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CHEMONICS INTERNATIONAL INC.

EXPORT ENTERPRISE DEVELOPMENT PROJECT
FINAL REPORT

Contract No. 263-0226-C-00-3095-00
Project No. EED 236-0266

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EXECUTIVE SUMMARY

The Export Enterprise Development (EED) project is a part of USAID's strategy to assist the Government of Egypt (GOE) to overcome the country's lack of export-oriented production and marketing initiatives. Under Chemonics' \$2.99 million contract, technical assistance was provided to assist the Trade Development Center (TDC) expand its ability to contribute to private sector export development.

A. Goals and Activities

Objectives. In conjunction with the TDC, Chemonics focused on the achievement of five objectives:

- Deliver results-oriented technical assistance
- Develop a management information system
- Strengthen TDC organizational, administrative, and financial systems
- Assist in export generation
- Provide required plans and reports

Expected outputs. Chemonics' technical assistance contract assisted the TDC in accomplishing the following outputs:

- Provide business and market development support to 80 export-ready firms
- Support the TDC's goal of \$40 million in export earnings directly attributable to its activities
- Develop TDC staff capabilities to deliver export services
- Establish and operationalize a market information system

Project activities. The TDC and Chemonics jointly developed annual work plans and a strategy that focused on the following project activities:

- Export expansion
- Information system development
- Organizational development and training
- Program management and planning

B. Overall Project Performance

Chemonics and TDC activities resulted in the following outputs:

- A total of 153 export-ready firms were assisted in 415 activities.
- Project activities resulted in \$62.2 million in export sales.
- Project staff attended 31 trade shows, resulting in contacts and sales with 441 buyers.

- The project created 15 Egyptian exporters' promotional brochures and two industry TDC promotional folders.
- The program generated \$238,827 in income in exporters' payments for TDC services.
- Egyptian exporters received technical assistance in ready made garments, food products, furniture, and agriculture.
- TDC received Chemonics technical assistance consisting of 113 person months of long-term and short-term efforts to establish a baseline survey of export clients; install a client tracking system; determine information needs, including procurement of hardware and software; conduct installation and training for financial and administrative systems; produce a TDC personnel handbook, TDC contracting templates, TDC accounting manual, and electronic accounting system; assist with audit reconciliation; and carry out selected training for TDC staff

C. Lessons Learned

Export expansion. It is always difficult to attribute export increases to work performed under an export development project, given that it is not the assisted development agency that actually exports. The EED/TDC project exceeded its output targets by \$22 million in exports (\$62 versus \$40 million) and assisted nearly double the targeted number of exporters (153 versus 80). These figures were verified to 92 percent accuracy and attribution level by a USAID audit team. To better track export increases in the future, mechanisms for measuring and monitoring attribution should be in place early in the project cycle.

The EED project was particularly successful in expanding exports by focusing on specific sectors and providing results-oriented technical assistance to selected export-ready firms. The project's impact on grape exports is a case in point. Highly specialized production, postharvest and marketing specialists were brought to Egypt from the United States and Chile. The technical assistance provided by Fintrac and Chemonics led to dramatic increases in the quality and quantity of grapes produced and marketed to Europe. To quote a leading international grape specialist, "The advance in production of table grapes in Egypt has been remarkable. I have been very impressed by the progress and the adoption of new technologies made by the new land owners in almost record time. Exports of table grapes have increased five fold over the last few years." A Dutch buyer said that Egyptian grapes "are now recognized as premium quality in the European market."

The project introduced Chiquita buyers to Egyptian grape producers in 1996, resulting in sales. A Chiquita buyer in Europe remarked, "We are definitely interested in expanding this program for future years."

Management and marketing information. The first annual work plan recommended management and marketing systems for implementation. However, such systems were largely not in place until late in the project as a result of differences between USAID, the TDC, and the contractor. Numerous audits and an investigation of the TDC created an uncertain atmosphere, contributing to delays in implementing management and marketing information systems and resulting in high staff turnover. During its closing months, the project was unable to field a world-class marketing information specialist, as recommended in the SRI/EED project evaluation,

due to lack of support from USAID and the TDC. The importance of cooperative relationships cannot be overemphasized in projects of this type.

Organizational development. Institutional and organizational development activities within the TDC were delayed due to ongoing audits and investigation. For example, shortly after completing the first annual work plan in 1993, Chemonics proposed that a senior project administrator be assigned to the TDC to assist in developing administrative and financial systems concurrent with the audit and investigation. The proposal, which appeared in our approved work plan, was not accepted by USAID and the TDC, resulting in a year and a half delay in fielding this much-needed position. In projects, institutional and organizational development cannot take place unless all parties come to a mutual understanding and follow the work plan from the project's start.

The TDC board of directors did not effectively direct TDC's activities. In the future, the TDC board should take a more active role in directing the organization's overall strategy and policy. The TDC's future organizational structure should be modeled after a private sector trade board. Preferably, the TDC should be incorporated into an existing group with a well-defined membership base.

SECTION I
BACKGROUND, RESULTS, AND ACTIVITIES

A. Background

The Export Enterprise Development (EED) project (contract number 263-0226-C-00-3095-00, project number EED 236-0266) is part of USAID's overall strategy to assist the Government of Egypt to overcome a lack of export-oriented production and marketing initiatives, the result of a long history of state-dominated, inward-oriented economic strategies. The project has two components: a cooperative agreement with the Trade Development Center of Egypt (TDC), and a technical assistance contract with Chemonics International to assist the TDC to expand its ability to contribute to private sector export development.

The contract was signed on June 9, 1993, for three years, with an optional two-year renewal. The original three-year contract was extended to August 31, 1996, at no cost or increase in level of effort. Chemonics' technical assistance contract focused on working with the TDC to achieve four major objectives, described in the joint annual work plans as follows:

- Organize and implement results-oriented programs to deliver technical assistance and market access and information to firms from five targeted sectors (fresh fruits and vegetables, shoes, furniture, processed foods, and garments). This assistance to the TDC corresponds to task 3 of the Chemonics contract.
- Develop a management information system. Task 4 of the Chemonics contract indicates that USAID will enter into a contract with a consulting firm to supply and install MIS equipment and requires that Chemonics review the system after installation and recommend the addition of data sourced from overseas.
- Strengthen the TDC's organizational, administrative, and financial systems, ensure that these systems are in full compliance with USAID's cooperative agreement audit recommendations, and devise mechanisms for TDC sustainability. This work plan activity is required in task 2 of the Chemonics contract.
- Assist in the export generation needed to achieve output targets in the light manufacturing, agricultural, and garments sectors. This corresponds to task 3 of the Chemonics contract.
- Provide required plans and reports. This task is required in task 1 of the Chemonics contract.

