j. **Consulting services** (FY 1991 Appropriations Act Sec. 524): If assistance is for consulting service through procurement contract pursuant to 5 U.S.C. 3109, are contract expenditures a matter of public record and available for public inspection (unless otherwise provided by law or Executive order)? Yes.

k. **Metric conversion** (Omnibus Trade and Competitiveness Act of 1988, as interpreted by conference report, amending Metric Conversion Act of 1975 Sec. 2, and as implemented through A.I.D. policy): Does the assistance program use the metric system of measurement in its procurements grants and other business-related activities, except to the extent that such use is impractical or is likely to cause significant inefficiencies or loss of markets to United States firms? Are bulk purchases usually to be made in metric, and are components, subassemblies, and semi-fabricated materials to be specified in metric units when economically available and technically adequate? Will A.I.D. specifications use metric units of measure from the earliest programmatic Yes.

stages, and from the earliest documentation of the assistance processes (for example, project papers) involving quantifiable measurements (length, area, volume, capacity, mass and weight), through the implementation stage?

1. **Competitive Selection Procedures** (FAA Sec. 601(e)): Will the assistance utilize competitive selection procedures for the awarding of contracts, except where applicable procurement rules allow otherwise? Yes.
24. **Construction**
- a. **Capital project** (FAA Sec. 601(d)): If capital (e.g., construction) project, will U.S. engineering and professional services be used? N/A.
- b. **Construction contract** (FAA Sec. 611(c)): If contracts for construction are to be financed will they be let on a competitive basis to maximum extent practicable? N/A.
- c. **Large projects, Congressional approval** (FAA Sec. 620(k)): If for construction of productive enterprise, will aggregate value of assistance to be furnished by the U.S. not exceed \$100 million (except for productive enterprises in Egypt that were described in the Congressional Presentation), or does assistance have the express approval of Congress? N/A.
25. **U.S. Audit Rights** (FAA Sec. 301(d)): If fund is established solely by U.S. contributions and administered by an international organization, does Comptroller General have audit rights? N/A.

26. **Communist Assistance** Yes.
(FAA Sec. 620(h)). Do arrangements exist to insure that United States foreign aid is not used in a manner which, contrary to the best interests of the United States, promotes or assists the foreign aid projects or activities of the Communist-bloc countries?
27. **Narcotics** Yes.
a. **Cash reimbursements** (FAA Sec. 483): Will arrangements preclude use of financing to make reimbursements, in the form of cash payments, to persons whose illicit drug crops are eradicated?
b. **Assistance to narcotics traffickers** (FAA Sec. 487): Will arrangements take "all reasonable steps" to preclude use of financing to or through individuals or entities which we know or have reason to believe have either: (1) been convicted of a violation of any law or regulation of the United States or a foreign country relating to narcotics (or other controlled substances); or (2) been an illicit trafficker in, or otherwise involved in the illicit trafficking of, and such controlled substance?
28. **Expropriation and Land Reform** (FAA Sec. 620(g)): Yes.
Will assistance preclude use of financing to compensate owners for expropriated or nationalized property, except to compensate foreign nationals in accordance with a land reform program certified by the President?

29. **Police and Prisons** (FAA Sec. 660): Will assistance preclude use of financing to provide training, advice, or any financial support for police, prisons, or other law enforcement forces, except for narcotics programs? Yes.
30. **CIA Activities** (FAA Sec. 662): Will assistance preclude use of financing for CIA activities? Yes.
31. **Motor Vehicles** (FAA Sec. 636(i)): Will assistance preclude use of financing for purchase, sale, long-term lease, exchange or guaranty of the sale of motor vehicles manufactured outside U.S., unless a waiver is obtained? Yes.
32. **Military Personnel** (FY 1991 Appropriations Act Sec. 503): Will assistance preclude use of financing to pay pensions, annuities, retirement pay, or adjusted service compensation for prior or current military personnel? Yes.
33. **Payment of U.N. Assessments** (FY 1991 Appropriations Act Sec. 505): Will assistance preclude use of financing to pay U.N. assessments, arrearages or dues? Yes.
34. **Multilateral Organization Lending** (FY 1991 Appropriations Act Sec. 506): Will assistance preclude use of financing to carry out provisions of FAA section 209(d) (transfer of FAA funds to multilateral organizations for lending)? Yes.

35. **Export of Nuclear Resources** Yes.
(FY 1991 Appropriations Act Sec. 510): Will assistance preclude use of financing to finance the export of nuclear equipment, fuel, or technology?
36. **Repression of Population** Yes.
(FY 1991 Appropriations Act Sec. 511): Will assistance preclude use of financing for the purpose of aiding the efforts of the government of such country to repress the legitimate rights of the population of such country to contrary to the Universal Declaration of Human Rights?
37. **Publicity or Propaganda** No.
(FY 1991 Appropriations Act Sec. 516): Will assistance be used for publicity or propaganda purposes designed to support or defeat legislation pending before Congress, to influence in any way the outcome of a political election in the United States, or for any publicity or propaganda purposes not authorized by Congress?
38. **Marine Insurance** (FY 1991 Appropriations Act Sec. 563): Yes.
Will any A.I.D. contract and solicitation, and subcontract entered into under such contract include a clause requiring that U.S. marine insurance companies have a fair opportunity to bid for marine insurance when such insurance is necessary or appropriate?
39. **Exchange for Prohibited Act** (FY 1991 Appropriations Act Sec. 569) Will any No.

assistance be provided to any foreign government (including any instrumentality or agency thereof), foreign person, or United States person in exchange for that foreign government or person undertaking any action which is, if carried out by the United States Government, a United States official or employees, expressly prohibited by a provision of United States law?

C. **CRITERIA APPLICABLE TO Economic SUPPORT FUNDS ONLY**

1. **Economic and Political Stability** (FAA Sec. 531(a)): Will this assistance promote economic and political stability? To the maximum extent feasible, is this assistance consistent with the policy directions, purposes, and programs of Part I of the FAA? Yes.

2. **Military Purposes** (FAA Sec. 531(e)): Will this assistance be used for military or paramilitary purposes? No.

3. **Commodity Grants/Separate Accounts** (FAA Sec. 609): If commodities are to be granted so that sale proceeds will accrue to the recipient country, have Special Account (counterpart) arrangements been made? N/A.

4. **Generation and Use of Local Currencies** (FAA Sec. 531(d)): Will ESF funds made available for commodity import programs or other program assistance be used to generate local currencies? N/A.

If so, will at least 50 percent such local currencies be available to support activities consistent with the objectives of FAA sections 103 through 106?

5. **Cash Transfer Requirements** N/A.

(FY 1991 Appropriations Act, Title II, under heading "Economic Support Fund," and Sec. 575(b)). If assistance is in the form of a cash transfer: a. **Separate account:** Are all such cash payments to be maintained by the country in a separate account and not to be commingled with any other funds?

b. **Local currencies:** will all local currencies that may be generated with funds provided as a cash transfer to such a country also be deposited in a special account, and has A.I.D. entered into an agreement with that government setting forth the amount of the local currencies to be generated, the terms and conditions under which they are to be used, and the responsibilities of A.I.D. and that government to monitor and account for deposits and disbursements?

c. **U.S. Government use of local currencies:** Will all such local currencies also be used in accordance with FAA Section 609, which requires such local currencies to be made available to the U.S. government as the U.S. determines necessary for the requirements of the U.S. Government, and which requires the remainder to be used for programs agreed to by the U.S. Government to carry out the

purposes for which new funds authorized by the FAA would themselves be available?

d. **Congressional notice:** Has Congress received prior notification providing in detail how the funds will be used, including the U.S. interests that will be served by the assistance, and, as appropriate the economic policy reforms that will be promoted by the cash transfer assistance?

DETAILED COST ESTIMATES

Table 1

IESC Office Support
(LOP \$)

<u>ITEMS</u>	<u>YEAR 1</u>	<u>YEAR 2</u>	<u>YEAR 3</u>
VE Recruiting Cost* (U.S. HQs)	231,000	253,000	275,000
TIS department support (U.S. HQs)	100,500	100,500	100,500
IESC/Egypt Office	<u>362,000</u>	<u>362,000</u>	<u>362,000</u>
TOTAL	693,500	715,500	737,500

* Cost estimated at \$2200 per VE recruitment

Table 2

ILLUSTRATIVE VE ASSIGNMENT COSTS (\$)*

2R/T Airline tickets (Chicago/CAI/Chicago)	8,000
Enroute Expenses	500
Physical Exams	600
Per Diem (\$148 x 55 days)	8,140
Local Transport.	<u>160</u>
TOTAL	17,400
Less Client Contribution	<u>- 3,000</u>
TOTAL	14,400

* Cost estimates are based on assignment of VE with spouse.

