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TDC/EED
TRADE DEVELOPMENT CENTER PROGRAM
EXPORT ENTERPRISE DEVELOPMENT PROJECT

TDC BASELINE SURVEY

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Submitted by:
Dr. Barton Sensenig
Chemonics International Inc.

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EXECUTIVE SUMMARY

A. Purpose

- To assist TDC in understanding potential client firms and their export development needs

- To provide TDC with a basis for monitoring and evaluating progress in increasing Egyptian exports, foreign exchange earnings and employment.

B. Methodology

- Interviewed executives from 54 of the 119 firms on TDC's list.
- Divided industries into the following categories: Garments, Food Processing, Housewares, Leather Goods, and Other.
- Created a comparison group to comprise those not assisted extensively.
- Through the survey, was introduced to the TDC.

C. Findings

1. Overall

- The requirement of quantitative targets necessitates primary selection based on each firm's capacity for substantial, rapid increases in export earnings.

- Egyptian manufacturers indicate a great capacity for increased exports -- LE 1.4 billion (or $430 million*) for TDC's universe over the next three years.

- Food processing shows outstanding potential for increased exports (LE 607 million), followed by housewares (LE 292 million) and garments (LE 267 million). The potential for leather goods is small (LE 69 million) over the next three years.

- Assistance needs include management, marketing and technical assistance for output performance. Most firms are family operations with management concentrated in the hands of a few overburdened executives who can clearly benefit from professional management support.

- Exporters seek appropriate, individually tailored buyer contacts. Trade fairs are only one of several options available to TDC.

* Exchange Rate: 1 $ US = 3.25 Egyptian Pounds (L.E.)

- Premium quality strategies appear promising across the light manufacturing spectrum. There are "fashion" bonuses in garments and leather goods, and premium prices for other quality products. This niche places Egyptian exporters above cheap competition from China and South Asia.

- Overall, EED's impact on the companies' personnel would benefit slightly more women (55%) than men (45%). Female employees (81%) dominate the garments sector. Men (53%) and women (47%) are employed roughly equally in food processing. Male employees, however, tend to predominate in housewares (76%), leather goods (64%) and the "other" category (83%).

2. Garments

- In terms of potential, garments rank third after food processing and housewares. Respondents indicate a capacity to expand exports by 91%, with a 46% increase in sales. Although impressive, this is less than the other two sectors in both percentage and absolute terms.

- Quantitatively, two large knitwear firms which currently orient three-quarters of their product to the domestic market account for three-quarters of garment export expansion capability. By working with these firms and several of the others interviewed, TDC could expect to increase Egyptian garment exports by about $10 million, or one-fourth of TDC's Phase I target.

- Qualitatively, the garments sector has several advantages. It addresses the largest segment of the EC/ME import market and is currently the most developed light manufacturing export sector. Furthermore, Egypt already has a well-deserved reputation for exporting quality cotton yarn. Egypt's long staple yarn from the Nile Delta ranks among the best in the world. Stimulating ready-made garment exports implies fostering industrial maturation, adding value to this quality natural resource.

3. Food Processing

- The food processing sector demonstrated the greatest capacity for expanding exports (table 6). The eleven manufacturers interviewed displayed an ability to increase overseas sales by more than LE 400 million, suggesting a potential of LE 600 million for the fifteen firms listed by TDC. This is $ 182 million, or 4.5 times TDC's Phase I target. This promise implies almost doubling the current sales of LE 640 million and quadrupling the estimated exports of LE 218 million (table 3).

- Three firms showed the capacity for increased exports of over $20 million. Together, they account for LE 339 of the LE 445 total potential shown in table 6. They export fruit juices, dry mixes and dehydrated vegetables. Two have multi-national

connections, but all three felt they could use some export marketing assistance. TDC should place high priority on working out collaborative agreements with these firms.

- Three other firms, which are Egyptian family enterprises, indicated potential increases of 5 to 10 million dollars each. They export fresh and frozen fruits and vegetables, and jam. All three indicated management and marketing assistance needs. TDC should also pursue cooperation with these firms. Together they offer expanded exports of LE 70 million, or over 20 million dollars.

- Qualitatively, the food processing sector has two major advantages. First, it services an extremely large import demand in Europe and the Middle East (table 2). Secondly, it dovetails nicely with TDC's priority on fresh fruit and vegetable exports. As harvests increase, there will be an abundance of second-grade produce to feed food processors.

4. Housewares

- Housewares is a more amorphous sector. As shown in table 7, it consists of three segments: ceramics, metalware and home textiles/furnishings. Fourteen housewares firms were interviewed out of 22 on TDC's list. Housewares rank second to food processing in increased export capacity. They are positioned just slightly above garments. Total potential for the 22 firms listed is estimated at LE 292 million, or 90 million dollars. This represents a 133% expansion of exports and a 33% increase in sales.

- Four firms indicate potential for export expansion of over LE 20 million. Together they account for LE 121 million of the LE 186 million total. These consist of two firms in ceramics and one each from metalwares and textiles. The largest capacity is reported by a firm producing ceramic wall and floor tiles. Caution should be exercised, however, in considering development of this product line. According to another tile manufacturer, the world market is currently flooded with cheap competition. The other products represented -- cooking pans, chandeliers, and upholstery -- offer major potential benefits. Three other housewares firms show potential increases between 10 and 20 million pounds. Collectively, they could add about LE 40 million. These firms produce razors, upholstery and sanitaryware. Working with only these six housewares firms (excluding ceramic tiles) could increase exports by LE 118 million, or 90% of TDC's Phase I target.

- Qualitatively, each segment of the housewares sector can make important contributions toward developing Egypt's reputation for quality products, and all are based primarily on locally-available natural resources. Even within each segment, however, there is wide variation, and plans must be developed on an individual firm level.

5. Leather Goods

- The leather goods sector consists of many small firms in which leather products are hand crafted under the close scrutiny of the owner. There are two segments: garments/accessories and shoes.. Shoe production is more mechanized and, in the case of sport shoes, may not even involve leather.

- The potential for additional earnings from leather good exports is small. The sixteen firms interviewed indicated expansion capacity of LE 53 million. Extrapolating the data to the 21 firms listed by TDC, this would imply a potential of LE 69 million on sales of LE 190 million. Without shoes, this would be only LE 19 million on sales of LE 50 million.

D. Conclusions

- TDC's mission is doable. Quantitative targets are lofty, but by concentrating initial efforts on the nine most promising firms--three in food processing (LE 339 million), four in housewares (LE 121 million), and two in garments (LE 29 million)--the TDC would have the potential for increasing exports by LE 489 million ($148 million), or roughly four times the Phase I target.

- Success will require rapid action. Eighteen months have already gone by with only $6.3 million reported in export sales, and even this accomplishment remains undocumented.

- The most rapid increases in exports can probably be achieved initially through marketing assistance to high-quality firms whose sales have suffered reversals due to the worldwide recession. The most profound and enduring initiatives, however, will most likely involve management and technical support to improve the quality and presentation of the product. Ultimately, repeat orders depend more on reliable, timely delivery of a high-quality, competitively priced product, than on particular marketing contacts.

E. Recommendations

- Light manufacturing appears to offer greater potential for increased exports than fresh fruits and vegetables, and deserves at least equal attention.

- Within light manufacturing, food processing presents the most expansion potential and should be given highest priority.

- The housewares and garments sectors tender roughly equal possibilities for increased exports and should also be pursued.

- Leather goods do not show much capacity for export expansion and should not be supported in depth.

- Firms which do not fall within these focus sectors should be evaluated on an individual basis and assisted if they show exceptional potential.

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ACRONYMS

COP	Chief of Party
EE	Eastern Europe
EC	European Economic Community
EED	Export Enterprise Development Project
LT	Long-term
ME	Middle East
M&E	Monitoring and Evaluation
MIS	Management Information Services
OJT	On-the-job training
PBS	Premium Brands System
ST	Short-term
TA	Technical Assistance
TDC	Trade Development Center

I. INTRODUCTION

A. Purpose

The TDC Baseline Survey has two objectives:

- to assist the TDC in understanding potential client firms and their export development needs and
- to provide the TDC with a basis for monitoring and evaluating progress in increasing Egyptian exports, foreign exchange earnings and employment.

In order to understand potential client firms, the baseline assessment includes analysis of their current status, exporting history, and their interest in and capacity to expand exports and product lines. To provide a basis for monitoring and evaluating progress, a survey was carried out which includes estimates of current levels of exports, proportion of local materials utilized, and employment levels by gender (see annex A: Baseline Questionnaire).

B. Background

The TDC aims at assisting Egypt to increase private sector exports and foreign exchange earnings. It has two basic premises, that Egypt needs:

- to increase its exports to earn more foreign exchange and
- to introduce Egyptian producers to foreign markets and, hence, to the requirements of international competition.

Operations are planned in two phases. During phase one (three years) the TDC is focusing on firms which are already exporting and have a high potential for rapid increases (Tier 1 firms). During this period, the TDC will help more than 80 firms to increase exports by over $40 million. Subsequently, in Phase II, the TDC will broaden efforts to include Tier 2 firms which are less firmly established in export marketing, but show outstanding potential.

The TDC was established in April 1992. During its initial 18 months, the organization has reportedly sponsored 51 exhibition presentations, enabling participating firms to increase exports by approximately $6.3 million. This rate of accomplishment has essentially met targets set for this preliminary period. Data to support these assertions, however, are difficult to come by. This baseline survey and the associated monitoring system are intended to assist the TDC in more effectively documenting such accomplishments.

The TDC is focusing activities on two classes of exports: vegetables and non-citrus fruits, and light manufacturing. In addition, it is concentrating on introducing or expanding these exports in two principal target markets--Europe and the Middle East.

In recent months the TDC has made rapid advances in introducing a "premium brand system" (PBS) approach to increasing exports in vegetables and non-citrus fruits. Close working relationships have already been established with selected firms. Since the PBS will involve the formation of a new company that will continue to be assisted by the TDC, all sales coming out of that enterprise will be considered part of the target export sales.

C. Approach

From the beginning, the study team recognized that the "interview process" itself was as important as the end-use of the gleaned information for the TDC's marketing. For most firms, the interview formed their initial impression of the TDC. Thus, considerable effort was devoted to developing an introduction that would clarify the TDC's mission and emphasize potential benefits to selected firms. In addition, the interview setting was designed to be conducted in a professional manner. At least two TDC officers conducted each interview jointly. This decision greatly enhanced the quality of the interviews, but significantly reduced the number of interviews that could be accomplished within the time period allocated. Finally, the TDC's interviewers carefully assured and respected the confidentiality of interview data.

To maintain this professional image, the TDC must follow-up on interviews in a timely fashion. First, thank you letters should be automatically mailed to each respondent. Second, immediate follow-up is required on the few simple assistance opportunities which were identified where collaboration looked promising (e.g., calling to learn why a contract was not renewed; reviewing plans for a brochure; etc.). Third, the TDC must respond without undue delay to the solicited requests for assistance which have been submitted by fax. As interviews continue, the TDC must establish clear policy guidelines to ensure that no promises are implied during interviews which cannot be fulfilled.

This report summarizes survey findings. It is based on confidential interviews with potential TDC clients, supplemented by background interviews and document reviews. Only summary findings are presented here. The TDC's analyses of specific firms regarding potential working relationships are being conducted elsewhere. In tables which display sensitive information, such as estimates of overall sales and exports, firms are referred to by ID numbers rather than names.

The following section summarizes survey methodology. Next, findings are presented in two parts: General Findings and Sector Overviews. Finally, the report closes with conclusions and recommendations.

II. METHODOLOGY

A. Study Design

In line with its dual purposes of assisting the TDC to understand potential clients and providing a foundation for project monitoring, the baseline study elicited considerable background on interviewed firms, such as export history, management structure and inclination toward expansion, as well as basic monitoring data, such as value of exports and number of employees.

The study was based on a quasi-experimental design in which TDC's clients and a comparison group of non-assisted firms are interviewed before and after the project. "After" interviews will be conducted at the end of Phase I (year 3) and Phase II (year 5). Since TDC's clients are not yet identified, baseline interviews were conducted with a cross-section of potential TDC clients. In research terminology, those selected as clients will become the "experimental group" and those not selected will be referred to as the "comparison group." The term "comparison group," rather than "control group," recognizes the inherent selection biases. Presumably, the TDC will choose to work with more promising firms. Such bias is inherent in the "quasi-experimental" nature of the design. Any attempt at greater scientific rigor would probably impede the paramount development goals of the project. Ultimately, evaluative comparisons must be taken as being indicative, rather than exact.