Total estimated cost. The contractual agreement with Chemonics is \$2,999,732.

B. Expected Results

During phase I, the Chemonics technical assistance contract assisted TDC to accomplish the following outputs:

- Provide professional business and market development support services in marketing and production to at least 80 export-oriented first tier enterprises, targeting relatively large, export-ready firms
- Support the achievement of \$40 million in export earnings directly attributable to TDC through successful identification, packaging, and support of high-profile export ventures
- Develop staff capacity to deliver professional export expansion and promotion services
- Establish and operate a comprehensive trade and market information development and dissemination program

C. Activities Planned in Joint Work Plans

The joint work plans for the contract outlined the following activities:

Export expansion. The objective of the project's export expansion component was to work with the garment, shoe, furniture, processed food, and fresh fruit and vegetable sectors, and support efforts to reach export targets through planning, promotional, and technical assistance.

Information system development. The objective of the information systems development component was to develop within the TDC an information services unit to install and maintain the following systems: management information, market and technical information, and monitoring and evaluating.

Organization development and training. The objective of the institutional support and development component was to expand the TDC's capacities and position it to serve as an effective catalyst for business and export development. This goal included strengthening the TDC's organizational capacity to support service delivery by developing a new organizational structure, reviewing and redefining job descriptions, ensuring that administrative and financial controls were established and followed, providing appropriate staff training, and developing a financial sustainability strategy, including fee-for-services.

Program management and planning. The objective of the program management and planning component was to provide the basis for effective TDC program implementation by ensuring close coordination of major activities between the TDC, USAID/Cairo, and the technical assistance contractor. This component also supported efforts to implement effective administrative and management information systems, develop participatory planning, and ensure timely progress in reports and compliance with contract and cooperative agreement obligations.

**SECTION II
PROJECT PERFORMANCE**

A. Export Expansion

This section summarizes the project's most important performance areas. The project's achievements in export expansion, a key project goal, are described below. Further details on project results in export expansion and other areas can be found in the EED quarterly reports. In export expansion, the project achieved significant results in export revenue generation and number of firms assisted. Results for each of these areas are described below.

Export revenue generation. Exports sales generated by the project exceeded earlier targets. Support documentation was certified to a level of 92 percent by a performance audit carried out by the regional inspector general's office. The results are contained in Table II-1 below.

Table II-1. Export Revenue Generated

Sector	93/94	94/95	95/96	1st Q 96/97	Cumul. Exports	Target Exports	% of Target
Garments	\$7,210	\$10,119	\$12,410	n/a	\$29,739		
Food	\$3,120	\$5,769	\$11,199	n/a	\$20,088		
Agricul.	\$1,121	\$2,054	\$1,339	n/a	\$4,514		
Footwear	\$6,131	\$1,439	\$292	n/a	\$7,862		
Total	\$17,582	\$19,381	\$25,240	n/a	\$62,203	\$40,000	156

* The sales results were not available at the time this report was written for the first quarter of 1996-1997. A breakdown of sales by company is in Annex A.

Firms assisted by sector. A total of 153 firms were assisted in 387 activities. Firms assisted are listed in Annex B.

Table II-2. Firms Assisted by Sector

Sector	Yr. 93/94	Yr. 94/95	Yr. 95/96	1qtr. 96/97	Total	Target	% of Target
Garments	45	57	20	7	129		
Food	24	41	41	0	106		
Agriculture	14	42	45	17	118		
Footwear	32	23	0	4	59		
Furniture		3	0	0	3		

Sector	Yr. 93/94	Yr. 94/95	Yr. 95/96	1qr. 96/97	Total	Target	% of Target
Total Assistance Events	115	166	106	28	415	80	519
Total Firms Assisted					153		

B. Marketing Support

Marketing activities focused on trade fairs and marketing trips, as well as developing contacts with buyers, creating promotional material, and identifying marketing representatives.

Trade shows and marketing trips. The project supported 31 trade shows, as shown in the table below. The number supported by Chemonics decreased during the project as the TDC began to implement such support itself.

Table II-3. Trade Shows and Marketing Trips

Sector	Yr. 93/94	Yr. 94/95	Yr. 95/96	1 qr. 96/97	Total	Target
Garments	2	4	6		12	
Food	5	4	1		10	
Agriculture	2		0		2	
Footwear	5	2	0		7	
Furniture					0	
Total	14	10	7	0	31	none set

Developing contacts with buyers. Developing contacts with buyers is key to selling. The project initiated contacts with 438 buyers on behalf of local producers, as seen in Table II-4.

Table II-4. Buyers Contacted

Sector	Yr. 93/94	Yr. 94/95	Yr. 95/96	1 qr. 96/97	Total	Target
Garments	19	48	74		141	
Food	25	48	20		93	
Agriculture	33	6	9	3	51	
Footwear	48	29	39		116	
Furniture	40	0	0		40	
Total	165	131	142	3	441	none set

The project successfully initiated contact with Chiquita in 1996. Chiquita was approached by Chemonics' Washington D.C. office and the project chief of party, who knew top

management at Chiquita from prior work experience in Central America. Through Chemonics' efforts, the company's European manager visited Egypt. Chiquita then entered into arrangements with two Egyptian companies, Roda and PICO, to ship grapes to two new European grape markets, Ireland and Sweden.

The trial shipment proved successful and Chiquita is now interested in pursuing further business with Egyptian producers. PICO intends to discuss with Chiquita an extended range of products for next year, including green asparagus, strawberries, peaches, and nectarines. The correspondence between Chiquita and PICO is contained in Annex C.

Market research. Market research during the project focused on identifying potential buyers and is discussed in the information systems section of this report.

Trade representatives. While the TDC maintained trade representatives early in the project, audits and close scrutiny of the TDC lead to the abandonment of their use. After the arrival of the second Chemonics' chief of party, the TDC and Chemonics jointly petitioned and won approval for their redeployment. The TDC then went on to select and deploy new trade representatives who reported directly to the TDC. Unfortunately, this meant that the project was not able to implement proven operating and tracking systems for managing trade representatives.

Promotional materials developed. A weakness in Egypt's marketing efforts has been the lack of quality promotional materials. The project addressed this gap by developing TDC sectoral folders with inserts for participating companies. The project's original objective was to produce these folders for four sectors: textile and garments, footwear, food, and furniture. The project later decided to rely on furniture showrooms for marketing the furniture sector rather than use promotional materials; the furniture sector's development was also affected by delays in the TDC selection and qualification process for companies. After a review, project and TDC personnel agreed that the food sector would not be a priority, as prior brochures existed for this sector. These brochures, however, were not equal in quality to the brochures produced by the project.