DETAILED COST ESTIMATES

Table 3

TIS OFFICE SUPPORT COST ESTIMATES

IESC Headquarters (U.S.)

<u>Staff:</u>	<u>YEAR 1 (\$)</u>
Sr. Executive oversight (2 x 290 x 12)	6,960
Accounting and Controls (3 x 150 x 12)	5,400
Project Manager (220 x 205)	45,100
Overhead @ 38%	<u>21,840</u>
SUBTOTAL	79,300
<u>Office:</u>	
Rent and office supplies	6,000
Telecommunications	2,500
U.S. Promotion and Marketing	<u>2,500</u>
SUBTOTAL	11,000
<u>Staff Travel:</u>	
Local 6 x 800 + 6(8 x 150)	7,500
International 1 x 2000 + (705) per diem	<u>2,700</u>
SUBTOTAL	10,200
TOTAL	100,500

DETAILED COST ESTIMATES

Table 4

IESC/Egypt Office Support Cost Estimates (\$)

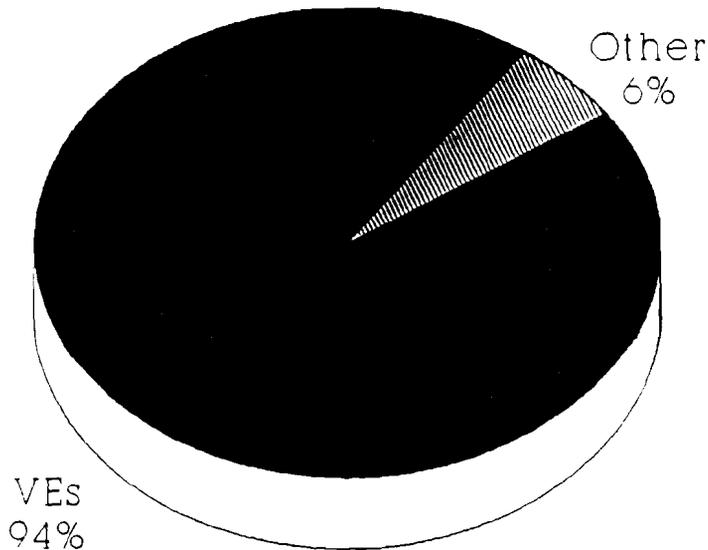
	<u>YEAR 1</u>
VE Support (1)	203,000
Local Salaries (2)	66,000
Office rent (CAI & ALEX)	29,000
Local Transportation	18,000
Telephone	4,000
Telegrams	12,000
Postage	3,000
Office Supplies	5,500
Printing, brochures	2,700
Audit Services	1,500
Temp. Help	1,200
Equipment Maintenance	1,700
Office Equipment Rental	1,200
Furn./Equip (Office)	1,800
Ins. & Med. (Local)	1,000
Meetings & Conferences	8,000
Other	<u>2,400</u>
TOTAL	362,000

(1) This includes incountry expenses (e.g. housing, per diem) of Director of Operations and 2 Country Directors.

(2) This includes 3 sales representatives, TIS officer, account manager, 2 secretaries, 2 clerks and 1 driver.

Cost of VEs and ABLE, JVS/TEP, QS (Other)

Total \$1,851,420



FY 1991

Cost of VEs and Other Services \$1.85m (80%)

Administrative Costs \$.46M (20%)

TECHNICAL ANALYSIS

- A. Background: In order for the Egyptian private sector to improve product quality and reduce the cost of goods and services, many businesses require advanced technical and managerial knowledge from outside of Egypt. Business executives confirm that lack of modern managerial and technical know-how handicap their potential for growth. Moreover, technical assistance needs in Egypt's private sector require practical adaptation to the work place and orientation to specific business problems.

The primary objective of this project is to provide specific technical assistance to Egyptian private businesses to solve a broad range of industrial, technical and managerial problems.

- B. Technical Soundness: The IESC project has provided technical assistance to Egypt since 1979, initially receiving USAID support under the Business Support and Investment Project (263-0159), a project begun in 1982. After the Business Support Project was completed in 1988, funding for IESC activities came under the Technical Cooperation and Feasibility Studies Project (263-0102) which is now drawing to a close.

During the early stages of the Business Support and Investment project, there was some uncertainty as to the level of demand for IESC volunteers, however, IESC experience has demonstrated that there is a clear unmet need for foreign technical assistance from a variety of business sectors. (See chart 1 for a breakdown of sectors which have received assistance from IESC).

As IESC gained greater acceptance in the Egyptian business community, the number of activities supported through IESC steadily increased. From 1987 to 1990 the number of sub-project activities implemented by IESC increased by 75 per cent. (See chart 2).

In November 1990 SRI International, a consulting firm, conducted an assessment of the IESC/Egypt program and concluded that the project was administratively feasible, that it provided valuable services to Egyptian businesses through the VE program, and that the project was supporting trade and investment activities under its Trade and Investment Services (TIS). The recommendation and conclusions of the assessment are being designed into this project.

The technical soundness of the project is supported by incoming results of a survey of former IESC clients conducted during the last quarter of FY 1990 to determine the impact of VE technical assistance. Results to date are as follows:

- a. All respondents stated that the VE technical assistance was helpful.
- b. 70 percent of respondents reported an increase in production in the range of 10 to 60 percent and a 30 to 60 percent increase in sales.
- c. 40 percent reported a reduction in the cost of operations.
- d. 40 percent said they increased employment because of the above mentioned factors.

Information on perceived client impact of the project will be updated by Project Review Reports and a follow-up survey of 33 percent of clients 6 months following the completion of assignments.

C. Critical Elements of the IESC Program In addition to a strong and growing demand for IESC services, IESC attracts clientele through an effective identification system. The following are the key elements in this operation:

1. Marketing Techniques: A number of marketing tools are employed to identify specific opportunities within the target market. Newspaper and business magazine advertising and targeted distribution of brochures are two media used by IESC to reach its target market. One indication of growing consumer satisfaction has been the large number of repeat requests from previous IESC clients, and referrals by existing clients. The Director of Operations, regional directors and Egyptian country representatives, who all serve as marketing representatives in some fashion, create demand for the IESC program by speaking at business functions and following-up on leads within the community.

Thus far, the target market has been limited to the immediate areas of Cairo, Alexandria, and Port Said. IESC intends to expand its marketing efforts to include industrial cities such as 10th of Ramadan, 6th of October, and Sadat City. These areas offer an excellent opportunity to expand IESC activity.

2. Problem Identification: Crucial to the process of satisfying client demand has been the success in accurately describing and documenting the business problem to be solved. Once a potential client has been identified, a country representative and the IESC director meet with the

client to pinpoint the particular difficulty the company/organization has identified and how assistance from an IESC VE may be used to resolve the problem. After reaching the desired degree of detail, a precise written description of the problem is prepared by a regional director. A client contribution level is established and a contract signed between IESC and the client. It is then forwarded to IESC international headquarters in Stamford, Connecticut for approval and VE recruitment.

3. Selection of IESC Volunteer: IESC headquarters in Stamford maintains a computer data base of information on over 12,000 volunteer executives. In most cases, it is possible to match an appropriate volunteer with the potential client. Once a VE has been identified, his/her name and resume is sent to IESC/Egypt so that the potential client and IESC/Egypt headquarters staff can review the information and confirm the suitability of VE. If the client agrees to the proposed VE, a project start date is negotiated that satisfies the needs of the client and the availability of the volunteer. The client contribution will be collected 30 days before arrival of the VE. The VE then travels to Egypt and spends up to three months providing technical assistance to the client business. The average time frame between the start of recruiting and arrival of VE in Egypt is between 2 and 4 months.
4. Local Counterpart: New management techniques and technology transfer have been found to be understood better and utilized on a more sustained basis by the client when a local counterpart is appointed to work with a VE. The counterpart has been, and will continue to be, one of the critical elements to the success of the program. The counterpart is required to be an employee of the client's organization and works closely with the VE on a daily basis not only as an interpreter, but also as a catalyst for long-term implementation of the technical assistance.
5. Work Plan: IESC has found that the emphasis of reconfirming the problem identified by the client with the VE cannot be overemphasized. Once a VE arrives in Egypt, that VE is introduced to the client and begins a process of reviewing and confirming work requirements laid out in the contract. A work plan for the period of technical assistance is jointly developed by the VE and the client and finalized in a meeting between the client, VE and IESC staff members.

