

PERFORMANCE REPORT
Monitoring, Verification, and Evaluation Unit - APRP
Quarter Ending December 31, 1999
and
Annual Report for 1999

USAID/EG/AP
USAID Contract No. 263-C-00-97-00003-00
Abt Associates Inc.

January 1 - September 30, 1999

Progress

Verification, Tranche III

MVE Staff and consultants visited ginners and spinners to begin verification of benchmark B3 (generation of 2000 new private sector jobs) and for collection of monitoring data on the share of the private sector. The apparent discovery of many new spinners was a revelation for all of APRP. MVE designed a survey to more fully understand who these spinners are, how they contribute to the new jobs, and whether they have invested because of the liberalization of the subsector. MVE has solicited input to this survey from other APRP units and is ready to pretest the survey instrument.

The Unit had collaborated with GTZ/CSPP in the design of a survey of producers to ascertain their cotton marketing practices this year. The Unit had collected data on the marketing of cotton by producers in Beheira governorate, to complement the four governorates that are being covered by CSPP. In the first quarter these data were tabulated and analyzed with assistance from Dr. Moustafa Guhari.

MVE made a presentation of its cotton trader database application. The data were collected partially to verify participation of the private sector in cotton trade this year. The presentation included lessons on how to design a compact database when incorporating multiple transactions for each individual interviewed.

MVE staff took part in ongoing discussions with staff of the PMU, RDI and water policy units to ensure smooth verification of the policy benchmarks.

Dr. Adel Mostafa supervised surveys of ginners and spinners to both verify benchmark B3 and also to develop time series data for the progress indicators of the monitoring program. In addition, the detailed information from the survey of new large-scale spinners will contribute significantly to the assessment of program impact.

Workshops attended by MVE staff for verification purposes include:

- C “Main Constraints of Transporting and Handling Egyptian Horticulture Crops,” in Cairo, May 18 (A1)
- C Focus group involving local officials, stakeholders and private water users in Farafra Oasis in May (C2)
- C APRP Water Policy Program Tranche III Benchmarks Final Workshop in Sharm El Sheikh, June 11 and 12 (C1-C8)
- C MTS presentation of its new export promotion program and of its strategy for working more closely with private associations, June 13 at the Pyramisa Hotel in Cairo (D2)
- C Leasing workshop in Alexandria, June 27 and 28 (B6)

MVE field trips by senior staff for verification purposes included:

- C Dr. Morsy to Luxor and Qena for sugarcane (C5); to Farafra for groundwater (C2); to Zagazig for BCWUA (C3); and to Abu Hammad for drainage reuse (C7).
- C Dr. Ender to Sakha, Kafr El Sheikh and Beheira for rice (C6); and to Imbaba and Qanater for telemetry (C1).
- C Dr. Adel to Alexandria, Mehalla El Kubra, Tanta, Fayoum, and Sharkiya for verification of several benchmarks.
- C Dr. Holtzman to Alexandria for yarn pricing (A2), seed cotton marketing (A3), and lint imports and phytosanitary risk (A5).

Dr. Morsy’s two trips to Upper Egypt revealed the very high level of support among farmers for the rationalization of water use in the cultivation of sugar cane (benchmark C5). The Unit determined that this benchmark has been exceeded by the superior performance of all those concerned, including the two cooperating ministries, MALR and MPWWR, the private companies supplying the required equipment, and of course the farmers. The reasons given by MVE for this determination include:

- C The benchmark refers to two areas of private sugar cane growers for the application of new system of irrigation, but the Sugar Cane Working Group has exceeded that requirement by working in 14 locations in Luxor and Qena.
- C The GOE has strongly encouraged the private sector to participate in all of phases of establishing, managing, and operating the pilot project. This important dimension was not in the benchmark.
- C The training included more than 500 farmers and 65 extension agents, it conveyed to farmers an understanding of the new techniques (gated pipes and laser leveling).

The following consultants assisted MVE in verifying the benchmarks of Tranche III:

Dr. Boraie Ahmed Ibrahim
Dr. Effat Abdel Hamid
Dr. Ezz El Din Abdel Kader

Dr. M. Abdel Sadek El Santricy
Dr. Mahmoud Alaa Abdel Aziz
Dr. Mohamed Hassan Heikal

Mr. Mohamed Hussein Atwa
Mr. Mostafa Sayed El Gohary
Dr. Nabil El Santricy

Mr. Samir Atteia Arram
Dr. Sayed Saleh Sayed

The verification report for tranche III was completed on time and submitted to USAID in July. In addition, the Unit completed a brief update to the report that presented further information on accomplishments after the main report was completed. The update was submitted in September.