The project developed a total of 15 promotional leaflets, as shown in Table II-5 below. These materials included a basic TDC flier, a TDC folder for the textile and apparel industry, eight textile and apparel company brochures, a TDC footwear folder, and four footwear company brochures. The project and the TDC jointly decided on the companies for which brochures would be produced, choosing companies most active with TDC. Companies were generally pleased with the brochures. Each producer contributed 50 percent of cost to the TDC program-generated income fund, with the remainder covered by project funds.

Table II-5. Brochures Completed

Sector	Yr. 93/94	Yr. 94/95	Yr. 95/96	1 qr. 96/97	Total	Target
Garments	0	0	3	5	8	
Footwear	0	0	0	4	4	
TDC			2	1	3	
Total	0	0	5	10	15	none set

C. Production Support

The project provided production technical assistance to industry and agriculture, which is described in this section. In the original project proposal, two subcontractors were included: Washton Brown Associates' task was to supply industrial technical assistance, while Fintrac supplied agricultural technical assistance. Washton Brown did not take up its contract offer, leaving Fintrac as the only subcontractor. Fintrac's input is described below in Section C2 on technical assistance in agriculture.

C1. Technical Assistance to Industry

C1a. Ready Made Garments

The goal of assistance to the ready made garment sector was to develop a plan for the Egyptian garment industry for long-term sustainable growth past the year 2000 in a competitive international environment. The project identified the following obstacles to growth in the sector:

- Cumbersome Egyptian import regulations
- Poor employee training
- Production problems
- Management and administration weaknesses
- Adverse internal market conditions

Project personnel developed solutions to address these issues. In the project's planning phase, a great deal of useful analysis was performed for individual companies. To cooperate with other USAID projects, IESC initially supplied expertise to companies to advise on remedial actions. Companies were not satisfied with the advice provided and the program was soon terminated. However, the project was able to use the extensive analysis that had been performed to select appropriate companies with which to work.

C1b. Food

Fruit dehydration. Food sector production assistance focused on dehydration. Dehydrated fruits and fruit products enjoy a strong market in the Middle East. Growing demand in Europe for dried fruit is an additional incentive for Egyptian producers and investors to investigate processing such fruits as apples, grapes, peaches, and figs. Egyptian dried fruit often competes favorably against European and Asian products.

Apple production in Egypt in 1994 was estimated by the Ministry of Agriculture at 312,514 tons. Mango production was 180,000 tons, while 459,000 tons of bananas and 359,000 tons of peaches were produced. There is a growing interest in producing fruits in the newly reclaimed areas. However, prices drop during the peak season due to the heavy surge in production and postharvest losses are estimated at 20 to 30 percent.

The project identified seven investors who were interested in food dehydration for export. Some of these investors already had access to surplus fruits and were aware of the export potential of dried fruit.

Infrastructure already in place at such locations as Sadat City and Sixth of October City will facilitate the entry of food processors into dehydration, which requires little processing water

and inexpensive packing materials. While Egyptian labor and energy costs are higher than in many Asian countries, including Thailand and the Philippines, Egypt's proximity to European markets could offset this by lower handling and distribution costs.

The project recommended that the dehydrated fruit industry in Egypt emphasize apples, grapes, and other deciduous fruit. To build a successful dried fruit industry in Egypt, market studies should first establish windows of opportunity. Companies will need technical assistance for pilot production of air, vacuum, and freeze dried products. The industry should stress market linkages, as well as quality assurance programs to establish a long-term reputation for high-quality exports. Accentuating value-added possibilities will produce healthy and nutritious products as well as higher margins. The project identified assistance requirements and provided initial assistance to the following companies.

- During the project, American companies provided equipment assistance and know-how to El Aguizy Industries, which has access to grapes. In the future, a bleached raisin plant using air dryers would be feasible for the company, as this type of processing is well known.
- JAFCO took advantage of the USAID Private Sector Commodity Import program. The company is currently planning for an American supplied drying unit. JAFCO needs additional technical assistance in product and market development.
- Cateco needs product and marketing assistance. One option would be a complete feasibility study with possible licensing of overseas brand names.
- Aga Dehydrating Plant needs equipment, and control upgrading along with assistance in fruit pastes and leathers.
- Agromisr, which is already involved in onions, could diversify into fruits and vegetables if provided with equipment and technical assistance in fruit drying.
- Montana Food and Avional need technical assistance to expand operations.

Further work in the above areas has a good prospect for success.

C1c. Furniture

The project carried out an initial export feasibility study for the furniture sector, which revealed a strong overseas market for reproduction furniture. The study also indicated that Egyptian products could meet necessary quality standards if improvements could be made in the following areas:

- Eliminating excess moisture in wood, which leads to splitting, gaps at veneer and section joints, and warping
- Correcting poor veneer application

Following this report, further work examined the feasibility of importing kiln-dried timber (establishing kilns was not deemed cost effective). Technical assistance was used to help improve veneering techniques. A technical specialist from the United Kingdom brought in veneering

materials at his own cost, and initiated a series of on-the-job training programs for Egyptian furniture manufacturers.

C2. Technical Assistance to Agriculture

C2a. Grapes

Initial development. Early on, project personnel identified grapes as a crop with significant export potential. Through this project's assistance, great strides have been made in the development of Egypt's table grape industry over the last three years. Originally brought in from California, grape varieties include Thompson Seedless, Flame Seedless, Ruby Seedless, Perlette, and Superior.

After planting and developing the vines, setting up pruning and training systems, and installing drip irrigation, the need arose for specialized technical assistance in production, postharvest techniques, and marketing. The initial technical assistance focused on plans for individual farms and plans were developed for seven farms. Each grape export development plan covered:

- Harvest
- Packing
 - Packing house
 - Field shade house
 - Packing materials
 - Packing quality
- Quality control
- Marketing

New Desert Growers. The project recognized that producers should work together to penetrate the European market. Project personnel decided to forge a cooperative relationship among eight farmers by forming an association, which was called New Desert Growers (NDG). This association helped to improve the allocation of technical assistance to exporters. A second objective, forming a trading company out of the association, has been hindered by the farmers' individual approaches but is still under discussion.

To assist in this process, the project developed a three-year strategic business plan to define future NDG work in support of the project's agribusiness export expansion component. The business plan included three-year technical and financial projections. Specific crops, including initial target crops, were incorporated into the plan, under the suggestion of the various technical specialists who undertook short-term assignments in Egypt. The plan focused on peaches and melons as well as grapes.

Core production and marketing technical assistance programs. The project undertook a series of intensive technical assistance support programs with growers in the final two years of the project. Principal areas identified for assistance were irrigation, fertilization, and farming practices including the use of growth regulators, girdling, shoot thinning, leaf removal, and the thinning of clusters. At the postharvest level, the focus was on fruit picking and selection, preparation and treatment, packing, precooling and cold storage. At the same time, the project

identified buyers and arranged deals with local farmers, providing a complete support service from pruning to marketplace delivery.