The baseline study design was developed during preliminary background interviews, document reviews, and a pre-test of the questionnaire and survey procedures conducted in Cairo and Alexandria. The survey team grew as new TDC personnel came on-board. It eventually consisted of the Baseline Specialist, the TDC Export Promotion Officer, the TDC Director of Sales and Marketing, three Account Executives and an Agribusiness Consultant. Interviewers were sometimes accompanied by representatives of businessmen's associations or consultants hired for their specific knowledge of certain sectors.

B. Firms Surveyed

The TDC provided the Baseline Specialist with an initial universe of potential clients listing 119 firms. The Egyptian Businessmen's Association (of Cairo), the Alexandria Businessmen's Association, and hired consultants provided additional leads.

From the beginning, the survey team recognized that identifying and interviewing potential client firms would continue long after the formal baseline survey. During the pre-test, it became obvious that following up on diverse leads would require much more time than was available. Interviewing in pairs would limit the baseline sample to about 50 firms. Selection of these firms, therefore, became a matter of prioritization. Ideally, the baseline survey would focus on firms with the highest potential for increasing exports. In practice, pre-selection could only be made on the basis of sectors. The survey team, therefore, conducted the following review of sector selection criteria.

Three selection criteria are inherent in the TDC's project design:

- Sector selection should be primarily market driven, reflecting demand in the target markets of Europe and the Middle East as well as Egyptian production capacity.

- Quantitatively, selection should aim at sectors and firms with maximum potential for increasing exports.

- Qualitatively, priority sectors should include both Tier 1 (exporting) and Tier 2 (potential exporter) firms so that the TDC can ultimately assist new firms to enter the exporting arena.

These criteria provided the basis for prioritizing the sectors included in the TDC's universe of potential clients (Table 1). In the table, the Housewares Sector combines four small, related categories: household products, home textiles and furnishings, carpets, and home appliances. Handicrafts and construction materials are listed under "Other."

Table 1
TDC's UNIVERSE OF POTENTIAL CLIENT FIRMS

Sector	Firms	Percent
GARMENTS	41	34%
Ready made	20	
Knitwear	18	
Socks	3	
FOOD PROCESSING	15	13
HOUSEWARES	22	18
Household Products	8	
Home Textiles & Furnishings	7	
Carpets	4	
Home Appliances	3	
LEATHER GOODS	21	18
OTHER	20	17
Handicrafts	6	
Construction materials	14	
TOTAL	119	100%

Handicrafts are not viable as a sector on the basis of the second criterion. Because handicrafts are not mass produced, both individual firms and the sector as a whole have relatively low production and, therefore, low potential for increasing exports.

On the basis of the third criterion, construction materials, such as cement, were not considered a priority sector. This sector is dominated by a few large firms which have made major infrastructure investments. Tier 2 firms would not be able to initiate exports of construction materials without making similar investments over a considerable period of time.

Footwear was combined with leather goods, as in the TDC's list. While quality footwear manufacturers work with leather, casual and sport shoes are made of other

materials. The TDC will have to track and analyze the potential of various categories within this sector.

In most sectors, the survey team contacted all firms on TDC's list and conducted interviews with those available. In the garments sector, however, where TDC has intimate knowledge of major firms, only those identified as most promising were interviewed. The fifty-four firms interviewed are listed in annex B.

C. Questionnaire

The interview schedule aimed at providing the TDC with background information for selecting and working with client firms as well as for collecting the necessary data for project monitoring. The initial draft was derived by integrating concepts from the TDC Export Promotion Officer and the Baseline Specialist. Over the course of the pretest, the questionnaire underwent four revisions, resulting in the form shown in annex A.

Background data included products produced, brand names, company ownership, year of establishment, year exports were initiated, overseas marketing structure, perceived constraints and opportunities, export promotion experience, sources of market information, number of shifts and days off. Most importantly, firms were asked to specify the types of TDC assistance they would find most useful.

Important items for establishing a monitoring baseline were product quality, production capacity, current production, shifts worked and potential for adding shifts, employment by status and gender, annual sales, percentage exported, and growth relative to previous years. Most important was each firm's potential and eagerness for increasing exports.

Each interview concluded by asking, "Who are the other major players in this sector?" Willingness to direct us to the competition varied, but this approach generally led to more complete coverage.

The interview format was flexible and varied according to each firm's experience and capability. Some had received TDC or USIPO assistance and offered feedback. Others demonstrated both the capability and eagerness to work with the TDC to increase exports. Such promising firms were often requested to specify their technical assistance needs in a fax to the TDC. TDC's officers sometimes volunteered minor services to maintain rapport with such firms. For example, the TDC telephoned a buyer in Spain to obtain feedback on why one firm's order was not renewed.

Baseline interviews also fulfilled various other functions. They served as on-the-job training for newly-hired Account Executives, enabling them to learn interviewing techniques and to gain familiarity with potential clients. Finally, the interviews also provided the substantive foundation for the TDC's light manufacturing strategy (see TDC Strategy and Year One Work Plan, section II, annex G).

III. FINDINGS

A. Overall Survey Findings

1. Selection Criteria

An initial survey finding was the clarification of selection criteria for prioritizing sectors and client firms. The TDC's mandate calls for large, rapid increases in Egyptian exports. Thus, the primary selection criterion must be the potential for increased exports. This depends on both target market imports and Egyptian production potential. Table 2, below, re-analyzes this data from the EED Project Paper (annex C, Technical Analysis). These statistics are for 1989-90, but should suffice for establishing priorities among sectors.

Table 2: Potential Markets and Egyptian Exports
($ millions, 1989-90)

Product Sector	Target Market Imports			Egyptian Exports		
	EC	ME	Total	EC	ME	Total
Garments	17,895	1,595	19,490	69.1	8.9	78.0
Processed foods	11,159	694	11,853	2.0	4.3	6.3
Fruits & vegetables	4,225	775	5,000	65.5	31.9	97.4
Housewares	4,686	303	4,989	1.8	11.1	12.9
Leather (& footwear)	4,483	495	4,978	2.3	7.0	9.3
Furniture	2,505	789	3,294	1.7	4.2	5.9
Carpets	662	32	694	5.6	4.6	10.2
Total	45,615	4,683	50,298	82.5	40.1	220.0

*Sources: Eurostat External Trade #4, 1991. UN Yearbook of International Trade Statistics, 1990, SRI, CAPMAS, FAV Export Production & Marketing Project (ACDI,NCBA).

Market demand is highest for garments ($19 billion) followed by processed foods ($12 billion). These two far exceed other sectors. Fruits and vegetables, housewares and leather products all fall at about the same level of demand (roughly $5 billion). Furniture ($3 billion) and carpets ($0.7 billion) show significantly lower levels of demand.

Egyptian exports are highest for fruits and vegetables ($97 million) and garments ($78 million). Exports in all other sectors are relatively low. This does not mean, however, that these sectors should be neglected. In fact, sectors like food processing, where target market imports are high and current exports are low, may offer the greatest potential for increased exports.

To update the above data, the Baseline Specialist obtained CAPMAS annual export statistics by product and destination for 1989 through August 1993. These are summarized in annex C. They show steadily increasing exports for fresh vegetables, non-citrus fruits, garments, leather goods, housewares and carpets. The second pattern observed is increases through 1991, followed by a decrease in 1992. This pattern holds for processed foods, furniture, citrus fruits and textiles. Presumably, these sectors included a significant

proportion of exports to the Eastern Block which suffered from the collapse of the Soviet Union.

Ultimately, client selection must be based on firms rather than sectors. The TDC's demanding quantitative targets require seeking out large firms with great capacity for rapid increases in production and exports. This quantitative potential is given primary consideration in the sector analyses that follow.

Qualitatively, a number of other criteria are significant. Most important are exporting experience, readiness to work with the TDC to increase exports, production technology, marketing structure, proportion of production exported, expansion capabilities and product quality. Ratings of these criteria for the firms interviewed are summarized in annex D.

2. Export Potential

Egyptian manufacturers indicate great capacity for increased exports. Table 3 summarizes export potential and assistance needs for firms interviewed and (via weighting) for the TDC's universe of possible clients. The total potential increase is LE 1.4 billion, or $430 million over three years. This is over ten times the TDC's Phase I target. Based on estimated current sales of LE 2.5 billion and exports of LE 917 million for the 119 firms, this represents a 154% increase in exports and a 56% increase in sales.

Table 3
SUMMARY OF ASSISTANCE NEEDS AND EXPORT POTENTIAL*

Sector	Management Training	Market Support	Output Performance	FIRMS SURVEYED Est. Added Export Potential (3 yrs) (LE millions)	TDC UNIVERSE Est. Added Export Potential (3 yrs) (LE millions)
A. Garments	Export management and pricing	Market contacts	TA for production speed and quality	Firms 6 Sales 85 Exports 51% 43 Potential 39	Firms 41 Sales 581 Exports 51% 296 Potential 267
B. Food Processing	Export marketing and management	Market contacts information and Exhibitions	Production and post-harvest processing	Firms 11 Sales 469 Exports 34% 161 Potential 445	Firms 15 Sales 640 Exports 34% 218 Potential 607
C. House wares	Export marketing and management	Marketing contacts, information & exhibitions	TA for production quality	Firms 14 Sales 558 Exports 25% 138 Potential 186	Firms 22 Sales 877 Exports 25% 219 Potential 292
D. Leather Goods	Export management	Targeted buyer contacts and exhibitions	TA for production and quality	Firms 16 Sales 145 Exports 65% 94 Potential 53	Firms 21 Sales 190 Exports 65% 124 Potential 69
E. Other	Export marketing and management	Market contacts and exhibitions	Production and quality TA	Firms 6 Sales 64 Exports 28% 18 Potential 54	Firms 20 Sales 213 Exports 28% 60 Potential 180
TOTAL	Export marketing and management	Market contacts information & exhibitions	Production and quality control	Firms 53 Sales 1,321 Exports 34% 454 Potential 777	Firms 119 Sales 2,501 Exports 37% 917 Potential 1,415

* Source: TDC Baseline Survey; September 1993

There are obvious incentives for manufacturers to exaggerate their potential for increasing exports when speaking with TDC representatives, but the survey team's observations tend to substantiate table 3. Worldwide business is currently in recession and many firms are now running significantly below capacity. In addition, manufacturers who oriented exports towards Eastern Europe and the former Soviet Union have now lost a major market. There is little doubt that Egyptian companies could substantially increase exports if buyers were found. The TDC appears to have a crucial role to play.

3. Promising Sectors

The food processing sector shows outstanding potential for increased exports (LE 607 million), followed by housewares (LE 292 million) and garments (LE 267 million). Food processing ranks highest both in terms of target market imports (table 2) and Egyptian manufacturers' promise (table 3). These impressive expectations are based on only 15 firms listed by the TDC, compared with 41 in garments and 22 in housewares. Garment exports are currently highest (LE 296 million compared with LE 218 million for food processing and housewares), but gross sales of both housewares (LE 877 million) and food processing (LE 640 million) are estimated to exceed those of garments (LE 581 million).

Food processing prospects were evaluated by an agribusiness specialist qualified to identify operational bottlenecks and assess the added profits anticipated due to solving them. He determined, for example, that one potato processing operation could easily double sales with the addition of cold storage. Baseline interviewers were not specialists in the other manufacturing sectors surveyed and, therefore, estimates of current potential were based on how far current production fell below capacity. This difference in expertise could influence reported potential. It is, however, the food processing reports that are most reliable. The potential of other sectors may be underestimated.

The TDC's efforts over the eighteen months since April 1992 have focused on garments. Reportedly, a total of 51 presentations have been sponsored at six expositions (annex E). Of these, three-quarters (39) were by garment manufacturers. Some 19 different firms averaged two presentations each. In light of table 3, it appears that the TDC should broaden its efforts to include both food processing and housewares, with the emphasis on food processing.

4. Family Management

Table 3 also summarizes assistance needs highlighted in baseline interviews. Needs are presented in three categories: management training, market support and output performance. This framework broadens the perspective beyond traditional market contacts and information. As a summary, table 3 obscures the interesting details of individual interviews. Nonetheless, it serves to highlight three main findings: family management, target buyers and premium quality.

The overwhelming majority of Egyptian manufacturers are family firms. Management functions are generally concentrated in the hands of a few owner-managers.

