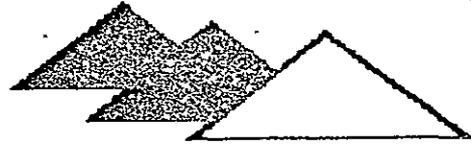


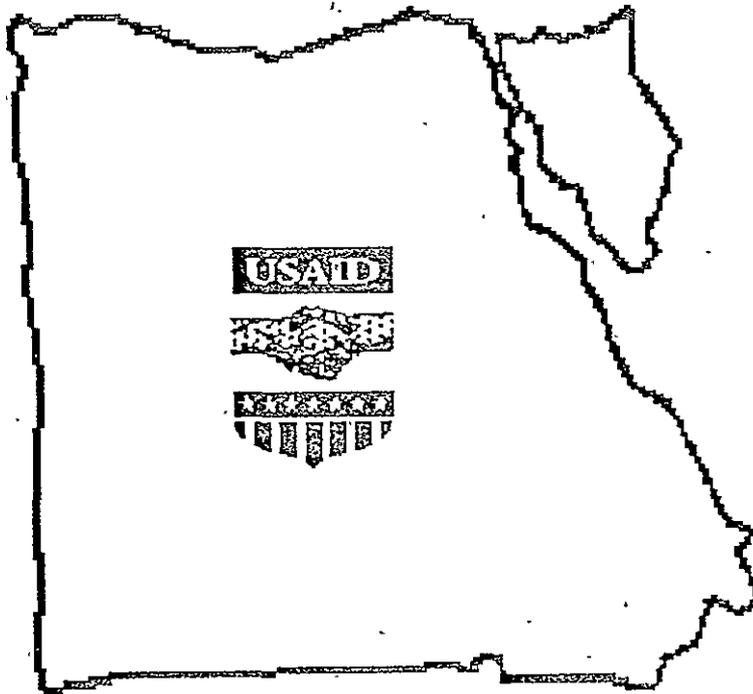
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22

USAID / EGYPT



December 1996



Portfolio Implementation Reviews

USAID/Egypt
Portfolio Implementation Reviews

November 18 to December 4, 1996

Status Sheets

SO-1

0132: Irrigation Management Systems
0152: National Agriculture Research
0177: Telecommunications IV
0194: Alex. Elec. Network Modernization
0201: Private Sector CIP
0202: Agricultural Production Credit
0209: Public Finance Administration
0212: Small & Micro Enterprises
0215: Power Sector Support
0219: TA for Agricultural Policy Reform
0223: Telecommunication Sector Support
0224: Power Sector Support II
0226: Export Enterprise Development
0228: Small Enterprise Credit
0230: Egyptian Center for Economic Studies
0233: Tech. Spt. for Sector Policy Reform
0238: Privatization Support
0240: Agricultural Tech. Util. & Trf.
0244: Dev. Trg II (IELP)
0264: Growth through Globalization
K629/30: Sector Policy Reform II
K631: Agricultural Policy Reform
K632/33: Commodity Import Program
K634: Sector Policy Reform III

SO-2

0259: Girls' Education

SO-3

0220: PVO Development
0251/ TA for Participatory Rural Gov.
K635: Participatory Rural Governance

SO-4

0227: Population/Family Planning III

SO-5

0140.2: Schistosomiasis Research
0170: Cost Recovery Program for Health
0242: Healthy Mother/Healthy Child
0265: Combat. Endemic & Emerg. Diseases

SO-6

0100: Alexandria Wastewater (K-044)
0161.3: Provincial Cities Development
0173: Cairo Sewerage II
0174: Canal Cities Water/Wastewater II
0193: Cairo Water Supply II
0236: Secondary Cities Development

SO-7

0140.01: Science & Tech. Cooperation
0140.03: Energy Conservation & Environment
0205: Cairo Air Improvement
K629/30: SPR II Environment

SPO-A

0211: University Linkages

SPO-B

0231: Decision Support Services

SPO-C

0243: Administration of Justice

SPO-D

0225: Promo. of Env. Sustain. Tourism
XXXX: Pres. & Restor. of Eg. Antiquities
XXXX: Endowment for P&R of Eg. Antiq.

SPO-E

0244: Dev. Training II (DT2)

Initial Oblig. Date	Completion Date	Planned LOP Funding	Authorized Funding	Cumulative Obligation	Planned FY 97 Obligation	Commitments	Expenditures	Pipeline
09/22/1981	12/21/1996	\$336,000,000	\$340,000,000	\$336,000,000	0	\$333,435,000	\$329,138,000	\$6,862,000

IMPLEMENTING AGENCIES: Ministry of Public Works and Water Resources (MPWWR), Egyptian Survey Authority (ESA).
(TA)CONTRACTORS: Winrock Int., Chemonics (WRC); Environmental Quality Int. (PM); Morrison-Knudsen/Louis Berger Int. (IIP); UN/FAO, Utah State Univ. (PSM); Harza Engineering (MSM); Geonex (SM).

PROJECT PURPOSE AND DESCRIPTION:

The project purpose is to improve the system-wide water use efficiency for irrigation. The project is designed to achieve this by strengthening the MPWWR's operational, maintenance, and planning capabilities. Technical and financial assistance, training, and commodity procurement services are being provided through ten IMS components, Structure Replacement (SR), Project Preparation Department (PPD), Water Research Center (WRC), Professional Development (PD), Main System Management (MSM), Preventive Maintenance (PM), Irrigation Improvement Project (IIP), Planning Studies and Models (PSM), Survey and Mapping (SM), and Miscellaneous (MISC).

STATUS OF CONDITIONS PRECEDENT (CPs) AND COVENANTS:

CPs - New conditions related to increases in funding for SM and WRC were included in the Ninth Amendment, and compliance is satisfactory. Compliance with all other CPs has also been acceptable.

COVENANTS - June 1994 legislation makes WUAs legal and authorizes cost recovery for improvements and operation at the tertiary level. Implementing regulations have been decreed, and a workshop was conducted in March 1996 to develop plans for implementation. Three major cost recovery studies have been completed. Actions to fully implement the covenants are moving satisfactorily.

STATUS OF OPEN AUDIT RECOMMENDATIONS:

PD Audit Report No. 6-263-97-02-N, was issued on 10/30/1996 with two recommendations. Closing is anticipated in February 1997.

EVALUATIONS:

In addition to a September 1990 interim evaluation, component evaluations have been conducted for PSM ("special assessment," Dec. 1990), PM (Nov. 1992), and IIP (Nov. 1993). On Dec. 4, 1994 the ExCom decided that there will be no final project evaluation, and that an assessment of IMS lessons learned will contribute to the design of the future Improved Water Policy results package.

PERFORMANCE INDICATORS:

The project purpose is the same as Mission Program Outcome 3.3, which AGR continues to monitor using Aswan High Dam release records and agricultural production data for major crops. This effort began late in the Project, and it was not preceded by data collection designed to link previously-completed Structural Replacement component activities with increased irrigation efficiency. The status of indicators for these outputs is as follows:

	Semester	Cum.	LOP
1. MPWWR strengthened:			
Feasibility Studies	3	17	17
IIP improvements operational (feddans)	19,711	68,000	75,000
Continuous flow, IIP areas (feddans)	37,715	80,000	75,000
Computer models tested	1	5	6
2. Improved ability in project plng.:			
Pre-feasibility & special studies	2	32	32
3. WUAs formed and operating:	80	80	1200
4. Improved ability to manage SR:			

Structures replaced	0	19,254	19,200
Large irrigation struct. replaced	0	5	5
Construction manual	0	1	1
Contract admin. procedures	0	1	1
Monitoring and reporting system	0	1	1
5. Maintenance process strengthened:			
Maintenance management manual	0	1	1
Systems for maint. mgt. utilized	0	0	1
6. Telemetry system established:			
Meteorburst sites	0	200	200
Voice & data communication sites	353	600	600
Master stations	0	2	2
Submaster stations	0	24	24
7. Nile Forecast Center established:			
Primary data user system	0	1	1
Meteorological data distrib. syst.	0	1	1
Work stations and staff	0	1	1
Hydro-climatic data base	1	1	1
8. Strengthened research process:			
Doc. and mgt. info. system	1	1	1
Strategic Res. Unit established	0	1	1
Water quality data unit establish.	0	1	1
PhD's completed	9	31	31
MSc's completed	0	44	43
Short-term training (person-months)	0	80	80
9. Irrig. Training Institute established:			
Policy manual for operations	0	1	1
Promotional materials completed	0	1	1
Courses dev. and offered annually	0	81	80
10. Egyptian Survey Authority operational:			
Production dept. equipped	0	1	1
Soil and crop maps for Delta	0	1,222	1,410
Cadastral maps	0	2,487	3,541
1:50,000 topography maps	0	64	74
1:10,000 orthophoto maps	0	1,312	1,750
1:1000 town/village maps	0	128	73
Pilot land information system	0	1	1

STATUS OF HOST COUNTRY CONTRIBUTIONS:

Section 3.2 of the Grant Agreement requires a host country contribution of L.E. 424 million. The host country contribution, cash and in-kind, reported through GOE FY 1993-94 is estimated to be LE 394 million. (The updated report is not yet available.) The 1995/6 financial plans for the major components have met an approximate 100% of GOE allocations for the local operating budget. The GOE contribution continues to be adequate.

MAJOR ACTIONS DURING NEXT REPORTING PERIOD:

IMS: Emphasis is being given to completion of the IMS project including the PACR drafting. Arrangements for the IMS Accomplishments Conference are underway.

SR: None.

WRC: None.

PPD: None.

PD: Resolve Audit recommendation of the LOB PIL.

PM: None.

PSM: Continue enhancing the Planning Distribution Model with operational mode features.

MSM: Perform provisional acceptance tests of VDCS. Draft a final report of Harza TA contract.

IIP: Installation of mesqa pumps will continue while addressing WUA registration and mesqa capital cost recovery.

SM: None.

MISC: MO staff arrange for the IMS accomplishments Conference. Provide start up assistance to the newly established Water Policy Advisory Unit. Implement Water Scarcity awareness campaign in various mass media; TV, radio and local papers under GreenCom.

IMPLEMENTATION PROGRESS:

The project grant agreement was signed September 22, 1981. The PACD is December 21, 1996. The PP has been amended three times (1985/1987/1993) with expansion of existing components and addition of new components. The ninth amendment to the project agreement was signed in 1993 in conjunction with the last PP amendment. Implementation emphasis is now on institutionalizing project developments within the MPWWR and the integration of component initiatives into MPWWR's management system. Since the project began, the constant value of production per cubic meter of water has increased 38 %, from LE 0.039 to LE 0.054. The Mission will continue to monitor performance towards Strategic Objective No. 1 with this indicator. Key initiatives will be continued to provide an efficient transition between IMS and the follow-on Improved Water Policy package. These initiatives included continuing SRP research and related policy dialogue, incorporating IIMI recommended plan into the recently approved Improved Water Policy Result Package.

ISSUES/ACTIONS:

1. Sustainability. Sustainability of the ambitious project continues to be addressed through various means within the bounds of the project. In addition, as intimated above, IIMI's institutional analysis of MPWWR provided a long-term plan for effective utilization of IMS outputs. On the basis of USAID conclusions and IIMI preliminary results, it was clear that key elements of future plans must include (a) a follow-on project that focuses on policy and other institutional arrangements, and (b) continuation of key IMS initiatives during a one-year extension, through December 1996, in order to provide an efficient transition between IMS and Improved Water Policy Project.

2. Cost recovery. This issue was addressed by issuance of the MPWWR by-laws discussed above, and initiation of the IIMI cost recovery study. More development of cost recovery plans will continue during the next semester and within the water policy result package.

3. PM Ford vehicles. The cooling system fan belt/pulley assembly for 82 Ford vehicles procured for PM is faulty. Previous repairs were not successful. The manufacturer and dealer promised to analyze problem and repair the vehicles again the previous semester. They didn't maintain their promise. LEG/PROC/ENG are studying the case for suing FORD.

4. MSM is not fully established as a permanent department within MPWWR. The GOE Central Agency for Organization and Administration has provided limiting approval. A larger organization is needed that will specifically insure positions for electrical engineers. (Staffing of electrical engineer positions continues to be a problem, with only 65% of strength.)

5. Nile Forecast Center (NFC) has been established and operated. Recent communication with MPWWR, NOAA and FAO revealed that donor technical assistance most likely will be needed beyond IMS PACD. MPWWR and FAO will draft a program description for next assistance phase. The new phase will address to limited extent technical concerns while paying much attention to the sustainability issues including, staffing, salaries, promotion of Nileotic countries communication and establishing links with potential NFC output users.

Initial Oblig. Date	Completion Date	Planned LOP Funding	Authorized Funding	Cumulative Obligation	Planned FY 97 Obligation	Commitments	Expenditures	Pipeline
09/12/1985	08/31/1996	\$197,200,000	\$300,000,000	\$197,200,000	0	\$197,200,000	\$196,600,000	\$512,000

IMPLEMENTING AGENCIES: Ministry of Agriculture
CONSULTANTS:

(TA) CONTRACTORS: Consortium for International Development
San Diego State University Foundation, USDA

PROJECT PURPOSE AND DESCRIPTION:

To improve Egypt's capability to provide farmers with productivity-increasing technologies in a supportive policy environment. The project will enhance the effectiveness as well as broaden the involvement of a wide range of public and private institutions in Egypt's agricultural development through four distinct and separate components.

1. Research: To improve and expand agricultural research through institutional improvement of Egypt's Agricultural Research Center (ARC) and technology-production process improvements of ARC and other public and private research institutions in Egypt.
2. Technology Transfer: To draw needed technology from researchers and transfer it through public/private sector networks to the farmers.
3. Seed Technology: To develop and install up-to-date cost efficient seed processing facilities and equipment, combined with in-depth training for staff and more private sector involvement in the seed industry.
4. Executive Office/New Initiatives: To provide TA and support to the Executive Office which provide administrative support services to all of NARP's components, and to fund studies and analyses of sectoral problems and/or opportunities for new agricultural development efforts.

Link to SO:

NARP was approved in 1986, well before the current strategic Objective. Nonetheless, NARP helped develop the human and physical infrastructure basis for agricultural research in Egypt. As a result of NARP's significant investments in equipment, lab and research station renovation, and academic training, it was possible to fund the narrowly focused ATUT project which is directly in line with the current SO: Private Sector led, Export Oriented Economic Growth.

STATUS OF CONDITIONS PRECEDENT (CPs) AND COVENANTS:

N/A

STATUS OF OPEN AUDIT RECOMMENDATIONS:

N/A

EVALUATIONS:

A project assessment was completed in April 1994. The final report has been distributed. The contractor (CAD) end of contract report was submitted.

PERFORMANCE INDICATORS:

The project, with the exception of a limited number of long-term trainees, terminated August 31, 1996.

- Yield increases of maize, rice and wheat from 1987 to 1991 were 27%, 28% and 19%, respectively. Other documented yield increases were: 30% barley, 27% sorghum, 7% fava bean, 60% sunflower, 9% peanut, 13% tomato, 53% pear and 84% olive.
- A total of 32 improved technologies have been generated: 18 for field crops, 4 for fruits, 5 for vegetables, 2 for animals and 6 in agricultural mechanization.

3. Farmer adoption of the improved technologies: 60% for field crops, 80% for fruits, 80% for vegetables, 100% animals, and 33% for agricultural mechanization.

Main breakthroughs in the production of a high-yielding long-spiked wheat variety promises to increase yield by as much as 40%. Similar break through in rice breeding hold equal promise.

STATUS OF HOST COUNTRY CONTRIBUTIONS: N/A

MAJOR ACTIONS DURING NEXT REPORTING PERIOD: N/A

IMPLEMENTATION PROGRESS:

The Project, with the exception of a limited number of long-term trainees, terminated August 31, 1996. NARP successfully developed and strengthened the Egyptian agricultural research infrastructure through training, technical assistance, technology transfer, equipment & vehicle procurement and facilities improvement. The final year of NARP emphasized a transition to a private-sector led, demand-driven research agenda. Analysis of production and marketing of high value horticulture crops was completed. Several courses and study tours for Egyptian businessmen were conducted the Planning for the management and administration of ATUT was completed.

NARP expanded and modernized the public sector agricultural research base, contributing directly to the development and adoption of improved technologies for production, processing and marketing of agricultural technologies. Academic and professional training programs strengthened Egyptian scientific capacities to continue to locate, develop and transfer needed technology to improve productivity of agriculture. Investments in the physical infrastructure and equipping of modern laboratories further enhanced agricultural research capability. As a result of USAID-funded agricultural research in Egypt, yields of wheat and rice, increased dramatically: more than 60 percent during the period 1980-1990. Farmers adopted the new technologies: 80% of the land cultivated to wheat is planted with new varieties; maize hybrids cover 75% of area. Many, many other results can be reported on increased productivity of small farmer livestock holdings, fruit and vegetable yields, etc.

Food Crop Yield Data: National average yields rose from 5.83 mt/ha in '87 to 7.69 mt/ha in 1992 and the national wheat average for the same period increased from 3.6 mt/ha to 5.7. More remarkable is that these yields were already near the best averages in the World! To get increases from an already high base is very difficult.