This work had a dramatic effect on the Egyptian grape industry. As a result of the project's activities, production systems have taken a quantum leap forward. In the words of Professor Sayed Badr, chairman of the Department of Plant Science at California State University, "The advance in production of table grapes in Egypt has been remarkable. I have been very impressed by the progress and the adoption of new technologies made by the new landowners in almost record time. Exports of table grapes have increased five fold over the last few years." A Dutch buyer said that Egyptian table grapes "are now recognized as premium quality in the European market."

Chiquita buyers were introduced by Chemonics to Egyptian grape producers in 1996. Chiquita, which reports that it has obtained good prices with Egyptian grapes in the European market, is "definitely interested in expanding this program for future years." Chiquita opened up new markets in Scandinavia and Ireland for Egyptian grapes, which previously had only been sold in significant quantities in Britain, Holland, and Germany.

The project recommended the following improvements to farmers, offering support and assistance where possible.

Production support

- Change trellis systems
- Improve grapevine formation by better managing stems, fruit load, and planting
- Introduce grafting techniques to reduce chemical use
- Plant new varieties to extend the production season
- Emphasize nutrition, from ground application of fertilizers to nutrient sprays
- Improve foliage management, girdling, and grape thinning
- Use Gibberellic Acid Hormone
- Develop and implement improved fertigation techniques
- Employ techniques to avoid fruit quality problems such as fruit sunburn, compacted bunches, insect damage, decay, and dehydration
- Control fruit volume to achieve quality control better, thereby producing earlier fruit by 10 days

Packing and shipping

- Improve the cleaning and selection process
- Use refractometers to check sugar levels

- Tip larger bunches for easier packing
- Invest in better packing houses, packaging materials, and transport to the cold storage center
- Maintain the cold chain more effectively through better use of refrigerated containers
- Upgrade port handling
- Upgrade box design
- Improve selection, cleaning, weigh-in procedures, packing order, and packaging
- Refine and check packing and storage procedures: fill pallets with packed boxes, store fruit for local market, store empty boxes and harvest boxes from the vineyard
- Refrigerate packed fruit as soon as possible, using pre-cold storage to ensure that grapes keep better in cold storage

Labor and Management

- Train foremen before the picking season
- Develop an incentive program for laborers
- Provide end-of-season bonuses to foremen and supervisors
- Coordinate overall management from field to packhouse
- Develop a stable labor force to avoid excessive retraining
- Provide training for engineers and farm managers
- Encourage worker productivity
- Provide consistent supervision
- Develop a special course in table grape production
- Recognize that always selling at the best short-term price can impact negatively on longer-term market opportunities and returns, which depend on adequate investment and good quality

Subcontractor performance. Fintrac, the subcontractor for the grape assistance, did an excellent job in sourcing technical assistance for grape export development, the firm's main role under the subcontract. Finding high-quality experts was a challenging task due to the conditions set by the growers and the relative scarcity of expertise willing to come to Egypt for the necessary time frame.

C2b. Melons

Two melon development programs took place under the project. One program focused on melons harvested in the spring and another trial involved melons harvested in autumn and early winter.

First melon trials. This trial was based in the Nubarea desert area northwest of Cairo. During the trial, which took place over winter period for melons harvested in spring, project personnel visited NDG farms in the trial area on a regular basis. Specialists investigated the farms' production systems, equipment, and postharvest infrastructure and made recommendations on improvements. The experts brought much of the seed needed for the trials to Egypt.

Unfortunately, low temperatures led to mediocre results. Specialists noted a severe wilting disease of plants at one of the farms involved in the trial, which is of potential concern. According to experts who participated in the trials, further variety trials and eventual commercial plantings should not be carried out until production problems are resolved through small-scale trials. The project was able to develop a production manual for desert melons, which contains useful information on the following topics:

- Land preparation and basic fertilization
- Plastic mulch
- Irrigation and fertilization
- Spacing
- Nursery
- Time of planting
- Varieties
- Fertilization program

Issues that warrant careful attention during production were identified as:

- Protecting plants at the nursery from white flies and aphids
- Using phosphoric acid or sulfur containing fertilizers to lower PH
- Keeping records of daily temperatures: minimum/maximum, ambient, greenhouse, tunnels and soil

Second melon trials. A number of producers, including Roda, Aguizy, Khalfan, and PICO, were interested in melon trials for autumn/early winter harvest. The U.S. producer and buyer Lindemann was also interested in supplying the European market in November and December and supplied seeds for the trial in which Khalfan and PICO participated. Because of difficulty experienced by the project in getting seeds into the country, planting started late. In Egypt, control of seed entry into the country is so difficult that it presents an obstacle to agricultural development.

The project initially planned that Israeli experts would undertake the required technical assistance. This did not take place. Instead, Lindemann identified an expert from Morocco, where Lindemann also has operations, who proved very knowledgeable in irrigation and production. By the time he arrived as a substitute for the Israeli experts, the trials were already well advanced. Both trials experienced difficulties due to poor fertigation at one of the farms and cold temperatures.

Despite such problems, the consultant believed that a reasonable harvest could be obtained if planting began in August and conditions were modified (for example, if farmers used low tunnels).

The planting and harvest periods for melons are as follows:

- 1) Autumn/early winter
Seeding date from August 1-15
Harvest date November-December
- 2) Summer
Seeding date from December 15 to January 15
Harvest date: end of March-April

The experts provided growers with an outline feasibility study for both seasons, along with a full list of the techniques that should be employed. After the consultant's visit, several NDG producers met to discuss a program for spring harvest, including production in Aswan where temperatures are more favorable.

Lindemann visited the producers and drafted contracts with them. After discussion, the producers decided to ask Lindemann, the buyer, to agree to a minimum guaranteed price of \$1.00 per kilo F.O.B. for the product harvested in April and May, sending a letter to Lindemann in the United States and Morocco with this offer. Lindemann responded with a counter offer of \$3.00 per five kilo box F.O.B.

Based on this offer, discussions were held with producers, who decided that £E 3 per kilo was the lowest acceptable price. This price proved unacceptable to Lindemann. The current high local market price was also a factor in the producers' decision not to enter into an agreement with Lindemann.

C2c. Vegetables

The project developed a program of vegetable production with the Behira Businessmen's Association. The project recruited experts and developed a schedule for the program. The death of the association's chairman slowed the program's progress, leading to an investigation of alternative approaches. The project identified extra fine green beans as having a good market in France and facilitated trials with varieties such as Allure, Sonat, Tavera, and others. These trials proved encouraging and the project decided to expand the activity.