They are the personification of the firm. The degree of quality of production often depends on their close supervision. There are very few professional managers. Large exporting firms, thus, are usually in need of management assistance. Interviewers have adopted various responses to this need. Some owners decided to remain small, insisting this was necessary to maintain quality and concluding that they did not need "more headaches." Others openly admitted "I need a good export manager." In some families, one brother headed production and another covered marketing and/or exports. Only a few firms were organized like true multi-nationals with professional export managers. Even then, export roles were circumscribed either by the manager's expertise or other managerial duties. One was essentially a transportation manager and another was side-tracked into managing personnel retrenchment.

Also with respect to owner-managers, it was found that many of the largest companies are partially foreign owned, either as joint-ventures or as sole proprietorships of Middle Eastern businessmen from other countries. One promising garment factory, for example, has 90% French ownership. It seems questionable whether U.S. aid should be assisting such firms. The decision should probably depend on whether foreign exchange earnings remain in Egypt. The TDC should develop a policy regarding assistance to foreign-owned firms and check it against USAID regulations.

There often are ways around such difficulties. Many entrepreneurs own more than one company. A major food processing firm for example, was 100% Egyptian until recently, but is now 50% multinational. The Egyptian owner of the other 50% has another sole proprietorship with which the TDC could collaborate if ownership becomes a problem.

5. Targeted Buyers

The most common market support assistance sought by the exporters interviewed was individually-tailored buyer contacts. Most respondents mentioned market connections as the most important thing the TDC could do for them. Many, however, specified **appropriate** buyer contacts. There is wide variation in the specific needs of individual exporters. TDC assistance plans must be carefully tailored for each firm. Upholstery manufacturers, for example, sought to learn about forthcoming hotel development or renovation projects, and leather jacket exporters require a seasonal strategy somewhat different from that for shoes and leather accessories.

A good number of baseline survey respondents had previous experience with the TDC or USIPO, and although they were hesitant to criticize friends, many indicated that assistance efforts could be improved through more careful targeting of buyer contacts. One out of six respondents (16%) volunteered negative comments about the TDC's exhibition organization. Most said it was like a bazaar and nothing ever came of it. Two respondents were especially upset. One felt hounded by the TDC and told his secretary to say he was "out" whenever the TDC called. Another complained that a TDC representative had kept his samples and the cost was deducted from his salary. On the other hand, one exporter had gained a customer who continued re-ordering over three years. Constructive comments almost always

suggested more individually-tailored contacts. Such one-on-one contacts could be organized either outside or along with trade fairs.

6. Premium Quality

The third aspect of assistance needs summarized in table 3 relates to output performance. Respondents express concern for maintaining or improving product quality while attaining higher production levels. Manufacturers aimed at either low, medium or high quality standards. Those with low standards had exported to the Eastern Block and are now suffering from lack of a market. Some respondents in garments, leather goods and ceramics aim at mid-level or commercial quality standards. Many of these are experiencing severe competition from Asia where such quality can be produced at considerably lower costs.

On the other hand, many manufacturers aiming for the highest quality standards are reaping a "fashion" bonus which can easily double profits. This niche is also safest from cheap Indian and Chinese competition. Assisting such firms would appear to serve the TDC's need to increase export earnings efficiently while also helping to overcome the pervasive shoddy image of Egyptian products. There is, thus, baseline survey support for light manufacturing tactics similar to the "premium brand" approach that the TDC has adopted for fruits and vegetables.

Some manufacturers began producing quality products under contract with distinguished European designers, marking their brand names and only indicating "Made in Egypt" when required. A few of these are currently graduating to establishing their own collections and quality brand names, with "Made in Egypt" clearly marked. Such market penetration strategies present a tested ladder to success.

7. Employment Benefits

Table 4 summarizes employment by gender and sector for interviewed manufacturers and (by weighting) for the TDC's universe of client firms. The primary concern of the Export Enterprise Development (EED) project is substantial, rapid increases in Egyptian exports. Nevertheless, the TDC will also track benefits to individuals. Manufacturers in TDC's client universe currently employ approximately 49,000 people. If production were to increase by 56% in accordance with the potential indicated, approximately 27,000 new jobs could be anticipated.

Overall, these jobs would benefit slightly more women (55%) than men. There is considerable employee gender variation by sector. Women employees (81%) dominate the garments sector. Men (53%) and women (47%) are employed roughly equally in food processing. Male employees, however, tend to predominate in housewares (76%), leather goods (64%) and the other category (83%).

Managers tend to be male except in the garments sector where women also hold positions of responsibility. Some family firms include daughters as owners. Most women employees are general workers. Men tend to run machines and women to predominate in quality control and packaging.

Table 4
SUMMARY OF EMPLOYMENT BY GENDER AND SECTOR

Sector	Firms Interviewed		TDC Client Universe		Percent	
A. Garments	Firms	6	Firms	41	Firms	41
	Male	649	Male	4,435	Male	19%
	Female	2,814	Female	19,229	Female	81
	Total	3,463	Total	23,664	Total	100%
B. Food Processing	Firms	8	Firms	15	Firms	15
	Male	1,786	Male	3,349	Male	53%
	Female	1,569	Female	2,942	Female	47
	Total	3,355	Total	6,291	Total	100%
C. House wares	Firms	12	Firms	22	Firms	22
	Male	4,896	Male	8,976	Male	76%
	Female	1,565	Female	2,869	Female	24
	Total	6,461	Total	11,845	Total	100%
D. Leather Goods	Firms	16	Firms	21	Firms	21
	Male	1,424	Male	1,869	Male	64%
	Female	814	Female	1,068	Female	36
	Total	2,238	Total	2,937	Total	100%
E. Other	Firms	5	Firms	20	Firms	20
	Male	868	Male	3,472	Male	83%
	Female	182	Female	728	Female	17
	Total	1,050	Total	4,200	Total	100%
TOTAL	Firms	47	Firms	119	Firms	119
	Male	9,623	Male	22,101	Male	45%
	Female	6,944	Female	26,836	Female	55
	Total	16,567	Total	48,937	Total	100%

B. Sector Overviews

The following analyses summarize findings by sector, highlighting unique constraints and opportunities. Individual cases are referred to only as examples. Individual analyses and market penetration strategies for specific firms are being developed within TDC.

1. Garments

Garment sector interviews are summarized in table 5. Only six leading firms were interviewed because the TDC is already familiar with this sector. Garments is the largest sector in TDC's list. The 41 garment manufacturers constitute one-third of the total. Moreover, both table 3 and CAPMAS statistics confirm that garment exports currently exceed all other light manufacturing sectors.

In terms of potential, however, garments rank third after food processing and housewares. Respondents indicate a capacity to expand exports by 91%, with a 46% increase in sales. Although impressive, this is less than the other two sectors in both percentage and absolute terms.

Table 5 GARMENTS SECTOR				
Company/ Product	**Management Training**	**Market Support**	**Output Performance**	**Additional Export Potential**
Men's trousers & Women's slacks (#009)		*Exhibitions *Contacts *Market info.	*Production TA: LT European consultant	Sales LE 2.6 m Exports 100% LE 2.5 m Potential LE 1.3 m
Waterproof sports garments (#010)	Production & quality control.		*TA to minimize down time in shifting to a new design	Sales LE 10 m Exports 100% LE 10 m Potential LE 3 m
Sportswear & Casualwear (#011)	Pricing	*Help to enter EC & US markets		Sales c.LE 9 m Exports 25% LE 2.2 m Potential c.LE 9 m
Knitted fabrics, women's shirts & pants (#043)	*Costing help *ID trends	*New customers *Knowledge of comparable prices		Sales LE 9.5 m Exports 90% LE 7.6 m Potential LE 2.7 m
T-shirts & sweat shirts (#044)	*JV partners in Europe	*Need clear orders	*Production line TA to meet deadlines	Sales LE 13.5 m Export 90% LE 11 m Potential LE 3 m
Underwear, knitwear & T-shirts (#045)	*Export mgmt *Keep constant customers	*Targeted contacts at exhibitions *Buyer visits *Marketing trips	*Quality control: Fabric shrinks *Raise production	Sales LE 40 m Exports 25% LE 10 m Potential LE 20 m
OVERALL SECTOR	Export management & pricing	Market Contacts	TA for speed and quality	Sales LE 85 m Exports 51% LE 43 m Potential LE 39 m

Quantitatively, two large knitwear firms which currently orient three-quarters of their product to the domestic market account for three-quarters of garment export expansion capability. By working with these firms and several of the others interviewed, the TDC could expect to increase Egyptian garment exports by about $10 million, or one-fourth of the TDC's Phase I target.

Qualitatively, the garments sector has several advantages. It addresses the largest segment of the EC/ME import market and is currently the most developed light manufacturing export sector. Furthermore, Egypt already has a well-deserved reputation for exporting quality yarn. Egypt's long staple yarn from the Nile delta ranks among the best in the world. Stimulating ready-made garment exports implies fostering industrial maturation, adding value to this quality natural resource.

The major constraint on development of garment exports is the extremely well honed worldwide competition. Garments were the foundation for development of the Pacific Rim NICs which have since moved on to high-tech exports. Today, low-cost competition originates in China, India and Pakistan, among other countries.

Cost is only one factor in today's garment market. Timeliness, quality and consistency are equally important. The market is no longer dominated by huge mass production runs. Styles are seasonal, with narrow delivery date windows. Buyers must have confidence that Egyptian manufacturers will meet these deadlines. Cultivating such trust

requires time and is made more difficult by Egypt's reputation for inferior and inconsistent quality.

Initial skepticism can be conquered with a "try me" approach involving relatively small trial orders contracted with payment upon delivery. It is the individual firm's reputation that counts. The TDC must carefully select and cultivate reliable manufacturers, deeply concerned about making an impression of excellence. Only with the establishment of a collection of such superior firms will Egypt's image improve.

The most promising opportunity for Egyptian garment exporters lies in the high quality "fashion" niche. This places them out of competition with cheap exports from China and South Asia and merits markedly higher prices. Respondents have adopted various approaches to fashion market penetration. One of the largest firms is headed by a designer whose primary concern is for the quality of his collection. He has focused efforts on the local market and intends to expand cautiously into Europe, to be sure that his integrity is not compromised. An alternative approach is exemplified by a small firm that produces only for export and is expanding rapidly. This manager began without a designer, by manufacturing styles supplied by a name-brand Italian buyer. Having established a solid financial basis, she is now evading offers to become a specialized supplier for this firm and is beginning to develop her own collection.

Garment manufacturers could use TDC's assistance in all three categories--management, market support and output performance. Perhaps because of the stiff international competition, however, management is better organized than in other sectors. Most establishments are not traditional family firms. More than half include some foreign ownership. Management is still highly centralized, but managers are selected on the basis of professional qualifications rather than family ties. Furthermore, factory visits indicated pervasive systems of supervision and quality control at elemental component levels. Export management assistance requested included improved costing, pricing and market trend identification.

The primary type of assistance sought from TDC is export marketing support. The form of collaboration must be adapted to each firm's needs. Some simply seek contracts to produce premium brands, others aspire to joint ventures with European firms, and the largest seek to develop careful market penetration plans which could involve purchasing other companies. In all such strategies, artistic designer considerations must be melded with sound business judgements.

Within the fashion niche, superior output performance means the ability to produce many short runs of designer clothes. A factory, thus, must excel in the ability to shift rapidly from one style to the next. Assistance requests regarding such time-oriented considerations were common.

Respondents also requested quality-related technical assistance. This often concerned the fabric with which garments were produced. Egyptian cotton yarn is of superior quality,

but textile manufacturers reportedly need help with finishing processes in order produce the exceptional cloth needed for designer clothes.

In conclusion, garment manufacturers make up the largest light manufacturing export sector. The management of private firms is well organized for international competition. The sector offers satisfactory potential for increased exports and should be included in the TDC's export development strategy.

2. Food Processing

The food processing sector demonstrated the greatest capacity for expanding exports (table 6). The eleven manufacturers interviewed displayed an ability to increase overseas sales by more than LE 400 million, suggesting a potential of LE 600 million for the fifteen firms listed by the TDC. This equates to 182 million dollars, or 4.5 times the TDC's Phase I target. This promise implies almost doubling the current sales of LE 640 million and quadrupling the estimated exports of LE 218 million (table 3).

Three firms each showed the capacity for increased exports of over $20 million. Together, they account for LE 339 of the LE 445 total potential shown in table 6. They export fruit juices, dry mixes and dehydrated vegetables. Two have multi-national connections, but all three felt they could use some export marketing assistance. The TDC should place high priority on working out collaborative agreements with these firms.

Three other firms, which are Egyptian family enterprises, indicated potential increases of 5 to 10 million dollars each. They export fresh and frozen fruits and vegetables, and jam. All three indicated management and marketing assistance needs. The TDC should also pursue cooperation with these firms. Together they offer expanded exports of LE 70 million, or over 20 million dollars.