Latent Research Capacity Built: How valuable is a strengthened agricultural research base? How do you measure the strength on research institutions? In 1991, yields of tomatoes dropped from 21 mt/ha to 5 mt/ha due to white fly transmitted virus -tomato yellow leaf curl. As a result of the "latent capacity" of the agricultural research and extension system to respond to this outbreak, new resistant varieties were identified and teams of technologists were fielded to introduce new cultural practices which

reversed the decline in only two seasons. USAID analysts calculated the value of the "white fly" campaign between \$111 million and \$250 million.

Given the dynamic, biological nature of agriculture, it is impossible to predict when another white fly outbreak might occur. NARP has given the GOE an exceptional strong, modernized research capacity to respond to any possible future outbreaks of this nature.

Transition and Lessons Learned: USAID's broad-based investment in NARP made it possible for USAID to focus future assistance upon more strategic areas: major food crops and high value horticulture crops for export. Lessons learned in project management were applied in the design and planning of the ATUT project. NARP had five separate project components, six separate technical assistance mechanisms (AID-direct contracts, host country contracts, a PASA), eleven cooperative agreements with U.S. universities and a long-term TA team of 14 long-term expatriates. ATUT has two components, a single TA contract with Long-Term expatriate positions and a PASA with the USDA which administers 25 collaborative research grants focused upon only 4 food crops. The ATUT contractor manages horticulture research grants, all technology transfer activities (national or international site visits, professional enhancement programs) and commodity procurement on behalf of the ATUT. A single grant to Michigan State University administers a \$5.0 million agricultural genetic engineering activity.

<u>Component Name</u>	<u>Component Number</u>	<u>Final LOP</u>
		<u>Amounts</u>
Research	263-0152.01	\$140,912m
Technology Transfer	263-0152.02	17,655
Policy Analysis (Terminated)	263-0152.03	6,660
Seed Technology	263-0152.04	11,566
Executive Office/New Initiatives	263-0152.05	20,411

		\$197,202m

ISSUES/ACTIONS: None

Initial Oblig. Date	Completion Date	Planned LOP Funding	Authorized Funding	Cumulative Obligation	Planned FY 97 Obligation	Commitments	Expenditures	Pipeline
09/27/1988	06/15/1996	\$81,770,000	\$82,000,000	\$81,770,000	0	\$81,770,000	\$80,600,000	\$1,190,000

IMPLEMENTING AGENCIES: Arab Republic of Egypt National Telecommunications Organization (ARENTO)
CONSULTANTS: Bechtel, Fluor Daniel, K&M

(DSS) CONTRACTORS: AT&T International **(OSP) CONTRACTORS:** AT&T International

PROJECT PURPOSE AND DESCRIPTION:

The Telecom IV Project was authorized on September 25, 1988 and the Grant Agreement for \$40 million was signed on September 27, 1988. The Grant Agreement has been amended twice increasing the project amount by \$42 million making the total amount of the project \$82 million. The Project provides for the installation of seven central office digital switching systems and a centralized Operation and Maintenance (COM) System for the seven switches and outside plant facilities in areas adjacent to the Pyramids, the Citadel, Heliopolis, Maadi, Mokattam, Central Cairo, Giza and Alexandria. The project also provides for telecommunication pricing, operation and maintenance and sector support studies.

STATUS OF CONDITIONS PRECEDENT (CPs) AND COVENANTS:

Requirements Precedent to Disbursement have been satisfied.

STATUS OF OPEN AUDIT RECOMMENDATIONS:

N/A

EVALUATIONS:

CDIE team evaluated project in September, 1992.

PERFORMANCE INDICATORS:

178,000 subscribers and 800,000 telephone users have access to improved telephone service.

STATUS OF HOST COUNTRY CONTRIBUTIONS:

GOE has reported LE 10 million cash contribution and LE 144,165.310 million in-kind contribution. The ProAg called for LE 20 million cash contribution and 11 million in-kind.

MAJOR ACTIONS DURING NEXT REPORTING PERIOD:

None.

IMPLEMENTATION PROGRESS:

Fluor Daniel was competitively selected to provide consultant services for the project, and began work in country during January 1990. AT&T International was competitively selected to provide the DSS. The contract became effective September 13, 1990. Total contract price is \$21,445,262. AT&T was competitively selected to provide the OSP. Their \$10.4 million contract became effective on May 9, 1991. Final acceptance certificates for Pyramids West and El Kalla DSS have been signed by ARENTO effective July, 1993.

K&M, an 8(a) firm was selected to provide consultant service for the Maadi, Mokattam and Heliopolis DSS and OSP installations. The Mokattam 4,000 lines Remote DSS was cutover on December 16, 1992, the 20,000 lines Heliopolis DSS and the Maadi 4,000 lines Remote DSS were cutover on May 2, 1992. Provisional Acceptance Certificate for Mokattam OSP is signed by ARENTO effective January 31, 1994.

Bechtel was competitively selected to provide consultant services for the DSS Expansion, crossbar replacement and COM System installation under the \$42 million amendment to the Grant Agreement. Negotiations were delayed until a protest by a lesser ranked firm was resolved. The Bechtel contract was signed on Oct. 1, 1992.

AT&T was the only qualified responsive bidder for both the DSS, COM System and OSP procurements. The AT&T DSS Contract became effective on Nov. 3, 1992 and has been amended twice to include the COM System resulting in a total contract price of \$23,258,236. The 20,000 lines in Opera DSS were cutover on July 22, 1993, the 20,000 lines in Giza DSS were cutover in August 6, 1993, the 20,000 lines in Ramses DSS were cutover on Nov. 11, 1993, and the 20,000 lines in Pyramids DSS were cutover on Nov. 22, 1993. The AT&T OSP contract became effective on July 21, 1993 with the amount of \$10,000,000 for Auto, Giza & Heliopolis Exchanges and was completed on June 15, 1996.

An O&M study conducted by Harza was completed in August 1993. A pricing study and an assessment study conducted by K&M were completed in October 1993 and April 1994 respectively.

ISSUES/ACTIONS:

- Continuing:

The project was completed on June 15, 1996. The Project Assistance Completion Report was approved on October 14, 1996 and project status was changed from "active" to "completed".

Initial Oblig. Date	Completion Date	Planned LOP Funding	Authorized Funding	Cumulative Obligation	Planned FY 97 Obligation	Commitments	Expenditures	Pipeline
09/27/1989	8/31/1997	\$50,000,000	\$50,000,000	\$50,000,000	0	\$48,021,000	\$30,821,000	\$19,2179,000

IMPLEMENTING AGENCIES: Alexandria Electrical Distribution Company (AEDC) and Egyptian Electricity Authority (EEA)
CONSULTANTS: Black & Veatch Int. (BVI) and TKC/ECC (TA) **CONTRACTORS:** 24 Various under Distribution Component & SSI under ARCC

PROJECT PURPOSE AND DESCRIPTION:

Improve and modernize the electrical network serving Alexandria, thereby reducing energy losses and enhancing the productivity of the network. The project consists of two components, the first is to modernize the electrical network by Rehabilitation of the electrical distribution system in some selected areas of Alexandria. The second is to construct a Regional Control Center in Alexandria (ARCC) to obtain and display the essential data necessary to effectively manage, supervise, and control the subtransmission and distribution system.

STATUS OF CONDITIONS PRECEDENT (CPs) AND COVENANTS:

AEDC and EEA have satisfied all CPs.

STATUS OF OPEN AUDIT RECOMMENDATIONS: (N/A)

EVALUATIONS:

DIR/CS executed a contract with AAW Consultants to develop base line data to be used in the evaluation of the improvement of electrical services in Alexandria. AAW completed the work and forwarded the base line data to USAID in July 1993.

PERFORMANCE INDICATORS:

	LOP	CURRENT TO DATE
- 11 KV distribution points rehabilitated	21	23
- 11 KV cable installed (KM)	283	283
- Transformer points rehabilitated	707	662
- Service boxes replaced	9450	9450
- Fault indicators installed (7500)	0	5760
- 11 KV capacitors installed (MVAR)	36	34
- 11 KV Loadbreak Switch Installed (165)	0	31
- Construct ARCC	1	being constructed

STATUS OF HOST COUNTRY CONTRIBUTIONS:

The ProAg stipulated that AEDC will contribute LE 52.55 million in cash and LE 4.81 million in-kind. As of Sept. 30, 1996, AEDC reported that it contributed LE 67.8 million in cash to procure local electrical distribution materials and L.E. 1.5 million in-kind.

The ProAg stipulates that EEA will contribute LE2.61 million in cash and LE4.60 million in-kind. As of December 31, 1995, EEA reported that it contributed LE930,000 in cash and LE2.5 million in-kind.

MAJOR ACTIONS DURING NEXT REPORTING PERIOD:

AEDC is to install procured material according to implementation schedule.

IMPLEMENTATION PROGRESS:

Black & Veatch International (BVI) commenced work on January 19, 1991. AEDC executed 24 contracts with various contractors to procure electrical materials, equipment and services. AEDC completed and closed 19 contracts out of the 24 with four (4) more contracts are expected to be completed in early 1997. Materials and equipment for 23 contracts were delivered with the remaining one contract for the supply and delivery of an integrated radio system consisting of 9 Base Stations, 145 fixed stations, 50 mobile radios and 50 portable radios. The system is scheduled to be delivered prior to March 97. Installation of the materials is scheduled to be completed prior to Project Completion Date.

On August 8, 1991, EEA executed a contract with Kuljian/Energy & Control Consultant (TKC/ECC) to provide engineering consulting services for the ARCC. Seacor Services Inc, (SSI) was competitively selected to construct the ARCC and signed a contract with EEA on July 26, 1994. SSI was unable to carry out their obligations under the contract and requested EEA to terminate the contract for convenience. EEA and SSI negotiated an amendment to terminate SSI contract based on mutual agreement. The contract amendment was signed on Nov. 12, 1996. Based on EEA's request, USAID on October 28, 1996 approved a Sole Source Waiver for EEA to negotiate a replacement construction services contract with a single contractor, Siemens Energy & Automation Inc., (Siemens), a subcontractor and the manufacturer and supplier of the Supervisory Control and Data Acquisition (SCADA) System and the Remote Terminal Units (RTUs). EEA and Siemens are scheduled to begin negotiation in early December 1996 and conclude negotiation and sign a contract in early 1997.

ISSUES/ACTIONS:

- Resolved: N/A
- Continuing: N/A
- New: EEA to negotiate design/build contract with Siemens for the ARCC construction to resume on Alexandria Regional Control Center.

Initial Oblig. Date	Completion Date	Planned LOP Funding	Authorized Funding	Cumulative Obligation	Planned FY 97 Obligation	Commitments	Expenditures	Pipeline
08/21/86	08/20/97	\$1,384,400,000	\$1,384,400,000	\$1,384,400,000	0	\$1,384,250,000	\$1,378,147,000	\$6,853,000

IMPLEMENTING AGENCIES: MINISTRY OF ECONOMY AND INTERNATIONAL COOPERATION (MEIC)

CONSULTANTS: N/A

(TA) CONTRACTORS: N/A

PROJECT PURPOSE AND DESCRIPTION:

The overall purpose of this project is to increase the private sector's contribution to Egyptian output by expanding investment in productive private sector enterprises.

The PRCIP element provides short and medium term credit and foreign exchange to finance the importation of goods and equipment from the United States. Primary marketing and implementation responsibility (e.g. application processing, analysis, issuance of letters of credit) rests with twenty two participating Egyptian commercial banks.

STATUS OF CONDITIONS PRECEDENT (CPs) AND COVENANTS:

N/A

STATUS OF OPEN AUDIT RECOMMENDATIONS:

No open recommendations.

Previous Audits:

The latest audit was completed on October 8, 1995. The audit objectives were as follows: Did USAID/Egypt monitor the PRCIP to ensure that commodity arrival and receipt systems were adequate; commodities were used as required; and periodic evaluations of the CIP program were conducted. The auditors determined that the CIP satisfactorily met each of the above objectives and, inasmuch as no audit recommendations were proposed, no exit conference was scheduled. The final report was issued accordingly.

EVALUATIONS:

Development Associates Inc., a U.S. firm, was hired to evaluate the Private Sector CIP. The final Evaluation Report was issued on December 30, 1994. The evaluation objectives were to conduct an impact evaluation of the CIP and to provide firm data and guidelines for the design of a follow-on activity. Results of the final evaluation were subsequently reviewed by the design committee and several recommendations incorporated into the present activity.

PERFORMANCE INDICATORS:

LOP: -Credit mechanisms developed and made operational;
-Increased lending as a result of additional credit availability from banks.

Current To-Date: the LOP funding level \$1,384,350,000 has been fully obligated. Approximately \$3.1 million remains uncommitted to transactions. Only one active bank LCOM remains with the remainder either closed-out or in process of reconciliation and closeout.

STATUS OF HOST COUNTRY CONTRIBUTION:

N/A

MAJOR ACTIONS DURING NEXT REPORTING PERIOD:

Continue with reconciliation and closeout of inactive LCOMs. Approve NOLS for remaining balance of 0201 funds. PACD is August 1997.

IMPLEMENTATION PROGRESS:

Guidelines and operating procedures for this fiscal year were published on October 5, 1995 in Amendment No. 1 to the "General Circular 1 No." issued March 30, 1993, by the Ministry of Economy and International Cooperation (MEIC). Copies in both English and Arabic were distributed to all participating banks, the American Chamber of Commerce in Egypt, the International Executive Service Corps and other interested parties. At present the program has twenty two participating banks.

ISSUES/ACTIONS:

Resolved:

Following a performance evaluation conducted by MEIC/USAID three participating banks from last year were deleted from this year's program. MEIC has recommended the addition of three new banks. A new Private Sector Importer List for Egypt was completed and distributed to interested parties in AIDW and the FCS. It is also available from the internet thru the USAID web.

Continuing: None

OTHER ACTIONS: None

Initial Oblig. Date	Completion Date	Planned LOP Funding	Authorized Funding	Cumulative Obligation	Planned FY 97 Obligation	Commitments	Expenditures	Pipeline
09/30/1986	09/29/1996	\$289,000,000	\$309,000,000	\$289,000,000	0	\$248,850,000	\$248,555,000	\$40,445,000

*The 40.4 million pipeline includes tranche 7 disbursement of \$31 million, \$6 to be deobligated and a final voucher for Chemonics TA contract

IMPLEMENTING AGENCIES: Policy Reform, Ministry of Agricultural and Land Reclamation, Higher Agricultural Policy Committee, Principal Bank for Development and Agric. Credit (PBDAC)

(TA) CONTRACTORS: Chemonics International

PROJECT PURPOSE AND DESCRIPTION:

USAID is assisting the GOE to make needed policy changes to deregulate the agricultural sector. The project is also assisting the Principal Bank for Development and Agricultural Credit (PBDAC) to extend, to the maximum extent possible, full banking services, market level interest rates, rapid and efficient loan approval, and increased extension services to farmers. At the end of the project, PBDAC is expected to have: (1) a stronger capital structure and capital management system, (2) effective management controls (budgeting, auditing and financial analysis of bank performance), (3) a responsive personnel management and training program, and (4) a modern management information/accounting system. An increase in private sector participation in agricultural input supply and services will be an important outcome of this project.

The project is divided into two major components. The first is a policy reform component, consisting of a revised level of \$249 million to be transferred in installments (tranches) to the GOE in support of agreed to changes in agricultural policies. The second component is capacity building (institutional strengthening) for which \$34 million provides technical assistance, training and equipment for the PBDAC. The PACD was September 29, 1996.

Evaluations:

A mid-term project evaluation was done in July 1991. Also, an assessment of the project's automation activities was completed in late November 1992 by FA/IRM/CLS. A final project assessment was completed in June 1996.

Performance Indicators

<u>Institutional Strengthening</u>	<u>LOP Planned</u>	<u>This Period</u>	<u>Cum</u>
- Improve banking system at BDAC level (#BDACs)	14	0	16+38R
- Improve banking system at village level (# village bks)	450	0	574
- Train PBDAC and MALR Staff (in-country) (# trainees)	9,500	0	23,694
- Off-shore technical training (# participants)	200	0	228*
- Provide unsubsidized farm loans (# mil. farmers)	1.3	0	3.0

* Includes bridging year participant training and invitational travel.

<u>Policy Reform Performance Disbursement</u>	<u>Obligated</u>	<u>Disbursed</u>
- Tranche 1 (completed 8/87)	\$33 mil.	\$33 mil.
- Tranche 2 (completed 8/88)	\$40 mil.	\$73 mil.
- Tranche 3 (completed 11/89)	\$27 mil.	\$100 mil.
- Tranche 4 (completed 8/91)	\$20 mil.	\$120 mil.
- Tranche 5 (completed 6/92)	\$30 mil.	\$150 mil.
- Tranche 6 (completed 11/94)	\$65 mil.	\$215 mil.
- Tranche 7 (planned 11/96)	\$34 mil.	-
PLANNED TOTAL	\$249 mil.	-

Status of Host Country Contributions:

All requirements were met.

Major Actions During Next Reporting Period:

1. The mechanism for effecting the Tranche 7 performance disbursement to buy U.S. goods and services is being negotiated again with the GOE and will be in place by November 1996.
2. Partially met and unmet benchmarks will be included as part of APRP Tranche 1 monitoring and verification activities.
3. PBDAC Bank Improvement Program and WID activities may be part of limited technical assistance provided with APRP resources.
4. Deobligation of \$6 million is being carried out.

IMPLEMENTATION PROGRESS

A. Policy Component:

1. **Overall Progress:** The poor performance of Egypt's agricultural sector during the first half of the 1980's was due largely to a policy environment which discouraged farmers from investing. The government controlled most aspects of production, processing and marketing of major commodities. It dictated acreage planted for key crops, controlled input use and production practices of farmers, imposed farmgate and retail price controls on agricultural produce, and exerted monopoly power over the marketing and processing of the main crops and agricultural inputs.