The project brought in an expert with strong experience in international horticultural consulting to assist in further development. As the expert's visit was short, his work focused on Ismailia and the northern part of the desert road near Alexandria. His report covered the following areas: the efforts made to date in fine green bean production at target farms; recommendations on fine green bean seeds for future trials; potential related crops; and development of a production guide to help producers in the future.

The expert made the following recommendations:

1. Interested growers should initiate small-scale trials commencing in mid-August and carefully record production statistics including yields, production costs, and scheduling details.
2. Bush cultivars—including such varieties as Allure, Hardy, Sonat, Polesta, and during the warm shoulder seasons, Twiggy—should be tried.
3. For greenhouse cultivation, the farmers should investigate pole cultivar Diamonate.
4. Farmers must carefully check the quality of beans produced on farms without pre-cooling capabilities. These beans may have relatively short shelf lives and lower the reputation of Egyptian fine beans on the European market.
5. Farmers should expand production of mange tout and sugar snap peas. Since these crops grow without protection during the winter season and fetch even higher prices than fine beans, they could be lucrative.

C3. Transportation

Because of the importance of transportation to export efforts, the project undertook an investigation of the transportation system in Egypt that included the following:

- Background information on agricultural export products planned for the 1994 season
- Target markets for Egyptian exports (map)
- Farm locations for Egyptian agricultural products (three maps)
- Transportation services (air and ocean matrices)
- Carrier contact reports
- Transportation rates
- Transportation problems and issues
- Resources: "Tropical Products Transport Handbook" and "Agricultural Export Transportation Workbook"

In addition, producers were assisted on an ad-hoc basis in solving transportation problems. An example is the project's work in developing charter services to assist grape exporters for whom transportation is a significant cost. After project personnel discussed this issue with NDG members, they agreed to bulk ship their exports using a charter service. Airlines and independent charter companies were contacted for quotes on a daily 40-ton flight from Cairo to London. Four quotes were received: two from charter companies, one from an airline, and one from a local freight forwarder, Egytrans. The quote from Egytrans was the lowest at \$0.90 per kilo. This was still above the target range of \$ 0.75 - \$ 0.85 per kilo.

Another local charter company, Venus Air Cargo, was then contacted. This company was also interested in providing a charter service and information on the company was passed on to the growers. Venus offered a rate just under \$ 0.90 per kilo. Roda entered into a contract with Venus and provided space to other NDG members. PICO also contracted with Venus through a separate arrangement.

D. Performance: Information Systems

D1. TDC Information Needs

The project assessed the TDC's information needs in December, 1995, and made recommendations in the following areas:

- Operating environment
- Operating systems
- Hardware: CPU, ram, hard drive, floppy drive, CD-ROM drive, case type, monitor type, video ram, bus systems, cache types and sizes, drive bays, ports, expansion slots, modem, network systems, printers, keyboard
- Software: memory management, compression, desk top organizer, utilities, word processing, spreadsheet, communication, business presentations, scheduling and contact management, desktop publishing, graphics, optical character recognition, charting, database management, information management, project management, accounting, clip art

The project then worked with the TDC to set priorities and develop a rough budget. The TDC did not implement these recommendations in full but opted for a smaller system and purchased hardware on the local market.

D2. Baseline Survey

The purpose of this report was:

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

The following was achieved in the activity:

- Interviewed executives from 119 firms
- Identified export potential
- Identified promising sectors
- Identified technical assistance
 - Training, particularly management
 - Marketing support
 - Quality assurance
- Identified target tier I and tier II firms

D3. Importer-Exporter System

The trade importer-exporter system was set up for TDC use. It consists of a set of databases for organizing and monitoring TDC's export promotion efforts. Version 1.0 was an interim edition designed for immediate use with the TDC's limited computer hardware. It was written for PCTOOLS Desktop, a compact software package that includes basic database functions along with word processing and desk organization.

D4. Market Information

The project investigated the fashion market in the United Kingdom for apparel and footwear. Project specialists provided information and made recommendations in the following areas:

- General U.K. fashion industry information
- Trade data, including facts and figures on clothing and footwear
- U.K. distribution channels
- U.K. retail structure
- Target companies
 - ▣ Mixed goods retailers
 - ▣ Mail order retailers
 - ▣ Clothing retailers, importers, and wholesales
 - ▣ Footwear retailers, importers, and wholesalers
- Trade representative recommendations
- U.K. fashion calendar
- U.K. fashion industry trade publications

D5. Market and Price Information System

The TDC and project personnel held discussions on implementation of the full market information system at various project stages. TDC was reluctant to allow Chemonics to fully implement this component, as it had resisted introduction of the basic computer system. It was finally agreed to include the market information system in the second annual work plan, with a view to implementation. The project identified a short-term expert with extensive experience in the implementation of information systems for trade development projects. After a scope of work had been written and the experts's resume and biodata were submitted, it became apparent that consideration was being given to the information system requirements of the new GTG project, outside the scope of the EED project. The TDC then made a proposal to implement a system itself. TDC's proposal proved unacceptable to USAID and the GTG project has not yet defined system requirements.

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E. Performance: Institutional Development

E1. Field Start-Up Support

A team of six people from Chemonics assisted in the project start-up, which involved orientation for both the TDC and new project employees, and development of the first annual work plan. Start-up support also involved assistance to the TDC to recommend improvements of the organization's administrative systems, including standard procedures and accounting system technical assistance and training. The team made recommendations for improving the following administrative and financial procedures.

- Petty cash log
- Bank reconciliation form
- Budget monitor
- Development of an employee handbook to improve the TDC's personnel system
- Accounting and administrative forms
- Computer training
- Administrative systems that should be initiated

E2. TDC Handbook

The project completed the first version of the TDC Employee Handbook in March 1994. This handbook was revised at the beginning of 1995 after the TDC underwent restructuring; the project also provided assistance in hiring TDC staff. Following receipt of comments from USAID, the handbook was finalized and approved later that year. The handbook's table of contents of the handbook is contained in Annex D.

E3. TDC Standard Contracts

TDC subcontracts extensively with marketing experts and other technical assistance providers throughout Europe and the Middle East to increase Egyptian exports. In April, 1996, the project prepared a checklist and model contract for the TDC to conform the organization's subcontracting procedures to USAID procurement regulations. The checklist and illustrative contract clauses were based on discussions with the USAID grants officer and the project's review of the cooperative agreement and USAID regulations. New items included in the model contract included termination, retention of records, and payment clauses.

E4. TDC Accounting Manual and Electronic Accounting System

During 1995, the project developed and issued the TDC Accounting and Internal Control Manual, which was approved by USAID. The manual contains information on topics including the accounting system and control procedures. Recommendations of USAID Financial Management, Contracts Management and the Project Offices, along with the independent auditors' findings, were taken into account in the preparation of the manual. The table of contents of the manual is in Annex E. The Accounting and Internal Control Manual was revised in August 1996 to accommodate the installation of a computerized accounting system.

