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August 28, 1996

Ms M Jean Thomas
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Subj Rural Cottage Industries Development (RCID) Project - Final Report
Specific Support Grant No 2017-SG-010

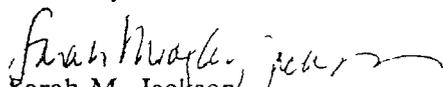
Dear Ms Thomas

Enclosed please find three copies of the above-referenced report With the exception of the final financial report, which we hope to submit to you tomorrow, I believe our obligations as outlined in the grant agreement are now complete

As detailed in the enclosed report, we believe that the RCID project has met the goal of increasing the participation of women and local associations in rural economic development in Egypt The AAHE has made significant strides in its understanding of and ability to manage development projects, its membership has tripled, two chapters have been established for rural women, almost 900 women have participated in business training, over 250 have received loans, 470 enterprises have been expanded or established in the New Lands, and incomes have increased Given these successes ACIDI is hopeful that funding will soon be available to build on the RCID project and to expand it both geographically and programmatically

It has been a pleasure to work with you and your staff and we appreciate your interest in and support of the RCID project We look forward to the possibility of continued collaboration with the NCNW in the implementation of RCID - Phase II "

Sincerely


Sarah M Jackson
Associate Director
Middle East & North Africa

A

RURAL COTTAGE INDUSTRIES DEVELOPMENT (RCID) PROJECT

Final Report

Submitted to

National Council of Negro Women

Submitted by

Agricultural Cooperative Development International (ACDI)

and

Alexandria Association for Home Economics (AAHE)

August 1996

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**Rural Cottage Industries Development (RCID) Project
Specific Support Grant No 2017-SG-010**

Grantee Name **Agricultural Cooperative Development International**

Effective Dates **January 5, 1994 - June 30, 1996**

Funding **LE 1,464,052 and \$441,426**

ACHIEVEMENT OF OUTPUTS

Enterprise Development

PLANNED	ACTUAL
500 women trained to identify business possibilities, conduct feasibility studies and develop business plans	892 participated in Entrepreneurial Assessment workshops and 622 received training in Business Skills such as marketing and feasibility studies
300 entrepreneurs assisted in the creation or expansion of enterprises	Completed
200 initial or repeat loans provided	251 loans disbursed
Improved access to markets through marketing strategies, marketing groups, or retail outlets	Sales point established within AAHE Self-initiated and some joint marketing strategies underway for entrepreneurs
Viability of enterprises assisted demonstrated	Up to 300% increase in business owners equity for the 470 businesses tracked

Association Building

PLANNED	ACTUAL
Capacity to implement the RCID project created within the AAHE	In process AAHE board participates in management meetings and decisions, reviews financial and quarterly reports and monitors field activities
Increase in management capacity of the AAHE to identify new project resources and mobilize human and financial resources	In process AAHE obtained funding for two new projects a conference a workshop, publications, and overseas training
Two branches of AAHE created	Completed
Courses and manuals developed and in use by AAHE with staff trained in delivery of business training	Completed
Loan Fund managed by AAHE	Fund managed by AAHE staff, with input from the Board on loan applications and oversight from ACIDI Project Director
Sales point established and managed by AAHE	Completed

I Executive Summary

The Rural Cottage Industries Development (RCID) project began in January 1994 with the goal of increasing the participation of women and local associations in rural economic development in Egypt. Within this context, the project had two purposes: 1) to strengthen women's ability to establish and operate viable rural enterprises, and 2) to enhance the capacity of local organizations to plan and manage training, technical assistance, and credit to promote rural women's enterprise development.

In working toward the achievement of these objectives, the RCID project assisted a local professional association, the Alexandria Association of Home Economics (AAHE), as it implemented activities to strengthen women's abilities to establish and operate rural cottage industries. ACDI provided technical assistance to the AAHE, focusing on institution building, to enable the organization to manage an action-oriented portfolio of development projects. At the same time, ACDI worked with project staff and outside consultants to provide a unique package of training and technical assistance, focusing on business skills that enabled women to establish and manage their own enterprises. Small business loans, through a credit fund managed by the AAHE, as well as training in production skills, were also provided as needed.

An external mid-term evaluation in February 1995 found that the RCID project was making "a valuable contribution to institution building and local economic development in Egypt." The final evaluation report, dated May 1996, stated that the project "has proven its ability to increase the participation of women and local associations in rural economic development."

When the grant funded by the National Council of Negro Women (NCNW) ended in June 1996, 892 women in the New Lands had participated in Entrepreneurial Assessment workshops and 622 had been trained in business skills (78% and 24%, respectively, above the training target of 500), 251 loans had been disbursed for business start-up or expansion (26% above the target of 200), and the AAHE had participated in, and assumed much responsibility for, implementing these and other project activities. The AAHE Board successfully developed two new project ideas, obtained funding for them, and assumed complete responsibility for their management. They also obtained other funding for a conference on development and home economics, a workshop on community development, publications, and overseas training for Board and staff members. In addition, the Board took measures to strengthen their organizational structure and expand their outreach, resulting in a 325% increase in membership (from 40 members to 130 members). At the same time, in the rural areas targeted by the project, RCID contributed to raising the income and standard of living of hundreds of families, and the provision of sorely needed shops and products. RCID trainees, who come from both graduate and farmer backgrounds, have started or expanded at least 470 small enterprises ranging from animal husbandry and food processing, to small groceries and the provision of agricultural supplies. Commenting on these project

components, the final evaluation report stated that the project is "enabling women borrowers to run or establish rural enterprises with a higher degree of responsibility. The participants all mentioned an increase in their incomes."

II Cumulative Review of Planned and Actual Outputs

The following section provides further detail to the summary sheet, specifying the accomplishments related to each output. Quarterly reports have provided chronological summaries of activities implemented in each quarter, and therefore, a chronological account of the project is not included in this report. However, Appendices A-D contain background documents on the project.¹

ENTERPRISE DEVELOPMENT

The geographic target area for the Enterprise Development component was originally envisioned as Bangar il-Sukkar and Boustan. Business training and the credit fund were launched in Bangar il-Sukkar during Summer 1994, and a replication of these activities in Boustan was planned for Spring 1995. However, the mid-term evaluation, which occurred in February 1995, resulted in a recommendation that the project not expand geographically, due to a concern that project resources would be spread too thinly. ACDI discussed this recommendation with the NCNW, and they agreed, so rather than moving into Boustan, ACDI expanded its coverage of the Bangar il-Sukkar area and moved into District One, which contains villages "1" through "7," and which is inhabited almost entirely by settlers rather than graduates. Later in 1995, however, given prospects for an extension of the project into 1996, ACDI decided to move into Boustan. Right at that time, however, the New Lands Authority of the Ministry of Agriculture² requested that the project be implemented in Hammam, a recently settled area where few, if any, NGO's have implemented projects to assist the graduates and settlers living there. In the last months of the project, with training in Hammam completed, the project returned to Bangar il-Sukkar to cover a satellite area, called Mariout, which -- like District One -- is inhabited almost entirely by settlers and where other development activities are scarce.

Output 1

500 women in targeted project areas trained to identify business possibilities, conduct feasibility studies, and develop business plans

¹ Most of these documents have been included in quarterly reports but are presented again here for ease of reference.

² Although the AAHE is registered under the Ministry of Social Affairs, the main GOE counterpart for the RCID project is the Ministry of Agriculture (MOA), since their New Lands Authority has responsibility for the geographic area targeted by the project, where the Ministry of Social Affairs is not yet operational.

The business training component of the RCID project was composed of three modules

- 1) **Entrepreneurial Assessment** a two-day workshop designed to expose trainees to the challenges and responsibilities of initiating or expanding a business and to help them assess their own aptitude for entrepreneurship
- 2) **Business Skills** a six-week program in which participants learned basic business concepts such as marketing, feasibility studies, pricing and costing, budgeting and planning, and
- 3) **Business Start-Up** a five-week program which covered the technical, production-oriented skills needed for the businesses in which trainees expressed an interest. These businesses ranged from small grocery stores to food processing and animal husbandry

Exceeding project targets, 892 women participated in the Entrepreneurial Assessment workshops, 622 women received Business Skills training, and 355 attended Business Start-Up sessions. This was accomplished through the delivery of six cycles of the three-module training, reaching women in 39 villages in the New Lands areas of Hamam, Bangar il-Sukkar and Mariout. These six cycles represented over 200 days of training in the field. Appendix E contains details on the geographic distribution of the training.

Based on before and after test results and on semi-annual questionnaires linked to the project tracking system, 88-90% of the women who participated in the training increased their understanding of marketing, feasibility studies, and pricing and costing strategies. Appendix F presents additional detail on these changes.

The final evaluation team found that "this specific output has completely achieved its goal." Commenting on one of the Entrepreneurship Assessment workshops they attended, they stated, "The impression that prevailed was one of active participation on the part of the Trainees as well as the Trainers. The interaction was very lively. Comments as, 'we really needed such eye-opening events' were very common. The demand for more of these workshops is also a valid indicator of the degree of acceptance from the target group for such training."

Output 2

300 entrepreneurs assisted in the creation or expansion of enterprises, operated by women owners trained to plan production to meet orders, produce to quality standards, keep financial and non-financial records, accurately cost and price goods and services

According to the most recent results of the project's Management Information System (MIS), 470 women started or expanded businesses as a result of the RCID project. This is a

conservative estimate of the impact of the project on business creation and expansion, given that time was not sufficient to conduct the third series of follow-up surveys for all trainees

In assessing the achievements related to this output, the evaluation team focused primarily on the Business Start-Up sessions, which were attended by 355 women, and concluded that "this output has been fully achieved " Commenting on the quality of the sessions, the team stated that " the activities pertaining to this training model ranked very high among the preferences of the trainees The reasons for these preferences were related to the utility and good use of the activities in particular While discussing the obstacles and successes during the implementation (of businesses the trainees visited), their horizon widened and they became more stimulated to continue "

Output 3

Viability of enterprises assisted by the project demonstrated by increases in sales and income

Based on the semi-annual questionnaires administered in conjunction with the project tracking system, project statistics indicated that women participating in the three-module training and credit program have achieved up to 300% increases in assets and equity of their businesses ³ The evaluation report stated that "The participants all mentioned an increase in their incomes One particular borrower mentioned that the first loan led to a 50% increase of her income "

The evaluation team also commented that "New businesses are recognized to present a high risk of failure, due to poor planning and lack of experience RCID chose an unusual approach, as it decided to select the entrepreneurs through an entrepreneurial and technical skill development (package) before granting the borrowers credit This approach has been effective in reducing considerably the rate of failure "

Output 4

200 initial or repeat loans provided to enterprises participating in the project, increasing access to start-up and operating capital

The RCID project disbursed 251 loans totaling LE 709,300, indicating that the loan fund of LE 300,000 revolved more than twice in less than two years Over one-third of the portfolio, or 87 loans, was comprised of repeat loans, indicating excellent management of the portfolio, a high repayment rate, and borrowers' satisfaction with the program Loans were

³ Because of the nature of the businesses (animal husbandry enterprises comprised the largest category of loans disbursed), project management and the MIS consultant determined that changes in sales and income could not be tracked within the life of the project

categorized as follows 19.5% Dairy businesses, 19.9% Calf Fattening, 23.1% Trade, 14.3% Sheep Fattening, 12% Poultry, 7.2% Manufacturing, and 4% Other Appendix G contains additional details on the distribution of loans

Up until the last quarter of the project, the loan fund achieved a 94-100% repayment rate. Toward the end of the project, as borrowers heard that RCID activities might not be continued, the level of late payments increased significantly. Staff were developing various strategies for following up on these borrowers as the project drew to a close.

Output 5

Improved access to markets through a market database, marketing strategies, marketing groups, or retail outlets

The evaluation team stated that "When the issue of marketing was brought up, the borrowers interviewed did not express any worry, only with respect to transportation means available in the area. This constraint however is being dealt with and solved, by the participants, in a participatory way. One participant mentioned, for example, that whenever she goes somewhere, she is also able to market for the other borrowers, meaning that some kind of cooperation is building up in the field of marketing the majority of the products can be, and are, marketed locally to local consumers or traders. This might explain why the project has not gone into establishing a market database and strategy."

While the team appears to have been satisfied that the project had made appropriate progress in ensuring that marketing did not represent a constraint for the targeted entrepreneurs, ACIDI believes that it would have been valuable to direct more attention to this area. Limitations on staff time and on funding, however, precluded the development of a comprehensive market database and in-depth marketing strategies. Nevertheless, as the evaluation team discovered, marketing is not a major constraint for many of the entrepreneurs because they focus on the local market, or they have worked out cooperative arrangements for longer-distance marketing. We believe that success in this area was due in part to the emphasis that was placed on marketing (including feasibility studies) during the RCID training.

As mentioned in the quarterly reports, the AAHE/Alexandria also assisted with marketing graduates' projects by establishing a sales point on the AAHE premises, where RCID products are displayed, and by hosting or participating in exhibitions and charitable bazaars.

ASSOCIATION BUILDING

Output 1

Capacity to implement the RCID project created within the Alexandria Association of Home

Economics (AAHE) enabling them to reach rural women

Much progress was made through the RCID project towards strengthening the AAHE's ability to reach rural women. Appendix H contains a chart that presents the highlights of AAHE's organizational growth. These changes -- ranging from a 325% increase in membership to the creation of two chapters in the field -- were brought about through RCID's "learning by doing" approach of gradually increasing AAHE involvement in all stages of managing the RCID project. The Board participated in management meetings and decisions, reviewed financial and quarterly reports, and monitored field activities. In addition, AAHE members participated in a wide variety of training and institution building activities, including training in management, finance, computers, development, and many other skills related to the project implementation. Time devoted to training activities alone exceeded 130 days, as detailed in Appendix I.

The final evaluation team found that "the capacity to implement the RCID Project has been created within AAHE to a very large extent. The practical application of that training material, coupled (with) the experience that has been gained during the field work, has enhanced the capacity of the Association to implement the RCID Project. As one of the Board members put it, 'After the training I got the feeling that I had become a different person but it was only after the field experience that I started to realize that my thoughts had widened in scope.'"

In discussing specifics of the training provided by the RCID project, the team stated that "The training workshops attended by the members have no doubt all been of a great benefit to the members. The types of training courses provided for were felt to be 100% relevant to the work and activities of the members. At the same time, there was 100% agreement of the trainees as to the usefulness of the topics and their positive effect on improving the performance of their work."

Despite this progress, more work is required in this area. The RCID project was originally envisioned as a five-year effort, not only because of the large geographic area to be covered by the field activities, but also because of the time required for solid, sustainable institutional strengthening. ACDI is proud of the AAHE's accomplishments during the project period, but believes that further attention is required in the areas of budgeting and financial management, staff supervision, drafting and following through on implementation strategies, long-range planning, fundraising, and reporting. In particular, additional effort is needed in the development of AAHE's ability to maintain a core staff without donor funding.

Output 2

Increase the management capacity of the AAHE to identify new project possibilities and mobilize human and financial resources

Significant progress was achieved in this area. The RCID project served as a catalyst for the AAHE to obtain funding from the Dutch Embassy for an Animal Husbandry project (LE 46,366) and a Maternal Child Health Care project (LE 43,300), from the Friedrich Ebert Foundation for AAHE training activities (LE 20,000) and publications (LE 6,000) and from the Social Fund for a conference (LE 25,000)

The evaluation team commented on the ways in which the projects funded by the Dutch Embassy had mobilized the participation of AAHE General Members as well as the Board, and had increased the staff of the AAHE. They also pointed out, in discussing achievements related to this output, that "the participation of the AAHE Members in several conferences and a couple of charitable bazaars has increased their ability to coordinate with other NGOs as well as exposed them to local and international donors "

Again, however, ACDI believes that more work is needed in this area. AAHE Board and General Members have a variety of project ideas and -- over the life of the RCID project -- developed six concept papers and three proposals. And yet, marketing those proposals, as well as new ones that may be developed in the future, is a skill that still needs to be acquired. This entails the willingness to conduct more active research on potential donors and their funding criteria, the understanding of how to tailor each proposal to the donor's needs, the ability to meet with donors to "sell" the proposal, and the in-depth management knowledge required to launch and implement a project according to donor regulations.

In addition, as pointed out by the evaluation team and the NCNW, more attention needs to be focused on obtaining private, charitable contributions that could cover the AAHE's general operating expenses rather than being tied to a specific project.

Output 3

At least two branches of the AAHE created to enable women to work together and facilitate members' access to services

Two AAHE chapters were established in villages 15 (Bangar il-Sukkar) and 23 (Hamam). Within three months of being launched, 35 women joined the Bangar il Sukkar chapter, and 20 women joined the Hammam chapter at the first meeting, thus indicating their interest in linking up with a more established group that is perceived as having NGO management experience, technical expertise in areas of importance to the New Lands, access to donors, and contacts with other organizations in Cairo and Alexandria.

Shortly after the Bangar il-Sukkar chapter was established (in March 1995), the AAHE began working with the women there to implement the Maternal Child Health Care Training project funded by the Dutch Embassy. Chapter leaders also participated in a strategic planning workshop, funded by the Friedrich Ebert Foundation, to define the future orientation of their organization. More recently, in June 1996, AAHE/Alexandria members participated in a

training of trainers workshop aimed at conducting such a workshop themselves. They then facilitated the workshop for the Hammam chapter, which was formed in March 1996. Both groups have identified a variety of issues that they wish to tackle, ranging from increasing transportation services in the New Lands to establishing daycare facilities, and are currently working to prioritize these needs and to develop proposals accordingly.

The Ministry of Agriculture provided office space for each of the chapters, which was extremely valuable in establishing a fixed meeting place, and in establishing a regular RCID presence in the field.

Output 4

Courses and manuals developed and in use by the AAHE, with staff trained and participating in delivery of entrepreneurship and business-skills training

In addition to using the training manual that was developed during the RCID pilot project,⁴ which accommodated training tools and methodologies for illiterate trainees, a second manual was developed during the RCID Project that was geared more to graduates. AAHE staff coordinated all six cycles of the three-module business training, conducting many of the sessions themselves, and drawing on outside consultants as needed.

In commenting on achievements in this area, the evaluation team stated that, "The issues raised (at an entrepreneurial assessment workshop attended by the team) appeared to be very well absorbed by the participants, who were listening and at the same time enjoying the content. The methodology used was of a participatory nature, involving working groups and ranking exercises, as well as practical examples mentioned by individuals attending."

They also pointed out that "Having selected the RCID staff (from) among the local graduate population themselves, appeared to be very much welcomed by the rest of the local participants. These trainers are perceived as being aware of the living conditions in the New Lands, therefore, they stand close to the members of the community and are given credibility."

Other manuals developed during the project included an Administration and Finance manual related to the project, a Finance Manual for the AAHE itself (including non-project activities), and a manual for the Management Information System, covering the project indicators tracking system as well as the computerized accounting system.

