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Financial Planning Consultancy to the Egyptian Seed Association - ESAS -

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ACRONYMS LIST

ACRONYM	*DESCRIPTION*
APRP	Agricultural Policy Reform Program
ARC	Agriculture Research Center
CAPMAS	Central Agency for Public Mobilization and Statistics
CASC	Central Administration for Seed Certification
CASP	Central Administration for Seed Production
Co.	Company
COP	Chief of Party
DAI/B	Development Alternatives, Inc./Bethesda
EAO	Egyptian Agriculture Organization
ESAS	Egyptian Seed Association
EU	European Union
Fed.	Feddan = 4200 square meter
FIS	International Seed Trade Federation
GATT	General Agreement on Tariffs and Trade
GOE	Government of Egypt
GTZ	German Technical Assistance Agency
HC	Holding Company
HEIA	Horticultural Export Improvement Association
HSU	Horticultural Services Unit
Kg.	Kilogram
LE	Egyptian Pound
LOE	Level of Effort
MALR	Ministry of Agriculture & Land Reclamation
MMT	Million Metric Ton
MoTS	Ministry of Trade & Supply
MVE	Monitoring, Verification & Evaluation Unit
NARS	National Agricultural Research Center
NFPA	National Food Processor Association
NGO	Non-Governmental Organization
OVR	Office of Variety Testing & Registration
PBDAC	Principal Bank for Development and Agricultural Credit
PMU	Project Management Unit

ACRONYM	*DESCRIPTION*
PVP	Plant Variety Protection
RDI	Reform, Design & Implementation Unit
SPC	Seed Privatization Committee
STTA	Short Term Technical Assistance
TA	Technical Assistance
TOR	Terms of Reference
UPOV	Union for the Protection of Plant Varieties
USAID	United States Agency for International Development
US$	United States Dollar
USPMA	U.S. Produce Marketing Association
USDA	U.S. Department of Agriculture
VAV	Valve for Cultivation & Utilization
WANA	West Asia and North African Seed Association
WB	World Bank
WG	Working Group
WTO	World Trade Organization

Part I

Presentation to APRP of the Financial Planning Consultancy to the Egyptian Seed Association (ESAS)

Why associations?

Business and economic associations are in the national interests. Associations can help formulate and improve government policy and regulations to provide effective protection of public interests without sacrificing competitive advantage. They can help avoid over-regulation. Association policy and regulatory advocacy works in two directions, helping government understand industry and industry to understand government regulation. Associations can speed compliance with regulations. Association standard setting and policing of its members can reduce the public need and the public costs of regulation. (Codes of ethics, certification programs, technology standards, arbitration, training, information dissemination.)

A good example of an association which has helped develop and communicate regulations with the government and with its members is the National Food Processors Association (NFPA). In the early part of the 20th century scandal broke out in the US because of contaminated canned meats and other products which carried dangerous microbial toxins. People were being killed by the food they ate, and the Federal Government was threatening to impose regulations that drive many firms, good and bad, out of business. The NFPA was formed to demonstrate to government that an industry could help police itself and find a way to protect public interest as well as their own livelihood. Working with what became the Food and Drug Administration, members of the NFPA began to develop industry standards of practice and food safety into operating manuals supported by a program of research that has become the National Food Laboratory. As safe practices began to be identified the NFPA began developing courses the train their industry members in safe food production. Over time, these became known as Good Manufacturing Practice and Better Process Control Schools. They met the expectations of government regulators so well, that federal regulations were written to require that all food processors demonstrate to federal inspectors that they had personnel who had successfully passed this training. Today no processor of canned meat, fish, and low acid vegetables can sell his product without having a least one supervisor present at the plant at all times who has passed these courses. Many U.S. companies will not hire production managers and supervisors who have not already passed these courses. The NFPA has continued to work in partnership with the federal government and individual states to anticipate and develop industry practice to reduce the need for heavily prescriptive government regulation. Its members frequently participate in trial programs to test the potential impact of proposed rules on both food safety and their own costs.

Associations can also reinforce and complement national interests in foreign markets.

National associations can help mobilize foreign and international associations in ways that benefit the country. After the signature of the GATT accords in 1994, Morocco found itself in a difficult position in negotiations with the EU over a variety of horticultural products, including roses and carnation. The Moroccan Flower Producers and Exporters Association, AMPEXFLEURS, decided that the government was not able to express their case to the EU authorities. They developed their own analyses of the impact of their product on European greenhouse flower producers and took them to the French rose growers association. They were able to demonstrate how Moroccan exports were able to maintain French distributors at a larger market share on the EU market. The French association reversed its position, and convinced the French government to lobby Brussels for a large duty-free quota for Moroccan rose and carnation growers, along with an entirely new duty-free quota for exotic blooms.

Associations are in industry interests. Policy and regulatory advocacy can help ensure that there is a level and efficient playing field for the trade. Associations, through representation to government bodies, can improve the transparency and equity of application of laws and regulations to the industry. Associations can play important roles in fostering the disengagement of the State from production and marketing, expanding the size of market available for private investment. Associations with strong codes of ethics, disciplinary procedures, training and information programs can improve government and the general public's confidence in their industry (Quality Seals, USPMA/FFVA Five-a-Day fresh fruit and vegetable program). The US Produce Marketing Association and the Fresh Fruit and Vegetable Association have supported an industry wide, generic promotion of the consumption of fresh fruits and vegetables as a way to improve the diet and health of Americans. After three years, the Five-a-Day campaign has had remarkable success in educating consumers about the benefits of five portions of fresh produce a day, and in showing them how to incorporate fresh produce into their meals. The industry hopes to show the American consumer that the French fry should not be the only vegetable consumed on a daily basis.

And, associations can help an industry track and adapt to both regulatory and economic change that takes place in national and international markets. They can leverage funding from public and private sources to develop the industry. Associations (often in partnership with public authorities) can also help ensure fair trade. In the 1950's and 1960's in the US, the produce industry was rife with unfair and illegal produce buying practices. Many suppliers went unpaid, and the lengthy process of court battles seldom provided sufficient recourse. In partnership with the USDA's Agricultural Marketing Service, the PMA and other produce groups developed a licensing scheme called PACA. Produce traders must be licensed under PACA and agree to make prompt payment or submit to speedy arbitration of quality or payment disputes with suppliers. Violators are fined, have their licenses revoked, and are banned from trading for up to five years. Those that return to the trade are often required to post a surety bond with PACA, which is used to make payments to suppliers in the event of unfair refusal to pay. The produce associations publish regular listings of the firms and individuals who are warned, fined, or banned from trading. While the system has some difficulties, it has cleaned up an industry reputed for years to have been controlled by criminals.

Associations are in the interest of individual firms. Individual firms gain access to government decision-making with greater power and at individually lower costs than they can without an association. They can develop services for members which no single member could afford (industry-wide private research programs, market intelligence services, generic product promotion and market entry programs, fast response to new technology or market problems ((product tampering and food poisoning response in the USA))). Associations can negotiate group rates for services (liability insurance, retirement or pension programs, medical insurance, legal services, group discounts on travel, advertising, communications services) and goods that are difficult, sometimes impossible, to obtain by small and medium-scale firms.

Associations are in the interest of the farmer and the consumer. Associations can speed the introduction and delivery of new crop varieties, production technologies, and services to farmers, helping to make them more productive and profitable on domestic markets, and more competitive on international markets (EU, North American replacement of varieties, competition from a broader set of origins, is speeding up). Associations that support open-competition, the introduction of new technology, and product and service standards, can help consumers get affordable products with the quality and variety that they seek.

Why a seed association?

