

AN-ACG-069

**Agriculture-Led
Export Businesses
(ALEB) Project**

**Center of Excellence-
Preliminary Plan
Report**

Year 1, Period 1

Submitted
May 27, 1999

Prepared for
USAID/Egypt
SO-1, IR 1 3 1, 1 3 2, 1 3 3,
RP 0264
Under Contract No
263-C-00-99-00011-00
Cognizant Technical Office
USAID/Egypt/EG/ED
CTO Mr Tarek Shata

Prepared by ALEB Team
Richard F Stier
Task 2 Leader

AGRICULTURE-LED EXPORT BUSINESSES (ALEB) Project

Center of Excellence-Egypt

Preliminary Report

Report for Year 1, Period 1

Submitted
May 27, 1999

Prepared for.
USAID/Egypt
Agriculture-Led Export Businesses (ALEB)
SO-1, IR 1 3 1, 1 3 2, 1 3 3, RP 0264
Prepared by Abt Associates Inc
Under Contract No 263-C-00-99-00011-00

ALEB Team
Abt Associates Inc
Alexandria University
Allied Corporation
CAFT, Rutgers University
The Mitchell Group
Sparks Companies, Inc
SRD Research Group

Abt Associates Inc
9 Abdl-El Kadr Hamza Street, Suite 401
Garden City, Cairo, Egypt
(tel) 20-2-594-3085
(fax) 20-2-594-3087

Abt Associates Inc
4800 Montgomery Lane #600
Bethesda, Maryland 20814
(tel) 301-913-0500
(fax) 301-652-3839
www.abtassociates.com

EGYPTIAN CENTER OF EXCELLENCE

Summary

One of the initial missions of the Agriculture Led Export Businesses (ALEB) project was to establish what has been defined in the proposal as a Center of Excellence (Center). Ideally, this Center was to provide the private sector Egyptian food processing industry with a technical assistance to expand their export food businesses. Areas of support will include but need not be limited to education and training in a wide range of areas, and product and process development. The Center would also serve as a technical resource to the industry. The program is being developed with the assistance of the Center for Advanced Food Technology (CAFT), one of the ALEB partners.

The Plan

The original vision was that the Center of Excellence would be a facility that could offer the Egyptian food processing industry what amounted to "*all in one shopping*," that is, the facility would have pilot and processing capabilities for in-house training, demonstrations and development, training facilities, laboratory support systems and a cadre of experts who could provide technical, laboratory, and field support. The project would work to enhance existing facilities and bring in outside experts for training and/or demonstrations as required. The Center of Excellence, also referred to as the ALEB Technical Center, would work hand-in-hand with the CAFT (Center for Advanced Food Technology) Center at Rutgers University. CAFT is a partner in the project (See Attachment 1).

The goals and means to reach them that are defined in Attachment 1 hold true, but after examining existing facilities here in Egypt, it was determined that an alternative was needed.

The proposed new plan for the Center of Excellence will encompass the following,

- An industry advisory committee consisting of nine (9) members. Representatives would be drawn from the private sector and should include extensive representation from the business and trade associations. The Task 2 Leader would serve as a non-voting member of the advisory board and act as Secretary.
- A reference library based in the ALEB offices (CIMISA).
- A working arrangement with the Food Technology Research Institute (FTRI) and other operations aimed at upgrading and expanding pilot processing facilities for use by the industry.
- List of contract facilities where analyses and/or projects may be conducted.
- Working agreements with trade associations and academic organizations to utilize their expertise in developing projects and/or providing technical assistance on projects.
- Management of the organization would be evolutionary.

The Center of Excellence will be coordinated through the Task 2 leader and be located in the ALEB offices. At this time there are no immediate plans to establish a formal Center of Excellence facility. The ultimate goal of the project would be to move all resources into a facility that can provide most or all of the services envisioned in the original Center.