The work plan and objectives serve to focus the technical assistance and communicate expectations between the VE and client business. At the conclusion of the assignment, a project review report is submitted by the VE describing what

was accomplished along with recommendations for the future. The client reviews and signs the report prior to forwarding a copy to IESC/Egypt headquarters.

The operational aspects of the IESC program involve VE travel to Egypt, however, many of the TIS components do not require that the VE travel to Egypt. In most TIS activities technical assistance is made out of Stamford IESC headquarters through the services of its staff. TIS technical assistance is also made on a longer term to provide project continuity and to survey industry or market sectors on a generic basis. A VE assigned to TIS sub-project activity is not limited to a three month restriction.

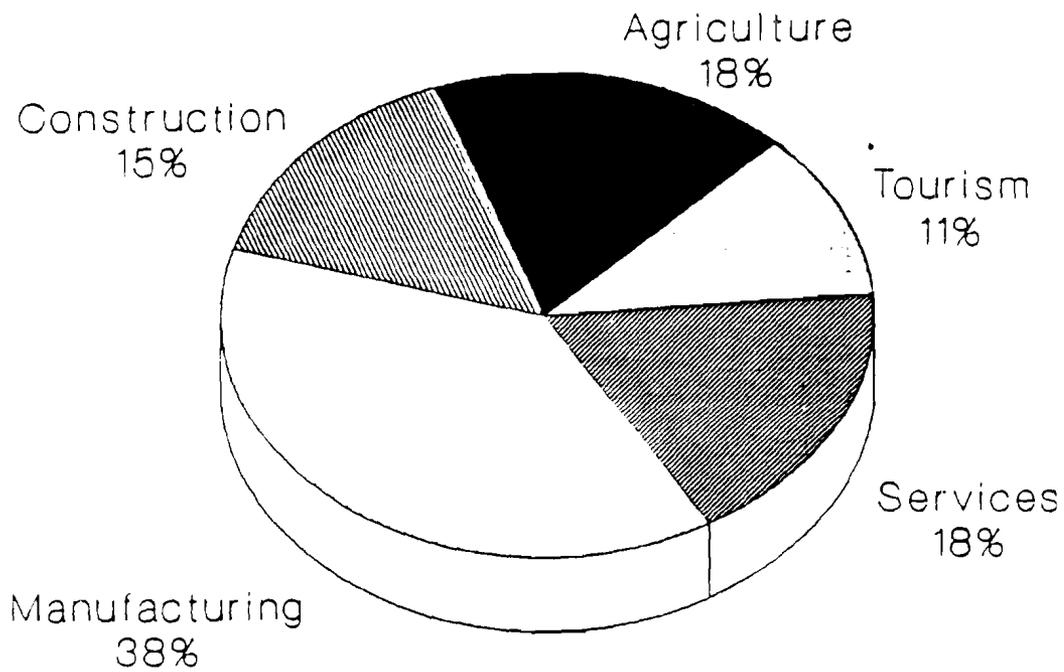
D. The following TIS activities do not require in-country VE assistance:

1. Joint Venture Search (JVS): JVS involves a service in which a preliminary analysis of an Egyptian firm is carried out to determine the feasibility of concluding a financial and operational partnership with an American company. A VE is not required to travel to Egypt because business data on the Egyptian company, considered a client of IESC, is forwarded by IESC/Egypt to IESC headquarters in Stamford, Conn. for analysis, however in most cases JVS and TEP subprojects are follow-ons to VE subprojects already completed in Egypt by the same volunteer. IESC headquarters maintains a data base of American firms interested in obtaining information for a potential joint venture.
2. Trade Enhancement Program (TEP): TEP will match specific Egyptian companies with U.S. companies to explore ways of enhancing Egyptian exports, while also identifying and encouraging the import of U.S. goods and services.
3. American Business Linkage Enterprise (ABLE): ABLE relies on the services of volunteer executives to provide assistance in the United States or through IESC's headquarter staff to carry out research and provide specialized information on the American market.
4. Quoting Service (QS): The Quoting Service provides information on three pricing quotes from U.S. suppliers on any eligible U.S. commodity for export to Egypt.

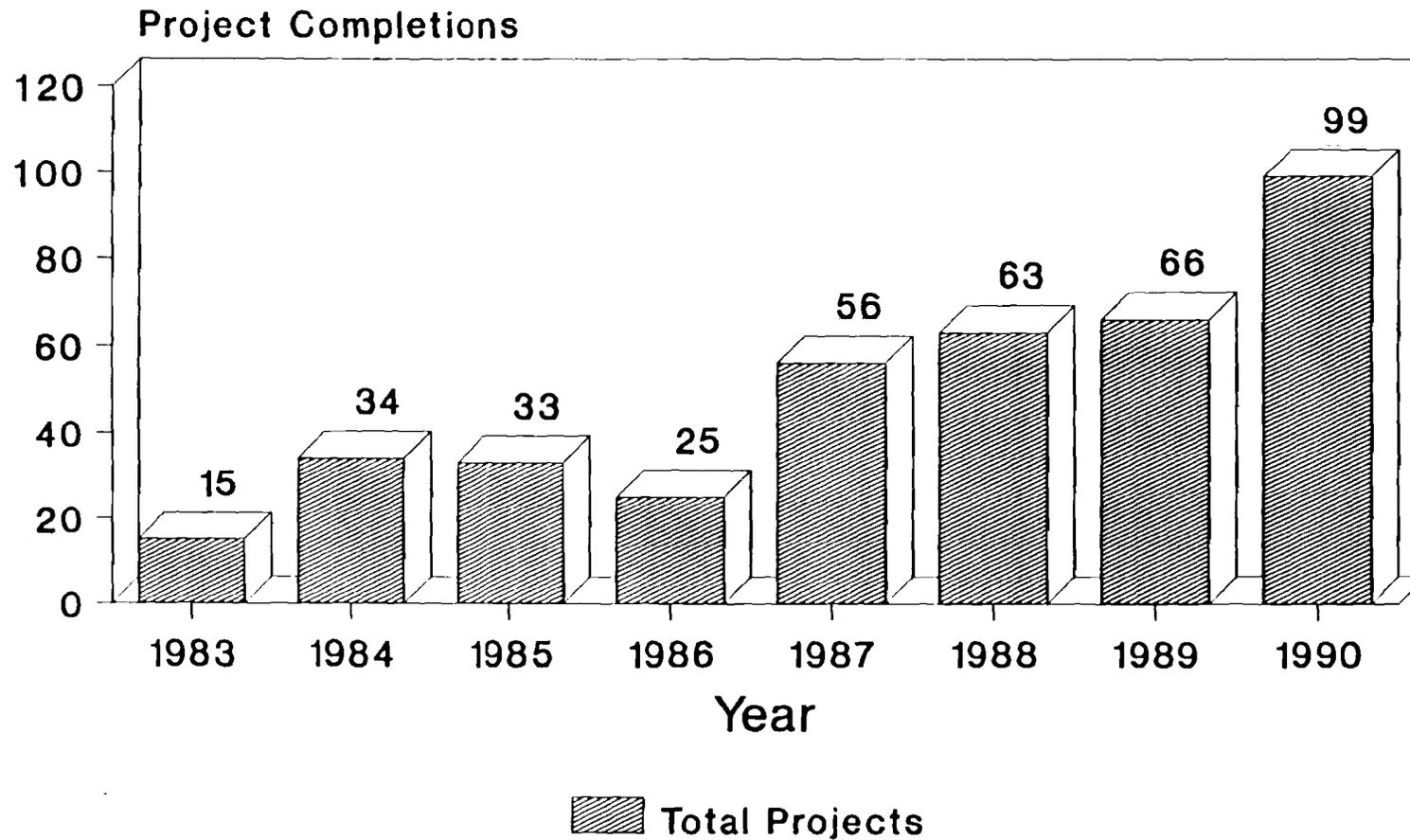
- E. Brief Client Profile - The largest portion of IESC projects have been in the manufacturing section (Chart 1 provides a breakdown of sectors served by IESC/Egypt in CY 1989.) The average number of employees per client is 125 in Alexandria and 340 in Cairo, with average annual sales per client reported to be \$2 million in Alexandria and \$5 million in Cairo. In general, the firms assisted by IESC are medium to large in size, averaging 240 employees and \$3.5 million in sales per year. The businesses are usually family owned, but a few businesses possess equity investment from outside the family network. Rarely does IESC work with small and micro enterprises (0-10 employees). However a newly emerging relationship with foundations in Cairo and Alexandria that serve small and micro enterprise will enhance that activity. Chart 2 gives information on the number of IESC project completions in Egypt over the period 1983-1990.
- F. Client Contributions - One of the features of the project which contributes to success is the use of client contributions. Each client is expected to contribute local currencies to defray project costs. The client contribution serve as an indication of client interest in the project and signals a stronger commitment to the VE assistance than if the service were provided at no cost to the client.