According to the main verification report, three benchmarks were exceeded, 15 were accomplished, eight were partially accomplished, and 2 had no progress. In four of the five policy areas, there were more benchmarks accomplished or exceeded than partially accomplished or no progress made. One benchmark could not be verified. Based on the information in the update report, the number of benchmarks accomplished increased from 15 to 17, while the number of benchmarks partially accomplished dropped from eight to six. Benchmarks B6 (Leasing Guidelines) and D4 (Plant Breeders' Rights) were accomplished after the verification report was completed.

The most significant achievement of the GOE this year in the prices, markets and trade area was in its continued liberalization of seed cotton marketing (benchmark A3). Participation by private seed cotton buyers and private exporters increased over 1997/98. Private traders delivered 28 percent of the seed cotton crop to the gins, as compared to 6.5 percent in 1997/98, and private exporters made commitments to ship 27 percent of lint exports in Egypt's second best export marketing season during the 1990s.

The only marketing benchmark affecting the fresh produce trade (A1) was fully accomplished. The GOE has adopted and implemented simplified procedures to facilitate the entry of refrigerated containers for use in produce exports. An MVE survey of exporters showed that they are well aware and appreciative of GOE efforts to facilitate their access to reefer containers.

There was significant progress this year toward privatization and greater private investment. Five public sector rice milling companies were sold to their workers and managers organized in ESAs (B4). The ADHC successfully completed three privatizations during tranche III (B7). Although there were no completed privatizations of public textile companies (B2), MPE has prepared two spinning and weaving companies (and three public ginning companies) for privatization, and public calls for bids are expected soon.

There was evidence of impressive private sector investment in ginning and spinning, which generated about 2,500 new jobs during tranche III (B3). In conducting a near-census of private spinners, MVE discovered that these companies cluster in three groups: 1) recently privatized spinners; 2) new, smaller companies spinning medium to high counts; and 3) spinners of various types of cotton waste into low counts. The latter two groups were largely unknown before MVE's survey. This private investment reflects the perception among private investors that policy reform in the cotton/textile subsector is irreversible, leading to new opportunities to create jobs and increase exports.

In the area of agricultural land and water resource investments, utilization and sustainability, the GOE accomplished all of its objectives in these benchmarks (C1-C8) and exceeded two of them (C3 and C5). Irrigation efficiency and effectiveness are likely to be substantially improved when these new policies are implemented nation-wide. The activities in this tranche provide the necessary foundation to improve water management: by using flow rather than volume measurements, through new policies for free-flowing groundwater in reclaimed desert areas, through participation of farmers in water user associations at the branch canal level, with support from MPWWR through an institutionalized IAS, and with more useable irrigation water through intermediate drainage reuse.

The MPWWR and MALR deserve special mention for their cooperation at several levels in implementing the pilot activities to save water in the cultivation of both rice (through the use of short-season varieties and coordinated water management) and sugarcane (through the use of gated pipes and laser leveling). These activities are the forerunners to the upcoming further cooperation in water management by matching water supplies and demands in the new era of farmer choice of cropping pattern.

In the areas of agricultural sector support services, the GOE accomplished three benchmarks for formulating new policies in the areas of: support of commodity export associations and organizations (D2); wastewater reuse (D3); and pesticide registration (D7). The Government's new approach to supporting trade associations is one key step in helping Egypt achieve its export goals. The new policy in wastewater reuse will make it possible to use treated wastewater to produce useful non-food commodities. The policies on pesticide registration are consistent with the Government's remaining critical role in providing regulation and inspection in matters pertaining to health and safety, while allowing the private sector to provide goods and services.

The Government also proceeded well with revising the criteria for holding a ration card; the one benchmark in this area was accomplished. These steps will ultimately lower the cost of the food subsidy program and target its benefits better to the needy.

Verification, Tranche IV

The MVE team took part in the tranche IV benchmark development workshop in Port Said and Cairo from March 21 to 23, providing comments on both the indicators and the proposed benchmarks. The team also provided comments on earlier drafts of these benchmarks.

MVE staff Ender and Morsy provided substantial assistance to RDI staff in the design of the information-related benchmarks of tranche IV.