Discussion of COE Components

1 Industry Advisory Committee – Projects for funding by the ALEB project will be submitted to the Committee. They will review the proposals, evaluate their potential value to the industry and submit it for bids at the appropriate facilities. Committee members will be selected based on a commitment to improving the processed food export market. Ideally, there should be representation from business associations in different cities. Committee membership should assure a cross representation of products/processes. Committee members will be asked to spearhead the development of product/process subcommittees. Subcommittees may include suppliers, members of academia and private sector consultants. These subcommittees will be charged with soliciting industry members and determining the needs of the industry.

The Committee will be responsible for charting the direction of the Center of Excellence and creating its operating procedures.

Projects can also come from the outside. If a private laboratory, university professor or other individual comes forward with a proposal that would benefit the industry, the project could be funded by the through the Center of Excellence. The mechanism to do this needs to be established. As an example, ALEB staff have already been approached by two individuals with ideas that could benefit the export industry long-term. One addressed the issue of shipping damage, which we have learned in the Industry Rapid Analysis (IRA) is a problem, and the second, the introduction of a new processing technology (Pulsed Electric Fields) into Egypt.

2 Reference Library (CIMISA) –The reference library will contain materials that may be reviewed by industry representatives in-house or on-line. Written materials will include trade magazines, technical journals and other materials such as expert panel reports. The ALEB web site will provide links to supplier lists, government documents and other relevant listings.

3 Food Technology Research Institute (FTRI) – The Food Technology Research Institute in Cairo can supply many of the needs envisioned in the original plan. The FTRI has functional pilot facilities for dehydration, oil processing, soybean processing and baking. They will be provided with a monthly fee (to be negotiated) that will be used to upgrade pilot facilities to meet those expected by EU and North American buyers. Upgrade will focus on adherence to established Good Manufacturing Practices as defined in the United States Code of Federal Regulations, Title 21 Part 110. ALEB envisions the FTRI as being the principle contractor for process related work where they have the existing pilot facilities. New equipment acquisitions may also be placed in this facility.

4 Contracting Organizations – ALEB will maintain a listing of contract facilities where industry can go to get work done. These same facilities may also be utilized in ALEB funded projects. Examples of such organizations are the Central Laboratory for Food and Feed (CLFF), Laboratory of Residues Analysis of Pesticides and Heavy Metals in Foods (The Center) and the University of Alexandria (Department of Nutrition and Food Technology). The University of Alexandria has pilot facilities for retort processing of low-acid and acidified canned foods. Like the FTRI, resources could be used to upgrade these facilities. Price lists for analyses, such as microbiology, pesticides, heavy metals, nutritional profiles, mycotoxins and other quality parameters will be on file in the ALEB library. ALEB will work with these organizations.

5 Working Agreements – ALEB will establish working agreements with other universities (Alexandria, Ain Shams and Zagazig, for example), private sector companies, trade associations and overseas consultants when needed to utilize their expertise on research projects or for training classes. An effort to establish set guidelines for use of time, facilities and consultants will be made to simplify the budgeting process for projects. Agreements can be

made with new organizations at any time, allowing ALEB to continually expand their scope of activities and bring increased benefits to the private sector

6 Industry Members – Processor members would be assessed a fee for membership in the Center of Excellence. Various levels of membership could be established. This would be a first step towards developing a sustainable operation. Creation of a self-supporting mechanism would be a long-term goal. The dues structure is something that will need to be determined. We intend to draw heavily on materials gathered by Dr. Thomas Herlehy (Task 4 Leader) to determine how to properly develop this program. Dr. Herlehy's work will provide us insights into what are realistic payments for Egypt. Please remember, that this is a long range program. ALEB does not intend to implement any kind of dues structure until we have fully assessed needs and willingness of the industry to support such a program. As this is a USAID funded project, it will also be imperative to determine how this can be properly done within the organization.