⁴ The RCID Pilot Project was implemented in Spring 1993 under the auspices of ACDI's Farmer to Farmer Project.

Output 5

Replicable Revolving Loan Fund managed by the AAHE, demonstrating their capacity to deliver financial assistance through project appraisal and approval, and portfolio management and follow-up

The AAHE had considerable involvement in the implementation of the loan fund. Under the direction of the ACDI Project Director, the Credit Specialist hired by the AAHE for the RCID Project took the lead in developing the credit methodology (Appendix J) and launching the lending program in the field. Two Loan Officers, also hired by the AAHE, assisted him with the review of the loan applications, the disbursement of loans, and the collection of repayments. The Loan Review Committee membership included two AAHE Board members and the Credit Specialist. More recently, an AAHE General Member became substantially involved in the operation of the loan fund, particularly as RCID project funding came to an end and the Credit Specialist took a job with another organization. Officially an AAHE "intern," she has gained considerable expertise in credit management, and is now the key resource person for the management of the loan fund.

The evaluation team concluded that "The RCID credit activity seems well established. Loan approval is being done by a committee of 5 members, including two AAHE Board members, which seems to be working in a participatory way. The evaluation team feels confident of their participation in this first phase of their credit activity. Both the credit methodology and the Management Information System have been capable to cover all the needs for the following up and monitoring (of) the fund. The Revolving funds have been kept in a very professional way."

Nevertheless, the fund is not large enough to generate sufficient revenues for the AAHE to continue operating it independent of outside funding. With high transportation costs due to the dispersed geographic target area, and with a relatively small fund that cannot achieve economies of scale, the credit program is not sustainable on its own. To identify options for continuing operation of the fund -- at least until the last loan repayment is due, in December 1997 -- ACDI hired a short-term consultant, who analyzed various possibilities for the future of the fund, and whose reports are presented in Appendix K. His recommendations and others related to the management of the fund are currently under consideration by ACDI.

Output 6

Sales point established and managed by AAHE, providing a market outlet for women's products

As mentioned above (under "Enterprise Development," Output 4), the AAHE established a sales point on the AAHE premises for items produced by the RCID entrepreneurs. This is essentially a showcase, however, rather than an active marketing outlet. In fact, as pointed out by the evaluation team, given that most of the businesses established under RCID are

geared toward markets in the New Lands, there is little need for the sales point that was envisioned when the RCID proposal was developed

III The Future of RCID Activities

As mentioned above, ACDI originally envisioned the RCID project as a five-year effort, which would enable the enterprise development activities to be implemented in additional geographic areas, and the association building activities to result in sustainable changes within the AAHE. Because of the NCNW's timeframe constraints, however, the original grant for the RCID project was limited to a 21-month period. While subsequent amendments enabled three separate extensions that ultimately extended the project to a total of 30 months, ACDI still believes that additional time is needed to build on the successes achieved during the RCID project, expand opportunities for growth in the New Lands, and enhance the AAHE's sustainability and capacity for community initiated, field-based outreach activities.

Accordingly, ACDI developed a proposal for a four-year program, and -- with the encouragement of the USAID PVO Officer -- submitted it to USAID in November 1995 for their consideration, given that the future of NCNW funding was uncertain, and given that the proposed budget exceeded the NCNW's \$1 million funding limit. (Nevertheless, a courtesy copy was also submitted to the NCNW at the same time.) ACDI also submitted the proposal to the Egyptian Swiss Development Fund, given indications that the Fund was interested in supporting enterprise development activities for women.

USAID responded in January 1996 that the proposal would be formally reviewed in March. Due to their "re-engineering" in the ensuing months, however, USAID decided that the project did not fit specifically with one of their new strategic objectives, nor did they have money to fund such an activity anyway. They hosted a meeting in April to inform ACDI of this decision, and suggested that ACDI submit the proposal to the NCNW, whose prospects for additional funding had become quite promising. The response from the Swiss, throughout Winter and Spring 1996, was non-committal, given that they were still developing their funding criteria and methodologies.

ACDI had continued discussions with the NCNW throughout this time, and was assured of the NCNW's interest in supporting a second phase of the RCID project if funds permitted. They therefore encouraged us to submit a scaled-down proposal to them (revising the USAID proposal so that it would fit into a two-year timeframe and total less than \$1 million), but they suggested that we wait until the final evaluation was completed before submitting it to them.

Although the evaluation was conducted in March, the draft final report was not issued until May. ACDI had a number of concerns about the report, including a lack of clarity about the conclusions and recommendations. ACDI met with the NCNW to discuss these issues, which

they later put in writing (A copy of the June 4 letter is presented in Appendix L) As of mid-August, there has not yet been closure on the evaluation from ACDI's standpoint, as outlined in the second letter presented in Appendix L Nevertheless, given the overall recommendation from the evaluation team that the project "stay its course," ACDI moved forward with tailoring the proposal to the NCNW, and presented it to them in late July

In the meantime, the NCNW indicated throughout the spring and early summer that they were optimistic that their funding for new sub-grants would be available in October 1996 ACDI therefore explored a variety of ways to maintain RCID project activities from July through September Options investigated included proposals to Citicorp Foundation, the Ruhstroth Foundation, and the Canadian International Development Agency (CIDA), as well as requests to the NCNW, first for a no-cost extension (which was not approved due to the NCNW's timeframe constraints), and later for approval to use the revenues generated by the credit fund to continue project activities through the summer This latter request was approved, and a core staff was retained to facilitate chapter activities that would maintain the momentum created in the field in recent months, and to continue collecting loan repayments

In mid-August, ACDI learned that the timing of NCNW funding would probably be delayed until December 1996, or even January 1997 Given that proposals for outside funding had been turned down by that time, new questions arose regarding the maintenance of RCID activities for an additional three-month period, from October through December At the time of this writing, various options are still being explored

IV Conclusions

As indicated by the discussion above of achievements related to each output, the RCID project has met the goal of increasing the participation of women and local associations in rural economic development in Egypt The AAHE has made significant strides in its understanding of and ability to manage development projects, its membership has tripled, two chapters have been established for rural women, almost 900 women have participated in business training, over 470 enterprises have been expanded or established in the New Lands, and incomes have increased Given these successes, ACDI is making every effort to continue the momentum of the project, and is hopeful that funding will soon be available to build on the achievements of the RCID project and to expand it both geographically and programmatically



APPENDIX A

ACDI - AAHE Agreements



AGREEMENT

between

AGRICULTURAL COOPERATIVE DEVELOPMENT INTERNATIONAL (ACDI)

and

ALEXANDRIA ASSOCIATION FOR HOME ECONOMICS (AAHE)

REF Support Sub-Grant No 2017-SG-010 from USAID/NCNW to ACDI for the Rural Cottage Industries Development (RCID) Project

THIS agreement, related to the above-referenced Sub-Grant, is made and entered into between the Alexandria Association for Home Economics, hereinafter referred to as "AAHE", and Agricultural Cooperative Development International, hereinafter referred to as "ACDI"

WHEREAS, ACDI is responsible for the administration and management of the Grant between the United States Agency for International Development (USAID)/National Council for Negro Women (NCNW) and ACDI, for the purpose of implementing the Rural Cottage Industries Development project (Grant No 2017 SG-010) through its offices located in Cairo, Egypt and Washington, D C , and

WHEREAS, AAHE, in keeping with its commitment to join ACDI in implementation of the project, desires to enter into an agreement with ACDI to implement a Rural Cottage Industries Development project hereafter set forth,

NOW THEREFORE, ACDI and AAHE agree as follows:

ARTICLE I STATEMENT OF WORK

Introduction.

This agreement is between ACDI and AAHE in order to undertake a project aimed at improving family living conditions in the "New Lands" (Bangar il Sukkar and Boustan Phase I) by establishing and improving some cottage industries to benefit women of those areas This project is known as the Rural Cottage Industries Development (RCID) project In addition, the RCID project will include a specific training package for the AAHE designed to increase their project management capabilities This will be done through the provision of ACDI technical assistance to the AAHE during the course of implementing a small enterprise development training and credit project in the "New Lands" In order to achieve the objectives of improving rural women's status through the business, training and credit program, and through the AAHE institution building program, ACDI and AAHE agree to fulfill the conditions described below

The RCID project is envisioned as a five year effort Phase I will be implemented from January 1994 until September 1995 If funding is obtained, Phase II will be implemented from October 1995 until September 1998 This agreement is for the first Phase only, and can be renewed by mutual agreement of both parties

ACDI-AAHE AGREEMENT
RCID PROJECT

ACDI Inputs

A. With funding from AID/NCNW, ACDI will provide support for the two year RCID project, as detailed in the project budget (Attachment I) Implementation is planned according to the text in the project summary (Attachment II) Both attachments form an integral part of this agreement

B Resources for the project will include two project vehicles, project office furniture, training and credit program costs (including a revolving loan fund of L.E 300,000), as well as operating costs including a project staff of 12 people

C As the conduit for AID/NCNW funding, ACDI assumes primary responsibility for the financial management and monitoring of RCID project expenditures This includes design and maintenance of records, approval of payments, maintenance of bank accounts, submission of reports, and periodic auditing and financial analyses ACDI will provide assistance to help rural women establish small enterprises through implementing a training and credit program, as well as to the AAHE members in acquiring skills for RCID financial management and administration.

D ACDI will employ a Project Director who, in coordination with AAHE Board Members, will be primarily responsible for the RCID project implementation, and a Project Advisor who, in coordination with the AAHE President, will be primarily responsible for AAHE capacity building to expand AAHE activities. These two employees, in coordination with the AAHE Board Members, will oversee RCID project implementation in such a way as to ensure that AAHE familiarizes itself with all aspects of project design and management in order to assume oversight of the project

E As the recipient of AID funding, ACDI will liaise with the grantor office, the National Council for Negro Women (NCNW), on all RCID-related communications

F ACDI, in coordination with the AAHE, will be responsible for completion and submission of all RCID-related narrative and financial reports to the donor agency

AAHE Inputs

A. Coordination with the Project Advisor and Project Director in supervising the RCID project.

B Mobilization of full membership support and understanding of the RCID project through.

1 Formation of RCID project-related committees to support aspects of RCID project implementation. At a minimum, a project monitoring committee comprised of the full AAHE board should be formed. Other committees comprised of one board member and at least three general members shall be formed as the need arises These other committees will be concentrate on specific aspects of project implementation such as training or credit delivery, for example

2 Committee participation in Capacity-Building workshops and meetings coordinated by the Project Advisor, with the AAHE Board President, (outlined in Attachment III) requiring a weekly time commitment of 2 hours from board members and bi weekly time commitment of 2 hours for other committees

3 Enhanced RCID project related communication within the AAHE via the presentation of quarterly progress reports by each committee to the Board, and the publication of a quarterly

Signature

**ACDI AAHE AGREEMENT
RCID PROJECT**

newsletter circulated to every member of the AAHE

C Provision of in-kind project related inputs summarized in monthly reports consisting of

- 1 Office space for the RCID project staff
- 2 Usage of Janitorial and kitchen staff assistance
- 3 Utilities for office (electricity, gas, and water)
- 4 Parking space for two vehicles
- 5 Building badges for staff
- 6 Usage of kitchen and bathroom facilities for project staff
- 7 Training facilities, conference room, and large Meeting Room.

D Registration and Establishment of Procedures for Employment of Staff

- 1 AAHE agrees to fulfill all steps necessary to register AAHE for the employment of 10 RCID staff, and, via AID/NCNW funding, to provide them with all benefits outlined in the project budget

AAHE, in consultation with the Project Management Team, also agrees to develop and maintain appropriate personnel policies necessary for the management of the RCID project staff to be employed through the AAHE in accordance with Egyptian law and AID regulations

ARTICLE II GENERAL CONDITIONS

ACDI and AAHE agree to the following general conditions

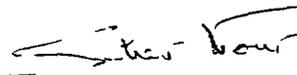
A. All property funded through the project is to be used for RCID-related purposes only, in accordance with ACDI policy

B If reasonable and adequate progress has been made towards fulfillment of project goals at the end of the RCID project, the current phase and any follow-on phases, titles to property funded through the RCID project and responsibility for the revolving loan fund shall be turned over to the AAHE

C The AAHE President, as well as the project management team (comprised of the Project Director and the Project Advisor) will maintain copies of the office keys

ARTICLE III TERMINATION

This agreement may be terminated (1) by ACDI for cause at any time, in whole or in part, (2) upon written notice by either party, of failure to comply with the terms and conditions set forth in this agreement, or (3) by mutual consent. If at any time, the sub-grant is terminated for cause, convenience or suspension, this agreement will also be terminated



ACDI AAHE AGREEMENT
RCID PROJECT

ARTICLE IV ATTACHMENTS

- Attachment I Budget
- Attachment II Project Summary
- Attachment III AAHE Capacity Building Workshops

ARTICLE V COMPLETE AGREEMENT/AMENDMENTS

This agreement, together with the Grant and any amendments, appendices, attachments, or regulations, present or future, incorporated herein by reference, constitutes the full and complete understanding of the parties. No modification or addition to this agreement shall be effective to bind the parties hereto, unless it shall be in writing and signed by the parties or their authorized representative.

ARTICLE VI. COMMUNICATIONS BETWEEN ACDI AND AAHE

Official communications regarding this agreement shall be addressed to

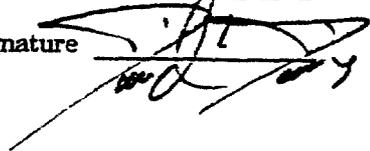
Sarah Jackson
ACDI Associate Director
53 Manial Street, P O Box 51
Manial El Roda 11451
Caro, Egypt

Dr Soheir Nour
AAHE Chairman, Fac. of Agriculture
Department of Home Economics
University of Alexandria
Alexandria, Egypt

IN WITNESS WHEREOF, THE PARTIES HERETO HAVE EXECUTED THIS AGREEMENT,

AGRICULTURAL COOPERATIVE
DEVELOPMENT INTERNATIONAL

ALEXANDRIA ASSOCIATION
FOR HOME ECONOMICS

Name DAVID L. DAVIES
Title VICE PRESIDENT - MENA
Date 28 MARCH 1994
Signature 

Name Soheir F. Nour
Title Head of the Association
Date 28/3/1994
Signature Soheir Nour

RCID PROJECT SUMMARY

"Rural Cottage Industries Development" (RCID) Project

I. PROBLEM STATEMENT

Development operations are now receiving greater attention in the whole world, especially in developing countries, for integrated, sustainable development projects. Women usually have a major role in development, since they constitute 50% of the population. Women usually participate in agriculture and home based rural industries and other activities

The goals of the AAHE are to improve the abilities of recent graduates to implement income generating programs especially by women.

As is known about development projects, especially when implemented in newly reclaimed desert areas, development efforts confront several problems, particularly in economic and technical areas. Among the economic constraints are problems with infrastructure, transport and establishment of markets. To address these problems, a tremendous amount of resources are needed in the areas of training, technical assistance and credit.

II. ACTIVITY DESCRIPTION AND CONTEXT

1. Purpose and objectives

The overall goal of the RCID Project is to increase the participation of women and local associations in rural economic development in Egypt. Within this framework, the project has two purposes with their respective targeted outputs

Objective 1

To strengthen women's ability to establish and operate viable rural enterprises through conducting field studies to get acquainted with the human, social and financial conditions which apply to the project area. This will help in identification of the kinds of projects that can be implemented and establish the foundation for more detailed feasibility studies and work plans. This objective can be achieved through.

- Output 1 500 women in targeted project areas trained to identify business possibilities, conduct feasibility studies and develop business plans
- Output 2 300 entrepreneurs assisted in the creation or expansion of enterprises, operated by women owners trained to plan production to meet orders, produce to quality standards, keep financial and non-financial records, accurately cost and price goods and services.
- Output 3 Viability of enterprises assisted by the project demonstrated by increases in sales and income
- Output 4 200 initial or repeat loans provided to enterprises participating in the project, increasing access to start-up and operating capital

RCID PROJECT SUMMARY

Output 5 Improved access to market through market database, marketing strategies, marketing groups, or retail outlets

Objective 2

To enhance the capacity of local organizations to plan and manage training, technical assistance and financial schemes to promote rural women's enterprise development leading to

Output 1 Capacity to implement the RCID project created within the Alexandria Association of Home Economics (AAHE), enabling them to achieve their goals through the implementation of the RCID Project and helping them to deal with and train rural women.

Output 2 Increase the management capacity of the AAHE to identify new project possibilities and mobilize human and financial resources

Output 3 At least two rural branches of AAHE created to enable women to work together and facilitate members' access to services.

Output 4 Courses and manuals developed and in use by the AAHE, with staff trained and participating in delivery of entrepreneurship and business-skills training Improving effectiveness of AAHE to train the beneficiaries in managing businesses

Output 5 Replicable Revolving Loan Fund managed by AAHE, demonstrating capacity to deliver financial assistance through project appraisal and approval, and portfolio management and follow-up

Output 6. Sales point established and managed by AAHE, providing a market outlet for women's products.

2 Geographic

The RCID Project was designed to be implemented in two phases. The present phase will focus on the New Lands (south and west of Alexandria), with emphasis in Bangar El Sukkar and Boustan, where the target beneficiaries will consist primarily of graduates and graduates' wives.

Within the New Lands, each of the two districts is unique Bangar El Sukkar is perceived as being the best of the two areas, given its proximity to the main road, higher quality land, better irrigation facilities, and more established services. In Boustan, land and services are also perceived as being fairly good, and the graduates population is more stable, due to a number of factors. they come from distant areas so back-and-forth traveling is more costly; the irrigation system in the area requires that they be present on a more frequent basis, and many of them are married to other graduates and reside permanently on the land.

Each of the two targeted areas within the New Lands has between 10 and 40 villages Rather than target specific villages, however, the project will aim to target clusters of

RCID PROJECT SUMMARY

villages, expanding the benefits of the project to a wider geographic area and ensuring that sufficient numbers of beneficiaries participate in the activities

3 Beneficiaries

The AAHE Board and Members will benefit from the association-building component of the project as the organization is strengthened its ability to identify and implement projects, mobilize resources, and provide additional services to its members.

The enterprise development component of the project will primarily target graduates and graduates' wives in Bangar El Sukkar and Boustan. The project will aim to train 500 women in identifying business possibilities, conducting feasibility studies, and developing business plans. Of this group, 300 entrepreneurs will be assisted -- through training and technical assistance in the areas of planning production, quality control, record-keeping, and costing and pricing -- in the creation or expansion of their enterprises, 200 of which are expected to receive loans from the Revolving Loan Fund.