The mid-1980's marked a turning point in agricultural policy. Aided by the APCP, the GOE embarked upon a process of deregulation of the sector. Tremendous strides have been made. Liberalization has now been completed for most of the major crops, and substantial progress has been made for cotton. For example, farmers are now free to plant as much of any of these crops as they wish, and rice delivery quotas have been abolished. In addition, subsidies were greatly reduced on livestock feed, fertilizers and pesticides, and the remaining subsidies were eliminated by December 1993 for all items except cotton pesticides and potassium fertilizer. The private sector is also expanding its role in trading these items. With respect to cotton, the GOE is committed to completing its liberalization of all aspects of production, ginning, domestic marketing, and foreign trade, and started to adopt a plan for privatizing cotton spinning/weaving mills.

2. **This Period.** There were unexpected delays in the GOE's completion of several key Tranche 7 policy benchmarks. As a result, the Mission reduced disbursement of the Tranche 7 performance payment to \$34 million from a potential \$60 million in July 1996. A major policy issue was the GOE announcement of a very high cotton floor price, which on average, was 20-25 percent higher than border prices. This led to much reduced private sector participation in cotton trade and exports. A second major issue was the GOE decision to have PBDAC as the sole distributor of locally-produced nitrogen

Initial Oblig. Date	Completion Date	Planned LOP Funding	Authorized Funding	Cumulative Obligation	Planned FY 97 Obligation	Commitments	Expenditures	Pipeline
03/28/1988	06/30/1998	\$31,300,000	\$31,300,000	\$31,300,000	0	\$26,800,000	\$25,448,000	\$5,852,000

CONSULTANTS:

CONTRACTORS: Barents

PROJECT PURPOSE AND DESCRIPTION:

The project's goal and purpose have, respectively, been revised "to support the GOE's economic reform program," and "to improve the efficiency, equity, elasticity and neutrality of the tax system," respectively. The Project's into two phases. The first phase of two and half years, focused on analysis and design of a tax reform proposal which was further refined and focused to include drafting legislation, training employees, preparing forms, and generally assisting the GOE implement the sales tax. Phase II is supporting the implementation of the tax reforms identified and/or initiated during Phase I. Such reforms focus on: broadening the base of the general sales tax to include wholesale and retail levels, implementation of a global income tax, and improving tax administration. The reforms are expected to contribute to the reduction of the budget deficit through larger revenues.

SO1 RESULTS LINKAGE:

Preliminary figures for the 1995/96 budget estimate a deficit of L.E. 406.5. This represents 1.3% of Egypt's GDP: down from 17.2% in 1990/91. There has, in fact, been a steady decline in the deficit since that period: 1991/92 5.2%; 1992/93 4.1%; 1993/94 2.5% and 1994/95 1.6%. (World Bank Figures). This downward trend in budget deficit is, in part, due to the increase in sales tax revenue brought about by this project which contributes to IR 1.3.1 "Increased economic stability and structural adjustment".

Sales Tax revenues rose to L.E. 10.5 billion in 1995/96 from L.E. 9.3 billion in 1994/95 and 8 billion in 1993/94. The 25% increase since 1993/94 has seen the General Sales Tax replace Customs as the second most important source (after direct tax) of sovereign revenues. The continuing rise in sales tax revenues will facilitate reductions in import duties and thus assist economic liberalization and market integration.

STATUS OF CONDITIONS PRECEDENT (CPs) AND COVENANTS:

The CPs have been met. Covenants progress report has been recently updated.

STATUS OF OPEN AUDIT RECOMMENDATIONS:

A request for a financial audit is underway.

EVALUATIONS:

The first project evaluation was completed in February 1992, while the second was completed in December 1995.

PERFORMANCE INDICATORS:

Our targets, under IR 1.3.1, of 8.4 billion in sales tax for 1994/95 was exceeded, with a figure of 8.8 billion being achieved. The target for 1995/96 of 10.5 billion has been met.

STATUS OF HOST COUNTRY CONTRIBUTION:

The GOE has provided furnished office space for both KPMG and US Customs PASA advisors. In Phase II the Tax Department provided KPMG with more offices due to the increase in the number of their resident advisors. Several GOE committees were formed and operate as counterpart support personnel to KPMG.

IMPLEMENTATION PROGRESS:

1. The GOE has announced its intention to extend the General Sales Tax to the wholesale and retail levels in July 1997. It has also indicated that it wishes to transform the GST to a Value Added Tax (VAT) type system. The Project is now engaged in providing policy advice and helping draft legislation to accomplish the development of the GST into a full VAT down to the retail stage.

2. In addition to providing policy support for the extension of the GST, the Project is also assisting the Sales Tax Department in its preparations for extension.

3. A longer term initiative, which is regarded as vital to successful administration of a modern VAT system, is the reorganization of the Sales Tax Department along functional lines. The Project continues to assist this reorganization together with the introduction of specialist management units and MIS to track key activities.

4. The Project will assist the Minister of Finance in reviewing the IMF's recommendations on direct taxation and in formulating legislative reforms.

5. The Project will assist the Tax Department to automate and modernize its operations in the areas of anti-evasion, taxation of Egyptians working overseas, collection, and exchange of information. The Project will also assist the development of a telecommunications network for the Tax Department.

ISSUES/ACTIONS:

Resolved:

1. The project has been extended through June 1998 and LOP funding has increased from US\$26.8m to US\$31.3m.
2. OPE has approved a non-competitive waiver to extend the KPMG Peat Marwick contract for 15 months i.e. from September 96 through November 97.
3. The KPMG contract amendment has been modified and signed for US\$4.3m to reflect the new SOW and the additional Level Of Effort.
4. Last September, USAID and the Project Team were very heavily engaged in providing support to the Minister of Finance and the Tax Department during the visit of the IMF TA team on direct taxation. We are now awaiting a copy of their draft report to analyze it and brief the Minister on its implications.

MAJOR ACTIONS DURING NEXT REPORTING PERIOD:

1. The contractor prepared and submitted their work plan, commodity procurement plan and training plans for the extension period.
2. The project team is currently discussing and making several recommendations for the extension of the Sales Tax and its transformation to a full Value Added Tax (VAT).
3. Installation of computer systems in a further 40 Tax Department district offices began in October, with 4 systems being installed and 14 scheduled for November and 11 for December.
4. Computer Systems have been installed in 45 Sales Tax District Offices and provide computer services to 55 of the Department's 60 district Offices (some of the computer systems service more than one office).

Initial Oblig. Date	Completion Date	Planned LOP Funding	Authorized Funding	Cumulative Obligation	Planned FY 97 Obligation	Commitments	Expenditures	Pipeline
0/30/1988	09/30/1998	\$44,000,000	\$44,000,000	\$44,000,000	0	\$32,604,000	\$26,527,000	\$17,473,000

IMPLEMENTING AGENCIES: ABA (Alexandria), ESED (Cairo), SEDAP (Port-Said), ASBA (Assiut) SBA (Sharkia)
CONTRACTOR NCBA, USA: MR. JAMES COWLEY SUB-CONTRACTORS: Environmental Quality Inter'l, Egypt: Ms.Randa Fahmi,

PROJECT PURPOSE AND DESCRIPTION:

The purpose of the project is to establish a viable credit delivery system for small and micro enterprises in Egypt using non-profit foundations as financial intermediaries. This will be accomplished through providing resources for credit, operational support, and TA to up to seven private Foundations that will manage the delivery of credit, technical assistance and training to small entrepreneurs. The Foundations now are operating in the areas of Greater Cairo, Alexandria, Port-Said, Assiut, and Sharkia. A collateral fund in local commercial banks is established by each Foundation. The banks extend overdraft privileges against the collateral account which is used to make loans to eligible SMEs. Over the life of the project (9/30/89 to 9/30/98), USAID will provide the participating foundations with: \$30 million to capitalize the collateral accounts; \$7 million for start-up and operational support, and \$1.9 million for innovative activities which address constraints to small and micro businesses. The remaining funds will be managed by USAID to contract out needed technical assistance, audits, and evaluations.

LINKAGE TO MISSION STRATEGIC OBJECTIVE(SO) AND RESULTS:

The SME project is part of the Small and Emerging Businesses (SEB) Result Package (RP 1.2.4) which was approved under the Mission's (SO).1 "Accelerated private sector-led, export orientated economic growth". SEB RP 1.2.4 contributes directly to 1.R 1.2 Increased Productivity of Private Enterprise. In order to achieve IR 1.2. the SME project demonstrates that private SEB development institutions can be developed to provide credit, and related services, to the poor while achieving financial and administrative self-sustainability. The project contributes to achieving IR 1.2.3: "Expanded and Deepened Financial Services" by reaching large number of entrepreneurs who had no prior access to credit or savings services from formal financial institutions.

STATUS OF CPs AND COVENANTS:

All CPs to disbursement of funds for initial operational support were met by all Foundations. CPs to disbursement of collateral funds have been met by ABA, ESED, SEDAP, ASBA, and SBA Foundations

STATUS OF OPEN AUDIT RECOMMENDATIONS:

All audit recommendations are resolved. No outstanding open recommendations

EVALUATIONS:

Interim evaluation completed in January 1992. The Final evaluation is scheduled at the end of the project's PACD (Sept. 30, 1998).

PERFORMANCE INDICATORS:

The SME project specific indicators are to establish up to 7 self-sustaining foundations providing credit to SMEs while reaching 60,000 SMEs within the life of the project. The results indicator of RP 1.2.4 captures the success of the SME project participating organizations in "reaching operational break-even in 30 months from end-use service delivery."

CURRENT TO DATE:

Operational Break-even: Out of 6 SME participating programs, three reached operational break-even within or ahead of the planned schedule: ABA (Alexandria) in April 1992, ESED (Cairo) in December 1994, SEDAP (Port-Said) in July 1996. ASBA (Assiut) is covering 75% of its operational cost after only 9 months of active end-use lending. Two new programs are being initiated and are expected to reach operational break-even before the project's PACD: ABA Kafer EL Shaik and SBA Sharkia programs.

Number of SMEs Reached: Out of 60,000 SMEs to be reached, 48,000 were reached and assisted to date by only 4 active foundations. It is expected that the targeted number of SMEs will be met or exceeded before the project's PACD.

STATUS OF HOST COUNTRY CONTRIBUTION: No HCC from foundations

IMPLEMENTATION PROGRESS:

The five participating organizations have been legally established under MOSA law 132. All the Foundations' staff and management have been trained and reached high standards of efficiency in operating the financial and management systems designed by the TA team for this projects. This was demonstrated by the minor findings of three financial audits conducted under RIG/A's supervision. The operating manuals and lending methodologies are periodically updated to meet clients needs in a timely and effective manner. With no exception, all the foundations have established adequate head and branch offices in accordance with their respective CAs with USAID, and are managing quality SME loan portfolios. To date, 105,000 loans in the amount of LE 300 million were made to 48,000 SME clients with less than 3% default rate. Women SME clients represent 13% of total clients.

ABA Alexandria program: Started in Jan. 1990. Currently operating from a head office and 8 branches. To date 65,000 loans have been extended for LE 175 million to 27,000 SMEs. A small business center was established by the project in 1993, and is active in providing non-financial services particularly in business management, and marketing support. ABA currently providing TA and training services to local and middle-eastern organizations in SME lending techniques and management. ABA program was recognized by the UN organizations, and have been selected among the best SME practices on a world wide basis.

ESED, Cairo: Started in December 1991. Faced major problems with MOSA which slowed down project implementation. Break-even was reached December 1994, and is currently very active and considered the most cost effective program in the project. ESED is covering the greater Cairo area, and is operating from a head office and 4 branches. 3 additional branches are currently purchased, and a special project to serve SMEs is being designed with the TA team assistance. To date, ESED 35,000 loans have been extended for LE 107 million to 18,000 SMEs.

SEDAP, Port-Said: End-use lending began Jan., 1995. Break-even reached in July 1996. To date, 4,000 loans have been extended for LE 11,000 million to more than 3,000 SMEs. Currently is operating from a head office and one branch. An additional branch is being identified. SEDAP special project is

being designed, and their lending capacity is being increased with the assistance of the TA team.

ASBA, Assiut: A program developed under Gore/Mubarak partnership. End-use lending started in Jan., 1996. To date, 3,000 loans have been extended for LE 7,000 million to more than 2,000 SMEs. Currently is operating from a head office and one branch. Additional two branches are being purchased to serve the SMEs of the most economically disadvantaged areas of Assiut governorate. Given the high rate of productivity of ASBA, it is expected to reach operational break-even in a record time.

SBA, (Sharkia): SBA CA signed in 11/3/96 by the Ambassador, USAID Director, and the Governor. Start-up cost voucher has been received and is being processed. Initiation of end-use lending is expected during Jan. 1997. SBA program is expected to meet operational break even schedule and targeted number of SMEs within the project's LOP.

ABA, Kafer El Shaik program: ABA CA was amended and signed in Sept. 1996. ABA will establish a branch in Kafer El Shaik and will be responsible for project implementation until a business association is established in Kafer El Shaik and found adequate to assume the responsibility of the program as an independent Foundation.

MAJOR ACTIONS DURING THE NEXT PERIOD:

- A PIL will be drafted by TI/FI requesting MEIC approval to shift funds from the collateral fund line item to meet the current needs of the Foundations operational support, particularly in procurement of additional branches and computer equipment. Funds are also needed to fully fund the TA contract throughout the TA contract completion date of June 15, 1998.

Initial Oblig. Date	Completion Date	Planned LOP Funding	Authorized Funding	Cumulative Obligation	Planned FY 97 Obligation	Commitments	Expenditures	Pipeline
08/09/1994	02/28/1999	\$461,000,000	\$461,000,000	\$461,000,000	0	\$361,267,000	\$296,269,000	\$164,731,000

CONSULTANTS: K&M, Raytheon/Ebasco, MACRO, GTCC

CONTRACTORS: ABB-SUSA, GE, B&W/Westinghouse, Aydin, Harris Controls

PROJECT PURPOSE AND DESCRIPTION:

The goal of the Project is to promote rational investment and consumption decisions throughout the economy and to reduce the national budget deficit.

The purpose of the Project is to support past and promote continued GOE progress in reducing electricity sector subsidies and in making other energy sector policy changes by providing capital infrastructure incentives to the GOE.

The project is divided into nine subprojects:

- 01 150 MW Combined Cycle Unit at Cairo South.
- 02 Modernization of the 350 MW Cairo West Thermal Power Station.
- 03 Hurghada Gas Turbine Installation.
- 04 Microwave Expansion (Cairo - Suez Canal area).
- 05 Commodities, Studies and Technical Assistance.
- 06 1200 MW Thermal Power at El Kureimat.
- 07 National Energy Control Center Upgrade.
- 08 Abu Rawash Substation. (Cancelled)
- 09 Cairo Regional Control Center

STATUS OF CONDITIONS PRECEDENT (CPs) AND COVENANTS:

EEA has satisfied all Conditions Precedent to Disbursement set forth in the ProAg and Amendment 1 through 7.

STATUS OF OPEN AUDIT RECOMMENDATIONS:

None

EVALUATIONS:

Initial evaluation conducted by Project Committee in October 1990. Subprojects evaluated individually.

PERFORMANCE INDICATORS:

- LOP: Electricity price increases implemented prior to authorization of each funding tranche.
- CURRENT TO DATE:
Average Electricity prices increased 271% between 1989 and 1994 as compared with a targeted 311% increase.

MAJOR ACTIONS DURING NEXT REPORTING PERIOD:

- Microwave Network complete.
- All NECC materials/equipment shipped
- El Kureimat Unit 1 in initial operation
- CRCC Technical Proposals comply with spec's.

IMPLEMENTATION PROGRESS:

The Project was authorized on September 18, 1989 and the Project Grant Agreement was signed on September 27, 1989 providing \$136 million for expansion, rehabilitation and refurbishment of generating capacity and data systems and for procurement of commodities and services. The project was amended several times resulting in a total obligation of \$461 million.

Cairo South and Hurghada Generating Stations: Additional generating facilities at Cairo South and Hurghada were completed and warranty periods remain open. Final payments are expected in early 1997.

Cairo West Thermal Power Station: Rehabilitation of the Cairo West 350 MW thermal power station generating units was completed. Replacement of the control and instrumentation air systems is complete and final payments are being processed.

Microwave Expansion: The contract between EEA and Aydin for the microwave between Ataka, Suez North, Abu-Sultan, El Shabab, El Obour, Abu Zaabal, Basateen, Mokattam, Cairo East, Cairo South and El Tebbin was signed on February 21, 1995. Steel delivery delays by Ferro Metalco Company which have delayed construction by 9 months. Construction scheduled to be complete in June 1997.

Commodities, Studies & Technical Assistance: All commodities, studies and assessments were completed.

El Kureimat Thermal Power Station: This multi-financier project experienced several delays due to project integration problems involving the five financiers and 23 contractors, steel delivery problems and lack of performance by non-USAID financed contractors. All major items of equipment are on-site and either installed or are being installed. On-site construction staff and work force exceed 2500. Initial plant start-up activities have begun and are proceeding to a May 31, 1997 initial synchronization of Unit 1 and September 30, 1997 initial synchronization of Unit 2. EEA, Consultant and Executive Management Team, are addressing critical problems that could impede startup.

