

**PN-ADL-549**

**AGRICULTURE-  
LED  
EXPORT  
BUSINESSES  
(ALEB)**

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**Supporting  
Egypt's Processed  
Foods Export  
Industry**

**Strategic Plan  
for the  
Option Years  
(2002-2004)**

**Resubmitted February 2002**

***Prepared for:***

**USAID/Egypt  
SO 16; IR 16  
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Sparks Companies, Inc.**

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# **AGRICULTURE-LED EXPORT BUSINESSES (ALEB)**

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SO 18, IR 18  
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### Acronyms Utilized by ALEB

<b>ACDI/VOCA</b>	<b>Agricultural Cooperative Development International / Volunteer Overseas Cooperative Assistance</b>
<b>AgLink</b>	<b>Agribusiness Linkages for Egypt</b>
<b>AJ</b>	<b>Achievement Indicator</b>
<b>ALEB</b>	<b>The Agriculture-Led Export Businesses project</b>
<b>AmCham</b>	<b>American Chamber of Commerce in Egypt</b>
<b>ANUGA</b>	<b>ANUGA Food Tech (international exhibition in Cologne, Germany)</b>
<b>APRP</b>	<b>Agricultural Policy Reform Program</b>
<b>ARAC</b>	<b>ALEB Resource and Alliance Center</b>
<b>ASAE</b>	<b>American Society of Association Executives</b>
<b>ASTA</b>	<b>American Spice Trade Association</b>
<b>ATUT</b>	<b>Agricultural Technology Utilization &amp; Transfer</b>
<b>BDS or Task 2</b>	<b>Business Development Services</b>
<b>BEBA</b>	<b>British-Egyptian Business Association</b>
<b>CAE</b>	<b>Certified Association Executive</b>
<b>CAFT</b>	<b>Center for Advanced Food Technology, Rutgers University</b>
<b>CAFÉ</b>	<b>Chambre des Affaires Franco-Egyptiennes (French-Egyptian Chamber of Commerce)</b>
<b>CAPMAS</b>	<b>Central Authority for Planning, Mobilization and Statistics</b>
<b>CBS</b>	<b>Center for Business Support (International Executive Service Corps- IESC)</b>
<b>CIDA</b>	<b>Canadian International Development Agency</b>
<b>CEO</b>	<b>Chief Executive Officer</b>
<b>CIBUS</b>	<b>International Processed Food Exhibition (Parma, Italy)</b>
<b>CIF</b>	<b>Cost, Insurance, Freight</b>
<b>CIP</b>	<b>Cleaning in Place</b>
<b>CIP</b>	<b>Commodity Import Program</b>
<b>COMESA</b>	<b>Common Market of East and South Africa</b>
<b>COP</b>	<b>Chief of Party</b>
<b>CN</b>	<b>Commodity Number</b>
<b>CY</b>	<b>Calendar Year</b>
<b>DANIDA</b>	<b>Danish International Development Assistance</b>
<b>DIDA</b>	<b>Dairy Industry Development Association</b>
<b>EAEOFFC</b>	<b>Egyptian Association for Essential Oils, Flavors, Fragrances &amp; Cosmetics</b>
<b>EAGA</b>	<b>Egyptian Agribusiness Association</b>
<b>EAN</b>	<b>European Automated Numbering System</b>
<b>ECA</b>	<b>Egyptian Chefs' Association</b>

<b>ECCA</b>	<b>Egyptian Cold Chain Association</b>
<b>EEA</b>	<b>Egyptian Exporters Association</b>
<b>EFDA</b>	<b>Egyptian Franchise Development Association</b>
<b>EIBA</b>	<b>Egyptian Investors &amp; Business Association (Mansoura)</b>
<b>EMDA</b>	<b>Egyptian Marketing Development Association</b>
<b>EMPA</b>	<b>Egyptian Meat Processing Association</b>
<b>EOP</b>	<b>End of Project</b>
<b>EPDA</b>	<b>Egyptian Packaging Development Association</b>
<b>ESAS</b>	<b>Egyptian Seed Association</b>
<b>ESMAP</b>	<b>Egyptian Society for Producers, Manufacturers &amp; Exporters of Medicinal Herbs &amp; Spices</b>
<b>EU</b>	<b>European Union</b>
<b>FMI</b>	<b>Food Marketing Institute</b>
<b>FPM&amp;SA</b>	<b>Food Processing Machinery &amp; Equipment Suppliers Association</b>
<b>FTC</b>	<b>Food Technological Center</b>
<b>GAAP</b>	<b>Generally Accepted Accounting Principles</b>
<b>GAP</b>	<b>Good Agricultural Practices</b>
<b>GATT</b>	<b>General Agreement on Tariffs and Trade</b>
<b>GCC</b>	<b>Gulf Cooperation Council</b>
<b>GMA</b>	<b>Grocery Manufacturers of America</b>
<b>GMP</b>	<b>Good Manufacturing Practices</b>
<b>GOE</b>	<b>Government Of Egypt</b>
<b>GDP</b>	<b>Gross Domestic Product</b>
<b>GTG / GTG M &amp; E Unit</b>	<b>Growth Through Globalization / Monitoring &amp; Evaluation Unit</b>
<b>GTN</b>	<b>Global Technology Network</b>
<b>GTZ</b>	<b>German Technical Assistance Cooperation</b>
<b>HACCP</b>	<b>Hazard Analysis and Critical Control Points</b>
<b>HEIA</b>	<b>Horticultural Export Improvement Association</b>
<b>HIPH</b>	<b>High Institute of Public Health</b>
<b>HTS</b>	<b>Harmonized Tariff Schedule</b>
<b>IAFIS</b>	<b>International Association of Food Industry Suppliers</b>
<b>IARWWFLO</b>	<b>International Association of Refrigerated Warehouses and World Food Logistics Organization</b>
<b>IAS</b>	<b>International Accounting Standards</b>
<b>IESC</b>	<b>International Executive Service Corps</b>

<b>IEFP</b>	<b>International Exhibition of Food Processors</b>
<b>IFT</b>	<b>Institute of Food Technology</b>
<b>IIE/DT2 or DT2</b>	<b>International Institute for Education / Development Training 2 (project)</b>
<b>IMP</b>	<b>Industry Modernization Program</b>
<b>IPM</b>	<b>Integrated Pest Management</b>
<b>IQF</b>	<b>Individually Quick Frozen</b>
<b>IR</b>	<b>Intermediate Result</b>
<b>ISP</b>	<b>Internet Service Provider</b>
<b>IRA</b>	<b>Industry Rapid Analysis (or Appraisal)</b>
<b>ISO</b>	<b>International Standards Organization</b>
<b>IT</b>	<b>Information Technology</b>
<b>JETRO</b>	<b>Japanese External Trade Organization</b>
<b>LAN</b>	<b>Local Area Network</b>
<b>LOE</b>	<b>Level of Effort</b>
<b>M &amp; E</b>	<b>ALEB's Monitoring &amp; Evaluation Department</b>
<b>M &amp; IE</b>	<b>Meals &amp; Incidental Expenses</b>
<b>MALR</b>	<b>Ministry of Agriculture and Land Reform</b>
<b>MDI</b>	<b>Management Development Initiative</b>
<b>MIS</b>	<b>Management Information Systems</b>
<b>MIS or Task 1</b>	<b>Market Information Services</b>
<b>MPE</b>	<b>MarketPulse-Egypt Information System</b>
<b>MT</b>	<b>Million Tons</b>
<b>NAFTA</b>	<b>North America Free Trade Agreement</b>
<b>NFFA</b>	<b>National Frozen Food Association</b>
<b>NFPA</b>	<b>National Food Processors Association</b>
<b>NGO</b>	<b>Non Governmental Organization</b>
<b>NWFPA</b>	<b>Northwest Food Processors Association</b>
<b>OHRD</b>	<b>Organizational &amp; Human Resource Development</b>
<b>PGI</b>	<b>Project Generated Income</b>
<b>PI</b>	<b>Performance Indicator</b>
<b>PSDP</b>	<b>Private Sector Development Programme</b>
<b>QC</b>	<b>Quality Control</b>
<b>RFP</b>	<b>Request For Proposal</b>
<b>SA</b>	<b>Strategic Alliance</b>
<b>SAS or Task 5</b>	<b>Strategic Alliance Services</b>
<b>SIAL</b>	<b>Salon International des Alimentaires (international processed food exhibition in Paris, France)</b>

<b>SPS</b>	<b>Sanitary and Phytosanitary Standards</b>
<b>SSOP</b>	<b>Standard Sanitation Operating Procedures</b>
<b>STTA</b>	<b>Short Term Technical Advisor</b>
<b>SRD</b>	<b>Samuel R. Daines Research Group</b>
<b>SWOT</b>	<b>Strengths, Weaknesses, Opportunities, Threats</b>
<b>TA</b>	<b>Technical Assistance</b>
<b>TAP</b>	<b>Tracking ALEB Progress (ALEB's internal database)</b>
<b>TAS or Task 4</b>	<b>Trade Association Services</b>
<b>Task 2</b>	<b>Technical Services</b>
<b>TMG</b>	<b>The Mitchell Group</b>
<b>TQM</b>	<b>Total Quality Management</b>
<b>UK</b>	<b>United Kingdom</b>
<b>USAID</b>	<b>United States Agency for International Development</b>
<b>USAID/CTO</b>	<b>USAID's Contract Technical Officer</b>
<b>WID</b>	<b>Women In Development</b>
<b>WTO</b>	<b>World Trade Organization</b>
<b>Y1</b>	<b>Year 1 of the ALEB Project (Base Period)</b>
<b>Y2</b>	<b>Year 2 of the ALEB Project (Base Period)</b>
<b>Y3</b>	<b>Year 3 of the ALEB Project (Base Period)</b>
<b>Y4</b>	<b>Year 4 of the ALEB Project (Option Period)</b>

## 1.0 Executive Summary

This document is the strategic plan under which the Agriculture-Led Export Businesses (ALEB) project intends to operate during the Option Period, from January 1, 2002 until December 31, 2004. The plan was developed by the ALEB team based on lessons learned and knowledge gained during the Base Period (CY 1999-2001). A separate, attached document entitled, *Work Plan for CY 2002* describes the specific activities that the ALEB team anticipates undertaking during the first year of the Option Period.

Following ALEB's Mission Statement, below, the Background section of this Strategic Plan provides 1) a brief overview of the Egyptian economy, 2) a snapshot of the Egyptian food processing industry, and 3) ALEB's accomplishments during the Base Period (CY 1999-2001). The ALEB project has completed three successful years of activities in Egypt and has exceeded its overall project milestone of increasing Egypt's processed foods export value by 17.6 % at the end of the thirty three (33) month Base Period. Tables 1 through 4 on Pages 7 & 8 of this document show the progress that we made in accomplishing our various milestones and achievement indicators (task-specific milestones) during the Base Period.

The value of Egypt's processed foods exports actually increased by 32.8%, from \$62,110,000 to \$82,509,000, in the first 24 months of project activity (see Table 1 on Page 7). Moreover, every dollar spent by ALEB during the first two project years (approximately \$10,000,00 total), generated \$2.04 in incremental export revenue from 1998 to 2000 (difference in value of processed food exports). Taking into account the increased sales of inputs and services that occur with increased processed food exports, in addition to increased sales of export-quality foods in the domestic market (hotels, restaurants and supermarkets), each dollar spent by ALEB generated at least \$3.00 in incremental revenue, according to USAID estimates.

In developing the milestones and achievement indicators for the Option Period, which are laid out in Sections 5, 6 and 7 of this document, ALEB gave due consideration to USAID's Intermediate Results 16.1, 16.2 and 16.3, under Strategic Objective 16. The milestones are similar to those of the Base Period:

**Milestone 1:** The value and/or volume of Egyptian private sector processed food exports will increase to at least \$109.92 million and/or 138.96 metric tons by the end of the project Option Period. This represents an increase in value and/or volume of 10% in the first year, 8% in the second year and 6% in the third year of the Option Period, or a total increase of 26% by the end of the Option Period. Actual export figures for the Baseline Year (2001) will be submitted to USAID as soon as they become available from CAPMAS. The Option Year 1, 2 and 3 objectives will also be modified accordingly and resubmitted to USAID.

**Milestone 2:** The aggregate value and/or volume of exports of companies that are within ALEB's targeted product clusters and who receive both training and technical assistance will increase by 10% in the first year, 8% in the second year and 6% in the third year of the Option Period, or a total increase of 26% by the end of the Option Period.

Although Egyptian processed food exports increased in value by 16.7% from 1998 to 1999 and 13.8% from 1999 to 2000, ALEB believes that the industry will not necessarily sustain this performance going forward, for the following reasons:

- The current global recession naturally effects Egyptian productivity and exports. In fact, the Government of Egypt (GOE) recently downgraded its projection for growth in GDP for 2001 from 5.5% to 3.3% (*New Head Takes Over Central Bank, Business Monthly, American Chamber of Commerce, December 2001*).
- The improvements and increases that our Egyptian clients can make are not limitless; eventually, they plateau and then grow more gradually. Indeed, while Egypt has

continued to increase processed food exports for the past three years, exports increased by a lower margin in ALEB's second year of operation (2000) than in the first year (1999).

- The devaluation of the Egyptian pound may have a detrimental effect on some Egyptian exports. Some Egyptian food processors use imported materials (e.g., packaging), ingredients, and equipment, and as the Egyptian pound loses value, these inputs become more expensive, thus affecting the price and, therefore, competitiveness of the products.

On the other hand, we must also recognize that the devaluation of the Egyptian pound has made other Egyptian food processors more competitive, especially if they use few imported inputs, or if they upgraded equipment prior to the recent devaluation. The devaluation has enabled such processors to increase the volume of their exports. Nonetheless, the value of their exports has not increased at the same rate as the volume, due to the global drop in prices. For example, from 1998 to 2000, the volume of Egyptian processed food exports increased by 91.8% (almost doubled), whereas the value increased by only 32.8%.

In light of these facts, our objective is to assist our clients to continue increasing the volume and/or value of exports by at least 10% in the first year, 8% in the second year and 6% in the third year of the Option Period.

Achievement indicators are proxy indicators that measure the extent to which ALEB has assisted our clients in becoming more productive and competitive. The majority of ALEB's achievement indicators were surpassed during the Base Period, as described in Section 4 of this document. ALEB's achievement indicators for the Option Period, detailed in Section 7, represent a significant departure from the manner in which we measured achievement during the Base Period. The old indicators were tied to specific tasks or service areas; whereas, the new indicators are project-wide, in recognition of the fact that all of ALEB's service areas contribute to achieving all of the indicators.

Moreover, in developing the achievement indicators for the Option Period, ALEB sought to focus on *results*, rather than *activities* or *means*, and we sought to avoid any redundancies. ALEB's new indicators are inter-related, building upon one another just as ALEB's various activities do. For example, a company wishing to increase exports might decide to develop and market a new product. This could involve undertaking a feasibility study, identifying potential customers and/or strategic alliance partners, identifying new technology, obtaining financing to fund the purchase of new technology, developing new marketing material, etc. Our new achievement indicators will enable us to measure a specific company's progress in all of these areas. Moreover, these indicators will continue to serve as proxy indicators to measure progress toward achieving the ultimate goal of improving the Egyptian processed food industry's competitiveness, productivity and exports.

Section 8 describes ALEB's sustainability plan, and Section 9 explains our methodology for delivering technical assistance (TA) and training to the industry. During the Base Period, ALEB worked with targeted companies (clients) and attempted to give them focused TA and training across all of our tasks. ALEB has revised our methodology for the Option Period - *The Cluster Approach*. Rather than targeting specific companies, we will target product clusters (categories) that demonstrate the greatest opportunity to export, and we will focus our interventions on all of the processing companies within these clusters. In assessing a product cluster, ALEB will also identify service companies and associations with whom we should work concurrently, or who might assist ALEB in our efforts with the food processors.

*The Cluster Approach* is the driving force behind our annual work plan. Through it, we will determine the product clusters with which we will work in a given year, the types of services and activities we will provide to them, the markets upon which we will focus for each cluster, and the associations and service companies to whom we will also offer training and technical

assistance. However, at the end of the day, we will still work with companies, and we will track the progress that each company (and each association) makes toward achieving the specified milestones and/or achievement indicators. However, we will not attempt to choose all of our client companies at the beginning of the Option Period; rather, we will reach out to *all* of the companies within the targeted product clusters, and we will focus our efforts on those that are most responsive and most capable of increasing exports of processed food products.

ALEB had 73 targeted clients during the Base Period: 13 in Year 1 and 30 each in Years 2 and 3 to whom we provided technical assistance. In fact, however, we gave technical assistance (TA) to more than 73 companies, because as each year progressed, additional *non-targeted* companies would seek assistance from ALEB, and we did not deny them. Altogether, we gave TA to 136 food processing companies. Given the fact that our human and financial resources will be, in fact, less during the Option Period, we anticipate giving assistance to a minimum of 125 food processing companies. This number includes the targeted clients from the Base Period, as they will continue receiving assistance on an as-needed basis. It also includes at least 52 new clients within the food processing industry. Moreover, we will give assistance to about 9 associations and 50 service companies throughout the Option Period (e.g., credit facilities, banks, transportation, pest control, packaging, cold storage).

Section 10 briefly describes the different types of services that we will offer to food processing companies, service companies and associations: study tours, training and TA.

In its assessment of the ALEB project (Feb-April 2001), the USAID-funded GTG M & E unit recommended some organizational changes, in order to streamline ALEB's various tasks, remove redundancies, etc. Therefore, going forward, we will consolidate our activities and responsibilities into three, as opposed to the original five, tasks (service areas). These and other changes are described in greater detail in Section 11 of the report. Finally, Section 12 contains our new, proposed organizational chart.

## 2.0 Mission

### **ALEB's Mission**

**To improve global competitiveness of the Egyptian food processing industry, related services industries and associations to achieve sustainable export growth.**

## 3.0 Background

Ten years ago, the Government of Egypt (GOE) realized the critical importance of global competitiveness and its role in international trade. Since then, with direction and assistance from bilateral and multilateral organizations, the GOE has adopted reforms and has restructured many of its traditional agencies and institutions with a focus on strengthening the private sector and increasing exports to meet the global challenges that arise as universal trade agreements are implemented. However, residual problems stemming from a controlled economy remain with inherent production, processing, distributing, and marketing deficiencies in the agri-processing sector.

Inherent raw material supply problems and the lack of sophisticated cultural practices, post harvest technologies and transparent, competitive ancillary trade and information services in the agribusiness sector contribute to its inability to compete in the global market. In addition to these constraints, the protection of the sector with artificial import tariffs may have mitigated any incentive to aggressively chase export opportunities to the extent that export sales appear to be treated as incremental sales, with a few exceptions. But with the advent of reduced tariffs under WTO strictures and the recent assignation of Egypt to the EU-Mediterranean Partnership Free Trade Agreement, Egyptian processors will soon face international competition in the domestic market.

International retailers likely will continue to make additional inroads into the Egyptian domestic market as trade barriers are reduced or eliminated. Metro, a local Mansour Group company in a strategic alliance with Tesco (UK), plans to open 30 supermarkets through 2005 and is well towards meeting that goal. The French retailer Carrefours intends to build three hypermarkets in Egypt by the year 2003. Two hypermarkets are currently under construction in Alexandria and Maadi, and they are expected to open by the end of 2002. Metro AG, a German based food retail chain, also indicated its intent to enter the market as a wholesale distribution outlet. Between Carrefours and Metro AG, investment in the Egyptian food retail sector could exceed US\$292 million. This also offers opportunity for the Egyptian processor, resulting in less fragmented distribution channels and fewer customers to manage. But as the Egyptian consumer becomes more sophisticated and demands more and better choices at competitive prices, Egyptian processors are faced with the choices of investing in human and equipment capital to meet the competition, developing their market and marketing capabilities, entering into strategic alliances, or liquidation.

The ALEB project has completed three successful years of activities in Egypt and has exceeded its overall project milestone of increasing Egypt's processed foods export value by 17.6% at the end of the 33 month Base Period. The value of Egypt's processed foods exports actually increased by 32.8%, from \$62,110,000 to \$82,509,000, in the first 24 months of project activity (see Table 1 on Page 7 of this document). Moreover, every dollar

spent by ALEB during the first two project years (approximately \$10,000,00 total), generated \$2.04 in incremental export revenue from 1998 to 2000 (difference in value of processed food exports). Taking into account the increased sales of inputs and services that occur with increased processed food exports, in addition to increased sales of export-quality foods in the domestic market (hotels, restaurants and supermarkets), each dollar spent by ALEB generated at least \$3.00 in incremental revenue, according to USAID estimates.

In early 2001, a midterm assessment of the ALEB activity was completed by the USAID-funded GTG M&E Unit, implemented by PricewaterhouseCoopers, and the clear recommendation of the Assessment Team was that the ALEB project be extended through the Option Period with some recommended strategic revisions responding to lessons learned and a focus on demand driven tactics rather than supply driven tactics. ALEB's results oriented successes have been well documented in various ALEB reports and the USAID mid-term assessment, as well as in the many letters of appreciation that we have received from Egyptian food processing companies and associations that we have assisted.

As indicated in the midterm assessment, supply driven tactics were the direct result of the ALEB Technical Proposal responding to the ALEB Request for Proposal (RFP), which was prepared almost a year prior to the project's implementation. This proposal developed benchmark deliverables for a three-year period (Base Period plus Option Period 1) that must be fulfilled and at times were accomplished at the expense of more timely activities that would have responded to the ever changing needs of the Egyptian processed foods industry. To the extent that we were allowed under the ALEB contract, however, we did respond to changing demand driven needs while at the same time fulfilling contractually required, supply-driven deliverables.

After the first six months of on-site activity, the ALEB team recognized that industry demands and needs were not fully covered by following the preset project deliverables. As a result, ALEB developed the *State of the Industry* report in March 2000. This report states that, "although ALEB successfully accomplished its Year 1 deliverables, we reached and, at times, exceeded targeted companies' absorptive capacity without providing specific assistance to some of the companies' individual requirements for improved competitiveness." In other words, not all of the companies have the same needs, and some of those needs cannot be completely addressed simply by providing training in the form of seminars and workshops.

Beyond the basic project scope of increasing processed food exports, there are hidden and indirect benefits to the industry in general. The improvement of global competitiveness has an important and needed effect on a company's sustainability within the Egyptian national market. This is no minor benefit in that protective barriers will be reduced significantly when the WTO agreements become effective in early 2005. When this occurs, Egyptian food processing companies must have the ability to survive in the national market versus international imports, in addition to competing in the international marketplace with exports.

Over a year ago ALEB's M&E Manager developed a client company satisfaction survey form that clearly asked for feedback on ALEB's programs and other activities for the company's improvement needs (demand based). Additionally, a training evaluation form has been used at workshops from the project's inception. These forms have been and will continue to be used as a basis for determining demand driven deliverables.

The ALEB M&E tracking system was developed to track contract deliverables and pre-set three-year project milestones/achievement indicators for reporting on a trimester basis, and it can be improved by further enhancements and some fine-tuning. Careful scrutiny of the M&E database will show that it already tracks many of the results oriented information requested by the Assessment Team. These include company staffing levels, gross income

and income from exports, and task-specific milestones or achievement indicators (e.g., use of MPE, adoption of technology, development of new products, adoption of business development disciplines, etc.). This database will be enhanced to make it more "user friendly" to accommodate easier access of common measurements. This improvement is already in its development stage and an overall performance-monitoring plan has been conceptualized.

While it is important and necessary to establish overall project milestones and achievement indicators, ALEB agrees with the USAID assessment team's recommendation that deliverables not be established in advance for the term of the Option Period. Instead, a work plan will be developed prior to the beginning of each year of the Option Period that will encompass the coming year's deliverables based on lessons learned and the changing needs of the industry. This practice will truly make for a demand driven activity.

Under the new USAID Strategic Objectives, ALEB's strategic plan for the Option Period (CY 2002 – 2004) specifies two milestones – *Increase in Exports of Processed Food Products* and *Increase in Clusters' Exports* - to measure ALEB's progress. In addition, achievement indicators have been established to measure improvement in the areas of export market penetration, implementation of management techniques, adherence to international requirements, and implementation of various imparted skills sets to achieve the objective of increased exports in the food processing industry.

As a preferable alternative to task-specific milestones, we have concluded that objectives and achievement indicators be established for the project as a whole. During the Base Period of the ALEB project, we observed an operational need whereby two or more task areas were often required to cooperate in order to successfully accomplish milestones. Establishing project-wide objectives and achievement indicators will further encourage an active collaboration between the tasks, from which Egyptian food processors and trade associations will benefit. Each task represents a combination of similar business disciplines, and within the project, as it is in most private sector businesses, a combined effort across business disciplines is required to accomplish important objectives.

#### 4.0 Progress Toward Base Period (CY 1999 - 2001) Milestones & Achievement Indicators

##### Project Wide Milestones

**Milestone 1:** Significantly increase, to at least \$73.1 million by the end of the first three years, private sector processed food exports

**Table 1: Progress toward Project Milestone 1**

	Baseline Year 1998	Year 1 Objective (5.3%)	Year 1 Actual (1999)	Year 2 Objective (5.6%)	Year 2 Actual (2000)	Year 3 Objective (5.8%)
Milestone 1: Significantly increase, to at least \$73.1 million by the end of the first three years, private sector processed food exports	54,378 metric tons \$62,110,000	57,260 metric tons \$65,402,000	79,014 metric tons \$72,478,000	60,467 metric tons \$69,065,000	104,308 metric tons \$82,509,000	63,974 metric tons \$73,070,000*

\* Year 3 (2001) will be reported during the first trimester of the Option Period.

**Table 2: Exports of the Leading Processed Food Products by Category**

Item	Millions of US Dollars							
	1994	1995	1996	1997	1998	1999	2000	Growth 1998/2000
Frozen Vegetables & Fruits	8,698	10,787	11,103	18,000	16,970	14,477	17,093	.7%
Dehydrated Vegetables	19,341	32,617	26,148	22,519	22,226	22,615	36,878	65.9%
Fruits & Vegetables Juices and Concentrates	2,314	2,220	2,486	2,168	2,067	2,846	3,613	74.8%
Jams & Preserves	189	738	532	5,167	329	883	2,235	579.3%
Dairy Products	6,052	2,880	4,490	4,437	3,567	16,374	5,669	58.9%
Processed Meat/Fish Products	393	613	149	6,343	4,200	2,457	2,089	-50.3%
Biscuits, Confectioneries & Pastries	6,130	6,219	4,734	4,178	4,359	3,377	3,526	-19.2%
Canned, Glass Packed & Pickled Vegetables	1,137	1,923	838	4,277	1,979	4,495	6,201	213.3%
Dry Blends, Soup Mixes, Bouillon, Dry Sauce Mixes & Baby Food	897	1,214	1,686	7,464	6,413	4,853	5,205	-18.9%
<b>Total</b>	<b>45,151</b>	<b>59,211</b>	<b>52,166</b>	<b>74,553</b>	<b>62,110</b>	<b>72,478</b>	<b>82,509</b>	<b>32.8%</b>

Source: Central Bank and CAPMAS; ALEB document entitled "Year 3 Proposed Milestones & Benchmarks" submitted to USAID January 2001.

**Table 3: Exports of the Leading Processed Food Products by Category**

Item	Metric Tons							
	1994	1995	1996	1997	1998	1999	2000	Growth 1998/2000
Frozen Vegetables & Fruits			14,362	17,387	19,840	20,686	31,270	57.6%
Dehydrated Vegetables			21,619	21,570	18,871	21,110	45,842	142.9%
Fruits & Vegetables Juices and Concentrates			2,389	2,319	1,911	3,520	4,744	148.2%
Jams & Preserves			461	5,746	271	1,140	2,676	887.4%
Dairy Products			3,011	3,080	2,163	7,698	3,328	53.8%
Processed Meat/Fish Products			3,221	3,171	2,186	1,583	1,139	-47.9%
Biscuits & Confectioneries & Pastries			3,959	3,372	3,949	12,434	3,018	-23.6%
Canned, Glass Packed & Pickled Vegetables			3,992	4,209	3,972	9,256	10,756	170.7%
Dry Blends, Soup Mixes, Bouillon, Dry Sauce Mixes & Baby Food			3,667	2,743	1,215	1,586	1,536	26.4%
<b>Total</b>			<b>56,681</b>	<b>63,599</b>	<b>54,378</b>	<b>79,014</b>	<b>104,308</b>	<b>91.8%</b>

Source: Central Bank and CAPMAS; ALEB document entitled "Year 3 Proposed Milestones & Benchmarks" submitted to USAID January 2001.

**Milestone 2:** Increase Year 1 targeted companies' processed food exports by 20%, Year 2 targeted companies' exports by 11.3%, and Year 3 targeted companies' exports by 5.3% by the end of the first three years.

<b>Milestone</b>	<b>Baseline Year 1998</b>	<b>Year 1 Objective</b>	<b>Year 1 Actual</b>	<b>Year 2 Objective</b>	<b>Year 2 Actual</b>	<b>Year 3 Objective</b>
<b>Increase value of Year 1 targeted companies' processed food exports by 20% by end of Base Period</b>	Baseline will be established as each company joins program	Year 1 Co's exports up by 5.3%	Companies' exports up by 7.7% – 180%; Total growth 3.5%.	Year 1 Co's exports up by additional 6%	<i>11 companies reported</i>  7 companies' exports down by 6.2%-30%; 4 companies' up by 10.1%-66.7%  Total decrease 14.2%.	Year 1 Co's exports up by additional 8.7%  <i>Figures for 2001 are not yet available</i>
<b>Increase value of Year 2 targeted companies' exports by 11.3% by end of Base Period</b>	Baseline will be established as each company joins program			Year 2 Co's by 5.3%	<i>22 companies reported</i>  16 companies' exports up by 3.3%-1800%; 4 companies' down by 30.9%-59.1%.  Total growth 8.9%.	Year 2 Co's exports up by additional 6%  <i>Figures for 2001 are not yet available</i>
<b>Increase value of Year 3 targeted companies' exports by 5.3% by end of Base Period</b>	Baseline will be established as each company joins program				<i>Figures for 2001 are not yet available</i>	Year 3 Co's exports up by 5.3%

As indicated in the table above, Year 1 targeted clients actually decreased the aggregate value of their exports from 1999 to 2000 by 14.2%, despite the fact that the industry, as a whole, increased exports. In interviews, one client (a dehydrator) explained that it had intentionally reduced production and exports during 2000 in order to divert resources to expanding operations. Other companies, particularly large producers of frozen vegetables, focused on sales in the domestic market, where they could command higher selling prices, rather than export markets. This afforded smaller companies (some of ALEB's Year 2 & Year 3 clients are small and medium sized enterprises) the opportunity to increase exports by capturing markets previously served by the larger exporters. Many Year 1 clients were also affected by the general slow down of the Egyptian economy; they were unable to procure sufficient financing and had to reduce production and exports in Year 2. Finally, some Year 1 targeted clients did increase the volume of exports, but the value of those exports (as measured in \$US) decreased as a result of lower international market prices and devaluation of the Egyptian pound.

### ***Service Area Achievement Indicators***

In the Year 2 work plan that was submitted to USAID in cooperation with our USAID/CTO, ALEB requested modifications to the deliverables (training, technical assistance and other activities to be completed during each trimester), based on what we learned about the Egyptian food processing industry during our first year of operation. In brief, we learned that most Egyptian food processors would require more intensive assistance and training - and different types of assistance and training - than initially anticipated, in order to make the necessary improvements and changes to become world class, competitive exporters. Essentially, this meant that ALEB should attempt to operate in a more "demand-driven" manner, delivering assistance and training in accordance with clients' needs, rather than pre-determined deliverables and performance indicators. Therefore, in consultation with the USAID/CTO, we determined that we would target a total of 70 to 80 companies during the Base Period, and we would give them more technical assistance than what was specified in ALEB's contract deliverables.

ALEB's Year 2 work plan also included modifications to the task-specific milestones (achievement indicators). In some cases, we clarified milestones in order to align them with the changed deliverables. In other cases, we reduced the number of companies expected to make certain improvements or changes, based on what we learned about the then current state of the industry, as well as the fact that we were targeting between 70 and 80 companies.

USAID approved ALEB's Year 2 work plan; however, the changed milestones (achievement indicators) were inadvertently omitted from the contract modification that we subsequently received from USAID. According to the USAID/CTO, this was an oversight that could be ameliorated by resubmitting the modified milestones to USAID in the Year 3 work plan. However, the Year 3 work plan was not approved by USAID, which requested further details on the budget. The USAID/CTO informed ALEB of USAID's decision in late April 2001 and advised us not to pursue approval of the Year 3 work plan since, at that time, there were only five months left in the ALEB project (EOP September 30). In summary, ALEB never succeeded in obtaining formal approval for modifications to our task-specific milestones, although we have had the tacit approval of the USAID/CTO. Following, therefore, is a report on progress toward achievement of ALEB's *original* task-specific milestones (achievement indicators). The modified milestones that were submitted to USAID in the Year 2 work plan are also provided, for the purpose of comparison.

During Year 3, Periods 1 & 2, ALEB's M&E unit surveyed 30 of the 73 targeted clients to learn how they have benefited from ALEB's various services, and what more we might offer during the optional three-year extension. The rest of the Year 1 and Year 2 clients (13 companies) will be surveyed during Year 3, Period 3, while the 30 Year 3 clients will be surveyed during the first year of the Option Period. The feedback obtained through these surveys directly relates to ALEB's project-wide and task-specific milestones (achievement indicators). In addition, information is obtained via the management reviews, letters from clients, consultants' reports, evaluation forms, etc.

### ***Market Information Services (MIS or Task 1)***

**Indicator 1:** MarketPulse-Egypt Information System (MPE) technology used for management decisions in 50% of targeted agribusinesses.

***This achievement indicator did not require modification.***

**Progress:** 38 targeted companies (52%) and 6 non-targeted companies have indicated that they utilize a component of the MPE System (CD-ROMs, *Update*, or Price tags, etc.) as a part of their business activities. For example, one company used information from MPE in developing a feasibility study to procure a bank loan.

**Indicator 2:** MPE system demonstrating high client use through various dissemination channels, including Internet.

***This achievement indicator did not require modification.***

**Progress:** MIS has delivered training on MPE, *Searching the Internet for Business*, and other topics related to using market information in decision-making to 148 companies, including 70 (96%) of the Year 1, 2 and 3 targeted food processing clients. MIS has also delivered various components of the MPE system (CD-ROMs, the biweekly *MarketPulse Update* newsletter, the periodic *Price Tags Report*, etc.) to more than 250 of the 278 food processing companies that are in the TAP database, including all targeted companies. 16 targeted and 11 non-targeted companies have attended training on the MarketPulse Egypt web site.

### ***Technical Services (Task 2)***

**Original Indicator 1:** 80 targeted agribusiness companies using new technologies or have developed new products.

**Modified Indicator 1:** 50% of targeted agribusiness companies using new technologies or have developed new product lines.

**Progress:** 61 companies, including 51 targeted clients (70%) have adopted new technologies or developed new products. For example, several companies incorporated nutritional labels and bar coding into their labels, in order to export their products to the USA and Europe. Moreover, several new processing lines/plants have been built for artichokes, pickled products, juices, olives, chili paste, jam, essential oils, etc.

Since ALEB worked with only 73 targeted clients during the Base Period, it would have been impossible to assist 80 targeted clients to use new technologies or adopt new product lines. Nonetheless, we are pleased that almost ¾ of our clients benefited from our assistance in this area.

**Original Indicator 2:** 80 companies using quality control management practices and fifty companies meeting HACCP and/or ISO standards.

**Modified Indicator 2:** 50% of targeted agribusiness companies using quality management practices (GMPs, GAP, ISO, HACCP, IPM, etc.).