Seeds, and plant material more generally, are the starting point for agriculture. Maintaining varietal characteristics, the health, and the physiological vigor of seed is fundamental to maintaining the productivity of the agricultural sector. In Egypt, there are many historical reasons why varietal research, seed production, and distribution have been dominated by the public sector. However, over the past decade, the public sector has begun to withdraw from areas of the seed industry which are more effectively and efficiently handled by the private sector. Unfortunately, the pace of change has been slower than needed for many crops faced with rapidly increasing global competition for market share both in Egypt and in export destinations. Privatization, harmonization of seed law to meet international conventions signed by Egypt, the growth of private investment in both agriculture and the seed industry have created both opportunities and dangers for the seed sub-sector. The Egyptian Seed Association was formed to help accelerate the transition to a healthy and transparently-regulated private seed industry that can better serve Egyptian agriculture at lower public cost and higher private return than the current system. Sustained group action by the private sector is required to create an industry position that is clearly in the public interest.

Evidence is clear from other developing countries, that associations can speed technological and regulatory change. The Zimbabwe Maize Seed Association for example is credited with quintupling the rate of varietal introduction and overall maize productivity.

The Role of This Study

ESAS is a nascent association with an impressively ambitious agenda. Its board and members have given large amounts of their time and energy to developing a strategic vision, a three-year strategic plan, one-year objectives, and a set of short-term tasks to be completed in the next six months. They have pursued policy and regulatory change since their organization in March, and membership and public awareness workshops since the formal registration of their by-laws in June. The terms of reference for this study was to help the association elaborate a written program and budget for its planned activities; evaluate sources of revenue and financial sustainability; and, develop a model proposal to help fund the association.

Who Pays for What and Why?

In mature industry associations, member dues generally cover the majority of association core costs and long-term programs (ASTA, the American Seed Trade Association (USA, Canada, and Mexico) covers 87% of its budget from member dues). Associations that have grown organically with an industry and the government bodies regulating the industry have a large percentage of the trade as members. Dues are often set as a percentage of gross turnover of each firm, with nonvoting categories and fixed dues for associate members who are usually firms or individuals who provide goods or services to the companies who are active members. Active members expect to more than fully recover their dues in services and advantages provided by the association, and they do.

In developing countries, truly private business associations are relatively new. Independent not-for-profit associations in agriculture are even rarer, as the sector has been dominated by farmer's unions, chambers of agriculture, cooperatives, and publicly-chartered associations directly, and indirectly, supported and managed through ministries of agriculture. Member fees and dues are often set directly by ministerial authorities, and membership may be automatic and services delivered even when dues are not paid. Membership dues are often less than 5 to 10% of total revenues. If government contributions are small, activities are limited, depend upon richer members to donate funds to execute, are financed through special events (trade shows), or derive from special privileges or monopoly rights granted by government (import licenses for inputs, import duty waivers, sales tax exemptions, etc.). Special levies on imports, exports, or transactions (stamp duties), may be used by government to finance associations. Depending on the formula's used and the actual flow of funds to associations, programs may be tiny (an office with a small staff providing general information and serving as a mail drop for the ministry) to very extensive (industry promotion boards with research and training institutes, a large professional staff, trade and investment personnel, etc. This type of financing can be justified if public returns are high, but shifts in government policies or priorities can wipe out funding for an association, and the quid-pro-quo for financing is a large presence of government officials on the association board, association support for government

policy, bureaucratization, and, often, politicization of association board and management.

The new class of association, such as that represented by ESAS, faces the challenge of working under constituting laws which micro-manage its operations, restrict income generating activity, and permit arbitrary intervention by the regulating ministry. Capitalizing the association is difficult, since high membership fees discourage broad participation, and low membership fees and high participation mean that standard events and services (general and extraordinary assemblies, membership administration, and newsletters) may consume most of the revenue, and may prevent the association from developing services that would permit them to charge higher dues or service fees.

So, how do new associations catch-up without being co-opted by the government bodies they are trying to engage on policy and regulatory reform?

Governments can help, as Egypt's does, in providing sales tax and duties exemptions for associations. Where taxation rates are high, as for advertising in Egypt (30-35%), this exemption provides an opportunity to develop a program of savings to be shared between members and the association. However, the more associations which use this mechanism, the greater the likelihood that government will reduce or eliminate the exemption. General tax reform could also easily reduce this potential source of revenue.

Some governments, including the USA, provide grant funds on a competitive basis for associations that engage in priority programs. Export market development is one of these. About 90 million dollars was awarded in 1997 by the US Department of Agriculture to associations to open and develop foreign markets. The grant funds are generally awarded on a matching fund basis. A 50% match is often expected and points are awarded for exceeding that matching level. US Associations may impose special levies on members to permit the matching levels to be met.

Private donations or sponsorship are often sought by associations. Industry leaders sometimes donate to a corporate sponsorship category, with funds going to general revenue support, individual programs (research, training, scholarships), or to an association endowment to generate future revenue. Suppliers of goods and industry may also make special donations, or subscribe to advertising space at a corporate sponsorship level that underwrites an association newsletter, tradeshow, or other program with broad industry exposure. Philanthropic foundations or divisions of major multinational corporations may provide donations which support associations either with related interests or to contribute as a good corporate citizen. In Egypt the lack of tax breaks for contributions reduces the potential for such donations.

Foreign donors seeking to promote open markets, civil societies, and privatization frequently support association development. They support a wide variety of training, institutional development, program development, and technical assistance to accelerate association formation and expansion as a way to mobilize private support. Sustainability after donor assistance stops is a primary concern.

Part II

A Review of the Draft Program of the Egyptian Seed Association (ESAS)

Executive Summary

Seeds are fundamental inputs vital to the health and competitiveness of the Egyptian agricultural sector. The Egyptian Seed Association (ESAS), established in March 1998, and registered as a not-for-profit association under Law 32 in June 1998, represents the common interests of private sector seed producers and traders. The association "has the ultimate goal of creating a liberalized and integrated seed industry conducive to private investment for the benefit of Egyptian farmers, exports, and agricultural development." (ESAS Strategic Plan) It has a vision of an open, competitive marketplace for seeds in which good quality seed will be efficiently delivered to producers at low public cost and high public and private return.

ESAS's 45 dynamic members have already begun work on an ambitious program of policy and regulatory reform, technical programs to improve seed quality, public-private partnership arrangements, a code of ethics for the seed industry, expansion of membership to governorate branches, and a financial plan targeting long-run sustainability of its operations. ESAS seeks fundamental change in a sub-sector still dominated by the public sector in ways that constrain the performance and slow the improvement in the competitive position of Egyptian agriculture.

Despite a substantial membership and annual fee for active members, ESAS will not be able to support its program costs from Egyptian private sources for years to come. Law 32 governing not-for-profit associations and organizations greatly limits revenue-generating activities and the types of investments which can be made by ESAS. In the broader Egyptian context, there is a lack of incentives (tax breaks) for private donations, endowments, and bequests to NGO's. Finally, it will take four to five years of sustained achievement by ESAS to grow a broad base of membership (1200).

ESAS will need to seek outside funding to make accelerated investment in a program that : targets the restructuring of private and public sector roles in seed multiplication and distribution; the development of transparent, equitable, and competitive regulation of domestic, import, and export seed marketing; adoption of strong internal quality control and arbitration procedures; adoption and application of international standards in plant breeder rights, along with a clear set of procedures for variety registration and entry into commerce; and the creation of a program of privately supported technical support to solve seed and plant propagation problems of broad industry interest. The support will yield benefits. Farmers will get seed with better yield potential. Seed traders will get a higher value product to sell. Seed growers will achieve lower rejection rates from the seed certification inspectors and private seed contractors. Importers and exporters will face simpler procedures, smaller delays, and reduce their transaction costs. Public and private return from research to produce new varieties

will increase. Egypt will catch up with competitors in the introduction of varieties sought by export markets, improving export sales. Public recurrent expenditure in seed multiplication and distribution will decline generating public savings.

ESAS is committed to maintaining self-generated financing (membership fees, fees for services, private donations, and valuation of private in-kind contributions) at a level of about 20% of total program costs.