E5. TDC Audits

The major focus of the project's accounting assistance to the TDC during 1995 was the response to a draft audit report by a local independent public accounting firm. The firm was contracted by the AID regional inspector general for audit to do a non-federal financial audit of the TDC's expenditures under its agreements with USAID and its expenditures of program-generated income. The audit field work was completed in December, 1994, and a progress report for TDC comments was provided on February 22, 1995. The audit firm submitted a draft audit report for TDC comments in late April, 1995, and the TDC submitted a final written response to the draft report on June 4, 1995.

TDC made substantial progress in convincing the auditors to reduce the amount of questioned costs. Through a series of meetings with the auditors and USAID officials and the submission of substantial documentation, 21 of the 50 items, involving \$453,980, were resolved by the time the audit firm issued its draft report to the TDC for further comments. The TDC responded to the draft with written comments and a package of supporting documents on June 4, 1995.

The non-federal auditors questioned \$344,007 in their final issued audit report. However, almost all of the findings were resolved by the agreement officer in favor of the TDC. As a result, the TDC was required to refund only \$384 of the hundreds of thousands of dollars originally questioned by non-federal auditors.

In August, 1995, the auditors questioned \$58,356 in a supplementary schedule associated with the concurrent audits. It appears at the time of writing that this figure will be reduced, as was the case in the previous audit.

Further responses were provided to USAID concerning the non-federal audit. At the time of writing, only \$370 of the \$344,007 questioned costs in the blue cover report required repayment by the TDC. An additional \$42,651 will be removed by amending the TDC Cooperative Agreement and \$22,266, representing tax paid, will be removed when the tax is collected or proves uncollectible.

6. Staff Training

The following training programs were implemented for 36 TDC staff members.

Table II-6. Training Programs

Area of Training	Yr. 93/94	Yr. 94/95	Yr. 95/96	Total
Management	3			3
Sales and marketing	2	4	2	8
Computer	4		12	16
Accounting			1	1
English		2	4	6

Area of Training	Yr. 93/94	Yr. 94/95	Yr. 95/96	Total
Quality control			1	1
Transport	1			1
Total	10	6	20	36

F. Program Management and Planning

F1. Planning

The project assisted the TDC in the preparation of four work plans, as follows:

- Strategy and first joint annual work plan (October 1993-September 1994)
- Interim joint work plan (October 1994-December 1994)
- Second annual joint work plan (January 1995-March 1996)
- Third annual work plan (March 1996-March 1997)

F2. Quarterly Reports

The results of activities in the work plans mentioned above were presented in a series of quarterly reports, as follows:

- September-December 1993
- January-March 1994
- April-June 1994
- July-September 1994
- October-December 1994
- January-March 1995
- April-June 1995
- July-September 1995
- October-December 1995
- January-March 1996

A report on the period April-August 1996 will be presented in the last week of the project.

F3. Monthly Reports

Monthly reports were prepared only for July and August, 1993. USAID agreed to convert to quarterly reports starting in September, 1993.

F4. Coordination

To ensure improved coordination within the EED project, a system of weekly meetings was established, involving USAID, the TDC, and Chemonics.

F5. Program-Generated Income

Program-generated income over the life of the project was as follows:

Table II-7. Program-Generated Income

Year	Amount in dollars
1993/4	74,080
1994/5	59,576
1995/6	87,267
q1 1996/7	17,904
Total	238,827

The project's program-generated income principally came from trade fairs, brochures, and payment for technical assistance.

F6. Extension of TDC Contract and Increase in Budget

An increase in the TDC's budget of \$1.168 million was approved in the plan for the period January 1995-March 1996. The paperwork has been completed and the cooperative agreement amended to include this increase and an extension to March, 1997.

F7. Modification of the Chemonics Budget

It was agreed to amend the Chemonics budget to take into account increased expenditures on promotional materials and an extension of the termination date from June 9, 1996, to August 31, 1996.

**SECTION III
ADMINISTRATIVE AND LOE DATA**

A. Expenditure

Cumulative expenditures to September 1996	\$2,819,435
Remaining unexpended balance	\$ 180,297
Total contract	\$2,999,732

B. LOE Summary

Cumulative level of effort to September 1996	113.29 p/m
Unused level of effort	7.71 p/m
Total contract level of effort	121.00 p/m

C. Long- and Short-Term Experts

The experts used and the positions they held are given below. The dates of arrival and departure are also noted.

Work Area	Name	Dates
Chief of party	Rick Miller (year 1)	07/08/93 - 09/19/94
	Tony Shiels (year 2 and 3)	11/20/94 - 08/31/96
Marketing advisor	Hillary Wilson (year 1)	07/05/93 - 07/12/94
	Gene Miller (year 2)	07/25/94 - 07/26/95
Agriculture	D. Krigsvold (melons)	11/10/93 - 12/03/93
	D. Talmor (melons)	01/10/94 - 05/11/94
	S. Karniel (grapes)	11/21/93 - 12/04/93
	N. Mackenize (NDG planning)	12/02/93 - 12/21/93
	D. Godoy (grapes)	04/20/94 - 05/19/94
	J. Larrondo (grapes)	05/30/94 - 07/16/94
		06/01/95 - 07/18/95
	Sayed Badr (grapes)	03/27/95 - 04/15/95
	Rodrigo Diaz (grapes)	03/15/95 - 05/31/95
	D. Lucas (grapes)	06/09/95 - 08/09/95
	Cristobal Pereira (grapes)	03/17/96 - 07/04/96
	Hector Diaz (grapes)	06/15/96 - 07/08/96
	Omar Aitlou (melons)	11/19/95 - 11/21/95
Bob Rice (green beans)	03/15/96 - 03/24/96	
Shoes	Suzan Harvey (market information)	07/29/95 - 08/31/95
Processed foods	R. Bosley (food)	09/01/93 - 10/02/93
	Dr. Kamel Hyder (dehydrated)	07/06/95 - 08/08/95
Ready made garments	Ray Iwanesky	05/08/94 - 05/19/94
	K. Magiday (knitwear)	05/08/94 - 05/19/94
	M. Wimbs (woven)	05/08/94 - 05/19/94