**Progress:** 52 companies, including 45 targeted companies (62%) have upgraded their quality, safety or sanitation programs. Changes have included drafting a HACCP program; reducing the critical control points and streamlining the HACCP program; improving the pest control program; and adopting a sanitation checklist to improve monitoring, among other things.

Again, it would have been impossible to assist 80 targeted clients to use quality control management practices, since we worked with only 73 targeted clients during the Base Period. Moreover, most of our clients had to implement Good Agricultural Practices (GAP), Good Manufacturing Practices (GMP), and/or Integrated Pest Management (IPM) programs before they could even consider implementing HACCP or ISO. Almost 2/3 of our targeted clients benefited from our assistance in this area.

### ***Business Development Services (BDS or Task 3)***

**Original Indicator 1:** 50 agribusinesses knowledgeably conducting export market penetration and using improved management techniques.

**Progress:** About 92% of our Year 1, 2 and 3 clients are currently conducting export market penetration, in that they are all exporting. We believe that the few companies that are not yet exporting have the potential to do so within the next couple years. Moreover, ALEB has trained 184 companies (targeted and non-targeted) in various topics related to management, marketing, etc. We have not surveyed all of these companies to determine whether or not they are applying improved methods; we only survey our targeted clients. Of our targeted clients, 46 are applying new concepts and tools obtained from ALEB through training and/or technical assistance. However, 4 more non-targeted companies have informed ALEB that they are applying improved methods (total 50).

**Original Indicator 2:** 100 processing companies have been trained in international quality requirements for European, USA or Gulf markets, and 40% are applying improved methods.

**Progress:** At least 160 companies (targeted and non-targeted) have been trained in international quality requirements, including trade laws and regulations, ISO, HACCP, and other quality or safety standards. At least 55 companies (34%) are applying improved methods, having upgraded their quality, safety or sanitation programs, implemented bar coding, developed nutritional labels for packaging, etc. We believe that many more companies are applying improved methods as a result of attending ALEB's training programs; however, we do not survey all of our clients to discern their achievements – only those that are targeted.

We believe that it is impossible to gauge whether or not a company is "knowledgeably conducting export market penetration." The only proxy indicator for this is the number of market linkages and strategic alliances a company has successfully developed with ALEB's assistance. In fact, this is Indicator 1 under Strategic Alliance Services (Task 5). We also believe that Indicator 2, above, is redundant, in view of Indicator 2 under Technical Services; therefore, in the Year 2 work plan, we asked to modify the achievement indicators for Business Development Services to read:

**Modified Indicator:** 75% of targeted agribusinesses trained in various business development disciplines (including international marketing and management concepts), and 50% applying improved methods.

**Progress:** 72 (99%) of ALEB's 73 targeted clients were trained and/or received technical assistance in various business development disciplines. Altogether, BDS trained 184 of the 278 companies in the ALEB database of processors. 46 (63%) targeted companies and 4 non-targeted companies are applying new concepts, tools and methodologies as a result of ALEB's training and/or assistance. For example, numerous companies explained that they use the SWOT process either company-wide or in specific departments for planning

purposes or to identify and resolve problems/bottlenecks. Several companies mentioned that ALEB has assisted them to improve marketing material, such as price lists, product labels and specifications. Several companies established or reorganized their marketing and sales departments. A number of managers who were interviewed by ALEB's M & E Manager mentioned that their managerial skills were improved significantly with ALEB's assistance.

#### ***Trade Associations Services (TAS or Task 4)***

**Indicator 1:** Improve trade association and service company assistance to their agribusiness clients as demonstrated by membership increases in targeted trade associations up by 40% and targeted service company business increased by 20%.

***This achievement indicator did not require modification.***

**Progress:** Egyptian Agribusiness Association (EAGA) increased from 9 founding members (2000) to 93 members as of December 1, 2001 - 933% increase. Egyptian Investors and Business Association of Mansoura (EIBA) has grown from 125 members (1998) to 142 - 13.6% increase. Egyptian Seed Association (ESAS) has grown from 57 members (1998) to 202 - 254% increase. The service company EAN-Egypt, which registers companies and products for bar coding, increased business with ALEB's food processing clients by 384%, while 14 other service companies increased business by 15 to 100%.

**Original Indicator 2:** Membership of ten targeted association or advocacy groups actively engaged in policy dialogue with Egyptian government and membership of eight associations are engaged at the international level.

**Modified Indicator 2:** Membership of 4 targeted associations or advocacy groups actively engaged in policy dialogues with Egyptian government and membership of 2 associations are engaged at the international level.

**Progress:** Five associations have been involved in conducting policy research and developing policy advocacy campaigns, while one association has successfully lodged a policy advocacy campaign on an issue with international ramifications.

ALEB requested the modification to this particular achievement indicator (task-specific milestone) at the close of Year 1 of the Base Period based on what we had learned about Egyptian associations until then:

**Specialized Food Industry Trade Association:** Private business associations in Egypt tend to be based around the geographic area in which the member companies operate, rather than around specific industry needs. The notable exceptions to this are: the Egyptian Seed Association (ESAS), the Horticultural Exporters Improvement Association (HEIA), the Dairy Industrial Development Association (DIDA), and the Egyptian Packaging Development Association (EPDA). Other than these, associations based in Alexandria, 10<sup>th</sup> of Ramadan City, Borg el-Arab, Sadat City, 6<sup>th</sup> of October City and Cairo consist of private companies that span the entire gamut of industry – plastics, pharmaceuticals, steel, cement and construction materials, food processing, textiles, wood-working, electronics and computer software. As a result, there are few opportunities to work with food processing companies through their associations on industry, policy and regulatory issues that directly affect their interests. There is a critical need to either strengthen the HEIA and ESAS associations or to support the development of a new agribusiness and/or food processing association that will serve the needs of the food processing industry more fully and more directly.

**Fund-raising and Financial Sustainability:** Associations also tend to rely almost 100% on the dues from members for their operating revenue, supplemented by a few company donations and, in a few instances, donor funding or in-kind contributions of office equipment and furniture. There is little experience with and therefore, great lack of understanding about the role fund-raising can play in expanding an association's services to members. In other words, associations find themselves in almost an insurmountable dilemma, having inadequate funds to provide necessary services, and having inadequate services to generate funds. Moreover, this financial constraint severely limits the ability of associations to provide services that do not generate funds, such as policy advocacy. Finally, there seems to be a lack of understanding among associations about the new NGO law and their ability to raise revenues from sources other than member's dues.

**Association Management:** The board members of most associations seem to play a more dominant role in the day-to-day management of associations than is either desirable or efficient. Executive directors and their staffs are not well trained in association management, nor are they empowered to carry out even the daily tasks needed to meet work objectives; simple decisions often require approval of the full board before action can be taken. Scopes of work or job descriptions usually do not exist for staff and are rare for executive directors. In effect, associations are limited in their capacity to take initiative and in the services and programs they can sponsor because they lack financial resources, skilled human resources, and the division of labor needed to operate efficiently.

**Policy Advocacy:** Finally, members of associations want to be better represented in policy and regulatory debates in the National Assembly, at the cabinet level and in international fora. However, because of the problems identified above – lack of funding, skilled staff and membership surveys to determine needs and demands - most associations approach policy advocacy on a very "ad-hoc" basis, in reaction to an event that directly affects a member or group of member companies. Associations lack the human and financial resources to design, staff and operate effective policy advocacy campaigns that would serve the specific needs of their members well.

The weaknesses or constraints described above critically impeded ALEB's ability to achieve the task-specific milestone (achievement indicator) of assisting 10 associations to engage in policy advocacy on domestic issues, and 4 associations on international issues that affect their members. TAS had to expend an inordinate amount of time and effort during the Base Period delivering training and technical assistance in the fundamentals of building, managing and growing associations. We were, however, successful in assisting the food industry to establish a new trade association in 2000: the Egyptian Agribusiness Association (EAGA), and five associations began to engage in policy advocacy with our assistance. A new service association was established in 2001: the Egyptian Cold Chain Association (ECCA). ALEB considers these to be remarkable achievements, given the difficulties we encountered in building capacity within Egyptian associations. During the Option period, ALEB will have to continue expending great effort in assisting Egyptian associations to become self-sustaining and to engage in policy advocacy, in order to achieve our new achievement indicators and to leave behind a legacy to the ALEB project.

#### ***Strategic Alliance Services (SAS or Task 5)***

**Indicator 1:** 25 strategic alliances initiated and Egyptian companies accessing new markets, products, or technologies

***This achievement indicator did not require modification.***

**Progress:** 100 strategic alliances / linkages initiated by ALEB have been completed to date, at an estimated total value of at least \$56,417,621. Clients have also obtained \$19,870,000 in credit facilities, while another \$29,676,400 is approved and pending completion.

**Indicator 2:** 80% of targeted Egyptian agribusinesses using multiple sources for accessing information about technology, inputs, markets, and strategic alliance opportunities.

***This achievement indicator did not require modification.***

**Progress:** 100% of our Year 1, 2 and 3 targeted clients are using multiple sources for accessing information, including: ALEB's biweekly *MarketPulse Update* newsletter and the bimonthly *ALEB Update* newsletter; MPE CD-ROMs; training on *Using Internet and Email* and/or *Searching the Internet for Business*; technical manuals and information received at training programs; and/or information from ALEB's library (ARAC).

### **Other Accomplishments**

- 3000+ Persons Trained\*
- 270 Women Trained
- 218 Food Processors Trained
- 143 Service Companies Trained
- 113 Misc. Companies (neither food processor nor service company) Trained
- 30 Associations Trained
- 29 GOE Entities Trained
- 16 GTG Partners, Donors, etc. Trained
- 136 Food Processors Received Technical Assistance
- 20 Service Company Received Targeted Technical Assistance
- 10 Associations Received Targeted Technical Assistance
- 250+ Food Processors Received Market Information via MPE CD-Roms, Internet, *MPE Update* newsletter, and workshops
- 188 Food Processors Listed in TAP Database as Using Email, Compared to 12 in 1998
- 80 Food Processors Have Web Sites

\* An exact number of persons trained is not available because ALEB provided training to hundreds of people in programs that were sponsored by other organizations, such as the High Institute for Public Health, the Ministry of Agriculture, etc. We did not receive lists of attendees of these events. We have only the names of the 2686 training participants listed in our own database.

**Job Creation:** ALEB has attempted to identify a valid economic multiplier to determine the number of jobs that have been created as a result of ALEB's assistance to the food processing industry. A multiplier has been developed for the horticulture industry in Egypt, which is based on the premise that for every job created within export horticulture production, 2.7 jobs are created in the rural non-farm or services sector. This multiplier has been used by other USAID-funded projects; however, we believe that it cannot be applied easily to the food processing industry. Export growth and increased productivity in the food processing sector can mean some *job loss* within the sector, as companies move to increased automation. However, jobs are still created in other industries, such as agriculture, transportation, packaging, etc., as exports expand and services increase. We estimate that for every one job created in the food processing industry between three and five jobs are created in the service, supply and agricultural industries. ALEB intends to develop a multiplier for the food processing industry, specifically, during the first year of the Option Period.

**5.0 Milestones for the Option Period: CY 2002 - 2004**

**Milestone 1:** The value and/or volume of Egyptian private sector processed food exports will increase to at least \$109.92 million and/or 138.96 metric tons by the end of the project Option Period. This represents an increase in value and/or volume of 10% in the first year, 8% in the second year and 6% in the third year of the Option Period, or a total increase of 26% by the end of the Option Period.

For every dollar spent by ALEB during the Option Period (approximately \$10.8 total), about \$2.09 in incremental export revenue from 2001-2004 (difference in value of processed food exports) will be generated, unless global prices of processed food exports continue to fall. This is consistent with the multiplier of \$2.04 that we witnessed during the Base Period (Page 4).

Actual export figures for the Baseline Year (2001) will be submitted to USAID as soon as they become available from CAPMAS. The Option Year 1, 2 and 3 objectives will also be modified accordingly and resubmitted to USAID.

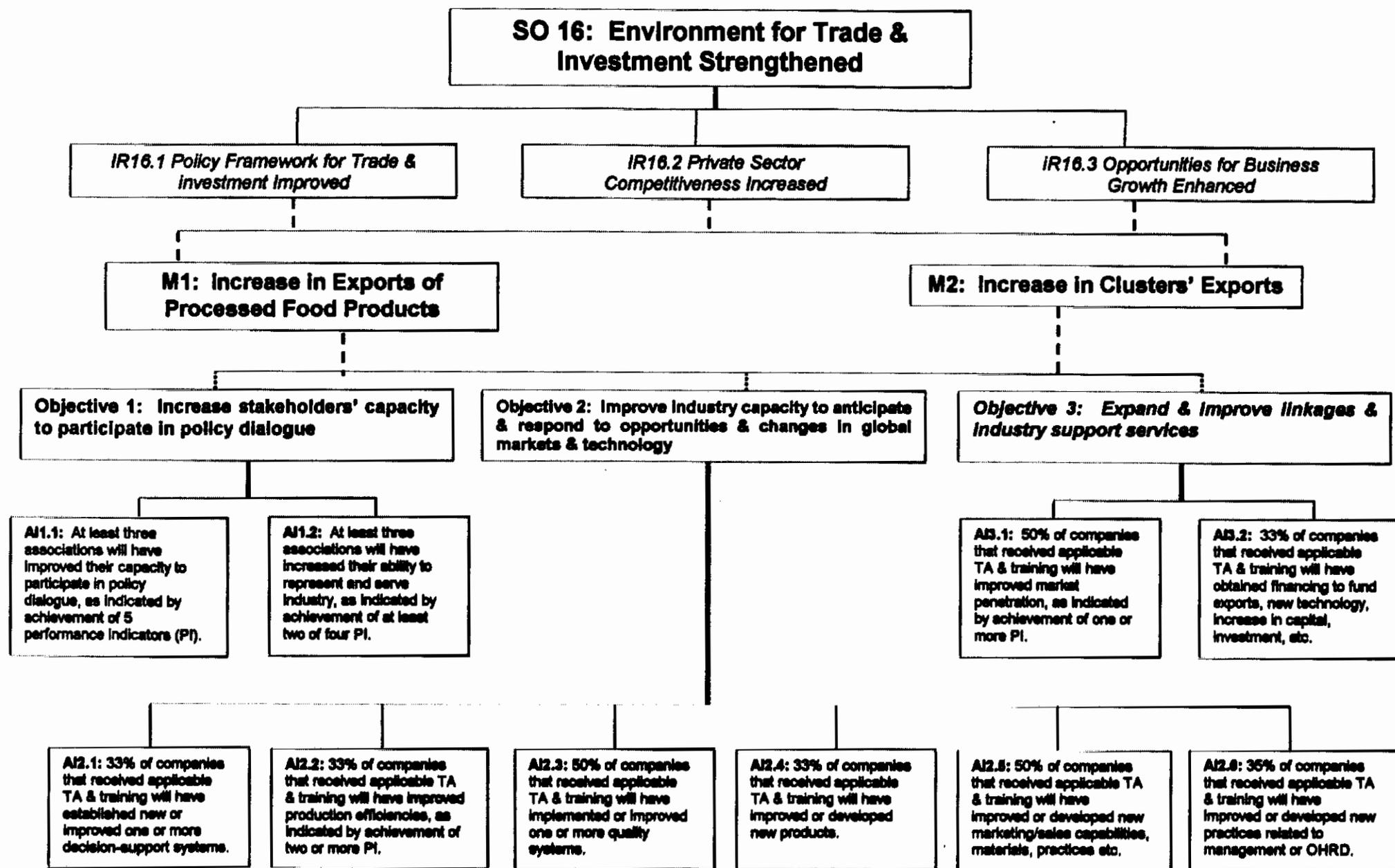
Table 5: Milestone 1	Previous Year 2000*	Baseline Year 2001**	Option Year 1 2002 (+10%)	Option Year 2 2003 (+8%)	Option Year 3 2004 (+6%)
Value US dollars	\$82.5 million	\$87.28 million	\$96.01 million	\$103.69 million	\$ 109.92 million
Volume (Metric Tons)	104.30 million	110.35 million	121.38 million	131.00 million	138.96 million
Source: Central Bank and CAPMAS					
*Actual					
**Projected (+5.8% of year 2000)					

**Milestone 2:** The aggregate value and/or volume of exports of companies that are within ALEB's targeted product clusters and who receive both training and technical assistance will increase by 10% in the first year, 8% in the second year and 6% in the third year of the Option Period, or a total increase of 26% by the end of the Option Period.

ALEB believes that volume as a measure of industry and export growth is just as valid as value, due to the following facts: global prices for various food products have been falling; the value of the Egyptian pound against the dollar has been falling (thus creating new opportunities for increasing the volume of exports albeit at lower prices); and an increase in export volume generally coincides with an increase in production, which in turn, coincides with an increase in employment. Therefore, we intend to give equal, if not more emphasis to tracking the volume of export sales, as opposed to the value.

If ALEB is successful in assisting the Egyptian food processing industry to accomplish these milestones, it will be a very significant achievement in light of the fact that the global economy has been contracting. In fact, the Government of Egypt recently downgraded its projection for growth in GDP for 2001 from 5.3% to 3.3% (*New Head Takes Over Central Bank, Business Monthly, American Chamber of Commerce, December 2001*).

## 6.0 ALEB's Milestones & Achievement Indicators



## 7.0 Achievement Indicators by Objective

ALEB's achievement indicators for the Option Period represent a significant departure from the manner in which we measured achievement during the Base Period. The old indicators were tied to specific tasks or service areas; whereas, the new indicators are project-wide, in recognition of the fact that all of ALEB's service areas contribute to achieving all of the indicators. Moreover, in developing the achievement indicators for the Option Period, ALEB sought to focus on *results*, rather than *activities* or *means*, and we sought to avoid any of the redundancies inherent in the Base Period achievement indicators.

ALEB's new indicators are inter-related, building upon one another just as ALEB's various activities do. For example, a company wishing to increase exports might decide to develop and market a new product. This could involve undertaking a feasibility study, identifying potential customers and/or strategic alliance partners, identifying new technology, obtaining financing to fund the purchase of new technology, developing new marketing material, etc. Our new achievement indicators will enable us to measure a specific company's progress in all of these areas. Moreover, these indicators will continue to serve as proxy indicators to measure progress toward achieving the ultimate goal of improving the Egyptian processed food industry's competitiveness, productivity and exports.

We anticipate giving technical assistance (TA) to a minimum of 125 food processing companies during the Option Period. This number includes the 73 targeted clients from the Base Period, as they will continue receiving assistance on an as-needed basis. It also includes a minimum of 52 new clients ( $73 + 52 = 125$ ). Moreover, we will give TA to about 9 associations and 50 service companies (credit facilities, banks, transportation, pest control, packaging, cold storage, etc.). All of the companies and associations in our database (currently 278 food processors, 334 service companies and 35 associations) will be invited to training programs and will receive market and other information that we distribute. This has been our policy since the start of the ALEB project.

Within any given year of the Option Period, each service area will provide technical assistance to 30-40 food processing companies. Technical Services will also work with 15-20 service companies each year, while Trade Association and Strategic Alliance Services (Task 3) will also work with 9 associations throughout the Option Period.

Our experiences over the past three years have shown that Egyptian food processing companies, service companies and associations have varying needs and demands; they require varying levels of support in the areas of market information, business development, association development, in-plant technical assistance, etc. During the Option Period, each service area (task) will work only with food processing companies, service companies and associations that both demand and require the assistance provided by that service area, in addition to having the capacity and the willingness to improve and to increase exports. For example, Technical Services will give assistance in developing new products only to companies that have actually requested such assistance, that are capable of undertaking whatever efforts must be made, and that have the capacity to increase exports. Therefore, the task areas will not necessarily work with the same clients or the same number of clients.

For each of the achievement indicators listed below, we will track only companies and associations that receive technical assistance (TA) and training in fields/topics related to the specific indicator. Based on our past experience (during the Base Period), we anticipate that a minimum of 30 companies will be tracked for each of the 8 indicators. This is the lowest number of companies that will be tracked. We estimate that we will track closer to 50 companies for most of the achievement indicators, and for at least one of them (i.e., the indicator related to strategic alliances and market linkages) we could track as many as 100 companies, if not more.

ALEB can't give exact numbers for each of the 8 indicators, due to the fact that the number of companies that we track depends on the number of companies that receive applicable TA and training. Since we are a demand-driven project, we will give specific types of TA and training to the companies that need or request it. We will not attempt to predict how many companies will request or need each type of TA and training now, at the beginning of the three-year Option Period, because we know from the Base Period that our clients, themselves, do not necessarily know what they will want or need 1, 2 or 3 years from now. Their priorities change based on market demands and the economic situation. In any case, we intend to track all 125 food processors, 9 associations and 50 service companies that receive technical assistance and training.

Baselines for all of the associations will be developed during early 2002, while baselines for food processing companies and service companies will be developed as each company joins ALEB's clientele. Any company that receives at least two visits from the same STTA or LTTA providing technical assistance in a specific field (service) will be considered a client of that particular service, and the company's progress will be tracked. A single visit from a STTA or LTTA does not qualify a company as a client, because it might be a diagnostic visit. Any company that receives technical assistance from ALEB in developing a strategic alliance / market linkage or in procuring funds/financing will be considered a client of the particular service, and the company's progress will be tracked.

#### **Objective 1. Increase stakeholders' capacity to participate in policy dialog**

##### ***IR 16.1 Policy Framework for Trade & Investment Improved***

#### **Achievement Indicators:**

***Indicator 1.1:*** At least three associations will have improved their capacity to participate in policy dialogue, as indicated by achievement of the following five performance indicators:

- The Association adopts policy dialogue or advocacy as a strategic goal.
- The Association forms a Committee or Task Force to engage in policy dialogue or advocacy.
- The Policy Advocacy Committee identifies issues of importance to members and prioritizes them.
- The Policy Advocacy Committee conducts analysis and issues a "position paper" on the policy adversely affecting members and proposes a solution.
- The Policy Advocacy Committee or leaders of the association engage in policy dialogue with legislators or government decision-makers on the issue(s) and solution(s).

***Indicator 1.2:*** At least three associations will have increased their ability to represent and serve the processed food industry or complementary service sectors, as indicated by achievement of at least two of four performance indicators:

- The Association develops and delivers at least one service to members on an annual basis.
- The Association develops and delivers one non-dues revenue generating annual activity or annual event.
- Paid membership at the association increases by at least 25% by the end of the project.
- Twenty percent (20%) of ALEB project clients join an industry trade association.

**Objective 2. Improve industry capacity to anticipate and respond to opportunities and changes in global markets and technology**

***IR 16.2 Private Sector Competitiveness Increased***

**Achievement Indicators:**

✓✓ **Indicator 2.1:** 33% of companies that received applicable training and technical assistance from ALEB will have established new or improved one or more decision-support systems, including the following:

- Procurement
- Plant operations
- Logistics
- Financial & accounting

✓✓ **Indicator 2.2:** 33% of companies that received applicable training and technical assistance from ALEB will have improved production efficiencies, as indicated by achievement of two or more performance indicators:

- Decreased unit cost
- Increased yield
- Improved waste management
- Increased capacity utilization
- Improved energy conservation
- Increased output per worker

**Indicator 2.3:** 50% of companies that received applicable training and technical assistance from ALEB will have implemented or improved one or more quality systems, such as GAP, GMP, HACCP, ISO, TQM, SSOP, SPS, IPM, GAAP, IAS.

✓ **Indicator 2.4:** 33% of companies that received applicable training and technical assistance from ALEB will have improved or developed new products. (Improvements can be made in packaging, labeling, formula, inputs, bar coding, etc.).

✓ **Indicator 2.5:** 50% of companies that received applicable training and technical assistance from ALEB will have improved or developed new marketing / sales capabilities, materials, communication tools (e.g., email, Internet), and/or practices.

✓✓ **Indicator 2.6:** 35% of companies that received applicable training and technical assistance from ALEB will have improved or developed new practices related to management or OHRD (e.g. strategic planning, organizational chart and delegation of authority, employee performance monitoring system, company policies and procedures, etc.).

**Objective 3. Expand and improve linkages and industry support services**

***IR16.3 Opportunities for Business Growth Enhanced***

**Achievement Indicators:**

***Indicator 3.1:*** 50% of companies that received applicable training and technical assistance from ALEB will have improved market penetration, as indicated by achievement of one or more performance indicators.

1. Introduced new product in existing or new market
2. Introduced existing product in new market
3. Developed new agents/distributors in new or existing market
4. Developed new strategic alliance with foreign investor, such as a co-packing or private label arrangement
5. Developed new domestic clients within the tourism sector, such as franchises, hotels, restaurants, etc. (proxy indicator)

***Indicator 3.2:*** 33% of companies that received applicable training and technical assistance from ALEB will have obtained financing to fund exports, purchase new technology, increase operating capital, invest in new product development or plant expansion, etc.

**NOTE:** In tracking all of the above-mentioned achievement indicators, we will establish a new baseline for all of our clients, both pre-existing and new. Achievements that targeted clients made during the first three years of the ALEB project will not count toward accomplishment of these new indicators.

## 8.0 Sustainability

In addition to the objectives stated above, an important goal that the ALEB team will work toward accomplishing by the end of the project is the sustainability of the services we have been offering to the Egyptian food processing industry. However, departing slightly from our initial strategy during the Base Period, we will focus our efforts on a number of avenues or means of accomplishing this goal, rather than a single association or center of excellence. The ALEB team has been working with all of the entities enumerated below since the start of the project, and we believe that they have particular capabilities and/or advantages that enable them to play a role in ALEB's sustainability. There might be other associations or institutions that could contribute to the sustainability of ALEB's services and activities, and we will take them into consideration as we get to know them.

1. **Egyptian Agribusiness Association (EAGA):** ALEB will continue to make every possible effort to transfer technology, management practices and know-how to the Egyptian Agribusiness Association (EAGA), as our potential successor. We have identified EAGA as the association that presently appears most suited to serve the needs of the food processing industry. During Year 3 of the Base Period, Trade Association Services (TAS) made a companies commitment to devote no less than 50% of its human and financial resources to help build and strengthen the ability of EAGA to serve the needs of the Egyptian processed foods industry. This commitment will continue throughout the Option Period.

The TAS team has been working very closely with EAGA since its inception, providing on-the-job technical assistance, advice and training for the Chief Executive Officer (CEO) and staff, as well as workshops for its members. TAS was very much involved in helping EAGA to develop its mission statement, goals and work plan, web site ([www.egagribiz](http://www.egagribiz)), first newsletter and brochure. During this past year, TAS helped EAGA draft a formal budget by which it operates and is in the process of helping to draft sound policies and procedures for improved management of the association. More recently, TAS assisted EAGA to conduct a successful *Suppliers Day*, which was first held in Egypt by ALEB last year. As a result of the exhibition, EAGA increased its membership from 56 to 72 in August 2001, and increased it further to 93 as of December 1, 2001.

In recent discussions with the Chairman of EAGA, we learned that the Board has made a firm commitment to separate the Egyptian Seed Association (ESAS) and EAGA into two distinct entities. A new Executive Director has been hired for EAGA, and ALEB has begun training her. EAGA's Chairman has also stated that he intends to hire at least one more skilled staff person. TAS has developed and we now await EAGA's approval for a *pilot program* that will be implemented during the first 6 to 9 months of the Option Period. Under this program, EAGA must decide upon one service from among ALEB's offerings (training or technical assistance) that the association will provide to its members. Then, ALEB will sit with the association to develop a plan whereby EAGA will be a FULL partner in offering this service. The objective of this program will be to assist EAGA in staffing and in obtaining financial resources to provide additional services on its own, beyond the term of the ALEB project (beyond December 2004).

In addition, TAS will work with EAGA to strengthen its capacity to undertake policy advocacy (as a membership service) in order to remove or ameliorate regulatory and legal impediments that prevent the Egyptian food industry from being more internationally competitive. We will provide technical assistance and direct, on-the-job training to EAGA's Policy Committee, to make it a more effective pillar of the association.

ALEB's Strategic Alliance Services (SAS) activities will be implemented across the whole project and coordinated by the TAS team. This will ensure that the TAS team transfers the skills and knowledge required to keep performing this service for the processed foods industry to EAGA's appropriate Committee and staff. Ultimately we hope that EAGA will have the financial resources to research, analyze, communicate, lead and manage the successful development of strategic alliances for the Egyptian processed foods industry.

The rest of ALEB's service areas have also been working with EAGA staff and board members to strengthen the association, and we will continue to do so during the Option Period, as described in the *Work Plan for CY 2002* of the ALEB Project (2002). Each service area will continue to focus on the appropriate staff member and/or representative EAGA Committee, training them to take over the roles and services now being performed by the matching ALEB project service area team. For example, we believe that the *MarketPulse Egypt* information system is a commercially viable product, and we have been training an EAGA staff member to update and use the system, so that EAGA might offer it to members in the post-ALEB period as a source of revenue for the association. The ultimate goal is to develop these Committees and EAGA staff to the point where they will be able to deliver most, if not all, of the current ALEB project services to the Egyptian food industry on a continuing basis after the ALEB project has ended.

2. American Chamber of Commerce (AmCham): ALEB began working with AmCham during the last few months of the Base Period on a discrete project to match up American and Egyptian businesses. AmCham is a strong, financially viable association to which many of ALEB's clients also belong. It has proven capable of delivering valuable services to Egyptian businesses, and its staff members are skilled and prepared to take on additional activities. ALEB will explore other means of cooperation with AmCham during the Option Period, such as policy advocacy and the dissemination of information about strategic alliance and market linkage opportunities.
3. Service Companies: ALEB has already invested much time and effort in assisting Egyptian service companies, particularly those in the packaging and printing sectors, to improve their products in order to better serve food processors. For example, during Years 2 and 3 of the ALEB project, we worked closely with an Egyptian service company that provides bar coding, which is an important tool for product tracking and one that enhances a product's exportability. We eventually contracted with the company to conduct our training programs on the subject of bar coding. Through these efforts, we assisted hundreds of food processing companies to procure bar coding for their products. We will continue to work with service companies during the Option Period, to assist them in improving their products and services, as well as to link them up with our food processing clients. Improvements that service companies make will have a lasting impact on the ability of food processors to export their products.
4. ALEB Staff: During the Base Period, all of ALEB's permanent local staff presented complete and entire workshops in their various areas of expertise to participants from the Egyptian food processed industry. In addition, they assisted expatriate staff members and STTAs in the field, delivering technical assistance to targeted clients. Those who continue working with ALEB during the Option Period (as either consultants or permanent staff members) will continue to provide training and assistance, while we will encourage and train new local staff members to do so, as well. Thus, ALEB's local technical staff will provide a sustainable cadre of talent that will form the nucleus of a continuously expanding base of local expertise capable of carrying on ALEB's know-how and services.

5. **Local Consultants & Interns:** During the Base Period, ALEB worked with a small number of local consultants who assisted us from time to time in providing both training and technical assistance to food processors. These consultants worked in various areas, including market information, banking (financing), management and human resource development, and food processing (technical issues). Through close cooperation, we have been able to assist local consultants to improve the services they offer to the industry and to gain the trust of our clients. Thus, like ALEB's staff members, local consultants will provide a sustaining cadre of talent capable of carrying on ALEB's know-how and services. ALEB plans to continue working with consultants on an as-needed basis during the Option Period. In addition, however, we will identify a number of local experts who have technical expertise related to food processing, and they will work with ALEB on short term technical assignments as interns. They will assist ALEB staff members and STTAs in providing training and technical assistance and, eventually, they will be expected to provide these services on their own.
6. **Training Providers:** ALEB's Business Development Services (BDS) team began assessing local training providers in the areas of management, organizational development and marketing skills in 1999. Since then, we have used a handful of providers, who developed specific courses for ALEB's clients, such as *Managing a Family Business* and *Team Building*. In addition, we have used several local training providers through IIE/DT2 for both computer and management courses. The primary benefit of this relationship is that we assist the local providers to gain the attention and, hopefully, the trust of our clients. We promote the need for training among our clients, so that they will seek training from local providers on their own, either during or after the ALEB project.
7. **Regulators:** During the Base Period, ALEB's Technical Services' team provided training to Egyptian regulators on HACCP, American food laws, and other pertinent issues. We believe that, through these efforts, we have been successful in transferring to regulators the position of our food processing clients on these important issues. For example, in addition to training, we provided advice to the Government of Egypt (GOE) on HACCP, and we convinced the GOE to postpone enactment of regulations and to allow the food processors to regulate themselves, at least until government regulators are sufficiently knowledgeable of HACCP and capable of regulating and enforcing it. During the Option Period, ALEB will continue to provide training and advice to regulators and other GOE agencies, as appropriate. Ultimately, we hope to leave behind, as part of our legacy, a cadre of knowledgeable GOE officials who understand that the purpose of regulations is to encourage and support companies in improving their products and processes, rather than to pose a hindrance to doing business or exporting.
8. **Egyptian Exporters Association (EEA):** EEA is a USAID-funded project that assists Egyptian companies from a variety of industries to increase exports. It is organized as an association with dues-paying members, and it provides most of its services on a cost-sharing basis. EEA has begun to reach out to ALEB – to explore avenues of cooperation, and we intend to increase this effort during the Option Period. For example, EEA held its first, successful *Exporters Joint Meeting* in January 2002, and it expects to continue holding such meetings in the future, as fora where Egyptian exporters can sit with GOE decision-makers and discuss what needs to be done, both practically and with regard to regulations/legislation, in order to increase Egyptian exports. Many of ALEB's clients will be involved in this initiative as members of EEA, and the association has also invited ALEB staff to participate, in order to share our expertise and knowledge.
9. **Industry Modernization Program (IMP):** The IMP is a EU-funded project that is being implemented by the GOE. It focuses its efforts on three key Egyptian industries, one of

which is the processed food industry. IMP established the Food Technological Center (FTC) as a board with seven private sector members who will shape and guide IMP's efforts with the processed food industry. Many of the board members are also members of EAGA and clients of ALEB. Consequently, ALEB will meet with the FTC in early 2002 to plan a strategy whereby the FTC can work with the ALEB project to complement our training and technical assistance, to follow-up on the work we do with our clients, and to avoid duplication in activities that serve the processed food industry.

In addition to strengthened associations and institutions, ALEB intends to leave behind, as part of our legacy, an immense and useful body of knowledge on various issues related to food processing, association development, business management, etc. We will leave behind the MarketPulse Egypt information system, which is available on CD-ROM as well as the Internet; various toolboxes and templates for better business management (e.g., strategic planning tool box); technical documents, international standards and regulations that have been translated into Arabic; numerous Arabic-language training manuals; directories of Egyptian food processors and service providers; directories of international importers and suppliers; and the list goes on. Many of these sources of information can be found in ARAC. One of our tactics for sustaining this ALEB service (ARAC) will be to transfer its management to EAGA, AmCham or another association/institution that can use the resources in serving members.

## **9.0 ALEB's Methodology**

As recommended in the midterm assessment completed by the USAID-funded GTG M&E Unit, the five service areas comprising ALEB under the Base Period contract will be consolidated into three service areas. This realignment is described in greater detail on Pages 47 and 48 of this document. ALEB's three service areas will be known as:

**Task 1 - Business Development & Market Information Services:** This service area is responsible for the development and utilization of an organized system to gain access to external market information, to interpret this information, and to provide this information and knowledge in a timely manner to managers and other personnel so they can plan and perform their business operations and identify new export market opportunities. Business Development & Market Information Services also provides training and technical assistance in marketing and management to leverage market linkage and strategic alliance opportunities that have been identified by ALEB.

**Task 2 - Technical Services:** This service area provides technical assistance and training in a variety of issues related to quality assurance, processing, product development, safety and sanitation, etc. to food processors. Technical Services also provides TA and training to service companies (pest control, packaging, cold storage, etc.), in order to enhance their ability to serve the processed food industry, as well as to strengthen cross linkages between food processors and service companies.