National Energy Control Center Upgrade: Project is proceeding on its revised schedule with equipment installation underway in Egypt. All technical details are completed and shipments of major systems to be completed by June 1997. Hardware and software training to be completed in December 1996. All installation, testing and transfer to new system to be completed by December 1997.

Cairo Regional Control Center: Four design/build contractors pre-qualified as bidders. Technical specifications completed in April 1996. Conversion of commercial terms and conditions to conform to USAID Model Contract form to be completed by end of November and issued to pre-qualified bidders. Contract award prior to August 1997 with control center in operation in early 1999.

Initial Oblig. Date	Completion Date	Planned LOP Funding	Authorized Funding	Cumulative Obligation	Planned FY 97 Obligation	Commitments	Expenditures	Pipeline
09/28/95	06/30/00	\$45,500,000	\$45,000,000	\$30,000,000	\$10,000,000	\$4,02,000	\$750,000	\$29,246,000

IMPLEMENTING AGENCIES: Ministry of Agriculture and Land Reclamation (MALR), the Program Planning Committee (PPC), and the Program Management Unit (PMU)
(TA)CONTRACTORS: Reform Design and Implementation Unit (RDI): Development Alternatives Inc. (DAI), Program Management Unit (PMU): Datex Inc.,
 Monitoring/Verification and Evaluation Unit (MVE): Abt Associates, Food Security Research Unit (FSR): International Food Policy Research Institute (IFPRI), Water
 Policy Activities (WPA): TBD, Water Policy Advisory Unit (WPAU): n/a

PROJECT PURPOSE AND DESCRIPTION:

USAID will assist the GOE in developing, implementing, monitoring and evaluating its agricultural policy reform program. The Agricultural Policy Reform Program (APRP) consists of two components: a \$245 million sector grant program and a \$45.5 million project. The program component provides an average of approximately \$60 million every year, depending on GOE performance toward established policy reform benchmarks. The project provides long and short term technical assistance (TA) and studies over five years to help carry out the policy reform program. Thus, the goal of APRP is to increase production, productivity and incomes in the agricultural sector (including agribusiness). The purpose of APRP is to remove remaining policy barriers to private enterprise in agriculture, thereby creating a liberal, competitive marketing system, and stimulating sustainable agricultural growth. Competition in a free and open marketing system will lead to increased agricultural production and productivity, sustainable income growth, and increased employment in the agricultural sector.

Since the reform program proposed for APRP is technically complex, six projectized technical assistance activities/units are envisioned: a) monitoring, verification and evaluation unit; b) reform design and implementation unit; c) program management unit; d) food security research unit; e) water policy activities; and f) water policy advisory unit.

STATUS OF CONDITIONS PRECEDENT (CPs) AND COVENANTS:

No outstanding issues or problems.

STATUS OF OPEN AUDIT RECOMMENDATIONS:

No outstanding issues or problems.

EVALUATIONS:

Two audits, one mid-term evaluation and a final assessment are planned in FY's 1997, 98, and 1999, respectively.

PERFORMANCE INDICATORS:

	1995	96	97
1. Real value-added per hectare: real value added of output from 23 major crops per hectare. (LE million)	Baseline 648	667	688
2. Nominal protection coefficient for selected commodities: ratio of domestic to border prices for main crops within our manageable interest: cotton, wheat, rice, maize; plus qualitative reform assessment.	w1 m1 r0.84 c1.32	1 1 1 1	1 1 1 1

3. Tracking of policy reforms: table containing the annual and cumulative status of GOE policy reform benchmarks; including a presentation on the number of reforms met, degree of compliance, the importance of policy reform sets, and their stage of completion; all supported by a qualitative narrative discussion.

4. Water use efficiency: value of production of 23 major crops per cubic meter of water in Egyptian Pounds.

5. APRP privatization measures: for selected industries (wheat, rice, cotton), the percent of total processing volume and/or value controlled by the private sector through the transfer of assets; private management of facilities, or leasing of facilities.

* Baseline and targets for indicators 1 and 2 above are illustrative. Quantitative targets for other indicators will be set for next reporting periods.

STATUS OF HOST COUNTRY CONTRIBUTIONS:

The GOE provided the contribution listed as a CP precedent to disbursement, including office space, furniture, office equipment, telephone lines, 7 computers and 12 vehicles. A PIL will be issued to specify other required GOE contributions.

MAJOR ACTIONS DURING NEXT REPORTING PERIOD:

a. Monitoring, Verification and Evaluation Unit (MVE): Annual work plan will be finalized by the TA contractor (Abt Associates). It will include the studies, surveys, and other major tasks to be implemented by the contractor. A monitoring and verification plan of Tranche I benchmarks will be completed. Contract with Abt will be signed in November and the TA team brought to full strength.

b. Reform Design and Implementation Unit (RDI): Annual work plan will be finalized by the TA Contractor (DAI). Draft Tranche II policy benchmarks will be developed. Formation of Task Forces for commodities/subject areas will be completed. Review/revision of Tranche I policy benchmarks will be finalized. Contract with DAI will be signed in November and the TA team brought to full strength.

c. Program Management Unit (PMU): Coordinating preparation and implementation of annual work plans for RDI and MVE units will be done. All office refurbishing activities will be completed. An amendment to the PMU/Datex contract will be finalized. A senior economist will arrive late November to help in the start-up activities and the design of policy reform benchmarks for Tranche II.

d. **Food Security Research Unit (FSR):** The team will continue the implementation of the annual work plan. The surveys for marketing will be continued. The subsidy leakage study will be finalized by the end of November 1996.

e. **Water Policy Analysis (WPA):** a cooperative agreement with IIMI will be signed and implementation will begin. A delivery order will be issued for assistance to the MPWWR's Water Communications Unit. Activities will begin for the MPWWR Water Policy Advisory Unit. A new phase of the Nile Forecast Center activity will start with the technical assistance of FAO/NOAA. The host country contract for main system management will be extended.

IMPLEMENTATION PROGRESS:

a. **MVE:** Abt Associates was awarded the contract for the MVE Unit in October 1996. The team leader arrived in November. He is hiring the local staff and preparing the initial Annual Work Plan, including the Monitoring and Verification Plan. Contract is being finalized.

b. **RDI:** An award was made to Development Alternatives Inc. (DAI) as the TA prime contractor in October 1996. The COP and the resource economist arrived in November. The remaining two expatriates will arrive within 30 days. Contracts with local professionals were issued by the OSAF, a subcontractor. The team is housed in the MALR, 15th floor. The Annual Work Plan for the RDI unit is being drafted. Contract is being finalized.

c. **PMU:** a purchase order was issued in April 1996 to hire the Program Coordinator, the Program Administrator, the secretaries and two drivers. A contract with an 8(a) firm, Datex Inc., was signed in August 1996. The contract provides an expatriate contract administrator to manage the contract and hire the local staff and consultants. The contract is for three years with an option for extension, if needed. The PMU is coordinating start-up activities, refurbishing of the 15th floor APRP offices, coordinating preparation of annual work plans and other technical reviews needed to implement APRP Tranche I benchmarks. A contract amendment is being drafted to add funds to cover costs of start-up activities of the RDI, MVE and FSR units.

d. **FSR:** the IFPRI grant was signed on Feb. 15, 1996. This research is divided into three components. The first component is the design of cost-effective alternatives for the food subsidy and social safety net system. The second component is the development of options to stimulate employment and income generation for food security. The third component is the analysis of options for food grain market stabilization and liberalization. Three seminars were held to discuss the work plan for each component and how will they be implemented. The annual work plan was finalized and submitted to the PPC for its approval. Under component # 1, a pilot survey in Zagazig is currently underway to study subsidy leakages. Also under components # 1 and 2, a questionnaire for the main household survey is being tested. Data collection will start after Ramadan. Under component # 3, the wheat traders survey started in August 1996; 50% of the questionnaires were completed. The importers survey started in October 1996.

e. **WPA:** Project Paper(PP) and ProAg were amended to add \$45 million to the APRP program and \$18.5 million for technical assistance to support water policy reform.

ISSUES/ACTIONS:

a. **MVE:** The MVE Unit should give priority to developing the Monitoring and Verification Plan for Tranche I benchmarks.

b. **RDI:** The delay in hiring the TA contractor may lead to a revision of the deadline for completing Tranche I benchmarks and possible delay of implementing Tranche II benchmarks.

c. **PMU:** Additional funds are needed to cover the start-up costs for the RDI, MVE and FSR units. An amendment to the PMU/Datex contract is underway.

d. **FSR:** The main household survey will be delayed until after Ramadan. This will delay the annual report for components # 1 and 2, to be submitted in July 19, 97 instead of March 1997.

e. **WPA:** A sole source waiver will be required to extend the Main System Management contract.

Initial Oblig. Date	Completion Date	Planned LOP Funding	Authorized Funding	Cumulative Obligation	Planned FY 97 Obligation	Commitments	Expenditures	Pipeline
09/29/1993	09/30/1999	\$200,000,000	\$178,900,000	\$178,900,000	0	\$74,173,000	\$32,629,000	\$146,271,000

IMPLEMENTING AGENCIES: Arab Republic of Egypt National Telecommunications Organization (ARENTO) (DSS) Contractor: AT&T Int'l.
CONSULTANTS: GTE (CONTEL) (TA) **CONTRACTORS:** Booz, Allen & Hamilton (OSP) Contractor: AT&T Int'l.

PROJECT PURPOSE AND DESCRIPTION:

Reliable Telecommunication System is essential for economic growth in a private sector-led, exporting economy. Egypt has rebuilt much physical infrastructure over the last 20 years, after a generation of neglect, and has achieved a sustainable system that can service the needs of a growing, modernizing economy. Since 1975, USAID has invested \$750 million in telecommunications infrastructure activities. USAID will continue working in the telecommunication sector in recognition of its vital role in economic growth. Absence of a well managed and sustainable telecommunication system will result in less investment and erode economic expansion.

The purpose of the project is to accelerate and enhance the transformation of ARENTO into an autonomous telecommunication utility capable of operating on a commercially sound, self sustaining basis.

The project includes two broad categories of outputs, namely, policy/institutional reforms and infrastructure development (commodities and equipment). The primary focus of this project, however, is directed towards policy changes and reforms in the telecommunication sector. Although project funds will be disbursed primarily for engineering services, equipment and construction, the infrastructure aspect is simply a means to an end. The project funds will supplement ARENTO investment funds to carry out capital improvements which will contribute to the expansion and efficiency of the telecommunications system. Primary project outputs will be policy changes and improvements in the way the sector is managed, while secondary outputs will result in the more efficient provision of telecommunication.

STATUS OF CONDITIONS PRECEDENT (CPs) AND COVENANTS:

Condition Precedent to disbursement and obligation has been satisfied.

STATUS OF OPEN AUDIT RECOMMENDATIONS:

None

EVALUATIONS:

A sector assessment is planned in FY 97.

PERFORMANCE INDICATORS:

- **LOP:** Training program completed, NOC installed and operational, 20 digital switches and associated OSP consisting of 281,000 lines installed and operational.

- **CURRENT TO DATE:** None

MAJOR ACTIONS DURING NEXT REPORTING PERIOD:

- All AT&T contracts assigned to Lucent Technologies.
- Award of DSS contract by May 1997.
- Award of OSP Contract by May 1997.
- Completion of 92,000 line OSP in October 1997.
- Completion of 79,000 line DSS in November 1997.

IMPLEMENTATION PROGRESS:

The specific policy/institutional reforms were negotiated between USAID and the GOE, Ministry of Telecommunications, ARENTO and Ministry of International Co-operation and were incorporated in an MOU signed by the GOE and USAID on June 2, 1994. These reforms include: Improvements in ARENTO's financial viability; increased autonomy for ARENTO; regulatory reform of the Egyptian telecom sector; and, improvements in ARENTO's planning and efficiency.

Institution Development contractor competitively selected and began work in March 1995. Reforms within control of ARENTO have generally been accomplished in accordance with benchmarks. Reforms requiring action from the GOE have taken considerably longer.

ARENTO and USAID completed the competitive selection of a technical consultant to provide services for infrastructure development and an AID Direct Contract was signed on June 22, 1994.

AT&T was competitively selected for two installation of digital switches. To date, 101,000 lines have been placed in service (May 1996) and 79,000 lines are scheduled for service in November 1997.

AT&T was competitively selected for outside plant installation and 92,000 lines connecting subscribers to the digital switches are to be completed in October 1997, well in advance of the switching equipment.

AT&T was one of two firms prequalified for the Network Operations Center but was the only bidder to submit technical proposal (Sprint withdrew prior to opening of technical proposal). After resolution of technical issues, AT&T submitted a bid which was evaluated to be far in excess of the Engineers Estimate and the AT&T bid was ruled to be non-responsive.

AT&T restructured and separated into three independent publicly held companies on September 20, 1996, with Lucent Technologies providing communications systems and technology.

Initial Oblig. Date	Completion Date	Planned LOP Funding	Authorized Funding	Cumulative Obligation	Planned FY 97 Obligation	Commitments	Expenditures	Pipeline
09/29/94	09/30/01	\$171,000,000	\$77,800,000	\$77,800,000	\$83,700,000	\$13,206,000	\$4,217,000	\$73,583,000

IMPLEMENTING AGENCIES: Egyptian Electricity Authority (EEA)
PRICING STUDY CONTRACTOR: RCG/Hagler, Bailey

CONSULTANT: To be determined
(TA) CONTRACTOR: IRG (International Resources Group), IIE (Institute of International Education)

PROJECT PURPOSE AND DESCRIPTION:

Reliable power supply is essential for economic growth in a private sector-led, exporting economy. Egypt has rebuilt much physical infrastructure over the last 20 years, after generation of neglect, and has achieved a sustainable system that can service the needs of a growing, modernizing economy. Since 1975, USAID has invested \$2 billion in power infrastructure activities. USAID will continue working in the power sector in recognition of its vital role in economic growth. Absence of a well managed and sustainable power system will result in less investment and erode economic expansion.

The purpose of the project is to accelerate and enhance the transformation of EEA into an autonomous electric utility capable of operating on a commercially sound, self sustaining basis.

The project includes two broad categories of outputs, namely, policy/institutional reforms and infrastructure development (commodities and equipment). The primary focus of this project, however, is directed towards policy changes and reforms in the electric power sector. Although project funds will be disbursed primarily for engineering services, equipment and construction, the infrastructure aspect is simply a means to an end. The project funds will supplement EEA investment funds to carry out capital improvements which will contribute to the efficiency of the electric power system. Primary project outputs will be policy changes and improvements in the way the sector is managed, while secondary outputs will result in the more efficient provision of electric power.

STATUS OF CONDITIONS PRECEDENT (CPs) AND COVENANTS:

- All CPs for initial disbursement have been met.

STATUS OF OPEN AUDIT RECOMMENDATIONS: None.

EVALUATIONS: None.

PERFORMANCE INDICATORS:

- LOP:
 - EEA complies with Policy Reform Benchmarks.
 - Equipment and construction services provided.
- CURRENT TO DATE:
 - EEA partially complied with the FY-94, FY-95 and FY-96 benchmarks.

STATUS OF HOST COUNTRY CONTRIBUTIONS:

None required to date.

MAJOR ACTIONS DURING NEXT REPORTING PERIOD:

- GOE approves Regulatory Organization
- EEA complies with FY-97 Policy, Institutional and Structural reform Benchmarks.
- Second Leadership Development Program begins
- Consultant Services contract signed and approved by USAID.

IMPLEMENTATION PROGRESS:

The specific policy/institutional reforms were negotiated between USAID and the GOE, Ministry of Electricity and Energy, EEA and Ministry of International Co-operation and were incorporated in an MOU signed by the GOE and USAID on May 19, 1994. These reforms include: Improvements in EEA's financial viability; increased autonomy for EEA; regulatory reform of the Egyptian electric power sector; and, improvements in EEA's planning and efficiency.

Institution Development contractor competitively selected and began work in March 1995. Reforms within control of EEA have generally been accomplished in accordance with benchmarks. Reforms requiring action from the GOE have taken considerably longer. Reforms involving Financial Viability and Regulatory Organization have not materialized; reforms involving organization autonomy are being met but considerably behind schedule; reforms involving Institutional Efficiency and Effectiveness are met.

Leadership Development contractor began work in late 1995 to plan, organize and provide guidance to EEA in the targeted selection of EEA employees possessing inherent management and leadership skills. Through targeted selection, 1500 eligible candidates were reduced to 200 and further reduced to 100 through language testing and interviews, and further reduced to 50 participants through intensive interviews. The initial 9 months concentrated management development program began in April 1996 and a second management development program will begin in early 1997.

EEA has completed the competitive selection of a technical consultant to provide services for infrastructure development. The draft contract was approved by EEA's High Purchase Committee in October and terms and conditions to fully comply with USAID's Model Contract are being resolved. The consultant is expected to begin work in early 1997 on 4 substantial project like components.