III. ENDORSING GOE AUTHORITY

Ministry of Agriculture

IV. IMPLEMENTATION STRATEGY

1 Narrative Description.

The RCID Project will provide training, technical assistance and credit funds to women in the New Lands west of Alexandria to enable them to start or expand small, home-based businesses. This package of assistance will be managed by the Alexandria Association of Home Economics (AAHE), an urban-based, academically-oriented EPVO interested in developing a more action-oriented program and linkages with women in rural areas. Linkages between AAHE and rural women will be made through creation of local AAHE chapters, which will provide members with an associative structure absent in the rural areas and a focal point for delivery of enterprise-development support services.

Recognizing that AAHE does not currently have the institutional capability or technical expertise to implement the proposed package of assistance, project staff will be hired -- under AAHE auspices and with ongoing ACDI guidance -- to provide training and technical assistance to rural women. AAHE's training capacity will thus be significantly strengthened over the life of the project.

Key components of the RCID Project are described in the following sections

a. Institution-Building AAHE/Headquarters

The RCID Project will provide the AAHE with the technical assistance and infrastructure that will enable the organization to manage a development project, and thereby gain experience in outreach and implementation of action programs. Office space will be provided by the AAHE and equipped through the project, vehicles will be provided to enable field activities. A project-implementation unit will be set up to carry out the RCID project, but it is intended to be sustained

RCID PROJECT SUMMARY

through funding for additional projects secured by the AAHE as it develops project design and proposal-writing expertise

The Project Advisor will work with the Board and staff of AAHE over the life of the project on organizational development, first to define responsibilities of executive and administrative officers, and then to develop job descriptions, strategies and work plans. One- to two-day workshops or retreats for board and staff will be held on topics including functions of Board Members, proposal writing, project planning, team building, project management and follow-up, community development/outreach.

The Project Advisor and Project Director will work closely with the staff and board of AAHE to develop program management and monitoring systems. These systems will include a computerized Management Information System (MIS) developed by outside specialists, and training to enable staff to enter and analyze data. The MIS will be structured to track key purpose-level indicators and outputs, especially related to enterprise creation and credit.

Service provision is a key feature of an effective association. In addition to the training provided by the AAHE, development of small-business support services for members will focus on marketing, which has been cited as a key constraint by women in the New Lands.

b Association-Building: AAHE Local Chapter

At present, the AAHE is centralized in Alexandria, and lacks a framework for operating in rural areas. At the same time, women in the New Lands have tried to form village associations, which have fallen apart after several months. Among the reasons for failure is lack of guidance in organizing groups and activities. Creation of local AAHE chapters would help AAHE forge links with rural areas, while integrating rural women into a larger system that could support their organizing, delivering training, technical assistance and credit, and possibly as a basis for other group activities, such as collective marketing.

c Enterprise Development

Assistance to women entrepreneurs in the targeted project areas will be provided through an integrated package that combines training, one-on-one technical assistance, financial and marketing assistance. This strategy has been designed to overcome the problems faced by women in the New Lands, as well as problems common to new businesses in general. The components that make up the enterprise development strategy are described in the following sections.

Baseline Data Collection

Information on communities, individual entrepreneurs and markets will be critical to the RCID Project. First, data will provide a baseline for measuring changes in individual businesses and communities if studies are updated regularly. Second, information will constitute the basis for data banks to assist entrepreneurs in learning about available resources and analyzing the state of their own businesses.

RCID PROJECT SUMMARY

The three major data-collection activities planned in conjunction with the project are community resource survey, enterprise/ household economic profile, and market information data bank. They will provide needed information for purpose-level monitoring of project activities.

Training and Technical Assistance

The RCID Project will provide phased training and technical assistance through a three-step program. Each step focuses on a key stage of new enterprise development

- entrepreneurship assessment
- * business planning
- business start-up

Program components, including orientation and follow-up, are described in the following sections

Orientation

Orientation will begin at the outset of the RCID Project, through visits by AAHE Members and Senior Project Staff to representatives of the Agency for Development and Graduates Affairs of MOA (ADGA), local Government and key Ministries (Agriculture, Social Affairs), to explain the project and explore strategies for collaboration in outreach to village women.

During the initial months of implementation, the Field Assistants, accompanied by MOA Women's Extension agents, will begin to contact women through village visits, including both personal contacts (e.g., door-to-door campaigns) and meetings in individual villages or clusters of villages, to discuss project activities. These visits will be coordinated with outreach efforts related to creation of AAHE chapters, women leaders who show interest in forming chapters will be recruited to assist in overall project outreach. Prior to starting the training and technical assistance activities in each project area, orientation meetings will be held to explain the program, and possibly register participation for Step 1 of the program.

Step One Entrepreneurship Assessment

Before investing time, effort and money into developing an idea or sporadic income-earning activity into a business, prospective entrepreneurs should decide whether they have the motivation, determination, and resources -- as well as a sound business idea -- to survive the perils of start-up. The Project will try to choose participants with the greatest chances of success, primarily by fostering a process of self-selection.

The RCID Project will begin its training program with a short Entrepreneurship Assessment Workshop. Topics to be covered in the workshop will include assessment of entrepreneurial characteristics; identification of available and needed resources, elements of feasibility study

At the end of the workshop, participants will decide if they should pursue a business idea, and identify one or more possible products that they will study during the second step

Step Two Business Planning

Entrepreneurship Assessment will be followed by a six-week Business Planning sequence. During this phase, participants will go through the steps of a feasibility study, receiving two forms of guidance

One classroom training session per week on topics that will include market survey; start up and operating costs, costing and pricing; cash-flow analysis, production planning. Participants will be given assignments to work on outside the classroom (collecting information or making calculations)

A one-on-one advisory session per week, to ensure that participants are applying what they have learned in training and completing their assignments. These sessions can be carried by training staff, field assistants and women who have successfully completed earlier courses. To minimize logistical pressure on advisors, sessions would be held in a classroom rather than at the site of participants' businesses

This step will result in a completed feasibility/market study, and a business plan which can be used as an application for financing

Step Three Business Start-up

Business Start-up will follow directly after planning. It will last for about 3 months and will include

classroom training sessions (one per week or as needed) on topics including bookkeeping/accounting; non-financial record-keeping; inventory control, quality control, promotion and packaging; marketing. Based on interest and observed needs, demonstrations of specific production techniques will be included.

individual, on-site advisory visits, to help participants incorporate what they have learned in training into their operations, and discuss problems encountered. Attempts will be made to visit each participant weekly, but frequency will depend on the client load and total advisory manpower available (including Field Assistants, trainers and Women's Business Advisors.)

Follow-up

The training and technical assistance described above guides new entrepreneurs through only the first four months of business start-up,

RCID PROJECT SUMMARY

project designers recognize the need for on going assistance and follow up. Therefore, the project will include a follow-up program, which will include at least one site visit per quarter to participants through their first year. As WBAs are recruited and trained, they will be expected to assume an increasingly active role in these visits. Follow-up also will include refresher courses and workshops, organized on the basis of needs observed during site visits.

Revolving Loan Fund

The Revolving Loan Fund (RLF) of the RCID Project provides a flexible response to needs for start-up and operating capital, and is designed to allow maximum local-level decision-making and management that involves women to the fullest extent possible. The fund will total LE 300,000. The RLF will be able to cover basic costs and generate a monthly surplus based upon the available financial analysis.

RLF Terms

The specific terms for RLF loans will be finalized during the first quarter of project implementation.

Marketing

Responding to observed and stated needs for information and assistance in marketing, the RCID project includes activities that address these needs. In general, they are directed at helping women do their own marketing, rather than selling products for them, however, some direct marketing assistance will be provided. Efforts will focus on development of market information to assist women in contacting retail outlets. In addition, modules on assessing market demand and on promotion and marketing, will teach women how to interview both consumers and retailers about interest in their products.

In addition to information-collection and training, the AAHE will take primary responsibility for two activities that will provide marketing services to its members:

- * Building on its network of contacts, AAHE will develop a directory of retail outlets in Alexandria and Agami, which will be made available to members of rural branches. This will help overcome difficulties faced by women in the New Lands in determining where appropriate outlets are located, however, women will be expected to make contacts with shopkeepers themselves.
- * To help develop product recognition, AAHE will open a retail outlet in Alexandria in year 2. It will be run as a for-profit shop, featuring food and craft products, it will work like any other retail outlet that women sell to (producers will be expected to transport their goods to market). To reduce initial costs, it will

RCID PROJECT SUMMARY

be staffed by volunteer members of AAHE/Alexandria, as business develops, profits will be expected to cover the salary of a full-time manager

2 Strategy and Approach.

The keystone of the RCID Project is a two-pronged strategy, to simultaneously assist women entrepreneurs and the organizations that support them. The enterprise development activities could be implemented as a stand-alone project by ACDI, and would provide a valuable service to rural women, however, in the context of collaboration with AAHE, it takes on additional value as a "learning by doing" tool for an Egyptian PVO interested in developing service-delivery capacity

Institutional

The AAHE Board will participate in all aspects of the project implementation, management, financing, monitoring and evaluation. With assistance from ACDI the Board will be responsible for securing office space and hiring staff, defining job responsibilities and providing guidance to AAHE staff, creating local AAHE chapters, assisting with marketing and production skills training for women entrepreneurs, planning for Phase II, and ongoing monitoring

Entrepreneurs

Women entrepreneurs who benefit from the project will contribute to its implementation as well. As they become incorporated more fully into the program, they will participate in data collection, particularly for the community resource and retailer surveys. These surveys will not only provide them with useful information for their feasibility studies and marketing, but will establish a useful databank for the project to assess progress in achieving its objectives

3 Implementation Plan.

Attached is the implementation schedule

V MONITORING AND EVALUATION PLAN

Monitoring and evaluation will be carried out at several levels through a number of on-going and structured events. Assessment will be made on the basis of informal contacts, regular meetings and written reports

A key mechanism for monitoring overall progress will be a Project Steering Committee, which will meet quarterly to review targets, activities and issues of interest to the Project. The final composition of the committee can be expected to include at least one representative from each of the following organizations: UMI, ACDI, the AAHE Board of Directors, The Ministry of Agriculture

A Computerized Management Information System (MIS) will be housed in project Headquarter in Alexandria, under the supervision of the Project Director. Staff will be trained to enter and analyze data. The MIS will be structured to track project activities as well as expenditure

RCID PROJECT SUMMARY

Monitoring activities will be designed to ensure a continuous process of feedback on achievement of project purposes, outputs and impact. ACIDI-level monitoring will be carried out through meetings of the project steering committee, and regular site visits by the ACIDI Regional Representative or Resident Program Coordinator. The purpose of these visits will be to discuss workplans, and to review with the Project Director, Advisor and AAHE Board Members, AAHE's progress toward achievement of targets, and issues concerning project implementation.

Field level monitoring will be carried out on several levels by project headquarters staff and AAHE through visits to the project sites.

Baseline for monitoring and evaluation will be provided through Annual Work Plans prepared by the Project Manager and Advisor in conjunction with AAHE staff. These will be based on the outputs described in this project description, and supplemented by individual workplans prepared by Project staff.

Evaluation Plan.

The mid-term assessment and the final evaluation will be organized by UMI and ACIDI and should attempt to assess two components.

ASSOCIATION-BUILDING COMPONENT

Increased AAHE capacity in the following areas

Project Implementation, measured by the AAHE's understanding of and involvement in the implementation of the RCID Project, and by their ability to identify and plan other activities in line with their organizational mission to improve living standards in Egypt.

Organizational Management, measured by the acquisition of legal status, the development of administrative procedures, the ability to hire and supervise staff, and the Board's understanding of their role.

Member Services, measured by the establishment of one or more local AAHE chapters, the creation of marketing services, the expansion of membership, the commitment and support of members, and the identification of new activities to serve members.

Financial Sustainability, measured by the establishment of relationships with donor agencies, the identification of new projects, and the mobilization of additional financial resources for this project and for other AAHE activities.

ENTERPRISE DEVELOPMENT COMPONENT

The Establishment of Successful Enterprises, measured by the number of enterprises established or expanded by groups or individuals, and by the sales, income, employment, and investment generated.

The Acquisition of Business Skills by the Target Population, measured by their ability to generate business ideas, conduct feasibility studies, plan production to meet orders, produce to quality standards, keep accurate financial and non-financial records, accurately cost and price goods and services, and effectively market products and services.

RCID PROJECT SUMMARY

The Establishment of a Successful Loan Fund, measured by the number of loans extended and repaid, and by the ability of the fund to become self-sustaining

The Creation of Marketing Services, measured by the establishment of a market data base, the development of market strategies, and the establishment of marketing groups and/or outlets, including local AAHE chapters

VI ACTIVITY SUSTAINABILITY

Both purposes of the RCID project are expected to be sustainable. Successful implementation of the project will not only strengthen the immediate project beneficiaries' "ability to establish and operate viable rural enterprises," but will also create a critical mass of women who can serve as a role models and advisors to other women in the future who decide to start their own businesses. Similarly, by undertaking an in-depth process of institution-building with the AAHE, it will be able to "plan and manage training, technical assistance and financial schemes to promote rural women's enterprise development."

The project has been designed to ensure the sustainability of the outputs. As indicated earlier, the Training and TA program related to enterprise development is tailored to meet the unique needs of new and prospective entrepreneurs. By providing intensive training and ongoing technical assistance, coupled with loans as needed, the project will be established a solid foundation for the success of the enterprises created and expanded under its auspices.

By charging market-based interest rates, accounting for inflation and possible defaults, and incorporating a minimal fee structure, the RLF will be protected against decapitalization and is expected to be active beyond the life of the project.

And finally, the AAHE will be sustained and even expanded as it begins to identify additional projects and funding sources. Toward the end of the first phase of the RCID Project, as the AAHE track record is established, the Project Advisor will assist the Board and the Project Director with project design, proposal writing, and donor identification, enabling it to mobilize other financial resources and initiate additional activities.

Project Activities	Q1	Q2	Q3	Q4	Q5	Q6	Q7
<u>Establish Project Office</u>							
1 Secure space	*						
2 Hire Staff	*						
3 Procure Equipment Vehicles	*						
4 Develop Office Procedures Systems /	*						
5 Set up accounting System	*						
6 Finalize Job descriptions Roles	*						
<u>Institution Building AAHE HQ</u>							
1 Board/Staff Workshops	*						
Project Orientation	*						
Board member Functions	*						
Team Building	*	*					
Project Management	*		*				
Community Development/outreach		*					
Project Planning		*					
Proposal Writing					*		
Resources Mobilization					*		
Phase II Planning						*	*
Monitoring Techniques		*		*			
2 Ongoing TA in all of above	*						
<u>Creation of Local AAHE Chapters</u>							
1 Develop strategy		*	*				
2 Train outreach agents		*	*				
3 Awareness campaign		*	*	*			
4 Develop Chapter Bylaws etc		*					
5 Establish chapters			*	*	*		
6 Chapter Board Training			*	*	*		
<u>Enterprise Development</u>							
1 Base line data collection							
1 a Community resources Survey							
Review/Design Forms	*						
Field Test Forms		*	*	*	*		
Train FA as Surveyors		*	*	*	*		
Collect Data		*	*	*	*		
Establish File & Retrieval system		*	*	*	*		
Update Data						*	*

Project Activities	Q1	Q2	Q3	Q4	Q5	Q6	Q7
1 b Enterprise/Household Profiles							
Review/Design Forms		*					
Field Test Forms			*				
Train FA TR as Surveyors				*	*	*	
Collect Data							
Establish File & Retrieval system		*					
Update Data						*	*
1 c Market Information							
Review/Design Forms		*					
Field Test Forms			*	*	*		
Train FA Surveyors			*	*	*		
Collect Data			*	*	*		
Establish File & Retrieval system			*	*	*		
Update Data						*	*
2 Training and TA							
Develop Curricula Materials manuals	*	*					
Field Testing		*					
Train Trainers	*	*					
Awareness Campaign		*					
Entrepreneurship Assessment sessions		*	*	*	*	*	*
Business Planning Sessions			*	*	*	*	*
Production Skills Training			*	*	*	*	*
Follow-up & TA		*	*	*	*	*	*
3 Revolving Lan Fund							
Finalize RLF terms	*						
Develop RLF policies procedures manuals Systems etc	*	*					
Train Loan Officers		*	*	*			
Begin Lending				*			
Continue Lending					*	*	*
Follow-up & TA		*	*	*	*	*	*
4 Marketing							
Develop directory of retail outlets in Alex & Agam			*				
Open AAHE retail outlet					*		
Monitoring & Evaluation							
1 MIS							
Design (MIS)	*	*					
Train Operators (MIS)	*	*					
Input Data		*					
2 Field Visits	*	*	*	*	*	*	*
3 Monthly Progress Reports	*	*	*	*	*	*	*
4 Quarterly Progress Reports	*	*	*	*	*	*	*
5 Training Evaluations		*	*	*	*	*	*
6 Mid-Term Evaluation				*			
7 Final Evaluation							*

AAHE CAPACITY BUILDING WORKSHOPS

The following are basic topics to be covered through presentations by Project Advisor, other staff members, or outside consultants. In addition, there will be informal meetings, readings and discussions related to the work of each committee

For all committee members

A. Project Design and Proposal Writing

- Development Project Philosophies
- Needs Assessments
- Goals and Objectives
- Implementation Plans
- Monitoring and Evaluation Plans
- Budgets

B. Field Support

- Effective Training Techniques (TOT)
- Participative Evaluation Techniques (PRA and others)
- Association-Building techniques

For Project Monitoring Committee (full Board) only:

A. Management

- Legal and Financial Authorities
and Responsibilities, Registration
- Development of Personnel Policies
- Development of Communication Systems
- Financial Management, Budget Control
- Fundraising
- Strategic Planning
- Setting Goals/Mission Statement



Agricultural Cooperative Development International

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June 29, 1996

Dr Soheir Nour
Chairwoman
Alexandria Association of Home Economics
Faculty of Agriculture
Department of Home Economics
University of Alexandria
Alexandria, Egypt

Subj Rural Cottage Industries Development (RCID) Project

Dear Dr Soheir

As the first phase of the Rural Cottage Industries Development (RCID) Project draws to a close, I would like to thank and congratulate you and your AAHE colleagues for the successful implementation of activities aimed at increasing the participation of women and local associations in rural economic development in Egypt

The purpose of this letter is to express ACDI's desire to continue the collaboration between our two organizations formalized in the ACDI-AAHE agreement of March 28, 1994, and executed over the past two and a half years during the implementation of the RCID project

To the extent funding allows during the next three months (July 1 - September 30, 1996), ACDI will support activities that follow-up on the RCID project in three areas 1) refresher training for former RCID trainees, 2) capacity building training for the AAHE/Alexandria and its chapters in Bangar 11-Sukkar and Hammam, and 3) continuation of the credit program This support -- pending budget availability -- will be in the form of a Project Director/Trainer, funding for AAHE positions established during the RCID Project, and basic operating costs All other conditions as outlined in the March 28, 1994 agreement continue to apply

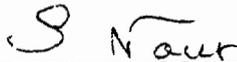
Dr Soheir Nour
June 29, 1996
Page Two

Please sign below to indicate your acceptance of extending the above-referenced agreement during this interim period. We look forward to continuing to work with you and hope that this time will serve as a fruitful "bridge" to ongoing collaboration on Phase II of the project as of October 1996, should funding be available for a longer-term extension of our activities.