Work Area	Name	Dates
Institutional development	R. Freij (administrative systems)	06/29/93 - 07/16/93
		08/05/96 - 08/16/96
	G. Bremer (1st work plan)	09/01/93 - 09/27/93
	K. Kennedy(1st work plan)	09/14/93 - 09/30/93
		08/24/94 - 08/30/94
		09/30/95 - 10/12/95
	L. Druben (1st work plan)	09/01/93 - 09/27/93
	J. Hanson (1st work plan)	09/17/93 - 10/02/93
	N. Jaffie (admin. systems)	1/09/94 - 1/03/95
	H. Gill (audit/accounting)	03/19/95 - 07/04/95
	03/15/96 - 04/15/96	
	11/10/95 - 12/22/95	
	04/15/96 - 05/15/96	
	08/02/96 - 08/23/96	
MIS	J. Lamb (computer systems)	12/16/93 - 12/22/93
	B. Sensenig (baseline)	08/25/93 - 10/06/93
	Suzan Harvey (market information)	07/29/95 - 08/31/95
Transport	P. Michel (transport)	11/20/93 - 12/12/93
Furniture	Mike Wilder	05/29/94 - 06/10/94
	A.R. Compbell	05/29/94 - 06/10/94
	Mike Hickling	05/29/94 - 06/10/94

SECTION IV CONCLUSION AND LESSONS LEARNED

A. Export Expansion

The EED project was based on the premise that Egyptian exports could be increased by providing marketing, informational, and production technical assistance to Egyptian businesses. This premise was sound and well-founded. In addition, setting targets for export increases and number of firms to be assisted was a useful strategy for a trade development project of this nature.

During the period of the contract, the project achieved exports of \$62 million and assisted 152 firms on 387 different occasions, far exceeding the goals of \$40 million in exports and 80 firms assisted.

It is difficult to ensure cause and effect between assistance provided as part of a project and exports generated. This contract rightly checked project activities against increased sales by tracking correspondence between the project and companies. This approach was practical and worked effectively.

Attributing export increases to the activities of a trade development agency is always problematic. The most effective way to demonstrate a connection between an agency's efforts and export increases is to work with a specific group of producers in a subsector, combining intensive production technical assistance with effective market support. The EED project achieved this goal particularly well in its grape development and export program.

In summary, to accurately identify the positive effects of trade agency activity on export growth, a trade agency should have a strong market presence, be able to demonstrate that it made the initial contact with the buyer, and tie production technical assistance to marketing programs.

B. Information Services

Trade development agencies require well-designed information services; it is not constructive to oppose implementation of such a system. The proper time for information service implementation is at the outset of a project, when a grace period should be allowed to set up accounting and information systems. In the case of the TDC, strong accounting and information systems could have prevented the continuous project audits that took place. In future assistance efforts, a standard package should be developed from off-the-shelf systems, which would ensure smooth agency functioning as well as fulfill USAID reporting requirements.

C. Organizational Development

In considering institutional issues, the question arises as to whether it is feasible to create a stand-alone institution with no real constituency in the private sector. Our experience has been that creating new institutions should be avoided unless the private sector has a real stake in their success. To demonstrate what can be achieved, a stand-alone operation should be simple and have clear objectives that last a defined period of time. That being said, the use of international technical assistance ensures better control than depending on a newly created local group that must quickly master project reporting and other requirements of international funding agencies.

By channeling funds through a technical assistance contractor, assistance supports local group sustainability, as the groups can work side-by-side with the contractor until able to stand alone. Contractors should not be dependent on new and often weak and inefficient groups for critical project support, such as computer systems, transportation, or office services, nor should implementation be subject to veto by the local agency. Allowing such a veto is particularly unwise in Egypt, where accepting training and assistance from the outside is culturally difficult.

In the case of the EED project, we believe that the relationship between the contractor and the TDC as established in the project design was an inherently difficult one for the contractor. Difficulties in this relationship were manifested in the contractor's problems setting up information systems, working with poor quality computers that had been purchased locally, and dealing with a restrictive transport scheduling system. A contractor must have access to stand-alone support services over which it has direct control, or work with agencies with effective and established systems. For these reasons, a project start-up should never take place without the presence of the international contractor. In addition, a project should allow for a grace period for setting up systems.

As it had little private sector support, the TDC board was not able to function effectively. This vacuum left TDC management without sufficient supervision and the input that comes from a functioning board. The second annual work plan examined other forms of project structuring. Combining support for trading company development with technical assistance and an effective trade board that focuses on non-profit developmental needs would probably be the best approach. Great care should be taken in choosing the institution to act as trade board. The entity should have a well-defined constituency and preferably be part of an existing agency with a membership involved in export development.

D. Project Management and Planning

The project dedicated considerable time to developing annual plans and producing quarterly reports for the TDC. Evaluations for the TDC and project evaluations commented favorably on the effectiveness of the project's planning and reporting system. This activity, along with audit and accounting support, were areas in which the project achieved the most cooperation with the TDC.

Despite difficulties, the project met its objectives and achieved its goals. Project personnel overcame a difficult work environment in the project's early stages to achieve cooperative and amicable relationships by project end.

ANNEX A

BREAKDOWN OF SALES BY COMPANY

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Lonetex						320,000	340,000			300,000	330,000	400,000	1030000	
Dallydress						43,750	1,000,000						0	
Fabrique de Flannelles							2,460,000			137,457	200,000	160,000	497457	
Dyetex						750,000	1,200,000		1,000,000	670,000	850,000	200,000	2720000	
Leinatex							100,000						0	
Goldenlex						119,724	23,925		109,500	181,500	300,000	200,000	791000	
Bella Donna						77,000			15,000	61,783			76783	
Alex L.L.C.						71,310							0	
Zaafarani													0	
Shamsi Group									1,250,000	1,500,000	2,000,000	1,750,000	6500000	
Swiss Garments											445,950		445950	
Textile Industries											147,000		147000	
Venus Co.												24,990	24990	
Nile Clothing												177,255	177255	
Sub Total	5,040,007	2,170,400	7,210,407	2,818,470	793,593	1,381,784	5,123,925	10,117,772	2,374,500	2,850,740	4,272,950	2,912,245	12,410,435	29,738,614
Food														
Heinz						88,000	200,000		265,900	88,881	147,353	40,820		
Vitrac						1,800,000	915,437			5,500,000	1,800,000	1,300,000		
Jalco						49,350			26,600					
Agromisr							16,800		35,400	26,471	77,500	74,000		
Pico							400,000			225,000		122,642		
Family Foods									23,600	50,000				
Com-Gem-Co									245,100					
GND										2,928		6,820		
Mass											440,000	700,000		
Sub Total	1,520,000	1,600,000	3,120,000	793,738	1,505,939	1,937,350	1,532,237	5,769,264	596,600	5,893,280	2,464,853	2,244,282	11,199,015	20,088,279
Footwear														
Zalat						203,400								
Condor						22,233								
Kuwait						96,083								
28 Factory						113,902								
Salem						108,037								
Tawakol						87,845								
El Ostaz														
I.V.R.E.							698,731							
2M										52,000	150,000	90,000		
Sub Total	6,130,980	0	6,130,980	0	108,648	631,500	698,731	1438879		52,000	150,000	90,000	292000	7,861,859
Agriculture														
Florida							475,000							
Decena Trade														
Fyffes														
Wentworth														
Beltagy / Korra									296,427					
Hegazy Farm									237,600					
El Roda									168,000	337,000				
PICO											300,000	0		
Sub Total	650,000	471,000	1,121,000	1,095,889.10	482,705		475,000	2,053,594.10	702,027	337,000	300,000	0	1,339,027	
Grande Total	13,340,987.00	4,241,400.00	17,582,387.00	4,708,097.10	2,890,885.00	3,950,634.00	7,829,893.00	19,379,509.10	3,673,127.00	9,133,020.00	7,187,803.00	5,246,527.00	25,240,477.00	62,202,373