Dues structures that are commonly used in the United States include the following,

- I Flat Rate – All members, regardless of size, are charged a flat rate for membership. This is a structure employed by the developing Egyptian Dairy Industries Association.
- II Staggered Rate Structure – Members are assessed a dues fee based on production volumes. In the case of the Center of Excellence, the staggered fee structure would probably have to be based on export volumes. Members would be assessed an increasing rate up to a maximum export volume. At that point, a ceiling would be reached. There are inherent disadvantages in this system, as large contributors tend to demand greater services.
- III Dues for Services – Another possible dues structure would establish dues for services. This would establish a rate schedule that provided members with different services for different fees. For example, a processor who simply wanted to have receive the monthly newsletters and access to the basic website would be charged one fee, whereas a processor who wanted the complete package would be assessed a higher fee. To encourage membership a program that would offer members would discounts on all training programs.

7 Management – Management of the Center of Excellence would start within ALEB. It would then move to the board, with the Task 2 leader or his counterpart acting in an advisory role. The long term goal would be to place management of the organization in the hands of a management professional. Our experience in Egypt indicates that the great majority of the business and professional associations are managed by members of the organization. We have already observed how this can create "cliques" or serve to fragment an organization, reducing its overall efficiency and compromising growth. A professional association manager does not have to be involved with the industry he is serving but does need to understand the goals of the organization and the needs for the future.

Timelines for Establishing the Center of Excellence

Announcement of Center Plan – May 13-18, 1999 at the Launches

Phase I Planning

- ◆ Creation of Center of Excellence Mission Statement & Guidelines, including role of the Board & industry membership
- ◆ Selection of Board Members
- ◆ Development contractual arrangements with partners (Alexandria, FTRI, private & public sector laboratories and service organizations)
- ◆ Identify start-up or core industrial participants
- ◆ Develop preliminary projects from Industry Rapid Analysis and other USAID programs

Phase II – Startup

- ◆ First Board Meeting/Selection of Officers
- ◆ Define goals for members
- ◆ Evaluate and select projects

Phase III – Ongoing Operations

- ◆ Performance review
- ◆ Members recruitment
- ◆ SWOT analysis on organization (Board & ALEB staff)

Phase IV – Self-Sufficiency

- ◆ Appointment of full-time manager with experience managing an association
- ◆ Dues collection and ongoing programs

Attachment 1

Strategic Plan for the Establishment of a “Center of Excellence” in Egypt to Support the USAID Agriculture-Led Export Business Program (ALEB) Both During the Contract and as a Surviving Resource to the Egyptian Food Processing Industry

Slide 1

Technical Mission of ALEB

In co-operation with an Egyptian Technical Center and U.S. resources (e.g. CAFT/Rutgem) ALEB will provide technical assistance to Egyptian food processors in order to expand or initiate processed foods exports. Technical assistance will include cooperative definition of specific ingredient suitability, good manufacturing practice, and required processing for targeted export products. Where appropriate, the ALEB technical team will also provide expert recommendations regarding equipment selection, test and monitoring methods, packaging, analysis and labeling. Working with other ALEB Teams, the Technical Team will seek to facilitate strategic alliances and services.

Within the overall USAID/Egypt Agriculture-Led Export Business (ALEB) Program, exists a Technical Thrust consisting of a direct technical mission and an objective of establishing a lasting Center of Excellence referred to as the ALEB Technical Center

Regarding the Technical Mission within ALEB

In co-operation with an Egyptian, ALEB Technical Center and U.S. resources (e.g. The Center for Advanced Food Technology, Rutgers The State University of New Jersey) ALEB will provide technical assistance to Egyptian food processors in order to expand or initiate processed foods exports. Technical assistance will include cooperative definition of specific ingredient suitability, good manufacturing practice, and required processing for targeted export products. Where appropriate, the ALEB technical team will also provide expert recommendations regarding equipment selection, test and monitoring methods, packaging, analysis and labeling. Working with other ALEB teams, the technical team will seek to facilitate strategic alliances and services.