**Task 3 - Trade Association & Strategic Alliance Services:** This service area provides TA and training to trade and business associations in order to strengthen them institutionally and to enhance their ability to serve members. Areas or topics addressed include policy advocacy, recruiting and retaining members, strategic planning, developing and implementing member services, etc. Trade Association & Strategic Alliance Services also identifies and facilitates strategic alliances and market linkages.

## **9.1 The Cluster Approach**

Going forward into the Option Period, ALEB will eliminate the identification of targeted companies. We believe that it is far better to target product lines that offer the greatest opportunity, in terms of increasing exports, and to focus ALEB's interventions on the entire cluster of companies producing these product lines. This approach will also offer the flexibility of changing our efforts toward clusters as product opportunities and supply and demand shifts are recognized. Changing ALEB's focus to product clusters also enables us to work to a greater extent with small and medium size enterprises (10-50 employees).

It must be noted that a product cluster is not necessarily limited to food processing companies; rather, it might include service companies, complementary industries and associations that work very closely with the food processors and are integral to export growth and increased productivity. In assessing a product cluster, ALEB will also identify service industries and associations with whom we should work concurrently, or who might assist ALEB in our efforts with the food processors. In other words, the cluster approach involves the development of a concerted strategy and plan for assisting food processors, service companies and associations. However, for the most part, the methodology described in this document applies to our efforts with the food processing companies, since they receive the bulk of ALEB's attention. Our methodologies for working with service companies and trade associations are described in the *Work Plan for CY 2002*, under Technical Services and Trade Association and Strategic Alliance Services, respectively, since these teams are primarily responsible.

Based on very early ALEB market reconnaissance in the Western European target market, Egypt's various processed food categories or clusters were initially ranked for their potential. The Industry Rapid Analysis (IRA) done in 1999 identified actual market trends, processor capabilities and capacities and product opportunities. Subsequent IRAs in the United States, Gulf States, and Canada contributed to market intelligence and reordering of targeted opportunities. Based on this information, during the Base Period we screened the set of available processed products periodically for relevance and the best potential opportunities for export expansion. In this process, the product focus was consistently narrowed to those products with the best short term potential to match the resources available from the project.

Since targeted assistance and training will focus on commodity clusters based on market opportunity in the Option Period (CY 2002-2004), Task 1 will necessarily take a leading role in defining the commodity cluster focus. Going into the Option Period, Task 1 has suggested a further refocus based on recent industry growth, on products with the most potential for growth in the coming three years, and on our assessment of our clients' capabilities and capacity to take advantage of market opportunities. The clusters offering best potential for growth in this Option Period are contained in the table on the following page. ALEB's evaluation of market opportunities is viewed as an ongoing process, thus the clusters will see additions and deletions as the situation evolves and new opportunities are identified. In addition, consideration will be given to clusters and companies that *actually have the capacity* to respond to identified opportunities.

Table 6: Primary Products	Y1 - Y3 Targeted Rank	Egyptian Exports Value 000 US \$	Egyptian Exports Volume MT	Y4 Realigned Rank*
Selected Dehydrated Products (onions & garlic) <sup>1</sup>	2	26,077	25,802	1
Selected Frozen Vegetables <sup>2</sup>	1	15,529	20,709	2
Selected Herbs & Spices (Previously included in: Dry blends, soup mixes, bouillon, dry sauce mixes and baby food, including pasta)	5	5,749	5,159	3
Selected Juices/Nectars, Concentrates and Purees, including waters and flavored waters <sup>3</sup>	4	2,636	2,977	4
Olives (Previously included in: Bagged, Canned and Glass (value added) packed vegetables, pickled, etc., including tomato products) <sup>4</sup>	3	457	738	5

<sup>1</sup> There is a major undertaking in the dehydrated industry to transfer technology, which may preclude extensive increases in exports – as it has already in at least one circumstance - in the first year of the Option Period. Five of the 11 dehydrators have either installed new technology or are in the near term process of investing in land, building and equipment. Moreover, trial plots undertaken by BDS in Y2 of the project clearly indicate that new cultivars of high solid onions must be utilized in order for Egyptian processors to reduce their unit costs and increase their exports substantially. Many dehydrators also produce herbs and spices, providing leveraging of resources in providing training and technical assistance.

<sup>2</sup> Varietal and poor cultural practices constrain substantial opportunity in this market. For instance, the USA imports over 180,000 tons of a hybrid processed broccoli. Unfortunately, Egypt's seed laws force Egyptian farmers to grow an open pollinated variety that is not acceptable for processing. Peas are generally allowed to mature on the vine in order to increase weight for domestic sales. Consumers prefer a less starchy petit poi. Fine green beans are being introduced in Egypt, which offer substantial market opportunity.

<sup>3</sup> USA regulators are implementing requirements for HACCP over a three-year period for juice suppliers, but more importantly, both the United States and EU importers of juices are adamant that suppliers comply with HACCP standards now. Buyers in both target markets, which are substantial importers of juice products, clearly state they will visit plants to ascertain compliance with HACCP, ISO and GMP practices before entering into strategic alliances or market linkages with Egyptian suppliers.

<sup>4</sup> While the markets for olives are substantial, this potential is primarily in North America. The value of total U.S. imports of olives over CY 2000 period declined 10.8 percent to \$178 million CIF, compared to \$199.5 million CIF during CY 1999, due to lower import prices. Total import volume in CY 2000, however, continued to grow rising 2 percent to 96,122 MT, compared to 94,268 MT a year earlier. Total quantities of olives imported into the U.S. market have increased 23 percent over the last six years, from a level of 78,291 metric tons (MT) during CY 1995 to the 96,122 MT imported in CY 2000. The largest category of import trade on the U.S. market is for Olives, Green, Whole, Stuffed, In Containers Less Than 8 KG, In Saline Solution, Not Frozen, which totaled 28,327 MT valued at \$69.3 million in CIF value during CY 2000, representing almost 39 percent of total U.S. imports of olives on a CIF value basis. The second largest category of import trade on the U.S. market is for Olives, Not Green In Color, Sliced, Canned In A Saline Solution, Not Frozen, which totaled 22,072 MT valued at \$32.3 million in CIF value during CY 2000, representing 18.2 percent of total U.S. imports of olives on a CIF value basis. Egypt produces 800,000 metric tons and currently processes both of these types of olives. The potential constraint to gaining entry to this huge market is primarily in packaging and adjusting recipes to meet American consumer tastes, plus establishment of distribution channels that have long standing relationships with Spanish suppliers. For further market information, see the USA IRA report, Vol. I, published by BDS in March 2001.

ALEB realizes that there may be other important clusters in the Egyptian food processing industry that have potential to expand exports. The table above describes an intensive narrower refocus of project activities to the clusters thought to represent the best opportunities for near term growth, but the list is not exclusive. As opportunities appear, matched with industry capabilities and capacities, the service area will develop and issue special capsule reports and prepare additional information as the need arises. These secondary products would likely include selected fruits and vegetables, essential oils, olive oils, processed meats and poultry, jams and preserves, selected baked goods and dairy products, as well as specific profiles on organic processed foods in selected markets.

Based on the IRA's that ALEB conducted in the USA, Europe and the Middle/East Gulf, as well as follow-on market analyses conducted more recently (October – December 2001), Table 7, below, was developed to take advantage of current opportunities coupled with supply, current capabilities and capacities but limited to a selected group of focus commodities, each in the fruit and vegetable segments of the industry. The concept is to utilize a relatively small mix of commodities across a potentially broad range of processed products, governed by a select set of specific processes. This table illustrates how specific fruits and vegetables in the five primary commodity clusters referenced in Table 6 on the preceding page can represent 33 specific market opportunities in several target markets. These opportunities must be further tracked and developed for exports.

<b>Table 7: Primary Product Focus by Commodity and Process/ USA, EU and Gulf Markets</b>				
<b>Commodity</b>	<b>Dried / Dehydrated</b>	<b>Juices/Nectars, Concentrates &amp; Purees</b>	<b>Bagged, Canned &amp; Glass Packed*</b>	<b>IQF</b>
<b>Vegetables</b>				
Onions	X		X	
Garlic	X		X	
Beans			X	X
<b>Fruits</b>				
Strawberries	X	X	X	X
Mangoes	X	X		
Guava	X	X		
Olives			X	
<b>Herbs &amp; Spices</b>				
Coriander	X		X	
Caraway	X		X	
Chamomile	X		X	
Fennel	X		X	
Anise	X		X	
Basil	X		X	
Mint	X		X	
Dill	X		X	
Parsley	X		X	

\* (Hot Pack – Includes aseptic, retort, etc. to include pastes, sauces and condiments)

Table 8, below, indicates market opportunities for secondary (non-specific) product clusters in the USA, EU, Gulf, Maghreb and Levant.

<b>Table 8: Secondary Focus by Commodity and Process/ USA, EU, Gulf, Maghreb &amp; Levant</b>				
<b>Commodity</b>	<b>Frozen or Dehydrated</b>	<b>Juices/Nectars, Concentrates &amp; Purees</b>	<b>Bagged, Canned &amp; Glass Packed</b>	<b>Oil</b>
Selected Vegetables <sup>1</sup>	X	X	X	
Selected Fruits		X	X	
Poultry (Value Added)	X			
Jams & Preserves			X	
Essential Oils <sup>2</sup>				X
Olive Oils <sup>3</sup>				X
Processed Meats	X		X	
Selected Baked Goods			X	
Selected Dairy Products			X	

<sup>1</sup> Includes pickled products

<sup>2</sup> Essential Oils, a secondary focus but with good local capacity, have larger opportunities in the USA & EU

<sup>3</sup> Egyptian processors have limited capacity for producing olive oils, as this is a relatively new industry domestically. Italy commands the olive oil opportunity in the United States, therefore the opportunity, which is high value and a fast growing trend, is in heat infused and special flavors, including herbal and pepper flavors. Our clients could potentially triple their production in olive oils to address specific niche, high value markets. While volume would not be significant, value would be and could potentially contribute several million dollars to the annual Egyptian export ledger. Egyptian olive oil processors cannot compete in the EU or the Gulf with conventional olive oils due to the EU subsidies provided to EU olive oil producers.

There may be limited opportunity for infant foods in the COMESA and Maghreb markets. We intend to support these secondary efforts mentioned above and in the previous table on an "as needed basis" with supplementary market reports and/or product profiles. Other food processes – pasta and processed fish - were found too competitive or subject to import restrictions to offer any short term potential for additional growth in the current target market.

As ALEB progresses to selection of the tertiary target markets – the Near East (including the GCC states and the Levant) and the Maghreb regions appear to offer significant potential for growth and will receive additional focus in the Option Period. In the Base Period, the COMESA countries were analyzed as a potential market. While the size of potential exports to these markets may appear to justify some concentration of effort, many political and commercial constraints impact on COMESA opportunities. The COMESA member countries will be reviewed periodically for opportunities should conditions change. Moreover, preliminary market research in the Far East regions indicates large demand for food imports. If Egyptian capacity matched with market information clearly shows that market potential exists for selected commodities, then, in consultation with USAID, we may allocate resources to further defining and tracking these opportunities or developing commodity specific profiles.

ALEB believes that these clusters are clearly defined and need little further refinement in the follow-on period. Further, based on diagnostic surveys, enough data exists now to validate selection of future companies to be enrolled on a weighted basis by sector. In other words, it is evident that, on average, some clusters contribute substantially more to the food processing sector economy than others, either in gross sales or employment. Accordingly, selection of companies receiving assistance should be based on the merits of contribution to the economy as a whole.

Based on our USAID/CTO's advice and encouragement to stay focused on specific product opportunities and obtain results in the corresponding processing clusters, it is the intent of ALEB to provide assistance to companies on a commodity focused or cluster basis – from production through the markets. Intervention with specific companies will be based on commonalities within the clusters and will be provided in specific disciplines intended to accomplish this market driven commodity approach.

The product cluster approach will allow ALEB to focus on the sectoral needs of the processed food industry with respect to informational requirements and technical assistance in the utilization of management and other decision making tools for specific products, rather than on targeted companies as was utilized in the Base Period. This change in approach will enable us to plan and implement a cohesive set of training programs, technical assistance interventions, study tours, etc. with each product cluster, in order to address their unique needs and, thus, to better serve the processed food industry. In assessing a product cluster, ALEB will also identify service companies and associations to whom we should provide assistance and training concurrently, or who might assist ALEB in our efforts with the food processors. We intend to promote the idea that these groups of companies (food processors and service companies) should cooperate, through their trade associations, to solve their common problems.

While ALEB continues to survey the industry to compile an adequate database of potential enrollees, Table 9 on the following page indicates the potential universe of food processing companies, e.g., the potential number of companies that make up specific clusters from which ALEB can draw. The TAP database currently includes 278 food processors; many are involved in multiple sectors (clusters). When reviewed from a cluster perspective, this expands to more than 500 processing lines or functions (368 in ALEB's primary and secondary product clusters). These numbers do not necessarily reflect actual processing capabilities, but also include buying and selling (trading) activities. All companies in the database are invited to training events, but technical interventions will be limited to those companies actually processing foods in the targeted clusters.

**Table 9: ALEB Processors by Selected Clusters**

<b>Product Category</b>	<b>Total No. of Companies Active in Targeted Clusters*</b>
<b>Selected Clusters (Primary)</b>	
Juices/Concentrates/Purees <sup>1</sup>	48
Dehydrated Fruits & Vegetables	29
Frozen Fruits & Vegetables	35
Herbs & Spices	28
Olives (only)	15
<b>Sub Total Primary Processing Lines/Functions</b>	<b>165</b>
<b>Potential Pipeline Clusters (Secondary)</b>	
Pickled Vegetables (other than olives)	9
Processed Tomato Products <sup>2</sup>	27
Jams & Preserves	26
Processed Poultry Products (Value Added)	25
Organic, Kosher & Specialty Foods	15
Essential & Medicinal Oils	20
Olive Oils	11
Processed Meats	18
Selected Baked Goods	35
Dairy	27
<b>Sub Total Secondary Processing Lines/Functions</b>	<b>213</b>
<b>Grand Total Processing Lines/Functions</b>	<b>368</b>

\* This is not an indication of the total number of companies in the database, but the total number of companies reporting activity by range of products.

<sup>1</sup> 19 juice companies also are involved in dairy products

<sup>2</sup> Includes condiments

In summary, the Cluster Approach is the driving force behind ALEB's annual work plan. Through it, we will determine the product clusters with which we will work in a given year, the types of services and activities we will provide to them, the markets upon which we will focus for each cluster, and the associations and service companies to whom we will also offer training and technical assistance.

Nonetheless, at the end of the day, we will still work with companies, and we will track the progress that each company (and each association) makes toward achieving the specified milestones and/or achievement indicators. However, we will not attempt to choose all of our client companies at the beginning of the year. Instead, we will reach out to *all* of the companies within the targeted product clusters, and we will focus our efforts on those that are most responsive and most capable of increasing exports of processed food products.

ALEB had 73 targeted clients during the Base Period: 13 in Year 1 and 30 each in Years 2 and 3 to whom we provided technical assistance. In fact, however, we gave assistance to more than 73 food processing companies, because as each year progressed, additional *non-targeted* companies would seek assistance from ALEB, and we did not deny them. Altogether, we gave technical assistance to 136 food processors. Given the fact that our human and financial resources will be, in fact, less during the Option Period, we anticipate giving assistance to a minimum of 125 food processing companies. This number includes the targeted clients from the Base Period, as they will continue receiving assistance on an as-needed basis. It also includes a minimum of 52 new clients (73 + 52 = 125). Moreover,

we will give assistance to about 9 associations and 50 service companies (e.g., pest control, packaging, transportation, credit facilities, banks, cold storage) throughout the Option Period.

The justification for developing the potential universe of companies in the above table along a cluster approach is for the simple reason that training and technical assistance will be offered on a sectoral approach. Since needs will probably vary by cluster, particularly from a technical perspective, it is imperative that we target companies by processing function (cluster) rather than by targeted client, as we did in the previous three years. This ensures that training is targeted to sectoral needs. In addition, in offering training to clusters of companies, we intend to cooperate with their associations whenever appropriate, thereby encouraging associations to start assuming more responsibility for meeting the training demands of their members. It is axiomatic then, that based on need not all of the companies will receive the same level of effort across task. Moreover, the tasks will not necessarily work with the same clients or the same number of clients. In summary, during the Option Period, market information will be developed and direct technical assistance will be provided to companies based on 1) number of companies within the cluster and their ability to increase exports, 2) market opportunities, 3) potential to increase quality and productivity, which are measures of international competitiveness, and 4) common needs within the cluster.

## 9.2 Identifying and Assisting Candidate Companies

ALEB has finite resources and tries to allocate these resources where it can have the most beneficial impact in Egypt. Through the **targeted marketing program**, the ALEB team continuously identifies certain clusters in which there is the potential for multiple and follow-on benefit, in terms of increased exports. Within these clusters, ALEB is proactive in identifying and contacting companies and associations. In addition, ARAC, as a resource for all qualified companies and associations, will market ALEB services and programs broadly to inform all companies and associations in their information marketing program. Read columns vertically.

### *Targeted Marketing Program*

ALEB Activities	Marketing Sources	Types of Assistance Programs	Sectors
<ul style="list-style-type: none"> <li>* ALEB researches clusters to identify companies and dynamics of clusters</li> <li>* ARAC contacts companies to compile database for future enrollment</li> <li>* ALEB uses teams as industry specialists through service areas</li> <li>* ALEB collects and disseminates public information on clusters for access by other donor projects to leverage assistance</li> <li>* ALEB requests specialists, including STTAs to meet with and report on companies and provide guidance for technical intervention and training</li> <li>* ALEB contacts banks that are equity owners of companies or may know of companies for ALEB assistance</li> <li>* ALEB compiles information from stakeholders in the industry to identify issues for technical intervention and training</li> </ul>	<ul style="list-style-type: none"> <li>* Walk Ins &amp; referrals</li> <li>* Sources of sector information ALEB Counterparts and subcontractors, GTG Partners, Trade and Business Associations, Embassies, AmCham, EEPC, Office of Commercial Representation, other donor agencies, and service sector companies</li> <li>* Leading Egyptian banks that have acquired equity interests in companies or may have good regional knowledge of opportunities</li> <li>* Brochures, reference material published and collected in ALEB database by industry cluster</li> <li>* TAP database</li> </ul>	<ul style="list-style-type: none"> <li>* Seek multiple and shared programs including shared technical and STTAs such as IESC/CBS, ACDI/VOCA and EEA consultants</li> <li>* Collaborate with other donor agencies and NGOs to facilitate transfer of information</li> <li>* Opportunities for economies including encouraging development of trade associations &amp; marketing boards</li> <li>* Opportunity to focus on industry, including allied industries' needs in Egypt so many companies can benefit (outreach)</li> </ul>	<p><i>Sectors that are strategic to the industry include:</i></p> <ul style="list-style-type: none"> <li>* Associations</li> <li>* Packaging</li> <li>* Transportation</li> <li>* Terminals</li> <li>* Cold Chain</li> <li>* Seeds/Agricultural Production</li> <li>* Credit Facilities</li> <li>* Distribution</li> <li>* Training</li> </ul> <p><i>Clusters with strong export potential:</i></p> <ul style="list-style-type: none"> <li>* Dehydrated Vegetables</li> <li>* IQF Vegetables</li> <li>* Juices, et al</li> <li>* Herbs and Spices</li> <li>* Olives</li> </ul> <p><i>Pipeline – strong niche potential:</i></p> <ul style="list-style-type: none"> <li>* Dairy</li> <li>* Specialty, incl. Organic</li> <li>* Essential Oils &amp; Flavors</li> <li>* Poultry (value added)</li> <li>* Olive Oils</li> <li>* Jams &amp; Preserves</li> </ul>

## **Information Marketing Program**

### **ALEB Activities**

- \* Prepare standard marketing materials in English and Arabic educating potential clients on the services provided by ALEB
- \* Prepare introductory workshops for companies interested in ALEB and consulting services as a low-risk source for information
- \* Educate other consultants and advisory firms (incl. legal, accounting) to market ALEB services to clients
- \* Companies to provide reference letters to validate assistance services of ALEB to other companies
- \* ALEB to publish reports, articles and newsletters on management topics
- \* ALEB to host visiting speakers on management topics
- \* ALEB is proactive, will spend time meeting with potential clients to ascertain potential for a successful project

### **Marketing Sources**

- \* Trade and Business Associations
- \* ALEB to leverage coverage and access to Egyptian businesses through establishing contact persons who will promote ALEB consulting services. These include:
  - \* Arab - American Chamber of Commerce
  - \* German - Arab Chamber of Commerce
  - \* Leading Egyptian banks
  - \* Ministries and Research Institutions
  - \* Other Egyptian consultants and advisors
  - \* Other donor organizations including Euro-Med Partnership
  - \* Multi-lateral financial sources – Exim, OPEC, CIP, World Bank, AfrExim Bank
  - \* Sources of equity capital – private sources and others
- \* Trade fairs & exhibitions
- \* Universities and educational institutions
- \* Embassies in Egypt and other countries
- \* Chambers of Commerce in other countries
- \* Trade Development Agencies in other countries
- \* Internet
- \* Trade Journals & Publications
- \* Business Journals & Publications

### **Examples of Assistance Programs**

- \* MPE Training
- \* Study Tours
- \* Production Economics
- \* Financial Management
- \* Marketing Management
- \* MIS Training
- \* Market Information
- \* Information Utilization
- \* Techmatics
- \* Packaging/Labeling
- \* Food Quality & Safety (e.g., HACCP)
- \* Product Development
- \* Line/Plant Expansion
- \* Processing Improvements
- \* Varietals
- \* Strategic Alliances
- \* Association Strengthening
- \* Membership Development for Associations
- \* Policy Advocacy for Associations

### **Sectors**

- \* The food processing industry and all private enterprise sectors allied to the industry with a targeted size of 25-1000 employees
- \* Start-up companies, including foreign investors, in the agribusiness sector that afford opportunities to develop successful business models and data that can be leveraged to the entire industry

Through these two programs – Targeted Marketing and Information Marketing - a pipeline is developed of selected companies that are seeking assistance. As companies pay a nominal amount for ALEB's services, a method of screening companies is important in order not to waste the resources of ALEB.

The methods that are employed by the Team are:

- Technical assistance request questionnaire
- Diagnostic Survey
- Ranking of the company based on diagnosis using the criteria established for allocating resources, which includes a ranking on technical capabilities and capacities, willingness (commitment) to cooperate and commit resources, contribution to the sector(s)' exports, client needs and priorities and financial capabilities to implement recommended changes
- Meeting with all Service Area Directors and Co-Directors to determine if the company meets criteria and potential exists for a successful project (intervention & increased exports)
- Report completed summarizing the above and recommending potential for enrollment and required assistance, by category and by discipline

After the above screening process, companies proceed to an active list whereby they are managed as potential companies for future assistance, or immediately enrolled (active companies). The next steps after screening and selection to the active list are described below.

### **9.3 Teams and the Process of Assistance**

ALEB intends to adopt a methodology and concerted approach with our client base that revolves around diagnoses, a specific request for technical assistance from clients within a prescribed framework of offerings, a proposal/work plan for clients that includes a company commitment to a series of interventions with specific goals and objectives across functional areas and across task, a selection of those clients (active companies) within product line clusters based on specific and logical criteria, and finally, a formalized completion assessment ("graduation") that would compel a company to buy into the process knowing there is a beginning and an end to the process, exclusive of training events and strategic alliance/marketing linkages. In short, the approach is a strategic consulting approach based on documented demand, instead of a tactile approach. The templates to be utilized for this methodology were designed by Business Development Services (BDS) during the Base Period. They will be reviewed by the ALEB team and implemented by all service teams at the beginning of the Option Period.

ALEB operates as an advisory and consulting group that is structured around service areas (teams) and internal functional specialists (Team Leaders or Directors and Co-Directors) in marketing information, technical services, business development, association strengthening and facilitating the transfer of information and strategic alliances. This structure has been designed to achieve certain goals:

- to provide the appropriate number of teams and resources to achieve the deliverables and objectives of the contract
- to leverage the resources of ALEB through the use of Short Term Technical Advisors (STTAs) – both local and expatriate - with different roles over the course of a calendar year, that is:

1. very short-term (up to 3 weeks) experts to develop staff resources in ALEB and/or develop and/or offer training workshops and limited, discrete technical assistance
  2. short-term (up to 6 weeks) consultants who are identified for particular disciplines for the purposes of conducting training and/or cluster intervention
  3. medium-term (7 - 14 weeks) consultants with broad experience in technical issues, business development, general management and consulting expertise in specific disciplines that can provide both technical intervention and training on a sectoral basis
  4. long-term (15 - 25 weeks) consultants with functional skills to provide specialist services (technical assistance and training) to teams and companies, including on call services for developing market information, market follow-up and reconnaissance, attending exhibitions, research and analysis, facilitating exchange of information and transfer of technology between markets, financial assistance, business development, etc. Typically charged across the sector(s) or to specific technical assistance not to exceed the maximum number of LOE days allocated for each company.
- to enable each Egyptian counterpart (Co-Director) to train alongside a team leader (Director) as a permanent member of a team
  - to develop the support resources of ALEB (toolboxes, training and workshops, electronic communications)
  - to capture in ALEB over time, the "body of knowledge" collected by each team (this is important in any service organization, but in ALEB it is critical as many short term consultants are not permanent members of ALEB)
  - to develop a professional, standardized ALEB consulting process that is effective in Egypt and can be readily adopted by new teams
  - to develop internal project management and control systems that reflect good consulting practices
  - to ensure that the reputation and standards of ALEB are established and maintained in Egypt
  - to manage the workload on each team to balance the benchmark objectives and the ability to provide measurable and meaningful assistance to clients -- qualitative as well as quantitative
  - to provide sustainability and a legacy for funds invested in the industry

The process of assistance is based on certain parameters:

1. **Sectoral (Cluster) Focus:** Each service area(s), individual STTA or team of STTAs under the supervision of the respective Service Area Director and his/her counterpart Co-Director, undertakes to assess cluster companies and determine common technical, marketing and managerial needs, including comparative analysis of existing data from previous diagnoses and assessments. A work plan for assistance, based on sectoral issues, is defined and agreed upon with companies by cluster. If there are multiple and/or staged projects, these must be planned and designed to achieve results in one or more of the three functional categories of assistance – management, marketing and operations.
2. **Person-Day Guidelines:** In planning the intervention and training, the Service Area has to ensure that the estimated number of person-days and other ALEB resources are consistent with the total allocation of resources based on the estimated level of effort by discipline.

**Technical Intervention Phase Guidelines:** The process of technical intervention has standard phases which reflect the steps required for initial meetings, developing and accepting a work plan proposal, planning, diagnosing, analyzing, providing recommendations and priorities, developing action plans and implementing. Based on the analysis and previous experience, the table below indicates the average person days estimated to provide assistance to each company across task. The days may not be contiguous and may reflect technical intervention over the term of one year. This is based on the preparatory tasks required to accomplish the deliverables as well as the objectives themselves (achievement indicators) to provide a range of days depending on the complexity of the project and the need for specific specialists in the functional areas of assistance. The workload per project is determined within a range of person-days. The range is based on two cases:

**Case 1: Minimum level of assistance: small company/readily identifiable project/minimum specialist assistance**

**Case 2: Maximum level of assistance: large company/complex areas of assistance/need for specialist assistance**

The person-day guidelines proposed for each project based on the analysis are:

	<b>ALEB Minimum</b>		<b>ALEB Maximum</b>		<b>ALEB Average</b>
Initial Meeting(s) with Company & Diagnosis	1	to	2		1.5
Development of Work Plan Proposal and Presentation to Client & ALEB Teams	1	to	3		2
Refining Work Plan for Assistance & Obtaining Client's Agreement	1	to	2		1.5
Implementation of Work Plan and Follow-up	4	to	20		12
<b>Total Assistance per Company</b>	<b>7</b>	<b>to</b>	<b>27</b>		<b>17*</b>

\* This is aggregate time, meaning that it includes all STTA (across all ALEB service areas) time spent on research, support tasks and reporting, as well as all LTTA time (across all ALEB service areas) dedicated to the process of assessment and developing the work plan proposal for each company.

ALEB has developed a demand-driven assistance program, revolving around market driven product opportunities matched with sectoral needs. Specific interventions require a proposal to be developed and agreed upon with the client. The proposal is structured within the person-days and assistance phase guidelines. The proposal can also contain the estimated number of person-days and a fee amount reflecting the assignment; such fee does not have to be paid by the client, but should be understood as the "value" of the ALEB assignment. This concept would engender a recognition of value received by the client and would contribute to the transfer of information and eventual sustainability of a service industry and a trade association servicing the food processing industry in Egypt.

The demand-driven process achieves certain goals:

- the consulting process reflects good professional practice and contains the required components to manage and control the projects
- each project requires a proposal/work plan that is agreed to by the client

- the team stays focused with the client on the intervention(s) limiting the potential for open-ended assignments
- each intervention is discrete, but based on sectoral issues, and has a defined objective. When this objective is attained and the project is completed the company is defined as "graduated"
- the process disciplines the teams and the specialist consultants to carefully evaluate the needs of the client and the project to assist in key areas
- expectations of the client are managed through the clear understanding and written communication of roles, responsibilities and results as contained in the proposal and work plan.

The team, after meeting with a prospective client, prepares a **project proposal**. The proposal defines the intervention and so is the key document. Proposals are submitted by the team to be approved by ALEB prior to presentation to the client. This provides an internal control over the allocation of resources, scope of assistance, time frame and expected results. The process of preparing a proposal is standard for all projects. Information gathered through the proposal process is fed into a work plan or action plan that directs ALEB's efforts with the company. The program of assistance targeted toward achievable results is tailored for each project within the guidelines as outlined.

A disciplined proposal process is important in a consulting project in such ways as:

- enhanced consultant focus on what needs to be done, before as well as after the work begins (based on client need and priorities, financial capabilities, etc.)
- enhanced process for systematic mentoring by senior consultants/ team leaders of the Egyptian counterparts
- enhanced method for sharing and marshalling in-house knowledge and ideas, by practice and by domain
- enhanced management ability to provide targeted guidance and project oversight
- enables the collection of data and experience that will in turn be required in future assignments including information with respect to fee generation
- establishes the standards required in the profession of consulting in Egypt through a process of education and practice with companies currently not exposed to this profession and service

In summary, the elements of a proposal and the process steps are contained in the following table: Project Flow (overleaf).

### Summary of ALEB Project Flow:

	LOE (days)	Step	Objectives
1	½ - 1 day	Client Contact	<ul style="list-style-type: none"> <li>• receive request for technical assistance</li> <li>• diagnose company</li> <li>• determine need for assistance and ALEB's potential for a successful relationship</li> </ul>
2	½ - 1 day	Client Screening (Diagnosis)	<ul style="list-style-type: none"> <li>• determine eligibility of client, based on capacity/ability to improve and to increase exports</li> <li>• inform client of process and ensure client commitment to process</li> </ul>
3	½ - 2 days	ALEB Proposal Preparation and Submission	<ul style="list-style-type: none"> <li>• proposal drafted by ALEB team and approved internally before client submission</li> <li>• secure an engagement with agreement with client on project scope</li> </ul>
4	½ - 1 day	Client Acceptance of ALEB Proposal	<ul style="list-style-type: none"> <li>• confirm in writing with agreement to planning and support</li> </ul>
5	1-2 days	ALEB Execution: Audit and Presentation to Management	<ul style="list-style-type: none"> <li>• enroll company in ALEB training programs</li> <li>• assess immediate needs and potential for STTAs client team assembled as agreed in proposal, client team to be responsible for project</li> <li>• determine phases and benchmarks as required</li> <li>• stay focused, but be flexible and maintain a professional posture</li> <li>• be supportive and understanding of clients' efforts to gain confidence in ALEB</li> </ul>
6	1-3 days	ALEB Execution Preparation of Action Plan (work plan)	<ul style="list-style-type: none"> <li>• assess priorities and ability and resources of client to undertake action plans</li> <li>• assess further potential for STTAs after audit phase</li> <li>• client agreement on plans, benchmarks as required</li> </ul>
7	2-14 days	ALEB Execution Implementation and Monitoring	<ul style="list-style-type: none"> <li>• develop plan and project with client that formalizes ALEB role in implementation phase</li> <li>• ensure client commits resources and personnel to project implementation</li> <li>• create realistic and positive project benchmarks and objectives</li> <li>• critically monitor progress, note deviations and impact on work plan</li> </ul>
8	1-3 days	Project Completion and Review	<ul style="list-style-type: none"> <li>• review project and activities to improve consulting skills and effectiveness of ALEB</li> <li>• measure execution of project based on work plan</li> <li>• seek feedback from client</li> </ul>

Based on the plans for assistance, completion of the intervention and the workload in person-days to complete a work plan, each team must maintain a balance between enrolled assistance and the ability to complete the intervention. This is a classic pipeline problem - if too many companies are enrolled, resources will be too thin to complete technical interventions.

The conclusions of this analysis provides the **project phase guidelines**:

- Select only projects that can be completed within the average of 17 person days. Longer projects are possible if justifiable and with due care of the allocation of resources in the service area across all projects.
- An average of 5 days must be planned for the process of diagnosis and development leading to implementation of an assistance work plan. This process allows for early assessment of issues that can be remedied by recommendations for quick solutions and follow-up reports and toolboxes in advance of follow-on technical assistance. It should not be considered a loss of time or resources.
- The complexity of the project should be carefully understood, as the commitment of specialist resources to the different phases will require management across teams.
- Management of the client company should be prepared to commit approximately three times the number of person-days per project; this should be communicated in advance (especially the implementation phase where the company performs the tasks)

The above guidelines are used within the Service Area by the teams in planning projects to successfully achieve agreed objectives (which should contribute to accomplishment of ALEB's achievement indicators) with the client and also to allocate resources within the parameters as defined by the performance indicators or deliverables.

#### **9.4 Short Term Technical Advisors (STTAs)**

Based on the work plan deliverables and the achievement indicators, STTAs (both expatriate and local) perform different functions within ALEB. STTAs are considered specialist members of ALEB and are involved in all ALEB activities including training, workshops, counterpart development, outreach etc. As many of the STTAs have unique skills and backgrounds, they may also contribute to specific internal projects including development of toolboxes, training materials, etc. The STTA schedules in the respective implementation sections of the *Work Plan for CY 2002* include a level of effort (LOE) for each STTA in order to facilitate the planning and coordination of STTAs to ensure continuity of projects. The work plan also includes the expected disciplines in which ALEB has determined common needs across the industry.

Short-term technical advisors (STTAs) will be recruited for company specific improvement activities that can be leveraged across the cluster or industry and in which there is a need for technical and other expertise that are not offered by ALEB staff or outside of ALEB – by GTG partners and other donor agencies or where these activities may require a greater time commitment than that available from other resources.

In some instances, ALEB will seek to transfer information to institutions or associations in the same sector where technical assistance or transfer of information is required for all companies - examples could include the following: Egyptian Agribusiness Association (EAGA), Egyptian Seed Association (ESAS), Egyptian Cold Chain Association (ECCA),

Egyptian Exporters Association (EEA), Horticultural Exporters Improvement Association (HEIA), and others. In this manner, technical assistance and methodology can be leveraged to a greater number of enterprises. Furthermore, in the area of strategic alliances and capacity building, ALEB and their STTAs have and will continue to work with other donor agencies and institutions such as the Chambre Affairs Franco-Egyptienne (CAFÉ), the German-Arab Chamber of Commerce (GACC), the American Chamber of Commerce (AmCham), the Japanese External Trade Organization (JETRO), the Industry Modernization Program (IMP), the Danish International Development Assistance (DANIDA), foreign trade associations, and various ministries, foreign embassies and commercial offices around the globe.