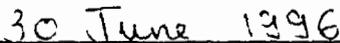
Sincerely,



David L. Davies
Vice President
Middle East & North Africa



Dr Soheir Nour



Date

APPENDIX B

Logframe

RCID PROJECT LOGFRAME PURPOSE I NEW LANDS WOMEN BUSINESS TRAINING

NARRATIVE	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
<p>GOAL to increase participation of women in rural economic development</p>	<p>Two new associations founded 20% increase in services and products offered through trainees businesses</p>	<p>Observation/final report Community Resource Survey</p>	<p>Cultural and transportation constraints do not overly inhibit growth of local associations and markets</p>
<p>PURPOSE To strengthen women's ability to establish and operate viable rural enterprises</p>	<p>300 businesses started or expanded 90 % repayment rate for those who received loans</p>	<p>Project financial forms tracking trainees profit and loss Loan records</p>	<p>Training TA and financial assistance in the RCID package will be sufficient for women to start and maintain viable businesses</p>
<p>OUTPUTS</p>			
<p>1) 500 women trained in Enterprise Assessment (EA) 2 day workshop 2) 300 women trained in Business Skills (BS) and Business Start up (BSU) 3) Market strategies developed 4) Credit program established</p>	<p>1) 500 trainees complete business viability exercises 2) 300 women develop pricing strategies production plans and financial systems for their businesses 3) 2 new market outlets established 4) 300 women receive initial or repeat loans</p>	<p>Completed exercises Completed business plans financial systems production plans Observation/final report Loan records</p>	<p>There is a sufficient interest at the village level in forming women s associations and establishing or expanding businesses</p>
<p>ACTIVITIES</p>			
<p>1) Develop and deliver EA workshops 2) Develop and deliver Business Skills and Business Start up training 3) Develop market strategy 4) Establish credit program</p>	<p>1) 16 EA training programs with an average of 30 participants each delivered in EA 2) 10 BS and 10 BSU training programs with 30 participants each delivered 3) Regional marketing plans developed with input from AAHE and local women s groups 4) Credit methodology determined credit personnel hired</p>	<p>Training materials attendance records manuals Training materials attendance records manuals Marketing plans Credit forms</p>	<p>There are sufficient numbers of women present in the New Lands to constitute an adequate beneficiary group</p>

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RCID PROJECT LOGFRAME PURPOSE II ASSOCIATION BUILDING

NARRATIVE	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
<p>GOAL Increased participation of women in rural economic development</p>	<p>AAHE participates in the formation of at least two new women s associations in the New Lands AAHE attracts new membership and increases role of General Assembly members in project implementation</p>	<p>Observation Final Evaluation Membership records</p>	<p>AAHE is committed to devoting sufficient time and energy to increase its membership</p>
<p>PURPOSE AAHE capable of planning and managing training TA and financial schemes to promote women s enterprise development</p>	<p>AAHE participates in RCID project supervision AAHE writes new proposal for rural development and submits it to a donor for funding</p>	<p>Proposal document and letter of receipt from donor agency Meeting notes reflect AAHE participation in project decisions</p>	<p>AAHEE has the interest to pursue expansion of their action oriented program by approaching new donors</p>
<p>OUTPUTS 1) AAHE trained in project design and management credit delivery training methodology 2) AAHE established as agency which implements development projects and is trained in office management</p>	<p>1) AAHE committees attend planned workshops and presentations and complete assignments 2) AAHE participating in RCID office supervision</p>	<p>1) Completed workshop projects such as training plans project proposals and loan application forms 2) AAHE approval on project expenditures and notes reflect AAHE participation in office management discussion and decisions</p>	<p>AAHE will be able to carry out their supervisory and management functions AAHE is committed to developing an action-oriented program and will mobilize the human and other resources needed to contribute to project implementation</p>
<p>ACTIVITIES 1) Develop Project Agreement delineating AAHE and ACDI roles and expectations 2) Develop and deliver Institutional Skill Building (ISB) training program 3) Fulfill legal requirements and processes for AAHE employee registration</p>	<p>1) Agreement finalized and signed 2) Weekly workshops delivered covering ISB curriculum 3) AAHE registered</p>	<p>Completed agreement Training evaluations and manuals Registration confirmed</p>	<p>AAHE members have the interest and time to attend training sessions AAHE agrees to the terms of the project as detailed in the Project Agr MOSA approves the project</p>



APPENDIX C
Implementation Plan

REVISED RCID IMPLENTATION PLAN BY QUARTER

RCID PROJECT ACTIVITIES Q1 Q2 Q3 Q4 Q5 Q6 Q7

Establish Project Office

Secure space

Hire staff

Procure Equipment, vehicles

Develop Office Procedures

Set up Accounting System

Finalize Job Descriptions, Roles

Institution Building, AAHE/HQ

Board Workshops

Resource Mobilization

Board Member Functions

Team Building

Phase II Planning

General AAHE Workshops

Needs Assessments

Project Planning

Proposal Writing

Monitoring Techniques

Ongoing TA in all of above

Creation of Local AAHE Chapters

Develop Strategy

Awareness Campaign

Develop Chapter Bylaws, etc

Establish Chapters

Chapter Board Training

RCID PROJECT ACTIVITIES

Q1 Q2 Q3 Q4 Q5 Q6 Q7

Enterprise Development

Data Collection

Review/ Design Forms	x					
Field Test Forms	x					
Collect Data		x	x	x	x	x
Establish Database System	x					
Update Data		x	x	x	x	x

Training and TA

Dev Curricula, Manuals, Materials	x	x				
Field Testing	x	x				
Train Trainers	x					
Awareness Campaign	x	x				
EA Sessions	x	x	x	x	x	x
Business Planning Sessions		x	x	x	x	x
Production Skills Training		x	x	x	x	x
Follow-up and TA	x	x	x	x	x	x

Revolving Loan Fund

Finalize RLF Terms	x					
Develop RLF Policies, procedures	x	x				
Train Loan Officers	x	x	x			
Loan Disbursement			x	x	x	x
Follow up and TA			x	x	x	x

Marketing

Develop Directory of Retail Outlets		x				
Open AAHE Retail Outlet					x	

Monitoring and Evaluation

Design MIS	x	x				
Train MIS Operators	x	x				
Input Data		x	x	x	x	x
Field Visits	x	x	x	x	x	x
Monthly Progress Reports	x	x	x	x	x	x
Quarterly Progress Reports	x	x	x	x	x	x
Training Evaluations		x	x	x	x	x
Mid-term Evaluation			x			
Final Evaluation						x

NOTES FOR REVISED RCID IMPLEMENTATION PLAN

Following is a line by line explanation for changes in the Implementation Plan as compared to the plan attached to the NCNW-ACDI Grant Agreement.

1. Establish Project Office:

- "Hire staff" has been moved to Q2
- "Procure equipment, vehicles" has been extended into Q2
- "Develop Office Procedures" has been moved to Q2
- "Set up Accounting System" has been moved to Q2

Justification: Delays at project beginning detailed in First Quarterly Report. Also, vehicle procurement delay attributed to on-going customs dispute problems.

2. Institution Building:

Workshop delivery has been divided into two sections: 1) Project Skills (for all interested AAHE members), and 2) Management Skills, (for Board Members). These sessions will be delivered over a one year period, and have been scheduled to begin in Q2.

Justification: Lack of concentrated periods of time on the AAHE members' part necessitates spreading workshops over a longer period of time. Also, on-going training over longer period will provide more learning reinforcement as opposed to short term training.

3. Creation of Local AAHE Chapters

- Chapter creation has been moved to the second year of project implementation.

Justification: Informal women's groups will be the natural first step in the process of association building in the field. Once the women have more experience and confidence in working together, they can consider their options for more formal group registration.

- Specific mention of "Outreach Agents" has been dropped.

Justification: Due to the staff cuts which have significantly reduced the number of people available to implement the RCID program in the field, it is doubtful whether the resources remain to train and supervise Outreach Agents.

4. Data Collection

Treatment of the three data collection surveys mentioned in the



proposal has been consolidated under one heading. A Management Information System (MIS) consultant will reevaluate the data collection forms, and help design a system which is appropriate to the budget and staff the RCID project currently has at its disposal. Since the staff was cut from 24 to 12 employees, it is expected that some data collection activities will have to be curtailed or condensed. In particular, the Field Assistant role in survey administration may be much reduced, given that the deletion of two trainer positions will require increased involvement of the two Field Assistants in the Training Program.

5. Training and TA

- "Curriculum Development, Field Testing, Training of Trainers, and Awareness Campaign (Recruiting trainees) have been moved back by one quarter due to delays encountered in the first project quarter, as explained in the first Quarterly Report.

6. Revolving Loan Fund

- "Finalize RLF Terms" has been moved to Q2 due to delays in the first quarter

- "Begin Lending" and "Continue Lending" has been consolidated to "Loan Disbursement" for clarity's sake because the original plan has "Continue Lending" taking place before "Begin Lending".

7. Marketing

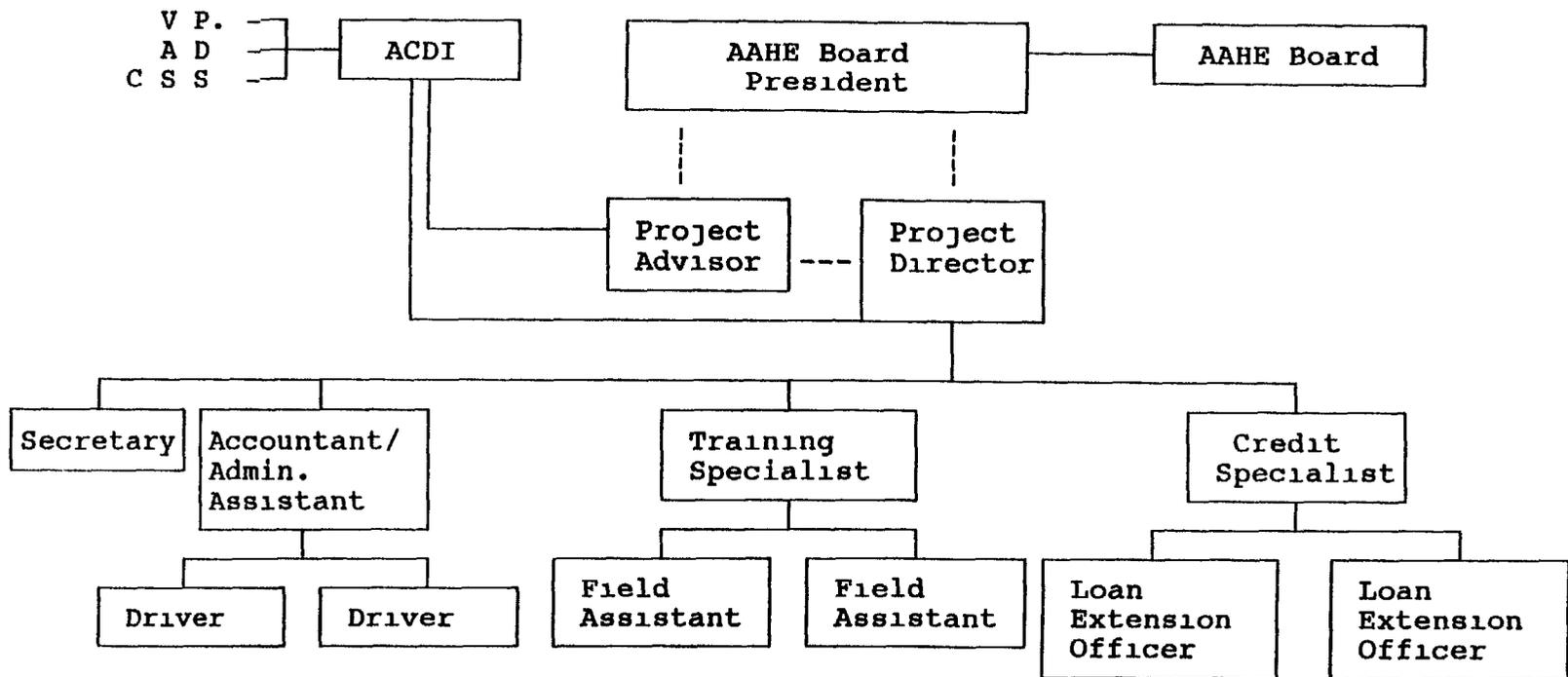
- "Develop Directory of Retail Outlets in Alexandria and Agamı" has been changed to "Develop Directory of Retail Outlets" only.

Justification: Because of staff cuts, creation of a directory for Alexandria and Agamı may not be feasible, however, marketing information will be generated in some form for use by the women undertaking or expanding their businesses.



APPENDIX D
RCID Organizational Chart

RCID PROJECT
PHASE I

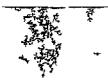


APPENDIX E
Training Statistics

RCID 3-MODULE BUSINESS TRAINING

DATES	REGION	CYCLE #	MODULE 1 # TRAINEES	MODULE 2 # TRAINEES	MODULE 3 TRAINEES
June-September, 1994	Bangar il-Sukkar, District 3	I	107	93	73
November 1994-January 1995	Bangar il-Sukkar, District 2	II	184	164	108
April-June 1995	Bangar il-Sukkar, District 1	III	261	107	91
July - October, 1995	West Hamam	IV	87	80	70
November 1995 -January 1996	East Hamam	V	73	66	42
March-May 1996	Mariout	V1	180	112	72
TOTALS			892	622	456

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APPENDIX F
Training Impact

% OF TRAINEES CLAIMING INCREASES IN RCID SURVEYS

INCREASES IN:	Cycle I	Cycle II	Cycle III	Cycle IV	Average
Inventory	49 00	32 00	46 00	33 00	40 00
Business activity	52 00	26 00	18 00	72 00	42 00
Marketing skills	83 00	85 00	90 00	100 00	89 50
Feasibility studies skills	79 00	85 00	91 00	100 00	88 75
Pricing and costing skills	88 00	84 00	88 00	100 00	90 00

INCREASES IN ASSETS AND EQUITY *

	Baseline	After 6 Mos.	LE increase	% Increase
Cycle I Assets	73,360 00	267,592 00	194,232 00	264 77
Cycle II Assets	43,150 00	203,761 00	160,611 00	372 22
Cycle III Assets	55,079 00	164,894 00	109,815 00	199 38
Cycle IV Assets	15,215 00	77,166 00	61,951 00	407 17
Cycle I Equity	48,530 00	147,326 00	98,796 00	203 58
Cycle II Equity	35,400 00	140,361 00	104,961 00	296 50
Cycle III Equity	53,079 00	112,694 00	59,615 00	112 31
Cycle IV Equity	7,215 00	34,666 00	27,451 00	380 47

* Numbers here are LE totals of business owners answering RCID surveys

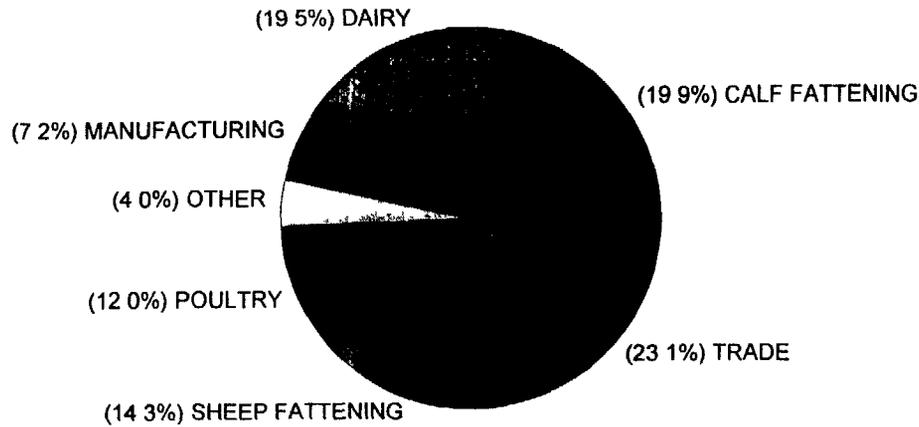
APPENDIX G

Credit Statistics

RCID LOANS - Through June 1996

TYPE OF LOANS	NO	TOTAL LE
CALF FATTENING	50	172,000 00
DAIRY	49	128,000 00
MANUFACTURING	18	51,100 00
OTHER	10	37,000 00
POULTRY	30	70,200 00
SHEEP FATTENING	36	93,000 00
TRADE	58	158,000 00
TOTAL	251	709,300 00

TYPE OF LOANS



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APPENDIX H

Highlights of AAHE Organizational Growth

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HIGHLIGHTS OF AAHE ORGANIZATIONAL GROWTH

Note Events organized and/or presented by RCID project staff unless otherwise noted

DATE	EVENT	PARTICIPANTS
June, 1994	RCID project field implementation begun in Bangar il-Sukkar Establishment of bi-weekly meetings with key RCID staff to review management issues	Board members attend opening ceremonies Board members
Summer, 1994	Weekly workshops on "Introduction to Development Projects"	20 board and general assembly members
August, 1994	First AAHE field trip for general members to Bangar il-Sukkar	15 workshop participants
September, 1994	Participation in UN Conference on Population and Development in Cairo	4 board members
October, 1994	Establishment of AAHE Committees for new project development, newsletters, and training courses Establishment of apprentice approach whereby individual board members meet with individual RCID staff members to learn about their jobs	Board and general members Board members
November, 1994	Financial Management Workshop presented by Delgawi Accounting Firm	Board members

December, 1994	Computer Training by Consultant Hani Mahdi	Board members
December, 1994	Organization of Fundraising Bazaars	Board and general member volunteers
January, 1995	Beginning of the Animal Health Care Training Project funded by Dutch Embassy	Two general members join the staff
March, 1995	ICA Training in Fundraising (Cairo)	One board member and one staff member
April and May, 1995	Business Training by Talaat Harb Center NCNW Workshop on Financial Management	15 board and general members AAHE staff member
June, 1995	AAHE raises funds to send Training Specialist to SED training in Cranfield, England CDS Training in "Social Dimensions of Health Care" (Cairo) "Conference on Participation of Women and Girls in Development" (Alex)	AAHE staff member One board member 4 Board members
August, 1995	Training of Trainers course Funds for publications offered by Freidrich Ebert Foundation Computer training Workshop in Paradox for Project MIS	20 AAHE members AAHE staff members