The ESAS Vision

The Egyptian Seed Association "has the ultimate goal of creating a liberalized and integrated seed industry conducive to private investment for the benefit of Egyptian farmers, exports, and agricultural development." (ESAS Strategic Plan) Its vision is an open, competitive Egyptian marketplace, one that delivers quality seed efficiently to producers at low public cost and high public and private return.

ESAS has adopted six objectives to be achieved over a three-year period:

1. To improve the legal, regulatory, and competitive environment in the seed sub-sector.

2. To adopt new technologies and arrangement in seed production, processing, trade, and quality control to expand farmer adoption of high-quality seed of high-yielding crop and horticulture varieties.

3. To establish effective partnerships with Government of Egypt decision-making bodies affecting the seed sub-sector.

4. To establish a code of ethics for the industry and ensure member compliance.

5. To expand ESAS's membership base to cover all seed-related activities.

6. To expand financial resources to carry out ESAS activities

Since June 1998 ESAS founders and members have held a series of workshops with broad segments of the seed industry, Ministry of Agriculture officials, and consultants to develop six-month and one-year task assignments. Four divisions and committees have been created to work on the most pressing near- and medium-term challenges to the industry:

- Maize Seeds Division
- Potato Seeds Division
- Vegetable Seeds Division
- Horticultural Seedlings Division

In August 1998, ESAS hired an Executive Director, to speed up organization of the association. In September , ESAS participated in the Sahara Agricultural Exhibition, developing informational materials to attract members. A short-term plan of action was drawn up. The members of the Maize Seeds and Vegetable Seeds divisions began work to inventory and prioritize key regulatory problems. ESAS hired a secretary in September and entered into a lease for office space. In October, Association activities have intensified as planned, thanks to many hours of effort donated by the members and the donation of space and operating support by the Association President.

The ESAS Draft Program

The ESAS Program is presented in summary form in Figure 1. It gives the Association's program organized by long-term objective for the period extending from 1998 through 2003. In general, ESAS seeks support to develop a broad and active membership base from 1999 through 2002 that will be able to support core association operating and program costs.

ESAS Strategic Objective 1: To improve the legal, regulatory, and competitive environment in the seed sub-sector

ESAS has identified a very intensive program of work on policy, regulatory, and trade issues. The high priority given to improving the Egyptian environment for the seed industry is appropriate. Government withdrawal from seed production, conditioning, distribution, and sales is a delicate process to get right. Withdrawal should not be so rapid as to disrupt or degrade the security of seed supply. Nor should it be so slow that private seed firms cannot realize profits and returns on investment. Done properly, public and private benefits would be realized. Public benefits should be large in terms of direct income from privatization, or leasing, of public assets, and reduced budgetary expenditures. Private benefits should be realized from faster registration and release of varieties, which would help seed companies to increase their return from introduction of new varieties. It should also help accelerate benefits to producers who would get faster access to the newest, most productive varieties.

Egypt currently has a relatively rigid system of registration and release of varieties, which frequently acts against the competitive interests of producers of horticultural crops. One example is the introduction of Camarosa the leading fresh market strawberry on the EU market. This variety was launched in Europe from Spain in the 1993/94 season and was clearly headed toward dominance by 1994/95. Morocco started producing Camarosa commercially in the 1994/95 season using a provision for temporary registration for commercial use, while registration trials were conducted. Camarosa dominated Moroccan strawberry production and exports by the 1997/98 season. In Egypt, while trial introduction was early, major use of the Camarosa variety has only just begun for the 1998/99 season. It is notable

that the HEIA (Horticultural Import-Export Association) was a key factor in the acquisition of the commercial license to introduce Camarosa.

ESAS members have high expectations for the association to convince government to make seed production, certification, trade, import, and export policies, regulations, and procedures more streamlined, transparent, and equitable. Regulatory reform is the first priority of most members, as it affects all seed industry on a daily basis, from the largest vertically-integrated seed company to the smallest broker of seed at the village level. Getting reform right requires substantial and continued investment to identify reforms with best and broadest return to the industry (increasing market size and market share held in private hands). ESAS has already started this process by compiling the laws, decrees, and regulations which regulate the field crop seeds.

Studies and advocacy of policy, regulatory, and trade reform

Figure 1. shows that two and a half years of work are already programmed. The studies listed as 1.1.3. through 1.3.6. will done collaboratively with government officials and the public projects. GTZ and USAID/APRP/RDI have collaborated actively in the studies program. We anticipate that these will continue to support these studies over the next 18 months, helping to build association capacity to analyze the effects of seed policies and regulations and to project the costs and benefits of modifying them. ESAS will need to work intensively on policy and regulatory change through the end of 2002.

ESAS board and committee members have discussed the need for more commercially oriented market investigation and reporting on the Egyptian seed market. During the course of proposal development, we have found that baseline information is available from CASC, and from sample surveys carried out with GTZ assistance and the USAID-supported APRP. ESAS's Executive Director, formerly the Senior Economist with the USDA/FAS's Agricultural Counselor's Office, will manage the collection and summary of these reports to create an annual Seed Market Situation and Outlook Report. Using the results of a sample survey of registered traders as part of the study of the role of extension in seed promotion and distribution, ESAS will issue the first Situation and Outlook Report in December of 1999. The Situation and Outreach Report will be free to members for one year to help build member interest. Non-members should pay a price calculated to recover full production and distribution costs. Pricing studies will be done to ensure that the report is self-supporting by the end of 2002.

ESAS will produce and distribute 1000 copies of a 4-page bimonthly Arabic and English newsletter, beginning in the last quarter of 1998. Members and contributors will receive the newsletter free of additional charge. It will include summaries of ESAS policy and regulatory advocacy positions, technology notes, national and international seed news, varietal registrations, member activities, and an association and industry calendar of events. ESAS

will use the newsletters to help expand its membership, sponsor, and contributor base, and will modify the design and content to adapt it for subscription sales. Over this time membership should grow to the point that annual dues, paid advertisements, and paid subscriptions should cover newsletter expenses starting in 2003. As a rule of thumb, non-member subscriptions for newsletters not carrying advertising are often set at 40% higher than break-even cost. This would mean an annual subscription cost of about 275 LE a year for non-members. Selling of advertising space may be the only way to bring the cost of a non-member subscription within the reach of the professional agricultural audience. It is not possible at this time to estimate revenue from advertising or non-member subscriptions.

An ESAS web site would enable the association to more broadly spread information on itself and its advocacy positions, attract national and international interest, develop foreign membership, and perhaps facilitate the identification of seed sources and clients for its members. Ways to recover the costs of website maintenance include sales of time to access the Internet and Web using a cybercafe pricing structure, performing research for members without Internet access on a fee basis, or providing a web-based seed trading page for horticultural seed and plant importers. These options, among others would be studied and tested during the first four years of the association's life.

Anticipated Program Results

The results of ESAS activities in the improvement of the policy, regulatory, and trading environment for seeds at the end of 2001 would be:

1. Implementation of a decree limiting the government's role to the maintenance and production of breeder seed.
2. Announcement of a government policy for seed production that encourages the private sector to perform certified seed production, to fully cover all crops with a definite time schedule. Field crops and cotton are the principal targets.
3. Offer by the Ministry of Agriculture and Land Reclamation (MALR) of all breeder seed for all new varieties to registered private sector companies via a competitive process, with safeguards to prevent any dominant company from winning most of the varieties. Corn, wheat, and rice seed are early targets.
4. Concentration of the MALR Extension Service on its role in the promotion of awareness about the benefits of high quality seeds and the provision of technical information on all registered varieties.
5. Transparency in the supply of information about seed policies and regulations. ESAS will continue to acquire and publish compilations of laws and proposed laws for its members.
6. Adoption by the ministry of proposed changes to existing and drafted seed laws, ministerial decrees, policies and implementing regulations

7. Achievement of uniform and consistent application of rules and regulations governing the seed sector. Early targets are the rules and regulations applied to the importation, registration, and distribution of horticultural seeds.
8. Increased access by the private sector to national and international seed markets.