The process for identifying and selecting an ALEB technical STTA is as follows:

1. the client and the team will identify the technical assistance required from the STTA
2. the team, with input from the client, write the Scope of Work (SOW) including details of the objectives and tasks of the STTA and the client(s) will approve the contents of the application
3. in accordance with USAID requests to consider implementing cost-sharing where possible with the client(s), they will be encouraged to provide translators and per diem for the STTA
4. in the case of multiple companies, each company must complete an application and the applications will be submitted together
5. the client(s) will approve the STTA under the guidance of the team
6. confirmation for the STTA will be given by the Chief of Party (COP)

The STTA coordinator (usually the Co-Director) in concert with the Director will arrange the logistics of each STTA with the company prior to the commencement of work by the STTA. The Director or Co-Director of the respective Service Area will prepare standard orientation packages for each STTA with the Scope of Work, country information for expatriate STTAs and ALEB information, including specific briefing information on the assignment.

## **9.5 ALEB Staff Training**

Training of ALEB staff with the intent to provide a cadre of industry professionals and accordant sustainability is based on the following program:

- Clear understanding of roles and responsibilities - these extend to all ALEB staff
- Clear understanding of internal management systems and procedures - these extend to all ALEB staff
- Clear reporting lines – Service Area Co-Directors report to their team leader (Director) who in turn reports to the Chief of Party
- Daily training for Egyptian counterparts (Co-Directors) occurs as a team member alongside the Director and the other STTAs. The Director is required to develop the consulting and technical skills of the Co-Directors.

In addition the following systems provide formal training in addition to the ad hoc training:

- use of a systematic process with each client
- the creation of a proposal which outlines the role and objectives of the consultant
- training in client management skills
- discipline in project management
- writing summary reports
- making client presentations
- participating in client meetings and conferences
- professionalism in personal and professional conduct
- ethics and confidentiality
- commitment and responsibilities

To date the ALEB counterparts and support staff have participated in many training seminars and workshops, including preparing and presenting the materials for the specific workshops and attending the sessions.

## 10.0 Strategic Activities

ALEB's clients include food processing companies, associations and, secondarily, service companies. From time to time, we also offer training to GOE agencies and ministries. Currently, our database contains the following numbers of contacts:

Food Processing Companies	278
Service Companies	334
Associations	35
GOE Agencies & Ministries	36

ALEB continuously adds new companies and associations to our database and, as we do so, they are invited to ALEB's events and included in dissemination of market and other information. During the Base Period of the ALEB project, over 250 of the 278 food processing companies in ALEB's database received various forms of valuable market information, while 218 of them received the benefit of ALEB's training. Moreover, a total of 136 processors received technical assistance. Within these groups, 73 companies received in-depth assistance as targeted clients. In addition, we gave training and/or technical assistance to 143 service companies and 30 trade and business associations.

ALEB will continue to support all of our current clients, both targeted and non-targeted, on an extension basis during the Option Period. We will continue to disseminate information to all of the food processing companies, service companies and associations in our database, and to invite them to training programs and other events (e.g., Market Outlook Conference, Suppliers' Day, etc.). Whenever appropriate, we also invite agencies of the Egyptian government (GOE) to our events.

Many of the food processors in our database are not in ALEB's targeted product clusters or they are not capable of exporting products within our clusters. Moreover, our experiences over the past three years have shown that Egyptian food processing companies, service companies and associations have varying needs and demands; they require varying levels of support in the areas of market information, business development, association development, in-plant technical assistance, etc.

Prior to providing targeted assistance to any company or association, we will undertake a diagnosis (if we have not already done so during the Base Period) to determine the level of assistance a company requires. Moreover, with regard to food processors and service companies, as mentioned previously, we will work with companies that are within our targeted product clusters, that have the financial and human capacity to benefit from ALEB's assistance, and that are capable of increasing exports. ALEB's methodology for working with companies is described in section 9.0 of this document.

Given the fact that our human and financial resources will be, in fact, less during the Option Period, we anticipate giving technical assistance to a minimum of 125 food processing companies. This number includes the 73 targeted clients from the Base Period, as they will continue receiving assistance on an as-needed basis. It also includes a minimum of 52 new clients (73 + 25 = 152). Moreover, we will give assistance to about 9 associations and 50 service companies (e.g., transportation, pest control, credit facilities, banks, packaging, cold storage). The rest of the companies and associations will continue to receive information and training.

During the Base Period, all service areas (tasks) attempted to work with all targeted clients, as required by the ALEB technical contract. Going forward, each service area will work only with food processing companies, service companies and associations that both demand and require the assistance provided by that service area, in addition to having the capacity and

willingness to improve and to increase exports. For example, Technical Services will give assistance in developing new products only to companies that have actually demonstrated an interest/need for this type of TA, that are capable of undertaking whatever efforts must be made, and that have the capacity to increase exports. Therefore, the task areas will not necessarily work with the same clients or the same number of clients. Within any given year of the Option Period, each service area will provide technical assistance to 30-40 food processing companies. Technical Services will also give TA to 15-20 service companies per year, and Trade Association and Strategic Alliance Services (Task 3) will also work with 9 associations throughout the Option Period.

## **10.1 Training**

Topics for ALEB's training workshops have always been based on industry demand identified through workshop evaluations, specific industry requests and word of mouth. During the Option Period, ALEB will continue to utilize input from companies and associations through evaluations and surveys to determine the important topics and subject matter most needed to improve the industry's global competitiveness. We will also listen and respond to industry demand to determine both the number of training events and the timing of these events best suited to provide the industry with their specific needs.

ALEB has also determined that, while there is a demand for both general training and industry-specific training (managerial, marketing or technical), it is not always cost effective for ALEB to provide both of these training types. Therefore, a major portion of the general training in areas such as human resource development, change management, strategic planning, computer skill development and a number of other general topics are better scheduled and more cost effective if done in cooperation with and through other USAID projects such as DT2 and MDI. In fact, ALEB has already initiated training in several of these general areas through DT2. Our Option Year work plans will incorporate a majority of general training programs through cooperation with other USAID training providers.

ALEB will continue training in some topics that may appear to be general but are, however, more specific in nature, such as strategic planning wherein a training "tool box" has been prepared on "how to do a SWOT analysis". Workshops will be offered on how a company can accomplish its own SWOT analysis rather than ALEB doing the SWOT for the company. This is only one example of taking a specific part of a general topic and teaching a company how to help itself.

Specific technical training will continue to be offered by ALEB to industry clusters on a demand basis. The types of this technical training are plant sanitation, HACCP, Good Manufacturing Practices, marketing food products, searching the Internet for business, using information about the processed food market in feasibility studies, association fundraising and association policy advocacy, plus numerous other specific topics.

All of ALEB's tasks have already utilized our local Egyptian staff to organize, prepare and deliver a number of technical workshops in their specific areas of expertise. This practice will continue and will be increased during the Option Period whereby local staff will teach at workshops with the ALEB expatriate staff acting only in an advisory capacity. Additionally, several of ALEB tasks have identified qualified local training providers while other tasks are still in the identification process. This training provider search and identification will continue and ALEB staff will continually update and "train the trainers". It must be recognized that in several technical areas it has been and will likely continue to be difficult to find local trainers or training providers with sufficient in-depth technical knowledge and background to present all of the ALEB technical events. The ultimate objective will be that by two-thirds of the time frame into the Option Period years, local staff and local training providers will be presenting

a majority of ALEB's workshops. This will provide a strong set of expert and knowledgeable resources for continuing technology transfer long after the ALEB project has left Egypt.

ALEB began to charge training participants a nominal fee during Year 2 of the project, and we intend to continue this practice during the Option Period. Charging a fee for training emphasizes the value of the knowledge and material that ALEB provides. Paying for ALEB's training accustoms our clients to this concept, preparing them for the time when training is no longer offered at discounted prices by international donors. Finally, as ALEB utilizes more local trainers during the Option Period, we will help to strengthen the domestic industry, which generally charges for its services.

## 10.2 Study Tours

Over the past two years, we have found that study tours comprised of food company representatives participating in various trade fairs and expositions are significant results-oriented events. Those trade fairs and expositions that study groups have attended are varied in nature and have included processed food expositions, equipment shows and technological conferences. The benefit and results from these study tours have provided Egyptian food companies increased export sales, identification and purchase of new equipment, technology transfer and networking with international import/export companies and other food companies to build linkages and strategic alliances. Specific technical training sessions have also been provided to study tour participants as part of the study tour.

We propose to continue to utilize study tours in the Option Years as an important benefit and results oriented technique to improve the industry's global competitiveness and to increase export volume. The study tour deliverable had been the responsibility of Task 3. We changed this during Year 3 of the Base Period to a project deliverable, rather than a task specific deliverable, and we will continue this activity as a project-wide deliverable during the Option Period. Thus, in the Option Period, Technical Services will develop tours that involve technical training overseas, while Business Development Services will develop marketing study tours and Trade Association Services will develop tours for staff and board members of associations. Some tours might cut across disciplines, in which case the various ALEB teams will cooperate and coordinate efforts.

We will also endeavor during the Option Period to develop study tours that are more focused, in order to deliver optimum benefit to our clients. Study tours undertaken during the Base Period were not necessarily focused, as they usually included participants from several product clusters (dehydrators, freezers, juicers, etc.). As a result, the technical training that we offered during tours was broad in nature, in order to encompass all of the clusters represented. Participants have asked that we narrow the focus of our study tours and deliver very specific, tailored training. Therefore, we plan to organize tours around product clusters: one for dehydrators, one for freezers, and so forth.

Moreover, in selecting study tour participants, we will endeavor to ensure that they meet the following criteria:

- Candidate should hold an appropriate position/job in the company/association. Participants of technical tours should hold jobs/positions that are technical in nature, and participants of marketing tours should work in firms' marketing/sales departments. All participants of association tours will be staff or board members off associations.
- Candidate should be an appropriate age (not less than 25, ideally) and should have worked in the industry, association or appropriate field (e.g., marketing) for at least 2 years.

- Candidate should be an Egyptian national.
- Candidate should have appropriate language skills (i.e., English language capability, unless the tour is in the Middle East region).
- Company should be involved in the applicable product cluster or service industry, and it should have the capacity to benefit from its employee's participation in tour (i.e., should be capable of increasing exports, adopting new technology, developing new product, etc.).

Study tour participants will be expected to share the costs, as they have done during the Base Period. They will continue to pay for all of their meals and incidentals, while IIE/DT2 will cover transportation, hotel and training or exhibition fees.

### 10.3 Technical Assistance

The majority of technical training events will also require hands-on technical assistance for implementation of improved systems at the cluster company level. To effect real positive change it is necessary that technical assistance supplement training events to provide on-the-job, real life experience within the companies. During ALEB's Base Period, USA based consultants provided a considerable amount of technical assistance. In most cases, the USA consultant was teamed with a local Egyptian consultant and/or a local Egyptian staff member. This has been a technically broadening experience for local consultants and staff members. In the Option Period we will decrease the level of effort and use frequency of USA based consultants by a minimum of 35% while supplementing this level of effort with increased utilization of local consultants and staff. When we do use USA based consultants we will continue the practice of "pairing them up" with local consultants or staff. We will also utilize local consultants and staff on an ever-increasing basis to provide technical assistance to the cluster companies. In the last nine months of the Option Period, we will attempt to provide all training and technical assistance with trained local consultants and staff. This should provide a cadre of qualified local experts to carry on ALEB's work in the various task disciplines after ALEB leaves Egypt.

Additional technical assistance to cluster companies will also be extended through ALEB's cooperative efforts with other USAID funded activities. We have already begun cooperative efforts with the CBS Project, implemented by IESC whereby we share Egyptian company diagnostics, assessments, evaluations and SWOT analysis with CBS so that they are able to provide longer term technical assistance consultants when required to a greater degree than ALEB can provide within our contract scope and budget.

During the Base Period, clients did not share the cost of technical assistance that they received from ALEB. We believe that this might have contributed, on some occasions, to a lack of commitment on the part of the client to working closely with ALEB staff members and/or STTAs and implementing recommended changes. Going forward, we will explore how clients might contribute to the cost of technical assistance. Perhaps, they will pay for interpreters, an STTA's meals and incidentals, or a percentage of the STTA's daily fee, etc. Charging a fee for technical assistance will emphasize the value of this service, while paying the fee will demonstrate the client's commitment and interest.

## **11.0 Organization**

### **11.1 Tasks**

Recognizing that there has been some minor overlap between various task areas, we are consolidating and changing some task responsibilities. Furthermore, ALEB's Base Period of 33 months was budgeted at \$14,678,674 while the 36 month Option Period #2 is budgeted at \$10,795,506. This represents a budget decrease of 32.6% and mandates greater cost effectiveness ultimately resulting in consolidation and some staff reduction. This will all be accomplished while maintaining a results oriented project with significant positive impact for the Egyptian processed food industry.

A. Combine Task 1 Market Information Services with Task 3 Business Development Services under one expatriate director while maintaining two local co-directors, one specializing in Business Development Services and the other in Market Information Services. The key areas of overlap that will be enhanced and improved by this move are:

- The incorporation of industry rapid analysis updates (a Task 3 function) into the MarketPulse-Egypt Information System (a Task 1 function).
- Combining training/technical assistance in the use of market information for decision making including market feasibility studies (a Task 1 function) and the development of target market feasibility studies for potential processed food exports (a Task 3 function).
- Combination of training/technical assistance in use of market research across targeted clusters (a Task 1 function) and training on how to explore new markets, determine demand and consumer preferences in other markets (a Task 3 function).

B. Incorporate the training and technical assistance of service companies into Task 2 Technical Services under one expatriate director, while maintaining one local co-director. The service company improvement function was part of Task 4 Trade Association Services during the Base Period. The key areas that will be enhanced and improved by this move are:

- There is an ongoing need for technical improvements in service companies that can be supplied in greater depth by the Task 2 Technical Services function. These include technical improvements in the packaging industry and improvements in the function and handling of the cold chain (cold storage and transport).
- The development of standards and specifications for packaging materials and containers.
- The liaison between processors and suppliers to teach cooperative efforts between the two in developing the correct new packaging for existing products and new products.

C. Combine Task 4 Trade Association Services with Task 5 Strategic Alliance Services under one expatriate director while maintaining two local co-directors, one specializing in Trade Association Services and the other in Strategic Alliance

Services. The key areas of overlap that will be enhanced and improved by this move are:

- Trade Association Services (Task 4), as part of their normal function are in contact with various association members who are food processors, suppliers and service. Within the aggregate membership of associations and in the spirit of cooperation among a diverse membership a great opportunity exists for the initiation of strategic alliances and linkages.
- Identifying strategic alliance opportunities or "matchmaking" can be an important association service that strengthens the association, as well as its members' business ties and collaboration with one another. It can be a source of revenue for the association, in addition to enhancing the association's image.
- While the functional responsibility for Strategic Alliance Services will fall under the direction of Trade Association services (TAS), the development of strategic alliances will remain a cooperative effort across all ALEB Tasks or service area teams as innovative alliance opportunities do not evolve from only one source.

D. Administration: During the last six months ALEB has initiated downsizing measures within the Administrative staff. We have not renewed contracts on three of the staff, the Administrative Assistant, Senior Administrative Assistant and a Translator. This was done in anticipation of the need to reduce costs particularly in the Option Period where an overall lower budget was proposed. We have been operating with this reduced Administrative staff and there is still some question whether all Administrative needs can be adequately accomplished with this reduced staff. We propose to replace the Administrative Assistant and add one Translator while eliminating the Senior Assistant for the Option Period.

E. USAID, through the USAID/CTO, has requested that ALEB add a Deputy Chief of Party (COP) position for the Option Period. This person will be a local hire, Egyptian national. Funds for this position will come from the existing Option Period budget; however, USAID expects that the Deputy COP will be a highly qualified food industry specialist capable of delivering TA and training to the food processing companies we will assist during the Option Period. In addition, in order to allow the expatriate COP more time to engage in leading TA and training to the food industry, USAID and ALEB have agreed to add an expatriate Project Manager. This person will have primary responsibility to ensure that ALEB has the policies and procedures in place to comply fully with USAID rules and regulations. The expatriate Project Manager will supervise all financial, administrative and support services, including payment through voucher verification and so forth.

## 11.2 Subcontractors

During the Base Period of ALEB activities we have been supported by seven subcontractors providing technical services in various task areas.

Alexandria University, High Institute of Public Health (HIPH)  
Allied Corporation, Egypt  
Center for Advanced Food Technology (CAFT), Rutgers University  
Market Solutions  
Sparks Companies Inc. (SCI)  
Samuel R. Daines (SRD) Research

## **The Mitchell Group (TMG)**

For the most part, these have been successful partnerships. We propose maintaining four out of the seven contractors in the three year Option Period 2.

### **11.2.1 Subcontractors Maintained:**

**Allied Corporation, Egypt:** Allied Corporation has successfully provided ALEB with both local technical staff and some local administrative staff in key areas. They deliver technical assistance across all tasks in providing local short-term technical consultants and local technical trainers. Additionally, they have identified and negotiated with local providers for technical support materials to assist the various ALEB tasks. These include CD-ROM preparation, collateral materials and signage for various major events. Allied staff members working with ALEB have been instrumental in developing and maintaining a processed food company database, and they continue to survey the local industry for critical input information. Allied is also responsible for the logistics and organization of ALEB's annual Market Outlook Conference. We propose that they continue these vital activities through the Option Period #2.

**CAFT:** The Center for Advanced Food Technology at Rutgers University primarily serves Technical Services (Task 2) and identifies, supplies and administrates short-term technical consultants in specific food science and technology areas. They have been instrumental in assisting in the development of food science training and have provided several packaged courses presented in Cairo as a purchased service. They also provide on-site training at CAFT for ALEB's study tour participants. This training is a combination of classroom lecture and hands-on laboratory and/or pilot plant facility training. We propose this valuable asset be continued through the three year Option Period #2.

**Sparks Companies:** The Sparks Companies support has been critical in the development of and maintenance of the MarketPulse-Egypt Information System. They provide short-term technical assistance in the market information systems area, which includes design, organization and database inputs. The short-term technical assistants and their home office staff also provide guidance on market information dissemination, utilization of information for critical business decisions and training on the use of multiple sources of information including electronic business-to-business and Internet. We propose to continue this valuable asset through the three year Option Period #2.

**The Mitchell Group:** The Mitchell Group provides the total support for ALEB's M&E activities including critical M&E staff, the M&E Manager. Additionally, The Mitchell Group has provided professional short-term technical assistance on WID support and organizational development/human resource support. We propose that this professional support continue, however, on a somewhat different basis. WID support will consist of ways and means to incorporate more women into middle management and more participation in ALEB's training programs and study tours. We envision that most organizational development and human resource training in the Option Period will be accomplished in coordination with other providers, such as DT2 and MDI. However, after training, a critical need still exists for on-site, on the job assistance or intervention at the company level to assist companies in implementing what they have learned in the classroom. Therefore, TMG might assist ALEB in identifying and hiring appropriate STTAs for organizational and human resource development. We propose to continue this partnership for three years through the Option Period #2.

### **11.2.2 Subcontractors Terminated:**

**Alexandria University, High Institute of Public Health:** The HIPH was utilized in the Base Period to provide local technical support to ALEB's Technical Services (Task 2). They were also provided office space in Alexandria and were utilized as a base of operations for ALEB staff and our STTAs while providing training and technical assistance to the many food industry companies in the Alexandria area. The HIPH did supply ALEB with a limited number of local STTAs at some technical training events and for several research and survey projects. The HIPH's ability to provide a good cross section of local technical consultants was limited in that only local consultants from the HIPH were nominated and utilized. This limited ALEB's ability to find local expertise in other critical areas such as agriculture, engineering and other scientific disciplines. We propose that this subcontractor not be continued into the three year Option Period #2.

**Market Solutions:** Market Solutions had been used during the Base Period on a short-term basis for library, internet and document research in the public domain to survey import/export statistics in target markets. Their reports containing this data were utilized by ALEB's BDS team (Task 3) to help identify export products of opportunity. This service supported ALEB's in-depth IRA surveys. In the Option Period ALEB will provide updated IRA surveys. These updated surveys will not be accomplished in the depth that was required for the initial survey but rather will re-qualify opportunity products already identified and any new products of opportunity supplemental to the existing IRA surveys. We propose that this subcontractor not be continued into the three year Option Period #2.

**SRD Research:** SRD was initially utilized in the Base Period to identify, supplement and broaden data and provide reports on IRA opportunity products in various markets. Later during the ALEB product, SRD was utilized on a task order basis to supply this same material. In the Option Period ALEB will provide updated IRA surveys. These updated surveys will not be accomplished in the depth that was required for the initial survey but rather will re-qualify opportunity products already identified and any new products of opportunity supplemental to the existing IRA surveys. We propose that this subcontractor not be continued into the three year Option Period #2.

**AGRICULTURE-  
LED  
EXPORT  
BUSINESSES  
(ALEB)**

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**Supporting  
Egypt's Processed  
Foods Export  
Industry**

**Work Plan for  
CY 2002**

**Resubmitted February 2002**

***Prepared for:***  
USAID/Egypt  
SO 16; IR 16  
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Sparks Companies, Inc.

# **AGRICULTURE-LED EXPORT BUSINESSES (ALEB)**

## **Work Plan for CY 2002**

**Resubmitted February 2002**

***Prepared for:***  
USAID/Egypt  
Agriculture-Led Export Businesses (ALEB)  
SO 16, IR 16  
***Prepared by*** Abt Associates Inc.  
Under Contract No. 263-C-00-99-00011-00

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### Acronyms Utilized by ALEB

<b>ACDI/VOCA</b>	<b>Agricultural Cooperative Development International / Volunteer Overseas Cooperative Assistance</b>
<b>AgLink</b>	<b>Agribusiness Linkages for Egypt</b>
<b>AI</b>	<b>Achievement Indicator</b>
<b>ALEB</b>	<b>The Agriculture-Led Export Businesses project</b>
<b>AmCham</b>	<b>American Chamber of Commerce in Egypt</b>
<b>ANUGA</b>	<b>ANUGA Food Tech (international exhibition in Cologne, Germany)</b>
<b>APRP</b>	<b>Agricultural Policy Reform Program</b>
<b>ARAC</b>	<b>ALEB Resource and Alliance Center</b>
<b>ASAE</b>	<b>American Society of Association Executives</b>
<b>ASTA</b>	<b>American Spice Trade Association</b>
<b>ATUT</b>	<b>Agricultural Technology Utilization &amp; Transfer</b>
<b>BDS or Task 2</b>	<b>Business Development Services</b>
<b>BEBA</b>	<b>British-Egyptian Business Association</b>
<b>CAE</b>	<b>Certified Association Executive</b>
<b>CAFT</b>	<b>Center for Advanced Food Technology, Rutgers University</b>
<b>CAFÉ</b>	<b>Chambre des Affaires Franco-Egyptiennes (French-Egyptian Chamber of Commerce)</b>
<b>CAPMAS</b>	<b>Central Authority for Planning, Mobilization and Statistics</b>
<b>CBS</b>	<b>Center for Business Support (International Executive Service Corps- IESC)</b>
<b>CIDA</b>	<b>Canadian International Development Agency</b>
<b>CEO</b>	<b>Chief Executive Officer</b>
<b>CIBUS</b>	<b>International Processed Food Exhibition (Parma, Italy)</b>
<b>CIF</b>	<b>Cost, Insurance, Freight</b>
<b>CIP</b>	<b>Cleaning in Place</b>
<b>CIP</b>	<b>Commodity Import Program</b>
<b>COMESA</b>	<b>Common Market of East and South Africa</b>
<b>COP</b>	<b>Chief of Party</b>
<b>CN</b>	<b>Commodity Number</b>
<b>CY</b>	<b>Calendar Year</b>
<b>DANIDA</b>	<b>Danish International Development Assistance</b>
<b>DIDA</b>	<b>Dairy Industry Development Association</b>
<b>EAEOFFC</b>	<b>Egyptian Association for Essential Oils, Flavors, Fragrances &amp; Cosmetics</b>
<b>EAGA</b>	<b>Egyptian Agribusiness Association</b>
<b>EAN</b>	<b>European Automated Numbering System</b>
<b>ECA</b>	<b>Egyptian Chefs' Association</b>

<b>ECCA</b>	<b>Egyptian Cold Chain Association</b>
<b>EEA</b>	<b>Egyptian Exporters Association</b>
<b>EFDA</b>	<b>Egyptian Franchise Development Association</b>
<b>EIBA</b>	<b>Egyptian Investors &amp; Business Association (Mansoura)</b>
<b>EMDA</b>	<b>Egyptian Marketing Development Association</b>
<b>EMPA</b>	<b>Egyptian Meat Processing Association</b>
<b>EOP</b>	<b>End of Project</b>
<b>EPDA</b>	<b>Egyptian Packaging Development Association</b>
<b>ESAS</b>	<b>Egyptian Seed Association</b>
<b>ESMAP</b>	<b>Egyptian Society for Producers, Manufacturers &amp; Exporters of Medicinal Herbs &amp; Spices</b>
<b>EU</b>	<b>European Union</b>
<b>FMI</b>	<b>Food Marketing Institute</b>
<b>FPM&amp;SA</b>	<b>Food Processing Machinery &amp; Equipment Suppliers Association</b>
<b>FTC</b>	<b>Food Technological Center</b>
<b>GAAP</b>	<b>Generally Accepted Accounting Principles</b>
<b>GAP</b>	<b>Good Agricultural Practices</b>
<b>GATT</b>	<b>General Agreement on Tariffs and Trade</b>
<b>GCC</b>	<b>Gulf Cooperation Council</b>
<b>GMA</b>	<b>Grocery Manufacturers of America</b>
<b>GMP</b>	<b>Good Manufacturing Practices</b>
<b>GOE</b>	<b>Government Of Egypt</b>
<b>GDP</b>	<b>Gross Domestic Product</b>
<b>GTG / GTG M &amp; E Unit</b>	<b>Growth Through Globalization / Monitoring &amp; Evaluation Unit</b>
<b>GTN</b>	<b>Global Technology Network</b>
<b>GTZ</b>	<b>German Technical Assistance Cooperation</b>
<b>HACCP</b>	<b>Hazard Analysis and Critical Control Points</b>
<b>HEIA</b>	<b>Horticultural Export Improvement Association</b>
<b>HIPH</b>	<b>High Institute of Public Health</b>
<b>HTS</b>	<b>Hamorized Tariff Schedule</b>
<b>IAFIS</b>	<b>International Association of Food Industry Suppliers</b>
<b>IARWWFLO</b>	<b>International Association of Refrigerated Warehouses and World Food Logistics Organization</b>
<b>IAS</b>	<b>International Accounting Standards</b>
<b>IESC</b>	<b>International Executive Service Corps</b>

<b>IEFP</b>	<b>International Exhibition of Food Processors</b>
<b>IFT</b>	<b>Institute of Food Technology</b>
<b>IIE/DT2 or DT2</b>	<b>International Institute for Education / Development Training 2 (project)</b>
<b>IMP</b>	<b>Industry Modernization Program</b>
<b>IPM</b>	<b>Integrated Pest Management</b>
<b>IQF</b>	<b>Individually Quick Frozen</b>
<b>IR</b>	<b>Intermediate Result</b>
<b>ISP</b>	<b>Internet Service Provider</b>
<b>IRA</b>	<b>Industry Rapid Analysis (or Appraisal)</b>
<b>ISO</b>	<b>International Standards Organization</b>
<b>IT</b>	<b>Information Technology</b>
<b>JETRO</b>	<b>Japanese External Trade Organization</b>
<b>LAN</b>	<b>Local Area Network</b>
<b>LOE</b>	<b>Level of Effort</b>
<b>M &amp; E</b>	<b>ALEB's Monitoring &amp; Evaluation Department</b>
<b>M &amp; IE</b>	<b>Meals &amp; Incidental Expenses</b>
<b>MALR</b>	<b>Ministry of Agriculture and Land Reform</b>
<b>MDI</b>	<b>Management Development Initiative</b>
<b>MIS</b>	<b>Management Information Systems</b>
<b>MIS or Task 1</b>	<b>Market Information Services</b>
<b>MPE</b>	<b>MarketPulse-Egypt Information System</b>
<b>MT</b>	<b>Million Tons</b>
<b>NAFTA</b>	<b>North America Free Trade Agreement</b>
<b>NFFA</b>	<b>National Frozen Food Association</b>
<b>NFPA</b>	<b>National Food Processors Association</b>
<b>NGO</b>	<b>Non Governmental Organization</b>
<b>NWFPA</b>	<b>Northwest Food Processors Association</b>
<b>OHRD</b>	<b>Organizational &amp; Human Resource Development</b>
<b>PGI</b>	<b>Project Generated Income</b>
<b>PI</b>	<b>Performance Indicator</b>
<b>PSDP</b>	<b>Private Sector Development Programme</b>
<b>QC</b>	<b>Quality Control</b>
<b>RFP</b>	<b>Request For Proposal</b>
<b>SA</b>	<b>Strategic Alliance</b>
<b>SAS or Task 5</b>	<b>Strategic Alliance Services</b>
<b>SIAL</b>	<b>Salon International des Alimentaires (international processed food exhibition in Paris, France)</b>

<b>SPS</b>	<b>Sanitary and Phytosanitary Standards</b>
<b>SSOP</b>	<b>Standard Sanitation Operating Procedures</b>
<b>STTA</b>	<b>Short Term Technical Advisor</b>
<b>SRD</b>	<b>Samuel R. Daines Research Group</b>
<b>SWOT</b>	<b>Strengths, Weaknesses, Opportunities, Threats</b>
<b>TA</b>	<b>Technical Assistance</b>
<b>TAP</b>	<b>Tracking ALEB Progress (ALEB's internal database)</b>
<b>TAS or Task 4</b>	<b>Trade Association Services</b>
<b>Task 2</b>	<b>Technical Services</b>
<b>TMG</b>	<b>The Mitchell Group</b>
<b>TQM</b>	<b>Total Quality Management</b>
<b>UK</b>	<b>United Kingdom</b>
<b>USAID</b>	<b>United States Agency for International Development</b>
<b>USAID/CTO</b>	<b>USAID's Contract Technical Officer</b>
<b>WID</b>	<b>Women In Development</b>
<b>WTO</b>	<b>World Trade Organization</b>
<b>Y1</b>	<b>Year 1 of the ALEB Project (Base Period)</b>
<b>Y2</b>	<b>Year 2 of the ALEB Project (Base Period)</b>
<b>Y3</b>	<b>Year 3 of the ALEB Project (Base Period)</b>
<b>Y4</b>	<b>Year 4 of the ALEB Project (Option Period)</b>

## 1.0 Introduction

This document is ALEB's work plan for CY 2002, the first year of ALEB's Option Period. ALEB will develop similar, though briefer work plans for the remaining years of the Option Period (2003 and 2004) at the close of each preceding year. This work plan is intended to be a definitive document to provide a focus and working guidelines for the three service areas comprising ALEB: combined Business Development (BDS) and Market Information (MIS) Services; Technical Services; and combined Trade Association (TAS) and Strategic Alliance (SAS) Services. It includes both the Long-Term Technical Advisors (LTTA's) in their respective service areas and Short Term Technical Advisors (STTA's), both expatriate and local. It has been written for the purposes of establishing the existing protocols or identifying the need to develop supplementary procedures and protocols in order to provide technical assistance to food processing companies in Egypt. This work plan is in accordance with the governing Technical Proposal submitted to USAID and under contract as Project No. 263 – 0264.

This work plan consists of the following seven sections:

- 2.0 Task 1: Business Development and Market Information Services
- 3.0 Task 2: Technical Services
- 4.0 Task 3: Trade Association and Strategic Alliance Services
- 5.0 Annex 1: ALEB's 2002 Deliverables
- 6.0 Annex 2: Budget for the Option Period (CY 2002 – 2004)
- 7.0 Annex 2: Training that will be Delivered through IIE/DT2
- 8.0 Annex 3: Strategic Alliances Completed & In Progress

The activities that we intend to implement during CY 2002 are described in Sections 2.0, 3.0 and 4.0, under the task teams that are responsible for them; however, it should be noted that the various tasks will cooperate closely. Many activities will be a team effort and, as explained in ALEB's Strategic Plan for the Option Period CY 2002-2004, accomplishment of our milestones and achievement indicators will require a team effort. Section 5.0 contains a summary list of the activities we will undertake during 2002, while 6.0 contains ALEB's budget for the Option Period. Section 7.0 contains a plan for the training we expect to implement through IIE/DT2 during CY 2002. Finally, Section 7.0 is a table showing all of the strategic alliances and market linkages that were developed by ALEB's clients with our assistance, as well as alliance and linkage opportunities that remain to be completed. ALEB will continue assisting our clients who have the capacity to take advantage of these opportunities, in addition to identifying new opportunities for companies capable of meeting them.

After three years of receiving technical assistance and training from the ALEB project, the Egyptian food processing industry and many firms in complementary service sectors are taking advantage of the market opportunities available to them for export. Egypt is engaged in reducing barriers to trade through the Euro-Med partnership with the European Union (EU), and Egypt is implementing changes in tariffs, subsidies, rules and regulations affecting imports and exports as a result of its membership in the World Trade Organization (WTO) and in conformity with the General Agreement on Trade and Tariffs (GATT). Indeed, Egyptian food processing companies are now facing increasingly stiff competition in domestic markets as more European products enter local supermarkets. The expansion of foreign competition in the retail food business, especially through supermarkets such as the French hyper-market *Carrefour*, and the continuing growth of the *Metro Market* chain via its strategic alliance with the UK-based *Tesco* supermarket giant pose a serious threat to Egyptian processed food companies that are unprepared to compete according to international quality and marketing standards.

If Egypt is to maintain its competitive advantage in domestic markets and increase exports of processed foods, the private sector must have a much more vocal and active role in affecting public policy. During the three-year project extension, the ALEB team will build on earlier work to increase the capacity of the private sector to engage in policy dialogue. We will provide both long-term and short-term technical assistance and training, including on-the-job training, in order to transfer and strengthen the skills of both Egyptian food processing firms and the business and trade associations to which they belong. With regard to firms, we will assist them in developing the capacity to apply their resources in order to take advantage of market opportunities for Egyptian processed foods. Regarding associations, we will assist them to plan, develop, and implement sound policy advocacy campaigns on behalf of their members and to deliver other types of membership services.

If Egypt is to enhance continuously the adoption of new technology and management practices that will make export growth possible, strategic alliances and industry support services must continue to expand and improve. Therefore, the ALEB project will also continue to build stronger private sector partnerships within Egypt and between Egyptian and foreign firms.

**Sustainability:** Three additional years of ALEB technical services and training should bring immense benefit to the Egyptian processed foods industry, boosting exports as well as domestic sales into hotels, restaurants and supermarkets. But how can these efforts be sustained after the end of the ALEB project?

One way that we will endeavor to generate sustainability will be for the whole ALEB project team to work very closely with the Egyptian Agribusiness Association (EAGA), as well as other trade associations in the food processing sector, to develop their capacity to take over some of the services that the ALEB project offers and that the food industry will demand in future years. The Trade Association Services (TAS) team will lead the project's efforts to provide intensive support to associations involved in the food-processing sector with the objective of having these associations become the leading organizations in the sector by the end of the ALEB project.

We must recognize, however, that three years (CY 2002-2004) is an inadequate amount of time to strengthen the organizational, managerial and financial capacity of new and nascent Egyptian trade associations to become totally self-reliant and financially sustainable institutions. Nevertheless, we will make every effort to work with the most qualified association staff, especially those at EAGA, to teach them how to do what ALEB service teams have been doing, so that through "learning by doing," EAGA may gradually develop the capacity to serve the processed food industry as other modern trade associations serve their members in North America and Europe.