September, 1995	<p>Teambuilding Workshop</p> <p>Beginning of Maternal Child Health Care Training Project</p>	<p>20 AAHE members</p> <p>Several AAHE chapter member volunteers join staff</p>
October, 1995	ILO Conference on Development in the New Lands area	4 board members
November, 1995	<p>Management and Human Resources Training by Module Consultants</p> <p>Rural Development Management training in England with funds raised from British Council</p> <p>Chapter Development Consultancy/Planning Meeting with Nawal Hassan</p> <p>Project Design Training by Consultant Kamal Fahmy</p>	<p>20 AAHE members</p> <p>AAHE President</p> <p>AAHE Bangar 11 - Sukkar Chapter members</p> <p>Bangar 11 Sukkar Chapter members</p>
December, 1995	<p>Financial Management Training by Consultant Ahmed Mukhtar</p> <p>Caritas Conference "Sustainable Development in New Rural Communities in the Desert"</p>	<p>15 Board and general members</p> <p>Two board members and three general members/RCID staff members</p>
January, 1996	Training in "Management by Objectives" by GETRAC training firm	Board and general members

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<p>February, 1996</p>	<p>Planning meeting to resolve internal transportation problems in Bangar il Sukkar</p> <p>Financial Management Training by Hasan Hazem Firm sponsored by NCNW</p>	<p>Bangar il-Sukkar Chapter members</p> <p>AAHE Treasurer</p>
<p>March, 1996</p>	<p>ICA Strategic Planning Workshop for Bangar il-Sukkar Chapter funded by Friedreich Ebert</p> <p>AAHE awarded office space in Hamam district and holds chapter planning meeting</p> <p>Training in Environmental Program Leadership sponsored by Friedrich Ebert</p> <p>AAHE holds conference entitled "New Research in Home Economics and its role in Sustainable Development in Palestine Hotel, funded by Social Fund</p>	<p>30 Bangar il-Sukkar Chapter members</p> <p>20 Hamam women</p> <p>One AAHE Board Member</p> <p>Over 150 participants, 20 AAHE volunteers organize conference</p>

<p>April, 1996</p>	<p>Financial Training sponsored by NCNW held in Cairo</p> <p>Training in Gender Policy Planning sponsored by AFED held in Cairo</p> <p>Veterinarian Training with ICA in Beni Suef</p>	<p>AAHE Chairwoman</p> <p>AAHE Secretary</p> <p>AAHE Intern</p>
<p>May, 1996</p>	<p>Workshop on Women in Development organized by ICA in Cairo</p>	<p>One former board member, one general member</p>

<p>June 1996</p>	<p>Consultancy and manual draft for developing independent AAHE financial system</p> <p>Workshop by ICA on "Technology of Participation" (ToT) emphasizing Strategic Planning for Hamam Chapter</p> <p>Training in Financial Management/AID regulations given by NCNW in Cairo</p> <p>Roundtable discussion/workshop on NGOs and Law 32 by Saad e-Din Ibrahim of Ibn Khaldoun Center at NCNW, Cairo</p>	<p>AAHE Accountant trained in use</p> <p>15 AAHE members (including 2 board members) in phase one (June 16-20) with the addition of 15 Chapter members in Hamam during Phase II (June 24-27)</p> <p>AAHE Accountant</p> <p>Two board members</p>
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APPENDIX I

AAHE Institution Building Statistics

AAHE INSTITUTION BUILDING EVENTS - STATISTICS

YEAR	MONTH	EVENT	SUBJECT	DAYS	TRAINEES	PERSON/ DAYS
1994	July-Sept	Workshop	Development	13	20	260
1994	September	UN Conference	Population	5	4	20
1994	November	Training	Finance	1	5	5
1994	December	Training	Computer	2	4	8
1995	March	Training	Fundraising	2	2	4
1995	April-May	Training	Business	10	15	150
1995	May	Training	Finance	2	1	2
1995	June	Training	Development	20	1	20
1995	June	Training	Health Projects	4	1	4
1995	June-July	Training	ToT	5	20	100
1995	June	Conference	WID	2	2	4
1995	August	Training	Computer	2	2	4
1995	October	Conference	New Lands	2	4	8
1995	November	Training	Management	5	20	100
1995	November	Training	Rural Dev	15	1	15
1995	November	Training	Project Planning	1	15	15
1995	November	Training	Project Design	1	17	17
1995	December	Training	Financial Reporting	1	10	10
1995	December	Conference	New Lands	4	4	16
1996	January	Training	Management	3	15	45
1996	February	Training	Finance	1	1	1
1996	March	Training	Strategic Planning	4	30	120
1996	March	Training	Environment	3	1	3
1996	April	Training	Finance	4	1	4
1996	May	Training	Gender	3	1	3
1996	May	Training	Animal Husbandry	4	1	4
1996	May	Training	WID	2	2	4
1996	June	Training	ToT	5	15	75
1996	June	Training	Strategic Planning	4	30	120
1996	June	Training	Finance	5	1	5
1996	June	Training	Small Business	3	2	6
TOTAL				138	248	1152

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APPENDIX J
Credit Methodology

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RCID CREDIT METHODOLOGY¹

I. INTRODUCTION

The Rural Cottage Industries Development (RCID) Credit program must be understood within the larger context of the RCID project. The goal of this project is to increase women's participation in rural economic development. Phase I of this project concentrates on assisting women in the Bangar il Sukkar and Boustan regions of the New Lands/Mobarak Project in the Western Desert between Cairo and Alexandria.

The partner Egyptian NGO in this program is the Alexandria Association for Home Economics, based in the Faculty of Agriculture, University of Alexandria. Because this NGO is a relatively new and inexperienced, one of the goals of the RCID project is for the AAHE to learn as much as possible about project implementation, including the administration of a revolving loan fund. The management of the RCID credit program will accordingly be kept under the auspices of the AAHE, rather than through coordination with some other already existing credit program.

The project beneficiaries who will be receiving loans are women residing in the New Lands area, either female graduates and/or wives of male graduates attracted to the region through the Mobarak Project, or peasant women who have resettled in the area.

Because the project is taking place in the New Lands area, certain aspects of that environment can not help but influence implementation of the RCID project. For example, the New Lands area of Bangar il Sukkar and Boustan has attracted the assistance of a number of international PVOs, many of whom are offering credit at low interest rates. The average rate at the time of the drafting of the RCID credit program was 8%, making it impossible for RCID to charge much higher rates, and still have the number of clients needed. The fact that Bangar il Sukkar and Boustan have not been settled very long is another important factor, since it means that almost all enterprises assisted will be new ones, rather than expansions of existing businesses.

II. BORROWER PROFILE

Female graduates and wives of graduates, other female settlers of the New Lands. Loans will first be given to those women who have taken RCID training. If, later in the program, other women apply for loans who have not taken RCID training, they

¹ Note: The Notes signed by borrowers when taking loans are referred to as "notes payable" in the narrative, however, in the bookkeeping section, they are called "notes receivable" since they are regarded from the RCID Accountant's point of view in that section.

will also be considered if there is enough left in the loan fund after processing RCID trainees' loan applications

III PURPOSE OF LOANS GIVEN

- 1 Purchase of assets and working capital for agribusiness enterprises This includes, but is not limited to farming activities, processing of agricultural produce, and provision of support services related to agriculture
- 2 Purchase of assets and working capital related to trading and shopkeeping enterprises

IV. TYPES OF LOANS

- 1 Short term loans (period of up to 1 year)
- 2 Medium term (not more than 18 months)

V. LOAN MANAGEMENT

A The Role of the Bank

RCID loan funds will be retained in two bank accounts (a time deposit account which will earn 9.75% interest and a current account) These two accounts are located in the Misr International Bank, Alexandria Branch The time deposit account is renewed monthly, and contains all the funds not needed during the month for loan program activity

The current account is retained for doing the following

- 1 Making loans
- 2 Paying for loan program operational costs
- 3 Receiving loan repayments and interest from borrowers (one cumulative deposit by RCID credit staff containing all repayments collected during the week)

The amounts to be kept in the current account will be decided monthly based on cash flow needs The remainder will be redeposited into the deposit account in order for it to earn interest

The bank will not have any role in management and decision making related to the RCID program, nor any reporting responsibility beyond monthly account statements

B Loan Management Logistics

Once loan applications are approved, a check for the amount of the loan will be written on the current account. If borrowers have trouble cashing checks in the New Lands area, RCID staff can arrange transportation to the bank on a weekly basis.

Repayments will be collected in cash by the loan officers in the field, then deposited in the current bank account at the end of the week. Upon repayment, each borrower will receive a receipt with a carbon copy signed by the Loan Officer. The borrower will get the original, and the copy will be retained in the RCID project files. The Credit Specialist will issue receipts to the Loan Officers on a weekly basis for those repayments which will come due during the week. Required repayments from each borrower during each week will be calculated by the Credit Specialist, and a copy given to the loan officers along with the receipts for the week. Repayment records will be compared to number of receipts used at the end of the week. Borrowers' notes payable will also be cancelled and returned to them during the visit following the complete repayment of each installment.

Credit fund operational costs will be paid from the current account. These will be covered through the 3% administrative fee. The interest collected is to be applied to the loan fund to cover bad debts and inflation. All bookkeeping procedures for both loans and operational costs are to be undertaken by the Credit Specialist. Monthly financial reports will be produced under the supervision of the RCID Accountant/Administrator.

C Loan Fund Tracking and Reporting

Loan fund bookkeeping design, procedures and reporting will be designed by Delgawi Accounting firm and RCID staff. The Credit Specialist will bear primary responsibility for the accounting procedures related to the Credit program. He will make all bookkeeping entries, and will track percentages from interest repayments, in order to know how much has been collected which is allowed to be spent on operational costs. The rest of the interest will be recycled back into new loans. The Credit Specialist will also track each borrowers' repayment records, in order to act on delinquency if and when it occurs.

All original records related to the loan fund will be kept in the RCID office in Alexandria. Copies of documents relating to each borrower will also be kept in the RCID/New Lands office. Loan officers will be responsible for keeping each borrowers repayment file up to date. The Credit Specialist will enter repayment information onto the computer on a weekly basis, once a credit MIS system has been devised. The Credit Specialist will also prepare all documentation needed for the payment of operational expenses from the Loan Fund. Approval procedures for credit program expenditures will remain the same as for other RCID expenditures.

D Credit Staff

The credit staff consists of the Credit Specialist and loan officers (currently 1) Their duties are described in the attached job descriptions

The Number of loan officers are currently set at two, one for Bangar il Sukkar area and one for Boustan area Both are to be hired locally, so qualifications will be dependent on the local labor pool RCID project staff will request optimum qualifications (background in business, experience in credit), however will be limited by available applicants in the area The RCID Credit Specialist will provide training to the Loan Officer, however any business related problems encountered during the course of their collection and monitoring visits which are beyond the Loan Officer's scope of knowledge will be referred to the RCID staff

VI. LOAN CONDITIONS

1 Interest Rate

Rate for borrowers will be 13%

2 Interest rate calculations

10% simple (declining) rate, 3% administrative flat fees to be paid up front upon receipt of the loan A penalty fee of 2% on the remaining balance for every installment missed will be added to late payments To make monthly repayments simpler for the borrower, the interest payments will be calculated in advance, then divided equally over each repayment installment

3 Security/references

Security requirements will be in the form of pre-signed notes payable which will be returned to the borrower upon loan repayment There will be notes payable correlating to each repayment amount, and another note payable for the entire amount of the loan which will be returned once the entire loan is repaid

In addition, no loans will be made without RCID credit staff first checking with the village agronomist about the reliability and trustworthiness of the applicant and with the New Lands authorities to check that the applicant is a legitimate inhabitant in the area Because New Lands residents have come from areas throughout Egypt, and are relatively new in their communities of Bangar il Sukkar and Boustan, RCID staff feel that requesting recommendations from the New Lands officials who are familiar with all residents would be more appropriate than requesting them from applicants neighbors

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4 Loan Size

Study of the cash requirements of RCID loan applications has revealed that the average loan requirements fall into the range of L E 500 to 6,000 Maximum loan size for an individual through the RCID program will be set at L E 3,000 No minimum amount has been set

In the case of group applications, the maximum loan size will be L E 9,000 for a group Applicants for a group loan will be held jointly and individually liable for repayments In other words, if one partner is not contributing, the other partners will be held liable for the whole amount of the repayments

RCID will consider costs of borrowers property, facilities, and labor as an in-kind contribution to the total cost of the enterprise

Borrowers with a good repayment record will be eligible for additional larger loans

5 Repeat Borrowers Savings Requirement

Those borrowers who are applying for a second loan will be required to deposit 5% of the requested loan amount into a savings account until the loan has been repaid A survey of potential borrowers in the first group of RCID trainees indicated that a savings requirement for first loans would not be feasible

6 Repayment scheduling

Loan repayments will be scheduled according to the cash flow expectations of the project For example, if the borrower can not expect to have enough income from her enterprise to make repayments for two months, then a two month grace period will be arranged

VII LOAN PROCEDURES

- 1 Loan program will be presented to potential borrowers through the RCID Business Training sessions Applications will be collected at the beginning of the Business Start-up training component
- 2 Credit Specialist will review list of loan applicants, study each applicants' business plan and classify them according to type of loan.

Priority will be given to

- Short term, small amount loans

- Business with products or services for which a strong market exists within the New Lands and/or Alexandria area
 - Production which is needed within the New Lands community
 - Borrowers' previous experience in area of proposed enterprise
- 3 RCID loan officers will visit eligible applicants to review loan applications and answer any questions
- 4 Once applicants submissions are deemed to credit worthy by RCID credit staff, they will be investigated through informal interviews with the village bank, agronomist, and the New Lands Authority officials, however, their concurrence will not be a precondition for lending, nor will their official approval be required on the loan application. If poor review by any of these three is the only reason for turning down a loan application, the applicant will be informed of the poor rating, and have a chance to respond
- 5 Once applicants are accepted by an RCID Loan Officer, the Credit Specialist will prepare a credit memo outlining his assessment of the application
- 6 Credit memos and corresponding applications will be sent to the loan committee for final approval. The committee consists of the RCID Project Director, 2 AAHE members, the Credit Specialist, the RCID Accountant/Administrator, and a New Lands Authority representative. If a decision can not be taken unanimously, a simple vote will be taken. At least three members must be present before a meeting can be held
- NOTE Turn around time between receipt of loan application and referral to the loan review committee (where applicable) should not be more than two weeks
- Those applications rejected at any stage of the review process will be notified within a week
- 7 Those applicants approved by the committee will be contacted in order for them to fill out all required loan documentation forms
- 8 Once all documentation forms are completed, RCID credit staff will issue a check for the amount of the loan
- 9 Every borrower will have a personal file containing
- Personal information such as address, I D number, etc

- loan application
- loan contract
- Approved credit memo
- Signed Notes Payable from the borrower
- Copies of all receipts for repayments made by borrower
- Loan balance sheet recording status of loan disbursement and repayments
- Monitoring reports from the Loan Officers

VIII LOAN MONITORING AND COLLECTION

Loan monitoring will begin upon disbursement of loans. The loan officer will be responsible for bi-monthly visits to every borrower to assist in problem solving if necessary and to provide technical assistance. If problems encountered can not be handled by the Loan Officer, the case will be referred to the Credit Specialist and/or the Project Director and New Lands Authorities. Outside technical consultants may also be consulted.

Once repayments begin, the loan officers will schedule their visits to coincide with repayment dates, so that they collect installments according to schedule, and at the same time, offer follow-up advice to the borrowers. Each visit will be documented on a loan collection form, and comments or problems encountered will be registered in these reports. Loan Officer visits will be supplemented by visits from the Credit Specialist and other RCID staff (Project Director and Project Advisor).

The collection record of the loan officers themselves will also be monitored, and a good repayment rate will be rewarded by further incentives in the form of salary bonuses.

IX. DELINQUENCY PROCEDURES

Repayments will be carefully monitored by credit staff in order to track delinquent payments, if any. Loan officers will report any delinquency immediately to the Credit Specialist who will enact the following policy immediately.

Delinquency Policy

- 1 If a borrower misses one repayment, the Credit Specialist will pay a visit within the next week to determine the reason for non-payment and to help the borrower resolve any business related problems they may be facing. A verbal warning will be given at that time to the borrower.
- 2 If a borrower still does not repay within the second week, a letter from the AAHE will be delivered urging immediate payment.

- 3 If a borrower becomes three weeks late in a repayment, a letter from the AAHE legal advisor will be delivered, outlining the legal steps which can be taken against the borrower which will consist of cashing of the notes payable in most cases, as further legal action will most probably be expensive and ineffective
- 4 Concurrently with steps two and three, loan officers will visit the borrower and continue trying to resolve any business related problems contributing to delinquency, bringing in outside technical assistance where needed. If the problem can not be resolved, the Credit Specialist will try to negotiate a new repayment schedule with the borrower. This will be done in cases of both problems related to business set-backs, as well as other problems such as natural disasters, deaths/illnesses in the family, etc
- 5 If all measures above fail to produce positive results, AAHE may consider taking further legal action
- 6 If no repayments can be collected from borrower for a period of four months, and repayment can not be recovered through other channels mentioned above over the same time period, the loan will be considered "written off"

RCID CREDIT PROGRAM BOOKKEEPING SYSTEM

The RCID credit program uses the following documents to record and track credit related financial transactions

- 1 Journal Voucher
- 2 Prenumbered Repayment Receipts
- 3 Loan Disbursement Receipts
- 4 Receipt for Notes Receivable
- 5 Journal (big spreadsheet)
- 6 Borrowers ledger
- 7 Register for Notes Receivable
- 8 Loan Officers Monthly Collection Sheet

These documents are used as follows

1 Issuing a loan check

Once a loan is approved, a check will be prepared using the usual documentation as for all RCID payments. The Accountant/Administrator will prepare the voucher (DOC #1) and check, based on documentation submitted to him by the Credit Specialist (approved loan application, loan repayment schedule). At the time of issuing the check, the 3% administrative fee will be deducted from the payment, and credited to the loan operational fund. This transaction will be recorded in the Journal (DOC #5) kept by the RCID Accountant (which is in fact a large spreadsheet - one for each month).

2 Disbursing the Loan

Before handing over the loan check, the borrower will fill out a series of notes receivable (purchased in any stationary store) for each installment plus interest amounts owed dated to correspond with the repayment schedule. In addition, the borrower's guarantor will sign a note receivable for the entire amount of the loan plus interest. These notes payable will be recorded in a register (DOC #7 - more about this later).

Upon receipt of the loan check, the borrower will sign a loan receipt (DOC #3) which has three carbon copies. The original will be kept in the borrower's file, the borrower will keep one copy, and the accountant will keep one copy to be kept with the payment documentation. The final copy will stay in the receipt book to provide a chronological version of loan disbursement records.