Negotiating a contribution from a client is more art than science. Client contributions vary depending on such factors as gross sales, number of employees, and profitability of the company; nevertheless, a good deal of judgement and factor evaluation takes place determining the exact amount to charge. A direct relationship between the size of the company and the amount of client contribution has been established; though the relationship is not rigid or binding. For an average 50-day duration project, the client contribution is approximately \$4,300. Total client contribution represents approximately 7 percent of the total value of the project. That percentage contribution should, at a minimum, be maintained during the length of the project.

CHART 1
IESC VEs
TA by Sector



IESC Project Completions 1983-90



ADMINISTRATIVE ANALYSIS

The IESC is a nonprofit organization headquartered in Stamford, Connecticut, and founded in 1964. Operated by U.S. businessmen to assist businessmen throughout the world, the organization has access to over 12,000 Volunteer Executives (VE) registered in its computerized data bank ready to serve on projects worldwide. To date, this non-profit international organization has sent VEs to over 90 countries and supports 34 overseas program offices. The IESC/Egypt program is the largest and most productive; it delivers more than 10 percent of all IESC projects. It has had unsurpassed growth in recent years, increasing the number of clients served by over 80 percent since 1988.

The information for this analysis is based largely on IESC's 12-year history of work in Egypt, including eight years of grant funding from two AID projects, and a preaward audit of IESC completed in April 1989. IESC has an in-country staff of 13 personnel, which currently manage a program of approximately \$2 million per year.

I. IESC ORGANIZATION:

A. Pattern of Organization:

The IESC/Egypt headquarters is located in Cairo. There are also branch offices in Cairo and Alexandria. One regional director is responsible for IESC activities in Cairo and a regional director covers Alexandria and the Delta. Country representatives (Egyptian nationals) report to the two regional directors. Exhibit A is a scheme of IESC's organizational structure in Egypt. Exhibit B contains detailed job descriptions for the senior positions in the IESC/Egypt organization.

The IESC office in Cairo plans, organizes, and controls working relationships between departments. The 1990 SRI assessment characterized the organization as effective. IESC's administrative structure is field oriented and designed so that 75 per cent of the IESC's staff is focused primarily on meeting and working with potential clients and supporting Volunteer Executives assigned to Egypt.

One of the keys to successful project implementation and growing demand for IESC services has been a successful marketing strategy carried out by the regional directors and country representatives. Marketing staff is well briefed on

the kinds of services which the organization can provide and the market territory each individual is to cover. Vital operational support is provided by the Egyptian staff, three of whom are country representatives and one manages the TIS program in Egypt. Familiarity with the local business area enables the country representative to provide valuable cultural insight into the business environment in Egypt, a factor which is critical during negotiations and discussions on contracts concerning VE placements.

Important administrative links exist between IESC international headquarters (Stamford) and IESC/Egypt at many levels. IESC/Stamford, supported by a core grant from AID/W, is organized into several geographic regions including a special section for Egypt within the office of African and the Near East.

In addition to the normal financial and programmatic monitoring, IESC/Stamford recruits and assigns VEs to each country. The recruiting bureau receives all IESC/Egypt contracts requesting VE assistance, services, and reviews all proposed technical assistance in order to match volunteer candidates with the appropriate request for assistance. IESC/Stamford has access to a computer data base with information on over 12,000 retired business executives who have indicated an interest in serving as a VE. World-wide recruiting of VEs is performed by approximately 40 part-time recruiters and approximately 300 part-time field associates, all of whom are volunteers. This organizational link requires close and continuous communication and coordination with IESC/Cairo. IESC/Stamford also handles the recruitment and assignment of all country and regional directors. Many of these administrative personnel are former volunteer executives.

IESC/Stamford administrative costs, including business related travel, telephone, telexes and fax expenses are incurred and charged to IESC/Egypt. These administrative services are made in the performance of recruiting the most appropriate VE or obtaining information for JVS, TEP, and Quoting Service (QS) requests. IESC/Stamford has an excellent record of backstopping the IESC/Egypt program. Only 2 percent of the projects have had to be cancelled because of a mismatch between client and the volunteer selected or appropriate QS, TEP, or ABLE information.

B. Financial Status:

On April 16, 1989, a pre-award audit of IESC was carried out by RIG/A. The primary purpose of the audit was to determine whether IESC possessed management and financial capability to carry out the USAID project, to determine whether internal controls and the accounting system were adequate to meet government grant purposes, and to determine whether IESC had complied with U.S. government regulations and terms of a previous grant.

In terms of financial capability, the audit concluded that IESC/Egypt is managerially and financially capable of performing the proposed project. The auditors also determined that, with few exceptions, IESC had complied with terms of a 1989 grant agreement including applicable laws and regulations. Internal controls and financial systems in place were judged to be adequate, and in the opinion of the auditors, the financial controls were judged not to contain any material weakness.

Based on the major conclusions of the preaward audit, USAID/Cairo executed a \$2.3 million grant agreement with IESC in December 1989.

II. MANAGEMENT

A. Staffing:

The overseas, administrative staff of IESC/Egypt are experienced executives. Volunteer executives come from the ranks of retired U.S. executives, a majority of whom had distinguished careers in the private sector prior to serving as a VE. Eventhough the assignments are short-term and rapid turnover is a reality, the fact that administrative staff and technical assistance is offered on a volunteer basis has distinguished the project as one of excellence.

IESC/Egypt employs three Egyptian country representatives, two of whom have advanced graduate degrees and the other a B.S. degree. The staff provides critical support to the marketing efforts of IESC/Egypt. The three have a combined history of 23 years of service with IESC, and they form the backbone of the Egyptian staff. The other support personnel, outlined in exhibit A, furnish additional administrative support in secretarial service, transportation,

and accounting and are highly qualified for their positions. Staff turnover is very low within the IESC\Egypt organization due to competitive salaries, challenging and interesting work and volunteer supervisors who know how to motivate staff.

B. VE Personnel Management:

When a VE arrives in Egypt, IESC begins a general orientation course. The VE is settled into a hotel, provided per diem and introduced to the client. The VE begins his/her work with the client shortly after arrival and receives a cultural and procedural briefing. IESC staff monitors the VE through periodic visits at the work site and frequent contacts with both the client and the volunteer. Support and supervision of VEs assigned to Egypt has been very good and will continue to be a top priority of IESC's administrative responsibilities.

C. Financial Reporting:

The April 1989 preaward audit concluded that the financial systems in place were adequate and contained no material weakness. IESC has a comprehensive accounting system to track expenditures and receipt of funds. The IESC vouchering system is complete. USAID maintains its own financial records on IESC budgets and expenditures based on quarterly and annual reports submitted by IESC.

D. Reporting:

(1) The Project Management Report: IESC's Project Management Report (PMR) forms the primary basis for reporting and tracking of the program. The PMR tracks the movement of each sub-project activity from the day an agreement is reached between IESC/Egypt and the client until the sub-activity is completed. Staff members in Alexandria, Cairo and IESC/Stamford are involved in providing input to the PMR. IESC submits the PMR to the USAID project office.