MVE staff took part in ongoing meetings to clarify the originally and subsequently proposed benchmarks for tranche IV. MVE provided written and verbal comments, questions, and feedback to the technical assistance teams and the Mission, and suggested clarifications to make the benchmarks verifiable, feasible and effective. The MOU was signed on September 20, 1999.

Impact Assessment

Dr. Wally Tyner returned to Egypt to complete the wheat subsector baseline study and to make a presentation to GOE at MTS on February 3. One of the policy recommendations of the study, mixing maize and wheat flour at the mill to reduce leakage in the subsidized flour distribution system, has been adopted as a policy benchmark in tranche IV.

Dr. John Mellor of Abt Associates began work January 26 on the impact of APRP policy reforms on employment and productivity. Mellor and Tyner made a joint presentation to Mission staff on the crucial importance of agricultural growth for employment creation and the importance of agricultural policy reform for agricultural growth. Mellor also briefed the Mission Director and his senior staff. Before his departure, Mellor also made a presentation to APRP staff. Dr. Mellor returned on March 31 to further refine his model using the best possible data. A draft of this report was distributed in June at the SO1 jobs meeting (details below).

In the third quarter Mellor began further work on his model of agricultural growth and employment in collaboration with Dr. Sarah Gavian. The model is being further disaggregated and put into spreadsheet format to enhance transparency, flexibility, and portability. Drs. Mellor and Gavian traveled to Egypt in October to make presentations of their results to three different audiences: project staff, senior Egyptian academics and policy makers, and the Mission. Dr. Gary Ender worked closely with Mellor and Gavian.

Drs. Ender and Morsy continued to take part in meetings on the Egypt Agricultural Sector Model to encourage understanding and development of the model for use in policy analysis.

The MVE Unit distributed the cotton and fertilizer baseline studies, which had been published at the end of 1998. The GTZ Cotton Sector Promotion Program (CSPP) requested and received fifty copies of the cotton baseline study that they distributed to their Egyptian collaborators. The cotton subsector report:

- C Summarizes data on subsector structure.
- C Quantifies public-private market shares (and shares of employment) in seed cotton procurement, ginning, lint cotton export, yarn production (spinning), and fabric production (weaving) production and trade, and recent trends/changes.
- C Establishes a database on lint cotton export flows and prices for the 1990s. It also analyzes trends and changes in flows, prices and export market shares.
- C Analyzes the relationship during the period 1994-97 among the prices of the following: seed cotton (producer), lint (into-spinning mill), and lint (export)
- C Summarizes salient features of recent trends or shifts in national production and regional shares in production of seed cotton.
- C Provides an assessment of subsector performance, constraints, policy and regulatory progress and problems, and opportunities for improvement.

In this study Dr. John Holtzman drew together and synthesized data from numerous sources in an integrated report. This required significant effort, and the Unit received praise for having provided this service to APRP, CSPP, USAID and the GOE.

The fertilizer subsector baseline study by Drs. Tom Zalla and Abdel-Hamid Youssef Saad had similar objectives as the other baseline studies. It also integrated material from previous studies and arrived at an overall assessment of the structure, conduct, and performance of the nitrogen fertilizer distribution system. The authors pointed out that:

- C With world prices currently as depressed as they will get, now is a good time to restructure the protection for fertilizer so that the level of effective protection will fall as world prices recover to normal levels. This can be accomplished by replacing the 30% duty with a 0-10% duty and an anti-dumping levy of the difference between 30% and the new duty.
- C Mellor (1997) and El Guindy et al. (1997) recommended establishment of a fertilizer information system to assist companies and the Government anticipate and respond to market signals. It remains an important objective to have such information widely disseminated.

The MVE Unit published its assessment of agricultural data, **Availability and Quality of Agricultural Data in Egypt**, Impact Assessment Report No. 4. This seminal study provides in-depth analyses of the data collection system for the Nile Valley. The strengths and weaknesses noted will be the foundation of not only the Unit's impact assessment program, but also other APRP activities to further improve the data collection system and data reliability. Another activity that will start soon is one to improve short-term forecasting methods in MALR. The expatriate consultant, Dr. Larry Pope, arrived in Egypt on July 17, the team includes Drs. Rabie Amer and Ramzy Mubarak.