Indeed, we would also suggest that the ALEB project is already on the way to establishing sustainability for our services by creating a cluster of forward-looking, market-responsive, well-managed food companies that can compete effectively in world markets. This cluster of companies will form the core group of firms that will continue to demand ALEB-like services from Egyptian institutions and service firms long after the ALEB project ends. And, as we have more success during the next three years in making more Egyptian food companies more competitive, we will also increase the demand in the industry for those services that will help Egypt maintain its competitive edge in international and domestic markets.

For example, the recent decision by the Government of Egypt (GOE) to create an Industry Modernization Program and to select the food processing industry as one of three key industries for modernization reflects the growing public and private sector awareness that the Egyptian food industry needs to be transformed. This new awareness is also leading to the demand for services akin to ALEB project technical assistance and training. The

composition of the Food Technological Center (FTC) Board, with seven private sector members – many of whom are members of EAGA and the EAGA Board of Directors – also reflects the growing realization that ALEB-like services are necessary if the Egyptian food industry is to compete successfully under the Euro-Med partnership, GATT and the WTO after 2004. Consequently, some time in early CY 2002, we will be meeting with the Board of the Food Technology Center (FTC) to plan a strategy whereby the FTC can work with the ALEB project to complement our training and technical assistance, to follow-up on the work we will do with clusters of food products, and to avoid duplication in activities that serve the processed food industry.

By providing value-added services to the whole food industry, we are creating a continuing and, ultimately, sustainable demand for such services that will endure beyond the life of the project. As illustrated above, this is already leading to the realization by public and private sector leaders of the food industry that organizations – such as associations – and institutions as well as service firms have a role to play in the modernization of the Egyptian processed food industry.

Finally, as we plan and implement our training programs, we will also search for skilled and financially sound Egyptian training providers (service firms or institutions) capable of working with us in our training activities. Our ultimate aim will be to deliver high quality training for the present and, hopefully, to find future training providers who will be able to continue meeting the demand that our services are creating. We hope to find local firms suited for technical training, such as EAN-Egypt, with which TAS developed a successful alliance to provide training in bar coding to food processors and service firms during the Base Period of the ALEB project.

## 2.0 Milestones and Achievement Indicators for the Option Period: CY 2002 - 2004

**Milestone 1:** The value and/or volume of Egyptian private sector processed food exports will increase to at least \$109.92 million and/or 138.96 metric tons by the end of the project Option Period. This represents an increase in value and/or volume of 10% in the first year, 8% in the second year and 6% in the third year of the Option Period, or a total increase of 26% by the end of the Option Period. Actual export figures for the Baseline Year (2001) will be submitted to USAID in 2002, as soon as they become available from CAPMAS. The Option Year 1, 2 and 3 objectives will then be modified accordingly and resubmitted to USAID.

Table 5: Milestone 1	Previous Year 2000*	Baseline Year 2001**	Option Year 1 2002 (+10%)	Option Year 2 2003 (+8%)	Option Year 3 2004 (+6%)
Value US dollars	\$82.6 million	\$87.28 million	\$96.01 million	\$103.89 million	\$ 109.92 million
Volume (Metric Tons)	104.30 million	110.35 million	121.38 million	131.00 million	138.96 million

Source: Central Bank and CAPMAS  
 \*Actual  
 \*\*Projected (+5.8% of year 2000)

**Milestone 2:** The aggregate value and/or volume of exports of companies that are within ALEB's targeted product clusters and who receive both training and technical assistance will increase by 10% in the first year, 8% in the second year and 6% in the third year of the Option Period, or a total increase of 26% by the end of the Option Period.

### *Achievement Indicators by Objective*

We anticipate giving technical assistance (TA) to a minimum of 125 food processing companies during the Option Period. This number includes the 73 targeted clients from the Base Period, as they will continue receiving assistance on an as-needed basis. It also includes a minimum of 52 new clients (73 + 52 = 125). Moreover, we will give TA to about 9 associations and 50 service companies (credit facilities, banks, transportation, pest control, packaging, cold storage, etc.). All of the companies and associations in our database (currently 278 food processors, 334 service companies and 35 associations) will be invited to training programs and will receive market and other information that we distribute.

Within any given year of the Option Period, each service area will provide technical assistance to 30-40 food processing companies. Technical Services will also work with 15-20 service companies each year, while Trade Association and Strategic Alliance Services (Task 3) will also work with 9 associations throughout the Option Period.

For each of the achievement indicators listed below, we will track only companies and associations that receive technical assistance (TA) and training in fields/topics related to the specific indicator. Based on our past experience (during the Base Period), we anticipate that a minimum of 30 companies will be tracked for each of the 8 indicators. This is the lowest number of companies that will be tracked. We estimate that we will track closer to 50 companies for most of the achievement indicators, and for at least one of them (i.e., the indicator related to strategic alliances and market linkages) we could track as many as 100 companies, if not more. In any case, we intend to track all 125 food processors, 9 associations and 50 service companies that receive technical assistance and training.

Baselines for all of the associations will be developed during early 2002, while baselines for food processing companies and service companies will be developed as each company joins ALEB's clientele. Any company that receives at least two visits from the same STTA or LTTA providing technical assistance in a specific field (service) will be considered a client of that particular service, and the company's progress will be tracked. A single visit from a STTA or LTTA does not qualify a company as a client, because it might be a diagnostic visit. Any company that receives technical assistance from ALEB in developing a strategic alliance / market linkage or in procuring funds/financing will be considered a client of the particular service, and the company's progress will be tracked.

**Objective 1. Increase stakeholders' capacity to participate in policy dialog**

*IR 16.1 Policy Framework for Trade & Investment Improved*

**Achievement Indicators:**

***Indicator 1.1:*** At least three associations will have improved their capacity to participate in policy dialogue, as indicated by achievement of the following five performance indicators:

- The Association adopts policy dialogue or advocacy as a strategic goal.
- The Association forms a Committee or Task Force to engage in policy dialogue or advocacy.
- The Policy Advocacy Committee identifies issues of importance to members and prioritizes them.
- The Policy Advocacy Committee conducts analysis and issues a "position paper" on the policy adversely affecting members and proposes a solution.
- The Policy Advocacy Committee or leaders of the association engage in policy dialogue with legislators or government decision-makers on the issue(s) and solution(s).

***Indicator 1.2:*** At least three associations will have increased their ability to represent and serve the processed food industry or complementary service sectors, as indicated by achievement of at least two of four performance indicators:

- The Association develops and delivers at least one service to members on an annual basis.
- The Association develops and delivers one non-dues revenue generating annual activity or annual event.
- Paid membership at the association increases by at least 25% by the end of the project.
- Twenty percent (20%) of ALEB project clients join an industry trade association.

**Objective 2. Improve industry capacity to anticipate and respond to opportunities and changes in global markets and technology**

***IR 16.2 Private Sector Competitiveness Increased***

**Achievement Indicators:**

✓ **Indicator 2.1:** 33% of companies that received applicable training and technical assistance from ALEB will have established new or improved one or more decision-support systems, including the following:

- Procurement
- Plant operations
- Logistics
- Financial & accounting

✓✓ **Indicator 2.2:** 33% of companies that received applicable training and technical assistance from ALEB will have improved production efficiencies, as indicated by achievement of two or more performance indicators:

- Decreased unit cost
- Increased yield
- Improved waste management
- Increased capacity utilization
- Improved energy conservation
- Increased output per worker

✓ **Indicator 2.3:** 50% of companies that received applicable training and technical assistance from ALEB will have implemented or improved one or more quality systems, such as GAP, GMP, HACCP, ISO, TQM, SSOP, SPS, IPM, GAAP, IAS.

✓✓ **Indicator 2.4:** 33% of companies that received applicable training and technical assistance from ALEB will have improved or developed new products. (Improvements can be made in packaging, labeling, formula, inputs, bar coding, etc.).

✓ **Indicator 2.5:** 50% of companies that received applicable training and technical assistance from ALEB will have improved or developed new marketing / sales systems, materials, communication tools (e.g., email, Internet), and/or practices.

✓✓ **Indicator 2.6:** 35% of companies that received applicable training and technical assistance from ALEB will have improved or developed new systems or practices related to management or OHRD (e.g. strategic planning, organizational chart and delegation of authority, employee performance monitoring system, company policies and procedures, etc.).

**Objective 3. Expand and improve linkages and industry support services**

*IR16.3 Opportunities for Business Growth Enhanced*

**Achievement Indicators:**

***Indicator 3.1:*** 50% of companies that received applicable training and technical assistance from ALEB will have improved market penetration, as indicated by achievement of one or more performance indicators.

1. Introduced new product in existing or new market
2. Introduced existing product in new market
3. Developed new agents/distributors in new or existing market
4. Developed new strategic alliance with foreign investor, such as a co-packing or private label arrangement
5. Developed new domestic clients within the tourism sector (franchises, hotels, restaurants, etc.)

***Indicator 3.2:*** 33% of companies that received applicable training and technical assistance from ALEB will have obtained financing to fund exports, purchase new technology, increase operating capital, invest in new product development or plant expansion, etc.

**NOTE:** In tracking all of the above-mentioned achievement indicators, we will establish a new baseline for all of our clients, both pre-existing and new. Achievements that targeted clients made during the first three years of the ALEB project will not count toward accomplishment of these new indicators.

### **3.0 Task 1: Business Development and Market Information Services**

**Background:** Business Development and Market Information Services (BDS/MIS) are the broadest of the ALEB service areas. Their overall goal is to help managers and owners of food processing operations in Egypt obtain the skills they need to compete effectively and profitably in a market-driven, global economy, which includes, implicitly, meeting the challenge of domestic market threats. In the previous three years, MarketPulse-Egypt was designed to make available a constellation of market information for processed fruit and vegetable products and, in addition, to describe current, semi-weekly developments that affect economic fundamentals of the industry. Market Information Services is being combined with Business Development Services in an effort to eliminate duplication of some activities, as recommended by the PricewaterhouseCoopers team that evaluated ALEB in early 2001, and to further strengthen the projects' efforts to accomplish our goal of expanding Egyptian processed food exports. In the former structure, MIS focused on market information with the objective of increasing:

- Availability of professional-grade market information systems for processed fruit and vegetable products in Egypt through MarketPulse-Egypt (MPE);
- Dissemination and understanding of MPE and special market analyses, and development of improved dissemination channels;
- Client understanding and use of commercial market information through introductory explanations, management reviews and client staff training; and
- Technical assistance in the development of decision support using MPE information.

In the base period, Business Development Services, after diagnosing our client base and conducting SWOT analyses with many of our targeted clients, concentrated on weak links in the Value Chain, including:

- Raw material supplies as it relates to unit costs and marketable product
- Strategic planning, including Export Marketing Plans and Company Action Plans
- Organizational and human resource development, including:
  - job organizational structure
  - team building
  - descriptions, and
  - policies and procedures
- Marketing issues, including:
  - collateral material
  - labeling
  - packaging
  - trademarks and brand equity,
  - after sales support and customer care
- Internet training and web site development
- Production Economics and cross task transfer of technology
- Marketing and management skills transfer.

After completing the third year of the ALEB project, it has become increasingly clear where these service areas need to concentrate on affecting qualitative transference of skills sets and information to expand capabilities in the industry if we are to be successful in improving global competitiveness on a sustainable basis and continuing to increase exports of processed foods from Egypt. To that end, the following work plan is designed to implement the lessons learned in the base contract period of the project to most effectively create a sustainable change in the industry and meet the objectives of the project.

### 3.1 MarketPulse Egypt Information System

**Description of Methods and Tools:** The primary vehicles for MPE presentations will continue to be the MPE web pages and regular *MPE Update* reports, which will be revised to include specific targeted market news by commodity cluster. The web pages will be updated and the *MPE Update* newsletter will be published as market conditions change, rather than on a bi-weekly basis. Reporting under the new format will begin early in the Option Period, and will be well established by the end of the first trimester.

More importantly, based on lessons learned and client feedback, the MPE and supporting reports will be rolled back to focus on targeted clusters and specific commodities in order to "de-complicate" the amount of information provided. New features will be added to increase the utility of the system. These will include the introduction of algorithms and "competitive index" (techmatics) features to enable users to make support decisions and run comparative analyses with similar enterprise industry averages. Further, while the *Retail Price Tags* reports have received favorable comments and are utilized to some degree, these will be scaled back to specific commodities in targeted clusters (or eliminated) and replaced with entry prices at ports of disembarkation. This will add utility to the MPE effort and give comparative, competitive data to our processor clients to facilitate the management decision process on "what to export where." Further elaboration on these issues follows:

**Focus on wholesale prices:** It has proven difficult to find sources of landed wholesale prices for processed fruit and vegetable products in major market countries. The project now reports both retail and wholesale price estimates for a broad range of products. This system will be revised in early 2002 to focus more directly on the target commodity groups and to identify potential additional sources of more direct wholesale price estimates. This relatively modest revision in procedures will directly parallel the effort on the focus to provide the more detailed MPE presentations described above. In addition, BDS/MIS will bolster its sources and level of information related to transportation and shipping costs, packaging costs and other pricing information important to the determination and analysis of the competitive position of the Egyptian processed food sector clusters chosen for in-depth technical assistance.

**Focus on production information improvements:** A major weakness in Egyptian outlook information is the lack of credible raw product production information. The current data have been reviewed repeatedly by outside statisticians, always with the conclusion that the process is limited in its scope and accuracy. The result is unreliable information of limited utility.

Sparks Companies, Inc., the MIS subcontractor to ALEB, operates agricultural production surveys in the United States which parallel those managed by the government and which are far smaller and less expensive, while still providing acceptable levels of accuracy and reliability. Similar surveys likely could be developed in Egypt for selected products. A simple pilot survey will be designed and tested in 2002. Based on the results of the pilot effort and reactions of the processed fruit and vegetable industry, additional surveys could be designed and extended in the future. The MIS Co-Director in concert with the Ministry of

Agriculture Extension Service will play a vital support role in the research, compilation and reporting of this data. Based on the product selection, the production estimation work will commence with a selected vegetable and fruit (onions and strawberries). Based on the success of this effort, the process would be repeated for another vegetable and fruit to include green beans, tomatoes and/or olives. Following the successful completion of the second effort, BDS/MIS would begin a similar effort for selected herbs and spices to include coriander, caraway and chamomile.

**Sustaining MPE:** From the beginning of the project, it was contemplated that at the end of the ALEB project MPE would be handed off to a local Egyptian entity such as EAGA, EEA, AmCham or the Food Technology Center. An added consideration is the fact that a realignment of Co-Directors within the BDS/MIS Service Area will take place. Thus, within the context of revising activities on a more focused basis, it will be necessary to identify and train a new Egyptian expert in MPE concepts and procedures as soon as possible to insure effective sustainability.

But more importantly, MPE must be redesigned to afford ease of upkeep, which would include maximizing utilization of marketing information in the public domain plus selected private trade data services that represent value for service. The intent and ultimate format of MPE at the end of the Option Period is to provide a service that the industry recognizes as worthy of paying a service fee to an organization that can afford, manage and leverage the system to improve the industry as a whole - preferably as a non-dues revenue enhancement scheme to attract and retain membership.

**ALEB Market Outlook Conference:** The annual ALEB outlook conference has proven to be an effective outreach tool, and an effective vehicle for information about the sector. A target date (October 2002) and a theme (WTO accession and the EU-Mediterranean FTA and the potential impacts on Egyptian processors) have been selected. Planning and preparation for the conference are now underway.

**Boosting MPE Utility:** To increase the utility of the ALEB support system to client firms, a new series of decision support algorithms will be developed. The purpose of this feature will be both to provide decision support to clients directly and easily, and to increase client understanding and appreciation of the capacity of the MPE system.

In general, the algorithms will permit clients to undertake economic analyses on ALEB's web site by identifying a decision of interest, choosing appropriate information from MPE, providing modest amounts of real plant information, and receiving specific guidance as a result.

But this effort will be dependent on the successful completion and integration of the Production Economics model undertaken by BDS, as the algorithms will be organized to support four types of decisions, two production decisions and two marketing decisions, including:

#### **Marketing**

- Product marketing opportunities (by markets);
- Market development opportunities (by product);

#### **Production**

- Output level decisions for plants; and

- Non-output affecting decisions for plants (e.g., quality investments, packaging, other).

In short, the algorithms will assist clients in determining 1) which products they can produce 2) at which costs/prices 3) for entry into which markets. The BDS/MIS Director and Co-Director, in conjunction with the Production Economics efforts under BDS will take the lead in developing these support algorithms, working closely with the BDS Co-Director and his short-term assistants. This system will be developed and introduced (one category at a time) by the end of the first year of the Option Period.

***Competitive Index ("Techmatics") for Processed Fruits and Vegetables in Egypt:***

There is no widely available model for industry performance in Egypt. By contrast, most firms in developed countries have a clear idea of how their performance compares with their most efficient competitors and the industry average. During 2002, ALEB will develop a cooperative effort across the industry to organize and develop an effective "techmatics" program for fruit and vegetable products in Egypt. The effort will have four components:

- Locate and present current techmatics model firm descriptions and selected industry parameters;
- Work with an industry focus group to develop a cooperative approach to techmatics for processed fruits and vegetables in Egypt;
- Develop and implement a pilot techmatics program in Egypt; and
- Modify the pilot program, and implement a modest, industry-wide program.

Program design and testing will be done in the first half of 2002, with implementation by fall, 2002. This should lead to development of a template germane to a processor's specific industry – much like an enterprise budget – on which to compare performance to the industry and make management decisions.

***Sustainability:*** The increased, intuitive utility features of MPE coupled with reduced data tracking should be easily transferred to a local body, such as a trade or business association. Cost of upkeep should be minimal but afford the sustainable institution an opportunity to charge for this service. Similar to USA corporations who, in the past two decades, made the management decision not to employ an economist for market strategic planning but rather outsource marketing information, Egyptian companies will most probably prefer to purchase marketing information services. This does not negate the fact that these companies must understand market nuances and be able to apply market information as part of their management decision process. Accordingly, the new features planned for MPE in the Option Period should enable them to further understand application of market information. Training of processor firms will concentrate on interpreting and transferring the new utilities with the intention of developing a reliance on market information from a sustainable local body.

***MPE Implementation Focus Leading to Achievement of Performance Indicators***

**The concept:** To provide Egyptian firms with information useful for expanding exports, particularly to target markets. Information needs can be grouped into six basic categories:

1. Production (supply) situation in Egypt (raw and finished product)

2. Production (supply) situation in competing countries (raw and finished product)
3. Demand/marketing (price/quantity) situation in potential markets
4. Market access (competitiveness) information
5. Regulatory (administrative) information.
6. Price information to include landed import, shipping, packing and etc.

Importantly, within each above category, the information must be obviously and directly applicable to business planning by individual firms. It must be relevant to daily business decisions as well as long range planning. Providing firms with a "library" of secondary market data should be de-emphasized in favor of providing brief and actionable analyses of market conditions.

It is critical to emphasize the difference between market data and market information. Information is directly actionable and comes from the interpretation of data. The ALEB product (MarketPulse) should focus on providing interpretive analysis (information), not on providing raw data that firms must analyze and interpret on their own. The algorithm utility in the new MPE will provide an intuitive process for applying information to processors' needs.

#### ***Key Focus Areas for the Collection of Data/Information***

**Domestic Production Situation:** Egyptian firms need to know their standing relative to other domestic firms, and must be aware of factors that affect their production costs. This is especially important for near-term production planning decisions (especially procurement, production level) and in estimating production costs (which is important knowledge for product pricing decisions).

**International Competitor Production Situation:** Egyptian firms need to know their international competitors: both who they are and how they operate. It is important to emphasize that competition in manufactured goods markets (such as processed food) occurs primarily between firms—not countries.

**Demand Situation in Potential Markets:** Egyptian firms need reliable information about where to sell their product and with whom to do business: the countries, the distribution channels, and the firms with which to do business. Egyptian firms do not do business with foreign countries, but with individual firms operating in those markets.

**Market Access (Competitiveness) Information:** Egyptian firms need information about the factors that can affect their competitiveness in international markets. Basic information about tariffs and exchange rates is important. Also important are ocean freight rates and insurance costs. Some of this data is readily available (e.g. exchange rates, tariffs); other might be more difficult (ocean shipping rates). This includes subscription to a service providing world tariffs by Harmonized Tariff Schedule (HTS) and Commodity Number (CN). MarketPulse should provide interpretive information along with the data.

**Regulatory Information:** ALEB (ARAC) should compile all necessary forms and paperwork that might be required by potential import markets.

**Products and Country Focus:** Detailed information such as described above will necessarily require a sharper focus on particular products and fewer countries. "Market analysts" must become fully aware of the details and current events in each industry or market. Complex modeling is not required; useful economic analysis mainly requires a

thorough understanding of the economic forces that affect markets and firm/consumer behavior.

Despite a narrowed focus on fewer products and markets, much of the information provided by MarketPulse could still be valuable to firms in other industries. Information about distribution channels, industry contacts, country demographic profiles, export documentation, etc., could be useful to a broad range of firms.

### ***Delivery of Information to Client Firms***

**Publications:** ALEB could develop a series of short-term and long-term publications and analytical tools that analyze the information collected above and provide interpretation useful to individual firms. ALEB's (and its subsequent legacy) value-added services should come primarily from analysis and interpretation of various data and descriptions of market conditions, not the supply of data. A library of publications should be developed for both static (slowly changing, long shelf life) and dynamic (frequently changing, short shelf life) information. All publications should be concise and tailored to the Egyptian perspective. Detailed data should only be included as necessary to support written analyses.

Publications will consist of the *MarketPulse Update* reports by commodity cluster and periodic *Commodity Profiles* (capsule reports). These market opportunity reports will be focused by cluster. We will generate ten *Commodity Profiles* around the five primary clusters – an annual report backed up with a semi-annual update report. The ten secondary clusters will each be the focus of an annual commodity profile – a snapshot of market opportunities. Format will typically revolve around a situational and outlook report.

Analytical tools will consist of the algorithms and the competitive index (techmatics). There will be no toolboxes generated by MIS because the algorithms and techmatics will contain instructions, which will provide users with the necessary "how-to" information.

**MPE Training:** Market Pulse training should focus not so much on the internal use of market data, but rather on the use of market information, which consists, in this case, of reports and analyses provided by MarketPulse.

Training seminars could focus on business and marketing oriented topics such as:

- Procurement strategies for raw materials
- Pricing your product in competitive markets
- Gaining access to different marketing channels
- Identifying opportunities in private label sales, etc
- Basic economic data analysis and organization skills

The focus should be on how particular types of market information can help with various short and long-term planning needs. Training will revolve around commodity clusters. Whenever appropriate, training participants will also be shown how to use the algorithms and techmatics tools that are included on the ALEB web site, as well as the template for developing unit costs. Product-specific examples will be given in order to demonstrate more clearly how these various tools and templates can be of use and benefit to our clients.

**Web Site:** The ALEB web site will be improved in terms of appearance and navigability and upgraded to include reports and toolboxes generated by ALEB's service areas. Reports will be organized by key categories on the web site. Design and reorganization will be locally

out-sourced, and the management thereof will be undertaken by Trade Association Services. However, ALEB will develop and control the content of the web site as a team. With regard to the MPE web pages on the site, the Data Center should be de-emphasized as a resource of direct relevancy to individual firms.

**Raw Product Availability Assessment (Crop Survey):** The current system of crop production reporting in Egypt is typically completed well after the fact and no forecast is available for future production. The level of anticipated raw product supply plays a key role in the decision process of Egyptian food processors in the determination of utilization existing production lines and in plans for investment in capacity to handle anticipated increases in supply. And the lack of information does not allow the processors to adequately take measures to manage risks.

Thus MIS plans to undertake a pilot assessment of raw product availability for focus commodities in 2002. The work will commence with basic production forecasts for two commodities, onions and strawberries. This task requires research and analysis of production information, as well as assessment of tonnage converted. If the results are successful, the work would be expanded to other focus product items for which critical production (supply) data are lacking. The MIS Co-Director will oversee the survey and forecast work in accordance with appropriate statistical and survey procedures, with limited assistance by Allied Corporation. The bulk of the survey information is available through the Ministry of Agriculture. Given the proposed MIS Co-Director candidate and his excellent relations with the Ministry of Agriculture and Land Reform (MALR), we anticipate this data can be collected at minimum cost and in a timely manner.

#### ***Transfer of Skills Sets to Management and Staff In Cluster Companies***

**Technical Assistance:** Given the lessons learned, client feedback and budget considerations, BDS/MIS intends to streamline its services by concentrating on firm level assistance in four areas – Production Economics, Financial Management, Organizational issues (including a compensation survey) and Marketing. These interventions will consist of a definitive work plan and will be strictly budgeted. Given the success of the Market Study Tours and high client demand, we will continue to offer these. The balance of our assistance will be in the form of training – MPE utilization, e-Business/Internet, supplementary marketing assistance, OHRD and business training courses - through IIE/DT2 and at the ALEB training facilities where appropriate.

**Implementation:** A key component of ALEB's services is its work with client firms to insure that they understand the potential benefits of MPE, and to increase their capacity to use market information systematically in their decision-making. These activities include basic introductory courses and information, management audits in which key decision points and data needs are identified, the adequacy of market information estimated, and special technical assistance efforts developed to meet client needs defined. In the future, special technical assistance efforts will be designed in the following areas:

**MPE training:** The MIS team in the past three years has actively conducted training of key personnel in the Egyptian food processing industry in several aspects of market information. Training focused on the development and utilization of information systems including, e-business, information access for key processed product focus items, and included workshops, study tours, and one-on-one technical assistance for client firms.

This valuable component of ALEB services will be continued, and will adopt the narrower commodity focus defined above. By 2002, most client companies have received sufficient introduction to the MPE systems and now require more direct support to integrate the MPE system into their own internal management and decision-making operations. As a result,

management information training programs will be developed which focus on skills necessary to develop and implement a sound export marketing plan and other business planning.

**Special training programs:** Specific attention has been given in the 2002 work plan for the development of specialized training programs associated with risk management and marketing topics. The intent and design is to increase MPE utility by incorporating the algorithm and competitive index ("techmatics") templates into the Production Economics equation. Specialized training programs then will consist of topics based on the discrete components as it relates to Production Economics and the specific templates developed for the purposes of management decision-making. This approach considers the development of a series of customized training agendas that will allow the training to be tailored to specific, narrow topics by cluster. The target audience of selected individuals will insure that the subject materials will be of maximum interest and value to those in attendance. Moreover, the added benefit would be one of inviting interested personnel from the business and institutional arena to participate in the local training events, thus contributing to sustainability.

### 3.2 Production Economics

**Description of Methods & Tools:** We have endeavored to provide technical assistance and training in the area of Production Economics to resolve production issues as it relates to cost efficiencies, risk management, project management and marketable product based on findings from Industry Rapid Analyses of target markets. Substantial efforts have been expended in the dehydrating cluster. In the Option Period, we will wrap up these efforts and leave in place a significantly improved sector of the food processing industry, positioned to reclaim its global ability to compete for the market of dehydrated commodities.

The basis of production economics is unit cost. How much does it cost to produce each kg of finished product, and why is this important? In order to determine the unit cost, one must have in place a thorough, accurate system of documentation and reporting which captures all costs involved in the operation. The reason this is important is because this information forms the basis for establishing a minimum selling price, operational budgeting, and planning and justification for capital expenditures to improve and expand operations.

Almost every decision a processor makes regarding their operation requires paying attention to unit cost. It provides the basis for determining how and where to improve the operation, improving product quality and at the same time reducing unit costs. Improving operational efficiency is commonly called Improving Productivity. Another way to express this more simply is "maximizing quality output while minimizing input." As it relates to food processing, there are four major areas affecting productivity: 1) Raw Product, 2) Personnel, 3) Processing, and 4) Documentation.

**Raw Product:** The old saying "Garbage in – Garbage out" directly applies to food processing. One may have a plant equipped with the latest modern technology, good experienced people and extensive documentation, but without beginning with good quality raw product, a processor cannot make a high quality final product. Exceptions are very few and generally costly. A sound raw product supply program is therefore a must if the goal is to produce high quality export products that are to compete well in the international market. Early on, BDS recognized the deficiency in raw material supply as it relates to unit costs, product quality and consumer preferences. Preliminary work in introducing and testing new cultivars has been transferred to Technical Services (TS) and we will endeavor to work with TS in their efforts to identify acceptable cultivars as it relates to a marketable product. Other tasks that will contribute to this component will be the crop survey undertaken by MIS.

**Personnel:** This component is as critically important as selection of the raw product, and is another common problem area. In terms of productivity, there are a number of ways to address this. All of these recognize that a person must be made clearly aware of what is expected of him/her, and what the benefits are of doing his or her job, and also what are the consequences if s/he does not. This sounds simple, but is not easy to implement and manage. Dealing with the people problems in any organization is almost always the most difficult. Some of the basic tenets that apply include the following:

1. Define the job clearly – use written job descriptions
2. Delegate responsibility and authority
3. Rewards and incentive programs
4. Periodic job performance evaluations
5. Written personnel policies and procedures
6. Consistent enforcement of policies and procedures
7. Provide the tools necessary to accomplish the job the right way.

People will do a better job if they understand their role in the overall objectives of the company, and how their job relates to these objectives.

The organizational structure that personnel operate within is critical also. The organizational enterprise must have a clearly defined Mission/Vision Objective so that people clearly understand who they are, where they are going and what it's supposed to "look like" when they get there. This creates employee morale and a team effort towards accomplishing common objectives. A critical component within the organizational structure that contributes to teamwork and subordinate interaction is the authority responsibility matrix and consistent feedback between subordinates and respective managers – a "how am I doing review."

In order to assess a company's ability to export and uphold the "Brand Egypt" image ALEB endeavors to attain, a "high spot" review will be conducted on new companies as they enroll. Diagnoses will take place on issues including preparedness to export and objectives and based on the parameters of skills, knowledge and attitude. Priorities and a matrix by company will be established within the context of the methodology outlined in the Strategic Plan and revolving around both training and non-training (technical) interventions. Design of both will be based on the impact of performance transferred to the company.

BDS/MIS will continue training in OHRD issues as it relates to Production Economics. Technical interventions will be provided on a sectoral basis, e.g., common issues that affect most of the processors in a cluster. Budget and human resources permitting, ALEB will develop some toolboxes to assist clients in developing some of the systems or practices enumerated above.

**Documentation:** Another essential requirement for productivity improvement is good documentation, commonly referred to as Total Quality Management, or TQM. Without sound documentation, there is no way to know unit costs and no way to measure progress. Lack of documentation imposes constraints to identify, quantify and prioritize the problem areas and areas of greatest opportunity. The more complete the documentation, the easier it is to track operational effectiveness, to identify needs and trends, and to anticipate problems before they occur.

Each plant department should establish meaningful reports that track performance. Each should have a budget, and be given a periodic report showing any deviations from the budget, or actual performance against their department budget. A typical plant should have hourly production reports, shift and daily reports that are summarized weekly and monthly. It should log downtime with the reason, time down, and corrective action taken. This should be summarized into a lost production report, and converted into Pounds LE lost as a result.

This provides targeting on trends and equipment that may need either better maintenance or replacement, or be an indication of other operational problems.

BDS has developed management report templates. Documentation is also a critical component of HACCP. In concert with Technical Services and through requisite training programs, we intend to facilitate progress in this discipline.

**Process:** Appropriately, the process system is the last of the four. While essential and necessary, it cannot be maximized efficiently without the three areas above. Process constraints, or bottlenecks, affect productivity and therefore unit costs. A production economist is more than a process flow engineer, however. Plant floor assessments include process flows, as well as assessment of the other components – financial, personnel and inputs as well. To that end, we intend to work very closely with Technical Services in a concerted approach to resolve production economic issues for the clusters.

At the same time, however, it is difficult to measure or quantify performance improvements, since in most cases a true cost accounting program is not in place. In the case of some of the more modern facilities visited which have been in operation two years or less with good technology and high quality equipment, they are deficient in either an accounting system in compliance with generally recognized international standards or in general management practices. Another limitation to upgrading equipment efficiencies is available capital, in which case, financing options must be provided.

It is therefore our intention, at a minimum, to examine and address those areas that are deficient and that may, with ALEB's assistance in making adjustments and improvements, have a positive impact on production costs, labor utilization or final product quality. While the results may not be measurable in monetary terms in all cases, the degree of implementation should be. At the same time, exposure to the costs vs. benefits approach of prioritizing and implementing recommendations will be beneficial to most of the companies.

We intend to provide assistance utilizing both expatriate and local STTAs and will include disciplines in production economics and financial analysis/management. Since personnel is an integral component of productivity and includes issues such as job descriptions and policies and procedures, we intend to utilize local STTAs to assess needs and develop toolboxes, as well as provide training in conjunction with IIE/DT2.

In order to assess the most efficient and effective approach to implementing this holistic concept, we will select two companies from each of the primary clusters as pilot cases. One company requisite for inclusion in this special intervention will be the commitment by the recipient company to attest to the process and achievable results without disclosing proprietary information to the industry for the purposes of promoting the need to improve productivity.

### **3.3 Financial Management/Linkages**

**Description of Methods and Tools:** To progress, to fund new product development, investment in human capital and capital equipment and to increase exports requires investment and working capital. Credit facilities exist with numerous loan schemes. Facilitating credit is considered to be one of the most effective tools that will contribute to the increase of Egyptian exports. It is a good means of transferring technology, knowledge, product development and many others faces of development. Expanding financial credit knowledge & opportunities to our clients will result in positive development of the food processing industry in Egypt.

**Provide technical assistance to prepare for financial assistance:** The lack of appropriate credit facilities is one of the major problems facing most of the Egyptian companies working the processed food industry. It is considered to be the main obstacle for companies to develop their products, upgrade their equipment and hence, fulfill importers' demands. This assistance will result in the proper flow of information to financial institutions from the processors to obtain credit.

**Organize credit facilities workshops:** Workshops are considered to be an effective tool for introducing companies to financial institutions, banks and other credit facilities and institutions. Through these workshops, companies will become aware of the different requirements for loans given by financial institutions. They will also receive training in preparing a proper business plan and how to submit a request for credit. An additional benefit will inure by having direct contact with the representatives of the international as well as domestic financial institutions that will facilitate the flow of information.

### 3.4 Marketing Management and Skills

**Description of Methods and Tools:** Attending exhibition and trade shows are considered an essential and a direct marketing tool that contributes tremendously to the increase of Egyptian exports. By attending major international exhibitions, Egyptian companies will have the opportunity to increase exports. BDS/MIS will continue to sponsor marketing study tours to further exposure to the competitive international arena. International exhibitions and conferences are many, but care must be taken to properly select those that our client processors can benefit from. A common criticism from study tour participants from the evaluation feedback is that desire study tours specific to their industry. This is not an easy task to fulfill, as exhibitions and conferences tend to be industry focused rather than cluster focused in order to gain as wide an audience as possible. However, some exhibitions and trade shows, although limited, do tend to be sector focused.

After conferring with Technical Services, both service areas intend to target exhibitions/study tours, to the extent possible, on a commodity focus. We intend to accomplish this by concentrating, first and foremost, on the primary commodity clusters – dehydrated fruits and vegetables, frozen fruits and vegetables, fruit juices/concentrates and purees, herbs and spices and olives. Study tours identified to date are: Food Ingredients Europe for the dehydrators and herbs and spices processors; NWFPA for IQF processors; Interbev for juice processors; and a yet to be identified exhibition for olive processors. Several of these exhibitions offer potential for cross task study tours: NWFPA, IFT and IEFP/Pack Expo. Finally, from a marketing perspective, FMI, SIAL and ANUGA offer significant potential for exposing participants to trends and requisites for competing globally. And the Fancy Food Show offers tremendous opportunity for introduction of specialty foods for companies seeking to gain entry to specific niche markets such as olives and olive oils, juices, jams, pickled vegetables, special cheeses and ethnic, organic and kosher (halal) foods.