Initial Oblig. Date	Completion Date	Planned LOP Funding	Authorized Funding	Cumulative Obligation	Planned FY 97 Obligation	Commitments	Expenditures	Pipeline
01/15/92	03/31/97	\$10,000,000	\$10,000,000	\$10,000,000	0	\$8,580,000	\$8,551,000	\$1,449,000

IMPLEMENTING AGENCY: Trade Development Center

CONSULTANTS: Chemonics COP, Dr. Tony Shiels; Export Promotion Advisor, Mr. Gene Miller

CONTRACTOR: Chemonics International

PROJECT PURPOSE AND DESCRIPTION:

The goal of this five-year project is to increase Egypt's sustainable economic growth through expanded foreign exchange earnings. The purpose is to increase non-traditional exports produced by Egypt's private sector. The proposed project has two functional components that are interrelated so that the project will offer a comprehensive set of activities to stimulate Egyptian exports. The core component, Proactive Export Promotion, will provide hands-on assistance to Egyptian producers to assure successful export transactions. A second component, Information Services Development, will assist Trade Development Center (TDC) to develop and disseminate promotional materials and to create and maintain an information base to respond to requests from potential Egyptian and foreign business partners. The activities of TDC directly contribute to IR 1.1, increased private sector exports (see performance indicator below); IR 1.2 Increased Productivity of Private Enterprise through the provision of firm-level TA; and under IR1.1.3 TDC provides firms with access to market information allowing them to enter export markets in Europe and the Middle East.

STATUS OF CONDITIONS PRECEDENT (CPs) AND COVENANTS:

In compliance.

STATUS OF AUDIT RECOMMENDATIONS:

During the reporting period there were three on-going audits of TDC: a non-federal audit (NFA); a concurrent audit and a performance audit. The performance audit concluded that TDC was meeting its targets; the non-federal audit was closed following TDC's payment of \$360 in sustained costs (it should be noted that the first draft contained over \$800,000 in findings); and the last concurrent audit had NO questioned costs nor any internal control weaknesses. TDC has a clean bill of health.

EVALUATIONS:

The mid-term evaluation of TDC was conducted and concluded that TDC had met its goals. The evaluators recommended that the Mission not only continue the program with TDC but to expand it and add more resources than originally planned. They also recommended that the TDC activities be subsumed under the new GTG RP and project management is in the process of doing this.

PERFORMANCE INDICATORS:

- LOP:
Dollars of Export Earnings (Phase I): \$40 Million
Total Number of Firms Assisted: 80 Firms
-CURRENT TO DATE:
Actual Dollars of Export Earnings (Phase I): \$80.1 Million
Total Number of Firms Assisted: 328

STATUS OF HOST COUNTRY CONTRIBUTIONS:

Pending opinion of LEG. PGI may count as the counterpart contribution.

MAJOR ACTIONS DURING THE NEXT REPORTING PERIOD:

- Develop a new cooperative agreement based on the design work of SRL.
- Establish TDC as a legal entity
- Incorporate activities of IDC under the GTG RP
- Recruit expatriate staff for TDC including a new executive director.

IMPLEMENTATION PROGRESS:

During the reporting period there were three concurrent but separate audits of TDC: the NFA, performance audit and a concurrent financial audit. The NFA was closed following TDC payment of a \$360 bill of collection. The performance audit concluded that the project was meeting its goals. The concurrent audit will be discontinued given that the last one found no questioned costs and no material internal control weaknesses. The institutional contractor, Chemonics, completed their contract and the COP departed post on August 31, 1996. TDC continued to meet and exceed its export targets. Five vehicles were procured and all of them have been put to good use and all are in excellent condition.

ISSUES/ACTIONS:

- RESOLVED: * Phase I of the project extended through to March 1997.
* Final obligation of \$2 million completed.
- CONTINUING: * The MIS was not procured. Mid-term evaluation recommends closure of the Export Enterprise Development Project and inclusion of TDC activities under the GTG RP. A revised MIS will be developed and linked with Business Link at AMCHAM
- NEW: *NONE
- OTHER ACTIONS: The concurrent audit has been terminated due to the strong performance of TDC. The concurrent audit runs through September 31, 1996. Audit coverage for the period October 1, 1996 through the PACD of March 31, 1997 will have to be determined. FM has suggested that given TDC's clean bill of health only a desk audit by one of their in-house staff may be required to close the book on TDC.

Initial Oblig. Date	Completion Date	Planned LOP Funding	Authorized Funding	Cumulative Obligation	Planned FY 97 Obligation	Commitments	Expenditures	Pipeline
09/26/91	09/30/01	\$35,000,000	\$35,000,000	\$35,000,000	\$15,000,000	\$8,705,000	\$6,665,000	\$28,335,000

IMPLEMENTING AGENCIES: Credit Guarantee Corporation, Mansoura Foundation, Hurgada Foundation, National Bank for Development

CONTRACTORS: NCBA, USA: Mr. James Cowley

SUB-CONTRACTORS: EQI, Egypt: Ms. Randa Fami.

PROJECT PURPOSE AND DESCRIPTION:

The purpose of the project is to increase small entrepreneurs' access to credit and other banking services. The Small Enterprise Credit Project (263-0228) was authorized on May 30, 1991, for \$9 million, and established PACD of 9/30/95. The activities were confined to the greater Cairo metropolitan area and implemented through the National Bank for Development (NBD). The NBD established an independent microenterprise lending unit to meet the credit needs of entrepreneurs operating within the metropolitan areas of Cairo, Giza and Kalubeya governorates (greater Cairo). Based on the success of the SEC program in greater Cairo, USAID agreed to extend the project activities to Upper Egypt to meet part of the credit demands of hundreds of thousands of SMEs there. A second amendment to the SEC PROAG was signed on Sept. 30, 1994, expanded the geographic coverage to include Upper Egypt, increased the amount authorized to \$25 million and extended the PACD to October 31, 1997. Despite the excellent results achieved in credit delivery to many entrepreneurs, the institutional, administrative and management information system (MIS) framework for the NBD/SEC headquarters have become an increasing area of concern for USAID. The greater Cairo SEC lending program is unaffected by NBD's problems, but it is doubtful that the planned expansion to Upper Egypt can be responsibly directed by the current NBD/SEC management structure if that structure is to preserve its effectiveness and efficiency in the greater Cairo program. Therefore the NBD/SEC planned program in Upper Egypt was suspended.

On Sept. 30, 1996, a third amendment to the PROAG was signed to further extend the project's geographic coverage Egypt's wide, increased the authorized LOP funding to \$35 million, and extended the PACD to Sept. 30, 2001. This amendment includes activities to accomplish several objectives with this project. The overriding objective is to initiate the broader USAID SEB RP program. The project will assist a private company, the Credit Guarantee Corporation (CGC) to set up a program to strengthen and broaden the network of Egyptian organizations serving micro enterprises. This network may include banks, NGOs and CDAs. The project will develop an institutional mechanism capable of effectively providing assistance to SMEs through various intermediary organizations in several combinations of financial, TA, training and other services to the SME sector in Egypt. In addition, the project will support a management framework for expanding and diversifying SME lending agents, addressing policy and regulatory constraints, and monitoring and overseeing program results and policy reforms related to SMEs. The Mansoura Business Association (MBA) and the Hurghada Business Association (HBA) will also participate under the amended SEC Project as small and micro enterprise service providers in their respective governorates.

LINKAGE TO MISSION STRATEGIC OBJECTIVE (SO) AND RESULTS:

The SEC third amendment represents the beginning of the Small and Emerging Businesses (SEB) Result Package (RP 1.2.4) which was approved under the Mission's (SO).1 "Accelerated private sector-led, export orientated economic growth". SEB RP 1.2.4 contributes directly to I.R 1.2 Increased Productivity of Private Enterprise. In order to achieve IR 1.2. the SEC project demonstrates that private SEB development institutions can be developed to provide credit, and related services, to low income entrepreneurs the poor while achieving financial and administrative self-sustainability. The project

contributes to achieving IR 1.2.3: "Expanded and Deepened Financial Services" by reaching large number of entrepreneurs who had no prior access to credit or savings services from formal financial institutions.

STATUS OF CPs AND COVENANTS: All CPs have been met by NBD.

STATUS OF OPEN AUDIT RECOMMENDATIONS:

All audit recommendations are resolved. No outstanding open recommendations

EVALUATIONS:

Final evaluation of NBD was completed 3/27/1996. As part of the expanded SEB RP 1.2.4., monitoring and evaluation will be contracted out, and will be conducted on ongoing basis.

PERFORMANCE INDICATORS:

The SEC Greater Cairo program project specific indicators were to establish a self-sustaining microenterprise loan program operating from 12 branches, while reaching 20,000 SMEs within the life of the project. The results indicator of RP 1.2.4 captures the success of the SME project participating organizations in "reaching operational break-even in 30 months from end-use service delivery."

CURRENT TO DATE:

Operational Break-even: Reached in 24 months of active lending (7/92-7/94)

Number of SEC Lending Units Established: 12 units planned, 13 established and operating as separate profit centers.

Number of SEC clients: 20,000 to be reached. To date 35,000 SEC clients reached and assisted.

The results indicator approved under Amendment No.3 is the agreed upon results indicator of the SEB RP 1.2.4 "The number of SEB service units reaching operational break-even in 30 months from end-use service delivery.". Per Amendment 3, a sustainable microenterprise development unit will be established within CGC structure, and up to 40 SEB service units will be assisted, including the 13 NBD/SEC lending units established under Cairo program.

STATUS OF HOST COUNTRY CONTRIBUTIONS:

GOE \$7 million was provided and fully utilized. NBD \$3 million contribution to the loan fund was made.

IMPLEMENTATION PROGRESS:

The performance of the SEC Project in greater Cairo has been excellent in terms of loan portfolio performance. Over 85,000 loans valued at LE 223 million have been disbursed to about 35,000 SMEs with a default rate below 3%. The NBD/SEC 300 full time staff members and management have been trained and reached high standards of efficiency in operating the financial and management systems designed by the TA team for this projects. The operating manuals and lending methodologies are periodically updated to meet clients needs in a timely and effective manner. With no exception, all the

foundations have established adequate head and branch offices in accordance with their respective CAs with USAID, and are managing quality SME loan portfolios. To date, 105,000 loans in the amount of LE 300 million were made to 48,000 SME clients with less than 3% default rate. NBD reached the operational break-even after 18 months of the end-use lending and is financially viable.

MAJOR ACTIONS DURING NEXT REPORTING PERIOD:

- Design of expanded SEB RP to be completed by TI/FI and PDS in Feb. 1997.
- Transfer of greater Cairo SEC program loan fund ownership to NBD. TI/FI and LEG will draft the agreement to be negotiated with NBD and finalized by LEG.
- TI/FI to issue a PIO/T to Proc. and LEG to negotiate a Trustee Agreement with CGC to establish the microenterprise development unit.
- Amend the current NCBA TA contract to include a TA component for the SEC project. A sole source justification was completed by TI/FI and is being circulated for clearance.
- Complete CAs with Mansoura Foundation (Jan.97), and Hurgada (April 97).

Initial Oblig. Date	Completion Date	Planned LOP Funding	Authorized Funding	Cumulative Obligation	Planned FY 97 Obligation	Commitments	Expenditures	Pipeline
08/10/93	03/31/98	\$8,500,000	\$8,500,000	\$5,500,000	\$3,000,000	\$4,781,000	\$2,108,000	\$3,392,000

IMPLEMENTING AGENCIES: Egyptian Center for Economic Studies (ECES)

CONSULTANTS:

PROJECT PURPOSE AND DESCRIPTION:

The Goal of this Project is to help Egypt achieve an appropriate policy climate for sustainable economic growth. The Purpose of the Project is to support the development of an institutional mechanism and analytical capability for researching policy options and fostering dialogue on important economic and regulatory policy issues in Egypt. The project funds the Egyptian Center for Economic Studies (ECES), an independent, non-profit research institution created to analyze important economic problems in Egypt and to offer recommendations for policies and strategies predicated on free-market principles and structures. The project clearly supports the mission's strategic objective SO1 and, specifically, I.R.1.3.5, which calls for increased public participation in policy dialogue. Project funding supports the institutional development of ECES and the Center's operations over a five-year period. The Center will conduct research and analysis, public communication activities, and strive for long-term financial sustainability. ECES, chartered under Egyptian Law 32 in 1992, is currently led by an entirely private sector Board of Directors and a managing director. The Center's policy analysis program addresses important domestic economic, regulatory, and international policy issues.

STATUS OF CONDITIONS PRECEDENT (CPs) AND COVENANTS:

In compliance.

STATUS OF OPEN AUDIT RECOMMENDATIONS:

There are no open audit recommendations. It should be noted that ECES is the Mission's first project to initiate a recipient contracted audit. It was the intention of both FM and RIG to eventually have all projects contract for their own audits on an annual basis. There were no findings in the Price Waterhouse internal audits in 1/95. USAID's FAST Team will review the center activities this month. ECES is preparing for the IG audit in the last quarter of 1997.

EVALUATIONS:

PERFORMANCE INDICATORS:

	CURRENT	LOP
Seminars/Workshops/conferences Held	14	10-20
Policy Studies Completed	10	15-30
Develop/Disseminate Publications	7	3 Types
Endowment Fund Targets Met	LE550,000	LE 1 Million
Research Findings Disseminated	2	
Linkages with Institutions	4	2-3 Links

STATUS OF HOST COUNTRY CONTRIBUTIONS: N/A

CONTRACTORS:

MAJOR ACTIONS DURING NEXT REPORTING PERIOD:

- Fully design a future AID endowment of ECES to ensure ECES sustainability and independence. AID/W advice on transition to an endowment to successfully transaction.
- Conduct a study on taxation for the Ministry of Finance.
- Conduct research and convene a conference on the Egyptian Financial Sector.
- Conduct research and convene of a conference on the Infrastructure Sector, and participate in a regional network on Infrastructure (MEPID) with other public policy institutes in the Mediterranean region (MENA + Turkey + Southern Europe.

IMPLEMENTATION PROGRESS:

ECES initiated this year a set of activities, including a bi-monthly Distinguished Lecture Series, occasional round table discussions, and held two large conferences. These events covered key economic policy reforms in Egypt, and were attended by policy makers, private sector representatives, academics and the press. The papers leading to these activities were processed in a series of publications. As a result, the Center is now viewed by many as an important contributor to policy formulation. Credibility is showing itself in increased requests from government for advice increased requests for press interviews, and increased request for donor agencies for collaborative efforts. The Center is now preparing a work plan for board approval for 1997.

ISSUES/ACTIONS:

Resolved:

- The Center recruited a Director of Research and a Director for Communication Administration and Finance.

CONTINUING:

- Recruiting a qualified Senior Economist continued to be a challenge.

NEW:

- According to the new organizational model, it is timely to address the issue of when, how and if the USAID management of the project will be transferred to another unit.
- Due to the increase momentum and success of the Center's program, USAID has urged the Center to pursue the establishment of an AID endowment which will insure the sustainability and independence of the Center.

OTHER ACTIONS:

- A two step action to amend the CA will be undertaken in the next period. The first amendment will involve the commitment/obligation of the balance of funds from the Grant Agreement to the CA.
- Secondly initial steps towards establishing an endowment to be taken.

Initial Oblig. Date	Completion Date	Planned LOP Funding	Authorized Funding	Cumulative Obligation	Planned FY 97 Obligation	Commitments	Expenditures	Pipeline
08/24/92	09/30/01	\$50,000,000	\$50,000,000	\$35,000,000	\$10,000,000	\$13,442,000	\$6,576,000	\$28,424,000

IMPLEMENTING AGENCIES: Ministry of International Cooperation (MIC)
CONSULTANTS:

(TA) CONTRACTORS: KPMG, Nathans, International Center for Economic Growth, SEC

PROJECT PURPOSE AND DESCRIPTION:

To help the GOE develop, carry out, monitor and evaluate its policy reform program so as to achieve an improved economic policy framework which will encourage private sector led export oriented economic growth. This Project, known as ISSPR, consists primarily of technical services to Egyptian policy makers in the sectors being addressed: financial, fiscal, trade, enterprise and environment. Individual activities such as DEBRA (Development Economic Policy Reform Analysis Project) are designed to reduce regulatory impediments to trade, thereby supporting IR 1.1 (Increased Private Sector Exports), and IR 1.2 (Increased Productivity of Private Enterprise). The SIPRE (Strengthening Intellectual Property Rights in Egypt) activity is intended to strengthen protection of intellectual property rights in Egypt, which will again contribute to the two IR's cited above. Activities in the CMA and the Central Bank of Egypt are intended to contribute to IR 1.2.3 (Expanded and Deepened Financial Services). The project is also financing some staff support for the Ministry of International Cooperation to ensure that it has available the resources necessary to carry out its role as the GOE implementing agency. This includes responsibility for monitoring and reporting to AID on: (1) Progress in carrying out reform measures; (2) Disposition of Grant proceeds; (3) Uses of the local currency deposits; and (4) Assessing the impact of policy reform measures. Finally, the project will finance the necessary evaluations and audits for both the Sector Policy Reform Cash Transfer and the Project.

STATUS OF CPs AND COVENANTS:

PIL #1, PIL #2, PIL #3, PIL #4, PIL #5, PIL #6, PIL #7 and PIL #8 have been signed by USAID and the GOE.

STATUS OF OPEN AUDIT RECOMMENDATIONS: N/A

EVALUATIONS:

An evaluation which covered both the Project and the Sector Policy Reform Program was conducted in FY 96 and is now being reviewed. The finding and recommendations were reflected in SPR III.

PERFORMANCE INDICATORS:

Each major activity under TSSPR has its own performance monitoring plan. However, since many of these activities are short term, one-off activities, the monitoring plan is not directly linked to the R4 performance indicators.

STATUS OF HOST COUNTRY CONTRIBUTIONS: N/A

MAJOR ACTIONS DURING NEXT PERIOD:

\$50,000,000 of additional funding will be requested for a LOP total of \$100,000,000 and an extension of the PACD. (The PACD was shortened by the last amendment to conform to the end of the strategy period.) TSSPR will provide funding for all activities related to policy development under Strategic Objective No.1. Major new activities include a \$10 million Corporate Tax project (the previous tax project was funded as a separate project) and a \$10 million activity (DADS) to improve data quality and dissemination.