ESAS Strategic Objective 2: To adopt new technologies and arrangements in seed production, processing, trade, and quality control to expand farmer adoption of high-quality seed of high-yielding crop and horticulture varieties

The ESAS program targets expansion of farmer adoption of high-quality seed of high-yielding field crop and horticultural crop varieties. It is built around: a seed quality control program; seed technology short-courses potentially leading over the longer term to a seed technology training institute; seed production and handling technical troubleshooting; trade shows and international association activities in seed technology and trade; development of a technical brochure series; and, the creation of a seed export program. Figure 1 shows the program in more detail.

ESAS members believe that quality control should be the second major priority for the association after policy and regulatory reform. ESAS will start with a two-pronged approach. One is the launching of a national seed quality awareness campaign targeting seed contract producers, seed brokers, and farmers. The second prong is the development of a quality control program to address the currently unenforced regulation requiring seed producing companies to have a seed-testing laboratory.

Studies done over the years in Egypt have confirmed that certified seeds improve yields, and that hybrid varieties outperform open-pollinated varieties. ESAS will build a workshop and mass communications program around the theme that good quality seed of high-yielding varieties is the starting point for a successful and profitable crop. Marketing studies done with the help of GTZ have indicated that farmers are most concerned about access to their preferred varieties and the quality of the seed that they receive. The cost of seed does not appear to be the dominant factor in their purchase decisions. ESAS will organize campaign presentations to the awareness workshops held at the governorate and broker/trader levels, and include campaign announcements in newspaper and radio advertisements. Campaign content will include the results of prior trials and demonstrations of yield differences between certified and saved seed, and hybrid and open-pollinated varieties.

ESAS will compile information of private sector seed quality control programs used internationally and compare them to current Egyptian practice. A seed quality control plan for the private seed producers will be developed. Internal quality control programs are needed to comply with the MALR requirements

that seed producers have their own quality control laboratory. This requirement has not been enforced because of protests by many small firms. ESAS will help members develop internal quality control programs for four main reasons:

1.) Failure to adopt internal quality control may lead the government to refuse licenses;
2.) The need for the industry to demonstrate to its clients that they are committed to providing high quality seed;
3.) The Central Administration for Seed Certification intends to reduce its testing of raw seed arriving at seed conditioning facilities, in order to focus more on the testing required for seed certification after cleaning, conditioning, and packaging. The seed cleaning plants will need to invest in quality control programs to ensure that they do not run excessively dirty or adulterated seed lots through their plants, and to adjust their seed cleaning lines to avoid damaging seed.
4.) Development of export markets for Egyptian seed is hindered by relatively poor quality control.

ESAS will build and operate two seed testing laboratories to support quality control programs, technical studies, and arbitration of disputes among contract seed growers and seed companies. ESAS advisors have proposed the Seed Lab 5000, a Dutch turn-key design for 5000 samples a year. Two labs will be built, the first starting in 1999 to serve Lower Egypt, and the second starting in 2002 to serve Upper Egypt. These laboratories will seek certification from the Egyptian government. In discussions with the former head of CASC, it appears that laboratories must operate for two years before official certification can begin. This does not prevent the use of laboratories for internal quality control programs. ESAS will study the feasibility of introducing an ESAS quality label for seed in 2002. Quality standards for the ESAS label will be set higher than the official minimums for certification.

Internal Quality Control Programs: Public and Private Benefits

A recent German Technical Assistance (GTZ) Study (Homeyer, 1998) indicates that important cost savings can made through the use of internal quality assurance (IQA) programs in cotton seed operations. Cotton is used as an example because there have been recent studies. Other crop seeds should be studied to provide an aggregated evaluation of the public and private benefits of IQA.

Currently about 20% of cotton grown for certified seed is rejected by CASC (Krenz, 1998). We will examine what this rate of rejection means to the cotton seed industry (now entirely in the hands of government but targeted for gradual privatization), to cotton growers, and to individual gins.

In 1996, Egypt used about 33,800 MT of cotton seed. A 20% rejection rate means that a total of 42,250 MT of cotton seed were evaluated for certification. Many of these rejections take place at the level of the cotton field. However, even if only 20% percent of the total rejections occur at the cotton gin, it means that 1,690 MT are processed and rejected. Raw cotton seed for oil or meal sells at about .67 LE/kg. Certified cotton seed sells at 1.83 LE/kg. Gin losses for rejected seed would total about 2 million LE.

It takes about 200,000 farmers to produce this much cotton seed. About 40,000 of them lost the additional costs they incurred to produce certified seed. The Krenz study also suggests that low cotton seed quality affects the bulk of the cotton seed producers in Egypt. A great deal of progress has been made in moving from an average seeding rate of 70 kg/feddan of raw seed to an average of 30 to 40 kg/feddan of delinted seed. However, seeding rates in the USA are about 4 kg/feddan. Egyptian farmers are unwilling to reduce their rate much below 30 kg/feddan because of fears about quality. A 1995 study of seed marketing supported by GTZ (FINTECS, 1995) showed that farmers had the greatest amount of discontent over cotton seed. If the quality of certified seed were increased to the point that farmers could reduce their seeding rates to 20 kg/feddan, there would only be a small reduction in seed cost, but a much larger gain in reducing thinning labor. The government would also be able to reduce its seed inspection costs for cotton by about half. And, cotton seed oil and feed millers would have a 15,000 to 20,000 MT larger supply of seed to produce oil and press cake.

Each of about 15 cotton gins in the certified cotton seed program handles about 2,816 MT of cotton to produce 2,253 MT of certified seed. Would it pay the individual gin to invest in an internal quality assurance program? The table below, which attempts a more complete costing of a cotton seed internal quality assurance (IQA) program, suggests that the full investment cost could be recovered in a single year of operation.

Item	Capital Costs (Egyptian Pounds)	Annual Costs (Egyptian Pounds)
Office and Lab (27 square meters)	12,960	
Equipment (Homeyer 1998)	30,000	
Pick-up truck and motorcycle	37,400	
Staff 1 supervisor @ 350 LE/month+fringe) 2 technicians @ 200 LE/Month +fringe		5,292 6,000
Operating and Maintenance Office and Lab @ 5 % Equipment @ 6 % Vehicles @ 30%		648 1,800 11,200
Depreciation (Straight using Egyptian		

Schedules and zero salvage value) Office and Lab (20 years) Equipment (10 years) Vehicles (5 years)		 648 3,000 7,480
Interest (5 year loan @ 15%)		1,888
TOTALS	**80,360**	**30,476**

Assuming that 20% of total rejections occur after delinting, cleaning, and conditioning, then 112 of 563 MT rejected could be avoided by an IQA program. The losses avoided would be 130,616 LE each year or 4.3 times the annual operating and financing costs of the IQA program.

In this case, and many others, quality pays!

Anticipated Program Results

The results of the strategic object 2 program of ESAS by the end of 2002 will be:

1. The development of ESAS quality control standards;
2. The provision of internal quality control programs for about 15 companies a year, 60 in total
3. The introduction of new seed production, processing, management, and marketing techniques for the national and export seed markets.

Quality control programs require trained technicians and supervisors, and the identification of ways to solve problems. ESAS, relying principally on in-country seed technologists, will develop an annual cycle of short-courses for seed technicians, training about 15 individuals each year. For the ESAS in-country training cycle, this proposal requests support equivalent to training course cost less participant fees. The association has a long-term vision of assisting in the development of a Seed Technology Training Institute that might serve the entire West Asia and North African Seed Association (WANA), but first priority for training needs to be in support of technical training of internal quality control personnel in Egyptian firms. International training will be provided in quality control methods for trainers of seed technicians, and technical consultancies will be used to diagnose and recommend solutions to such problems as lack of seed vigor in wheat seed, or potato brown rot carryover in multiplication.