Other exhibitions targeted but subject to selection and validation by cluster consist of the Natural Products Show (Expo West), FMI, Condiments, Meat Processing, Dairy World and IEFP/Pack Expo in the USA, Alimentaria and CIBUS in the EU, and Food Asia in Singapore. These will be subject to selection validated by specific market opportunity information. For instance, while many processors claim to provide organic products, organic certifications are not forthcoming. BDS is in the process of surveying the industry to determine if there is actually capability and capacity in Egypt that would justify sending a group to the Expo West. Moreover, MIS is in the process now of compiling a five-year history of market data in the Far East – presently a US\$7 million market for Egypt - to determine if it merits a market study tour to this region. This information will be given to USAID for the final decision.

In order to leverage these marketing opportunities it is imperative that clients are first proven to have developed their marketing approach to internationally competitive standards. These standards are few or non-existent within the companies that have not yet received ALEB's services and to a much lesser degree, within companies that have. This simply means that interventions and training must continue with most clients in order to prepare for the coming international competitiveness both at home and abroad.

Targeted companies attending exhibitions known worldwide will have the opportunity to identify the latest development in the field. Prior to attending an international exhibition, participants should attend a workshop on how to prepare for an international exhibition. They will be schooled on how to prepare company information for handouts, cultural requisites to doing business in respective countries and receive a checklist – a "To Do list" – to prepare for the exhibition. Moreover, ALEB will take care in choosing study tour participants: the firms must have the capacity and the individuals must have the commitment to obtain the utmost benefit from the tour.

During CY 2002, we intend to organize 3 marketing study tours, in addition to the 3 technical study tours that will be organized by Technical Services. BDS and Technical Services might also cooperate with one another in organizing and conducting our respective tours.

***Increase exposure to quality collateral materials:*** Attending major exhibitions give the companies an excellent opportunity to get acquainted with the latest development in the field of promotional and printed materials. Exposure to different companies' brochures and catalogue prepared specially for these major events contributes to the development of their own. Companies will be required to visit five booths pertinent to their own product offerings and obtain at least one piece of collateral material from each booth. Following the exhibition, a debriefing will be held to discuss findings and the attributes or non-attributes of specific promotional pieces.

***Increase exposure to trends, packaging, new products and new technology opportunities:*** Attending major exhibitions such as SIAL, ANUGA , IFT, FMI and other exhibitions listed in the proposed activities give a tremendous opportunity for targeted companies to get acquainted with food trends, packaging and new product development, as well as learning about new technology at those exhibitions where equipment and food are displayed together, such as the IEFP/Pack Expo and the GulFood shows. Egyptian companies benefit greatly from this exposure, resulting in new product offerings and purchases of new technology. Following the exhibition, a debriefing will be held to discuss findings and companies privately interviewed to determine extent of follow-up assistance required to transfer new technology and/or develop new product.

***Increased potential to expand export market:*** As well as benefiting from the all the previously mentioned points, attendance at international exhibitions will eventually contribute to the increase of Egyptian exports. This is achieved through the development of Egyptian products and competitive advantages gained from the visits. Moreover, attending exhibitions is a direct tool to conduct business with importers and distributors.

### ***Transferring Marketing Skills***

***Provide export marketing guidance to facilitate use of IRA data and importer leads:*** Since many Egyptian food processors have never exported their products, many nuances of export marketing techniques are foreign and will require education for these companies to fully utilize any data provided.

The most cost-effective method for this dissemination of this information is by means of a workshop, where several companies can be updated at the same time. This forum will

reduce the total man-days required, as opposed to a one-on-one basis with individual companies. Participants will be trained in subjects including development of an introduction letter, how to make a cold call, developing a customer and buyer profile, regulatory requirements in target markets and development of product specification sheets.

In addition, either through training or direct intervention, they will receive instructions on how to improve collateral material, labeling, "first image" (communications), customer response time, and after sales service and customer support. Since companies have specific needs, budget will be allocated for direct technical assistance to clients. However, in order to prevent exceeding the absorptive capacity of companies, intervention will be geared in discreet steps. Once improvement is demonstrated in a specific area, the next logical step will be provided, based on assessment and subsequent work plan.

### **3.5 Marketing Linkages**

***Description of Methods and Development:*** Business Development Services is charged with developing business. According to the mid-term assessment, a critical component of business development is "doing deals". This includes identifying potential market linkage opportunities (trade leads) between Egyptian processing companies and importers or suppliers to enhance exports.

The identification of potential market linkage partners is accomplished through several diverse channels. The use of Industry Rapid Assessment (IRA) studies performed in regional markets through the European Union, COMESA Countries, Gulf States have provided exposure for the Egyptian processed food industry to a wide range of importers in several countries.

Additionally, the matchmaking process between Egyptian food processors and international importers is enhanced by contacts made through food industry trade shows, study tours, Internet searches, and food industry networking activities.

One way ALEB's client companies can gauge and improve their marketing potential is through import data collected during an Industry Rapid Appraisals or IRA of importing countries around the world. These IRA studies include individual country import statistics for specific target commodities to identify target markets with the greatest potential for exports. Included in these IRA studies are "Market Basket Surveys," which provide retail outlet prices for ALEB's targeted commodities. The IRA study also identifies market constraints and opportunities, which directly affect the marketing strategies of exporting companies.

***Perform periodic IRA update surveys to identify potential new markets opportunities to promote exports from Egypt:*** Due to the increasing demands for processed foods around the world, at the expense of fresh produce, it is important to identify potential market opportunities in areas with major population bases for the promotion of Egyptian processed foods. Within major population centers, the potential to identify market linkages is magnified by the higher consumption of processed foods.

Market evaluation and importing statistics are necessary to provide the Egyptian food processing industry with data that is both current and accessible for use to develop marketing strategies. By utilizing information gathered by an IRA, food processors can more easily define their target markets, develop new product lines, plan new marketing strategies, and more easily identify potential market linkages. At a minimum, surveys should be accomplished annually.

**Develop market linkages to improve exports:** By utilizing trade leads developed while on IRA data gathering missions, internet searches, study tours, food shows and personal leads, it will be possible to identify potential market linkage opportunities for target companies.

**Educate companies in export statistical gathering techniques, utilizing internet technology and printed data to develop marketing strategies:** It is important for the companies to have the capacity to acquire and utilize export data to develop a marketing strategy. Acquisition of export data is difficult at best, but without proper training the companies will not attempt to acquire new and the most current export data to support market-planning strategies.

Transfer of skills to access the Internet will be accomplished through IIE/DT2, but the actual identification of sources for acquiring export data will be taught during group training venues at ALEB. It is important to promote the concept of each company obtaining a dedicated computer for not only market data acquisition, but for the expansion of marketing activities and accounting functions.

Once the targeted companies have gathered export data, it will then be necessary to instruct them on methods to not only analyze the information, but how to apply these findings to develop their overall export strategy.

Given that many of the targeted companies won't have a dedicated marketing department, it should be assumed that out of the identified new companies each trimester, less than 30% would develop a marketing strategy to take advantage of the new skills learned in a market analysis training session.

We will develop and present a training program to educate new companies each trimester, in addition to continued training with the companies that were targeted during the base Period, on methods to access electronic and printed export data gathering techniques to develop marketing strategies. Training of ALEB staff will be a key factor in continuing service in the area of assistance of access and analysis of information gained about potential markets. These personnel and others will be developed as a sustainable resource to continue this effort once the project ends.

#### ***Provision of Information/Training***

**Disseminate IRA data and Importer leads to Egyptian food processors:** Once an Industry Rapid Analysis (IRA) update has been completed and published, it is recommended that the presentation of findings take place in a workshop setting. We will disseminate the IRA findings in report form supplemented by a PowerPoint presentation. In conjunction, importers' names (market linkages) will be provided to select clients based on importer requests for individual company brochures, price lists and samples.

Since all ALEB client companies are affected by the outcome of the IRA, it is important that every company receives the data collection. Due to the lack of dedicated marketing departments in most of the companies, it will be difficult to expect that more than 30% of the companies will utilize any data presented without significant additional assistance.

### **3.6 MIS/Information Sourcing Training (Additional IT Effort)**

**Description of Methods and Tools:** The world has become even more interconnected with the advent of the Internet and information technology is making the world economy interdependent and knowledge-based. Competition is stiff and consumers have many choices from which they can choose. Businesses that can act fast and provide consistent

and reliable products/services will take full advantage of this information and knowledge driven economy. Those that do not adapt to this fast paced revolution will be left out. And to the extent that they do not invest in upgrading their skills and knowledge base they will simply have to cease operation.

It is against this background that the MIS/Internet component will conduct needs assessment and training activities that will equip the ALEB supported Egyptian agribusinesses with tools and knowledge to become successful in using multiple sources for accessing information about markets and strategic alliances/linkages. The activities presented below describe tasks that will provide a framework that can be used when the project moves into the Option Period.

In order to customize and tailor the information system delivery mechanisms and components needs to track and monitor the inventory of computer resources available to client firms within the cluster focus area, BDS/MIS will conduct a computer inventory and resources review. The task of inventorying and evaluating the number of computers, software programs, the extent of internal networks and internet connectivity is a minor, but key effort to the design and effective completion of this overall task of information delivery. Thus the proposed inventory task could be conducted with a minimal effort and expense through Allied Corporation.

Experience gained from training activities conducted since October 1999 showed the eagerness with which the ALEB-supported agribusiness owners and employees want to learn and become fully conversant with Internet-related technologies, particularly browsing and email communication. Participants included upper, mid and lower level management employees. Evaluation results from participants indicate that those who participated in the training activities benefited significantly and are establishing dial-up accounts, LANs, and web presence.

Despite progress made to date considerably more needs to be done. The previous activities focused more on teaching ALEB-supported agribusinesses how to use the Internet and electronic mail communication. Additional in-depth training on Internet-related technologies needs to be conducted; it is also necessary to bolster the current inventory of the extent to which Egyptian companies are computerized and are using application software to improve their operations' efficiency and effectiveness.

In addition, there is demand driven interest in e-commerce and its possible applications for Egyptian businesses. At this time, little is known about the extent to which e-commerce is currently practiced or practicable in Egyptian businesses, but it is thought to be of only a small magnitude.

The USAID RFP and the subsequent Abt Technical Proposal recommended improving methods of information dissemination and information gathering through the use of e-mail and the Internet. However, they did not anticipate the need in many cases to build computer use and the use of e-mail, e-commerce, business-to-business functions and web site development to the extent and degree required by Egyptian food processors.

The number of companies will vary from period to period due to the fact that this is a phase-in and phase-out project. It is reasonable to expect that all companies will benefit from the Internet, E-mail, Web presence and Web page development training and intervention.

Activities would be implemented in the following areas:

- Assess the computerization of the companies and the use of software

- Organize training sessions through IIE/DT2 and ALEB where necessary
- Conduct in-house training for those who are in need (should be phased out to private sector by end of year two of Phase II)
- Organize training by two distinct groups: Top management and the employees. Training for top management should be conducted as a seminar discussing the latest development in information technology and the globalization of e-commerce. Strong emphasis should be put on establishing an environment that makes their operation more efficient and the extent to which they need to obligate resources to upgrade.
- Training for the lower level employees should be more experiential since they are the ones entrusted to accomplish daily tasks.
- Organize seminars, bringing together MIS and ISPs and agribusiness company's so they can develop mutual understanding and respect for each other
- Solidify links between the two and participate in the early design and implementation of training programs by the MIS/ISPs
- Evaluate training programs and provide feedback to MISs/ISPs

#### ***How to navigate the Internet and How to conduct searches relevant to business***

**Internet searches and navigation:** The needs assessment exercise will identify the extent to which those companies require assistance in becoming efficient in using the Internet to search for information related to their area of interest. Personnel from those companies will be trained at IIE/DT2 on how to use the Internet. Each participant will have access to a computer during the training. Concepts of web navigation by the use of search engines such as Altavista, Yahoo, Lycos, Northernlight, Google, Dogpile, etc. will be demonstrated. Participants will be assigned short exercises to help them become proficient in this activity. All personnel that expressed the need to learn will be trained and will be fully functional. This will include training in the utilization of the linkages on the ALEB/MPE web site and how to effectively use linkages that most other informational sites provide.

**E-mail:** Electronic communication has become the most widely used means through which people communicate and exchange information. It is also by far the cheapest means through which information exchange takes place. Yet it has not been widely used throughout the developing nations. Research has shown that less than 1 percent of people from the developing nations (Egypt included) are connected to the Internet and using e-mail. Given that the focus of the ALEB Project is to help the Egyptian agribusinesses become more competitive, e-mail is a means through which large amounts of information can be exchanged between and among business partners. It is extremely important that all ALEB supported companies learn how to use this medium efficiently and effectively. Achievement indicators may be measured on the following:

- Establishing a dial – up account
- Using e-mail effectively and efficiently
- Train staff to train others (train the trainer)

### **3.7 Packaging & Labeling**

**Description of Methods and Tools:** While the Technical Proposal is explicit in addressing packaging issues from a "cost competitiveness" standpoint, packaging issues with our client base are much deeper and broader, including technical issues such as filling and sealing, regulatory issues such as bar coding and nutritional labels, marketing issues such as master

carton packing, transportation issues, and, ultimately, market presentation on the retail shelf. Packaging has been addressed by four of the five tasks in the base period. Much of the packaging requirements are technical in nature. Cost competitiveness as it relates to packaging is driven by technical considerations. BDS/MIS prefers to be out of the packaging business, but would consider assisting across task but only on related marketing issues at the retail level, e.g., market entry, presentation (competitiveness) and regulatory.

***Improve presentation aesthetics and Information:*** Egyptian food products have not enjoyed a wide international distribution; hence graphics design has not been an issue. However, as exports materialize, competitive pressures in mature markets will dictate pleasing aesthetics be offered to attract consumers to a particular product. Improvements in colors, shapes, graphics, layout, and informational and legal text, marketing and regulatory will be necessary and will become an important activity of any firm wishing to export several products or product lines. Regional marketing will necessitate designs be specific to those conditions that will attract and be important to consumers.

### **3.8 Transfer of Good Management Practices to Institutions for Sustainability**

***Description of Methods and Tools:*** Capacity building as it relates to improving capabilities with companies in the industry to become internationally competitive is not enough. In order to ensure a vibrant, healthy industry, companies must learn to leverage their numbers and come together to resolve issues common to the industry. One of the most glaring deficiencies is the lack of experience and knowledge by the industry companies in relationship to participating in trade associations as members.

For instance, in discussing EAGA with ALEB clients, there is a tremendous amount of disaffection and disappointment in EAGA. In fleshing this out, it's obvious that members do not know the benefits of a trade association and what their rights and obligations are. If a trade association is to be effective, it has to be member driven.

To that end, BDS/MIS will work across task and specifically with Trade Association Services (TAS) to impart governance skills to members as it relates to improving sound, effective and sustainable practices in trade associations. BDS/MIS and TAS will co-host quarterly meetings with all association members to train them in how membership in a trade association can benefit them, but also in their duties, obligations, rights and privileges as a trade association member, including transparency, their right to attend board meetings, their expectations on governance and communications from their associations and their right to replace management if deemed necessary. They should also be made aware of non-dues revenue activities that could support their association, since the message does not seem to be trickling down. In our discussions with clients, they seem to accept the fact that a trade association should charge for transfer of skills, if it is to be sustainable.

### 3.9 Level of Effort (LOE) Schedule

#### Direct Intervention

To implement the preceding activities in order to accomplish achievable results, the following summary of Person-Days for the BDS/MIS Teams analyzes the number of person days for Year Four in the Option Period. Table 1 below indicates the Level of Effort (LOE) budgeted for CY 2002:

<b>Table 1: Level of Effort (LOE) for Business Development &amp; Market Information Services for CY 2002</b>		
<b>Name</b>	<b>Scope of Work or Responsibilities</b>	<b>LOE Days</b>
<b>Sparks, Inc.</b>		
T/B/N*	Competition Index (Techmatics)	70
T/B/N*	Training/Techmatics	20
<b>Total – Sparks (all expatriate LOE days)</b>		<b>90</b>
<b>Abt Associates</b>		
Douglas Anderson	Director – BDS/MIS	260
Dr. A.M. Hafez	Co-Director/BDS (Local Staff) †	180
Edwin Hayashi	Production Economics	108
T/B/N*	Finance/Inventory Management (Prod. Econ.)	75
T/B/N*	Business Development (Marketing/Management)	109
<b>Total – Abt Associates (all expatriate LOE days)</b>		<b>732</b>
<b>Allied Corp.</b>		
Dr. Ali Said	Co-Director/MIS (Local Staff) †	218
Mme. Aya El Assawy	Financial Assist./Management (Local STTA)	180
T/B/N*	Production Economics/Crop Survey/Forecasting for MPE	50
<b>Total – Allied Corp.</b>		<b>448</b>
*To Be Named		
† These 2 individuals have not yet been approved by Abt Associates and USAID to join ALEB as fulltime staff members, pending extension of the ALEB project. Their LOE days have been pro-rated.		

#### 4.0 Technical Services

**Introduction:** The role of Technical Services during the extension phase of the ALEB project will be to build upon the work we have already done with the Egyptian food processing industry in the following areas:

- Developing technical expertise within the food processing industry;
- Enhancing food safety, sanitation and quality control practices in the plant and at the farm;
- Assisting food processors to improve and/or expand their businesses by, among other things, adopting new technology (equipment, machinery, etc.), improving products, developing new products, or investing in new plants or processing lines;
- Building expertise within and improving complementary industries and support services;
- Improving agricultural practices at the farm and in the packing house through development and implementation of Good Agricultural Practices; and
- Assisting processors/growers to identify, test and obtain government approval for new varieties, which will improve product quality and/or reduce costs.

Technical Services activities will fall into these broad areas:

1. Cooperating with and training Egyptian technical experts (Industry Link);
2. Training food processing firms;
3. Providing technical assistance at the firm level (focusing on product clusters);
4. Developing and hosting study tours & internships;
5. Publishing, translating and disseminating technical literature;
6. Strengthening and enhancing complementary industries and service firms; and
7. Improving agricultural practices by assisting processors and growers to test and utilize varieties that are more conducive to food processing, implement Good Agricultural Practices (GAPs), and improve post-harvest handling techniques.

#### 4.1 Industry Link Program

Under the heading of Industry Link Program, the Technical Services team will contribute to USAID IR 16.2 and IR 16.3. However, this activity, in and of itself, does not contribute to accomplishment of any single achievement indicator. Rather, through this activity, Technical Services intends to train and prepare local Egyptian experts who will assist ALEB in carrying out the other activities described in this section of the work plan. Moreover, these experts will remain in Egypt beyond the ALEB project, delivering technical assistance and training to Egyptian food processors. Thus, they will become part of ALEB's legacy.

**Description of Activity:** ALEB is committed over the Option Period to reducing our reliance on U.S. based consultants by a minimum of 35%. A similar need exists for increased involvement of local experts in training workshops. While specialized technical topics may require a U.S. based consultant for the foreseeable future, local consultants can cover certain established topics. These topics include, among others, prerequisites to HACCP (Hygiene, Cleaning & Sanitizing, Preventive Maintenance, etc.), HACCP implementation, food safety, Good Agricultural Practices (GAP's) and packaging.

During the base period, ALEB worked with a few local consultants who assisted us, primarily, in providing training to the industry. In addition, the Co-Director of Technical

Services began to co-teach HACCP prerequisites and other topics during the second year of the base period, and then he delivered workshops on his own during the third year. These programs were very well received, because they were up to ALEB's standards in terms of content and delivery, and they were conducted entirely in Arabic. Clients began to send technical staff from "deeper" within their organizations; people whose English skills may not be as good, but who have "front-line" roles in implementing these critical subjects. Thus, it is critical that ALEB continue to deliver assistance and training to Egyptian food processors in Arabic, in order to ensure the widest possible dissemination of the knowledge and skills that we wish to impart.

During the Option Period, Technical Services intends to continue working with local consultants, who will be hired as Short Term Technical Assistants (STTAs). They will work very closely with ALEB staff and expatriate STTAs, both to assist us in our work with the industry and to enhance their own skills and knowledge. By building expertise within the Egyptian industry, we will also be contributing to the long-term sustainability of the services that ALEB currently offers to the industry.

Technical Services has been working with the industry, academia and the private sector in an effort to determine the ideal characteristics of these local experts. The consultants that we wish to identify should demonstrate the following:

- Outstanding knowledge of their field;
- Good understanding of the needs of industry;
- Mutual trust between the individual and the industry segment;
- Willingness to work with ALEB and within its guidelines;
- Ability to teach;
- Willingness to learn;
- Willingness to make a commitment to ALEB; and
- A desire to help the industry change.

During the first year of the Option Period (2002), Technical Services will identify, cooperate with and train 5 or 6 individuals with the characteristics mentioned above, who will form the basis of the Industry Link program. Some of the experts will be located in Cairo and some in Alexandria. All of the experts must have both academic and professional experience in technical fields that are related to the food processing industry. As part of the selection process, each candidate will be asked to present a short workshop in his or her area of expertise, in order to demonstrate technical competence and teaching proficiency. The workshop will be presented gratis, as it will be part of the interview process.

**Scope of Work:** The local STTAs will be expected to assist ALEB staff and expatriate STTAs in delivering training and technical assistance to our clients. They might also develop technical literature for the industry, in addition to handouts or training manuals for any programs that they deliver.

Similar to the expatriate STTAs, local STTAs will be expected to prepare weekly reports summarizing all work undertaken on behalf of ALEB. In addition, they will prepare detailed reports of technical assistance provided to clients. These reports must include recommendations, pertinent references and supporting documents. All reports will be reviewed either by the Director and/or Co-Director of Technical Services before being sent to the client.

The local STTAs will be asked to sign a confidentiality agreement stating that any documents or materials generated as part of the project remain in ALEB's possession, and that client confidence be strictly maintained. The agreement will also contain a clause related

to conflict of interest. Violation of any part of the agreement will be cause for immediate termination of the STTA's contract with ALEB.

All local STTAs will answer directly to the Co-Director of Technical Services. Each STTA will be continuously evaluated and, if performance is not up to standards based on Technical Services staff review and feedback from the industry, he or she might be dropped from the Industry Link program and replaced.

**Level of Effort:** Six local STTA's will be hired for periods averaging about 53 days each year. The maximum number of LOE days in 2002 will be 320. STTA's will also be reimbursed for travel and expenses incurred on ALEB business. Note: Table 3 at the end of this section of the work plan summarizes the 2002 LOE for Technical Services.

## 4.2 Training (Workshops)

**Description of Methods and Tools:** The topics for ALEB's training workshops have always been based on industry demand identified through workshop evaluations, specific industry requests and word of mouth. ALEB will continue to utilize input from companies and associations to determine the subject matter most needed to improve the industry's global competitiveness. Response to industry demand will include also the number of training sessions on the same or similar subjects and the timing of these events.

ALEB will continue to provide training in topics that are of great importance and relevance to the food processing industry, such as plant sanitation, HACCP, Good Manufacturing Practices, product development, etc. However, at the request of our clients, we will develop advanced courses on these topics, as well as courses that focus on specific product clusters (e.g., HACCP for dehydrators or product development for processors of juices and concentrates). Moreover, we will develop training courses on new topics that have been requested by our clients such as, various issues related to dairy processing, pickling, processing ready-made frozen meals, meat processing, flexible packaging, etc.

During the base period, we relied on expatriate (American) STTA's and ALEB staff for the bulk of training, using local consultants on only a few occasions. However, going forward, we intend to increase the use of local STTA. The local STTAs who will participate in the Industry Link program, described above, will prepare and deliver an increasing number of technical workshops in their specific areas of expertise. ALEB and expatriate staff will act in an advisory capacity, training-the-trainers, so to speak.

In addition, the Co-Director of Technical Services, who delivered numerous successful programs on *HACCP Prerequisites* and *HACCP Concepts & Implementation* during the base period, will continue to do so during the Option Period, in addition to delivering training in other topics as his skills and knowledge develop. Our objective is that, by two-thirds of the time frame into the Option Period, local staff and local STTAs will be presenting a significant majority of ALEB's workshops.

It must be recognized that, in several technical areas, it has been and will likely continue to be difficult to find local experts or training providers with sufficient in-depth technical knowledge and background to deliver training and/or technical assistance. Therefore, we may have to continue relying on expatriate STTAs for some topics. Nonetheless, by enhancing the skills and knowledge of Egyptian experts and by providing them with the opportunity to demonstrate their capabilities to the food processing industry, we will contribute to the sustainability of training and technological transfer beyond the life of the ALEB project.

For each training workshop, ALEB develops a training manual, which includes both side-by-side Arabic/English slides that correspond to the instructor's presentation, as well as appropriate technical documents. The manuals are highly valued by ALEB's clients, who continuously request extra copies of them. In fact, during the base period, we instituted a policy whereby manuals would only be distributed to individuals who paid for and participated in the workshops, in order to impress upon our clients the value of the material. During visits with our clients, several have pointed out the libraries that they have established, indicating that they use ALEB's manuals regularly, as reference materials. Technical Services will continue to develop training manuals during the Base Period. Moreover, in order to ensure the dissemination of technical information throughout the industry (from top to bottom) we will continue to translate training material into Arabic.

Our plan with regard to training during the first year of the Option Period is to:

1. Offer a total of 60 workshops in Cairo and Alexandria, including:
  - Workshops that satisfy industry demand in traditional subjects; such as, cleaning, sanitation, GMP and HACCP;
  - New workshops, such as advanced courses, focused programs (e.g., HACCP for dehydrators) or new topics (e.g., pickling);
2. Increase the utilization of local STTAs and local ALEB staff as instructors; and
3. Continue to develop and disseminate Arabic-language training manuals.

**Level of Effort:** During 2002, between 6 and 10 expatriate STTA's will be hired for a total of 100 days, maximum. These individuals will participate in the workshops and provide technical assistance, either of a general nature or related to specific ALEB programs. They might also assist in other activities to be undertaken by Technical Services (e.g., Study Tours, Varietal Testing, Publications, Strengthening Service Firms, etc.) Note: Table 3 at the end of this section of the work plan summarizes the 2002 LOE for Technical Services. Training participants will be expected to share the cost of training. During the base period, we charged participants a fee of 50 – 300 LE per training program, and we will continue to do so during the Option Period. Members of the Egyptian Agribusiness Association have received a 25% discount on the cost of all training workshops, and they will continue to do so, in order to encourage businesses to join the association.

#### **4.3 Technical Assistance**

**Description of Methods and Tools:** Technical assistance supplements training to provide on-the-job, practical help to firms and to assist them in implementing what they have learned in the classroom. During ALEB's base period, a considerable amount of this technical assistance was provided by expatriate STTAs, predominantly American. In many cases, expatriate STTAs were teamed with local Egyptian consultants and/or local Egyptian staff members. This set up served to broaden the experience of local consultants and staff members, in addition to aiding the expatriate STTA in better comprehending the Egyptian environment and culture.

In the Option Period, the level of effort of expatriate STTAs will be reduced by a minimum of 35%. Moreover, we will continue the practice of pairing expatriate STTAs up with the local STTAs who participate in the Industry Link program and with Technical Services' local team members. Eventually, we expect to utilize local STTAs and staff on an ever-increasing basis to provide technical assistance to the client firms. During the last nine months of Year 6 (last year of the Option Period), we will attempt to provide all training and technical assistance with local STTAs and staff. Thus, Technical Services will contribute to ALEB's

effort to prepare a cadre of qualified Egyptian experts to carry on ALEB's work in the various task disciplines after ALEB leaves Egypt.

As the ALEB team assesses the needs of each product cluster, in accordance with our methodology for the coming three years, Technical Services will identify expatriate STTAs with the appropriate expertise. However, based on what we have learned about the industry thus far, we anticipate that we will need to hire STTAs who have expertise in product development, pest management, glass packaging, metal cans, flexible pouches, freezing, dehydration, and frying. (Note: STTA support for cultural practice, post-harvest technology and GAP is covered in the Varietal program.)

Technical Services anticipates delivering technical assistance to 30-40 firms during the whole of Year 1 of the Option Period. Technical assistance will be provided according to a process that was established during the base period. This process involves:

1. An entry meeting with management staff;
2. A plant tour during which Technical Services staff and/or STTA(s) examine the plant, processing equipment, and food quality, food safety and sanitation systems;
3. An exit interview during which Technical Services discusses any problems that were identified during the tour and possible solutions; and
4. A follow-up letter including the STTA's report on the plant visit, recommendations for improvements, and any information that the processor requested.

**Level of Effort:** LOE for Technical Assistance is included above, under Training.

#### **4.4 Study Tours**

**Description of Methods and Tools:** ALEB has found that study tours comprised of food company representatives participating in various trade fairs and expositions are significant results-oriented events. The trade fairs and expositions that study tour groups attended during the base period were varied in nature and included processed food expositions, equipment shows and technological conferences. For example, Technical Services accompanies study tour groups to the annual meetings/expositions of the Northwest Food Processors Association and the Institute of Food Technologists.

In addition, study tour groups were usually taken to the Center for Advanced Food Technology (CAFT) at Rutgers University in New Jersey for training in specific technical and marketing issues, such as product development and how to market food products. While there, participants were given the opportunity to receive CAFT's assistance in developing nutritional fact labels for their products, using special software for this purpose. As an ALEB sub-contractor, CAFT also worked with ALEB and IIE/DT2 to organize the logistics and develop the itineraries for the various study tours.

The benefits and results of these study tours have included increased export sales, rapid identification and procurement of new equipment, enhanced technology transfer, and networking opportunities with international import/export companies and other food companies to build linkages and strategic alliances.

Technical Services proposes to develop a maximum of 3 study tours, each for 12-20 participants, during the first year of the Option Period. These tours will be technical in nature, as our ALEB colleagues will plan and organize marketing and other study tours. For the most part, we will follow the same format for study tours that we established during the base period; however, in response to industry demand, we will attempt to develop more

focused study tours. We might, for example, develop a study tour specifically for firms that are involved in dehydration, and we will identify an appropriate conference or exhibition in the USA or Europe. During the study tour, we might provide a technical training program at CAFT or elsewhere, addressing issues that are specific to dehydrators. Technical Services will take care in selecting participants who are serious and who have an appropriate technical background, while their employers (the food processing companies) must have the capacity to benefit from the tour.

In addition to the traditional study tour, Technical Services proposes to organize and host "internship" programs that will take place in the United States. Through this effort, Technical Services aims to address Egypt's lack of practical training in technical areas, particularly those related to support industries that serve Egyptian food processors, such as packaging, pest control, cleaning and sanitizing, and chemical handling. Many services vital to a healthy food industry are very weak in Egypt. This weakness stems from a combination of issues such as a lack of knowledge, experience or equipment. Frequently there is a failure to understand both the importance of customer service and the need to be a partner with the client.

Internships can be best defined as short periods of time (est. 3 to 4 weeks) during which Egyptians from service firms will visit similar organizations in the United States. These individuals work side-by-side with American counterparts to better learn the business and receive one-on-one training. The goal is to have these persons bring these skills back to Egypt, where they can train their counterparts and help upgrade their segment of the service sector. For example, ALEB has already received a commitment from Clark Pest Control in Lodi, California to train Egyptians from the pest management segment for a period of 3-4 weeks. The interns would not only learn the industry, but they would undergo training needed to pass examinations that allow them to handle and apply pesticides in different environments, thereby earning a Certified Applicators License.

Technical Services intends to conduct 2 internship programs, each consisting of 2 Egyptians (4 interns altogether). In addition to the pest control firm, a glass packaging firm has been identified that might be willing to host two Egyptian interns. Technical Services will work with our STTAs in the United States to identify the best hosts and to help organize the internship programs.

Of course, we will also apply stringent criteria in choosing the Egyptian industry representatives who will participate as interns in this program. The criteria will include age limitations (minimum and maximum), work experience, English language skills, etc. The criteria will be more fully developed in consultation with the USAID/CTO during the planning stages of the internship program. All participants will be required to sign an affidavit, affirming that they will return to Egypt and continue working with their employers for a minimum number of years, likewise to be determined in consultation with the USAID/CTO.

However, it must be noted that the successful implementation of both internships and study tours is conditional upon resolution of the current political situation. Recently, we have been advised by our USAID/CTO to postpone programs that involve travel by Egyptians to the United States, at least until the second half of 2002. In light of this directive, we can't be sure that we will be able to undertake all of the planned study tours and internship programs in the United States. We might move some of these programs to Europe, with USAID's approval. Otherwise, we will increase training for food processors and service firms in Egypt, and we might develop special programs in-country similar to what would have been carried out in the USA.

**Level of Effort:** U.S. based STTA's (including CAFT staff) will be hired as needed for a total of 15 days to help organize and conduct the study tours and internships. In addition, at least

one fulltime ALEB staff member will accompany each study tour. Note: Table 3 at the end of this section of the work plan summarizes the 2002 LOE for Technical Services. USAID will bear most expenses for the study tour and internship participants (through IIE/DT2); however, the Egyptian companies will be expected to share some of the costs, e.g., meals and incidentals and/or transportation. ALEB will cover the expenses of any staff members and/or STTA's who accompany the study tour participants.

#### **4.5 Publications**

**Description of Methods and Tools:** During the base period, ALEB developed a significant library of technical documents that were translated into Arabic and published as side-by-side English-Arabic booklets, including the following:

1. *United States Good Manufacturing Practices*
2. *Good Manufacturing Practices for Employees*
3. *Frozen Food handling and Merchandising*
4. *Guide to Minimize Microbial Food Safety Hazards for Fresh Fruits and Vegetables*
5. *Introduction to HACCP*
6. *HACCP Prerequisites: Can't Start HACCP without Them*
7. *HACCP Concepts and Implementation*
8. *Post Harvest Handling of Fruits & Vegetables: The First Step Toward Quality Processed Foods*
9. *Deep Freeze (article on freezing)*
10. *Sainsbury's Quality Programs (For program with Sainsbury's)*
11. *Codex Food Hygiene Guide*
12. *Pest Control for the Food Processor*
13. *The Role of Sanitizers in Food Processing*
14. *Sanitation and Hygiene for the Plant Worker*
15. *Cleaning: Do It Right or Else*
16. *Dryer Data Sheet*
17. *Equipment Purchasing: Technical & Economic Considerations*
18. *Guidelines for Purchasing Freezers*

All of these documents are available on the ALEB web site, in both Arabic and English. They appear to be highly regarded by our clients, who repeatedly request extra copies for their staff members. Therefore, ALEB will continue to identify basic and advanced technical literature that will be translated into Arabic for the Egyptian food processing industry. ALEB will provide EAGA with masters of all documents, so that the association can continue distributing them after ALEB is terminated. EAGA has been asked to create a stamp to apply to each document noting that they have been reprinted with the permission ALEB. Of course, USAID is always mentioned on the documents, by name and/or logo.

Other "literature" such as Arabic language posters on sanitation and other GMP issues, are completely lacking in Egypt. Such posters, when hung throughout the plant, are an effective method of continuously communicating these important principles to even the lowest level factory worker. ALEB intended to develop posters during the base period, but we were unable to do so due to lack of adequate financial resources. Therefore, we will implement this project during the Option Period.

In addition, ALEB has begun to put the Arabic-language documents on our web site, in order to make them more widely available. We have learned that very few of the local food laws and regulations are available on-line, and we have begun to convince regulatory agencies that their standards and regulations should be accessible on the Internet. Efforts will continue in this area during the Option Period, as it will make it easier for industry to comply with regulatory standards. It could also help break down some of the barriers between regulators and industry.

**Level of Effort:** No additional LOE is required for Publications. Technical Services' fulltime staff members will develop publications, with assistance from STTA's who undertake other activities (Training, Technical Assistance, Varietal Testing, etc.).

#### **4.6 Strengthening & Enhancing Complementary Industries & Service Firms**

**Description of Methods and Tools:** One key to building a quality food processing industry is having a network of suppliers who are supportive and, in essence, partners in business. ALEB has identified a number of areas in which both the industry and the supplier network need assistance. These areas include but are not limited to packaging materials, cleaning and sanitizing agents, pest management, distribution (cold chain), plant engineering and design, product and process development, market research, consumer testing and evaluation, and ingredients.