IMPLEMENTATION PROGRESS:

The following activities had been completed:

- o Assessment of Potential for Liberalization & Privatization of the Cotton Textile Industry-Study
- o Follow Up & Recommendations for Cotton Textile Industry-Study
- o Textile Action Plan and Seminar
- o Assessment of Trade Quality Controls-Study
- o Long Term Technical Assistance for Privatization
- o Assessment of GOE Trade Policy Study
- o Action Plan for Trade Policy and Quality Control Reform
- o Assessment of Price Liberalization-Study
- o Assessment of Intellectual Property Rights -Study
- o Evaluation of SPR and TSSPR
- o Economic Policy Reform Experience - Conference
- o Financial Sector Development Strategy Study
- o Private Sector Development in Egypt - Conference

The following activities have received Mission and MEIC approval and are either underway or in the PROC office. Activities which will be completed in FY 97 are so marked:

- o Survey of Household Income and Expenditures (FY97)
- o DEBRA (Development Economic Policy Reform Analysis)
- o Support to MEIC and MEDA Monitoring Unit
- o Grant Awards to Local Academics (FY97)
- o Short Term Technical Assistance - Expatriate and Local
- o SIPRE (Support for Intellectual Property Rights in Egypt)- Long Term TA
- o IFRA (Implementation of Financial Reform) -Long Term TA(FY97)
- o Corporate Tax Reform - Study (FY97)
- o LEAP (Lead Emissions Action Plan) (FY97)
- o Air emissions (FY97)
- o Capital Market Authority Assistance (FY97)
- o TAPR (Technical Assistance for Policy Reform)
- o PASA with the Security and Exchange Commission
- o EPIC (Economic Policy Initiative Consortium)

The following activities are planned:

- o Corporate Tax Reform- Long Term Assistance
- o Partnership for Growth and Economic Development Activities, Inc.
 - o PASA with the U.S. Treasury
 - o PASA with the Department of Commerce
- o Studies on Financial Flows, Social Insurance System, and Air Emissions (Could be handled by TAPR if contracting goes quickly.)
- o Activities to be determined and follow-up to others

ISSUE: EAP wants to expand TSSPR to \$100 million to accommodate Corporate Tax activity and assistance to improve data access. Is the increase in TSSPR justified?

ISSUE: Does EAP have the capacity to manage TSSPR?
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Initial Oblig. Date	Completion Date	Planned LOP Funding	Authorized Funding	Cumulative Obligation	Planned FY 97 Obligation	Commitments	Expenditures	Pipeline
08/10/93	09/30/01	\$45,000,000	\$35,000,000	\$35,000,000	\$10,000,000	\$13,389,000	\$12,518,000	\$22,482,000

IMPLEMENTING AGENCIES: Office of the Minister of the Public Enterprise Sector (MPES), Public Enterprise Office (PEO) and Central Bank of Egypt (CBE)
CONSULTANTS: International Business & Technology Consultants, Inc. (IBTCI) **CONTRACTORS:** Arthur Andersen LLP (AA) & KPMG Peat Marwick (Buy-in)

PROJECT PURPOSE & DESCRIPTION:

The Purpose is to assist the GOE privatization program through institutional development and assistance for the sale of public enterprises/assets. Privatization is a key activity under SO #1 and contributes directly to the Intermediate Result (IR) IR 1.3 Accelerated Privatization and Improved GOE Support for Competitive Markets. This result is measured by the actual number of privatizations defined as a transfer of over 50% ownership to the private sector. To date, under such a definition, 28 companies and 5 joint venture banks have been privatized, and an additional 11 more companies have been liquidated. GOE ownership of a further 49 companies has been partially privatized (ranging in amounts from 5% to 50%).

The privatization activity also contributed directly to IR 1.3.6 Increased Capacity to Prepare Privatization Transactions. USAID contractor Arthur Andersen LLP is working directly with a variety of institutions, including holding companies, affiliate companies, NGO's, financial institutions and the PEO, in order to increase their capacity to prepare privatization transactions. As a result, numerous companies are now in various stages of preparation for privatization. To date, the GOE has focused on the more profitable companies which it privatized primarily over the stock exchange. As the GOE enters the next phase in which the "troubled" companies will be sold, sales to anchor investors will become more critical.

STATUS OF CPs & COVENANTS: All CPs have been met.

STATUS OF OPEN AUDIT RECOMMENDATIONS:

None. An audit of contractor AA is in process.

EVALUATIONS:

An evaluation of contractor AA is in process.

PERFORMANCE INDICATORS:

To date, some progress has been achieved for each of the indicators under the 17 contract objectives. There is evidence that the IA assistance has resulted in improved communications, policy analysis, institutional development and privatizations. The quarterly evaluation is currently in process to document this progress. The most relevant indicator is the following: Evidence that IA contractor has delivered appropriate technical assistance (including appropriate PR, OD and policy analysis) to approximately 25 privatization companies per year.

STATUS OF HOST COUNTRY CONTRIBUTIONS:

The GOE has provided all necessary resources to assist with project implementation.

MAJOR ACTIONS DURING NEXT REPORTING PERIOD:

1. Approve AA Workplan due November 15, 1996
2. Establish Performance Indicators for AA
3. Review evaluation of AA by IBTCI
4. Amend contract with IBTCI to increase funding and level of effort
5. Conclude on further buy-in to KPMG
6. Determine ongoing design of Privatization Project

IMPLEMENTATION PROGRESS:

As a result of strong public support from both the President and the Prime Minister, and in tandem with numerous policy and regulatory reforms, privatization activity has increased significantly over the past nine months. To date, 28 out of 314 companies have been over 50% privatized, and an additional 11 companies have been liquidated. Out of the 23 joint venture banks, 5 have been recently privatized.

The principal contractor, AA, has over the same time period, restructured internally to include a continued focus on managing the level of effort, and to be better poised to meet privatization demands. A new Chief of Party and Deputy were appointed, more appropriate staff has been hired, and staffing levels have, on the whole, decreased substantially. A major amendment to the contract was completed in August 1996 which narrows the objectives to four areas: sales, organizational development, public relations, and policy analysis.

AA has completed the strategic assessment of two holding companies representing approximately 40 affiliate companies. The contractor has also drafted guidelines for the various privatization methods and a code of ethics for the entire process. It has established a 4 person unit at the Capital Markets authority (CMA) to enhance the its capacity to manage the IPO process. A training needs assessment for the 1996/97 season was completed and over 20 conferences and workshops were organized for various target groups including the media, the financial sector, and the holding and affiliate companies.

The contractor has been successful in promoting public relations through the production of various brochures, press reviews and analyses. It has also helped develop a web site in anticipation of the Cairo Conference.

Through a buy-in to the centrally funded Financial Services Development Project II(FSDP II) and its prime contractor KPMG Peat Marwick, USAID has also provided analysis and recommendations to the GOE on two major privatization issues: the level of public sector debt and the utilization of sales proceeds. These efforts have resulted in a major change in policy with the appointment of a four-person ministerial committee to manage the proceeds from privatization now deposited in a central account.

USAID advisor IBTCI, approved a new COP and continues to monitor privatization progress through quarterly reports. IBTCI is also in the process of evaluating contractor AA to ensure that it is providing technical assistance in the most effective manner and that it is achieving its contract objectives.

ISSUES/ACTIONS:

Ongoing Design of follow-on activities. The Privatization team will be looking at different options (results package amendment, new design, etc..) for additional assistance in privatization.

Initial Oblig. Date	Completion Date	Planned LOP Funding	Authorized Funding	Cumulative Obligation	Planned FY 97 Obligation	Commitments	Expenditures	Pipeline
09/28/95	09/28/01	\$60,000,000	\$60,000,000	\$25,000,000	\$10,000,000	\$9,952,000	\$2,712,000	\$22,288,000

IMPLEMENTING AGENCIES: Ministry of Agriculture
(IA) CONTRACTORS: Ronco, Kelly Harrison Associates, Univ. of California-David, Univ. of Florida. Michigan State University. U.S. Department of Agriculture

PROJECT PURPOSE AND DESCRIPTION:

The purpose of the ATUT is to improve technologies developed and adopted for the production, processing and marketing of select agricultural commodities. The goal is to increase production, productivity and incomes in the agricultural sector. ATUT has 2 programs: horticulture and food crops. The Horticulture Program is a private-sector led, demand driven, profitability oriented set of activities designed to identify and transfer to the private sector new horticulture production, post-harvesting and marketing technologies. The Food Crop Program is designed to develop a carefully focused, collaborative strategic research program aimed at resolving the major constraints to increased productivity of selected food crops-rice, corn, wheat and faba bean.

Link to SO:

ATUT responds to IR 1.1 - Increased Private Sector Exports. Sub results that ATUT wil contribute to include: IR 1.1.2: Accelerated Adoption of Improved Productions and Technologies; IR 1.1.3: Increased Access to Market Information; and IR 1.1.2: Accelerated Adoption of Improved technologies and Management Practices.

STATUS OF CONDITIONS PRECEDENT (CPs) AND COVENANTS:
 Met 09/28/1995

STATUS OF OPEN AUDIT RECOMMENDATIONS:
 N/A

EVALUATIONS:
 N/A

PERFORMANCE INDICATORS:

Relevant performance indicators under the IR's cited above include: IR 1.1.: value of private non-petroleum exports; IR 1.1.2.: the number of technologies disseminated and IR 1.1.3: market information audience. Under IR 1.2, the following indicators will be monitored, measured and reported upon: IR 1.1.2: the spread effect of adopted technologies; and the number of transferred technologies and end-users of these technologies.

STATUS OF HOST COUNTRY CONTRIBUTIONS:
 N/A

MAJOR ACTIONS DURING NEXT REPORTING PERIOD:

Review and approval of Project Monitoring plan including gender analysis; selection of competitive collaborative food crop research grants; selection of competitive collaborative horticulture research grants, monitoring of accelerated impact research grants.

IMPLEMENTATION PROGRESS:

Progress is excellent.

EARMARK/COMMITMENT DOCUMENTS: All ATUT's commitment documents have been executed. The \$6.7 million PASA with the USDA for the funding and administration of the Food Crop collaborative research program was issued on Dec. 6, 1995. The \$2.5m cooperative agreement with Michigan State University for the Commercialization of Biotechnology was signed Dec. 17, 1995. Local Currency PILs, No.2 and 3 for Local Support/Operations and Services were approved October 17 and 22, respectively. The prime technical assistance contract with Ronco was awarded April 16, 1996. All technical staff have been recruited and are in-place. A master Strategic Action Plan workshop was held July, 1996. A Commodity Strategic Action Plan for grapes was held in August, 1996. Numerous seminars and workshops have been held with private sector growers and exporters, large, medium and small. A \$10.0 million PP amendment to support on-farm water management activities within ATUT was issued in Sept. 22, 1996. ATUT inter-action with its customers remains active, with at least monthly meetings with the members of the newly formed Horticulture Export Improvement Association (HEIA) formally established in November, 1996.

PROGRESS REPORTING: More than 20 seminars or workshops have been held in Cairo for our customers; more than 850 people attending. This in addition to several thousand small growers who have received practical training in horticulture production for export in the production areas. Twenty five accelerated impact grants have been made to accelerate adoption of export-oriented technologies. grants include: improved pruning techniques to increase size and quality of peaches and apricots, date palms, quality handling for green beans, spring onions post-harvest handling, and introduction of heat tolerant potato varieties. Grants have been made to areas in Faiyoum, Beni Suef, Ismailiya, and Nubaria.

OPERATIONALIZING ATUT CORE VALUES:

Customers/Partners: ATUT's team enjoys excellent support from its principal partner at the Ministry of Agriculture and among the Technical assistance team personnel. Regular meetings are scheduled together; inter-action is frequent and working relations are extremely productive.

Teamwork/Empowerment: The USAID/GOE ATUT Team is experienced and strong. Roles are clearly defined and the productivity is very high. The Team is innovative, motivated and committed to excellence. The USAID team has delegations of authority sufficient to ensure achievement of objectives.

Customer involvement: All aspects remain excellent. There is frequent professional and social contact among the ATUT team and the customers. Customers have assigned roles within the strategic action plans for ATUT and carry out this function effectively. The establishment of the Horticulture Export Improvement Association (HEIA) formalizes a role for an important focus group for ATUT's activities. Interactions among ATUT staff and small growers and contract farmers is also extensive. ATUT's exporters contract directly with small producers of green beans and grapes.

Results Reporting: Baseline for production, area, varieties and technologies are being developed. A framework for a gender analysis has been developed and is under review. Preliminary review of the results of the introduction of technologies for sea shipment of grapes and the production of early season grapes, and post-harvest handling are successful.

Results: Table Grapes. Egyptian table grape exports have increased from 1300 tons in 1993 to 3,500 tons in 1996. Export of grapes in June have quadrupled as a response to the ATUT-sponsored analysis of Egypt's most lucrative export market window. There has been a five-fold increase in grape exports to the EU since 1993. The European market is particularly demanding, the remarkable increase in exports attests to improvement in quality as a result of ATUT's technology program. ATUT will report upon the value of grapes and other horticultural exports for the R4 exercise.

Results: Green Beans. The percentage of export of the super fine beans has risen since last year. The super fine beans bring 42% more value than the traditionally exported "bobby bean". ATUT has introduced improvements in green bean sorting/packing -the use of consumer packs of 150 grams, for example. Egyptian green beans are now being marketed in the UK, a very demanding market. This is further proof of the quality improvement program initiated under ATUT.

Project Management: ATUT utilizes a university grant to implement its biotechnology activities. A \$6.7 million PASA with the USDA serves to fund and administer a collaborative research grant program and provide TDY assistance to Egyptian scientists working on the four food crops. The prime TA contract with Ronco includes \$6.7 million in grant funds to be administered by them for collaborative research on horticulture crops. The funds administered under the contract also pay for international travel costs, short term TA, and procurement. ATUT does not fund construction or academic training. Commodity procurement is extremely limited and is managed by the contract or sub-contractors directly for the most part. USAID staff spend a large percentage of their time with partners and customers to ensure operationalizing of this important value.

Problems: None

Major Actions:

Procurement:

Complete the amendment of the grant agreement with Michigan State University for Agricultural genetic engineering (PIO/T for 930,000 signed); and the amendment to the RONCO contract (\$5.0 m PIO/T in circulation).

Project-level:

Complete the commodity systems analysis for melons, mangoes and strawberries (on-track).

Select customers for the grape production trip to Chile and California.

Complete selection of Food Crops competitive collaborative research grants by January 15, 1997.

Initiate the gender analysis study.

ISSUES/ACTIONS:

N/A

Initial Oblig. Date	Completion Date	Planned LOP Funding	Authorized Funding	Cumulative Obligation	Planned FY 97 Obligation	Commitments	Expenditures	Pipeline
09/30/95	09/30/01	\$42,000,000	\$42,000,000	\$14,700,000	\$7,000,000	\$7,100,000	\$6,000,000	\$8,700,000

IMPLEMENTING AGENCIES:

Ministry of Education, Universities/ Faculties of Ed and Private Sector English Language providers.

(TA) CONTRACTORS

Not identified.

PROJECT PURPOSE AND DESCRIPTION:

Expanding and improving English language proficiency within the private sector is the primary purpose of IELP-II. In doing so, IELP-II will contribute to the achievement of Strategic Objective 1 "To accelerate private sector-led, export oriented economic growth" through increasing and sustaining the quality and number of English language providers. To achieve this objective, IELP-II will increase the proficiency among current and prospective English language providers, increase their proficiency in teaching skills, and develop new and more effective standards and measures of such proficiency.

IELP's three principal sub-objectives or intermediate results are: a) increased number of qualified future and current English language programs; b) increased number of qualified teachers; and c) increased number of qualified providers of English for Occupational Purpose.

The five main components are:

- a. Pre-service training for future English teachers.
- b. In-Service training for English teachers and administrator;
- c. Participant training for teacher and administrators;
- d. English for Specific Purposes (ESP);
- e. English for Occupational Purposes (EOP)

STATUS OF CONDITIONS PRECEDENT (CPs) AND COVENANTS:

N/A

STATUS OF OPEN AUDIT RECOMMENDATIONS:

N/A

EVALUATIONS:

N/A

PERFORMANCE INDICATORS:

- 0 Strategic Objective: Increased Number of qualified English Language Providers 25,000 - 27,000 English Language Providers trained by year 2001.
- 0 Result No. 1: Increased number of qualified future and current English Language teachers.
- 0 R.No.1.1 : Increased number of qualified future teachers of English (Pre-service).
- 0 R. No.1.2.: Increased number of qualified current English teachers (In-Service).
- 0 Results No. 2: Increased number of qualified ESP Teachers.
- 0 Results No. 3: Increased number of qualified EOP providers.

STATUS OF HOST COUNTRY CONTRIBUTIONS:

GOE\MOE will contribute training space, utilities and staff salaries while in training. Also GEE will cover the airfares for participants trainees.

MAJOR ACTIONS DURING NEXT REPORTING PERIOD:

Award contract.
Mobilize T.A. team and approved annual workplan.

IMPLEMENTATION PROGRESS:

RFA's are currently under review by technical panel.

ISSUES/ACTIONS:

Contract is expected to be awarded by late December 1996 or in early January 1997.