The Unit supplemented the data quality and availability study with a similar analysis of the system of data collection for the New Lands. The SOW for this activity was developed and approved, and the local members of the team began work under the supervision of Dr. Morsy Aly Fawzy. The expatriate team leader, Dr. Tom Zalla, arrived at the end of October. The work completed by the third quarter included a review of literature and development of proposals for definitions of various categories of old and new land.

Drs. John Holtzman and Adel Mostafa completed a draft of a paper comparing seed cotton marketing in 1997/98 and 1998/99. This report draws on surveys conducted by the unit during the previous two cotton seasons. It concludes that the GOE has made progress in liberalizing seed cotton marketing since 1996/97, and that private sector participation and competition have increased. Dr. Holtzman revised the draft and circulated it for review in October.

Holtzman also completed the rice subsector baseline study. This report presents and analyzes data drawn from many GOE sources, from numerous interviews with private rice millers and exporters, and from a formal survey of 55 commercial rice mills conducted by MVE in late 1998. The

baseline report documents and examines changes in the structure and performance of the rice subsector since the mid-1990s, paying special attention to developments in 1996/97 and 1997/98. It anticipates likely changes in the subsector and rice milling industry, due to APRP encouraged reforms, lagged APCP impacts, and other factors, to 2001/02. As in the case of the cotton subsector baseline study, the Unit received complements for assembling and analyzing data from numerous, disparate sources and presenting this information in a well-integrated synthesis.

A SOW was approved for a study on seed cotton marketing in 1999/2000, and the local team began work under the supervision of Dr. Adel Mostafa. The expatriate team leader, Dr. Ronald Krenz is arrived in early October. This study continues the unit's close tracking of changes in cotton policy in preparation for final impact assessment.

The MVE Unit also undertook a supplemental survey of cotton spinners. The population for this survey was developed under the supervision of Dr. Adel Mostafa. The Unit carried out the field work of this survey in November. This second round includes cotton spinners newly discovered, as well as a small number who could not be reached during the first round.

The short-term forecasting methods team, which is focusing on cotton, began and completed most of its work during the third quarter under the supervision of Dr. Morsy Aly Fawzy. The expatriate team leader, Larry Pope, made two visits. A further visit by the expatriate is scheduled in October (in conjunction with travel to another assignment, so there will be no travel cost to MVE). The objective of this activity is to assess the quality of short-term forecasts being made in the MALR and to recommend the appropriate method to be adopted by the EAS/MALR. Under this activity, the team will:

- C Assess the quality of short-term forecasts being made in the MALR through:
 - C review of documents
 - C discussions with MALR staff
 - C field trips to investigate data collection methods, equipment and materials
- C Design and apply an improved forecasting model and compare results to the MALR's crop cutting results
- C Recommend improvements in the methods used, including required data
- C Provide on the job training to MALR staff on implementing the improved methods (senior team members)

During the third quarter the Unit began work on a rice subsector update, under the supervision of Dr. John Holtzman. A local consultant, Dr. Abdel Rahim Ismail, began interviews with key informants. The principal objective of this study is to update and finalize MVE's tracking of rice marketing and processing through the end of the 1998/99 season. A secondary objective is to monitor production estimates, prices, paddy buying, and public and private miller procurement and milling activity during the beginning of the 1999/2000 season. This paper will build on the Rice Subsector Baseline Study, completed in the spring of 1999. The study will selectively update the earlier work, extending time series where feasible, and summarize the rice production, domestic

trading, processing, and export situation for the entire 1998/99 season and at the beginning of the new 1999/2000 season (including 1999 rice production forecasts or estimates).

Monitoring

Several consultants and the unit's research assistant began work on calculating all of the progress indicators. The initial round of calculations will not only monitor the recent year but establish a database for the 1990s. Later updates will be much less difficult once data sources are established, so the time series can be updated at a modest marginal cost.

The MVE Unit faced some difficulty in obtaining international fertilizer price data of the proper comparative type. The Unit decided to subscribe to the fertilizer newsletter "Green Markets" to ensure the availability of timely information in this area.

A rough draft of the monitoring report was circulated in July; a revised draft of the study was distributed in October.

Special Studies

Dr. Ronald Krenz returned to Egypt and completed the cotton quality and grading special study, and it was published. The report was widely disseminated by both MVE and CSPP.

All of the analysis for the special study on productivity was completed, and the study was reviewed by Unit and Mission staff. It covers input productivity in annual crops on the old lands in Egypt in the 1990s. Work on the productivity special study continued with the addition of Dr. Douglas Krieger to team to finalize the analysis and the report. Comments were received from the Mission, and it was completed in July.