ESAS Strategic Objective 3: To establish effective partnerships with Government of Egypt decision-making bodies affecting the seed sub-sector

This ESAS strategic objective depends upon substantial commitment of volunteer time by active members of the association. Six advocacy

workshops each year are intended to permit ESAS to air proposed advocacy position of the association with a broad audience, to better identify and understand stakeholder issues and to get broad support for the advocated change. The workshops will also enable ESAS to track how regulatory change is implemented.

ESAS membership on all relevant GOE seed councils and committees is a fundamental objective of the association. We have not yet evaluated the time commitment required by members to serve on these committees, but will track and report on actual participation and its value during the implementation of our program. ESAS seeks more than single member representation on these committees, to begin to balance their public sector dominance. In the USA, about half the committee membership is from the private sector. By the year 2003, we would hope to:

1. Extend representation of all divisions of the seed association to all relevant Government of Egypt seed councils and committees, nominated by ESAS, and reaching a 10 to 20% level.

2. Develop close and active contacts with legislative bodies and agencies affecting the seed subsector.

ESAS Strategic Objective 4: To establish a code of ethics for the industry and ensure member compliance

The private sector's desire to play a bigger role in the Egyptian seed industry carries with it a responsibility to develop self-policing mechanisms to keep the trade honest and avoid unwanted government intrusion in the industry. ESAS seeks to develop:

1. A code of ethics consistent with international standards (International Seed Trade Federation or FIS), and
2. Establish industry sanctions to curtail unethical conduct by firms in the seed subsector.

Once developed the by-laws of the association would be modified to require adherence to the code of ethics as a condition of membership. In addition to reinforcing competition on a fair basis, and strengthening of the image of the industry, a strong code of ethics and disciplinary procedures can help reduce the members' cost of doing business. Equipped with the two seed laboratories, ESAS will also be in a position to identify and adopt contract and sales dispute arbitration. Both FIS and the American Seed Trade Association have bylaws incorporating arbitration procedures for international (FIS) and North American disputes. A code of ethics consultancy is proposed for support.

ESAS Strategic Objective 5: To expand ESAS's membership base to cover all seed-related activities

Initially, ESAS targeted a membership of 200, however, the importance of local seed broker-traders (between 6,400 and 8,000) to the supply and distribution of seed has led the association to modify its thinking. Broader membership will enable ESAS to accurately reflect the concerns of the whole industry to government and increase the base of ESAS support both morally and financially. In counterpart, the association will have to adapt its services and programs to a more varied member base. The ESAS strategy to expand its membership base requires it to be very active at the governorate level in terms of workshops, mass communication, and the establishment of branches.

From 19 to 23 workshops are planned each year to promote membership, communicate and get feedback the ESAS program of policy and regulatory advocacy, seed quality, and technological and marketing improvement. Newspaper (Green Egypt), radio, television (Good Morning Egypt), and billboards will be used to promote the use of high quality seed of high performance varieties under ESAS's generic banner.

ESAS has already begun the awareness campaigns thanks to support from the USAID-supported APRP at workshops and one agricultural show. Membership development and public awareness activities will take up about 20% of the core operating costs of the association. By the year 2003, ESAS will:

1. Have nearly 1,000 members;
2. Have branches in 10 governorates;
3. Represent all sub-divisions of the seed industry, with appropriate membership categories, rights, and services
4. Have developed representation within related –industry associations nationally and internationally

ESAS Strategic Objective 6: To expand financial resources to carry out ESAS activities

Figure 1. shows the estimated revenues from membership dues, fees for services, and current firm commitments from donors in the last quarter of 1998. The ambitiousness of the ESAS program is clear, along with the challenge to find the money to carry it out. ESAS, with the help of APRP's RDI unit, has carried out a detailed analysis of many different sources of revenue from members, fees for services, corporate sponsorship, potential revenue from the Egyptian government in the form of special levees or ESAS service in seed labeling, and foreign donors. Table 1 shows the diverse source of revenues which ESAS is pursuing.

We have examined the effect of different membership structures, both voluntary and obligatory (Figures 2 and 3). The ESAS board has elected not to pursue mandatory membership for licensing, as being too likely to lead to a backlash from those forced to join the association and because it would make the association dependent on a government monopoly privilege.

The sales tax and customs exemptions should be reliable if small sources of revenue for the association, enabling ESAS to obtain discounted services for members in return for partial reflows of those discounts to the association. Group purchases of inputs and services will also provide fees on a regular basis, but the association must be careful not to become a commercial competitor of its own members. Organization of trade shows to generate revenue is under examination.

ESAS will study the feasibility of obtaining special levees on seed package label distribution as a service to the Government or an added cess on each unit sale of seed in the country. Association members observed the role of the Turkish Seed Association in label distribution this summer. While attractive from an income perspective, it begs the question of whether the association is truly private and independent.

The Egyptian tax codes provide no relief for corporate donations to non-profit organizations. While a new draft of the association law would create some tax relief, there is not yet a culture of donation or endowment to associations which are not of a social welfare or sports nature. Multinational corporations may be a source of funds, both from within and without the agricultural sector, and the board and staff of ESAS will make fund-raising visits.

ESAS Management

ESAS is managed following the procedures established under Law 32 with a Board of Directors, a salaried Executive Director, and currently with a full-time secretary, a part-time messenger, a part-time accountant, and a part-time legal adviser. Mr. Samir Naggar, Chairmen of Daltex Inc., is President of the Association. Dr. Salah Mansour, Executive Director, is formerly the Managing Director of GMC Corporation in Cairo, and past Senior Economist with the Agricultural Counselor's Office of the US Embassy in Cairo.

ESAS salaried staff will increase as funds become available and program activities expand. A total staff of 19 is envisaged at full program development in 2002. In the interim, Daltex and other founding members of the Association have made substantial contributions to the launching of the association by housing it, providing services, and volunteering their time for association establishment, strategic plan development, and initiation of policy and regulatory advocacy programs. The in-kind and cash contributions beyond membership fees and dues total more than 100,000 LE since July 1998.

As important as these contributions are, they pale in comparison to the time which the founding members and active members of divisions and committees are contributing to develop programs. Two honorary members are also providing their services to guide the development of technical programs for the association. ESAS is in the process of developing the management, personnel, and procurement policies of the Federation of Egyptian Industries as its initial policy guide.

ESAS receives in-kind assistance from both the APRP/RDI unit, and from the GTZ Seed Project, particularly in policy and regulatory change advocacy. ESAS has made contact with other associations and supporting bodies in Egypt to identify sources of training in association organization and management. The challenge to developing a more traditional association management structure is constrained primarily by low cash flow.

Flexible Implementation

The ESAS program outlined in this report is ambitious and its full implementation depends on the ability of ESAS to raise funds from donors to complement its internally-generated resources. Should less money be available, the Board will maintain all six strategic objectives, but scale down or delay start-up of the designed activities. Policy and regulatory advocacy work would be retained in all cases, with seed quality control absorbing any additional resources available. These priorities have been established so that ESAS can demonstrate its effectiveness, and attract a growing body of active members over the next five years. This approach is one of pragmatic optimism, as the current members have all managed firms that have had to expand or contract with changes in their marketplace. ESAS hopes to change the marketplace for the better, so that all members are lifted on the rising tide for the benefit of the seed industry and the Egyptian agricultural sector.

FIGURE 1.