3 Loan Tracking/Collection

The Credit Specialist (CS) will be responsible for recording all financial details concerning each loan into the Borrowers Ledger (DOC #6), which has a page for each borrower

Every month, the Credit Specialist will produce a list of all payments due through consulting the Notes Receivable Ledger (DOC #7) Notes Receivable corresponding to the month in question will be retrieved and consigned to the Loan Officer/s who will sign for the total amount of Notes taken (DOC #4) The Credit Specialist will also issue a booklet of pre-numbered cash receipt forms (DOC #2) The loan officer will then take the notes and the receipts on collection visits Upon full repayment of the amount due, the borrower's note receivable will be returned, and the Loan Officer (LO) will issue a receipt (DOC #2) for the amount of cash collected

On an as needed basis, the LO will deposit cash collected that day into the RLF current (checking) bank account If deposits can not be made directly by the LO, the CS will sign for the amount collected on the LO collection sheet and deposit it instead of the LO Deposit slips with explanations and breakdown are submitted as received to the Project Accountant/Administrator

Once a month, the CS will review collection records with the loan officer/s, and prepare a reconciliation report (DOC9) to be submitted to the project Accountant/Administrator with a copy for the CS file as well as one for the Project Director and Advisor The LO will have recorded all collections on DOC #8 At the time of this review, the CS will compare the total amount of repayments to the total amount of Notes Receivable issued to the LO The LO should turn in documents equalling this total in either the form of receipts (DOC #8) or unreturned Notes (DOC #4) The CS will also confirm check the numbers in the receipt book issued to the LO to see that the number of receipts turned in corresponds to the number left in the book After the reconciliation, the LO keeps a copy of the monthly record, and another copy is returned to the RCID office to be submitted along with the receipts to the RCID Accountant/Administrator

At the time of this monthly reconciliation, the CS will update his records in the Borrowers Ledger (DOC #6), or if done by the LO, review all entries, and sign his initials on the appropriate line in the Notes Receivable Register (DOC #7) to signify each full repayment entry The CS will also provide a summary of collection amounts (with installment plus interest breakdown) plus backup documentation (copies of cash receipts) to the Accountant in order for him to enter this income into the RCID books corresponding to the Loan fund account

If a borrower pays only a part of the total amount due, the LO can fill out a receipt for the amount paid only, but will not return a note receivable to the borrower

Note the receipts (DOC #2) also have three carbon copies. The original stays with the borrower, one copy goes into borrower's file, and another copy is attached to the documentation needed for the accountant to record the total number of repayments each month, and the third stays in the receipt book for a chronological record.

4 Accounting for Interest

Concurrently with other credit activities, the RCID Accountant will be recording loan interest amounts as they become due each month into the Journal (DOC 5). This cumulative figure will be supplied to the Accountant by the Credit Specialist who will combine the interest calculations made for each borrower in the Borrowers ledger (DOC 6).

APPENDIX K
Credit Consultancy Reports

Credit Program Consultancy

**Rural Cottage Industries Development Project
(RCID)**

USAID Grant No. 2017-SG-010

October 17, 1995

Prepared for:

Agricultural Cooperative Development International

by

Ronald R. Bielen

Credit Program Consultancy Rural Cottage Industries Development Project (RCID)

The purpose of the consultancy was to design a future scenario for the RCID credit program. Key questions requiring answers are contained in the attached scope of work. The primary question asks what the best disposition of the credit fund would be assuming funding beyond December 1995 is not available for RCID. The other key questions ask for specific points that develop the answer to the primary question. These questions are set in italics throughout the following text.

What is the feasibility of RCID credit program continuation under the AAHE's Auspices?

The credit program has been remarkably successful during the short time the program has been operational. The feasibility of continuation of the credit program under AAHE auspices rests on two considerations: financial and managerial. The financial dimensions are related to the costs of the program and the revenue generated to cover those costs. Before posing the financial question, the managerial question must be raised. Could the AAHE cope with the complexities of a credit portfolio and managing employees who would be required to work with the portfolio? Is AAHE equipped to handle the legal process required when collection efforts need to be pursued on defaulting loans? The credit program has involved AAHE board members on the loan committee (along with RCID Staff), however the balance of the credit process was the responsibility of RCID Staff, who were necessary because of the knowledge and training capacity they possessed in credit. RCID Staff also handled the accounting and administrative procedures necessary for administering a payroll system, with the proper treatment of items such as social insurance, health insurance and Ramadan bonus. It is not feasible for this work to be performed by volunteers, and the alternative would be for AAHE to hire the persons required for the management of the program. AAHE does not have the financial resources to hire and retain the persons required to manage the program. Due to financial and managerial constraints, continuing the present credit program solely under AAHE's auspices is not feasible.

One possibility of providing management to the AAHE credit component would be to leverage the management resources of a bank. Banks have existing management resources and systems that could be extended to handle the RCID credit program. Their

incremental costs in handling such a program would be much less than AAHE's (assuming AAHE had the financial resources to do so) The Principal Bank for Development and Agricultural Credit (PBDAC) was approached about handling the credit component, since it has a Women in Development (WID) credit program with terms nearly identical to RCID's PBDAC has a presence the RCID project area through the Bank for Development and Agricultural Credit (BDAC) in Alexandria. BDAC in turn has branches and village banks serving the Bangar il Sukkar area where RCID worked extensively Discussions with PBDAC, BDAC and village bank management indicated a willingness to administer the program. Scenario 1 A, attached illustrates the effect of utilizing PBDAC for supervision and accounting in the program, while utilizing the existing loan officers as employees of AAHE

*What would the minimal number of employees needed be?
What would be their responsibilities?*

Based on the projected pattern of loan disbursement, it is estimated that there would be 126 loans outstanding with a value of LE 300,000 at the end of 1995 when RCID funding is scheduled to end The revolving loan fund would contain about LE 331,000. A minimum of two credit officers are required to service the 126 accounts, an experienced credit specialist is required to train and supervise the credit officers, and an accountant is required to handle the fund accounting. Additionally, there should be a person working in a followup/internal audit function to verify that procedures are being properly followed, bringing the total of persons required to five The estimated gross monthly salary costs would be LE 5,972 (see Scenario 1 cover sheet, "Cost Structure" and Scenario 1 C "Additional Monthly Salary Costs"), far more than the LE 4,100 of projected income in Scenario 1 A. The five different persons would be required if lending were to continue in its present form whether or not PBDAC was used. Using PBDAC would leverage that organizations existing credit, accounting and internal audit persons since they would not be required on a full time basis for the RCID portfolio

How could they be sustained?

Five AAHE lending unit employees could simply not be sustained on income generated by a fund of LE 331,000 If a bank were involved, existing bank employees could be leveraged to provide services of three persons who are required for the functions of: credit supervision, accounting and followup/internal audit Scenario 1 C identifies the

total monthly salary for these individuals as LE 4,900. Instead, as illustrated in Scenario 1 A, continuing with the existing loan officers and using PBDAC for supervision and accounting, would be more cost effective. PBDAC would take 5% to handle this service, and at LE 1,225 for the first month the resulting savings would be LE 3,675 in the first month alone.

Using PBDAC in this manner for the lending program would be the most cost effective approach to continuing the present program, yet there would be monthly losses after one year of operation. After two years of operation, the monthly losses would have accumulated to the point that there would be a net cumulative loss. This is illustrated in Scenario 1 A, which ignores inflation. Inflation in Egypt is presently running at 9-10% depending on the source of the statistic so an analysis considering inflation was performed. Scenario 1 B illustrates the use of PBDAC to provide supervision and accounting and considers the impact of 9.4% annual inflation on the value of the loan fund. Inflation severely impacts the value of the loan fund, resulting in a monthly loss in real value of the loan fund in the very first month of operations. At the end of two years, the erosion in the real value of the loan fund would be LE 59,996, nearly one fifth of the initial value of the loan fund. (Scenario 1 B, p 2) It is not feasible to continue with the present lending program under AAHE either with or without bank involvement from both managerial and financial considerations.

If it is not feasible to continue the program under the AAHE, what is the recommended alternative? Should a bank be involved? If so, what would be the terms of their involvement?

Inflation and operating losses would both have depleted the real value of the loan fund. Should the lending program continue in its present form. One alternative that would maintain the value of the loan fund under present conditions is a guarantee mechanism. AAHE would phase out the direct lending program allowing existing loans to be repaid as scheduled. Loan funds as received would be, projected to be LE 331,000 on December 31, 1995 would be placed as a term deposit in a trust fund with PBDAC. Interest rates now are slightly over the rate of inflation, thereby preserving the purchasing power of the deposit. Since the alternative is losing approximately LE 30,000 per year of the loan fund's purchasing power when using it directly in lending, this mechanism can be an effective tool. If the deposit were used as a guarantee facility on a 1:1 basis, the same number of loans could initially be made as if the funds were used for direct lending. This number of loans could be sustained indefinitely, with increases in size approximating the inflation rate since interest earned on the account approximates inflation. Should there be problems with the loans guaranteed which

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result in a payout on the guarantee, then the purchasing power of the fund would drop, however, loan losses could occur under a direct lending program also

The AAHE would hold title to the funds in trust with the stipulation that they be used as a guarantee fund. AAHE's board would act on applications for guarantees. Applicants would be drawn from persons who had received business training under RCID, those who had satisfactorily performed on RCID loans and AAHE members. AAHE wishes to expand the opportunities for its members, and this would be one means of doing so. AAHE could charge a fee related to the guarantee, which could be considered income to AAHE. A flat 5% for loans of up to a year is suggested.

The bank's role under this arrangement would be twofold. one as a depository institution for the trust fund and two as a lender of its own funds under its own terms and conditions to those eligible for a guarantee. The program would not place additional burdens on the bank, as it would make loans under its normal terms and conditions. AAHE would act as guarantor for those applicants that it believed were creditworthy.

*To what extent is the current project MIS supporting the work of the credit program?
What changes are recommended?*

Current project MIS is sufficient for the present scope of the credit program. Up to the present, delinquent loans have been only a minor problem. Credit personnel are well aware of the status of present loans and the importance of having an ageing report of delinquent loans should a number of delinquencies develop. The Credit Methodology prescribes strong action for delinquent loans. An ageing report would complement the methodology by serving as a tool to measure degrees of risk associated with delinquent loans.

Scenario 1: No Further Project Funding

1 A. Without Inflation (Bank provided supervision and accounting)

RCID Projection

No Further Project Support
 RCID Loan Fund Use PBDAC
 Interest Rate 11% Admin Fee 3% flat
 2 Loan Officers

15 loans/mo

13 loans/mo
 Due to RLF Limit

	Month								
	1	2	3	4	5	6	7	8	9
Loans Extended (cumulative)	213	228	243	258	271	284	297	310	323
Cumulative Amount Extended LE (a)	588,888	633,888	678,888	723,888	762,888	801,888	840,888	879,888	918,888
Gross Principal Repaid LE (b)	37,162	38,448	39,380	40,194	40,907	40,864	40,732	40,618	40,514
Allowance for Default LE (c)	743	769	788	804	818	817	815	812	810
Net Principal Repaid LE (b-c)	36,419	37,679	38,593	39,390	40,088	40,046	39,918	39,803	39,703
Gross Int Income LE (d)	2,750	2,828	2,885	2,934	3,006	2,998	2,986	2,978	2,970
Allowance for Default LE (e)	58	57	58	59	60	60	60	60	59
Net Interest Repaid LE (d-e)	2,698	2,772	2,837	2,895	2,946	2,938	2,926	2,918	2,911
Administrative fees (3%)	1,350	1,350	1,350	1,350	1,170	1,170	1,170	1,170	1,170
Outstanding Balance LE	308,539	316,860	322,267	327,676	326,768	326,741	324,824	324,020	323,317
Outstanding Loans No	129	132	135	138	139	140	135	130	125
RECURRENT COSTS									
PBDAC Fee (5%)	1,225	1,290	1,290	1,318	1,339	1,334	1,330	1,328	1,323
Non PBDAC Operating costs	2,622	2,622	2,622	2,622	2,622	2,622	2,622	2,622	2,622
Interest on Outstanding Balance @ 0%	0	0	0	0	0	0	0	0	0
Monthly costs	3,847	3,912	3,912	3,938	3,961	3,956	3,952	3,948	3,945
Cumulative Costs	3,847	7,729	11,640	15,578	19,539	23,498	27,448	31,398	35,341
Net Interest Income plus administrative fee	4,045	4,122	4,167	4,245	4,115	4,108	4,088	4,088	4,081
Monthly Costs	3,847	3,912	3,912	3,938	3,961	3,956	3,952	3,948	3,945
Monthly Profit(Loss)	198	240	278	307	155	149	144	140	136
Value of Loan Fund Beginning of Month	331,000	331,198	331,498	331,713	332,020	332,175	332,324	332,468	332,608
Value of Loan Fund End of Month	331,198	331,438	331,713	332,020	332,175	332,324	332,468	332,608	332,744
Cumulative Increase (Loss)	198	438	713	1,020	1,175	1,324	1,468	1,608	1,744

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Approved by: _____
 Date: _____

RCID Projection

2A p 2 SL

No Further Project Support
 RCID Loan Fund Use PBDAC
 Interest Rate 11% Admin Fee 3% flat
 2 Loan Officers

	Month	Month	Month	Month	Month	Month	Month	Month	Month
	10	11	12	13	14	15	16	17	18
Loans Extended (cumulative)	336	349	362	376	388	401	414	427	440
Cumulative Amount Extended LE (a)	957,888	996,888	1,035,888	1,074,888	1,113,888	1,152,888	1,191,888	1,230,888	1,269,888
Gross Principal Repaid LE (b)	40,424	40,346	40,278	40,218	40,165	40,119	40,079	40,044	40,013
Allowance for Default LE (c)	808	807	806	804	803	802	802	801	800
Net Principal Repaid LE (b-c)	39,616	39,539	39,472	39,413	39,362	39,317	39,277	39,243	39,213
Gross Int Income LE (d)	2,964	2,958	2,953	2,949	2,945	2,942	2,939	2,936	2,934
Allowance for Default LE (e)	59	59	59	59	59	59	59	59	59
Net Interest Repaid LE (d-e)	2,904	2,899	2,894	2,890	2,886	2,883	2,880	2,878	2,875
Administrative fees (3%)	1,170	1,170	1,170	1,170	1,170	1,170	1,170	1,170	1,170
Outstanding Balance LE	322,701	322,162	321,690	321,276	320,914	320,597	320,320	320,077	319,864
Outstanding Loans No	123	121	119	117	117	117	117	117	117
RECURRENT COSTS									
PBDAC Fee (5%)	1,320	1,316	1,315	1,314	1,312	1,310	1,309	1,308	1,307
Non-PBDAC Operating costs	2,622	2,622	2,622	2,624	2,624	2,624	2,624	2,624	2,624
Interest on Outstanding Balance @ 0%	0	0	0	0	0	0	0	0	0
Monthly costs	3,942	3,940	3,937	4,198	4,198	4,194	4,193	4,192	4,191
Cumulative Costs	39,283	43,223	47,161	51,358	55,554	59,748	63,941	68,133	72,324
Net Interest Income plus administrative fee	4,074	4,069	4,064	4,060	4,056	4,053	4,050	4,048	4,045
Monthly Costs	3,942	3,940	3,937	4,198	4,198	4,194	4,193	4,192	4,191
Monthly Profit(Loss)	132	129	127	(138)	(140)	(142)	(143)	(144)	(146)
Value of Loan Fund Beginning of Month	332,744	332,676	333,006	333,132	332,994	332,864	332,713	332,670	332,426
Value of Loan Fund End of Month	332,876	333,006	333,132	332,994	332,864	332,713	332,670	332,426	332,280
Cumulative Increase (Loss)	1,079	2,006	2,132	1,864	1,864	1,713	1,570	1,426	1,280

1/10/10
 1/10/10
 1/10/10

RCID Projection

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No Further Project Support
 RCID Loan Fund Use PBDAC
 Interest Rate 11% , Admin Fee 3% flat
 2 Loan Officers

	Month						
	19	20	21	22	23	24	25
Loans Extended (cumulative)	483	486	479	492	608	618	631
Cumulative Amount Extended LE (a)	1,508,888	1,347,888	1,388,888	1,426,888	1,484,888	1,503,888	1,542,888
Gross Principal Repaid LE (b)	39,888	39,962	39,842	39,823	39,908	39,884	39,882
Allowance for Default LE (c)	800	799	799	798	798	798	798
Net Principal Repaid LE (b-c)	39,188	39,163	39,143	39,125	39,109	39,086	39,084
Gross Int Income LE (d)	2,932	2,930	2,929	2,928	2,928	2,925	2,925
Allowance for Default LE (e)	59	59	59	59	59	59	58
Net Interest Repaid LE (d-e)	2,873	2,872	2,870	2,869	2,868	2,867	2,866
Administrative fees (3%)	1,170	1,170	1,170	1,170	1,170	1,170	1,170
Outstanding Balance LE	319,678	319,615	319,372	319,247	319,138	318,042	318,958
Outstanding Loans No	117	117	117	117	117	117	117
RECURRENT COSTS							
PBDAC Fee (5%)	1,308	1,305	1,305	1,304	1,304	1,303	1,303
Non PBDAC Operating costs	2,884	2,884	2,884	2,884	2,884	2,884	3,173
Interest on Outstanding Balance @ 0%	0	0	0	0	0	0	0
Monthly costs	4,190	4,189	4,189	4,188	4,188	4,187	4,478
Cumulative Costs	78,518	80,704	84,893	88,061	93,288	97,455	101,931
Net Interest Income plus administrative fee	4,043	4,042	4,040	4,039	4,038	4,037	4,036
Monthly Costs	4,180	4,189	4,189	4,188	4,188	4,187	4,478
Monthly Profit/(Loss)	(147)	(148)	(148)	(149)	(150)	(150)	(440)

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RCID Projection

1A P4

RCID Loan Fund Use PBDAC
Interest Rate 11% Admin Fee 3% flat
2 Loan Officers

	Month
	30
Loans Extended (cumulative)	674
Cumulative Amount Extended LE (a)	1 971,899
Gross Principal Repaid LE (b)	39,818
Allowance for Default LE (c)	799
Net Principal Repaid LE (b-c)	39 019
Gross Int Income LE (d)	2,920
Allowance for Default LE (e)	68
Net Interest Repaid LE (d-e)	2,851
Administrative fees (3%)	1,170
Outstanding Balance LE	318,804
Outstanding Loans No	117
RECURRENT COSTS	
PBDAC Fee (5%)	1 301
Non-PBDAC Operating costs	3,173
Interest on Outstanding Balance @ 0%	0
Monthly costs	4,474
Cumulative Costs	151,149
Net Interest income plus administrative fee	4,031
Monthly Costs	4,474
Monthly Profit(Loss)	(442)
Value of Loan Fund Beginning of Month	326,536
Value of Loan Fund End of Month	326,093
Cumulative Increase (Loss)	(4,807)