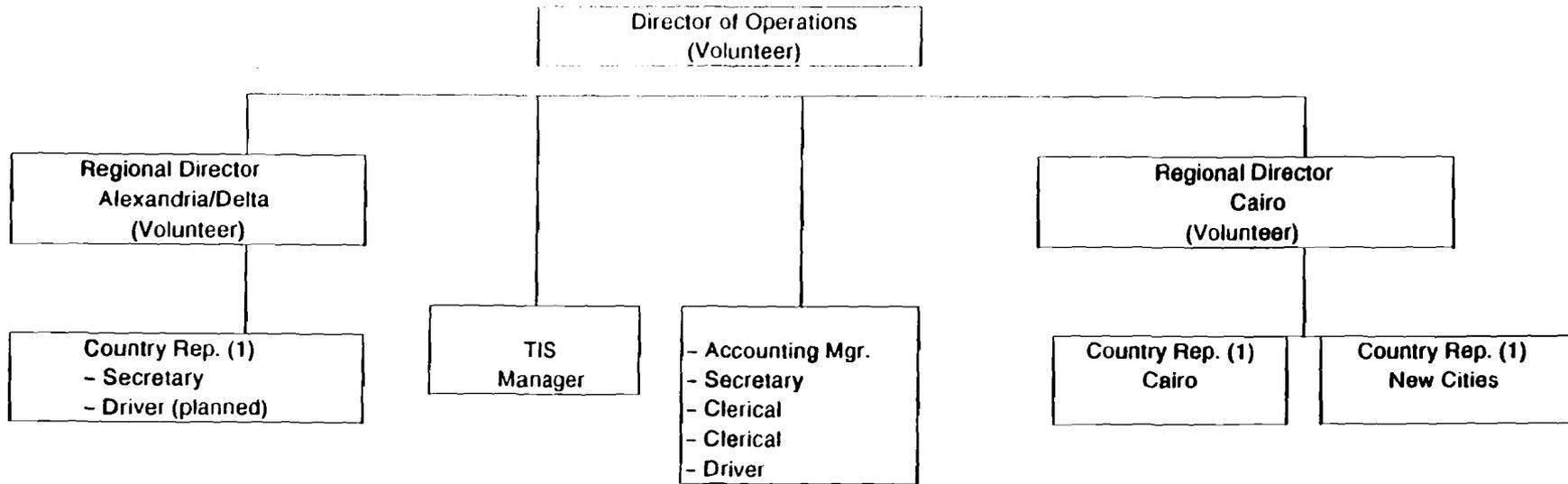
(2) The Project Review Report: Each VE submits a project review report prior to departure. This report summarizes accomplishments and achievements as viewed by the volunteer and provides for concurrence disagreement and comment by the client, thus resulting in a candid assessment of whether the assignment has met objectives outlined in the initial agreement between the VE and client.

(3) Post Project Review: The ultimate objective is to initiate longer-term reaction from every client served, approximately six to nine months after project completion. IESC headquarters randomly selects one-third of the completed projects per country six months after completion and requires a follow-up contact with the client to re-evaluate the original comments on the Project Review Report related to the benefits of the project. Concurrent with this contact the IESC staff will quantify the benefits by having the client provide answers to the IESC Impact Survey. At the same time, IESC will distribute the Impact Survey to the two-thirds of its clients not selected for the PRR follow-up. These two reports will provide detail related to program performance in relationship to IESC/USAID joint implementation plans. They will also develop a base to facilitate the project activity evaluation planned for the third year.

(4) Annual Implementation and Financial Plan: The annual implementation plan contains objectively verifiable targets in terms of program and financial benchmarks. The implementation plan is reviewed and updated annually. One of the components of the annual implementation plan is a detailed, time-phased financial plan with quarterly project expenditure projections. The financial plan is jointly developed by IESC/Cairo and USAID.

IESC/Egypt
Organizational Chart

EXHIBIT A



(1) Also referred to as "Sales Representative".

Director of Operations - Direct coordination and supervision of all IESC/Egypt operations. Direct the establishment of the Egypt budget and annual plan in conjunction with the Regional Director-Cairo and Regional Director-Alexandria. Authorization of all activities related to banking, expenses, contributions and funding for the Egypt operation. Direct the prompt and accurate rendering of reports, budgets and any other information requests from USAID and IESC/headquarters. Assure that operations are in accord with IESC and USAID procedures. Direct publicity of IESC through all appropriate local channels - direct mail, newspapers, radio and TV, club meetings, including Rotary, Advisory Council members. Direct staff to seek out clients and sell them on the advantages of IESC projects. Oversee projects to completion and assure clients' satisfactions with the results. Direct the election, hiring, or contracting for and supervision of local nationals working for IESC. Meet arriving VEs and welcome them. Direct the orientation of VEs on the country and project location and introduce VE to client. Attend the work plan meeting to assure objectives of the project are clear to VE and client. Advise VEs and direct monitoring of VE/client relations during assignments. Assure objectives of projects are being met per the work plan. Receive reports from VEs and participate in client reviews, especially the final report presentation. Obtain client's confidential report on outcome of projects. Evaluate each VE and report evaluation to HQS. Develop and maintain good working relationship with representatives of the diplomatic community.

Regional Director/Cairo - Reports directly to the Director of Operations. Is responsible for supervision of all VE, USVE, ABLE and Quoting Service activities in Cairo. Supervision of Cairo Country Representatives, including development of sales objectives, attainment of sales objectives, compensation and development of Country Representatives. Supervision of accounting manager or office manager and all associated reports and records and VE activities. Developing and maintaining Cairo community relations resulting in project opportunities and creating promotion opportunities. Supervision of all activities related to banking, expenses, contributions and funding for the Cairo operation. Coordination of VE activities in Cairo office. Help identify clients, sell IESC projects, write them up succinctly, coordinate selection and arrival, indoctrinate VE and VE, monitor projects and collect reports, evaluate and close projects in Cairo. Prompt and accurate rendering of all reports and requests for information received in his scope of operation. operating the business in accord with IESC and USAID procedures.

Regional Director/Alexandria - Reports to and provides Alexandria program operation and performance information to the Director of Operations. Establishment and supervision of all VE, USVE, ABLE and Quoting Service activities in Alexandria. Supervision of Alexandria country representative, including development of Country Representative. Supervision of all banking and financial activities and reports for Alexandria. Supervision of Alexandria office staff and accomplishment of employees responsibilities toward proper compilation of records and VE activities. Establishment of Alexandria budget and objectives. Develops and maintain relations in Alexandria business community, the U.S. consulate, and regional operations of USAID, and other related entities. Authorization of all activities related to banking, expenses, contributions and funding for the Alexandria operations. Coordination of VE and VE, monitor projects and collect reports, evaluate and close projects in Alexandria. Prompt and accurate rendering of all reports and requests for information received in his scope of operation. Assure operations of the Alexandria branch is in accord with IESC and USAID procedures.

Country Representatives - Establish and maintain a current list of prospective clients. Obtain the maximum number of appointments with prospective clients. Establish and maintain frequent contact with clients. Obtain detailed and specific information from prospective clients regarding their problem, their needs and their background so that clear and detailed project descriptions can be written. Provide oral and written translation when necessary so the Regional Director and the client fully understand each other. Development of marketing strategies to promote IESC and to maintain a level of project activity. Obtain VE confirmation and the starting date for VEs and notify Stamford. Collect client contributions when due. Schedule and attending work plan and final report meetings. Carry out project progress follow-up for early detection and resolution of problems that may occur between the VE and client. Remain current on the status of all projects by reading all correspondence daily. Help in the orientation of VE couples. Collect client confidential reports promptly at end of project and IESC survey reports at the end of a nine month period. Maintain an efficient, compatible and orderly office operation. Keep informed of any change in a project status. Perform such director duties as required in his absence to ensure a continuous and smooth operation. Maintain a daily transportation log. Promptly inform the Directors of any economic change, government decree or other event which might have a favorable or unfavorable impact on IESC.

Office Manager - Supervise and coordinate the office clerical staff. Supervise the accounting manager and be responsible for

development of accurate and timely fiscal procedures and report as required by IESC headquarters, USAID and IESC Directors. Oversee the expenditures and receipt of all monies and assure proper reporting-invoices, petty cash, expense vouchers, etc. Coordinate all banking activities. Insure that correct procedures are followed, project records noted and external reservations made for all Volunteer Executives. Oversee preparation of all arrival and departure dates, project start and project complete notifications as required. Coordinate and follow-up on all correspondence and assure that replies are sent within seven days. Supervise office supplies inventory, purchase and maintenance of office equipment, maintain property purchase and fixed assets records in compliance with IESC and USAID requirements. Maintain "confidential" personnel and compensation records. Be familiar with and resolve all problems associated with the computer system. Be responsible for having a working familiarity with all Egyptian tax, labor and compensation laws, customs and interpretations related to office staff and office operation. Perform all functions in accord with the IESC Accounting Manual, the Policies and Procedures Manual USAID grant and Standard Provisions and the laws of the Government of Egypt. Willingly and cooperatively perform any additional tasks deemed pertinent and assigned by IESC Directors.