Egyptian Seed Association Program by Long-Term Objective 1998-2003

1. Policy, Regulatory, Competitive Environment			1998	1999	2000	2001	2002	2003
Studies	Donor							
1.1.1. Seed Sector Assessment	GTZ/RDI	done						
1.1.2. Seed Law Review - Delouche	RDI	done						
1.1.3. Advocacy Study- Delouche and Way	RDI	Oct						
1.1.4. Varietal Privatization	RDI	Oct-Dec						
1.1.5. Application of Law -Transparency an	RDI?	Oct-Dec						
1.1.6. Quality Control Regulations Study	RDI?	Oct-Dec						
1.2.1. CASP Privatization	RDI?			Jan-Feb				
1.2.2. Cotton Seed Liberalization	RDI?			Mar-Apr				
1.2.3. Plant Nursery Trade				May-Jun				
1.2.4. Exclusive Release of Varieties	RDI?			Jul-Aug				
1.2.5. Seed Import Procedures				Sept-Oct				
1.2.7. Extension Role in Promotion/Distribution				Sept-Oct				
1.3.1. Wheat and Rice Seed Production and Distribution					Jan-Feb			
1.3.2. Varietal Registration and Testing					Mar-Apr			
1.3.3 Genetically Modified Varieties					May-Jun			
1.3.4. Bioseeds (Organically Produced Seeds)					Jul-Aug			
1.3.5. Agricultural Research Coordination					Sept-Oct			
1.3.6. Vegetable Seed Production and Distribution					Nov-Dec			
1.4.0. Essential Studies (5-6)						==========		
1.5.0. Essential Studies (5-6)							==========	
1.6.0. Essential Studies (2)								==========
1.7.0. Seed Market Situation and Outlook								
1.7.1. Sample Survey				Registered Traders				
1.7.2. Situation and Outlook Reports				December	December	December	December	December
1.8.0. ESAS Newsletter				6	6	6	6	6
1.9.0. ESAS Website				Jul-99				
1.10.0. Policy and Regulatory Workshops	RDI?		3	6	7	6	6	6

2. Technology and Arrangements in Seed Production, Trade, and Quality Control

		1998	1999	2000	2001	2002	2003
2.1.0. Seed Quality Control Program							
2.1.1. Seed Quality Control Plan			1st Qtr				
2.1.1. Certified Seed Awareness Campaign			3rd Qtr				
2.1.2. Seed Testing Laboratory Lab Feasibility			2nd Qtr				
2.1.3. Seed Testing Laboratory #1			Design/Site	Construct/Equip	Staff/Train/Operate	Operate Year 2	Lab Certification
2.1.4. Seed Testing Laboratory #2				Design/Site	Construct/Equip	Staff/Train/Operate	Operate Year 2
2.1.5. Internal Seed Quality Control Program			<==========	==========	==========	==========	==========
2.1.6. ESAS Seed Quality Label						<==========	==========
2.2.0. Seed Technology Training Short-Courses							
2.2.1. First Cycle			10 3 day short-courses				
2.2.2...n. Following Cycles				10	10	10	10
2.2.x. Seed Technology Training Institute							
2.3.0. International Training			Jun-99	Jul-00	Jul-01	Jul-02	Jul-03
2.4.0. Seed Technology Consultancies							
2.4.1. Seed Vigor Standards, Potato Brown Rot, Etc			10				
2.4.n. Following Years Consultancies				10	10	10	10
2.5.0. Third Egyptian Seed Conference	GTZ		May-99				
2.6.0 Trade Fairs and Shows							
2.6.1. Sahara (September)	RDI	Sep-98	Sep-99	Sep-00	Sep-01	Sep-02	Sep-03
2.6.2. Egyptian Spring Agricultural Show				Mar-00		Mar-02	
2.6.3. International Shows and Conferences			IST/ASSINEL	IST/ASSINEL	IST/ASSINEL	IST/ASSINEL	IST/ASSINEL
2.7.0. Visits to Foreign Seed Trade Associations							
2.7.1. German Seed Association			Jun-99				
2.7.2. ASTA/USA			Jul-99				
2.8.0. Brochure Series - Technical			8	8	8	8	8
2.9.0. Seed Export Program							
2.9.1. Seed Export Procedures Review			Jan-Mar				
2.9.2. Seed Export SWOT			May-Jul				
2.9.3. Export Pilot Projects by Crop				<==========	==========	==========	
2.9.4. Egypt Seed Export Generic Promotion						<==========	==========>

		1998	1999	2000	2001	2002	2003
3. Private Public Partnership							
3.1. Advocacy Study - Delouche and Way RDI	4th Qtr						
3.2. Advocacy Workshops			6	6	6	6	6
3.3. ESAS Membership on MALR Committees							
3.3.1. Variety Registration Committee		3rd Qtr					
3.3.2. Seed Privatization Commission		1st Qtr					
3.3.3. National Seed Council	3rd Qtr - done						
4. Code of Ethics							
4.1. Code of Ethics Study		2nd Qtr					
4.2. Public Awareness Workshops			2	2	2	2	2
4.3. Arbitration Procedures			2nd Qtr				
4.4. Disciplinary Committee Established			3rd Qtr ========	==========			

5. Membership Base		1998	1999	2000	2001	2002	2003
5.0. Membership Target -cumulative		45	190	373	533	733	973
5.1. ESAS Office Establishment	4th Qtr 1998						
5.2. Governorate Branch Establishment -annual			2	2	2	2	2
5.3. New Membership Structure		Dec-98					
5.4.0. ESAS Public Awareness Campaign							
5.4.1. Governorate-Government		2	6	8	8	8	8
5.4.2. Seed Producer/Grower/Trader Workshops		2	13	15	15	15	15
5.4.3. Newspaper Adverstizement		10	15	15	15	15	15
5.4.4. Television Advertizement			20	20	20	20	20
5.4.5. Radio Advertizement			10	10	10	10	10
5.4.6. Other Advertizement			10	10	10	10	10
5.5.0. Subcommittees and Divisions							
5.5.1. Field Seeds Division -Corn	Established Sep-98						
5.5.2. Vegetable Seeds Division	Established Sep-98						
5.5.3. Seed Potatoes Division	Established Sep-98						
5.5.4. Fruit Seedlings Division	Established Sep-98						
5.5.5. Rules and Regulations Committee	Established Sep-98						

6. Financial Resources			1998	1999	2000	2001	2002	2003		
6.1. Membership Fees			179,000	225,823	184,800	256,250	300,250	350,250	Total ESAS Own Revenue	Annual Average
6.2. Revenue from Fees for Services			0	92,900	130,200	389,500	479,800	678,900	3,267,473	622,376
6.3. Revenue/Contribution from Government									$861,021	$183,052
6.4. Revenue/Contribution from Donors	Committed		237,000	0	0	0	0	0		
6.5. Financial Sustainability Plan - Humpal	RDI								Gap to Finance	Annual Average
6.6. Funding Proposals to Donors			-1,239,282	-4,587,470	-4,784,498	-4,474,639	-4,977,619	-4,907,054	-24,950,562	-4,752,488
6.7. Grant Proposals		4th Qtr							-$7,336,400	-$1,397,791

TABLE 1

ESAS Revenue Sources			Draft 6 - New Membership Structure				
				Amount			
Category	**Source**	**1998**	**1999**	**2000**	**2001**	**2002**	**2003**
Membership Fee		117,700	167,000	64,050	56,000	70,000	84,000
Annual Dues		36,300	58,823	120,750	200,250	230,250	266,250
Sponsors							
Novartis		25,000					
Fee on Newspaper ads	25% of savings		10,800	13,500	16,200	18,900	21,600
Fee on Radio Ads	25% of savings		7,200	21,600	21,600	32,400	32,400
Fee on TV Ads	25% of savings		14,400	21,600	25,200	28,800	32,400
Fee on Ag Show	500 LE/member		10,000	10,000	10,000	10,000	10,000
Fee on Group Transactio	2%		10,000	20,000	30,000	40,000	50,000
Seed Testing Fees	4000 building to 9000 samples				240,000	300,000	480,000
Seed Conference							
Training			37,500	37,500	37,500	37,500	37,500
Publications			3,000	6,000	9,000	12,000	15,000
Labels							
Unit Seed Container Fee							
Subtotal Other Revenues		0	92,900	130,200	389,500	479,600	678,900
CFD							
CIDA							
EU							
GTZ		40,000	0	0	0	0	0
JICA							
UNDP							
USAID							
Association Assist			0	0	0	0	0
RDI		197,000	0	0			
SIPE							
Subtotal Donors		237,000	0	0	0	0	0
Total Estimated Revenue or valued in kind-contribution		416,000	318,723	315,000	645,750	779,850	1,029,150

FIGURE 2.