A SOW for a cotton ginning case study was approved, and local data gathering began under the supervision of Dr. Adel Mostafa. Dr. Adel also made plans for early visits by the expatriate team leader, Dr. Ronald Krenz, after his arrival in early October. This case study on the privatized El Arabeya company will analyze the progress of El Arabeya since privatization and assess its overall performance relative to the industry and how this has influenced how the rest of the industry operates. An important objective of the study is to describe the operations and economic performance of a successfully privatized ginning company, where its performance improved after privatization, and to distill lessons learned for further ginning industry and other agribusiness privatizations. An important part of this task is to examine any reallocation of labor (to different gins or ginning functions) following privatization and as a consequence of ginning mill closures or technological innovations. Retraining or retooling programs to ease any reallocation of labor merit attention.

A second objective is to compare the performance of the ginning industry before and after the two privatizations began (in 1996/97). Did the privatization of two public companies enhance competition and industry performance? A third objective is to compare the operations and

performance of a private ginning company with other firms in the industry. This objective can be accomplished by doing analysis at two levels: 1) private firm vs. industry, using selected performance measures (one firm vs. aggregate measures); and 2) private firm vs. a leading public sector ginning company that may soon be privatized. This second comparison would shed light on the relative strengths of private and public ownership/management.

Coordination and Collaboration

Dr. Morsy Fawzi provided assistance to RDI in the design and management of the farm budget (income) study. He also consulted with RDI at length on the methodology of the study and the way to operationalize the data collection. The objective of the activity is to institutionalize collection of farm budget data in the MALR

Drs. Ender and Morsy provided help to the newly arrived ALEB team in obtaining agricultural data and information about data systems in Egypt. They explained the organizational structure in MALR for data collection and maintenance, and introduced the team to Eng. Mohamed El Shahed. Mr. Shahed explained to them what data are available and immediately provided the most recent reports and data to the team.

Dr. Morsy took part in several discussions with Drs. Omran and Rogers of USAID with Eng. Mohamed El Shahed on the improvement of data collection systems and methods.

MVE Unit staff took part in the IFPRI seminar on poverty alleviation and rural finance on January 13. MVE staff attended the IFPRI presentation on elasticities on May 16. Drs. Ender, Morsy, and Holtzman attended the IFPRI final conference on May 25 and 26 at the Sheraton Gezira, and Ender was at the maize marketing study briefing by Dr. Krenz and Dr. Magdy El-Guindy in APRP conference room in the evening of May 26.

The COP attended the periodic SO1 COP meetings at the USAID Mission on January 12 and on June 2, and the follow-up meeting June 14 on job creation, at which he distributed a draft of the Mellor paper and participated in a discussion of the Mission's new SO on jobs.

Drs. Ender and Morsy attended meetings of the EASM committee that is attempting to improve for actual use the agricultural sector model. Ender helped the committee to find previous documentation and sources of elasticities. Ender also attended the presentation by James Maxwell and Dr. Mohamed Omran on the possibility of undertaking sun-dried horticultural product production and marketing in Toshki.

The staff of the MVE unit took part in various other meetings and discussions. These included the following:

- C Tranche III verification meetings before finalizing the verification report
- C Price Waterhouse Coopers clusters meeting on workforce development

- C Meeting with the IFPRI COP about food security work to be conducted by the MVE Unit during the contract extension
- C Mismatch benchmark kickoff workshop

PPC Activities

COP Dr. Gary Ender attended PPC meetings (Feb. 8, May 16, and June 23), during which there was discussion of progress on benchmarks, transfer of funds, and other important issues. There were no PPC meetings during July, August, or September, 1999.

Workplan

The MVE Unit drafted a workplan for year 3 (January - December, 1999) and circulated it to APRP colleagues for comment. The Unit workplan for year 3 was approved by the COTR in June.

Staffing

The MVE Unit hired a highly qualified research assistant, Mr. Sherif Fayyad. Mr. Sherif had worked with the unit on several previous assignments as a consultant. The Unit expects Mr. Sherif to make a valuable contribution to the Unit's work in the area's of data gathering and compilation, database creation and maintenance, and survey analysis. Mr. Sherif is familiar with Excel, Access, and SPSS, and other personal computer programs and is currently a Ph.D. candidate in agricultural economics at Cairo University. He will help to increase the Unit's productivity by routinizing the collection and management of data.