* Breakdown by companies not available

BEST AVAILABLE COPY

A-1

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ANNEX B

LIST OF FIRMS ASSISTED

List of Assisted Firms

Garments	Shoes	Processed Food	Fresh Food	Leather Apparel	Household	Furniture
Dyetex	El Ostaz	Montana	E.E.C. Co.	Bafra	Crystal Asfour	
Randolina	Salem Shoes	Giza	Sara Co.	Farag	Olympic	
Alex LLC	Bebo Factory	Foodico	Shoura Co.	Ramses Leather	Zahran	
Nagy Tricot	Slap	Jafco	Pico		Texmar	
Swiss Co.	Hazem El Amier	Pico	Belco		Moderna	
Daly Dress	Coochy	Delta Aromatic	H.Daboos		Cleopatra	
Leinatex	Lucky	Gaspo	Nimos		Fine	
Nounou Bros.	Co. 28	Vitrac	Consukorra		Hikal Production	
Zafarani	Art Leather	Juhayna	El Roda		Foam	
New Palmtex	Condor	Bim Bim	Hegazy Farm		Carmen	
Samir Riad	Nasr Factory	Farm Fruit	Itamco			
Fabulous	Wassila	Heinz	Eissa			
Bella Donna	2M	Uncle America	El Aguizy			
Waeltex	Red Shoe	Age	Farm Fruits			
Goldentex	E.I.C.	Family Foods	Plant Production			
Lonetex	Abbouda	Milkyland	Makar			
Lela	Hafez & Ouda	Kato Aromatic	Zawbaa			
Yasmina	Tawakol	Agromisr	Heinz			
Safari	Rim	El Masreya	Ayman Korra			
Skipper	Abu Kheir	Tasty Foods	Salah Yousef			
Kangourou	Zaalat Co.	Cateco	Said			
Consolidated	El Baramki	Avional	Badr El Din			
Kemit	Fine Collection	Mizan	Dhain Mussa			
El Messeiry		GND	Adel Hanly			
UTEX		El Rashidy	El Melighi			
Myran		Fine Food	Green Valley			

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Garments	Shoes	Processed Food	Fresh Food	Leather Apparel	Household	Furniture
Fakhoury		Regina	Rhoda Green			
Shatex		RIRI	Ben Kalfan			
Giza		Comgenco	I.E.C.			
Egyptian Knitting			Belco			
Rocky			El Megely			
Union Garments			Marwa			
Nile Clothing			Yasin			
Abu El Enein			Hashimiai			
Lillete			Dana			
BTM			Aburaya			
New Shamsy			Loloa			
Sogic						
El Kado						
Helbawi						
Venus Co.						
Fabrique de Flanelles						
Egypt Clothing						
WTC						

ANNEX C

CHIQUITA RESPONSE TO EXPORTS

PICO

Diab Agriculture Reclamation Co.

3, Shagaret El Dor Street - Cairo - EGYPT
Tel 340 4091 - 340 8308
Fax 341 0852

TO : CHIQUITA FRUPAC
ATTN : ALFRED DE JONG
FAX NO : +31183631601
SUBJECT :
DATE : 01/08/1996

TOTAL PAGES : 1

Dear Mr. De Jong,

Thank you for your fax dated 31/7/1996.

We are glad to inform you that the results of our first trial year of cooperation were very satisfactory inspite of small orders.

We also are very much interrested in expanding our future cooperation to include other products such as Green Asparagus, Strawberries, Peaches, Nectarin beside sea shipments of potatoes and onions.

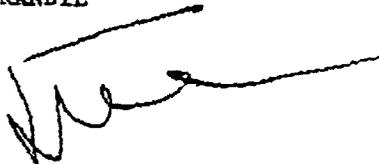
Our green asparagus will be available late September, packed in 4.5 kg. carton contains 9 bundles each 500 grams. Sizes are large 16-20mm, medium 12-16mm.

Our asparagus is fresh, precooled and has a good acceptance in the Swedish and Danish markets.

Please advise your possibilities.

Best regards,,

FAROUK KANDIL



Ts Copy



TO: Pico, Egypt
 ATT: Farock Kandil
 CC: Alaa Diab
 Tony Shiels, Chemonics
 FROM: Alfred de Jong
 DATE: 31st July 1996
 PAGES: 2 (including this one)

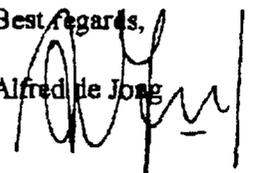
Dear Mr. Kandil,

Attached I am sending you a summary of our results of our first (trial) year of cooperation. We ended up doing 3.715 boxes together of white seedless grapes with an average C&F Europe return of USD 15,33 per box.

We are definitively interested in expanding this program for future years, and would appreciate if we could receive some information from you about our performance and the future possibilities.

Looking forward hearing from you at your earliest convenience.

Best regards,
 Alfred de Jong



N.B. PLEASE NOTE OUR NEW PHONE AND FAX NUMBERS



Chiquita Frupac B.V.
 Marconistraat 3-11
 3029 AE Rotterdam
 The Netherlands

Colin



TO: James H. Wiley Exp. Chiquita Ltda., Santiago de Chile
 Tony Shiels Chemonics, Egypt
 Frank Mattsson Viking Fruit, Sweden
 Brian Long Keelings, Ireland

FROM: Alfred de Jong

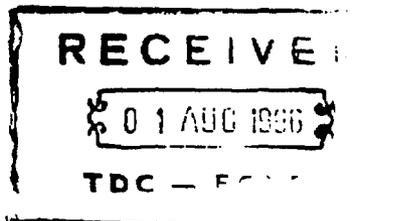
DATE: 1st August 1996

PAGES: 2 (including this one)

Attached you will find a fax from one of our Egyptian (white) grape suppliers, which is self-explanatory. I would like to thank everyone for his contribution, and I am looking forward receiving your input for future business.

Best regards,

Alfred de Jong



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ANNEX D

TABLE OF CONTENTS OF TDC HANDBOOK

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