Qualitatively, the food processing sector has two major advantages. First, it services an extremely large import demand in Europe and the Middle East (table 2). Second, it dovetails nicely with TDC's priority on fresh fruit and vegetable exports. As harvests increase, there will be an abundance of second-grade produce to feed into food processing.

Constraints varied according to product and firm, but all were feeling the effects of the global recession. The disarray in Eastern Block markets has seriously curtailed some. Frozen food exporters cited transportation problems, and several firms would require equipment modernization for substantial production increases. Respondents cited Egypt's poor quality image as a difficulty, noting that buyers are especially cautious about edible products.

Food processors envisioned vast opportunities. Many had unemployed capacity and could readily expand by adding shifts. Others were already contemplating equipment modernization. All recognized the immense array of available, untapped markets.

Table 6
FOOD PROCESSING SECTOR

Company/ Product	Management Training	Market Support	Output Performance	Added Export Potential (3 years)
A. Peanuts (#001/209)	*Export mgmt, *Quality control.	*Exhibitions. *Contacts. *Market info.	*Quality control, *Packaging.	Sales LE 8.5 m Exports 70% LE 5.6 m Potential LE 3 m
B. Jams (#002/211)	*Needs to find export mgr for the firm.	*Could help find new markets		Sales LE 40 m Exports 40% LE 16 m Potential LE 22 m
C. Food colors, flavors & spices (#202)	*Marketing (4 Ps)	*EC mkt trips *EC contacts *Mkt feedback *Exhibitions	*Production TA *Capital equip	Sales LE 13 m Exports 60% LE 7.5 m Potential LE 9.2 m
D. Dry mixes: Savouries Desserts (#020/210)		*Exhibitions *E Block		Sales LE 250 m Exports 25% LE 62 m Potential LE 88 m
E. Dehydrated onions & garlic (#203)	None	No	No	Sales LE 4.2 m Exports 100% LE 4.2 m Potential LE 6.4 m
F. Dehydrated vegetables (#204)	*Marketing (4 Ps)	*Promotions *Mkt Trips *Exhibitions	*Farm crop educ *More crops *New seeds *Residue analysis *Local transport	Sales LE 33 m Exports 100% LE 33 m Potential LE 66 m
G. Frozen vegetables (#201)	*Marketing (4 Ps)	*Mkt contacts *Advertising *Market research *Exhibitions	*Residue analysis *Transport assist	Sales LE 7.9 m Exports 50% LE 4.0 m Potential LE 7.9 m
H. Frozen fruits & vegetables (#208)	*Financial *Strategic *Marketing *Cost accting	*Transport *Information *Feedback *Get buyers	*New seeds/ cultivars *Plant eng. *Feasibility studies	Sales LE 20 m Exports 60% LE 12 m Potential LE 32 m
I. Milk, cheese & fruit juice (#207)	*Export mgmt *Marketing mgmt	*Mkt contacts *Mkt pricing *Obtain requests *Advertising abroad	*Pkg designed *Language label	Sales LE 70 m Exports 8% LE 5.6 m Potential LE 185 m
J. Fresh vegetables & fruits (#205)	*Residue analysis	*Market info/ feedback, *Shipping assistance *EC contacts	*Crop variety information *Season info *JV with growers	Sales LE 20 m Exports 42% LE 8.4 m Potential LE 16 m
K. Fresh fruits & vegetables (#206)	*Marketing (4 Ps)	*Mkt contacts *Mkt pricing *Mkt requests *Meet Quality Reqs *Transport asst	*Post harvest facilities *Hydrocooling *Better packaging	Sales LE 2.8 m Exports 63% LE 1.8 m Potential LE 9.0 m
OVERALL SECTOR	Mostly export marketing management.	Mostly market contacts, information & exhibitions.	Mostly production and post-harvest processing.	Sales LE 469 m Exports 34% LE 161 m **Potential LE 445 m**

Respondents sought TDC assistance with respect to export managment, market development, and technical assistance to overcome technical difficulties. Even firms linked into major multi-national networks felt the need for export management and marketing assistance. In general, they lacked such in-house know-how and were not effectively

benefitting from overseas expertise. In addition, the companies sought technical help such as information on new seed varieties, chemical residue analyses, legal opinions and resolution of transportation bottlenecks.

In conclusion, food processing is an extremely promising sector for TDC assistance. It offers high gain and industrial development complementary to the TDC's fresh fruit and vegetable focus.

3. Housewares

Housewares is a more amorphous sector. As shown in table 7, it consists of three segments: ceramics, metalware, and home textiles and furnishings. Fourteen housewares firms were interviewed out of 22 on the TDC's list. Housewares rank second to food processing in increased export capacity. They are positioned just slightly above garments. Total potential for the 22 firms listed is estimated at LE 292 million, or 90 million dollars. This represents a 133% expansion of exports and a 33% increase in sales.

Four firms indicate potential for export expansion of over LE 20 million. Together they account for LE 121 million of the LE 186 million total. These consist of two firms in ceramics and one each from metalwares and textiles. The largest capacity is reported by a firm producing ceramic wall and floor tiles. Caution should be exercised, however, in considering development of this product line. According to another tile manufacturer, the world market is currently flooded with cheap competition. The other products represented--cooking pans, chandeliers, and upholstery--offer major potential benefits. Three other housewares firms show potential increases between 10 and 20 million pounds. Collectively, they could add about LE 40 million. These firms produce razors, upholstery and sanitaryware. Working with only these six housewares firms (excluding ceramic tiles) could increase exports by LE 118 million, or 90% of the TDC's Phase I target.

Qualitatively, each segment of the housewares sector can make important contributions toward developing Egypt's reputation for quality products and all are based primarily on locally-available natural resources. Even within each segment, however, there is wide variation, and plans must be developed on an individual firm level.

Within ceramics there are four major products: crystal chandeliers, sanitaryware, tableware and tiles. Most surprising and impressive are the lead crystal chandeliers and chandelier parts which have recently reached a quality approaching the famous Austrian standard. This company's exports are growing rapidly and show great promise.

Another large company is currently exporting sanitaryware (toilets) to England, but has not yet touched most of the European market. They currently aim at a moderate "industrial" standard, but, according to our consultant, could produce premium quality with little [illegible] cost. This company and others also produce floor and wall tiles. As already noted, however, this market appears flooded.

Table 7: HOUSEWARES SECTOR

Company/ Product	Management Training	Market Support	Output Performance	Added Export Potential (3 years)
Ceramics: Crystal, porcelain, tiles and sanitaryware				
A. Chandeliers & crystal parts (#024)	*Export marketing and management	*Exhibitions *Market price information	*Training new workers	Sales LE 75 m Exports 33% LE 25 m Potential LE 24 m
B. Tiles and sanitaryware (#017)	*Export marketing and management	*Marketing sanitaryware in Europe	*Improved quality for same cost *Innovative design	Sales LE 175 m Exports 16% LE 28 m Potential LE 12 m
C. Porcelain tableware (#018)	*Export marketing and management	*Market contacts *Mkt req's/info: styles, designs	*Substitute local for imported clay mix	Sales LE 22 m Exports 20% LE 4.5 m Potential LE 5 m
D. Porcelain tableware & gifts (#031)	*Ceramic engineer for production management		*Local processing of raw materials	Sales LE 3 m Exports 10% LE 0.5 m Potential LE 3 m
E. Tiles (#019)	*Export & production management	*New customers in ME & E Eur		Sales LE 45 m Exports 20% LE 9 m Potential LE 45 m
Metalware: Stainless and aluminum pans, razorblades and flatware				
F. Stainless and aluminum pans (#013)	*Export marketing and management	*Market contacts		Sales LE 32 m Exports 45% LE 14 m Potential LE 32 m
G. Razor blades & systems (#012)	*Marketing in EC	*Help enter EC market in mid 1994	*Help meet EC quality	Sales LE 50 m Exports 40% LE 20 m Potential LE 15 m
H. Stainless and aluminum pans (#022)		*Market contacts		Sales c.LE 60 m Exports 5% c.LE 12 m Potential LE 3 m
I. Flatware (#007)	*Factory management *Cost pricing *Cost accounting	*New outlets/ customers *Market study	*Factory organ-ization *Cost control	Sales LE 10 m Exports 30% LE 3 m Potential LE 1 m
Home Textiles and Furnishings				
J. Upholstery and curtains (#028)	*Check legality of copied designs in EC	*Contacts: decor-tors & projects *Presentations	*Delays importing yarn	Sales LE 8.0 m Exports 7% LE 0.6 m Potential LE 14.9 m
K. Upholstery and curtains (#030)		*ID hotel projects *Info on EC importers		Sales LE 60 m Exports 20% LE 12 m Potential LE 20 m
L. Textiles, yarn & sheets (#032)		*Arab market trends & requirements		Sales c.LE 8 m Exports 20% LE 1.6 m Potential c.LE 8 m
M. Furniture reproductions: Louis XV (#005)	*Factory and marketing management	*Exhibitions *Customer contacts	*Factory setup *Quality wood *Finishing prod's	Sales LE 9 m Exports 75% LE 7 m Potential LE 3 m
N. Carpets and Kelim (#034)	*Export marketing and management *Egyptian customs	*Exhibitions *Study kelim mkt & competition	*Training weavers *Incentives to keep weavers	Sales LE 1.2 m Exports 85% LE 1.0 m Potential LE 0.5 m
L SECTOR	Mostly export marketing and management	Mostly market contacts, info & exhibitions	Mostly production quality	Sale LE 558 m Exports 25% LE 138 m **Potential LE 186 m**

Tableware (porcelain dishes) is another quality product, produced by several smaller companies. It does not offer the same potential for immediate, rapid increases in export earnings, but still presents interesting possibilities.

Metalware products include cooking pans, flatware and razors. Again, it is the premium quality niche that offers most promise. Two manufacturers are producing gold-trimmed pans which are very popular throughout the Middle East. Both are currently stretched to meet local demand. One is adding a new gold-plating facility to eliminate that bottleneck, but is basically content with current levels of production. The other is eager to expand export sales. It should be noted that although aluminium is a local resource, most pans exported are stainless steel, which is imported.

Stainless and silverplate flatware (knives, forks and spoons) is another quality export product. This company needs assistance with cost pricing and is cautious about re-entering the export market in a big way because they felt the risk of being exploited by a European firm that wanted to buy all their production at relatively low prices. At current production levels they are still unable to meet the demand in the local and Middle Eastern markets. Hotels are major customers. The company loses some business because they can't supply holloware to match their flatware. They have the machines, but need capital to put them into production. For this, the firm would like assistance in finding a joint-venture partner.

Another large company is exporting razors and razor blades throughout the Eastern Block and the Middle East. They would be interested in considering adding EC exports next year when their new disposable razor facility is operational. International competition in this market is really cut-throat, but so far they have survived and prospered.

Finally, home textiles and furnishings include upholstery, curtains, sheets, carpets and furniture. Two large upholstery and curtain manufacturers have made a success of exporting throughout the Middle East, but are wary about entering the European market. Most of their work comes through projects such as hotel construction, and exports have suffered drastic reduction due to the worldwide recession. Both would welcome assistance in export marketing, but futher discussions are needed to work out details.

The carpet market has undergone major changes in the last few years. Before, most export earnings were from mass-produced kelim. Recently, South Asia has taken over this market with a combination of cheap production and pleasing colors. Now, carpet manufacturers depend on traditional hand-woven rugs which remain popular in Europe. One respondent reports that despite this radical shift in composition, earnings remain about the same.

Furniture exports require further study. Since wood is imported, value added is in the craftsmanship. This, again, implies the advantage of a premium quality orientation. One manufacturer has achieved success with this approach by exporting Louis XV reproductions. His top quality products add luster to Egypt's professional image. Until now, he has dealt with a plethora of dispersed cottage industry artisans. He is currently establishing a factory to centralize production and quality control. The TDC could provide much-needed assistance.

Housewares manufacturers can use TDC assistance in all three categories--export management, market development, and output performance. Most are family operations with management centralized in a few overburdened executives who could use professional help. Even those which present a cosmopolitan multi-national demeanor could use the TDC's services for such projects as opening new markets. Trade fairs are only one of many marketing outlets that the TDC can pursue. For housewares, interestly, hotel chains represent major buyers. This applies across chandeliers, flatware, tableware, uphholstery and curtains. The TDC could research the intricate web of local and international contractors and decorators servicing these chains and develop a strategy for Egyptian firms to know about and bid on new projects as they arise. The multitude of output performance initiatives requested are difficult to summarize. Many aimed as quality improvement through such approaches as worker training, design innovation, and factory organization. Others sought to reduce or control expenses through means such as improving cost accounting and substituting local for imported materials.