Slide 2

Center Mission

- ζ Attract Industry Participation to the ALEB Program
- ζ Train in Application of Required Technical Methods and Procedures
- ζ Provide Equipment Demonstration Site
- ζ Directly Assist in Product Development /Process Definition (incl. Contract Services)

In defining the Mission, specifically of the ALEB Technical Center four objectives were established: 1) Attract industry participation to the ALEB Program, 2) Training in application of required technical methods and procedures, 3) Equipment demonstration site, and 4) Assistance in Product development/Process definition. The ATC may be called upon to provide contract services to industrial food producers.

Slide 3

Attract Industry to ALEB

ζ Definition
 ψ Identify private sector food processors and solicit participation in ALEB Provide ongoing source to encourage continued participation

ζ Resources Required
 ψ Industry contacts (Egypt wide)
 ψ Strong reputation within industry

The ATC should be able to assist in identifying private sector food processors and soliciting participation in ALEB

Following start-up, the Center would provide an ongoing source to encourage continued participation

In order to accomplish this objective the Center needs Industry contacts (Egypt-wide) and a strong reputation within the food processor industry

Slide 4

Training

ζ Definition
 ψ Center/in-plant training for critical methods including HACCP ingredient qualification quality assurance, good manufacturing practices, standards and certification.

ζ Resources Required
 ψ Access to qualified personnel
 ψ Industry acceptance
 ψ Access to hands on facilities and equipment

The second objective for the ATC is to provide Center/in-plant training for critical methods including HACCP ingredient qualification, quality assurance, good manufacturing practices standards and certification.

Accomplishing such training will require access to qualified personnel, industry acceptance of the ATC role, and access to hand-on facilities and equipment

Slide 5

Equipment Demonstration

ζ Definition
 ψ Demonstration site for "advanced" equipment to provide opportunity for producers to test equipment prior to purchase decision

ζ Resources Required
 ψ Suitable space for food processing
 ψ Utilities (electric steam air vacuum waste)
 ψ Engineering personnel

CAFT/Rutgers experience is that a demonstration site for "advanced" process and packaging equipment to provide opportunity for producers to test equipment prior to a purchase decision is a valuable objective for the ATC

It may be possible to provide this capability without major capital equipment purchases if short-term demonstrations can be negotiated with equipment suppliers seeking sales to Egyptian producers

In order to accomplish such a demonstration the University would require suitable space for food processing utilities (electric steam, air, vacuum waste) and Engineering personnel with an interest and qualification to assume an intermediary role between the equipment manufacturers and the food processors

Slide 6

7

Product/Process Assists	
ζ Definition	ψ Provide assistance to industry group and individual (incl. contract services) for product formulation and process definition
ζ Resources Required	ψ Access to qualified personnel ψ Relevant processing equipment ψ Product testing including sensory tests ψ Institution ability to accept industry contracts

The final objective of the ATC is to provide assistance to industry groups and individual companies (including contracted services) for product formulation and process definition (including packaging)

Once ALEB target product sectors are identified joint research & development may be required to quickly enter the export market. Resources required at the ATC would include access to qualified personnel and to the relevant equipment (both analytical and processing)

Depending on the capabilities of industry product development laboratories, a potential area of assistance may be sensory testing of product candidates

In order to provide assistance of the nature described above the ATC must be able to enter into industry contracts. The purpose of such contracts would include protecting any sensitive information regarding company products, raw materials, and processes

Slide 7

Center Evaluation Strength/Weakness					
Row	Scale: 10 is best all industry need	Present	Present	Future-3y	Future-3yr
		Strength 5 10	Weakness 0 5	Strength 5 10	Weakness 0 5
Attract Industry to ALEB					
Equipment Demo Site					
Talking					
Product/Process Assist					

In evaluating the ALEB Technical Center consideration is given to both the current status and that which could be achieved in the future (three-years) with respect to personnel and facility resources

The obligation of the Center for Advanced Food Technology Rutgers University to assist in establishing the Egyptian "Center of Excellence" is extensive and CAFT has pledged to do its best to accomplish the objectives

The ALEB Technical Center objectives may require the "Team" to work with a broader group of faculty and pursue facilities not immediately available