VE _____

PROJECT NO. _____

CLIENT _____

Dear Mr. Hargitt,

The IESC Volunteer Executive that worked with our organization gave us suggestions or recommendations that (Please put an amount in those that apply):

-Helped us increase production by about (please put an amount in those that apply): _____ percent or approximately L.E. _____ per year.

-Helped us increase sales by about _____ percent, or approximately L.E. _____ per year and added _____ employees to our work force.

-Helped us establish a new product (or a new market) that has, or will, bring in approximately L.E. _____ per year and added _____ employees to our work force.

-Helped us improve a work operation or a product that will save (or make) L.E. _____ per year.

-Helped us reorganize our Company (or a part of it) that will save (or make) L.E. _____ per year.

-Helped us prepare to get new engineering or construction or consulting contracts with L.E. _____. The IESC Volunteer Executive's help was worth L.E. _____ of that amount and the job he worked on will probably result in _____ jobs for our Client.

-Helped us with a new idea or technique that is hard to put a price on, but it _____

-All in all the IESC Volunteer Executive was worth:

- PLEASE _ Much more than we paid for.
- CHECK _ More than we paid for.
- ONE OF _ About what we paid.
- THESE _ Less than what we paid.

Signed _____

Please Type Name _____

BEST AVAILABLE COPY

IESC VOLUNTEER ACTIVITIES IN EGYPT

IESC Volunteer Executives bring an incredible range of skills to Egypt. In calendar year 1990, for example, the following project assignments were undertaken by VE's:

Design

- component design in ceramics
- lacquer and coating product development
- pre-engineered metal buildings

Manufacturing

- foam products
- garments, shirts, jeans and knitwear
- automotive belts
- chemicals
- mineral processing products

Production

- food production
- beef production survey
- grapes: winter pruning, harvesting, packing, shipping
- chocolate
- asparagus production, shipment
- poultry
- margarine
- bakery
- production audit of beverages
- flavors and fragrances
- shrimp farm feasibility and production
- luminary fixtures

Processing

- organizational design, food processing
- direct iron ore reduction processing
- quality improvement of paper products
- automatic batch control and pelleting

Marketing

- real estate
- tourism survey and marketing
- heavy equipment
- travel agency
- soft drinks
- ice cream
- perfumes/toiletries
- marketing training

Management

- data processing strategy
- management information systems
- hotel/food management

property management
farm management
management, financial consulting
finance/accounting (food products)

Other

training of handicapped children
bank credit training
equity capital
investment promotion
printing plant operations
newspaper editing
incentive and convention tourism
construction contracting practice
cruise ship construction
marina construction
floating dry dock
oil drilling maintenance
mechanical maintenance
air conditioning and refrigeration
used oil reclamation
reverse engineering
raw materials search
tissue culture laboratory
hardwood flooring

As can be seen from the list, a major portion of the assistance provided is in the area of agri-business and light industry, and fully covers a product line from initial production stages to improving quality and management, and more effective marketing. Typically the firms involved are medium-large size (more than 100 employees) and often request follow-on assistance after the initial VE assignment.

Following are 12 cases representative of the type of assistance that VE's have provided to Egyptian firms. They are broken down into 5 categories:

A. INDUSTRIAL (5 cases)

1. Sanitary ware, wall and tile producer with 300 employees. The company contracted with a VE, retired after 48 years in sanitary and ceramic ware business, to improve the glazing and refining procedures.

2. Producer of furniture, doors, and windows, with 70 employees, plans to expand production of chairs and fold-out beds. The VE, with 36 years of experience, explored the feasibility of expanding into the upholstery business and reviewed the technical and legal aspects of the expansion.

3. Manufacturer, marketer, and distributor of cosmetics, perfumes and insecticides, with 800 employees, required assistance in reorganization of the marketing division. The VE had spent 36 years with Jergens and Proctor and Gamble developing new products and advertising. The VE developed a new organization, suggested a computerized data management system and participated in recruitment.

4. A producer of split air conditioning units under Mitsubishi license, with 70 employees, had a disruption in supplies of compressors and required a VE to evaluate compatibility of a U.S.-manufactured compressor with the Egyptian split system. A VE with 37 years of experience in heating and air conditioning with Carrier Technologies, evaluated the technical aspects of this integration scheme.

5. A manufacturer of pharmaceuticals with 420 employees required a management consultant to make recommendations for production of plastic bottles and packaging which required print operations. The VE had 38 years of experience in pharmaceutical sales, marketing and manufacturing. Using FDA guidelines, the VE provided written comments and observations on the required improvements.

B. AGRICULTURE (2 cases)

1. The client, with 600 employees, has a private sector fish farming operation for fish and shrimp, requiring assistance on saltwater shrimp production. The VE had advanced degrees and experience in larva rearing, maturation and reproduction of marine shrimp. The VE wrote a report on equipment and guidelines for marine shrimp production along with operational materials.

2. The client is a leather tanning and finishing business with 2000 employees. The business required a review of liquid waste handling. The VE had retired from the leather and tanning industry and provided a survey of the physical plant and chemical handling. He drew up a plan for new equipment including liquid waste disposal and environmentally sound handling.

C. FOOD PROCESSING (1 case)

The client, with 230 employees, manufactures chewing gum, candy, toffee and mints and required a study of rates, processes, staffing and quality control. The VE, retired from 40 years with Brachs as Senior Vice President in charge of manufacturing, quality control, engineering and human resources, prepared a report on hard-candy operations and a method to reduce costs.

D. SERVICES (3 cases)

1. The client is involved in photo finishing, security systems and computer supplies and wished to diversify into the solar energy business, but needed a marketing needs study. The VE, Professor of Physics in Saudia Arabia, with 20 years of experience with Argonne National Laboratories as head of research and development in solar energy, prepared a feasibility analysis for potential markets and recommended a U.S. supplier of equipment and service. When the VE departed, the client had a sales contract and a business relationship contract.

2. The client, with 40 employees, manufactures lighting fixtures under license from Phillips. The client required a manufacturing quality control engineer to undertake production planning. The VE had 22 years experience in manufacturing outdoor lighting for General Electric. This engineer proposed a production plan, made equipment recommendations and suggested ways to cut costs.

3. The client, with 180 employees, is an information technology company which manufactures, assembles, distributes and maintains information systems. The client required a business strategic plan. The client had 38 years of experience in data processing, management, business planning and control with IBM. The VE analyzed financing possibilities with local banks and foreign donors, made recommendations for reorganization, recommended a reorganization, wrote a budget plan and made the preliminary inquiry for a joint venture in software development.

E. TOURISM (1 case)

1. The client, with 400 employees, is the only company to own a hotel near the pyramids, and required a plan to upgrade the facility to increase the 70-75 percent occupancy rate. The VE, a college teacher of interior design and owner/operator of an interior design company, prepared a plan to redesign the hotel including theme areas and new furnishing.

SOCIAL SOUNDNESS ANALYSIS

This project seeks to address problems of management, production and lack of business skills within Egypt's private sector. This social analysis considers the social environment of the proposed project activities, addresses the socio-cultural feasibility, the likelihood that new business practices can be introduced and diffused, and the likely social impact and distribution of benefits.

A. Socio-Cultural Feasibility:

Many private, middle-sized enterprises in Egypt suffer from lack of management skills and modern business practices. Business organizations function through practices that are frequently antiquated and defined more by tradition than efficiency. Systems of managing offices are not clearly defined or practiced, and skills in such basic areas as planning or financial analysis or cash management often do not exist.

Tradition and a long period of rigid state controls form the backdrop for such widespread business practice. The Egyptian private sector was prevented by the State from making independent business decisions, and business competition was so limited and controlled that the private sector was unable to operate in the Egyptian economy competitively.

Most of Egypt's policy makers and administrative apparatus, as well as major segments of the society, were deeply suspicious of the activities and motives of private business. As a direct consequence of concerns over private sector excesses and exploitation, the government had over time erected an enormous array of rules and regulations affecting nearly all aspects of doing business. The cost and resources devoted to meeting regulatory requirements was significant, and rules were frequently changed.