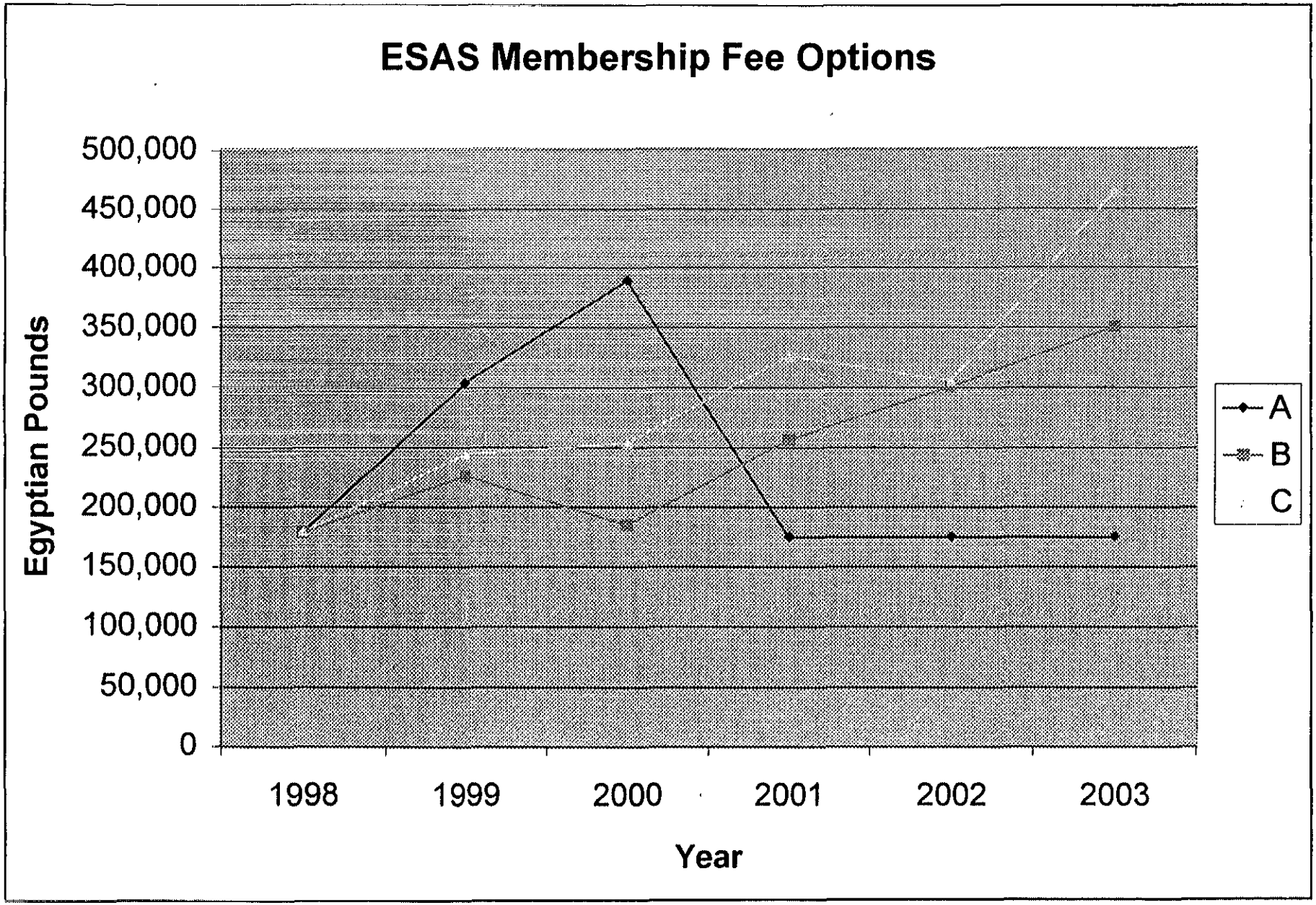
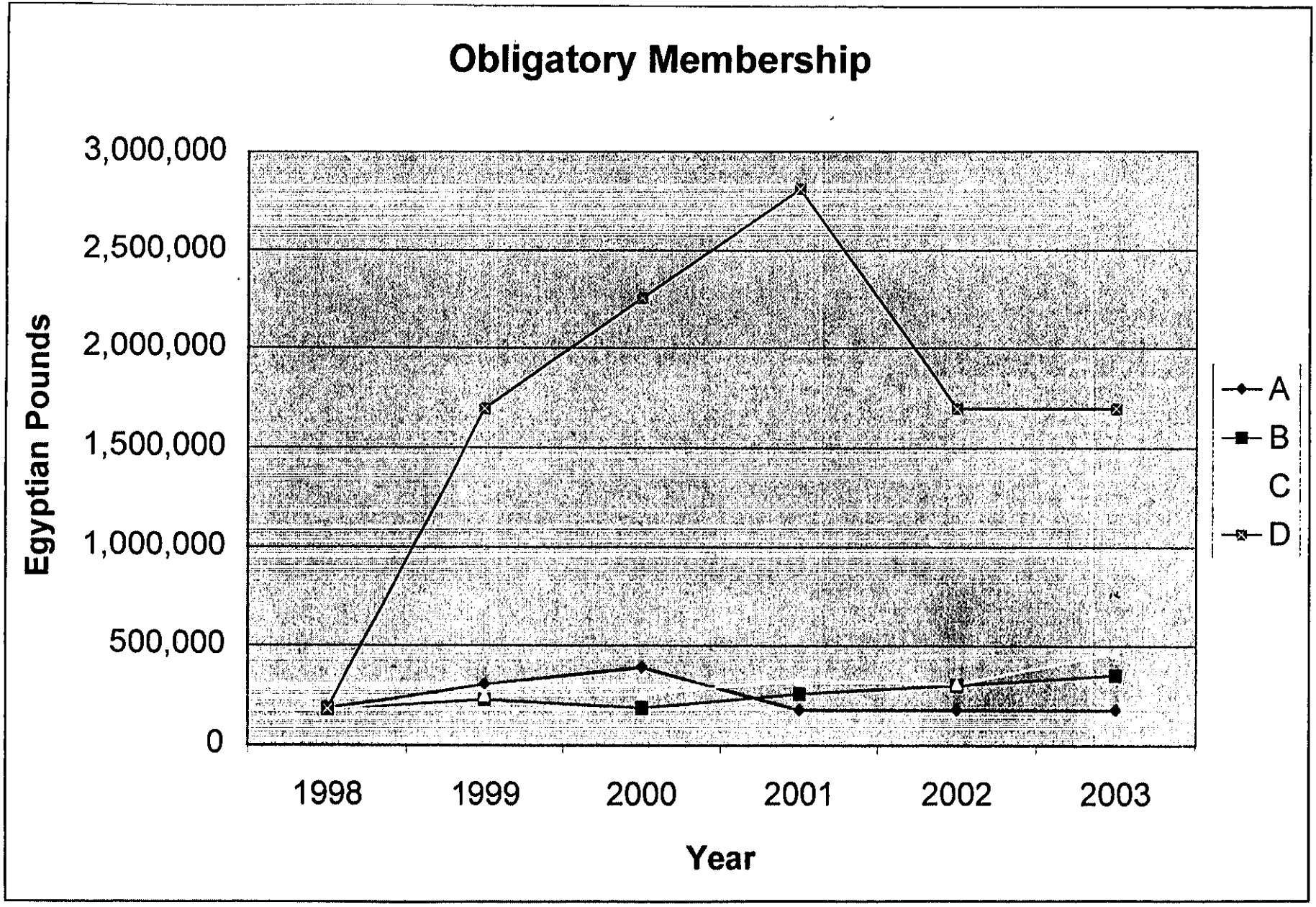

ESAS Membership Fee Options
Egyptian Pounds
500,000
450,000
400,000
350,000
300,000
250,000
200,000
150,000
100,000
50,000
0
1998
1999
2000
2001
2002
2003
Year
A
B
C

FIGURE 3


Obligatory Membership
3,000,000
2,500,000
2,000,000
1,500,000
1,000,000
500,000
0
Egyptian Pounds
1998
1999
2000
2001
2002
2003
Year
A
B
C
D

Part III

Copy of ESAS Strategic Plan
August 1998

Egyptian Seed Association (ESAS)

Strategic Plan

August 1998

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Egyptian Seed Association (ESAS)
Mission Statement

ESAS is a non-profit organization established by private sector producers and traders to represent their common interests. The ultimate goal is to create a liberalized and integrated seed industry conducive to private investment for the benefit of Egyptian farmers, exports and agriculture development.