The MVE Unit considered hiring some of IFPRI's qualified staff when the IFPRI grant ends. The objective of these hires would be both to continue the capacity of the program to provide certain specific technical assistance (e.g., in proxy means test analysis) and also to enhance the capacity of the unit to do analysis in general and in particular using the EIHS.

Office Space

The MVE Unit was allocated additional office space (which made possible the hiring of the research assistant mentioned above). In addition to one additional office on the fifteenth floor, a TDY office and shared seminar room are available on the twelfth floor.

Computers

The Unit received a letter from the Office of Procurement granting authority to purchase some additional computer hardware. Procurement of three new desktop computers to replace outmoded laptops for office use is currently under way. The Unit plans to allocate two of its current laptops (Dell) to staff for use when they are traveling and for local consultants who work in the Unit offices. The remaining laptop (Toshiba) is not of sufficient power and functionality to continue in use by the Unit, and the Unit plans to return it to the PMU.

Summer Leaves

Drs. Ender and Holtzman took R&R during the months of July and August; senior Egyptian MVE staff also took significant annual leave in August.

Quarter Ending December 31, 1999

Progress

Verification, Tranche IV

MVE staff took part in the tranche IV implementation workshop of RDI unit. The Unit drafted its verification plan and submitted it for review by the CTO and EG/AP staff.

Impact Assessment

After three presentations in October, Drs. John Mellor and Sarah Gavian received comments on their paper and completed it in December. The study shows the critical importance of agricultural growth and of small-scale rural enterprises depending on agriculture to the growth of employment. Widespread distribution of the report is planned for January, 2000.

The rice subsector update report was drafted and circulated for review. Final data checks, reviews and edits are under way, with completion planned for January, 2000. This paper argues that rice market liberalization is not quite complete. GOE announcements of minimum paddy prices and planned exports to Indonesia (which failed to materialize) tended to destabilize the domestic rice market in 1998/99. The GOE's decision not to reduce the tariff, per tranches II and III, also contributed to the well-publicized rice crisis in May-June, 1999. Finally, holding company brokering of finance for the six ESA mills and two public mills, which bought massive amounts of paddy in the fall of 1999, made privatization of the ESA mills look like a hollow exercise.

The MVE Unit published a study by Dr. Stephan Goetz on the use of EIHS (1997 IFPRI household survey) data for an agricultural production baseline. It includes data expenditures and revenues, as well as details on input use, productivity and marketing.

The seed cotton marketing study, comparing 1997/98 and 1998/99, was undergoing final revisions, based on comments, and publication was slated for January 2000.

MVE staff (Ender and Morsy) participated in the working group that evaluated the agricultural sector model. Dr. John Keith, of the EPIQ team, is completing a report on the model, including its structure, functioning, and problems.

Dr. Ron Krenz began work on the seed cotton marketing study for 1999/2000, under the supervision of Dr. Adel Mostafa. Krenz completed the field work; interviews with major traders remain to be conducted. Mostafa and Krenz designed a survey of farmers and small traders. Data were collected, coded, checked and entered. Analysis of these data and report writing remain.

Field work in cotton short-term forecasting is complete. The expatriate advisor, Larry Pope, visited in October. The report is in first draft. After comments from the COP and Dr. Morsy, the team leader will revise the report, and it will be circulated for further comment. The Unit plans for a revisit

by the Pope in April to train MALR staff (with cotton in the ground) and to make a presentation on the team's findings.

Following the enthusiasm of MALR for the work of the cotton short-term forecasting team, the MVE Unit agreed to continue work in this area under the direction of Dr. Morsy. A SOW was drafted and approved for a team to study wheat short-term forecasting and make recommendations for improvements. The expatriate advisor, T. J. Byram, made initial visits to the field and to made plans for remaining work and visits. He will return in early March and late April; training of MALR field workers will begin in January.

The New Lands data availability and quality team completed its field work and data collection. Dr. Tom Zalla is scheduled to return in January to assemble the report and work with the team on its presentation.

Monitoring

A major report providing a baseline of progress indicators for APRP was completed in December after review by and discussion with CTO. The report reveals progress in a number of dimensions, including the private sector's share of cotton ginning and spinning and fertilizer marketing, and a decline in the non-banking activities of PBDAC. The report recommends most of the progress indicators for continuation, but recommends that, because of their more complex nature, others either be dropped or used in the impact assessment program. The Unit will publish annual updates to these indicators.