Scenario 1: No Further Project Funding

1 B. With 9.4% inflation (Bank provided supervision and accounting)

RCID Projection

18 P1

No Further Project Support
 RCID Loan Fund Use PBDAC
 Interest Rate 11% , Admin Fee 3% flat
 2 Loan Officers
 @ 4% Inflation (Interest on prior month end
 outstanding balance used as inflation proxy

Month 8 is the last month in which the outstanding loan balance is less than the real value of the loan fund Thereafter fewer than 13 new
 loans could be made each month if the purchasing power of each loan would be maintained

13 loans/mo

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9
Loans Extended (cumulative)	211	224	237	250	263	276	289	302	315
Cumulative Amount Extended LE (a)	582,888	621,888	660,888	699,888	738,888	777,888	816,888	855,888	894,888
Gross Principal Repaid LE (b)	37,182	37,782	38,037	38,288	38,447	38,618	38,782	38,991	39,003
Allowance for Default LE (c)	743	758	761	768	769	772	775	778	780
Net Principal Repaid LE (b-c)	36,419	37,026	37,276	37,491	37,678	37,843	37,987	38,113	38,223
Gross Int Income LE (d)	2,750	2,773	2,791	2,807	2,821	2,833	2,844	2,853	2,861
Allowance for Default LE (e)	55	55	56	56	56	57	57	57	57
Net Interest Repaid LE (d-e)	2,695	2,718	2,736	2,751	2,765	2,776	2,787	2,796	2,804
Administrative fees (3%)	1,170	1,170	1,170	1,170	1,170	1,170	1,170	1,170	1,170
Outstanding Balance LE	302,539	304,513	306,237	307,747	309,088	310,225	311,238	312,128	312,902
Outstanding Loans No	127	128	129	130	131	132	127	122	117
RECURRENT COSTS									
PBDAC Fee (5%)	1,228	1,236	1,243	1,250	1,257	1,262	1,267	1,271	1,276
Non-PBDAC Operating costs	2,622	2,622	2,622	2,622	2,622	2,622	2,622	2,622	2,622
Interest on Outstanding Balance @ 4%	2,380	2,370	2,366	2,360	2,411	2,421	2,430	2,438	2,446
Monthly costs	6,198	6,227	6,251	6,271	6,289	6,305	6,319	6,331	6,341
Cumulative Costs	6,198	12,424	18,675	24,846	31,235	37,540	43,859	50,190	56,532
Net Interest Income plus administrative fee	3,685	3,686	3,696	3,621	3,635	3,648	3,657	3,666	3,674
Monthly Costs	6,198	6,227	6,251	6,271	6,289	6,305	6,319	6,331	6,341
Monthly Profit(Loss)	(2,332)	(2,339)	(2,345)	(2,350)	(2,355)	(2,359)	(2,362)	(2,365)	(2,366)
Real Value of Loan Fund Beginning of Month	331,000	326,988	326,329	323,863	321,633	318,278	316,020	314,558	312,193
Real Value of Loan Fund End of Month	326,668	326,329	323,863	321,633	318,278	316,020	314,558	312,193	309,825
Cumulative Real Value Increase (Loss)	(2,332)	(4,671)	(7,017)	(9,367)	(11,722)	(14,080)	(16,442)	(18,607)	(21,176)

RCID Projection

18 P2 83

No Further Project Support
 RCID Loan Fund Use PBDAC
 Interest Rate 11% Admin Fee 3% flat
 2 Loan Officers
 @ 4% Inflation (Interest on prior month end
 outstanding balance as inflation proxy)

	Month
	24
Loans Extended (cumulative)	510
Cumulative Amount Extended LE (a)	1 479,888
Gross Principal Repaid LE (b)	39,888
Allowance for Default LE (c)	784
Net Principal Repaid LE (b-c)	39,694
Gross Int Income LE (d)	2 911
Allowance for Default LE (e)	58
Net Interest Repaid LE (d-e)	2,852
Administrative fees (3%)	1 170
Outstanding Balance LE	317 623
Outstanding Loans No	117
RECURRENT COSTS	
PBDAC Fee (5%)	1,297
Non PBDAC Operating costs	2,884
Interest on Outstanding Balance @ 9.4%	2,487
Monthly costs	6 668
Cumulative Costs	185,462
Net Interest Income plus administrative fee	4,022
Monthly Costs	6,668
Monthly Profit(Loss)	(2 646)
Real Value of Loan Fund Beginning of Month	273,850
Real Value of Loan Fund End of Month	271,004
Cumulative Real Value Increase (Loss)	(59,998)

Scenario 1: No Further Project Funding

1 C. Additional Monthly Salary Costs if Lending is Continued Without a Bank

Credit Specialist	LE 1,900
Accountant	LE 1,500
<u>Internal Audit/Followup</u>	<u>LE 1,500</u>
Total	LE 4,900

Scenario 1: No Further Project Funding

- 1 A. Without Inflation (Bank provided supervision and accounting)**
- 1 B. With 9.4% inflation (Bank provided supervision and accounting)**
- 1 C. Additional Monthly Salary Costs if Lending is Continued Without a Bank**

Cost structure

Senior Loan Officer	LE 627
Junior Loan Officer	LE 445
Transport	LE 1,400
Other Direct Costs	LE 150
Monthly AAHE based cost	LE 2,622

10% increase per year on above

PBDAC Admin Fee 5% of prior month end outstanding balance

Income

11% interest on declining balance
3% administrative fee collected
when loan is disbursed

Performance

Default	2%	
New loans /mo through mo 4	15	
New loans /mo after mo 4	13	(due to limited credit funds)

Loan assumptions

Begin with 126 outstanding loans valued at LE 299,958, which are included in the Revolving Loan Fund (RLF) of LE 331,000
Average loan size is LE 3,000

Attachment A

NEGATIVE STATEMENTS	POSITIVE STATEMENTS
<p>' little progress has been made towards an active integration of women in the mainstream of economic activities " (p 4, P 3)</p>	<p>"(The project) has proved its ability to increase the participation of women and local associations in rural economic development " (p 4, P 3)</p> <p>"(The project components are) enabling women borrowers to run or establish viable rural enterprises with a higher awareness of responsibility " (p 4 P 3)</p>
<p>' further stimulation (is needed) re participation of the target group in project planning and implementation " (p 4, P 4)</p> <p>'The participation of the AAHE during project planning and implementation has not been sufficient " (p 20 P 4)</p>	<p>"The participatory approach appears to be the overwhelming and dominating approach within the project " (p 20, P 2)</p> <p>"The evaluation team feels confident on their (the AAHE Board's) participation in this first phase of the credit activity (p 19, P 2)</p>
<p>" the project has been preserving the existing traditional situation without affecting the status of women, in the family and in the community " (p 21, P 2)</p>	<p>"(The project) has proved its ability to increase the participation of women and local associations in rural economic development " (p 4, P 3)</p> <p>"(The project components are) enabling women borrowers to run or establish viable rural enterprises with a higher awareness of responsibility " (p 4, P 3)</p> <p>Ouput 1 (enabling women to identify business possibilities, conduct feasibility studies, and develop business plans) "has completely achieved its goal " (p 8, P 5)</p> <p>"(The training) made trainees more conscious of their own environment and the possible constraints that could face their businesses " (p 8, P 7)</p>

NEGATIVE STATEMENTS	POSITIVE STATEMENTS
<p>(continued) " the project has been preserving the existing traditional situation without affecting the status of women in the family and in the community " (p 21 P 2)</p>	<p>85 to 100% of the respondents had gained knowledge of the issues that were raised (p 9 P 1)</p> <p>Output 2 (assisting women to create or expand enterprises) "has been fully achieved " (p 9, P 5)</p> <p>"While discussing the obstacles and successes during the implementation of the activities their horizon widened and they became more stimulated to continue " (p 9 P 6)</p> <p>"The participants all mentioned an increase in their incomes " (p 10, last paragraph)</p> <p>" even the poor and illiterate groups in the communities indirectly, have been receiving benefits, if only by way of providing them with a <u>role model of successful women entrepreneurs</u> " (our emphasis added, p 21, P 3)</p> <p>"Women became acquainted with each other and started socializing " (p 21, P 5)</p> <p>"The spirit for the creation of the women's association was promoted during the training This has resulted in friendship formation among the women on the professional level, i e resulting in sharing technical information and project related problems " (p 21, P 5)</p> <p>"(The training) provided the participants with <u>self-confidence and enabled them to start taking risks and venture in the market</u> " (our emphasis added, p 22, P 1)</p>

NEGATIVE STATEMENTS	POSITIVE STATEMENTS
<p><i>(continued)</i> " the project has been preserving the existing traditional situation without affecting the status of women in the family and in the community (p 21 P 2)</p>	<p>"Training provided an opportunity for women to leave the house " (p 22, P 2)</p> <p>"The training strengthened the self-confidence of the trainees " (p 22, P 2)</p> <p>"The project has helped build the confidence of women in taking loans and asking for larger loans " (p 22 P 5)</p> <p>" . (women's) position and self-image has been enhanced " (p 26 P 2)</p> <p>' The emphasis on providing credits to the female population demonstrated the importance of women " (p 26, P 3)</p>

APPENDIX M
Program Statistics for the NCNW

PROGRAM STATISTICS FOR THE NCNW

- 1 EPVOs receiving benefit from sub-grant
Alexandria Association for Home Economics
- 2 Total Number of direct beneficiaries served
892 through field training + 82 in the AAHE = 974
- 3 Number of direct women beneficiaries
892 in the field + 70 in the AAHE = 962
- 4 Total number of indirect beneficiaries
 $892 \times 6 = 5,352$

APPENDIX N

In-Kind Contributions from the AAHE and the MOA

In-Kind Contributions from the AAHE and the MOA

Contact Hours

AAHE (5,216 hours)	LE	195,601
MOA (1,671 hours)		26,882

Facilities

AAHE Office Space & Utilities (30 months x LE 1,500/month)		45,000
MOA Chapter Space & Utilities (20 months x LE 200/month)		4,000
		<hr/>
TOTAL	LE	271,483

RCID Projection

	Month
	Final RCID
Loans Extended (cumulative)	198
Cumulative Amount Extended LE (a)	543,888
Gross Principal Repaid LE (b)	
Allowance for Default LE (c)	
Net Principal Repaid LE (b-c)	
Gross Int Income LE (d)	
Allowance for Default LE (e)	
Net Interest Repaid LE (d-e)	
Administrative fees (3%)	
Outstanding Balance LE	299,958
Outstanding Loans No	126
RECURRENT COSTS	
PBDAC Fee (6%)	
on PBDAC Operating costs	
Interest on Outstanding Balance @ 0%	
Monthly costs	
Cumulative Costs	
Net Interest Income plus administrative fee	
Monthly Costs	
Monthly Profit(Loss)	
Value of Loan Fund Beginning of Month	
Value of Loan Fund End of Month	331,000

RCID Consultancy Report

under

Letter of Temporary Assignment of May 5, 1996

Submitted to ACDI

by

Ronald R. Bielen

June 30, 1996

The consultancy was designed to assist ACDI in the transition the RCID credit program as the project ended on June 30, 1996. The basic task was to analyze options for continued operation of the credit fund either (A) through use as a guarantee mechanism or (B) through continued operation of the fund by AAHE credit fund staff during an interim period until new funding would be available.

Based on option A, a concept paper was developed for a loan guarantee mechanism. The concept paper is attached as Annex 1. A seven point action was developed for pursuing the guarantee mechanism and is attached as Annex 2. Under this approach, AAHE would receive title to the funds and place them in an interest bearing trust account with PBDAC. PBDAC's Women in Development Program (WID) loans are similar to RCID's loans. PBDAC would receive a list of the 900 trainees under the RCID program who would be the target group. PBDAC would deal directly with the borrowers, however if lack of collateral or a guarantee would be a problem, AAHE could on a case by case basis guarantee loans with the trust account. AAHE would not have to employ credit officers and would earn interest on the trust account, hopefully preserving its real value. Additionally, a guarantee fee would be charged for the risk incurred in guaranteeing the loan. Meetings were arranged with PBDAC personnel to discuss the proposal. Magdy Hussein, RCID's credit specialist assisted in all meetings.

Discussions were held with Laila Abdel Khadi on May 7. She indicated that PBDAC would likely require a 1% fee to be involved in the program. The concept paper was left with her and she arranged a meeting with Vice Chairman Kamal Khedr. On May 9, the meeting took place at PBDAC in Mr. Khedr's office. Magdy Hussien, Laila Abdel Khadi, and Mahmoud Baracat, Mr. Khedr's secretary were present. Mr. Khedr initially insisted on 2% as a charge for providing the related accounting services to AAHE (monthly details of loans outstanding and the guarantee fund). He later dropped the 2% charge, but stated the bank would only provide on a monthly basis the amount of guarantee available for additional loans. Additionally, the bank would not pursue collection of loans. If a guaranteed loan was overdue, the bank would simply take the funds out of the guarantee account, thereby eliminating one of the advantages to AAHE of bank involvement. This type of guarantee mechanism is not acceptable, and the bank is clearly not interested in dealing with very small programs such as were outlined to them. The delegation thanked Mr. Khedr for his time and sought to followup with Ahlam Selim who earlier had offered to discuss the issue with the PBDAC Chairman. Ahlam felt the guarantee mechanism proposed by our team was reasonable. However, after the meeting with the Vice Chairman, the guarantee option was not further pursued with PBDAC.

In early June, it appeared that the possibility of funding for a continuation of RCID was increasing. Various analyses (Annexes 3 & 4) were performed on using the loan fund to finance continuation of interim project activities albeit on a much scaled down basis. A decision was taken to pursue option B with ACDI maintaining title to the loan funds. Instead of a transfer

agreement a servicing agreement was drafted (Annex 5) for AAHE to service the loan accounts on behalf of ACDI. This would be in effect until funding was available for a new project phase. Should funding not become available, it is evident that AAHE does not have the resources to continue the lending program. It would be appropriate then for ACDI to consider transferring the funds to an institution with a loan program in the project area. PBDAC is a likely candidate, and another might be the Local Development Fund of the Ministry of Local Administration.

Concept Paper

Loan Guarantee Mechanism

Provided by the Alexandria Association of Home Economics AAHE

AAHE has been actively participating in enterprise development activities since it participated with Agricultural Cooperative Development International (ACDI) in the Rural Cottage Industries Development Project (RCID) in 1994. AAHE will have a loan fund of approximately LE 350,000 (approximately LE 330,000 in loans outstanding and LE 20,000 in a revolving loan fund {RLF} bank account). The loans will be collected in full over the next 18 months by AAHE. The LE 20,000 from the RLF and the monthly repayments (minus expenses of collection) from the other loans would be placed in two interest-bearing accounts with the PBDAC Branch in Alexandria. After 18 months the value of the accounts should be over LE 350,000. These accounts would serve as guarantees for specific loans made by PBDAC to borrowers from a target group in Bangar il Sukkar, Boustan and Alexandria.

The target group consists of approximately 900 women who have either received business training or loans under RCID as well as trained women who are members of AAHE. RCID has made 211 loans with a total value of LE 576,300 to the target group. Because the goals of RCID and PBDAC's WID Program are similar, AAHE would counsel the target group to seek loans directly from the village banks and branches of PBDAC. The applicants would be treated like any other regular PBDAC borrower, and PBDAC would process the application and perform its normal loan analysis. If PBDAC can make the loan directly, it would do so. Should the loan be acceptable to PBDAC except for the lack of a collateral or a guarantee, AAHE would be willing to act as guarantor on a case by case basis. AAHE would act in the role of any other guarantor in that it would be concerned about the viability of the enterprise.

PBDAC could submit a monthly listing of the proposed loans for guarantee to AAHE. Included with the listing would be copies of PBDAC's analysis of the proposed enterprise to help AAHE decide if it will guarantee the loan. The AAHE board would review the application and might have one of its members pay a site visit to the prospective borrower. Once the board approves a loan, it would submit a listing of loans it has agreed to guarantee to PBDAC. PBDAC would then block an amount equal to the loan in the first loan guarantee account and issue the loan. After the first account was fully committed, the second account would be utilized.

Loan terms would not exceed 18 months and loan purpose would include the standard WID purposes as well as tricots and sewing machines. PBDAC would charge its regular rates and fees on the loan and the loan would be entirely owned and collected by PBDAC. AAHE would charge a fee for granting the guarantee, 4% for loans up to one year and 6% for loans over one year. PBDAC would add this fee to the amount of the loan application and pay it directly to AAHE at

the end of each month. The maximum loan size would be LE 3,000 and the minimum is yet to be determined, however LE 1,000 is considered since below that size a woman may obtain a loan from the WID program without collateral.

Assuming that the AAHE guarantee account contained LE 100,000, loans of up to LE 100,000 could be guaranteed on that account. Should the full amount be used for guarantees, further guarantees could be made once the guaranteed loan balance has been reduced enough to provide an allocation for another guarantee. As an example if LE 30,000 were repaid, that LE 30,000 would again be available for guaranteeing additional loans.

PBDAC would provide a monthly statement with balances for the guaranteed loans and listing any delinquent payments. For borrowers experiencing difficulty, AAHE could at its own option make a field visit to assess the situation. PBDAC would make every effort to collect all loans, and after normal collection efforts would request the guarantee funds from AAHE. Collection efforts would be continued even after payment on the guarantee as it would not relieve the borrower of responsibility.

Advantages of the Program

PBDAC would gain additional deposits and be exposed to up to 900 potential customers who have had business training. It is expected that the success rate of the trainees will be above that of a random mix of borrowers. Because the target group has received business training they should be better borrowers.

AAHE would be able to continue to support enterprise development at reduced cost, since it would not need to maintain credit staff to make and service loans. AAHE could concentrate on training.

Recommended Actions

- 1 Effective May 15, stop disbursement of all loans and instead place all loan repayments in a loan guarantee fund Beginning on that date, credit personnel would begin working with village banks to facilitate guarantees of loans The objective would be to guarantee as many loans as possible prior to the end of the project status This will get the mechanism operational and allow any glitches to be detected early
- 2 Borrower history reports should be developed for each borrower and certified by RCID These reports would be then given to PBDAC for distribution to village bank managers in working up their loans
- 3 A phased loan schedule should be developed to project the loan guarantee fund buildup This will determine workload of who ever collects the loans
- 4 Develop a list of trainees for loan consideration Only those trained would be considered, and this could include Alex AAHE members
- 5 Include the other project property with loan fund transfer
- 6 Meet with PBDAC to determine their willingness to extend credit to women in the RCID Project area, the specific village banks where they would apply for credit, the expected time requirements to obtain a loan, documentary requirements they have for guarantee accounts The guarantees would be on a loan by loan basis and any excess in an account would not be obligated to PBDAC
 - a Type of account restrictions set by PBDAC
 - b Certification required from AAHE indicating it is guaranteeing a specific loan
- 7 Meet with AAHE Board to explain the proposed transfer and determine how it could best fit with their regular operating procedures What is AAHE status under Egyptian law? Can they receive funds from a foreign organization? Discuss intent to continue maintaining the value of the fund and the need to continue using the funds for enterprise development loans

RCIDIDEA WPD

[79] From Ronald Bielen at ACDI-CAIRO 6/3/96 3 42PM (9610 bytes 27 ln, 1 fl)
To Sarah Jackson at ACDI-CAIRO, RCID at ACDI-CAIRO
Subject RCID Loan Fund

----- Message Contents -----

Text item 1.