4. Leather Goods

Leather goods manufacturers are summarized in table 8. As indicated by the length of the table, this sector consists of many small firms in which leather products are hand

Table 8
LEATHER GOODS SECTOR

Company	Management Training	Market Support	Output Performance	Export Potential
Wallets, Purses, and bags (#003)		*Licensing for Luggage	*Machine main tenance *Training quality, loyal labor	Sales LE 22 m Exports 90% LE 20 m Potential LE 2 m
Belts and briefcases (#004)	*Export mgmt: designs, new ideas.	*Customer contacts *Mkt info, trends	*Production organization	Sales LE 2.5 m Exports 25% LE 0.6 m Potential LE 1.0 m
Handbags (#006)		*RIGHT exhibitions *EC market/price studies.	Training in leather goods production.	Sales LE 7.5 m Exports 100% LE 7.5 m Potential LE 4.5 m
Garments (#008)		*Contacts RIGHT buyers *Information on designs		Sales LE 4 m Exports 25% LE 1 m Potential LE 5 m
Handbags (#021)		*More continuous customers	Help tanneries to improve finishing (2 year TA)	Sales LE 9.0 m Exports 60% LE 5.4 m Potential LE 2.0 m
Briefcases and wallets (#029)		*Contacts with big EC buyers *Semaine de Cuir *Design information.	TA from technical designer.	Sales LE 3.0 m Exports 30% LE 0.9 m Potential LE 3.0 m
Leather Garments (#033)	*Export management	*Price info *Invite buyers to Egypt *JV with shop in UK	Production TA, JV for tannery	Sales LE 2.0 m Exports 5% LE 0.1 m Potential LE 1.4 m

Wallets (#040)	*Export management (Tier 2 firm)	*New channels for imports *Invite buyers to come	Increase production and quality	Sales Export Potential		LE 0.2 m LE 0.0 m LE 0.1 m
Accessories and Garments	Export management	Targeted customer contacts	Better quality leather	Sales Exports Potential	72%	LE 50 m LE 36 m LE 19 m

Table 8 (continued) LEATHER GOODS SECTOR				
Company	Management Training	Market Support	Output Performance	Export Potential
Leather men's dress shoes & casuals (#023)		*In Europe: Agent in Germany. *Exhibitions.	*Long term production TA (1 year)	Sales LE 40 m Exports 70% LE 28 m Potential LE 10 m
Sport shoes and casuals (#025)	*Export management	*Market information *Contacts	*Improve quality and designs	Sales LE 6 m Exports 0% LE 0 m Potential LE 0 m
Casual men's & boys shoes (#026)			*Production TA for high quality & production flow.	Sales LE 9.2 m Exports 80% LE 7.5 m Potential LE 9.2 m
Children's shoes (#035)	*Export management	*Buyer contacts *Exhibitions	*Increase production capacity	Sales LE 1.0 m Exports 50% LE 0.5 m Potential LE 0.2 m
High quality men's shoes (#036)	*Export management	*Exhibitions *Marketing trips		Sales LE 5.5 m Exports 20% LE 1.1 m Potential LE 2.3 m
Men's shoes (#037)	*Export management	*Buyer contacts *Exhibitions		Sales LE 12 m Exports 58% LE 7 m Potential LE 3 m
Women's shoes & handbags (#038)	*Export management	*Buyer contacts *Exhibitions		Sales LE 9.5 m Exports 90% LE 8.5 m Potential LE 7.5 m
Men's shoes & components (#046)	*Govt regulations *Costing *Production studies *Incentives	*Exhibitions *Market information	*Obtaining quality leather *Sizes	Sales LE 12 m Exports 45% LE 5.4 m Potential LE 2.2 m
SHOES	*Export management	*Contacts *Exhibitions	*TA for production and quality	Sales LE 95 m Exports 61% LE 58 m Potential LE 34 m
OVERALL SECTOR	*Export management	*Targeted contacts	*TA for production and quality	Sales LE 145 m Exports 65% LE 94 m Potential LE 53 m

crafted under the close scrutiny of the owner. There are two segments: accessories and garments, and shoes. Shoe production is more mechanized, and, in the case of sport shoes, may not even involve leather.

The potential for additional earnings from leather good exports is small. The sixteen firms interviewed indicated expansion capacity of LE 53 million. Extrapolating to the 21 firms listed by the TDC, this would imply a potential of LE 69 million on sales of LE 190 million. Without shoes, this would be only LE 19 million on sales of LE 50 million.

The three firms with highest potential could increase exports by LE 7-10 million each, for a total of LE 27 million. These are all large, high-quality leather shoe manufacturers. The next three could expand exports by LE 3-5 million each, for a total of LE 12 million. They manufacture leather jackets, handbags, briefcases and wallets. Working with these six firms could increase exports by LE 39 million, or one-fourth of the TDC's Phase I target.

Leather goods constraints were similar to those of the garments sector. Cheap competition from Asia has control of the low-end market, and competition from countries like Turkey is still a factor in the middle- and high-quality range. Such competition forces the price down, sometimes below break-even. Several manufacturers have been stuck with leather ordered for deals which eventually fell through. Although Egypt's wages are low, productivity per worker is also low. Because companies are small, they cannot take on large orders. Another often-cited constraint is the quality of the leather available. Exporters report that Egyptian tanneries need assistance in improving finishing processes to produce first-rate leather. Egyptian tariffs and the uncertainty of drawback make it unprofitable to import such leather. Some respondents sought joint ventures to establish their own tanneries. One exporter made two unsuccessful efforts to expand leather goods exports before deciding not to increase production in order to maintain quality: first, he tried organizing exporters. Next, he trained 300 leather workers, but only 30 came to work for him temporarily, and eventually all left for higher wages in Saudi Arabia.

Opportunities in leather also mirror those in garments. Connections with high-quality distributors have proven most promising. Several manufacturers have achieved success producing under European brand names. This reaps a fashion price bonus for the distributor, but because of competition, little of this is returned to the Egyptian manufacturer. Only a few respondents use their own brand name or clearly mark products with the "Made in Egypt" sign.

In conclusion, it is dubious that the TDC should pursue intensive export development in the leather goods sector. This would involve considerably more effort--working with a wider array of small companies--and present significantly less potential reward. Furthermore, the most promising segment of the leather goods sector is shoes, where legal restrictions on the use of USAID funds could present a problem. Finally, baseline survey findings indicate that GTZ, the German aid agency, has been effectively assisting leather goods exporters for at least three years. It would appear prudent to allow GTZ to retain this turf.

5. Other

Table 9 summarizes six "other" firms which do not fall into the sectors outlined above. These companies indicate a potential for expanding exports by 84% (LE 54 million on sales of LE 64 million). The first three were interviewed during the pretest and the last three are from the TDC's handicrafts category. Handicrafts, as a group, offer no signficant potential for increased exports. Other firms may. Each must be assessed on its own merits.

Only two interviewed firms show great potential for expanded exports. The first is a pharmaceuticals firm that imports medicines from Europe, packs them as tablets, capsules, ampu[illegible]tc., and ships throughout the Middle East, Eastern Europe, the C.I.S., and Africa. Value added is in the packaging, which is largely mechanized. The firm currently has considerable excess capacity because of the breakdown of the Eastern European and C.I.S. markets. They do not perceive the EC as a potential market because of the high registration fees for each product. The survey team felt that pharmaceuticals are a specialized market

with many rigorous legal restrictions and recommends that the TDC does not go out of its way to work with this firm.

Table 9
OTHER FIRMS

Company/ Product	Management Training	Market Support	Output Performance	Added Export Potential (3 years)
A. Pharmaceuticals (#015)	*Sourcing & reexport for E. Europe *EC product regis.	*New Contracts/ sub-contracts		Sales c.LE 20 m Exports 10% c.LE 2 m Potential LE 40 m
B. Tissue (#014)	*Export marketing and management	*Buyer contacts & mkt info (ME,EE,EC) *Catalogue revision	*Lessen dependence on USAID support	Sales LE 28 m Exports 15% LE 4 m Potential LE 10 m
C. Castings: grinding media & compressor pts (#016)	*Export marketing & management	*Market contacts *Costing study	*Regular supply	Sales c.LE 13 m Exports c.80% LE 10 m Potential LE 2 m
Handicrafts				
D. Handicrafts (#039)	*Export mkting/mgmt *Innovation *Quality control	*EC Buyers	*Innovative design *Product quality	Sales LE 1 m Exports 100% LE 1 m Potential LE 1 m
E. Gifts and handicrafts (#041)	*Export marketing and management	*New markets *EC contacts *Exhibitions		Sales c.LE 1.0 m Exports 50% c.LE 0.5 m Potential c.LE 0.5 m
F. Papyrus, statues, etc. (#042)		*Exhibitions		Sales c.LE 1.0 m Exports 70% c.LE 0.7 m Potential c.LE 0.7 m
TOTAL OTHER	Export marketing and management	Contacts and Exhibitions	Production and Quality control	Sales LE 64 m Exports 28% LE 18 m **Potential LE 54 m**

The second firm with significant potential is a tissue manufacturer recently established in an industrial zone with considerable USAID support. Raw materials are obtained from the U.S. Pacific Northwest with USAID advances. Value added is only in the processing, which is largely mechanized. The company produces facial and toilet tissue for the local market, but is interested in exporting large rolls of tissues to overseas factories that will convert it into final products. The general manager attended one exhibition where he obtained such an order. It was repeated at least twice, but his board would not authorize travel for follow up, and eventally the order was dropped. In sum, this firm offers quantitative potential, but several qualitative constraints. In view of the firm's close ties with USAID, the survey team felt that the TDC might want to provide some assistance while avoiding any close long-term relationship.

Potential for export expansion depends more on individual firms than on sectors. The advantage of focusing on a few sectors is that short-term expatriate specialists can be brought to service several similar firms in one visit. This is a real consideration that should be taken into account, but not an overriding restriction that would arbitrarily rule out the TDC's relationships with other firms. High-potential companies that fall outside the identified sectors should each be evaluated on their own merits.

IV. CONCLUSIONS AND RECOMMENDATIONS

In conclusion, the TDC's mission is doable. Quantitative targets are lofty, but by concentrating initial efforts on the nine most promising firms -- three in food processing (LE 339), four in housewares (LE 121), and two in garments (LE 29 million) -- TDC would have the potential for increasing exports by LE 489 million ($148 million), or roughly four times the Phase I target. Success will require rapid action, for 18 months have already gone by with only about $6.3 million reportedly achieved, and this accomplishment remains undocumented.

The most rapid increases in exports can probably be achieved initially through marketing assistance to high quality firms whose sales have suffered reversals due to the worldwide recession. The most profound and enduring initiatives, however, will most likely involve management and technical support to improve the quality and processing of the product. Ultimately, repeated orders depend more on reliable, timely delivery of a high quality product than on particular marketing contacts.

In addition to particular suggestions made throughout the text, the following summative recommendations are proffered:

- Light manufacturing appears to offer greater potential for increased exports than fresh fruits and vegetables, and deserves at least equal attention.
- Within light manufacturing, food processing presents the most expansion potential and should be given highest priority.
- The housewares and garments sectors tender roughly equal possibilities for increased exports and should also be pursued.
- Leather goods do not show much capacity for export expansion and should not be supported in depth.
- Firms which do not fall within these focus sectors should be evaluated on an individual basis and assisted if they show exceptional potential.

ANNEXES

ANNEX A: QUESTIONNAIRE

Trade Development Center Q4 9/13/93

BASELINE SURVEY QUESTIONNAIRE

ID: *Company ID:* _____ *Date:* _____ *Interviewers:* _____ _____ _____ _____

Sector: AP = Auto Pts, BM = Bldg Mater, CA = Carpets, CE = Ceramics, FP = Food Proc, FU = Furniture, GA = Garments, GL = Glassware, HW = H'wares, LE = Leather, MI = Mining, SH = Shoes, TE = Textiles, VF = Veg/Fruits

*Markets: W Eur, E Eur, M.E., Local, Other:*_____ *Countries:*_____

Company: _____ *Tier: 1 2*

Contacts: _____ _____ _____

Titles: _____ _____ _____

Address: _____ *Tel:* _____

_____ *Fax:* _____

_____ *Zip* _____ *EGYPT* *Other:* _____

Thank you very much for taking the time to see us. We represent the Trade Development Center which is the action arm of the Joint Business Council. The JBC is implementing the United States - Egyptian cooperative program to develop the Egyptian private sector.