ESAS Long-Term Objectives
A Three-Year Vision

1. To improve the legal, regulatory, and competitive environment in the seed subsector.
2. To adopt new technologies and arrangements in seed production, processing, trade, and quality control to expand farmer adoption of high-quality seed of high-yielding crop and horticulture varieties.

ESAS Long-Term Objectives
A Three-Year Vision (continued)

3. To establish effective partnerships with Government of Egypt decision making bodies affecting the seed subsector.
4. To establish an industry code of ethics and ensure member compliance.
5. To expand ESAS's membership base to cover all seed-related activities.
6. To expand financial resources to carry out ESAS activities.

Planned Output and First Year Tasks

Objective 1. Improve the legal, regulatory, and competitive environment.

Achievements	Tasks for Year 1
1. Implement decree limiting the government's role to the production of breeder seeds and their maintanance programs.	1. Prepare study of the role of GOE in seed production and distribution and propose policy changes. 2. Initiate dialogue with GOE in coordination with APRP.
2. An announced government policy for seed production that encourages the private sector to perform the governmental role in seed production, to fully cover all crops with a definite time schedule.	1. Prepare study of the private sector capabilities in full coverage of seed production and distribution for all crops.
3. Ministry of Agriculture and Land Reclamation (MALR) offers all breeder seeds for all new varieties to registered private sector companies via a competitive process, with safeguards to prevent any dominant company from winning most of those varieties.	1. Participatory workshops with GOE personnel. 2. Prepare and publicize a position paper as part of an advocacy campaign. 3. Initiate dialogue with GOE in coordination with APRP.

Objective 1. Improve the legal, regulatory, and competitive environment. (continued)

Achievements	Tasks for Year 1
4. The extension service concentrates on its role in the promotion of awareness about high quality seeds and provides technical information on all registered varieties.	1. Prepare study on the roles of the extension service and other government agencies in seed promotion and distribution. 2. Initiate dialogue with government in coordination with APRP. 3. Participatory workshop with government representatives.
5. Transparent seed policies and regulations.	1. Assess transparency of seed policies and regulations. 2. Monitor new issues. 3. Initiate dialogue with government in coordination with APRP.

Objective 1. Improve the legal, regulatory, and competitive environment. (continued)

Achievements

6. Propose needed changes to existing and proposed seed laws, ministerial decrees, policies and regulations to improve the legal, regulatory and competitive environment.

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7. Achieve uniform application of rules and regulations governing the seed sector.

Tasks for Year 1

1. Monitor and analyze proposed legislation.
2. Propose legislative changes through analytical processes leading to the design of new legislation for submission to GOE.
3. Initiate dialogue with government in coordination with APRP.

---

1. Identify key measures for uniform application, determine key GOE decision makers, and provide suggestions to GOE on implementation.
2. Collect and disseminate all laws, decrees and regulations governing the seed subsector.
3. Initiate dialogue with government in coordination with APRP.

Objective 1. Improve the legal, regulatory, and competitive environment. (continued)

Achievements

8. Improve access to international and local markets.

Tasks for Year 1

1. Establish an information database and an internet web site.
2. Prepare and circulate relevant information and data regarding policies, acreage forecasts, seed production and trade, etc..
3. Prepare and circulate an agricultural periodical showing developments affecting the agricultural economy and the association's positions and activities.

Objective 2. Adopt new technologies and arrangements in seed production, trade, and quality control.

Achievements

1. Develop quality control standards.

Tasks for Year 1

1. Assess current government (CASC) quality control systems.
2. Study international practices and how to benefit from them in Egypt.
3. Suggest a plan for developing improved quality control systems and redefine the government and private sector roles.
4. Conduct public awareness workshops and training courses.
5. Disseminate news about developments in international quality standards to the main producing seed governorates in Egypt.

Objective 2. Adopt new technologies and arrangements in seed production, trade and quality control. (continued)

Achievements	Tasks for Year 1
2. Provide internal quality control services to members.	1. Establish central quality control lab.
	2. Conduct national and international training courses for technicians, under supervision of MALR.

Objective 2. Adopt new technologies and arrangements in seed production, trade and quality control. (continued)

Achievements

3. Introduce new seed production, processing, management, and marketing techniques.

Tasks for Year 1

1. Establish contacts with related local and international organizations.
2. Conduct case studies to identify technical solutions to industry problems.
3. Local and international specialized training programs and workshops for technicians with knowledge shared with governmental extension staff.
4. Hold trade fairs and participate in national and international fairs

Objective 3. Establish effective partnerships with GOE decision-making bodies affecting the seed subsector.

Achievements

1. Extending representation of all divisions of the seed association to all relevant GOE seed councils and committees, nominated by ESAS.

2. Close and active contacts with legislative bodies and agencies affecting the seed subsector.

Tasks for Year 1

1. Initiate dialogue with government in coordination with APRP.

1. Provide legislative bodies and agencies with relevant information and analyses.
2. Request hearing sessions in the People's Assembly and El-Shoura Assembly to express ESAS positions on relevant draft legislation.

Objective 4. Develop and implement an industry code of ethics and ensure compliance of members.

Achievements

1. Code of ethics consistent with international standards.

2. Establish industry sanctions to curtail unethical conduct by firms in the seed subsector.

Tasks for Year 1

1. Hire consultant to help develop code of ethics taking into consideration similar codes of international associations.

2. Establish an ESAS subcommittee to decide on unethical industry practices, with ascending sanctions and impartial arbitrators as needed.

Objective 5. Expand the membership base to cover all seed-related activities. (continued)

Achievements

1. ESAS office up and running.

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2. Public awareness campaign.

Tasks for Year 1

1. Acquire office space, hire staff, develop logo and slogan, print promotional material, and develop budget consistent with funding sources.

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1. Workshops
   - 8 for GOE personnel in Cairo and regions
   - 3-4 for producers
   - 12 for traders and growers in governorates.
   - ongoing for media
2. Newspapers
   - Information on ESAS in specialized agricultural papers.
   - Slot in "Green Egypt" and others.
3. TV
   - Good Morning Egypt and other agricultural programs

Objective 5. Expand the membership base to cover all seed-related activities. (continued)

Achievements	Tasks for Year 1
3. Represent all sub-divisions of the seed industry.	1. Decide on membership qualifications for categories in seed subsector. 2. Establish specialized subcommittees as needed. 3. Specify business roles and organizational relations outside ESAS.
4. Establish branches of ESAS in governorates.	1. Assess need for and interest in governorate branches of ESAS. 2. Encourage governorates to establish ESAS branches.

Objective 6. Expand ESAS financial resources

Achievements	Tasks for Year 1
1. Voluntary fee paid on each seed container produced, imported, exported or handled.	1. Hire expatriate consultants to help study needed funding approaches and procedures.
2. Donor financial support.	1. Study financial support provided to HEIA and Egyptian Export Association 2. Hire expatriate consultant to help develop a financial support proposal. 3. Submit proposals for donor funding.
3. Governmental financial support.	1. Assess sources of government financial support. 2. Submit proposals for financial support.