Of all the service sectors, packaging is the most significant to the food industry, in terms of cost. Yet, many processors lack technical and functional specifications for the packaging materials they purchase. Consequently, they often do not obtain the best functionality from packaging systems and, at times, they experience failure and increased cost. Moreover, use of bar codes and accurate nutritional panels is spotty.

On the other hand, although there are numerous Egyptian firms involved in pest management, sanitation, etc., many food processors neglect to take full advantage of their services. In addition, the service firms, themselves, often lack proper training in their fields, such as applying cleaning and sanitizing agents. Many service firms would benefit from access to advanced technology, education in new methods, etc. The food processors pay a huge cost for their lack of cleanliness and sanitation, in terms of lost sales and revenue due to poor quality.

During the first year of the Option Period, Technical Services will focus primarily on strengthening and improving firms in the pest management, cleaning and sanitizing, and glass processing sectors, as we have found that weaknesses within these industries hinder many Egyptian food processing firms from improving product quality and increasing exports. However, as we assess each food product cluster, we will identify specific needs that a cluster might have with regard to service and support industries. Thus, we might also address weaknesses in other industries, such as distribution, especially as we move into the second and third years of the Option Period.

Technical Services plans to deliver training and technical assistance to service firms in tandem with food processors. So, for example, when developing the training programs and identifying appropriate expatriate STTAs for the dehydration sector, we will consider which service sectors require assistance in order to serve dehydrators better, and we will plan accordingly. Expatriate STTAs who are hired to assist the service sector will also work with food processors, to assist them in better defining their needs and specifications. In other words, the STTAs will work to increase the food processors' demand for services while also enhancing the supply of services.

Egypt's service sector, as a whole, is larger than the food-processing sector, and some companies within the service sector are actually quite advanced and sophisticated. Also, only a fraction of the service sector's business caters to the food processing industry. Therefore, delivering technical assistance to all of the many suppliers of services and products would not be feasible or effective. Instead, Technical Services intends to focus primarily on those firms that are known to supply or serve our clients.

On the other hand, training programs will be open to all service firms, as well as food processors. Indeed, we plan to develop training programs and other events (e.g., small trade fairs) that will bring suppliers and service firms together with food processors, to educate both segments while encouraging greater cooperation.

Some suppliers have approached ALEB wanting to use our facilities and resources to present workshops in technical fields that would benefit their customers. As long as ALEB can control the content of the presentations so they do not become advertisements, the project could provide resources (such as use of the training room, translation services or promotion) on an "as needed" basis. In fact, ALEB sponsored very successful joint workshops with service providers, such as EAN-Egypt (bar coding), during the base period.

Technical Services anticipates delivering technical assistance to at least 20 service firms during the first year of the Option Period, in addition to conducting at least 6 training programs for service firms. Of course, service firms will also be invited to attend training programs that are organized for food processing firms, many of which are appropriate. Finally, Technical Services intends to identify technical documents of interest to service firms, such as Egyptian or international quality regulations, translate them into Arabic, and disseminate them through workshops and the Internet.

**Level of Effort:** During 2002, 2 expatriate STTA's will be hired for an average of 15 days. The maximum number of LOE days will be 30. This LOE includes both technical assistance and training for the service industry. Note: Table 3 at the end of this section of the work plan summarizes the 2002 LOE for Technical Services. Again, training participants will be expected to share the cost of training, under the terms described elsewhere in this document.

#### 4.7 Varietals

**Description of Methods and Tools:** One deterrent to building Egypt's food exports is its own agricultural system. A number of agricultural issues serve to reduce product quality, yields and profitability. These include the lack of vertical integration, poor agricultural practices, a non-existent or deficient cold chain system, and excessive dependence by both growers and processors on fresh market outlets.

Few Egyptian food processors utilize contract growing, as the growers, according to processors, do not always honor contracts, usually in the face of better market conditions at the time of harvest. Some processors impose a 10% to 15% penalty for breaking the supply contract and report that it is sometimes paid, but more often, it is not. Other supply constraints are imposed by cooperatives, as in the case of onion growers. One large dehydrator reports that a cooperative controls 75% of the supply, and thus the price. Another constraint in the supply chain is a group of about twelve to fifteen wholesalers who control a large part of certain commodities or a significant portion of output in certain growing areas or governorates. These wholesalers are well organized, supplying inputs to the small farmers in the form of seeds, fertilizers, pesticides and information. In fact, we have heard that this group functions better as a private agricultural extension service than the official (GOE) extension service!

If a processor is unsuccessful in securing produce through any of the above channels, (s)he must resort to the wholesale markets. Of course, this does not make economic sense, as processors must compete with buyers from the bakalas, supermarkets and other retail outlets for their produce, trying to pay a price that allows the processor to convert the produce, process it, package it and ship it to the consumer. Since the retailer has no conversion costs and simply puts the produce on the retail shelf at a higher price, (s)he can afford to outbid the processor for the higher quality produce. As a result, the processor is forced to purchase "seconds" and "thirds" that the consumer would not buy on the retail shelf. While blemishes or misshapen produce are not a problem for the processor, overripe or under-ripe produce is, imposing high conversion ratios and forcing blending, which creates a whole new set of problems in meeting consistent specifications to get a final product.

Another critical problem facing processors is the lack of good agricultural practices (GAP) and post-harvest handling. In addition to low yields as a result of poor varietal selection or availability, the lack of a cold chain is reported to cost the agricultural sector LE4 billion annually. As soon as a fruit or vegetable is harvested, it immediately starts the rotting process. The rule of thumb in the produce business is that for every hour that the ambient field temperature is not reduced to impose a false dormancy, you lose a day of shelf life. This applies to processors as well. The "field to factory" time frame is as important to the processor as to the horticultural exporter, as it means higher yields, less waste and lower conversion costs.

A third problem is the lack of appropriate seed varieties for food processing. Varietals dictate supply windows, conversion costs and consumer acceptance. Fruits and vegetables are bred and propagated for either table consumption or processing, but not both. Table varieties are bred for good shape and color, taste and handling. Processing varieties are bred for high solids or other conversion attributes. Unfortunately, the folks who control seed registration in Egypt have not received this message.

For example, Egyptian officials have imposed two onion varieties on onion dehydrators – the Giza 6 and the Giza 20. Seed stocks in these two varieties have been diluted to the extent that yields are different colors and shapes and the plants have become susceptible to fungus and "pink root", impacting on yield (field tonnage). Moreover, while the rest of the world is dehydrating a white globe onion that results in 22% to 30% soluble solids and requires no peeling, the Egyptian processors have to utilize the officially imposed onion varieties that result in 10% to 12% soluble solids and require peeling, as the skin has a different color from the meat. The manual peeling process removes another 20% to 30% of the saleable product. Obviously, if one does the math, the Egyptian processor is already 66% behind in cost against his competitor, and this does not include further costs imposed by poor post-harvest handling and subsequent shrinkage – another 15% - as well as inefficient processing technology.

There are similar problems with regard to the varieties of broccoli, fine beans, cauliflower, petite peas, sweet corn, and processing tomatoes that are used in Egypt. In short, inappropriate seed varieties offer poor yields and high conversion costs to processors, impacting on unit costs and consumer selection.

Finally, poor cultural practices impose a significant cost to the Egyptian food processor, whether vertically integrated or not. Soil preparation is done very poorly and, therefore, the crops suffer in quality and yield. Poor seeding or transplanting practices result in poorer yields – as much as 20% poorer. Plants need to be planted at specific distances apart in order to maximize the yields. Additionally, utilization of pesticides is a problem that has been uncovered by ALEB. There is no facility in Egypt that is accurate in obtaining the proper soil analysis or petiole analysis for the growers.

There seems to be little understanding of the proper usage of the various herbicides that are available to the growers. Currently, the growers usually weed the crops by hand, which costs about LE350 per feddan. Through proper cultivation and utilization of herbicides, this could be done for about LE155 per feddan, resulting in savings of LE195 per feddan.

ALEB cannot address all of the above-mentioned issues to the extent to which we would like; however, we have made a commitment to addressing agricultural practices in the Option Period. This commitment will include the testing and eventual introduction of processing varieties, education at the farm level (Good Agricultural Practices), and introduction of improved post-harvest handling techniques. ALEB already began to address the issue of seed varieties during the base period. We supported several food processors in successfully testing seed varieties (e.g., corn, tomato, and onion) that can thrive in Egypt and have the potential to enhance profitability for processors. It is critical that ALEB continue to support our clients' efforts in this area.

During the Option Period, Technical Services intends to carry out the following activities:

1. Introduce and implement to a segment of the processing industry the use of processing varieties for eight commodity crops that are currently dominated by fresh market varieties.
2. Provide training for improved cultural practices, including:
  - a. Soil and land preparation
  - b. Planting and plant distribution
  - c. Irrigation
  - d. Fertilization
  - e. Pesticides and herbicides, selection & application
3. Provide training for improved cultural practices, including:
  - a. Harvesting
  - b. Field cooling
  - c. Grading
  - d. Packing for transport
  - e. Cold chain maintenance
4. Increase the length of processing seasons by staggering the production "peaks" utilizing various microclimates that may require their own varieties.

Whenever appropriate, Technical Services will cooperate with the Horticultural Exporters Improvement Association (HEIA) and the Egyptian Seed Association (ESAS) in undertaking the activities enumerated above.

Pending input to the contrary from client companies, ALEB will give priority to the following commodities: onions for dehydration, tomatoes for paste, and cauliflower, broccoli carrots green beans, green peas and sweet corn for freezing. We will focus on the implementation of commercially available processing varieties, rather than the development of new varieties or hybrids. In addition, we will focus on opportunities to extend the processing season by taking advantage of various microclimates, but this activity will be secondary to identifying, testing and registering new seed varieties.

It goes without saying that Technical Services will have to cooperate whenever appropriate and feasible with Egyptian associations such as HEIA, ESAS and EAGA; GOE agencies and seed suppliers; and ALEB's clients and colleagues. During Year 1 of the Option Period, we expect to take the following steps to initiate trials for evaluating and registering processing varieties.

1. **ALEB's Trade Association Services (TAS) team assisted the Egyptian Seed Association (ESAS) to undertake a successful policy advocacy campaign to shorten the testing period required by the GOE on new plant varieties from three years to two years. Going forward, Technical Services and TAS will meet with representatives of ESAS to define protocols for evaluation of new varieties (Complete; no L.O.E. Year 1 of the Option Period)**
  - a. **Identify or develop written procedures**
  - b. **Determine contact personnel/groups**
2. **Meet with government staff to determine protocols for actual testing of new varieties (complete; no L.O.E. Year 1 of the Option Period)**
  - a. **Identify or develop written procedures**
  - b. **Determine out-of-pocket costs for the trials\*\***
3. **Contact seed suppliers in the U.S. and in Europe as to their interest in supporting the work**
4. **Meet with interested ALEB clients to confirm which products should be the focus of effort. We expect to focus on 5 or 6 different types of vegetables during Year 1 of the Option Period. Identify those clients that will participate in evaluation of trial materials. Prepare detailed plan with schedule & milestones.**
  - a. **Products that are tested should benefit the maximum number of processors**
  - b. **Number of varieties of each crop tested will be decided on the individual merits of each, however we expect to test an average of five seed varieties for each vegetable (25-30 total).**
5. **Hire 2 expatriate STTA(S) to assist with the programs and monitor follow-up.**
6. **Identify & hire one local STTA for monitoring & follow-up.**
7. **Using agricultural data bases, obtain detailed information on soils, location, reliability and suitability of water sources, and microclimates throughout the country. Compile and publish this information in a central source.**
8. **Initiate and follow-up trials with government agencies**
  - a. **Use US-based consultants as advisors and local consultant as a supervisor**
  - b. **More than one STTA may be required depending upon industry needs**
9. **Work with HEIA, EAGA and ESAS to begin educating growers in techniques to improve yields of processing varieties. This education process will include cultural practices and post-harvest technology. Use consultants and encourage development of "extension-like" services within the associations.**

<b>Seed Registration Process</b>		
<b>ACTION</b>	<b>COST*</b>	<b>TIME NEEDED</b>
Apply for import license for testing seeds through ESAS	50 – 100 LE/ per sample	1 month
Government issues ESAS import permits		1 month
Samples shipped to ESAS		
Customs clearance using license	100 LE/sample	14 days
Apply to Registration Committee	2,500 – 4,000 LE per seed	
Samples sent to ARC for evaluation, testing & registration a. Evaluation b. Testing c. Monitoring	500 – 1,000 LE yearly testing fees per seed	18 – 24 months
Final report prepared		
* Costs will be confirmed by ESAS		

**Level of Effort:** During 2002, one or two expatriate STTA's will be hired for a total of 60 days in-country to identify seed suppliers, prepare a plan and schedule, etc. Two expatriate STTAs will be hired for a total of 60 days to work with the food processors who will test the varieties. One expatriate STTA will be hired for 30 days to assist clients in GAP & post harvest techniques. A local STTA will be hired for 128 days to work with the clients who are testing the varieties, and to monitor and follow up with the GOE agencies, etc. Note: Table 3, below, summarizes the 2002 LOE for Technical Services.

<b>Table 3: Level of Effort (LOE) for Technical Services for CY 2002</b>		
<b>STAFF/STTA</b>	<b>Primary Role/Responsibilities</b>	<b>LOE Days</b>
Expatriate Director of Technical Services	Manage and lead all activities of Technical Services (this person must be hired)	172.5
Local Co-Director of Technical Services	Manage and lead all activities of Technical Services	153.5
Local Industry Link STTAs	6 STTA's in various fields train with ALEB and assist Technical Services in providing training and TA	320
Expatriate STTAs in Various Fields	STTAs in various fields, such as HACCP, product development, pest management, etc. will provide training and TA to food processors	100
Expatriate Study Tour STTAs	STTAs in various fields assist in developing and implementing study tours and internship program in the United States	15
Expatriate Service Firm STTAs	2 STTAs in different fields provide training and TA to service firms	30
Expatriate Seed Varietals STTA	1 or 2 STTAs identify seed suppliers, prepare a plan & schedule, identify Egyptian firms that will conduct trials, etc.	60
Expatriate GAP STTA	1 STTA provides TA & training to firms and growers in Good Agricultural Practices (GAP)	30
Expatriate Seed Varietals STTAs	2 STTAs assist firms in identifying, testing and obtaining approval for new seed varieties	60
Local Seed Varietals STTA	1 STTA works with Expatriate Seed Varietals STTAs and follows up with clients throughout the year	128
<b>Total Expatriate LOE Days</b>		<b>467.5</b>
<b>Total Local LOE Days</b>		<b>601.5</b>

## 5.0 Trade Association and Strategic Alliance Services

**Introduction:** This work plan provides the operating principles under which the Trade Association Services (TAS) team and the Strategic Alliance Services (SAS) team will perform our activities during the three-year ALEB project extension, CY 2002-2004. This work plan provides the details regarding long-term and short-term technical assistance and training activities that we will provide during CY 2002.

**Background of Work:** If Egypt is to maintain its competitive advantage in domestic markets and increase exports of processed foods, the private sector must have a much more vocal and active role in affecting public policy. During the three-year project extension, the primary objective of the Trade Association Services (TAS) team will be to build on earlier work to increase the capacity of the private sector to engage in policy dialogue. We will provide both long-term and short-term technical assistance and training, including on-the-job training, in order to transfer and strengthen the skills that Egyptian trade associations need to plan, develop, and implement sound policy advocacy campaigns on behalf of the members of their associations – Egyptian private sector food companies.

In addition, if Egypt is to enhance continuously the adoption of new technology and management practices that will make export growth possible, strategic alliances and industry support services must continue to expand and improve. Indeed, by building stronger private sector partnerships within Egypt and between Egyptian and foreign firms, ALEB's Strategic Alliance Services (SAS) team will help Egyptian food companies become more competitive. During the three-year project extension, the primary objective of the Strategic Alliance Services (SAS) team will be to build on earlier work done in identifying market opportunities for exports and to bring foreign firms and Egyptian companies together. We will provide both long-term and short-term technical assistance and training to help Egyptian companies through the process of mediation and facilitation that is required to generate sustainable strategic alliances with foreign investors, buyers and/or suppliers. Indeed, there are also opportunities for Egyptian trade and business associations to become linked with US or European-based trade associations and, thereby, to serve as conduits for such market linkage and alliance activities on behalf of their members.

**Sustainability:** Three additional years of ALEB technical services and training should bring immense benefit to the Egyptian processed foods industry, boosting exports as well as domestic sales into hotels, restaurants and supermarkets. But how can these efforts be sustained after the end of the ALEB project?

One way that we will endeavor to generate sustainability will be for the whole ALEB project team to work very closely with the Egyptian Agribusiness Association (EAGA), and other trade associations in the food processing sector, to develop their capacity to take over some of the services that the ALEB project offers and that the food industry will demand in future years. The Trade Association Services (TAS) team will lead the project's efforts to provide intensive support to associations involved in the food-processing sector with the objective of having these associations become the leading organizations in the sector by the end of the ALEB project.

We must recognize, however, that three years (CY 2002-2004) is an inadequate amount of time to strengthen the organizational, managerial and financial capacity of new and nascent Egyptian trade associations to become totally self-reliant, sustainable institutions. Nevertheless, we will make every effort to work with the most qualified association staff, especially those at EAGA, to teach them how to do what ALEB service teams have been doing, so that through "learning by doing," EAGA and, perhaps, other associations may gradually develop the capacity to serve the processed food industry as modern trade associations serve their members in North America and Europe.

Finally, as we plan and implement our training programs, we will also search for skilled and financially sound Egyptian training providers (service firms or institutions) capable of working with us in our training activities. Our ultimate aim will be to deliver high quality training for the present and, hopefully, to find future training providers who will be able to continue meeting the demand that our services are creating. We hope to find local firms suited for technical training, such as EAN-Egypt, with which TAS developed a successful alliance to provide training in bar coding to food processors and service firms during the Base Period of the ALEB project.

**Guiding Principles & Methodology:** Trade Association Services (TAS) is combining with Strategic Alliance Services (SAS) under one long-term expatriate Director who will supervise two Egyptian Co-Directors. One Co-director will specialize in Trade Association Services and the other Co-Director will be responsible for Strategic Alliance Services. The key activities that will be enhanced and improved by this move are:

- Trade Association Services, as part of their normal function, are in contact with association members who are food processors, suppliers, and service firms. Within the aggregate membership of associations, and in the spirit of cooperation among a diverse membership, great opportunity exists for the initiation of strategic alliances and linkages among members themselves.
- Strategic alliance opportunities can be an important and meaningful association service that strengthens both the associations and their members' business ties and collaboration with one another.
- While the functional responsibility for Strategic Alliance Services will fall under the direction of Trade Association Services (TAS), the development of strategic alliances will remain a cooperative effort across all ALEB service area teams, because innovative alliance opportunities do not evolve from only one source.

Combining the activities of TAS and SAS will bring new synergies to Egyptian trade association development and strategic alliance development. For example, the TAS team recently created a strategic alliance with the Global Resource Center of the American Society of Association Executives (ASAE). We have purchased training materials from the Center during the past three years, and we have adapted these to Egypt's trade and business association industry needs. Moreover, in October 2001, we secured ASAE permission to utilize its *Associations Make a Better World* campaign literature and to translate it into Arabic for a two-day planning and teaching workshop that TAS held with nine Egyptian associations. ALEB gave ASAE permission to post the material that we translated on its web site, where Arabic-speaking associations worldwide can now access and download it, as well as other literature that ALEB has developed and translated into Arabic. (See [www.asaenet.org](http://www.asaenet.org).)

The TAS team will work primarily with trade-based associations that serve the food processing industry, and we will work, secondarily, with other private sector business associations that have significant members in the food industry or complementary service sectors. We will devote as much of TAS resources as possible to strengthening EAGA, with a minimum of 50% of TAS resources available to train and advise EAGA in CY 2002. We will also work with other industry associations. We need to maintain our working relationship with other trade and business associations in order to foster opportunities for strategic alliances among Egyptian private associations, as well as to strengthen private sector participation in policy dialogue. By working with more than one or a few trade and business associations, we increase the likelihood of identifying organizations that represent the

industry and that are capable of and willing to take over ALEB project type services on behalf of their members.

The SAS team will work first on the market linkage and strategic alliance opportunities identified through Industry Rapid Analyses (IRAs) conducted by the Business Development Services (BDS) team during the Base Period of the ALEB project. Second, the SAS team will follow-up on any new market opportunities that may be identified through BDS analysis and research. We will devote considerable short-term and long-term resources to facilitating strategic alliances by bringing potential partners together, identifying and meeting specific market requirements, assessing Egyptian capabilities to meet specific market demands, and performing logistical "hand-holding" during the process until the first transaction has been completed. This will involve, for example, identifying new technologies that can help lower the unit costs of production for Egyptian food processing companies and working with the supplier of that technology and the Egyptian buyer until the transaction is complete. Again, this work will be done in tandem with the short-term technical assistance being given to firms in specific product lines through both Technical Services and the BDS-MIS service area team.

The SAS team will also contribute to the enhancement of the ALEB project web site, in tandem with the Market Information Services (MIS) team that is being absorbed under the BDS Director and with Technical Services. We want to ensure that as much sound information as possible is available on the web site for our clients who are seeking marketing linkages or strategic alliances. All service teams will also continue to strengthen the ALEB Resource and Alliance Center (ARAC) as a key source of basic information on market opportunities and new technology. Ultimately, we will search for an organization or service firm that will be capable of taking ARAC over and delivering a cost effective information service to the industry after the ALEB project ends.

## **5.1 Trade Association Services**

**Association Demand for Services:** During October 24-25, 2001, the TAS team invited the CEOs, members of Board of Directors and key staff from nine trade and business associations with whom we have formed close working relationships to a two-day workshop. The purpose of that workshop was to raise the consciousness of Egyptian trade and business associations about the power of their associations as representatives of the private sector, especially the food processing industry, and to discuss how the TAS team can help make their associations even stronger during the project Option Period. We discussed the five basic building blocks upon which financially sound and well-managed trade and business associations rest. And we asked these associations to enumerate those aspects of their organization for which they required our technical assistance.

Our trade and business association partners made a wide range of demands for training and technical assistance in many fields. (See Tables 5, 6 & 7 on pages 49-51). The total demand for TA and training from these nine associations would involve an estimated 926 person-days. We do not believe that the TAS team has the budget to fund 926 person days of LOE to meet the broad and deep demand for on-the-job training, technical assistance and follow-up technical advice to help implement skills learned in workshops. Thus, we will focus our LOE on policy advocacy, organizational management, fund-raising and strengthening staff skills to meet member demands. To complement TAS' direct assistance to associations and reinforce our on-the-job training, we will use DT2 and NGO Service Center workshops, seminars and training providers. By working closely with DT2, as well as the NGO Service Center, we will meet most of the demands for generic types of training that are being made by our client associations. This will also satisfy USAID's request that ALEB plan and schedule generic training through these organizations. Moreover, by doing these

training activities through DT2 or the NGO Service Center, we hope to contribute to the sustainability of training services for trade and business associations, since the NGO Service Center may become a "stand-alone" Egyptian institution at the end of three years and because the DT2 project uses Egyptian service providers (e.g. consultants) to do most of the training they implement.

Strengthening the capacity of these associations to engage in policy dialogue is one of the primary demands being made by the CEOs and Board. They are interested in strengthening not only their own capacity to engage in policy dialogue activities but also to enhance their ability to work with other associations on policy, legal or regulatory issues that affect their members.

Yet, the associations also recognize that in order to be a strong, effective voice for their members in the policy dialogue or public policy debate, the associations themselves should be financially sound and well managed with a high level of volunteer spirit. This means that these associations have to strengthen their services to members so that members will renew and maintain their membership, thereby ensuring a sound base for revenue for the association. This also involves efforts to develop non-dues sources of revenue that will enable the associations to undertake policy dialogue activities on behalf of their members. Policy advocacy or participating in the public policy debate can be a fairly costly service for an association to provide for its members; indeed, it is usually referred to as a "revenue-negative" service because the costs associated with engaging in policy dialogue are high while there is no immediate return of revenue to the association from even a successful policy dialogue campaign.

The associations also have requested continued ALEB TAS team support in strengthening them as member-driven and responsive organizations that secure more voluntary support from their members. Association executives asked for continued assistance from the TAS team in revising their annual strategic plans and developing their annual action plans. At the October 24-25 workshop, the associations also expressed a desire for more in-depth training than they receive from the DT2 project or the NGO Service Center in subjects such as *Effective Committee Management* and *Membership Recruitment and Retention*. Association leaders have also asked for our assistance in writing grant applications to the donors, including the USAID-funded NGO Service Center after the Center implements its new grants program for business and trade associations (scheduled for some time in early CY 2002). According to the Director of the NGO Service Center, the purpose of this new grants program is to galvanize and unite associations around a single policy issue. Once this program starts at the Center, it might reinforce and strengthen our own efforts to train and assist trade and business associations to take on more responsibility for leading policy dialogue on issues of interest to the food processing industry.

**TAS Team Technical Response to Associations Demand:** We recognize that there is a strong and intimate link between improving the capacity of the private sector to participate in policy dialogue through their associations, on the one hand and the need to improve the financial soundness and organizational strength of the associations, on the other hand. Improving the capacity to engage in policy dialogue depends on generating more memberships and raising revenue at the association, while a successful trade association policy dialogue campaign will eventually generate interest among private companies in becoming members. Through this process, the TAS team will aim to unleash complementary and mutually reinforcing forces that should lead to stronger member-based associations and a stronger voice for the private sector in the public policy debate.

Therefore, TAS team training and technical assistance activities will focus on enhancing the capacity of private sector trade and business associations to engage in policy dialogue about the impediments that prevent the Egyptian food industry from being more internationally

competitive. Thus, we will work with several trade and business associations in this training and technical assistance activity. (See the section below for the list of potential client associations.) This will lead us to work with their Policy Advocacy Committees or Task Forces, and this will involve direct on-the-job training to these Committees to make them more effective pillars of the associations.

In order for trade and business associations to represent their members effectively in policy dialogue, they themselves must be financially strong institutions, because conducting effective policy dialogue activities costs associations money while it yields no revenue for the association. Indeed, in order to attract and retain members, who are the ultimate source of strength of any association, we must work, to some extent, on strengthening a variety of organizational, financial and managerial skills of the key food-based trade associations, as well as complementary service sector and business associations, so that they are capable of designing, implementing and sustaining the time-consuming and resource-consuming policy dialogue activity.

**Trade and Business Association Clients:** The TAS team will have the following priorities in terms of meeting trade and business associations' demands for services. The TAS team, as well as the whole ALEB project, will provide technical assistance and training to the Egyptian Agribusiness Association (EAGA), as one of the potential legacy organizations for the ALEB project. We are prepared to make available, on a demand-driven basis, a minimum of 50 percent of the TAS team's long-term and short-term technical assistance. Our objective will be to strengthen EAGA as a voice for the private sector in policy dialogue and as an organization that may be capable of meeting the needs of the processed food industry in the years after the ALEB project ends.

In recent discussions with the Chairman of EAGA, we learned that the Board has made a firm commitment to separating ESAS and EAGA into two distinct entities. A new Executive Director has been hired for EAGA, and ALEB has begun training her. EAGA's Chairman has also stated that he intends to hire at least one more skilled staff person. TAS has developed and we now await EAGA's approval for a *pilot program* that will be implemented during the Option Period. Under this program, EAGA must decide upon one service from among ALEB's offerings (training or technical assistance) that the association will provide to its members. Then, ALEB will sit with the association to develop a plan whereby EAGA will be a FULL partner in offering this service, and we will continue to provide training to EAGA throughout implementation of the service. The objective of this program will be to assist EAGA in staffing and obtaining financial resources to offer additional services on its own, in the long term. That is, EAGA may be trained to eventually take on full, direct responsibility for delivering some of the ALEB services or they may be trained to take on the management of such services and transfer the actual technical capacity for service delivery into another institution (educational or otherwise) or private service firm, such as a company that specializes in technical training.

We will also provide technical assistance and training to strengthen other processed-foods based associations, such as the Egyptian Association for Essential Oils, Flavors and Fragrances and Cosmetics (EAEOFFC) and the Egyptian Society for Producers, Manufacturers & Exporters of Medicinal Herbs & Spices (ESMAP). While these organizations are research-oriented and academically based in terms of membership and services, we will build on our efforts to strengthen these associations so that they become more private sector oriented during the next few years. Our efforts with these food-based associations will be to strengthen them as member-oriented, demand-driven associations, representing well their industry. Thus, we will work with these three associations, and any new food-based associations that may be formed in the next three years, to strengthen their capacity to engage in policy dialogue, and we will also strive to enhance their ability to serve their members from an organizational, managerial, financial and technical perspective.

The TAS team will also assist trade-based associations that have as members services firms that complement the processed food industry, including the Egyptian Seed Association (ESAS), the Egyptian Cold Chain Association (ECCA), which is still under formation, the Horticultural Export Improvement Association (HEIA), the Dairy Industry Development Association (DIDA), the Egyptian Meat Processing Association (EMPA) and the Egyptian Packaging and Development Association (EPDA). These trade associations have critical links with the food processing industry and, therefore, fall within the scope of work for the ALEB project.

We will continue to provide technical assistance and training to ECCA and ESAS that will aim to strengthen their capacity to engage in policy dialogue on behalf of their members. We will also strengthen the linkages between all these associations and the food industry-based associations. Thus, we will engage in technical assistance and training that will increase their capacity to forge strategic alliances across the food industry and service sector in order to increase food exports.

Finally, the TAS team will also include several business associations that have a significant portion of food companies or complementary service sector companies as members. Among the business associations with whom we will continue to work are: the Egyptian Investors and Business Association (EIBA) of Mansoura, the Chambre des Affaires Franco-Egyptiennes (CAFÉ), the American Chamber of Commerce (AmCham), the Egyptian Chefs Association (ECA), and the Egyptian Marketing Development Association (EMDA).

Our purpose in working with these business associations is to forge linkages and alliances that cut across the whole processed food industry and to work with dynamic leaders in the association community. We will bring these business associations into our training activities that aim to increase the capacity of the private sector to engage in policy dialogue. Clearly, strengthening the capacity of three associations to engage in policy dialogue will be an intensive and time-consuming task. But we sincerely believe that we should also do such training and provide such technical assistance to as many members of the food industry as possible; therefore, we must reach out to any association that has members who are food processors or who provide services to food processors in one way or another.

We will maintain our sound relationship with the Egyptian Chefs Association (ECA) because of its obvious linkage to Egyptian processed food companies. The ECA's members, through their applied use of food products, have the potential to be valuable partners of the ALEB project and the Egyptian processed food industry during the next three years. The ECA is especially strong in Egypt's tourist sector, specifically in the franchise, hotels and restaurant industry, which could be of great help in fostering increased sales of Egyptian processed food products to these institutions. Indeed, we will also explore how we can help link the Egyptian Franchise Development Association (EFDA) with the ECA in a strategic alliance for the indirect benefit of the Egyptian processed foods industry.

**CY 2002 Work Plan – Level of Effort (LOE):** To make progress towards the achievement of the end-of-project objectives and achievement indicators, and to contribute to USAID IR 16.1, we propose to apply intensive technical assistance and training in the first year of the ALEB project extension, CY 2002. The reason for this is simple: we want to build on the progress we have made to date in working with nine trade and business associations. We do not want to lose momentum in strengthening their capacity to become financially capable of serving their members needs, especially the technical needs of their food processing members, and of representing their private sector members in policy dialogue. Nevertheless, we want to apply such assistance in a measured, deliberate way in order not to overload the absorptive capacity of the Egyptian trade and business associations with whom we work.

Therefore, our work plan proposes intensive levels of both short-term technical assistance (STTA) and training during CY 2002, with a gradual decline in STTA LOE during the following years, CY 2003-2004. We will focus our own training activities and technical assistance on policy advocacy and strengthening the financial base of EAGA and other trade and business associations. But we will also provide specific technical assistance to follow-up generic training from DT2 or the NGO Service Center, and on-the-job training to help strengthen the food-based associations and complementary associations so that they have effective plans, objectives, and goals and can generate a higher level of voluntary spirit and collective action to achieve their stated goals.

As noted above, in order to meet the wide variety of demands for generic training made by the trade and business associations with whom we work, we will utilize both the USAID-funded DT2 project as well as the USAID-funded NGO Service Center.

But, we also know from experience that without intensive, hands-on, follow-up work with an association's CEOs, Board and staff, they may not apply the knowledge and skills gained through generic training to their day-to-day work in the association. Therefore, we will apply intensive efforts, through expatriate and local short-term technical assistance, to help these trade and business associations apply successfully the new skills and information that they gain in generic training.

We will also use short-term expatriate technical assistance to deliver advice and training on food industry specific policy, legal, regulatory or procedural issues and to help design services demanded by members of Egyptian trade associations. This will involve close work with the associations, especially EAGA, on analyzing policy, legal and regulatory issues and training their Policy Advocacy Committee and staff in methods to organize and conduct a sound, well managed policy dialogue with public policy makers.

In CY 2002, we propose holding one study tour for Egyptian trade association executives, Board members and staff so that the associations can see for themselves, first-hand, what American trade associations are doing to serve the needs of their members, especially those in the processed foods industry. We propose scheduling this trade association study tour around a trade show(s) that the food industry and their associations normally holds in the USA. For example, the American Spice Trade Association (ASTA) is scheduled to hold its annual meeting in May 2002. However, after September 11 and in light of Department of State visa application procedures, it might be difficult to schedule a tour around this event. In September-October 2002, the National Frozen Food Association (NFFA) usually holds its annual trade show and complementary convention. Since this show takes place later in the year, thus allowing more time for planning, this show is more feasible. The study tour will be funded through the Development Training 2 (DT2) program, but the ALEB project will bear the expense of sending our own TAS staff along with the study tour participants to the USA.

Therefore, our proposed level of effort (LOE) for CY 2002 is indicated in Table 4 on the following page. Greater detail on each staff member or STTA is provided in the text immediately following the table.

<b>Table 4: Level of Effort (LOE) for Trade Association Services for CY 2002</b>		
<b>STAFF/STTA</b>	<b>Primary Role/Responsibilities</b>	<b>LOE Days</b>
TAS Expat Director	Lead & manage all TAS activities	130
TAS Local Co-Director	Co-manage all TAS activities & work with Policy Dialogue STTA and Institutional Strengthening STTA (10 months since this staff person has not yet been hired)	218
Expatriate Policy Dialogue STTA	Training & TA to associations in policy analysis & dialogue with GOE	100
Local Policy Dialogue STTA	Work with Expatriate Policy Dialogue STTA & continue providing support to associations	100
Expat. Institutional Strengthening STTA	TA & Training to associations to develop sources of non-dues revenue & improve voluntary participation	100
12 US Trade Assn Staff/Executives	Training & TA on various issues, in addition to developing alliances with Egyptian associations	120
<b>Total Expatriate LOE Days</b>		<b>450</b>
<b>Total Local LOE Days</b>		<b>318</b>

**TAS Director: 130 days**

LTTA (expatriate long-term technical advisor) LOE: 260 days per year divided equally between TAS and SAS activities.

Leading and managing all TAS activities; drafting reports for ALEB and USAID; drafting SOWs for STTAs; coordinating TAS work with other ALEB service areas; advising EAGA and other associations on policy dialogue and on strategies and tactics to strengthen their organizations in order to serve better their members, especially those in the processed foods industry or complementary service sectors; designing and participating in all TAS specialized training for associations; and providing critical on-the-job advice and training to CEOs and Board members of associations.