The objective is to promote private sector exports to Europe and the Middle East. Our task is to review various light manufacturing sectors with export potential and to identify those with which TDC can collaborate on export promotion activities. Eventually, we will select sectors offering the greatest potential for increased export profits and willingness among firms to collaborate on developing markets. Within each sector we will select a few leading firms to be included in this exclusive marketing network. We will work closely with these firms to provide subsidized technical assistance and market information. For the first time in history, TDC represents a purely private sector, business approach to technical assistance, free of bureaucratic red tape and based on strong awareness of each firm's profit goals.

TDC has already assisted Egyptian clothing exporters to increase exports by over $20 million and is currently developing a market network for agricultural products which has a potential for increasing exports by $40 million.

As representing one of the leading firms in your field, we would like to ask you a series of questions concerning your constraints and potential opportunities in your field. We assure you that all responses will be held in the strictest of confidence.

The Company: Lets begin with a little background about the company...

1. When was your company established? *Year*_____
2. When did you first start exporting? *Year*_____
3. How is the company owned? *SO = Sole Owner, FA = Family, PA = Partnership, JV = Joint Venture, OT = Other*_____
4. Type of company: *MFR = Manufacturer, PR = Producer, WH = Wholesaler, RE = Retailer, OT = Other*_____
5. Position in sector in local market:
   1 2 3 4 5 H M L
6. Position in sector in Egyptian exports:
   1 2 3 4 5 H M L
7. Export marketing structure:
   A=Agent, D=Distrib, W=Wholesaler, R=Retailer, O=Other:_____

Notes on Company: __*Order*, __*Reception*, __*Professionalism*, __*Office facils*, __*Prod Facils*, __*Mkting Str*

_____

_____

_____

_____

_____

8. What products do you manufacture?

a. _____ c. _____ e. _____ g. _____

b. _____ d. _____ f. _____ h. _____

9. Which of these are exported? _____

10. What is your total production capacity? _____ *units/yr*

11. How many units do you produce? _____ *units/yr*

12. What are your annual sales? *LE* _____

13. How do your sales compare with previous years? Are you experiencing growth? *H M L N Decrease*

14. Of total sales, what % is from exports? _____ %

15. Quantity of exports: _____ units/yr

16. Units for exports: _____

. Value of exports: LE _____ / year

18. Export offer: LE _____ / year

19. Overall, about what percent of the composition of these exports is from local materials? _____ %

20. Rating of quality of product: Export Quality XH XM XL Local Quality H M L

21. Brand: OB = Own Brand: _____

HQ = High Quality Brand names: _____

OT = Uses other firms brands: _____

Notes on Products:

_____

_____

_____

_____

_____

_____

22. Estimate of amount of business that is re-orders: H M L N

23. Estimate of capital investment required for export expansion: H M L N

Constraints: 24. What are the three major constraints you have encountered in developing your exports?

a. _____ *b.* _____ *c.* _____

25. Have you encountered any constraints with respect to...

Making mkt contacts	*H M L N*	Imported materials costs	*H M L N*
Obtaining price info	*H M L N*	Inadequate packaging	*H M L N*
Obtaining mkt reqs info	*H M L N*	Customs delays	*H M L N*
Ad[illegible]ng abroad	*H M L N*	Shipping delays	*H M L N*
Meeting quality reqs	*H M L N*	Production delays	*H M L N*
Obtaining foreign exch	*H M L N*	Design changes required	*H M L N*

Notes on Constraints: _____

Opportunities: 26. What opp's can you see for increasing exports/forex earnings?

27. Expansion *N Y:* _____
    New markets *N Y:* _____
    New products *N Y:* _____
    Cost savings *N Y:* _____

Notes on Opportunities: _____

Export Promotion: Now lets talk about your export activities...

28. What export promotion do you do? _____
    a. Any literature? N Y: _____
    b. Exhibitions? N Y: _____
    c. Marketing trips? N Y: _____
    d. Advertising? N Y: _____
    e. CCs/Other orgs? N Y: _____
    f. Own contacts? N Y: _____
    g. Received assist? N Y: _____
    h. Other? N Y: _____

29. How do you obtain information about foreign markets? _____
    a. Literature? N Y: _____
    b. Exhibitions? N Y: _____
    c. CCs/Other orgs N Y: _____
    d. Own contacts? N Y: _____
    e. Market studies? N Y: _____
    f. Received assist? N Y: _____
    g. Other? N Y: _____

30. What sort of assistance from TDC would be most useful for you? **Willing to pay?**
    a. _____ Y N
    b. _____ Y N
    c. _____ Y N

31. How many employees do you have total? Please help us break that by owners and managers vs. others and by gender.

Status	Male	Female	TOTAL
Owners			
Managers			
Others			
TOTAL			

32. What are your days off?

*FR = Friday SU = Sunday FS = Fri & Sat SS = Sat & Sun OT = Other:*_____

. How many shifts to you run now?

1 1.5 2 2.5 3

34. Could you run more shifts to increase production for exports?

Yes3 Yes2 Yes1.5 D = Difficult N = No

35. Who are the other major players in this sector?

a. _____ b. _____ c. _____ d. _____

34. Anything else you would like to add?

_____

THANK YOU VERY MUCH.

Annex B
FIRMS SURVEYED

Food Processing

F-1. Egyptian German Food Company
F-2. Giza Seed and Herbs SAE
F-3. Ismailia El Watania Food Industries
F-4. Joint Arab Food Company
F-5. Juhayna Dairy and Juice Company
F-6. Kakmelina Products Corporation
F-7. The Menzaleh Company for Food Products
F-8. Montana
F-9. PICO
F-10. Plant Production Company
F-11. Société Egypto-Française pour les Industries Agro-Alimentaires

Garments

G-1. Alex LLC
G-2. Daymen Textile and Fiber Company
G-3. Eva
G-4. H & M Kabbani and Company
G-5. MZ Zaafrani Knitwear Mills
G-6. Nou Nou Brothers
G-7. Octopus
G-8. Randolina SAE
G-9. Texmar

Housewares

H-1. Al Amal Company for Clay Products
H-2. Aluminium Alaharam Company
H-3. Arab Porcelain
H-4. Asfour Crystal
H-5. Egyptian German Porcelain Company
H-6. Zahran Company
H-7. Zorayan Factories

Leather

L-1. 2M for Shoes and Leather Products
L-2. 28 Shoe Company
L-3. Abbouda Shoe Company
L-4. The Arab Company for Industrial Shoes
L-5. Bafra Leather Products
L-6. Cairo Leather Industry
L-7. Capritex Shoe Company
L-8. Condor Shoe Company
L-9. EIC
L-10. Elegant Fashion
L-11. Farag Factory for Leather Manufacturing
L-12. Hafez and Ouda Company
L-13. Prime Trade
L-14. Ramadan Chehata Factories
L-15. Ramsis Facotry for Leather Products
L-16. Sarkis H Vartzbedian Leather Garments
L-17. Standard Shoe

Other

O-1. Al Din Gallery
O-2. Alex Converta Company
O-3. Amreya Metal Company SAE
O-4. El Kattan Carpets
O-5. Horus Graphic
O-6. LECICO
O-7. Les Galeries Odeon
O-8. Lord Precision Industries SAE
O-9. M Z Zaafrani Knitwear Mills
O-10. Pharco Pharmaceuticals

Annex C
EXPORTS BY PRODUCT AND YEAR, 1989–1993 (est)*
(Millions of U.S. Dollars)

PRODUCT	1989	1990	1991	1992	1993*	Total
FRESH VEGETABLES	47.085	51.469	74.285	77.192	78.271	328.303
NON-CITRUS FRUITS	7.807	6.675	7.881	13.917	9.597	45.877
Grapes	0.012	0.070	0.312	0.831	1.218	2.443
Stone Fruit	0.525	0.364	0.501	1.507	2.011	4.908
Apples,Pears & Quince	0.055	0.019	0.012	0.030	0.584	0.700
Fresh+Dried Fruits	2.412	2.148	3.043	5.042	2.743	15.388
Other Fresh Fruit	4.802	4.075	4.014	6.506	3.040	22.437
PROCESSED FOODS	3.318	7.005	9.022	4.036	3.667	27.048
Vegetables & fruit	3.164	6.820	8.677	3.397	3.430	25.487
Meat, Fish & Crustaceons	0.154	0.186	0.344	0.639	0.237	1.561
GARMENTS	56.077	68.731	106.133	105.931	88.717	425.589
Men's & Boy's Outerwear	32.820	40.853	73.122	70.442	63.984	281.221
Other Outerwear	11.968	17.364	21.962	21.834	11.449	84.576
Men's & Boy's Underwear	10.430	10.125	10.350	13.195	13.107	57.207
Other Underwear	0.860	0.388	0.700	0.460	0.178	2.585
LEATHER	25.362	29.892	37.946	36.124	21.178	150.503
Garments & Accessories	6.078	3.929	6.319	5.887	1.492	23.706
Mechanical Belts Etc.	0.001	0.000	0.000	0.004	0.000	0.005
Other Leather Products	2.598	4.799	3.654	4.210	3.825	19.086
Footwear	8.496	16.511	21.890	21.652	12.502	81.051
HOUSEWARES	8.189	4.653	6.084	4.371	3.360	26.656
Wooden articles	0.000	0.000	0.000	0.007	0.000	0.008
Porcelain Tableware	2.112	0.890	2.430	1.012	0.761	7.205
Other Ceramics	0.000	0.003	0.023	0.025	0.100	0.152
Copper Tools & Parts	0.486	0.472	0.223	0.213	0.054	1.449
Knives & Blades	0.010	0.000	0.016	0.135	0.008	0.170
Scissors & Scissor parts	0.000	0.065	0.000	0.013	0.015	0.093
Glassware	0.338	0.822	1.015	1.398	0.714	4.287
Iron/Steel Tools	5.241	2.291	1.888	1.151	0.858	11.429
Iron/Steel Vessels	0.001	0.109	0.481	0.416	0.850	1.856
N[illegible]are	0.000	0.002	0.007	0.000	0.000	0.008
Sub-total	147.837	168.426	241.351	241.572	204.791	1,003.977

PRODUCT	1989	1990	1991	1992	1993*	Total
FURNITURE	20.037	54.822	40.263	23.001	13.449	151.573
CARPETS	35.901	56.691	62.276	64.041	54.305	273.214
Carpets & Rugs	3.091	2.156	1.105	0.773	0.384	7.508
Mats, Kelem, Etc.	12.534	26.761	23.746	26.133	21.222	110.397
Travelling Rugs/Blankets	0.273	0.141	1.420	0.292	0.906	3.031
Linen, Curtains, Etc.	20.003	27.633	36.005	36.843	31.793	152.278
TOTAL	239.676	279.940	343.890	328.614	272.546	1,428.764
FRUITS	73.781	53.756	47.002	37.296	19.067	230.902
Oranges	70.985	51.800	44.427	32.002	13.835	213.049
Mandarines	1.604	0.016	0.019	0.068	0.357	2.063
Sweet Lemon	0.001	0.300	0.033	0.005	0.331	0.671
Citrus Lemon	0.726	1.518	2.512	4.938	4.403	14.097
Other Fresh Citrus	0.465	0.123	0.011	0.282	0.141	1.022
TEXTILES	83.347	80.828	103.549	74.693	60.040	402.457
Cotton Fabric	80.772	75.955	95.141	71.209	59.154	382.231
Cotton Gauze	0.247	0.125	0.033	0.009	0.002	0.415
Wool & Animal Hair	0.024	0.389	3.700	0.411	0.252	4.776
Man-made Fibres	2.236	3.709	2.824	2.958	0.585	12.312
Terry Towel Fabric	0.068	0.649	1.851	0.106	0.047	2.721
Jute	0.000	0.000	0.001	0.000	0.000	0.001
LE Exchange Rate	2.177	2.863	3.186	3.322	3.358	

*1993 estimates are 12/8 times data through August.