Activities will start in Jan./February 1997

Initial Oblig. Date	Completion Date	Planned LOP Funding	Authorized Funding	Cumulative Obligation	Planned FY 97 Obligation	Commitments	Expenditures	Pipeline
09/30/96	09/30/01	\$93,300,000	\$63,200,000	\$36,000,000	\$32,643,000	0	0	\$36,000,000

IMPLEMENTING AGENCIES: CA, MTC, TDC, Presidents' Council, ECES, FEI, AmCham, CGC, ABA, GTG Council (in formation)
(TA)CONTRACTORS CIPE, IESC, ACDI, IBTCI, C&L: SRI & TSC

PROJECT PURPOSE AND DESCRIPTION: The purpose is to increase private sector exports and competitiveness by providing support to critical activities which contribute to the globalization of Egypt's economy. GTG will contribute a major portion of the Increased Private Sector Exports result (IR1.1 - indicator: Private non-petrol exports) and the Increased Productivity of Private Enterprise result (IR1.2 - indicators: value added per hectare and total factor productivity) that in turn contribute to the Mission's Strategic Objective No. 1: Accelerated Private Sector Led, Export Oriented Economic Growth.

STATUS OF CONDITIONS PRECEDENT (CPS) AND COVENANTS: Mission has approved PIL #1 notifying GOE that the CP has been met. None of the Covenants have become issues

STATUS OF OPEN AUDIT RECOMMENDATIONS: N/A

EVALUATIONS: Procurement of an M&E contractor is scheduled for the next quarter.

PERFORMANCE INDICATORS: Contributions of GTG to 1996 full year targets by second level IR's. Note: B=baseline, T=target & A=actual. Numbers present should be generally considered rough estimates. M&E contractor will firm up numbers for report next semester. IR1.1.2: Number of firms taking on new technology B=? T=144 A=? and number of firms in the process of qualifying for ISO 9000 (B=? T=35 A=35). IR1.1.3: Number and type of users of information (B=? T=100 A=0)(Baseline and targets yet to be established). IR1.2.2: Number & target audiences of transferred technologies (B=? T=361 A=?). Measurement methodology yet to be established. IR1.2.3: Number & value of shares/bonds of exporting firms traded and volume and type of other export related finance: Baseline & targets yet to be established. IR1.2.4: Provision and utilization of GTG service vis a vis SEBs. Baseline & targets yet to be established. IR1.3.5: Number of private advocacy groups. Indicator needs to be reviewed for relevancy.

STATUS OF HOST COUNTRY CONTRIBUTIONS: The GOE has committed itself to "provide or cause to be provided all funds, from FT-800, in addition to those provided by USAID and any other donor.. required to complete ... all activities necessary to achieve results." The illustrative financial plan schedules LE 33.0 million of FT-800 funds for cost associated with construction and equipment procurement for FEI and AmCham offices. Outside of the agreement with the GOE, USAID agreements with NGOs may in some instances involve host country contributions.

MAJOR ACTIONS DURING NEXT REPORTING PERIOD: The major actions scheduled for the next period involve, but are not limited to, contracting actions. Actions associated with existing GTG activities are listed below.

FEI building. Pre-award review of the selected A&E firm, manuals pending. Waiver of competition for the A&E firm required. Project management unit established at FEI, ready to pass muster with USAID pre-award review. PIO/T, negotiations and award of A&E contract. A&E work finished by March or April, 1997. Tender prepared for FEI contract with construction firm.

FEI other activities. Revision of CIPE work plan and re-initiation of their efforts. AmCham building. Review initial plans with the Chamber.

AmCham Business Link. Finish procurement of hardware and software. Develop a business plan for implementation of providing service.

AmCham other activities. Review performance under present grant agreement. Pursue discussions concerning possible amendment of the present agreement or a follow-on agreement.

IDC. Extend PACD of Project 0226 and cooperative agreement for 6 month transition period. Decide whether to amend present cooperative agreement or develop new agreement; develop and review the amendment or the new agreement. Start negotiations. TDC Board of Director will be reconstituted. New Executive Director will be recruited. Discuss and determine with the new TDC leadership how USAID will provide technical assistance. Draft PIO/Ts. Further information is provided in the 0226 S-Sheet. IESC. Supplemental funding including "Boost" program. Maintain activities to achieve targets.

COAs. Supplemental funding. Waiver of competition for IESC to handle. Respond to inquiry about regional activities. MTCs. Supplemental funding. Waiver of competition for IESC to handle. Fully staff up centers and reach target groups and levels.

AgLink. Negotiate and sign cooperative agreement with ACDI. Mobile and hire local staff. Carry out review of the dairy sector. Bring in first group of experts. Presidents Council. Determine Council thinking regarding assistance provided to date and determine requirements for assistance after IBTCI contract closeout in February. Prepare PIO/T and procure services through by-in or competition.

ECES. See the separate S-Sheet. USAID/GTG monitoring, evaluation, and rolling design contract. PIO/T prepared for by-in to the Global Bureau PEDS contract, delivery order signed, and team mobilized.

GTG Council. The Council role in supporting private sector development initiatives will be defined and Council will be legally constituted. Agribusiness development. An approach to agribusiness development under GTG will be prepared. Existing activities could be modified to provide additional support for agribusiness and/or new activities could be developed.

Export finance. Negotiations will be conducted with CGC concerning setting up export credit guarantee program and perhaps leasing guarantee program. Other finance mechanisms will be explored and possibly designed. Management training program. Further design will be carried out and negotiations with the ABA will be conducted concerning the basic features of a program. Stanford Research Institute is preparing designs for the last three new activities as well as a draft business plan for Business Link. The Results team will review, supplement, and refine this designs and present them for approval.

Implementation Progress: The Results Package Agreement was signed in September, 1996.

ISSUES/ACTIONS: -

Indicators: Refinement of indicators would be useful for relevant intermediate results. Agribusiness design: Utilizing existing GTG activities for agribusiness development support may be first step.

RP Team participation. Mission needs to provide stronger support to RP teams that cross office boundaries. Work Load for Team. Personnel resources available to the team may need to be reviewed during next semester.

Initial Oblig. Date	Completion Date	Planned LOP Funding	Authorized Funding	Cumulative Obligation	Planned FY 97 Obligation	Commitments	Expenditures	Pipeline
05/18/95	06/30/98	\$400,000,000	\$400,000,000	\$400,000,000	0	\$400,000,000	\$80,000,000	\$320,000,000

IMPLEMENTING AGENCIES: MOEIC, MOST, MOF, CMA, CBE, EEAA, etc.

(TA) CONTRACTORS See TSSPR

PROJECT PURPOSE AND DESCRIPTION:

SPR II is a two year \$400 million policy based cash transfer program. Its purpose is to support the implementation of Egypt's economic reform program. It promotes financial, trade, private enterprise, and environmental reforms aimed at moving Egypt towards an outward oriented, competitive market economy. SPR II is a result package under SO No. 1 and supports all three intermediate results under the SO.

STATUS OF CONDITIONS PRECEDENT (CPs) AND COVENANTS:

All have been met.

STATUS OF OPEN AUDIT RECOMMENDATIONS: None

EVALUATIONS:

An evaluation, which covered both SPR II and TSSPR, was conducted in FY 96 and is now being reviewed. The findings and recommendations of the audit were reflected in the design of SPR III.

PERFORMANCE INDICATORS:

8 of 17 first year policy measures have been achieved as of 11/14/96. 4 additional policy measures are on the verge of being achieved--needing only final USAID verification. Thus, for practical purposes, 12 SPR II policy measures have been achieved--making a cumulative total of 49 policy measures since SPR I began. This means that one of the performance targets for Result No. 1.2.1 for 1996 has been surpassed.

SPR II policy measures achieved to date have contributed to the achievement of all three intermediate results under SO No. 1. In most cases, however, hard data are not yet available to assess actual performance against intermediate result performance targets. For IR No. 1.1, increased private sector exports, implemented SPR II reforms relating to tariff reductions, port and quality control reform, and one stop shops have contributed to a lower cost trading environment. For IR No.1.2, increased productivity of private enterprise, implemented SPR II reforms have led to greater competition and efficiency in the financial sector--which should result in improvements in productivity for the economy overall. Finally, for IR No. 1.3, accelerated privatization and more competitive markets, privatization attributable to SPR II policy measures have already exceeded the performance target for 1996.

STATUS OF HOST COUNTRY CONTRIBUTIONS:

N/A

MAJOR ACTIONS DURING NEXT REPORTING PERIOD:

The final performance review and disbursement for the first year of SPR II will be completed by January 1997. The first performance review for the second year of SPR II will be held by March 1997.

IMPLEMENTATION PROGRESS:

The SPR II matrix was recently amended to better reflect the reform priorities of the new GOE Cabinet. To date, 8 policy measures in the first year of SPR II have been achieved and \$80 million disbursed. A second disbursement of \$35 million--reflecting the achievement of 4 additional policy measures--is in process. After the second disbursement, \$55 million in first year SPR II money will remain undisbursed (NB: \$30 million of first year money was been shifted to the second year of SPR II). A third and final performance review/disbursement is expected by roughly end CY 1996.

ISSUES/ACTIONS:

Approximately 50 policy measures (covering those remaining in the first year of SPR II, the second year of SPR II, and the first year of SPR III) need to be implemented before the end of CY 1997. This will impose a heavy workload on the Mission in terms of provision of TA to support GOE implementation, promoting and tracking GOE performance, and verifying GOE achievement of policy measures.

Issue: Is the Mission adequately prepared--in terms of staffing and the availability of TA--to implement two SPR programs simultaneously? Also, is Mission and Embassy management prepared to continue an intensive dialogue with key GOE policy makers in support of SPR reforms?

The pipeline for SPR II and III is \$520 million. Issue: What is the Mission's plan to reduce this pipeline?

Initial Oblig. Date	Completion Date	Planned LOP Funding	Authorized Funding	Cumulative Obligation	Planned FY 97 Obligation	Commitments	Expenditures	Pipeline
09/28/95	06/30/00	\$245,000,000	\$245,000,000	\$50,000,000	\$65,000,000	\$50,000,000	0	\$50,000,000

IMPLEMENTING AGENCIES: Ministry of Agriculture and Land Reclamation (MALR), the Program Planning Committee (PPC), and the Program Management Unit (PMU)
(TA)CONTRACTORS: Ministry of Agriculture and Land Reclamation (MALR)the Program Planning Committee (PPC), the Program Management Unit (PMU)

PROJECT PURPOSE AND DESCRIPTION:

USAID will assist the GOE in developing, implementing, monitoring and evaluating its agricultural policy reform program. The Agricultural Policy Reform Program (APRP) consists of two components: a \$245 million sector grant program and a \$45.5 million project. The program component provides an average of approximately \$60 million every year, depending on GOE performance toward established policy reform benchmarks. Thus, the goal of APRP is to increase production, productivity and incomes in the agricultural sector (including agribusiness). The purpose of APRP is to remove remaining policy barriers to private enterprise in agriculture, thereby, creating a liberal, competitive marketing system, and stimulating sustainable agricultural growth. Competition in a free and open marketing system will lead to increased agricultural production and productivity, sustainable income growth, and increased employment in the agricultural sector.

STATUS OF CONDITIONS PRECEDENT (CPs) AND COVENANTS:

No outstanding issues or problems.

STATUS OF OPEN AUDIT RECOMMENDATIONS: N/A

EVALUATIONS:

A monitoring, verification and evaluation plan will be developed for each set of policy benchmarks agreed to in the MOU and its amendments. This plan will be the basis for measuring policy performance. In addition, a major agricultural policy conference will be held midway through the program period to assess overall progress in the agricultural sector.

PERFORMANCE INDICATORS:

	1995	96	97
1. Real value-added per hectare: real value added of output from 23 major crops per hectare. (LE million)	Baseline 648	667	688
2. Nominal protection coefficient for selected commodities: ratio of domestic to border prices for main crops within our manageable interest: cotton, wheat, rice, maize; plus qualitative reform assessment.	w 1 m 1 r 0.84 c 1.32	1 1 1 1	1 1 1 1

3. Tracking of policy reforms: table containing the annual and cumulative status of GOE policy reform benchmarks; including a presentation on the number of reforms met, degree of compliance, the importance of policy reform sets, and their stage of completion; all supported by a qualitative narrative discussion.

4. Water use efficiency: value of production of 23 major crops per cubic meter of water in Egyptian Pounds.

5. APRP privatization measures: for selected industries (wheat, rice, cotton), the percent of total processing volume and/or value controlled by the private sector through the transfer of assets; private management of facilities, or leasing of facilities.

* Baseline and targets for indicators 1 and 2 above are illustrative. Quantitative targets for other indicators will be set for next reporting periods.

STATUS OF HOST COUNTRY CONTRIBUTIONS:

The GOE provided the contribution listed as a CP precedent to disbursement including office space, furniture, office equipment, telephone lines, 7 computers and 12 vehicles. A PIL will be established to specify other required GOE contributions.

MAJOR ACTIONS DURING NEXT REPORTING PERIOD:

1. Monitor, verify and evaluate Tranche I benchmark progress and make recommendations for the amount of the performance disbursement.
2. Draft and negotiate Tranche II policy benchmarks.
3. Form task forces for commodities and subject areas and identify specific results to be attained.
4. Establish monitoring, verification and evaluation plans for Tranches I and II.

IMPLEMENTATION PROGRESS:

A matrix of the 50 Tranche I policy benchmarks was developed listing the benchmark requirements and the status of implementation (see separate matrix). The benchmarks fall under four categories: prices, marketing and trade; private investment and privatization; public investment policy and sustainability; and, subsidies, taxes and food security.

ISSUES/ACTIONS:

1. Whether or not to extend the completion date for Tranche I benchmarks beyond 12/96, and if so, until when? We recommend that the date be extended, with this date to be determined before December 31, 1996.
2. Whether or not to postpone some Tranche I benchmarks until Tranche II, and, if so, which? We recommend that some benchmarks be moved.

Initial Oblig. Date	Completion Date	Planned LOP Funding	Authorized Funding	Cumulative Obligation	Planned FY 97 Obligation	Commitments	Expenditures	Pipeline
08/12/95	06/30/00	\$600,000,000	\$400,000,000	\$400,000,000	\$200,000,000	\$340,000,000	\$116,593,000	\$283,407,000

IMPLEMENTING AGENCIES:

Ministry of Economy and International Cooperation (MEIC)

(TA) CONTRACTORS: N/APROJECT PURPOSE AND DESCRIPTION:

The overall purpose of this activity is to increase the private sector's contribution to Egyptian output by expanding investment by and in productive private sector enterprise. During FYs 94, 95 & 96 credit extended thru the PRCIP has grown from \$85 to \$179 to \$210 million, supporting IR 1.2.3, "Expanded and Deepened Financial Services." Presently approximately 100 new importers access financing thru the PRCIP each year, reflecting expanded awareness and utilization of these financial resources by the private sector as envisaged by IR 1.2.3. Since the most recent Portfolio Implementation Review held in March 1995, capital goods financing has accounted for 58% of program activity. This compares to a historical percentage (since 1986) of 33%. Although not a specific target of our program, capital goods financing, rather than intermediate goods or raw materials financing, is more suggestive of the increased productivity sought by IR 1.2, "Increased Productivity of Private Enterprise," and supports IR 1.2.2, "Accelerated Adoption of Improved Technologies and Management Practices."

STATUS OF CONDITIONS PRECEDENT (CPs) AND COVENANTS:

All current CPs have been met by MEIC

STATUS OF OPEN AUDIT RECOMMENDATIONS:

No open Recommendations

EVALUATIONS: No program evaluation has been undertaken since program inception in FY95 and no evaluations are currently scheduled.

PERFORMANCE INDICATORS:

- \$s credit financing extended

STATUS OF HOST COUNTRY CONTRIBUTIONS: N/AMAJOR ACTIONS DURING NEXT REPORTING PERIOD:

Initiate necessary design activity to either allow extension of current program or establishment of follow-on activity. Institutionalize the use within the office of a new Oracle-based data tracking system. Establish promotional calendar for balance of FY.

IMPLEMENTATION PROGRESS:

The start-up of new bank LCOMS for Grant 633 was hampered by slow response by the Central Bank in establishing a new Special Account as well as by delays in the implementation of the new NMS in AIDW. We now have sixteen of our twenty-two Grant 633 Bank LCOMS accepted and operational. As of November 14th we have concurred on transactions totalling \$35 million from Grant 633 funds.

All Grant 632 funds (\$200 million) have been committed to LCOMS with approximately \$5 million remaining as uncommitted residual balances among twenty-two participating banks.

For the 18 month period beginning with the last S-Sheet Report of March 31, 1995, 979 transactions have been approved for a total value of \$312 million (\$4 million/week.) 331 Egyptian importers participated during this time period, 147 of which were new program users. The program financed capital equipment to the tune of \$182 million (58.3%) with the balance of \$130 million financing intermediate goods and raw materials. Since October 1, 1996 (FY97), our transaction approval rate has continued at the \$4-5 million/week level.

A major promotional event was successfully concluded in Alexandria on October 2&3 as a kick-off to this year's activity.

ISSUES/ACTIONS:

- Design activities must begin soon for FYs 1998 forward since FY97 represents the final obligation of the present PRCIP activity.
- Deputy OD TI/CMT position available summer 97. Mission needs to identify its needs, and sell the program to other prospective "B/S candidates," esp. in view of contraction of available AIDW B/S support
- All Grant 633 LCOMS need to be made operational.
- We need to train our three new participant banks on matters of program implementation.
- Serious consideration needs to be given to a future reduction in the number of participating banks thereby allowing program managers greater flexibility in allocating funds among the active LCOMS.