**TAS Co-Director: 218 days**

LTTA (Egyptian long-term technical advisor) LOE: 218 days during CY 2002 (this person must be identified and hired) and 260 days in subsequent years

Co-manage all TAS activities, especially working closely with the expatriate Policy Dialogue STTA and Institutional Strengthening STTA during their assignments in Egypt; following up with associations after generic training designed to strengthen them as member-oriented organizations; co-designing and participating in specialized training for the associations; advising EAGA and other associations on policy dialogue issues and institutional strengthening strategies and tactics; and providing on-the-job training to relevant association staff, CEOs and Board members.

**Expatriate Short-term Technical Assistant for Policy Dialogue (STTA): 100 days**

Expatriate STTA advisor experienced in food-based policy issues, with the skills to conduct financial and economic analysis of the adverse impact of specific policies, laws or regulations and procedures that the Egyptian food industry identifies as primary constraints to export growth. These analyses will inform and support the Egyptian trade and business association policy dialogue with the GOE. In addition to assisting the associations in undertaking analyses, the STTA will meet with associations and industry representatives in roundtable discussions to identify and discuss pertinent policy issues. He will develop the framework and implementation plan for policy campaigns, and he will guide the associations through the effort. One 30-day in-country technical assistance mission per trimester with 3 days for work in the USA before the assignment. Total of 33 workdays per trimester.

**Local Short-term Technical Assistant for Policy Dialogue (STTA): 100 days**

Egyptian STTA analyst experienced in conducting financial and economic analysis of the impact of policies on food-based companies, to work with the expatriate advisor and continue to advise trade associations in developing and implementing the policy dialogue agenda. One 33-day assignment per trimester to assist, work with and learn from the expatriate STTA. (S)he will also follow-up with the trade associations, to assist them in implementing policy analyses and advocacy campaigns, after the expatriate STTA leaves Egypt. Total of 33 workdays per trimester.

**Expatriate Short-term Technical Assistant for Institutional Strengthening (STTA): 100 days**

Expatriate STTA advisor familiar with diverse methods of generating non-dues income for trade associations, especially the food-based trade associations or complementary service sectors, to advise and help develop a program for services and activities that will earn non-dues income for Egyptian associations. Must also be familiar with methods to strengthen voluntary participation in the association, such as through Committees and be able to guide associations through the Strategic Planning and Action Plan (Work plan) process. One 30-day in-country technical assistance mission per trimester with 3 days for work in the USA before the assignment. Total of 33 workdays per trimester.

**Invitational Travel: US-based Trade Association Staff or Executives (STTA): 120 days**

Invite twelve US-based trade association executives or staff to come to Egypt and to work closely for 10 days each with the trade and business associations that demand assistance and advice from the TAS team. This would mean having four US trade association representatives per trimester in Egypt. They will be invited to speak at an event, to publicize their own trade association activities and to advise and train Egyptian complementary trade and business associations. Another purpose of this travel will be to give the US-based associations an opportunity to develop affiliations with Egyptian associations, if so desired, to encourage Egyptians to join their association as international members, and to allow Egyptian association leaders to hear first-hand from their counterparts in America how their associations operate, fund themselves and engage in policy dialogue on behalf of their members. This will reinforce the lessons we are trying to teach Egyptian associations and enhance the transfer of skills and knowledge that the TAS team is striving to achieve.

USA representatives will be drawn from food-based trade associations, such as the National Food Processors Association (NFPA), the Grocery Manufacturers of America (GMA), the American Spice Trade Association (ASTA) and complementary associations such as the International Association of Refrigerated Warehouses and World Food Logistics Organization (IARW/WFLO). For example, we plan to invite several representatives of US trade associations to participate in the ALEB Market Outlook 2002 Conference scheduled for October 2002. In addition to speaking at this event about the theme of the conference – *The Impact of the WTO and GATT* on their own trade associations – they would be asked to provide more in-depth advice to Egyptian trade and business associations through closed focus group meetings and training sessions. Total of 120 work days throughout the year.

**One (1) US Study Tour for Associations with TAS Leadership:**

Two members of the TAS team (Director and Co-Director) will accompany the Egyptian trade association delegation to a US-based trade show event(s) and be on hand to coordinate the training, advice and distribution of materials from US-based trade association executives. (ALEB will pay the airfares and per diem costs of the TAS team project staff for the approximate two-week stay in the USA.) Coordination will be done using DT2 in Washington, DC as well as the American Society of Association Executives (ASAE), Director of Global Resource Center. The ASAE can provide an association-based training facility in

Washington, DC where other affiliated US association executives and staff can come and train or talk with the Egyptian trade association delegation. The purpose of the study tour will be to transfer information and skills from USA trade association leaders in policy dialogue, association membership recruitment and retention activities, and the various sources of non-dues revenue that are available to associations.

**NOTE:** the following tables represent the collective demand for services from the nine trade and business associations that the TAS team surveyed at the *Associations Make a Better World* workshop (October 24-25, 2001). The tables make the following assumptions about the level of technical assistance (LOE) needed to meet the broad and deep demand from these nine Egyptian trade and business associations:

1. Generic LOE will be given collectively through workshops to all interested associations. Only 50% of the generic LOE (person days) are included in the total TAS team LOE. DT2 and the NGO Service Center will provide the remaining 50%.
2. The associations are divided into the following three categories: (a) EAGA which will receive a minimum of 50% of the total TAS LOE; (b) EEAOFFA and EMHSA receiving somewhat less TA relative to their capacity to absorb and use the additional TA; (c) ESAS, ECCA, HEIA, DIDA, EMPA and EPDA will receive training and on-the-job TA; and (d) EMDA, EIBA, CAFÉ' and ECA will receiving training and on-the-job training for their high priority requests that the TAS team believe are essential for their organizational soundness.
3. Additional associations that meet TAS association selection criteria may be added to this list, as TA and training resources are available.
4. Special technical studies will be done by other ALEB task teams and shared with TAS. Example of such studies might be assessments of the influence that the WTO, GATT or more formal trade agreements between Egypt and the EU will have on the Egyptian food processing industry, especially for exports.

## Associations' Demands for Technical Assistance & Training

**Table 5: TAS Level of Effort (person days) Demanded by EAGA, EAEOFFC, and ESMAP**

Services Requested by Associations	EAGA Priority	EAEOFFC Priority	ESMAP Priority	Total	% of Total LOE
Vision, Mission Statement, Strategic Planning		19	1	3	0.6
Action Plan Development	4	6	2	20	4.3
Policy Advocacy	4	18	5	60	12.9
Membership Recruitment and/or Retention		17	4	10	2.2
Membership Services	4	16		10	2.2
Non-Dues Income		1		15	3.2
Committee Work/Member Participation		14	3	20	4.3
Board Development or Strengthening	5	15		15	3.2
Governance Policies	5	2		1	0.2
Team Building and Consensus Building	5	13		15	3.2
Customer Service	3	13		0	0.0
Organizational Structuring		9		0	0.0
Human Resource Development	2	11		20	4.3
Study Tours (2 tours)	1	7		9	1.9
Special Technical Studies	1	3		65	14.0
Budgeting and Financial Management		12		3	0.6
Association Proposals to Donors		4		4	0.9
Trade Shows				7	1.5
Annual Member Convention				20	4.3
Miscellaneous and Follow-on TA				140	30.2
Associations inter-networking				6	1.3
Associations Newsletter Service by TAS				21	4.5
<b>Total LOE</b>				<b>464</b>	<b>100.0</b>
<b>% of Total LOE</b>				<b>100</b>	

EAGA: Egyptian Agribusiness Association

EAEOFFC: Egyptian Association for Essential Oils, Flavors, Fragrances & Cosmetics

ESMAP: Egyptian Society for Producers, Manufacturers & Exporters of Medicinal Herbs & Spices

**Table 6: TAS Level of Effort (person days) Demanded by ESAS and ECCA**

<b>Services Requested by Associations</b>	<b>ESAS Priority</b>	<b>ECCA Priority</b>	<b>Total</b>	<b>% of Total LOE</b>
Vision, Mission Statement, Strategic Planning	7	17	2	0.9
Action Plan Development	6	9	20	8.9
Policy Advocacy	5	20	40	17.8
Membership Recruitment and/or Retention	3	16	10	4.4
Membership Services		10	0	0.0
Non-Dues Income		6	10	4.4
Committee Work/Member Participation		15	10	4.4
Board Development or Strengthening		7	5	2.2
Governance Policies		20	5	2.2
Team Building and Consensus Building		13	10	4.4
Customer Service	4	11	0	0.0
Organizational Structuring		19	0	0.0
Human Resource Development		12	10	4.4
Study Tours (2 tours)	2	4	6	2.7
Special Technical Studies		8	15	6.7
Budgeting and Financial Management		18	1	0.4
Association Proposals to Donors		5	2	0.9
Trade Shows			6	2.7
Annual Member Convention			20	8.9
Miscellaneous and Follow-on TA			35	15.6
Associations inter-networking			4	1.8
Associations Newsletter Service by TAS			14	6.2
<b>Total LOE</b>			<b>225</b>	<b>100.0</b>
<b>% of Total LOE</b>			<b>100</b>	

ESAS: Egyptian Seed Association  
 ECCA: Egyptian Cold Chain Association

**Table 7: TAS Level of Effort (person days) Demanded by EMDA, EIBA, CAFÉ and ECA**

Services Requested by Associations	EMDA Priority	EIBA Priority	CAFÉ Priority	ECA Priority	Total	% of Total LOE
Vision, Mission Statement, Strategic Planning		1	5	3	4	1.7
Action Plan Development	1	1	4	4	23	9.7
Policy Advocacy				6	0	0.0
Membership Recruitment and/or Retention			1		5	2.1
Membership Services					0	0.0
Non-Dues Income Committee	2	4			13	5.5
Work/Member Participation		1	2	2	18	7.6
Board Development or Strengthening		1		1	13	5.5
Governance Policies					0	0.0
Team Building and Consensus Building					0	0.0
Customer Service			3		1	0.4
Organizational Structuring		1			0	0.0
Human Resource Development					10	4.2
Study Tours (2 tours)	5	2			15	6.4
Special Technical Studies	3				5	2.1
Budgeting and Financial Management		3		5	2	0.8
Association Proposals to Donors	4	2		7	9	3.8
Trade Shows					4	1.7
Annual Member Convention					23	9.7
Miscellaneous and Follow-on TA					35	14.8
Associations inter-networking					8	3.4
Associations Newsletter Service by TAS					28	11.9
Generic LOE delivered by TAS					20	8.5
<b>Total LOE</b>					<b>236</b>	<b>100.0</b>
<b>% of Total LOE</b>					<b>100</b>	

EMDA: Egyptian Marketing Development Association  
 EIBA: Egyptian Investors & Business Association of Mansoura  
 CAFÉ: Chambre des Affaires Franco-Egyptiennes  
 ECA: Egyptian Chefs' Association

## 5.2 Strategic Alliance Services

**Strategic Alliance:** What is a strategic alliance? We believe that it is a partnership that drives both of its participants to achieve a goal that they could not have achieved alone. In a strategic alliance, both partners contribute resources necessary to carry out an agreed upon set of activities that, when accomplished, will achieve the goal. Resources might include people skills, funding, equipment, material, distribution channels, etc.; that is, both tangible and intangible assets. The partners in a strategic alliance usually agree to work together to monitor progress, identify problems and success, and make adjustments accordingly. Communication will usually involve periodic meetings between the two parties where an open, honest exchange of ideas, concerns and suggestions takes place. Clear and open communication is vital to the success of a strategic alliance.

**Industry Demand for Services:** During the Base Period of the ALEB project (CY 1999-2001), the SAS team provided technical assistance and training as well as "hands-on" intensive assistance to help food companies through the process of making successful market linkages and strategic alliances. While there was not a large demand, per se, emanating from Egyptian food companies, there was an awareness by firms that Egypt lacked the technology to keep its costs low enough to compete efficiently with neighboring countries and that Egypt may be missing out on market opportunities because of its attention to the fairly large domestic market.

Thus, the SAS team, working in tandem with the BDS team, identified a clear need in the Egyptian food processing industry and began to deliver the services to meet it. Because Egyptian food processing companies' unit costs were often too high to enable these firms to compete in international markets, the SAS team, working with the Technical Services team, helped to find new equipment and technologies from the United States to solve these problems. Through visits to trade shows and food fairs, Egyptian food companies also came to realize that their packages, and their packaging and labeling technology are a constraint to market growth. And, finally, despite having good quality products suitable for many foreign markets, Egyptian firms seemed to lack the thorough approach and perseverance needed to build relationships of trust with foreign buyers and suppliers who could become their strategic alliance partners. Thus, the ALEB SAS team, in tandem with the BDS team, stepped in to bridge this gap and help "hold the hand" of the Egyptian clients until market linkages that could lead to strategic alliances were forged.

During the Option Period of the ALEB project, these activities will continue as there exist many market opportunities for Egyptian food products in world markets that have not yet been realized. Once the opportunities are identified, the SAS team will analyze the capability of Egyptian firms to seize the opportunities. Working with the BDS/MIS team, the SAS team will only pursue market opportunities that we believe Egyptian food processing companies have the capacity and willingness to exploit. The dissemination of the ALEB CD-ROM Directory of Food Processing and Service Companies in March 2002 should generate some international inquiries about Egyptian food products. But without a concerted effort by ALEB's SAS team to assist Egyptian food companies intensively in presenting themselves to international buyers, their efforts alone may not have the desired result.

**SAS Team Technical Response to Industry Demand:** Thus, the SAS team will continue to build on the nascent industry demand for assistance and training in establishing strategic alliances. We will endeavor to work closely with the BDS/MIS team to analyze which firms in which product cluster groups are capable of moving to the next phase of seeking international or domestic strategic alliances. And we will work with both BDS/MIS and Technical Services to assist the top tier cluster firms to identify sources of new technology to lower their unit costs and make them more internationally competitive.

The work of identifying strategic alliance opportunities may also involve EAGA or other Egyptian trade and business associations. For example, the SAS team has already forged close working relationships with the British-Egyptian Business Association (BEBA), the Chambre des Affaires Franco-Egyptiennes (CAFÉ), and the German-Arab Chamber of Commerce that could be utilized to search for and find more strategic alliance opportunities in those respective European markets. The ALEB project itself has also signed a strategic alliance with the American Chamber of Commerce (AmCham) in Egypt. We will continue to work closely with AmCham in its activities that involve American and Egyptian companies, especially in the food industry or in complementary service industries.

In addition, one SAS-TAS cross-cutting activity that may begin in CY 2002 with AmCham is an effort by forward-looking Egyptian association executives to establish an Egyptian Society of Association Executives (ASAE) based on the private-sector model found in the USA – the American Society of Association Executives (ASAE). The ASAE operates a Certified Association Executive (CAE) training program that has helped raise the skills and knowledge base of American association executives. AmCham is interested in working with like-minded colleagues in the business and trade association community to lead an effort to establish an ESAE in Egypt in order also to raise the level of education, skills and experience of Egyptian association executives and staff. We have already held one meeting (November 13, 2001) at which AmCham presented these ideas to nine Egyptian trade and business associations with whom we work. We will monitor this development closely because we may have a role to play, either as the SAS or TAS team, to encourage and support such a strategic alliance of Egyptian association executives in an umbrella organization in affiliation or in a strategic alliance with the US-based ASAE that could strengthen the Egyptian trade and business association community.

Moreover, during the Base Period of the ALEB project, we successfully enrolled as members in the International Association of Food Industry Suppliers (IAFIS) and the Food Processing Machinery & Equipment Suppliers Association (FPM&SA). We invited their representatives to Cairo twice and they participated in both SAS and TAS team training events as well as the CY 2000 ALEB "Suppliers' Day" event. We will continue to build on this relationship and to utilize our membership to tap into the wealth of information available on food equipment and machinery that is available through these two strong associations. As the USAID SO 16 strategy itself notes, there is a great potential for Egyptian food companies to increase their imports of US technology and then to use that technology to increase their processed food exports to Europe and other suitable markets.

When the industry demand is for machinery or equipment, we will involve these two US-based associations in our request for information and we will strive to encourage an Egyptian trade or business association to also become involved in planning and implementing the equipment search activity. We want to encourage such partnerships or alliances as a way of transferring skills and "know-how" from the SAS team and our STTA consultants and US associations to local member-oriented associations. By establishing such relationships between Egyptian and US-based associations, the sustainability of ALEB SAS team services may endure beyond the end of the ALEB project.

Thus, during CY 2002, our approach will involve the following steps:

First, the SAS team will follow up and complete any pending strategic alliances and market linkages from the Base Period of the ALEB project (See Annex 3, Strategic Alliance Opportunities Completed and in Progress). That is, we will maintain the current activities that meet food processing client demand to source new technology and new market alliances for their products.

Second, the SAS team will build on the analytical work done during the Base Period that still requires follow-up, such as identifying more market opportunities for Egyptian food products through the Industry Rapid Analysis (IRAs) conducted by the Business Development Services (BDS) team during the Base Period of the ALEB project. This will involve more intensive follow-up in North American markets, select European markets, the Gulf States and, potentially, Asian markets.

Third, once strategic alliance opportunities are identified, we will follow-up with considerable short-term and long-term resources to facilitate those contacts, that is – to assess Egyptian capabilities to meet market demands, to bring potential partners together, to help Egyptian firms meet specific market requirements, and, finally, to perform logistical "hand-holding" during the negotiation process until the first transaction is completed and a satisfactory result is achieved. In this activity, we will follow the new approach of targeting product lines that offer the greatest opportunity to the entire industry in terms of volume and value of potential sales and targeting SAS interventions to the entire cluster of companies producing these product lines. This approach will also offer the flexibility of changing our efforts toward clusters as product opportunities and supply and demand shifts are recognized.

To further support our clients in developing strategic alliances, SAS intends to develop a tool box or "how-to" manual on identifying, evaluating and developing strategic alliances. In addition, we will develop a tool box on trade logistics.

This process of bringing Egyptian food companies to international markets has proven to be one that works and one that will be maintained during the project extension. We will use a similar approach in helping Egyptian food companies identify and source the new technology or information that they need to lower their unit costs of production and become more efficient in competing with other food processing export-oriented countries in the region. This assistance will be closely coordinated with any short-term technical assistance being given to firms in specific product lines through Technical Services and BDS/MIS. The Arabic-English tool box *Equipment Purchasing: Technical and Economic Considerations* developed by Technical Services during the Base period will be a useful resource in these activities.

Our experience to date has proven to us that without a US intermediary, that is an ALEB project LTTA or STTA, foreign firms that have never done business in Egypt or Egyptian firms that lack international marketing experience will not be able to take all the steps required to establish trust, follow-up on initial contacts and, ultimately, forge a strategic alliance. For example, in CY 2000, an SAS STTA went on a mission to the Gulf states to perform an Industry Rapid Analysis (IRA) and to distribute brochures and pamphlets (collateral material) from ALEB food companies. He was able to generate 472 specific requests for more information, price lists, and sample products from Egyptian food companies. This information was disseminated to appropriate companies among ALEB's clientele. The results were abysmal and disastrous in terms of the effect on the reputation of "Brand Egypt." Virtually none of the companies followed up in a timely and thorough manner with the Gulf state importers and, as a result, numerous opportunities were lost.

In November 2001, this STTA conducted a mission to interest US buyers on the West Coast in Egyptian food products. He distributed samples, price lists and collateral materials from various Egyptian companies. We have had four direct inquiries from the USA for additional samples and information; yet, during Ramadan we found it extremely difficult to get our Egyptian companies to focus on getting the information to us in a timely manner so that we can get it to the potential US buyer.

Thus, we firmly believe, and our experience continues to bolster this belief, that this approach of direct, intensive, hands-on involvement to facilitate the request for information or

product and to meet requests in a timely, effective manner, is the only way to continue having the success that we had had to date in assisting our clients to develop strategic alliances. Without such intensive SAS efforts, we remain just as confident that very few leads will generate concrete strategic alliances between Egyptian food companies and foreign investors, buyers or suppliers. By facilitating the dialogue and pushing both parties until an actual transaction takes place, ALEB can play an important and timely role in building alliances and linkages between Egypt and world markets. This will clearly demonstrate to our clients what it takes to complete such transactions, in terms of time and effort. Moreover, by acting as the "go-between," we may be able to take the relationship to an even higher level, such as a co-packing arrangement, joint venture, or private labeling deal for the Egyptian firm.

Some US and European trade associations offer such services to their members through staff members or, more frequently, through the services of a recognized, reputable service firm with whom the trade association itself has entered into a strategic alliance. Thus, we will endeavor to identify a suitable association, such as EAGA or the American Chamber of Commerce, with whom we can cooperate in assisting our clients to develop alliances and linkages. The Egyptian association would be kept in the information and transaction loop, and trained to handle and expedite such transactions. Indeed, once a few strategic alliances are successfully formed, we would convene a workshop to teach the methodology that the SAS team used and offer "case studies" on what it takes to succeed in forging such links and alliances. This could also be offered through a local trade or business association.

The SAS team will also cooperate with project-wide efforts to enhance the ALEB project web site, in tandem with the Market Information Services (MIS) team that is being absorbed under the BDS Director. We want to ensure that as much sound information as possible is available on the ALEB project web site for our clients seeking marketing linkages or strategic alliances. We will also continue to support the project-wide effort to strengthen the ALEB Resource and Alliance Center (ARAC) as a key source of basic information on market opportunities and new technology. Ultimately, we intend to pass ARAC on to an association or similar organization that will be capable of maintaining it and delivering a cost effective information service to the industry after the ALEB project ends.

For example, we plan to use ARAC and a local consultant to develop an *Investors Guide for Doing Business in the Food Industry in Egypt*. While AmCham and the GOE offer general books and guides promoting Egypt as a sound market for foreign investments and sales, there is not yet a single guide that analyzes in depth the investment and market potential for the food processing industry. We believe that such a guide will make a significant contribution to attract interest in Egypt from foreign buyers, suppliers and investors. SAS will take the lead in developing the guide, but it will be an ALEB-wide effort.

We will also utilize ARAC to advertise specific market and alliance opportunities in Egypt as they arise. We can advertise in European Chamber of Commerce newsletters, IAFIS and FPM&SA newsletters as well as in the world renowned ECONOMIST or FINANCIAL TIMES, using a modest amount of resources. Indeed, many international associations will publish such information free-of-charge because this is one service they perform for their members, too, that is helping them to find markets or suppliers. We will also be distributing the ALEB CD-ROM Food Processing & Service Firm Directory during the early part of CY 2002, and we will continue to utilize and up-date this source of information to promote the Egyptian food industry abroad. Again, this is the kind of service that could also be taken over by an Egyptian trade or business association, such as EAGA or AmCham, and we will be searching for such an interested organization during the project extension.

The Egyptian food processing industry needs significant amounts of basic training in key skill areas if the industry, at the firm level, is going to be capable of sustaining the search for

market linkages or strategic alliances. Indeed, even if associations decide to learn how to deliver such a service to their members, a significant transfer of skills and "know-how" will have to take place. Such a broad foundation of knowledge and skills can best be gained through training that the BDS/MIS team will arrange to offer either themselves or with the DT2 project. This will involve, for example, training in *Industry Rapid Analysis Tools, Basic Negotiation Skills, Customer Service Skills, Marketing, Package and Packaging Concepts*, and so forth. SAS will assist in identifying training needs for Egyptian food companies based on feedback received from potential foreign buyers and suppliers during SAS efforts to establish linkages and alliances.

The SAS team will work with clusters of companies, both our own clients and association members, to penetrate international markets in search of new marketing opportunities or to source new technologies. Thus, SAS team long-term technical assistance (LTTA) and short-term technical assistance (STTA) will focus on the intensive process of working with Egyptian food processing companies to identify and take advantage of strategic alliance opportunities.

**SAS Business Clients:** The SAS team will work with the cluster of food processing companies that produce items in the product categories that the project identifies as being those with the most marketing potential for Europe, North America, the Gulf and Middle Eastern countries, as well as Asia. In this activity, we will closely coordinate with the BDS-MIS team to ensure that its efforts to raise the company's human resource capacity and marketing potential result in soundly managed companies that are ready for SAS services.

**CY 2002 Work plan – Level of Effort (LOE):** To make progress towards the achievement of the end-of-project objectives and achievement indicators, and to contribute to USAID IR 16.3 we propose to apply intensive technical assistance and training in the first year of the ALEB project extension, CY 2002. The reason for this is simple: we want to build on the progress made to date in working with individual food processing companies as well as the industry clusters in which they operate. We do not want to lose momentum in strengthening their capacity to become capable of competing efficiently in world markets, especially in terms of their technology, unit costs, packages, packaging and labeling. Nevertheless, we want to apply such assistance in a measured, deliberate way in order to avoid overloading the absorptive capacity of Egyptian food processing firms and the trade or business associations that represent them.

Therefore, our work plan proposes intensive levels of short-term technical assistance (STTA) and training during CY 2002, levels that will taper off during the following years, CY 2003-2004. We will focus our training and technical assistance on searching for and finding suitable strategic alliance opportunities, and on identifying and helping companies move towards the actual procurement of new technologies.

To meet the wide variety of demands for other types of training made by the trade and business associations with whom we work, we will utilize the USAID-funded DT2 (Development Training 2) project, as noted above.

The ALEB project will sponsor a number of study tours to Europe, the United States and the Middle East during 2002. The SAS team will participate in these study tours when appropriate, in order to help identify strategic alliance opportunities for Egyptian food industry companies in key food product areas. We might, for example, join study tours to CIBUS (Italy) in May 2002, SIAL (France) in October 2002, and the "Mega-Show" (International Food Equipment Show) in November 2002. These study tours will be funded through the Development Training 2 (DT2) program, but the ALEB project will bear the expense of sending our own SAS staff along with the study tour participants to the shows.

Therefore, our proposed level of effort (LOE) for CY 2002 is indicated in Table 8, below. Greater detail on each staff member or STTA is provided in the text immediately following the table.

<b>Table 8: Level of Effort (LOE) for Strategic Alliance Services for CY 2002</b>		
<b>STAFF/STTA</b>	<b>Primary Role/Responsibilities</b>	<b>LOE Days</b>
SAS Expat Director	Lead & manage all SAS Activities	130
SAS Local Co-Director	Co-manage all SAS activities, work with SAS STTA's, follow up with clients (this person must be identified and hired)	218
Expatriate Strategic Alliances STTA	Identify and make contact with potential strategic alliance partners worldwide	100
Local Strategic Alliances STTA	Assist clients to meet marketing requirements; work with Expatriate Strategic Alliances STTA & continue providing support to clients	100
Expatriate Strategic Alliances STTA	Assist clients in identifying and purchasing equipment and machinery	75
ARAC Manager*	Manage ALEB's library (ARAC), publication of ALEB newsletters & <i>Investors' Guide</i> ; disseminate information on alliance and linkage opportunities	260
ARAC Assistant*	Continue developing & improving ALEB's web site Develop <i>Investors' Guide to Doing Business in the Egyptian Food Industry</i>	260
<b>Total Expatriate LOE Days</b>		<b>305</b>
<b>Total Local LOE Days</b>		<b>838</b>
* While the SAS Director will supervise the efforts of these staff members/consultants, the costs will be shared equally by all three ALEB service areas.		

**SAS Director: 130 days**

LTTA (expatriate long-term technical advisor) LOE: 260 days per year divided equally between SAS and TAS activities.

Leading and managing all SAS activities; drafting reports for ALEB and USAID; drafting SOWs for STTAs; coordinating SAS work with other service areas; facilitating strategic alliance negotiations, etc.

**SAS Co-Director: 218 days**

LTTA (Egyptian long-term technical advisor) LOE: 218 days during CY 2002 (this person must be identified and hired) and 260 days in subsequent years

Co-managing all SAS activities, especially working closely with expatriate STTAs during their work in Egypt and potentially in overseas markets; following up with companies after requests are made; advising companies on a day-to-day basis, etc. This person will work most closely with the foreign buyers of Egyptian food products and the foreign suppliers of equipment. On-the-job training for the Co-Director will come through expatriate STTAs as well as the SAS Director. The Co-Director will follow up requests for new markets and new technology and coordinate with BDS/MIS to ensure that financing is available for new procurements.

**SAS Short-term technical assistance for Strategic Alliances (STTA): 100 days**

Expatriate STTA advisor experienced in identifying and making contact with potential investors and buyers of processed food products in world markets (e.g. Europe, North America and the Gulf), with knowledge of and experience working with the Egyptian

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processed food industry. One 30-day marketing mission per trimester with an additional 3 days for work in the USA before the assignment. While in Egypt, the STTA will also present the results of the strategic alliance mission to a forum of companies in Cairo, Egypt on "lessons learned." Total of 33 workdays per trimester.

**SAS Short-term technical assistance for Strategic Alliances (STTA): 100 days**

Egyptian STTA market analyst with solid education and skills in analyzing marketing opportunities, discussing with buyers their requirements in technical (e.g. certification, labeling, package and packaging) terms, and then working closely with Egyptian food processing companies to help them meet those marketing requirements. The Egyptian STTA may accompany the expatriate LTTA on some marketing missions but primarily the role of this STTA will be to be a direct link between the expatriate STTA and Egyptian companies during the assignment. One 33-day assignment per trimester to assist, work with and learn from the expatriate STTA is planned. Additional follow-up with Egyptian firms, beyond these STTA assignments, will fall upon the SAS Co-Director and SAS Director. Total of 33 workdays per trimester.

**SAS Short-term technical assistance for Strategic Alliances (STTA): 75 days**

Expatriate STTA advisor familiar with the suppliers of equipment and technology for the specific cluster of Egyptian food products that the ALEB project will target. Experience in analyzing equipment and new technology needs of Egyptian companies and identifying sources for procurement. Must be able to establish the contacts that will potentially lead to negotiations and sale of new technology. One 20-day in-country technical assistance mission per trimester planned with an additional 5 days in the USA, after visiting Egypt, in order to contact US suppliers of equipment and transfer that information to Egyptian firms and the SAS team. Total of 25 workdays per trimester.

While the SAS Team Director may supervise the following staff, the costs for the following positions will be shared across all ALEB services areas and all service teams will contribute to their success.

**ARAC Manager (LTTA) – 260 days**

Egyptian LTTA advisor familiar with the ARAC and methods of compiling information from diverse sources into an effective format that is user-friendly. The LTTA will oversee the production of the *ALEB Update* newsletter and will work with the SAS Director to disseminate timely and effective information on specific strategic alliance opportunities. The LTTA will also assist in the compilation and up-date of the ALEB publication, an *Investors Guide to Doing Business in the Food Industry in Egypt*. The ARAC manager will, working under the SAS Director, assist in BDS/MIS efforts to up-date, stream-line and make more user-friendly the ALEB project web site. This will include but not be limited to ensuring that essential ALEB project "tool boxes" and training materials are easily available through the web site. ARAC and its activities will be funded across all ALEB tasks.

**ARAC Assistant (LTTA) – 260 days**

The ARAC Assistant will help the ARAC Manager in all activities noted above. ARAC will help develop annually update a new ALEB publication, to be known as *An Investors Guide to Doing Business in the Food Industry in Egypt*. The objectives of this Guide will be to promote awareness of Egyptian food products abroad, to encourage foreign direct investment in the processed foods industry, and to encourage the development of marketing alliances to enhance Egyptian processed food exports. This activity will be funded across all ALEB tasks.

**US Study Tours and International Trade Shows with SAS Assistance:**

One member of the SAS team (Co-Director) will accompany the Egyptian food company delegation to at least one of the US-based and/or international trade show events that are developed by other ALEB service areas. The SAS Co-Director will be on hand to coordinate the training, assist our clients, and distribute materials regarding strategic alliance opportunities. (ALEB will pay the airfare and per diem costs of the SAS Co-Director for the approximate one to two-week stay required for each trade show event.) Coordination will be done using DT2 in Washington, DC.

## 6.0 ANNEX 1: ALEB's CY 2002 Deliverables

### BDS/MIS CY 2002 Deliverables

1. Market Pulse Updates 5 primary commodity reports approximately every quarter less the semi annual and annual commodity profiles – total of 20)
2. Cluster Focus Commodity Situation and Outlook Reports (total 20) One annual and one semi annual update for 5 key commodities in the Primary focus sectors in English and Arabic
3. Special Opportunity Focus Reports on specific secondary commodities or sectors (per industry demand, but limited to 10) in English and Arabic
4. Competitive Index (Techmatics) one for each of the 5-focus product clusters processing sectors (locate on MPE website)
5. Decision Model (algorithm) for 2 production activities and 2 marketing related activities for the primary product cluster focus group (locate on MPE website)
6. ALEB website revised by service area with information and links. Site updated in conjunction with local web designer with assistance from BDS/MIS and CAFT
7. Technical Assistance and Training for at least 35 firms by product cluster on the Competitive Index (techmatics) and use of the decision algorithm
8. Continue to train an organization or individual to conduct MPE activities for sustainability when project ends
9. Commence raw production supply assessment for 2 key Egyptian products with plans to extend to 4 commodities.
- ✓ 10. Assess and develop integrated model for production economics for two (2) companies in 5 clusters – primary or secondary – for a total of ten companies
- ✓ 11. Conduct and develop compensation survey for twenty (20) companies across five clusters comprised of the largest number of companies by sector. Use findings to integrate into productivity model.
- ✓ 12. Assist minimum of thirty (30) companies with marketing development issues
- ✓ 13. Conduct one Industry Rapid Assessment (IRA) in a new market area to be determined (Maghreb or the Levant)
- ✓ 14. Assist minimum of thirty (30) companies with e-business/IT issues
15. Assist minimum of thirty (30) companies with packaging/labeling issues
- ✓ 16. Conduct at least one (1) membership meeting for trade association members to impart good governance skills
17. Develop at least three (3) toolboxes (sample titles): *Production Economics, Best Practices for Inventory Management, Compensation Survey in the Food Industry, An*

*Exporter's Guide to Market Entry in the USA, A Guide to Financing Exports, Packaging for Exports*

18. Assist at least fifteen (15) companies to obtain financial assistance for the purposes of capital equipment purchases or working capital to fund exports
19. Conduct three (3) marketing study tours for primary commodity focus cluster companies
20. Conduct 15 training programs for food processors on issues related to marketing, management, OHRD - through IIE/DT2
21. Conduct 15 training programs for food processors on issues related to marketing food products, managing a food processing firm, etc. - at ALEB

**Technical Services CY 2002 Deliverables**

1. Initiate the Industry Link program; hire and train 6 local STTAs
2. Conduct at least 60 training programs for food processors on technical issues throughout the year
3. Deliver technical assistance to 30 - 40 food processing firms
4. Conduct three (3) technical study tours for primary commodity focus cluster companies
5. Develop 2 internship programs in the USA for 4 participants at 2 American firms
6. Develop Arabic-English sanitation posters that clients can hang in plants
7. Identify, translate and publish technical documents, regulations, international standards as needed; post on the ALEB web site
8. Conduct at least 6 training programs for service firms
9. Deliver technical assistance to 15 - 20 service firms
10. Assist clients to identify and test 25-30 samples of 5 seed varieties; work with ESAS to register new varieties with GOE

**TAS/SAS CY 2002 Deliverables**

1. Provide technical assistance to about 9 business and trade associations in policy advocacy, developing a strategic plan and work plan, recruiting and retaining members, developing membership services, etc.
2. Conduct 1 study tour to the USA for association staff and board members
3. Conduct 12 training programs for associations
4. Follow up on strategic alliance opportunities that are in progress from the Base Period
5. Identify new strategic alliance opportunities and assist clients in pursuing them

6. Develop an Investors' Guide to Doing Business with the Food Industry in Egypt
7. Complete and distribute the Food Processing and Service Firm Directories on CD ROM
8. Conduct 5 workshops or seminars on strategic alliance opportunities, how to develop strategic alliances, etc.
9. Maintain and enhance ALEB's web site in tandem with the other ALEB service areas.