Annex D: SELECTION RATINGS[1]

	Export Experience	Readiness to work w/TDC	Technology	Market Structure	% Exported	Added Capacity	Product Quality	Total Sales	Total Exports	Export Expansion Offer
FOOD PROCESSING	3.9	3.7	3.9	3.3	3.8	4.2	3.8	446.2	150.8	420.1
001	3	5	4	3	5	4	2	8.5	6.0	2.8
002	4	3	5	4	3	3	5	40.0	16.0	0.0
020	4	2	5	4	2	4	4	250.0	62.5	100.0
201	2	5	4	2	4	5	3	8.0	4.0	18.7
202	5	5	4	3	4	5	4	12.5	7.5	9.2
203	5	2	3	4	5	3	4	4.2	4.2	6.4
204	5	5	4	4	5	4	5	33.0	33.0	66.0
205	5	2	4	4	4	5	5	20.0	8.4	16.0
206	5	5	3	4	5	4	3	2.8	1.8	9.0
207	3	5	5	3	2	5	4	70.0	5.6	185.0
208	3	3	2	2	4	4	3	20.0	12.0	32.0
GARM'TS	3.6	3.3	5.0	4.0	4.0	3.3	5.0	21.6	14.9	13.3
009	4	4	5	4	5	5	5	2.6	2.6	1.3
010	4	4	5	4	5	1	5	10.0	10.0	3.0
011	3	2	5	4	2	4	5	9.0	2.3	9.0
LEATHER	3.5	3.6	2.6	3.3	3.1	4.0	4.1	43.7	29.0	16.7
003	5	1	?	4	5	2	?	15.0	13.5	0.0
004	3	4	2	3	2	3	4	2.5	0.6	0.5
006	5	5	4	5	5	5	5	7.5	7.5	4.5
008	2	4	?	2	2	5	4	4.0	1.0	5.0
021	5	4	5	5	5	5	5	9.0	5.4	2.0
029	3	5	3	3	3	5	5	3.0	0.9	3.0
033	3	2	5	3	2	5	3	2.0	0.1	1.4
040	2	4	2	2	1	2	3	0.7	0.0	0.3
Shoes	3.1	3.8	4.3	2.8	3.5	3.8	3.5	89.3	55.7	40.9
023	5	4	5	4	5	5	4	40.0	28.0	16.0
025	1	3	3	1	1	2	1	6.0	0.0	0.0
026	5	4	4	4	5	4	4	9.2	7.4	9.2
027	1	5	5	2	1	5	2	?	0.0	?
035	3	4	4	2	4	1	3	7.0	3.5	1.4
036	2	5	5	2	2	5	5	5.5	1.2	2.3
037	5	3	5	5	5	5	5	12.0	7.0	3.0
038	3	3	4	3	5	4	4	9.6	8.6	9.0

[1] Selection ratings: 5 is highest and 1 is lowest

	Export Exper-ience	Readiness to work with TDC	Tech-nology	Market Struc-ture	% Ex-ported	Added Capac-ity	Product Qual-ity	Total Sales	Total Exports	Export Expansion Offer
HOUSE WARES	2.9	3.0	3.9	2.8	2.6	3.6	4.0	550.2	127.3	127.9
007	2	2	4	2	2	2	4	10.0	3.0	8.0
012	3	2	4	3	3	5	4	50.0	20.0	2.0
013	3	4	3	2	4	5	4	32.0	14.4	32.0
017	5	2	5	5	2	3	4	175.0	28.0	17.5
018	3	5	5	3	3	5	5	22.0	4.4	5.0
019	3	3	4	2	2	3	3	45.0	9.0	7.0
022	4	3	4	4	2	3	4	60.0	3.0	0.0
024	3	5	5	3	3	4	5	75.0	24.8	24.0
031	1	2	2	1	1	2	3	3.0	0.3	3.0
028	1	3	4	2	1	3	4	8.0	0.6	8.0
030	2	3	4	2	2	4	4	60.0	12.0	19.2
032	1	1	4	1	2	?	3	?	20%	?
005	5	4	3	4	5	5	5	9.0	6.8	1.4
034	4	3	4	3	5	3	4	1.2	1.0	0.8
OTHER	2.7	2.7	3.2	2.1	2.4	3.2	3.8	79.0	25.2	14.4
014	1	4	4	1	1	4	4	28.0	4.2	10.0
015	1	1	3	1	1	4	3	?	10%	?
016	1	4	3	1	1	4	4	?	?	2.4
039	5	2	3	4	5	2	4	1.0	1.0	?
041	4	3	3	2	4	2	4	?	50%	?
042	4	3	3	3	2	2	4	?	70%	?
TOTAL	3	3	3	2	3	3	3	1202	392.	656.3

Annex E
TDC EXHIBITIONS LIST

Exhibition: **Herren Mode Woche, February 1993**
Field: Ready Made Garments, Men's Wear
Location: Cologne, Germany
Participants:
1. Alex LLC
2. Anji
3. Dyetex
4. Lonetex
5. Sarkis

Exhibition: **Herren Mode Woche, August 1993**
Field: Ready Made Garments, Men's Wear
Location: Cologne, Germany
Participants:
1. Alex LLC
2. Bella Donna
3. Dyetex
4. Le La
5. Lonetex
6. Randolina
7. Swiss Textiles
8. Waeltex
9. Yasmina
10. Zafarani

Exhibition: **Delocalisation (Out Made Fashion)**
Field: Ready Made Garments, CMT
Location: Paris, France
Participants:
1. Alex LLC
2. Bahaa Rafaat
3. Dyetex
4. Elegant Fashion
5. Fakhoury Tex
6. Ismailia
7. Leina Tex
8. Lonetex
9. New Generations
10. Nile Clothing
11. Randolina
12. Yasmina

Exhibition: **AMK Import Fair**
Field: Unspecialized Fair
Location: Berlin, Germany
Participants:
1. Alex LLC
2. Bahaa Rafaat
3. Dyetex
4. Elegant Fashion
5. Fakhoury Tex
6. Ismailia
7. Leina Tex
8. Lonetex
9. New Generations
10. Nile Clothing
11. Randolina
12. Yasmina

Exhibition: **SIAL**
Field: Agriculture
Location: Paris, France
Participants:
1. Jafco
2. Juhayna
3. Pico
4. Vitrac

Exhibition: **Garda**
Field: Shoes
Location: Garda, Italy
Participants:
1. 28 Shoe
2. Bebo
3. Cootchy Shoes
4. El Ostaz
5. Hasem S Amier
6. Lucky Shoe
7. Salem Shoes
8. Slap Shoe

Annex F
SAMPLE TDC EXHIBITION COSTS RECORDED*
(US Dollars)

Anuga 1993

	US $
Booth Rental	10,273
Catalog	750
Stand construction	7,439
Stand decoration	14,000
Stand security	500
Stand cleaning	100
Stand assistance	600
Mail	4,600
	38,262

Interstoff 1993

	US $
Booth Rental	15,000
Catalog	600
Stand construction	11,875
Stand decoration	2,000
Stand security	500
Stand cleaning	100
Stand assistance	375
	30,450

*These are TDC's recorded data. Verbally, however, it is reported that Exhibition costs average about $100,000 and that floor space expenditures of $250,000 were planned for one exhibition.

Annex G
COMPUTER EQUIPMENT

Station 1:	Exec Dir:	AST Premium Exec Laptop 5x120 M434 with an external monitor, mouse, and windows. Seldom used. (Not examined personally).
Station 2:	Ragdha:	Rented DEL 450/L 486 with mouse, 1.4M EMS, 3.4M extended, Dos 5.0, WP5.1, and Lotus. HPLJ II with only courier.
Station 3:	Howaida:	AST Premium II 386/33 (3.4M extended, 90M HD) with mouse, windows, MSDOS 5.0, WP5.1, VPPROF, DW3, Formworx, XTGold, PW, 123R3, AveryDM, PS, Procomm, Xtalk, Easy, DCopy, HG3, HG3Show, NU, SK2, & Toolbook. HPLJ3 with fonts downloaded.
Station 4:	Dalia:	AST Premium II 386SX/20 (3.3M XMS, 20M HD), mouse, windows, MSDos6.0, downloads fonts to HPLJ3, dBase IV (Arabic, not installed), VPProf (not used), PW, Lotus, NU, XTGold, Scan, WinFax1, Foxprow (not used), Snagit. (Note: no WP5.1, using PFS Write. This is for the financial section.)
Station 5:	Abeir:	AST Premium II 386sx/20 1.4M EMS, 1.3M XMS, 20M HD, with MSDos 5.0, WP5.1, dBase 3+ (unlicensed), etc. and an HPLJIII with Times CG scalable downloaded.
Station 6:	Amal:	8086 with clock, 20M HD has PW (PFS), XTPRO, DOS 3.3, TT, Lotus, & dBase 3+ (unlicensed), with an Epson LX800 printer.
Station 7:	Mohammed:	Same as Amal's. All using PFS Write.
Station 8:	Sherief:	Essentially broken. 8086 like above, but no clock. Keyboard broken and floppy drive erratic.
Station 9:	Rania:	8086 as above with PFS Write and LX800 printer.

* In [illegible]on, another 8086 and two spare keyboards were found on the side, apparently out of order. Many programs found on the machines, like dBase3, appear not licensed and thus not commercially usable. In order to permit beginning with an interim database, the M&E consultant loaded PCTOOLS Desktop on each machine. Trying to run TSR led to problems, so Desktop is now called from the C: prompt by typing DESK.

TIES 1.0 USER'S GUIDE

I. INTRODUCTION

The Trade Importer–Exporter System is a set of databases for organizing and monitoring TDC's export promotion efforts. Version 1.0 is an interim edition designed for immediate use with TDC's currently limited computer hardware. It is written for PCTOOLS Desktop, a compact software package which includes basic database functions along with word processing and desk organization.

II. PCTOOLS DESKTOP

Enter PCTOOLS Desktop by typing DESK at the C: prompt. The Desktop main menu pops up. While in Desktop you continue to have a sort of windows environment in which you can open several word processing and database files at the same time. You can find your way around Desktop with either the keyboard or a mouse, and the F1 key makes help available at all times.

The Desktop Menu shows Notepads, Outlines, Databases, Appointment scheduler, Telecommunications, Macro editor, Clip Board, Calculators, Utilities, and Exit. Each command can be executed by pressing its key letter -- N,O,D,A,T,M,B(board),C,U,X -- or by highlighting it with the arrow keys. You can exit any program by pressing <esc>.

"Notepads" is an elementary word processor which includes spell check, search, and an editing clipboard.

The "Outlines" editor enables you to collapse sub–categories under headlines. Some people call this a "thought processor".

"Databases" are great for storing organized data such as addresses, accounts, bibliography, and our TIES files.

The "appointment scheduler" provides you with a TO DO list, calendar, and daily schedule. It allows attaching a memo to each entry and will even sound an alarm to remind you of your appointment. Press the TAB key (or Shift–TAB) to switch among sections of the screen. Press M for "Make" to finalize each appointment. You can enter the appointment schedule directly at any time by pressing <altm>.

"Telecommunications" stores phone numbers and dials. We won't need that.

The "macro editor" enables you to define shortcut keys. I have used this to define <altP> as the entry key for the TIES system. When you press <altP>, Desktop will display the TIES help screen and present you with the menu of databases.

The "Clip Board" (B) is used for passing information between programs or positions. You will use it most often for moving blocks of text in Notepad. Use <altE> (edit) M

(mark), then move the end of the block and press <altE> C (copy) or T (cuT). Then move the cursor to the point where you want the text and press <altE> P (paste).

There are three "calculators". I recommend the first one -- the algebraic calculator. Just use the numbers and +,-,/,* signs on the keyboard.

Desktop "Utilities" enable you to change the colors of the system menus.

With that brief introduction, I leave you to learn your way around Desktop by braille. Remember F1 always gives help.

III. TIES

The Trade Importer-Exporter System consists of six databases:

* ADDRESS: Addresses, except for buyers & exporters.
* BASELINE: Summary of baseline survey information.
* BUYER: Addresses of buyers.
* CONTACTS: Account Executive contacts with exporters/buyers.
* EXPORTER: Addresses of exporters.
* MEET: Meetings arranged between exporters and buyers, and orders placed.

A. Address Databases: Address, Buyer and Exporter

Three databases -- address, buyer and exporter -- are lists of addresses. The only difference is that the exporter database does not have spaces for zipcode and country, since exporters are assumed to be in Egypt. To use a database, place the cursor over the name and press enter. At the top of the screen is a menu and the line at the bottom indicates the meaning of the variable function keys. F1 is always "help" and F10 is "menu", which enables you to use the arrow keys and enter to select from the menu across the top of the screen.

In addition to the address, the screen shows telephone number, fax, products, brand, and allows two lines for comments. An important field is CODES. Here you can enter any capitalized three letter codes you like, separated by commas. For example, I invented the code BAS to mean "included in the baseline survey." Then I can easily search the exporter database for BAS and obtain the list of firms interviewed. Similarly, you might use the code PLN to mean that a firm plan has been negotiated. You can invent any codes you wish as long as you don't duplicate. Whenever you change an entry, always finish by placing the cursor at LAST EDIT and pressing <altn> (for "now"). This will write the current date.