Special Studies

Work began on the cotton ginning case study. Most of the field work was completed, and some parts of the text were drafted. Drs. Adel Mostafa and Ron Krenz visited many gins and interviewed participants in the cotton subsector to get their views on improvements in ginning under way as a result of privatization. A comparison of technologies in use in the privatized gins with those in the remaining public sector gins is an important part of the study.

Drs. Ender and Morsy met with Tamer El Meehy and Nemat El Guenena of EQI to begin discussing a possible study on SMEs. The study would attempt to develop more complete information to support of Dr. John Mellor's analysis. Mellor emphasizes the importance of demand for SME products by the agricultural sector and the large amount of employment created by this relationship.

Coordination and Collaboration

The staff of the MVE unit took part in various meetings and discussions during this quarter in addition to those of the Unit itself. These included the following:

- C Dr. Morsy participated heavily in the RDI/MALR farm income statistics workshops, providing technical guidance. Ender attended the workshops in Luxor and Cairo.
- C Ender attended the project closeout meeting of GreenCom III
- C Ender met with Fran Freeman of the Australian embassy on trade policy and Australian rice prices
- C Ender met with Ron Gollehon, who is the former head ACIDI and now at PBDAC analyzing institutional growth for Minister Wally
- C Ender and Holtzman met with Dr. Ray Bush, a UK social scientist studying poverty and rural development
- C USDA WTO seminar

PPC Activities

COP Dr. Gary Ender attends PPC meetings, during which there is discussion of progress on benchmarks, transfer of funds, and other important issues. There was a PPC meeting during October, 1999.

Staffing

MVE's administrative assistant, Ms. Yvonne Louis, was on maternity leave; she was replaced temporarily by Ms. Dalia Radwan, formerly with the FSRU. Ms. Asmaa El Ganainy and Ms. Amina Hegazy from IFPRI also joined on a temporary basis to supplement the Unit's research capabilities and assisted with further analysis of the EIHS in relation to new analyses by Dr. John Mellor. Amina left at the end of December upon the birth of her daughter.

Computers

Three new desktop computers were procured by Abt Associates and shipped to Cairo. Clearance is expected in January.

Contract Extension

In conjunction with the extension of APRP already approved, Abt Associates was notified that it should prepare a proposal for the extension of its contract for the MVE Unit. Because of anticipated Y2K problems, the Office of Procurement did not permit the Abt project manager to plan for travel in January to work with the administrative and financial staff of the MVE Unit and assist the COP with budgeting for the proposal. The Y2K situation will be reassessed at a later time. At this time a proposal is intended to be submitted by the end of February (during which month the Contract Negotiator in the Office of Procurement will be on travel in the US), with the hope that an amended contract can be negotiated and signed in March, 2000.

Problems

The MVE Unit has only one reliable vehicle for field use.

Proposed Actions

The Unit would appreciate assistance from the Mission and the PMU in obtaining a more suitable second vehicle or an appropriate third vehicle.

Monitoring, Verification, and Evaluation Unit			
October - December, 1999			
Total Level of Effort:		600	
Total Estimated Cost: Main contract + Special Studies:		\$5,751,000.00	
Total Estimated Cost: Main contract:		\$5,388,428.00	
Total Estimated Cost: Special Studies		\$362,572.00	
Level of effort (October -	STTA	18.11	p/m
December, 1999)	LTTA	30.00	p/m
Cumulative LOE through	STTA	94.14	p/m
December, 1999	LTTA	311.74	p/m
Unused LOE:		194.11	p/m
Expenditures - Main Contract (October - December, 1999)		\$425,502.23	
Expenditures - Special Studies (October - December, 1999)		\$24,027.00	
Total Cumulative expenditures to date: Main contract		\$3,327,939.45	
Total Cumulative expenditures to date: Special Studies		\$70,218.97	
Total Cumulative expenditures to date: Entire contract		\$3,398,158.42	
Remaining unexpended balance:		\$2,352,841.58	

MVE Technical Publications

Verification

Verification Report Update, Agricultural Policy Reform Program, Tranche III: Policy Benchmarks for Accomplishment by June 30, 1999. Submitted by The Government of Egypt to The United States Agency for International Development, Cairo. With the technical assistance of the MVE Unit. Abt Associates Inc. September, 1999.

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