I have attached an analysis to illustrate how the interest and fees from the loan fund could support the credit specialist and two credit officers through the end of 1996 without seriously affecting the value of the loan fund. The assumption is that due to the possibility of additional funding, it is not appropriate to transfer the funds to the PBDAC guarantee mechanism at this time.

Interest and fees earned each month would be used to fund the estimated LE 4,067 salary and transport expense. The deficit would be met by utilizing the net of the 3 % administrative charges that were added to the loan fund (on March 30, 1996 the cumulative net amount was LE 7,547). Based on the attached analysis, the LE 7,547 plus interest and fees would be able to support continuation of the present lending program through the end of 1996. I recommend this as the first option provided that the possibility of additional funding remains. A service agreement would be drawn up between AAHE and ACDI to cover the interim time period until funding becomes available. ACDI would retain title to the funds and AAHE would service the loans on behalf of ACDI.

I will draft the agreement provided the concept is agreeable with you.

Ron

RCID Credit Component Cash Flow July 1- December 31 1996

Item	May	June	July	Aug	Sept	Oct	Nov	Dec
Cash flow			All Amounts in LE					
Principal	22,904	30 712	23 891	21,584	33,008	33,236	10,035	10,558
Interest	1,575	2 062	1,762	1,742	2,256	2,482	915	921
Fees	<u>687</u>	<u>921</u>	<u>717</u>	<u>648</u>	<u>990</u>	<u>997</u>	<u>301</u>	<u>317</u>
Int + Fees	2,262	2 983	2 479	2,390	3 246	3,479	1,216	1,238
Salaries & Transport			<u>4,067</u>	<u>4,067</u>	<u>4,067</u>	<u>4,067</u>	<u>4,067</u>	<u>4,067</u>
Monthly Deficit			(1 588)	(1,677)	(821)	(588)	(2,851)	(2,829)
Admin Cost Account								
Beginning of Month	7 547	7 547	7,547	5,959	4,281	3 460	2,873	22
End of Month	7 547	7,547	5,959	4 281	3 460	2 873	22	(2,808)

Cash flow is based on loans booked as of April 30 1996 Fee income (3% of principal) assumes lending all the principal collected each month Interest and principal collected are conservative in that they represent only scheduled payments based on the April 30, 1996 portfolio, not the expected additional interest and principal that will be collected due to loans made from May through December 1996

If the additional interest plus expected additional fees are added it is estimated that they will exceed the LE 2,808 projected deficit in the administrative cost account on Dec 31, 1996

Salaries include LE 2,067 credit specialist LE 750 and LE 250 for loan officers
Transport LE 1 000

Administrative cost account represents the amount of the 3% administrative charge received from borrowers that remained after other expenses were paid This amount was added to the revolving loan fund and amounted to LE 7 547 on March 31, 1996

Annex 3 p 2

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[82] From Ronald Bielen at ACIDI-CAIRO 13/96 1 37PM (8847 bytes. 18 ln, 1 fl)
To: Sarah Jackson at ACIDI-CAIRO, RCID at ACIDI-CAIRO
Subject Revised RCID Cash Flow

----- Message Contents -----

Text item 1

Per our discussion of yesterday I revised the cash flow sheet. It now reflects the May and June interest and fees as additions to the Accumulated RLF Interest and Fee line (the amount of the RLF above the original LE 300,000.)

The result is depleting the original LE 300,000 by only LE 7,570 at the end of September rather than the previously forecast LE 12,816. RCID would have adequate cash flow each month to pay the LE 22,000 running costs, since principal repayments from the borrowers average well over the LE 22,000 per month. This means RCID would not make loans or would make only a very small amount each month. The model shows lending a small amount each month in July, August and September, but the fee income is insignificant (less than LE 600). As we discussed, it would be advisable to discontinue lending during those months.

Ron

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RCID Credit Component Cash Flow July 1- December 31, 1996

RCID 4.6.96

Item	May	June	July	Aug	Sept	Oct	Nov	Dec
Cash flow			All Amounts in LE					
Principal	22,904	30,712	23,891	21,584	33,008	33,236	10,035	10,558
Interest	1,575	2,062	1,762	1,742	2,256	2,482	915	921
Fees	<u>687</u>	<u>921</u>	<u>110</u>	<u>40</u>	<u>398</u>	<u>997</u>	<u>301</u>	<u>317</u>
Int + Fees	2,262	2,983	1,872	1,782	2,654	3,479	1,216	1,238
Monthly Running Costs			<u>22,000</u>	<u>22,000</u>	<u>22,000</u>	<u>22,000</u>	<u>22,000</u>	<u>22,000</u>
Monthly Deficit			(20,128)	(20,218)	(19,346)	(18,521)	(20,784)	(20,762)
RLF Interest and Fees (1)								
Beginning of Month	46,877	49,139	52,122	31,994	11,776	(7,570)	(26,091)	(46,875)
End of Month	49,139	52,122	31,994	11,776	(7,570)	(26,091)	(46,875)	(67,637)

11/11/96

Cash flow is based on loans booked as of April 30, 1996. Fee income (3% of principal) assumes using principal and interest collected during July, August and September to meet monthly running costs and then lending the balance.
 (1) Actual interest and fees added to the RLF as of March 31, 1996 were LE 46,887. This does not include the item classified as '10% Deferred Loan Interest' since this interest has not been collected and represents a future stream of interest expected from the loans outstanding as of March 31, 1996.

AGREEMENT

between

AGRICULTURAL COOPERATIVE DEVELOPMENT INTERNATIONAL (ACDI)

and

ALEXANDRIA ASSOCIATION FOR HOME ECONOMICS (AAHE)

REF Support Sub-Grant No 2017-SG-010 From USAID/NCNW to ACDI for the Rural Cottage Industries Development Project (RCID) Project

Phase I of the RCID project will end June 30, 1996 AAHE and ACDI desire to continue with a second phase of the project, but funding agencies have not provided support for Phase II at this time A proposal submitted to USAID for direct financing of a second phase has been declined ACDI has prepared two additional proposals that would provide short-term funding for RCID activities, with CitiCorp and Ruhestroth Foundation Additionally, ACDI was recently advised that the funding mechanism used for RCID (USAID/NCNW Umbrella Project) would likely be extended ACDI plans to work with AAHE on submission of a proposal for additional funding under that mechanism as soon as NCNW indicates it will accept applications

AAHE and ACDI agree that due to the possibility of additional funding in the near future, it is desirable to maintain operations of RCID in the interim, although at a reduced scale of operations through September 30, 1996 Unless funding is available from CitiCorp and Ruhestroth, additional loans will not be made during the months of July, August and September

ACDI Inputs

A ACDI shall provide a qualified Project Director to continue operation of RCID through September 30, 1996 Duties and responsibilities of the Project Director shall remain unchanged from those which were in effect prior to the end of Phase I

B ACDI shall provide a funds for monthly salaries and benefits of interim RCID personnel who shall be employees of AAHE The agreed upon positions with names and salaries are attached in Exhibit A (Anne, you need to just list the positions, names and salaries that will continue to be funded) Any changes in the personnel require the agreement of ACDI

C ACDI shall provide funds for operating costs to include communication, supplies and translation/xeroxing Project Director approval is required for all operating costs and LE 1,300 per month is the limit for this category of expenses

D ACDI shall provide funds to cover travel costs including vehicle costs minibus rental accommodations/per diem for training consultants and staff supervisory trips Project Director



Agricultural Cooperative Development International

50 F Street N W Suite 900 Washington D C 20001 Telephone (202) 638-4661 Fax (202) 626-8726
53 Manial St. Suite 700 Cairo 11451 Egypt Telephone (20)(2)3647155-3647244-3651271 Fax 3646900

August 21, 1996

Ms M Jean Thomas
Director
NCNW - Egypt PVO Development Project
53 Manial Street
Cairo, Egypt

Subj Rural Cottage Industries Development (RCID) Project - Final Evaluation Report

Dear Ms Thomas

As I discussed with you last week, ACDI is concerned that full closure has not yet been brought to the final evaluation of the RCID project that was conducted by North-South Consultants Exchange earlier this year

As you know we received the evaluation report on May 12, 1996 and had a number of concerns about it that we discussed with you in a meeting later that month. At your suggestion we put those concerns into writing, in a letter dated June 4, 1996. A copy is attached for your convenience. On July 18, we received a copy of the NSCE's June 11 letter to Ali Mokhtar, essentially stating that none of our substantive concerns about the report would be taken into consideration and that "the report should be considered as final and will not be altered further, apart from a few factual corrections." A copy of this letter is also attached.

I have discussed this matter with ACDI's Washington office and we would like to request the following

- 1) Revision of the NSCE report to incorporate our comments particularly with respect to the areas where there are inconsistencies or where there is a lack of clarity or
- 2) Incorporation of our June 4 1996 letter into the final version of the evaluation report

Ms M Jean Thomas
August 21, 1996
Page Two

Our preference is to see the report revised, but if the second alternative is chosen, we would appreciate a letter from you providing some indication from you about whether you see our concerns as valid

Thank you for your consideration of this request

Sincerely,



Sarah M Jackson
Associate Director
Middle East & North Africa

Enclosures a/s

approval is required in advance for all travel costs

E ACDI shall provide AAHE with a printout of all borrowers as of June 30, 1996 with their outstanding balance, plus interest and principal payments due by month (have Magdy generate and verify this list it may mean contracting him for a few days in July, but is very important as the basis of where the interim phase is starting from Also, Magdy needs to train someone to do this so if additional loans are made they get entered into the system See point D for AAHE)

AAHE Inputs

A AAHE will retain as employees the persons listed on attached Exhibit A at the salaries specified Duties and responsibilities of the persons shall remain the same as in Phase I of RCID

B AAHE shall service the loan portfolio on behalf of ACDI This involves all loan related activities as specified in the RCID Credit Methodology (Attached as Exhibit B) Due to funding limitations, disbursement of loans might not be possible ACDI will inform AAHE if it will be possible to make loans

C AAHE will provide ACDI with a monthly report of activities including a report of all loan collections Collections shall continue to be deposited by AAHE into the loan fund current account (ACDI shall continue to retain custody of the loan fund current account)

D AAHE shall maintain the present computerized listing of borrowers which specifies interest and principal payments due by month Additionally, AAHE shall provide ACDI access to all records relating to loan fund collections and disbursements

E Here you might indicate what other activities AAHE will be responsible for such as training etc

ACDI and AAHE have agreed to the above on Date _____

Agricultural Cooperative
Development International

Alexandria Association
For Home Economics

APPENDIX L

Final Evaluation Correspondence





Agricultural Cooperative Development International

50 F Street N W Suite 900 Washington D C 20001 Telephone (202) 638-4861 Fax (202) 626-8728
53 Manial St. Suite 700 Cairo 11451 Egypt Telephone (20)(2)3647155-3647244-3651271 Fax 3646900

June 4, 1996

Ms M Jean Thomas
Director
NCNW - Egypt PVO Development Project
53 Manual Street
Cairo, Egypt

Subj Rural Cottage Industries Development (RCID) Project - Final Evaluation Report

Dear Ms Thomas

Thank you for requesting our comments on the RCID final evaluation draft report submitted to you by North South Consultants Exchange (NSCE)

In general, we found that the evaluation team's time with us in the field was useful and constructive, and hope that you will convey these positive impressions to them when you meet with them again We think they are to be commended for their quick grasp of the massive amounts of information related to the two year implementation of the RCID project, and much of that is reflected in their report

We are puzzled, however, by the contrast between the team's positive feedback during the fieldwork, which is indicated throughout much of the body of the report, and the rather negative impression that is given in the two most widely read sections - the Executive Summary and the Conclusions Because the Executive Summary and the Conclusions seem to be describing a different project than the one referred to in the body of the report, the overall impression of the team's findings is a contradictory and ambivalent one In fact, the main summary statement in the report ("Summarily the project is seen as a reasonable project that is in the process of reaching its ascribed goal") leaves the reader unclear on the team's views of the project, given that "reasonable" is such a noncommittal word In addition, there are a number of contradictory statements throughout the text (detailed in the attached notes), which further contribute to confusion about the team's definitive assessment of the project

As discussed with you in our recent meeting, we also found the recommendations section

Ms M Jean Thomas
June 4, 1996
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unclear Many of the recommendations do not relate at all to the findings cited in the text, and most need clarification to be understood and applied For example, the recommendations on gender training are not clear While we do not necessarily disagree with the recommendation that gender training should be conducted, it would be extremely helpful if the team could clarify the exact goals of that training in relation to the specific outputs of the RCID project, as stated in our grant agreement

Our notes on the report are enclosed with this letter and will give you a more detailed idea of our comments for use in your next meeting with the NSCE We would be happy to meet with the team to discuss our comments if you think that would be helpful

Sincerely,

Sarah M Jackson
Sarah M Jackson
Associate Director
Middle East & North Africa

Enclosure a/s

**ACDI COMMENTS ON NSCE DRAFT
FINAL EVALUATION REPORT ON RCID PROJECT**

These comments are divided into four categories 1) structural and format, 2) contradictory and/or unsubstantiated statements, 3) unclear sections, and 4) factual corrections

I Structural and Format

In general we found the structure and format of the report to be a good one, with a few exceptions which we think, if changed, would improve the usefulness of the report These changes are

- 1 The "Recommendations" section should be split into two sections, 1) recommendations of the project participants, and 2) recommendations of the evaluation team which are endorsed by the team We understand that there may be some overlap, but for each recommendation endorsed by the team, there should be much more explanation of the recommendation, linking its rationale with report findings and explaining how it should be implemented
- 2 The "Significance of the RCID Project" section should be expanded to discuss the whole project, not just the credit component

II. Contradictory and/or Unsubstantiated Sections

The executive summary and the conclusion sections contain a number of negative statements about the RCID project as follows

Executive Summary, paragraph 3 -

" little progress has been made towards an active integration of women in the mainstream of economic activities, in spite of its income-generation component, the project still has a welfare-oriented or an anti-poverty approach and has not focused adequately on entrepreneurial independence and growth"

Conclusion, page 29 paragraph 3 -

" improvement of the status of women as decision makers in the family and the community has been limited, the focus being on "women" regardless of their level of skills, assets, and needs "

Same page paragraph 5 -

" Practical evidences from other developmental projects have proved that such an approach to eliminate traditional barriers, combined with the treatment of women entrepreneurs as "entrepreneurs" have been promising to be extremely effective. Furthermore, by treating women entrepreneurs primarily as entrepreneurs instead of labelling them as women who need special care, or treating them as tools for the welfare of the family, this project could go a long way towards fostering the kind of independence and responsibility which is ultimately required by an entrepreneur "

These statements are contradicted by numerous references throughout the body of the text, referring to the considerable impact on the financial lives of the target group (page 22, paragraph 4), the increased confidence of the trainees due to acquisition of new skills and their business-oriented training (page 22), and the degree to which the project has encouraged a wide variety of economic activities (page 25, bottom of page) A list of these statements, as well as other contradictions in the report is presented in Attachment A

Further these negative comments at the beginning and end of the report are not substantiated in the body of the report For example, the report includes no mention of how the RCID training and credit approach does not treat trainees as potential entrepreneurs The final decision of whether to go into business or not is of course left up to the individual trainee, but all trainees are required to synthesize lessons of each business skills class into a final business plan which is needed for the rigorous submissions required in the loan application While this approach may be criticized for being too rigorous and excluding too many women, it does not seem to be a welfare-oriented approach

The assertion that there has been no improvement in women's decision-making role¹ in the family and the community needs more substantiation based on evidence from the field For example, what base-line data is being used for comparative purposes? What information was gathered during the evaluation process to elicit this conclusion? What is the size of the sample? Does not the fact that an organization has been formed expressly for RCID trainees to implement programs they identify as needed in their community, including channels established for contacting the media and government officials, indicate a good sense of assertion and empowerment of those women participating? Does this assertion more closely

¹ Discussion of whether RCID project has failed to increase decision-making of women in the community approaches discussion of a project RCID was not intended to be While ACIDI does not deny that increased decision making power for women is a good thing, if that had been the goal of the project, some reference to it would have appeared in the planned outputs While emphasizing it now would perhaps contribute to a better project, highlighting it as a criticism in the RCID final evaluation seems inappropriate since it is above all a criticism of the initial project design, rather than a criticism of how the design was implemented

reflect criticism about the attitudes of the AAHE management (and their views that income-generating activities should contribute to the well-being of the family) than criticism of project implementation in the field?

III Unclear Sections

- 1 Most of the recommendations need more explanation to be understood, particularly those under the enterprise development section
- 2 Page 20, bottom of page, it says "based on this, the evaluation team made the following conclusions " It's not clear what "this" is and how it led to the conclusions below Further down that page, it s not clear how AAHE's desire to include men in the loan program is an indicator of the insufficiency of AAHE participation in project planning
- 3 References to gender sensitivity must be clarified It's not clear what specifically should have been done differently in implementation to conform to a sufficiently gender sensitive approach, nor what the desired outcome of the training would be Does everyone -- from the AAHE board to each borrower -- need training (as can be inferred from references throughout the text)? What will these target trainees be able to do differently once they have taken the training? How should these changes influence future project implementation?

IV. Factual Corrections

While there are a number of slightly misconstrued references in the report, the following are singled out for correction

Acknowledgements

Titles Anne Johnson is Acting Project Director of RCID, and Sarah Jackson is Associate Director of ACDI

ACDI's name Delete "for"

Executive Summary, paragraph 1

The evaluation was conducted in 1996, not 1995

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Grant amounts are \$456,616 and LE 1,412,786

References to Bedouin and Mersa Matrouh (paragraphs 3 and 5) should be deleted, since

Phase II was not approved as part of the grant

Page 7, paragraph 2

- "Cycle" in the RCID project means the three module training program. The three modules are 1) Entrepreneurial Assessment, 2) Business Skills, and 3) Business Start-up. At the time of the evaluation, five cycles had been completed, and a sixth one was in progress.

- The last sentence of the paragraph would be more accurate if it were re-stated as follows: "At the end of the second module, trainees are eligible to apply for a loan from the RCID credit fund."

- Item #4 is not complete.

Page 16, paragraph 5

The request to work in Hamam district rather than Boustan was made by **Hosni Korayem**, Director of the New Lands Authority.