To change to address format, press <altF>LLABEL<enter> (load label format). The screen immediately changes to address only. You return the screen to normal by typing <altF>L and the name of the database (address, exporter, buyer) followed by <enter>. To print a list of labels, first select those that you want to print by using <altE>R (edit, select record) or <altE>L to select all records. Then, type <altF>P <enter> <enter> <enter> to print

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selected records. The print file is in the directory c:\pctools\tdc and has the same name as the database with .PRT on the end (e.g. address.prt). If an old file exists, desktop will ask you to confirm the overwrite. You can set Desktop to print directly to your printer, or bring the PRT file into PFS Writer or Word Perfect to adjust it.

The following special keys apply in the TIES system: <altP>=start TIES, <altX>=exit, <altn>=date (now), <altm>=appointment scheduler (meeting), and <ctrlA> = address. This is a shortcut key for changing address databases from standard to address label format.

B. Baseline

The baseline database keeps a summary of the baseline survey easily accessible. It is important to remember that these data are confidential, for use within the office only. They are not to be divulged outside the office. There are three parts to each entry: (1) basic data from the questionnaire including annual sales, exports and export potential, (2) interviewers ratings of export experience etc., and (3) a verbal summary of the interview.

C. Contacts

The Contacts database is designed for Account Executives to record contacts with exporters and buyers. Recording contacts daily will make preparing quarterly reports easy.

The database consists of two parts: summary data and narrative text. First enter basic identification: promoter, date, sector, firm, and contact. Remember that <altn> will insert the date. Then enter the time devoted to the contact and preparation time (in hours).

It is easiest to enter the narrative next. Press PgDn to reach this section. It is divided into Successes, Difficulties and Plans. Under successes, summarize accomplishments. Then, note any difficulties that arose, and list your plans for your next contact. Always end each contact by agreeing on the next meeting and what will be prepared for it. Your plan should be a list of dates and what will be accomplished by each date.

Return to the top of the record and summarize your contact in terms of the outputs and tasks that were being implemented. For client exporters, this will correspond with the firm plans to be negotiated. (Indeed, negotiating the firm plan will be summarized in such contact records.) Rate the gain (accomplishment) achieved from 1 to 5, where 1=poor, 2=some, 3=average, 4=good, and 5=excellent. Also, mark "Y" for yes next to any task that is "Done". Finally, rate "overall gain" (1-5) to summarize the interaction as a whole. (Contact number can be filled in by the computer later.)

D. Meet

The MEET Database records meetings arranged between exporter clients and targeted potential buyers. These are the TIES the system is designed to encourage.

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The top portion of the screen is identification information, including telephone numbers for your convenience. Noteworthy are the spaces for TYPE of exporter, buyer, deal and meeting. These are codes that TDC will agree upon. For example, meetings could be at exhibits, EXH, on exporter marketing trips, EXP, on buyer visits, BUY, etc.

Next are two brief questionnaires for following up after each meeting with both the buyer and exporter. This can be done over the phone or face to face. Request an overall rating (1–5), what went well, what difficulties arose, a rating of the probability of a deal (1–5) and advice for next time. Always follow up afterwards, even if you were at the meeting.

The bottom line is any orders coming out of the meetings. If no orders, record why. I have only allowed space for four orders because this is only an interim system and I expect Version 2.0 to be installed in a couple of months. The field labelled REF (reference) for each order is to enter the ID number of the Letter of Credit or some similar document as verification that the order was actually accomplished. Again, follow up after each order and fill in the lines for comments by buyer and exporter.

Well, that's my introduction to TIES. Familiarize yourself with the system and let me know how it works. Be ready to give your feedback to the MIS consultant who will develop Version 2.0 incorporated into the overall office management information system. I will also be available through the Chemonics Home Office to make necessary changes in the Version 1.0 program.

IV. QUARTERLY REPORTS*

Quarterly reports to USAID will follow a format equivalent to that built into the Account Executives' CONTACT database:

I. Successes
   a. Management Assistance
   b. Marketing Assistance
   c. Output Performance
II. Difficulties
III. Plans for Next Quarter

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*Assumes the contract is changed from monthly to quarterly reports.

The addition is the breakdown of successes by primary type of intervention. Firm plans may involve all three types of assistance, but one will predominate as the core of the strategy. For quarterly reports, each firm will be categorized by this predominant type of assistance.

At the end of each quarter, Account Executives will interview clients about exports during the quarter and progress against the firm plan. The statistical data on exports and data from the Account Executives CONTACT database will be summarized as follows:

EXPORTS, PERCENT CHANGE AND INPUTS BY TYPE OF ASSISTANCE					
	Inputs		Exports		
Type of TDC Assistance	Contact Hours	Pounds Spent	Last Quarter	This Quarter	Percent Change
a. Management Assistance					
b. Marketing Support					
c. Output Performance					
TOTAL					

This represents the bottom line of the report in terms of increases in exports and also permits evaluating the relative effectiveness of the three types of assistance strategies being pursued by TDC.

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EXPORT ENTERPRISE DEVELOPMENT PROJECT
Contract No. 263-0226-C-00-3095-00

SCOPE OF WORK

BASELINE, MONITORING AND EVALUATION SPECIALIST
(SHORT TERM)

BACKGROUND:

The Export Enterprise Development (EED) Project sponsored i USAID/ EGYPT is designed to assist Egypt to increase private sector exports and foreign exchange earnings. The project is based on two premises, i.e. that Egypt needs:

- to increase its exports to earn more foreign exchange;
- to introduce Egyptian producers to foreign markets anc hence to the requirements of international competitior

The project has been targeted to focus activities on two export sectors, vegetables and fruits (non-citrus) and light manufacturing. In addition, the project will concentrate on introducing and expanding exports in these product categories to two principal target markets -- Europe and the Middle East.

The project is being carried out by the Egypt-U.S. Joint Business Council (JBC) over a 5 year period. The Trade Development Center (TDC), the action arm of the JBC, has primary responsibility for implementing the project.

The EED Project, through the TDC and a technical assistance contract with Chemonics as prime contractor, is expected to help more than 80 Egyptian firms increase exports by $40 million over the next three years.

STATEMENT OF WORK:

Shortly after the two Chemonics long-term advisors arrival in Egypt in July '93, and in concert with TDC staff, a baseline review will be initiated to allow for monitoring performance, outputs and measuring project impact. This will include a preliminary assessment of key targeted industries and product areas along with an analysis of previous TDC efforts. A thorough and systematic review will be conducted with Tier 1 firms (already exporting) which the TDC has previously identified. Additional firms may be identified during the course of the baseline through interviews with the various businessmen's associations and other sources.

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- Train TDC staff, and outside Egyptian enumerators if necessary, in proper survey techniques.

- Test the survey instrument in the field and make adjustments, if necessary, before carrying out the full survey.

- Through extensive firm level field surveys, determine the past, present and projected levels of employment and exports by product area. The survey will also determine the specific types of TA and/or training which is needed by each firm. Information on individual firms willingness to pay for various TDC services will also be gathered. This information will be supplemented by other relevant data which will be used in establishing a comprehensive information data base, by firm, within the TDC. Gender desegregated data should be collected where appropriate.

- Determine employment and export levels of a sampling of non-targeted firms so that future evaluations can measure any differences in progress between TDC assisted and non-assisted firms.

- Enter data into appropriately designed data base for current and future use and analysis.

- Work closely with other short term consultants who will be developing a strategy for the TDC, and participate as required in the activities of the TDC retreat to be held in mid-September, if required to do so.

- Analyze the data and produce a written report summarizing the results of the baseline survey, including any information that the TDC will need to continually monitor and update the M&E system which is put in place. Sections of this report will need to be designed to fit into the overall Strategy/ Annual Workplan which will be due at the same time as the baseline M&E report.

- Recommend any future activities which might be required to ensure that the TDC has the capacity to continue to carry out surveys and analysis as well as more accurately report on its progress in achieving targets.

- Work closely with the TDC staff in developing and carrying out the baseline and M&E systems so as to train and build the capacities within the TDC to carry out such analysis "in-house" in the future.

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There is a need to gather baseline information (exports, employment) on these firms to be used in establishing and measuring outputs and impact. In addition, selected Tier 2 firms (those not currently exporting) will be included in the baseline analysis.

In conjunction with the baseline survey of firms a monitoring and evaluation (M&E) system will be developed and put in place which will allow trained TDC staff to track and measure performance of targeted firms over the life of the project. The M&E system will be designed so that TDC management, as well as external and internal evaluators will be able to utilize the results in making adjustments and enhancing future TDC efforts.

A short term baseline, monitoring and evaluation specialist is needed to develop and carry out a baseline assessment and establish an M&E system as described above. The analysis needs to include a detailed assessment of the current status of the targeted firms, identification of each firms capacity to expand its existing product lines, as well as measuring their interest and ability to open new product lines. The assessment will include representative firms from agribusiness as well as light industry.

The baseline and M&E system will be developed in close cooperation and coordination with the strategy development activities, the TDC retreat, and the workplan development which will be taking place simultaneously.

SPECIFIC DUTIES:

- Review all relevant reports, studies and data already collected by the TDC and its predecessor organization, the United Stated Investment Promotion Organizations (USIPO). Additional sources of information and "lessons learned" from export promotion organizations in other countries will be considered.

- Identify the existing data systems and capacities within the TDC for establishing a baseline and M&E system for measuring performance, outputs and impact.

- Develop a methodology and survey instrument in close cooperation with USAID, TDC management and the prime contractor for carrying out an in depth field analysis of the targeted firms. The survey instrument should be brief and focused on a few key variables.

- Identify the Tier 1 and Tier 2 firms to be included in the survey. This will include identifying sectors within light manufacturing with the most potential for early expansion.

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DURATION OF ASSIGNMENT AND REPORTING RESPONSIBILITIES:

It is anticipated that the baseline/ M&E specialist will need to work in country for up to six weeks to carry out the assignment. The specialist is expected to arrive in country on or about August 22, 1993 and complete the assignment by October 2, 1993.

The Specialist will report directly to the EED TEAM Leader for overall guidance and direction on the assignment. The Specialist will work on a day to day basis with members of TDC' professional staff as assigned by the TDC's Executive Director. The TDC's Assistant to the Director, MIS specialist and Project Coordinators, and the prime contractors Promotion Officer will active participants in the process.

The field surveys will be carried out by TDC staff, and trained Egyptian enumerators, if it is determined that "outside help is necessary.

QUALIFICATIONS:

The Specialist must have at least ten years of experience : working overseas and carrying out baseline surveys and setting t M&E systems. Extensive experience with USAID and Export Promotion projects is also required. The candidate must have at least a M.S., with extensive experience in survey design management and analysis. Preferably the candidate will have experience in Africa and the Near East.

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TDC BASELINE SURVEY REPORT

Prepared for

TDC &
USAID/Cairo
Contract No. 263-0226-C-00-3095-00

Submitted by
Chemonics International

Prepared by
Dr. Barton Sensenig

15 November 1993

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The baseline and M&E system will be developed in close cooperation and coordination with the strategy development activities, the TDC retreat, and the work plan development which will be taking place simultaneously.

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- Review all relevant reports, studies and data already collected by the TDC and its predecessor organization, the United States Investment Promotion Organizations (USIPO). Additional sources of information and "lessons learned" from export promotion organizations in other countries will be considered.

- Identify the existing data systems and capacities within the TDC for establishing a baseline and M&E system for measuring performance, outputs and impact.

- Identify the sectors within light manufacturing as potential volume exporters.

- Identify the Tier 1 and Tier 2 firms to be included in the survey.

- Develop a methodology and survey techniques for carrying out an in depth field analysis of the targeted firms. The survey instrument should be brief and focus on a few key variables.

- Develop a survey instrument in close cooperation with USAID, TDC management and the prime contractor.

- Will advise TDC in the implementation of their new TA unit, which, will supply as a resource house, on-going technical assistance specialists for a host of

different assignments in different industry sectors. Multiple TAs will be used on various TDC client projects. A M&E system is to be installed to measure the level of effectiveness of the TAs within each project and to access the on-going TA needs of TDC's clients as they expand.

- Train the TDC staff, and outside Egyptian enumerators if necessary, in proper survey techniques.

- Test the survey instrument in the field and make adjustments, if necessary, before carrying out the full survey.

- Through extensive firm level field surveys, determine the past, present and projected levels of employment and exports by product area. This information will be supplemented by other relevant information which will be used in establishing a comprehensive information data base by firm. Gender desegregated data should be collected where appropriate.

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