Within the past ten years, and most recently in the GOE's five-year development plan (1987-1992), a shift has taken place with more emphasis given to improving management capabilities and strengthening the role of the private sector by offering greater opportunity for free market activity. The GOE has begun to remove any restrictions on the private

sector, recognizing that private enterprise is in a position to contribute to national development and growth if given a freer market environment.

The private sector has responded positively to this initiative, seeking foreign technical assistance to improve basic management practices and expand activities where there are opportunities. A recent example of the willingness of Egypt's private sector to accept private sector technical assistance has been the IESC program.

Since 1979, IESC has operated in Egypt, bringing experts to Egypt to provide short-term technical assistance to the private sector. This assistance has taken many forms from advice on new production lines, financial management, and human resource management to introducing new products and production processes. The number of IESC assignments have grown, indicating that diffusion is possible in providing technical assistance in the Egyptian private sector.

B. Spread Effect and Project Replicability

The IESC project is designed to have an impact on the Egyptian economy through replicability on a larger scale. The spread effects will be assured by the following factors:

(1) Integration of technical assistance into recipient client business structures. We have some confidence that technical assistance is already being integrated into business structures which have received technical assistance through the volunteer executive program. Demand for services provided through the project have grown markedly over the past ten years and client businesses have demonstrated a high degree of interest in the project through sustained contributions.

(2) The significant number of repeat clients and proposed expansion of project activities to the newer desert cities demonstrates both a continuing demand for service and potential expansion into new areas. A competitive and dynamic private sector will continue to expand as a result of this project.

(3) The role played by the voluntary agency IESC is critical to the services of transmitting technical assistance. Volunteer Executives, working directly with businesses, are able to communicate directly with beneficiaries and maintain interest in instituting change while also maintaining a high level of involvement in the project by client businesses.

(4) As individual private businesses in Egypt benefit with better business skills, the effect will be greater investor confidence in private enterprise.

(5) Improved productivity will lead to more and better jobs for Egypt's growing labor force.

C. WID Considerations

Women in Egypt, as is the case in the developing world at large, have only limited control over income and limited access to credit, land, education and training.

It has been AID's stated policy to strongly support greater efforts to integrate women into the development process on the assumption that the key to economic growth is setting individuals free to take risks, to make choices, and to use their initiative and their abilities in the market place. USAID is committed to giving women a better chance to use their initiative and ability to participate fully in their country's development.

The IESC project recognizes that in a society where men are regarded as the primary breadwinners, women may not receive equal opportunities and discrimination may take place in terms of providing technical assistance. Within the initial IESC project WID concerns have been addressed, though modestly. Of a total of 500 project assignments in Egypt since the inception of IESC, 16 projects have been processed with female client/managers (of which 12 have been completed). Although IESC/Cairo did not maintain records of female VEs and clients, the following is the outcome of a combined staff recollection of data on female participation in the project as of April 29, 1991:

- 7 VEs and 3 completed projects
- 1 VE is scheduled for a new project
- 12 Clients Owner/Managers (completed)
- 4 Clients Owner/Managers (pending)

The areas of speciality of the female VEs who participated in the project were:

- Tourism (Hotel housekeeping)
- Agriculture Reclamation
- Care for Handicapped
- Nursing
- Property Management
- Garment industry

In three cases female VEs handled more than one project which reflects successful performance. Female client owners/managers who have benefitted from the program were involved in areas that included tourism, garment industry, paint production etc. One client has had five projects completed with IESC assistance and one is underway, indicating confidence in the project and reliability of female managers.

Women do not contribute adequately to Egypt's economic and social development in proportion to their potential. A number of reasons account for this phenomenon among which are limited work experience, limited exposure and access to managerial skills. The present project is well oriented to benefit Egyptian women by providing them with increasing opportunities to learn state-of-the-art know how in different areas and fields of interest to help them become reliable private sector entrepreneurs. The project aims to increase women participation in terms of project assignments involving women clients owners/manager and VE assignments in Egypt to go to U.S. women experts who could better advise on women-related businesses and activities and who could serve as role models for Egyptian entrepreneurs. However, in order to set reasonable and attainable WID targets a seminar to discuss the question of women participation in IESC project activities will be included in the implementation schedule for year 2. The seminar will consider setting specific WID targets for the project. Gender disaggregated data would also be collected to help plan, monitor and evaluate WID achievements within the project.

D. Beneficiaries

The key beneficiary of the project will be the private business community including domestic entrepreneurs, international firms and joint ventures. Project activities will result in the following: American enterprises enjoying easier access to Egyptian markets; increased stability and predictability in commercial transactions; smoother operations; more rapid growth and productivity.

E. Conclusions

The International Executive Service Corps Project is carefully designed to be acceptable to the Egyptian business

environment. Its objective is to demonstrate that improved business practices can be successfully adapted to the Egyptian business environment with a minimum amount of social disruption and that as the quality of service provided by the private sector improves, so does the overall economy. The project will also demonstrate that expanding the role of the private sector can be an important element in Egypt's overall development.

ECONOMIC ANALYSIS

The focal point of (and nearly 90% of the budget for) the IESC Project is the provision of technical assistance to increase the efficiency and productivity of a number of Egyptian private sector enterprises. These enterprises, seen as economic units strive for efficiency and profitability. The economic thrust of the project is, for the most part, at the microeconomic level, i.e. the way in which decisions by individual economic units (consumers, households and firms) interrelate to determine prices of goods and factors of production.

The project's technical assistance, provided by the VE, will advise Egyptian businesses on how to reduce their costs of inputs, and costs of operations, while increasing productivity and profits through enhanced efficiency and induced demand for their improved product or services. There are many variables involved in the production of a good or service, therefore quantification of direct links between the input of VE technical assistance and a firm's increase in efficiency and profitability is inexact. Nevertheless, since the most costly input of the Project, i.e. technical assistance, is provided on a non-salaried basis, the total cost of investment in the activity is greatly reduced. (The line item for this service is probably well below half of what it would be if procured by contract at market rates.) On the benefit side, the majority of evaluation reports undertaken to date show quantitative decreases in the cost of production (savings) and gains in sales (revenues) as a result of VE technical assistance.

Although IESC/Egypt has recently introduced a system of providing completion reports, the kind of data enabling approximate quantification of benefits, the information gathered so far does not permit more than an anecdotal indication of these benefits. Survey forms recently submitted by six client firms which received VE assistance, for example, showed increases in production and sales ranging from 15% to 60% each, as well as significant savings resulting from more efficient operations and improved management skills. While these surveys offer a glimpse of the kinds of benefits and positive impact to be derived from the IESC Project, experience gained from ongoing IESC activities in other countries indicates that such projects have traditionally provided high internal rates of return.

A more comprehensive set of data would be required, however, in order to provide any meaningful cost benefit analysis. It is recommended that appropriate and verifiable indicators with which to measure benefits be established in the first month of project activity so that an analysis of cost-benefits can be included in the independent evaluation that is scheduled at the end of the second project year.

ACTIVITIES BY PROJECT COMPONENTS	ANNUAL TARGET	IMPLEMENTING AGENCIES (underline key responsible department)	M O N T H S											
			1	2	3	4	5	6	7	8	9	10	11	12
PROJECT TITLE & OBJECTIVE: EP (Volunteer Exec.) Technical Transfer in Egypt)														
ACTIVITIES:														
ongoing Promotion		IESC	←-----→											
client Selection			-----											
agreement Negotiation			-----											
docs. acceptance			-----											
recruiting			-----											
client selection			-----											
client Approval			-----											
client availability			-----											
client contribution			-----											
project itself			-----											
evaluation/Reports		-----												
follow-up Evaluation (9 mo.)		-----												

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STATEMENT OF WORK**DRAFT**I. Objective and Background

The objective of this three year project is to enhance the role of the Egyptian private sector by improving business skills and productivity of private enterprises. The International Executive Service Corps (IESC), a U.S. registered PVO, is currently carrying out a program in Egypt that provides short-term technical assistance to various firms, mostly located in Cairo, Alexandria and Port Said. The technical assistance is provided by volunteer U.S. executives (VE's) for periods of time averaging 1-2 months in Egypt and covers various specialities in production, management, technical service and finance. In addition to improving the operations of selected Egyptian enterprises, U.S.-based IESC activities also promote trade and investment opportunities between Egypt and America.

II. Statement of Tasks

The project to be implemented has two components: (1) the In-country Volunteer Executive Service (VE) ; and (2) U.S.-Based Trade and Investment Service (TIS).

A. In-Country Volunteer Executive (VE) Service:

The principal component of the program is the short-term technical assistance provided by volunteer executives to various enterprises in Egypt. Technical assistance will be provided in the following areas:

- (1) Improving management methods and organizational structures;
- (2) Instituting guidelines to improve productivity and production quality;
- (3) Studying markets and assisting manufacturers in product development;
- (4) Introducing manufacturing and processing standards for acceptance in domestic and export markets;
- (5) Developing training programs for industries and service organizations; and
- (6) Providing expertise in a wide variety of industrial, technical and management fields.

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B. U.S.-Based Trade and Investment Service (TIS):

A broad range of trade and investment promotion services will be provided through the U.S.-IESC office. The services will support and complement in-country volunteer activities and include the following:

- (1) American Business Linkage Enterprise (ABLE). IESC will provide research and technical data to small and medium-sized Egyptian businesses interested in identifying possibilities for domestic or export expansion. Information will be provided on items such as capital equipment needed for an enterprise to carry out business expansion, develop and produce new products; market requirements to improve exports; U.S. market surveys and U.S. import requirements. The information provided will assist private enterprises to ascertain business climates and gauge the potential for expanded ventures.
- (2) IESC will also provide Joint Venture Searches (JVS). Utilizing a comprehensive data base with information on volunteers and their former companies maintained at the U.S. headquarters, IESC will match prospective U.S. investors with potential Egyptian enterprises.
- (3) A Quoting Service (QS) will be maintained by IESC to provide price quotations on U.S. equipment, products and commodities to assist Egyptian private firms in meeting import requirements. The quoting service will support the USAID Commodity Import Program by assisting firms in meeting CIP approval requirements of obtaining three bids for any specific item.
- (4) IESC will also be responsible for a Trade Enhancement Program (TEP) to match specific Egyptian companies with U.S. companies to explore ways of enhancing Egyptian exports, and encourage the import of U.S. goods and services.

C. Project Management

The IESC/Egypt office will publicize the project and familiarize the private sector with services available through Egyptian business associations and other fora. Demand for IESC services will be stimulated by a proactive marketing strategy which includes targeted distribution of brochures, news media advertising and individual follow-up of leads within the business community. Businesses which indicate interest in an IESC service, will submit requests directly to IESC/Egypt so that applicants can be screened

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and matched with appropriate clients. IESC will hold discussions with interested clients to determine what services IESC can offer to meet their needs, and what contribution will be made on the part of the client to help meet local currency costs in Egypt. An agreement will spell out the responsibilities and roles each party will assume to support the activity. IESC will identify, recruit and place VEs for project activity assignment in Egypt accordingly. This includes travel arrangements, in-country orientation, introducing the volunteer to the client business, and management/support while in Egypt. IESC/Egypt will be responsible for both the in-country volunteer executive service program and for requesting U.S.-based trade and investment services on behalf of Egyptian businesses.

The table below illustrates the level of activities tentatively set over the life of project.

ILLUSTRATIVE PROJECT ACTIVITIES

<u>Activity</u>	<u>FY 91</u>	<u>FY 92</u>	<u>FY 93</u>	<u>TOTALS</u>
1. In-country Volunteer Executive Service (VE)	105	115	125	345
2. U.S.-based Trade and Investment Service (TIS)	30	39	48	117
a. American Business Linkage Enterprise (ABLE)	9	12	15	36
b. Joint Venture Service (JVS)	3	3	3	9
c. Quoting Service (QS)	10	13	16	39
d. Trade Enhancement Program (TEP)	8	11	14	33

III. Report Requirements

IESC/Egypt is responsible for preparing and submitting to USAID quarterly and annual reports which summarize the implementation and financial status of both U.S. and Egypt-based activities.

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1. Quarterly Report: Should summarize the status of Egyptian VE project assignments, U.S.-based activities, and financial data for both.

2. Semi-Annual Report: Summarizes cases of VE assignments broken down by sector and with gender disaggregated data as appropriate. Submitted to GOE and USAID.

3. Annual Implementation Plan, describes current and projected project activities and management plans, outside activities (e.g. CHAM), and new contracts.

IV. Cooperative Agreement

Services will be carried out under a cooperative agreement since substantial involvement is anticipated between USAID/Cairo and IESC during project implementation.

Substantial Involvement Understandings:

1. It is the intent of the parties that IESC undertake Volunteer Executive Assignments, JVS, ABLE, TEP and Quoting activities of its choosing so long as these project activities are in the Egyptian private sector or will support specific privatization efforts. No USAID pre-clearance is needed for project activities complying with this criteria. For any other project activities undertaken with volunteer executive (VE) involvement under this Agreement, IESC shall consult with and obtain approval from the USAID Project Office.

2. It is recognized that although it is a basic IESC policy to obtain client financial contributions for services provided, certain organizations (i.e., small-medium economically stressed organizations, nonprofits, approved public sector organizations) may not have financial resources to make a contribution. In cases where a client contribution is not to be obtained, IESC shall obtain advance approval from the USAID Project Officer.

3. The parties will collaborate closely in the preparation of each Annual Project Implementation Plan and will mutually agree to the contents of the plan prior to the beginning of a particular budget period.

4. IESC will concentrate on the areas of the economy targeted by USAID/Egypt and the Government of Egypt. Particular emphasis will be on the goals of the Egyptian Five Year Plan.

DETAILED COST ESTIMATES**DRAFT**IESC Office Support
(LOP \$)

<u>ITEMS</u>	<u>YEAR 1</u>	<u>YEAR 2</u>	<u>YEAR 3</u>
VE Recruiting Cost* (U.S. HQs)	231,000	253,000	275,000
TIS department support (U.S. HQs)	100,500	100,500	100,500
IESC/Egypt Support	<u>362,000</u>	<u>362,000</u>	<u>362,000</u>
TOTAL	693,500	715,500	737,500

* Cost estimated at \$2200 per VE recruitment

AVERAGE COST ESTIMATE FOR A VE ASSIGNMENT (\$)

2R/T Airline tickets (Chicago/CAI/Chicago)	8,000
Enroute Expenses	500
Physical Exams (2)	600
Per Diem (\$148 x 55 days)	8,140
Local Transport.	<u>160</u>
TOTAL	17,400
Less Client Contribution	<u>- 3,000</u>
TOTAL	14,400

* Cost estimates are based on assignment of VE with spouse.

DRAFTTIS OFFICE SUPPORT COST ESTIMATES (\$)

IESC Headquarters (U.S.)

<u>Staff:</u>	<u>YEAR 1</u>
Sr. Executive oversight (2 days x \$290 x 12 mos)	6,960
Accounting and Controls (3 days x \$150 x 12 mos)	5,400
Project Manager (\$220 x 205 days)	45,100
Overhead @ 38%	21,840
SUBTOTAL	79,300
 <u>Office:</u>	
Rent and office supplies	6,000
Telecommunications	2,500
U.S. Promotion and Marketing	2,500
SUBTOTAL	11,000
 <u>Staff Travel:</u>	
Local 6 x \$800 + 6(8 days x 150 per diem)	7,500
International 1 x 2000 + 705 per diem	2,700
SUBTOTAL	10,200
TOTAL	100,500

DRAFIESC/Egypt Office Support Cost Estimates (\$)

	<u>YEAR 1</u>
VE Support (1)	203,000
Local Salaries (2)	66,000
Office rent (CAI & ALEX)	29,000
Local Transportation	18,000
Telephone	4,000
Telegrams	12,000
Postage	3,000
Office Supplies	5,500
Printing, brochures	2,700
Audit Services	1,500
Temp. Help	1,200
Equipment Maintenance	1,700
Office Equipment Rental	1,200
Furn./Equip (Office)	1,800
Ins. & Med. (Local)	1,000
Meetings & Conferences	8,000
Other	<u>2,400</u>
TOTAL	362,000

(1) This includes incountry expenses (e.g. housing, per diem) of Director of Operations and 2 Country Directors.

(2) This includes 3 sales representatives, TIS officer, account manager, 2 secretaries, 2 clerks and 1 driver.