Initial Oblig. Date	Completion Date	Planned LOP Funding	Authorized Funding	Cumulative Obligation	Planned FY 97 Obligation	Commitments	Expenditures	Pipeline
09/30/96	03/31/99	\$360,000,000	\$180,000,000	\$180,000,000	\$180,000,000	\$180,000,000	0	\$180,000,000

IMPLEMENTING AGENCIES: MOEIC, MOST, MOF, CMA, CBE, EEAA, etc.

(TA)CONTRACTORS See TSSPR

PROJECT PURPOSE AND DESCRIPTION:

SPR III is a two year \$400 million policy based cash transfer program (\$40 million for environmental policy reforms is reported separately). Its purpose is to support the implementation of Egypt's economic reform program. Its objectives are to increase private sector exports and productivity of private enterprise, and enhance competitive markets and protection of Egypt's environment. SPR III aims to move Egypt towards an outward oriented, competitive market economy.

STATUS OF CONDITIONS PRECEDENT (CPs) AND COVENANTS:

The Grant Agreement has just been signed. There are three CP's for disbursement which will be covered in PIL 1.

The CP's are: a) names and specimen signatures; b) designation of interest-bearing bank account to which grant proceeds are deposited; c) means by which funds will be withdrawn from said bank account.

PIL 1 needs to be drafted and signed.

STATUS OF OPEN AUDIT RECOMMENDATIONS: None

EVALUATIONS:

An evaluation which covered both SPR II and TSSPR was conducted in FY 96. The findings and recommendations of the audit were reflected in the design of SPR III.

PERFORMANCE INDICATORS:

See SPR II.

STATUS OF HOST COUNTRY CONTRIBUTIONS:

There are no host country contributions.

MAJOR ACTIONS DURING NEXT REPORTING PERIOD:

PIL 1 needs to be drafted and signed. The SPR III matrix needs to be finalized.

The first performance review for the first year of SPR III will be completed by March 30, 1997.

IMPLEMENTATION PROGRESS:

EAP is starting to work closely with MOEIC and the implementing agencies to promote achievement of SPR III policy measures.

ISSUES/ACTIONS:

Several policy reform measures remain to be finalized.

Issue: What is the Mission's plan to finalize the SPR III matrix?

Approximately 50 policy measures (covering those remaining in the first year of SPR II, the second year of SPR II, and the first year of SPR III) need to be implemented before the end of CY 1997. This will impose a heavy workload on the Mission in terms of provision of TA to support GOE implementation, tracking of GOE performance, and verification of GOE achievement of policy measures.

Issue: Is the Mission adequately prepared--in terms of staffing and required TA-- to implement two SPR programs simultaneously?

The pipeline for SPR II and III is \$520 million.

Issue: What is the Mission's plan to reduce this pipeline?

Initial Oblig. Date	Completion Date	Planned LOP Funding	Authorized Funding	Cumulative Obligation	Planned FY 97 Obligation	Commitments	Expenditures	Pipeline
09/30/96	09/30/01	\$65,000,000	\$65,000,000	\$15,000,000	\$10,000,000	0	0	\$15,000,000

IMPLEMENTING AGENCIES: Min.of Education/UNICEF/NGO

CONTRACTORS: -Prime Technical Assistance Contract, -Global Comm. & Learning Systems, -Girls & Women Education Initiative, -Children's Television Workshop

PROJECT STRATEGIC OBJECTIVE (SO) & RESULTS:

- S.O.: Promote increased participation of girls in quality basic education.
- Intermediate Results (IR): To achieve this SO, three IRs have been defined as:
 - Increased number of schools in which constraints to girls' attendance have been removed.
 - Increased demand for girls' education.
 - Improved national policy environment.

STATUS OF CONDITIONS PRECEDENT (CPs) AND COVENANTS: None

STATUS OF OPEN AUDIT RECOMMENDATIONS:

Financial audits of the activities will be conducted in accordance with the standard procedures of USAID. In addition, there will be periodic "Performance Audits" based on a range of indicators which measure progress in the education sector.

EVALUATIONS:

Continuous monitoring of progress towards the stated IRs and Strategic Objective will be the responsibility of a prime technical assistance contractor. Monitoring plan will provide the various teams with feedback on achievements and recommendations for any necessary adjustments in the overall strategy

PERFORMANCE INDICATORS:

- 50% increase in girls' primary school enrollment in catchment areas of USAID-supported small schools.
- 90% pass rate on MOE 3rd year exam among students of USAID small schools.
- Negligible dropout rate between 3rd and 4th grades in USAID small schools.
- Drop out rate after the 3rd year.
- If SO2 continues, performance on the 6th year exam and promotion to the prep. cycle may be added as measures.

STATUS OF HOST COUNTRY CONTRIBUTIONS:

Total GOE contribution will equal approximately L.E. 75,275,000 (U.S. \$22 million) including teachers' salaries, printing and distribution of teaching materials and air time for broadcast of "Sesame Street" and English language radio programs.

MAJOR ACTIONS DURING NEXT REPORTING PERIOD:

- Task order developed and executed with the Global Bureau's Communication and Learning Systems (GC&LS) IQC for curriculum development, teacher training and distance education.
- Request for proposals finalized and advertized for prime technical assistance contractor who will be responsible for launching 1,000 school small schools with the support of Egyptian non-governmental organizations (ENGOS)

IMPLEMENTATION PROGRESS:

- A conference in Minya is planned for early December to prepare for the launching of the project in this targeted governorate. Main purpose is to acquaint governorate officials with educational activities and capacities of local ENGOS.

ISSUES/ACTIONS:

Negotiations and planning must be conducted with central MOE to identify implementation team as well as with governorate officials in Beni Suef and Beheira. Potential urban target areas must be identified.

Initial Oblig. Date	Completion Date	Planned LOP Funding	Authorized Funding	Cumulative Obligation	Planned FY 97 Obligation	Commitments	Expenditures	Pipeline
05/31/91	09/30/98	\$20,500,000	\$20,500,000	\$18,500,000	\$2,000,000	\$12,360,000	\$11,985,000	\$6,515,000

IMPLEMENTING AGENCIES: Ministry of Social Affairs

CONSULTANTS: N/A

CONTRACTORS: National Council of Negro Women

PROJECT PURPOSE AND DESCRIPTION:

The goal of this project is to improve the quality of life for poor and disadvantaged groups in Egypt. The purpose of the two-phased project is to support and strengthen self-help activities. Phase I focused on the development and testing of a model to reduce constraints hindering ready access to financial resources and technical assistance by PVOs. As this model proved successful the decision was made to move to a second phase. The project achieves its purpose through an intermediary organization Umbrella Management Institution (UMI), which is authorized by AID and the GOE to provide grant funds to AID-registered PVOs and to assist a group of approximately 30 pre-registrant EPVOs to strengthen their capacity. The Project contributes to S.O.3 "Increased Civil Society Organization (CSO) Participation in Public Decision Making" and Intermediate Result 3.2 "Strengthening CSO Operation and Management." Two principal activities under the Project are (1) the provision of activity grants for AID-registered PVOs to assist in strengthening the capacity of local Egyptian organizations to carry out development activities. The main selection criterion for providing sub-grants is the grant's potential contribution to increasing popular participation in Egypt's development, and (2) the provision of capacity building support services for the pre-registrant EPVOs to improve their capacity and effectiveness to enable them to "graduate" and be eligible to receive grant funds. This is done through training, technical assistance and/or limited grant funds. Under a cooperative agreement effective January 1992, the National Council of Negro Women (NCNW) performs the functions of UMI.

STATUS OF CPs AND COVENANTS:

All CPs have been met. With respect to the Covenant dealing with changing the Operations Manual, changes to the manual are being made.

STATUS OF OPEN AUDIT RECOMMENDATIONS: N/A

EVALUATION:

An impact evaluation was conducted in December 1995 to measure Project and PVO activity impact, assess UMI performance, identify lessons learned, and provide the basis for a determination to extend the project into a second phase, and modify it as necessary, or to terminate it. The evaluation concluded that the pilot phase has succeeded in achieving the targets stipulated. Therefore, the decision was made to extend the project to a second phase.

PERFORMANCE INDICATORS:

- LOP:
- Grant-making process improved and simplified;
- Collaboration between USPVOs and EPVOs, and between AID, GOE, and the PVO Community strengthened;
- Increased community involvement in design, management and financing of PVO development activities;
- At least 30 EPVOs meeting Project graduation criteria;
- At least 45 PVO proposed activities funded & successfully implemented; and
- Increased number of EPVOs identifying, initiating, designing, and successfully managing development-oriented activities.

- CURRENT TO DATE:

- UMI review procedures in place and under implementation. The PVO Development Project has been successful in testing the provision of grant funds and capacity building services through the umbrella mechanism
- Collaboration between U.S. PVOs and Egyptian PVOs has been strengthened through joint implementation of development activities, by supporting functional partnerships and by strengthening a number of Egyptian PVOs to the point where they are close to becoming more equitable partners to U.S.PVOs;
- With only limited baseline data available, sub-projects evaluations and first hand observation of the impact Evaluation Team provided some indication as to improvements in the quality of project identification, design and management of development-oriented projects;
- Twenty ENGOs reviewed by certified accountant and have been determined to meet graduation criteria; and
- Funds committed to 18 approved PVO activities. Additionally, funds committed under the TIE fund to eleven approved EPVO activities.

STATUS OF HOST COUNTRY CONTRIBUTIONS:

The non-federal contribution consists of PVOs contributions to the cost of grants made to them. Actual cash and in-kind contributions reported by some of the PVOs receiving Grant fund to date are equal to \$565,049 and LE 6,978,235. These amounts will increase as the rest of the PVOs submit their final financial reports. Furthermore, LE 508,763 as cash and in-kind contributions is pledged by the EPVOs receiving TIE grant funds.

MAJOR ACTIONS DURING NEXT PERIOD:

- Conduct four workshops/seminars;
- Award ten sub-grants under the grant fund.

IMPLEMENTATION PROGRESS:

Phase I of the project has been completed in September 30, 1996. During Phase I, UMI has awarded 18 activity grants to U.S PVOs and Egyptian PVOs which met project graduation criteria for \$2,561,408 and LE 17,386,242. 26 EPVO have participated in the Capacity Building Support Services activities. 11 Small grants has been awarded to Egyptian PVOs for LE 1,553,753. During Phase I, around 35 workshops/seminars were conducted for PVOs.

According to the impact evaluation conducted in December 1995, the Project has succeeded in achieving the targets stipulated. Therefore, the decision was made to extend the project for two more years which will represent the second phase of the project.

UMI has received 28 activity proposals/concept papers requests submitted by USPVOs and EPVOs for a total value of \$ 17,000,000 to be funded out of the Grant Fund component. UMI has started the review process of these proposals/concept papers against the project grant selection criteria.

ISSUES/ACTIONS:

None

Component	Initial Oblig. Date	Completion Date	Planned LOP Funding	Approved Funding	Cumulative Obligation	Planned FY97 Obligation	Commitments	Expenditures	Pipeline
Project TA	09/28/96	09/28/98	\$5,000,000	\$5,000,000	\$4,000,000	\$1,000,000	0	0	\$4,000,000
Program	09/28/98	09/30/98	\$30,000,000	\$30,000,000	\$10,000,000	\$20,000,000	\$10,000,000	0	\$10,000,000

IMPLEMENTING AGENCIES:MLA/ORDEV Shrouk Tech Assist. Team (STAT) (TA)CONTRACTORS: 1) MSI/IPC IQC task order 2) Dev. Assoc. IQC monitoring

PROJECT PURPOSE AND DESCRIPTION:

To achieve greater participation and decentralized governance at the village level. The PRGP results package is designed to achieve Intermediate Result 3: Incremental Devolution of Authorities for the Local Level of S.O. 3 Increased Civil Society Participation in Decision Making.

This program will support the GOE's rural local development program by providing cash transfers to the GOE upon achievement of previously agreed policy reforms to alleviate policy and institutional constraints in the Egyptian system of local governance. The planned reforms have been identified as:

Decentralization: Control of finances decentralized with local accounts controlled by Village Shrouk committees, new local control over resource collections and retention, and a plan being implemented to extend Shrouk committee control over all Shrouk resources.

Participatory Practices: Intensified participatory practices at the village level that; respect Village Popular Councils and make Shrouk committee selection transparent, enhance women's participation, make Shrouk committees transparent and democratic, and involve communities more in their own human services projects.

Operational Transparency and Efficiency: Operational efficiency and sustainability is more certain with sustained GOE commitment of funds; Shrouk committees and others are meeting commitments with O&M funds; GOE is implementing the needed policy and institutional changes for decentralized, participatory Shrouk process.

Technical assistance and related commodity support will be provided to assist with technical studies and program implementation, monitoring, and evaluation. \$30 million will be made available to the GOE in three tranches upon achievement of agreed policy reform benchmarks. The local currency generated from cash transfers is expected to be used by the GOE for Shrouk Program implementation.

STATUS OF CONDITIONS PRECEDENT (CPs) AND COVENANTS: no issue

STATUS OF OPEN AUDIT RECOMMENDATIONS: none

EVALUATIONS:

A monitoring, verification and evaluation team is being contracted to serve for the planned two year PRGP Phase I. They will monitor program progress and independently verify GOE achievements and compliance with the policy reform measures. They will conduct a comprehensive program evaluation at the end of 1998 to report on progress made and lessons learned. This evaluation will make recommendations regarding future USAID support for Decentralization and how such support might best contribute to democratization.

PERFORMANCE INDICATORS:

Five S.O. level indicators and 10 Intermediate Results Indicators have been established and accepted by AID/W. Baseline data will be collected in 1997 and 1998 for these indicators. The S.O. and I.R. indicators parallel the 14

performance matrix objectives with 31 benchmarks(targets) divided over 3 tranche release periods. The IR indicators are:
 1) Procedures adopted ensuring Shrouk committees a)control GOE funds; b)control sub-accounts; c)approve expenditures.
 2) # of new L.T. mechanisms accepted for financing rural dev. programs.
 3) Use of L.T. financing mechanisms by Shrouk or other local entity.
 4) Shrouk guidelines are a) accepted by GOE; b) widely disseminated; and c) publicized.
 5) Shrouk committees implementing guidelines.
 6) % of Shrouk proposals that include cost estimates and plans for O&M.
 7) a) mechanism created to ensure that funding exists when needed by Shrouk committees for longer term projects; b) % Shrouk committees who report that funding is available when needed for multi-tranche projects.
 8) % of Shrouk infrastructure proposals address and minimize adverse environmental impacts.
 9) Key recommendations from study of women's participation in Shrouk implemented.
 10) New practices for Shrouk leverage over GOE services delivery accepted.

STATUS OF HOST COUNTRY CONTRIBUTIONS:

The planned minimum GOE Contribution will be \$44,117,647 (LE150,000,000). Actual GOE contributions will be reported annually and first report date is to be decided.

MAJOR ACTIONS DURING NEXT REPORTING PERIOD:

- 1.)Contract and mobilize two Technical Assistance Teams; one for TA to the Ministry of Local Administration, Organization for the Reconstruction and Development of Egyptian Villages(ORDEV) and the second to monitor, verify and evaluate process in increasing participation in governance at the village level for USAID.
2. Collect and evaluate documentation on 1st tranche and disburse first \$ 10 million.
3. Complete Monitoring and Evaluation plans and TA workplan
4. Design a complementary training program on local government focusing on the city manager and city council roles and functions.(Approx \$1.0 M)

IMPLEMENTATION PROGRESS:

Design completed August 1996 and Agreement signed Sept 1996. ORDEV has organized the Shrouk Technical Assistance Team(STAT) with four higher level committees and 14 task forces to provide program and policy guidance in the implementation of Shrouk. Approx 70 senior professionals have been recruited from various universities to staff the task forces. The TA contractors have identified key personnel and submitted to implement their respective scopes of work as delivery orders under IQCs.

ISSUES/ACTIONS:

No outstanding issues at this time

Initial Oblig. Date	Completion Date	Planned LOP Funding	Authorized Funding	Cumulative Obligation	Planned FY 97 Obligation	Commitments	Expenditures	Pipeline
* 09/23/92	06/30/97	\$62,000,000	\$62,000,000	60,643,000	\$1,357,000	\$42,861,778	\$27,416,531	\$33,226,469

* In early November 1988 the Authorized LOP funding level was increased by US\$ 10,000,000 and PACD extended to June 30, 1989

IMPLEMENTING AGENCIES: National Population Council (NPC), Ministry of Health (MOH), State Information Service (SIS), Private Sector

CONSULTANTS: W. El Khateeb; C. Brancich; R. Hess; M. Rowan; M. Khaled; D. Hammamy; S. Moreland

CONTRACTORS: Population Project Consortium (Pathfinder Int'l; JHU/PCS; EPA; FHI; TFG); TFG-SOMARC; TFG-OPTIONS; TFG-RAPID; AVSC; DHS; FPLM; LPerry/PSC.

PROJECT PURPOSE AND DESCRIPTION:

To increase the level and effectiveness of contraceptive use among married couples. The project is composed of eight subprojects, implemented by three GOE implementing agencies and the private sector.

The National Population Council (NPC) implements the Institutional Development (IDP) Subproject and oversees implementation of the Regional Center for Training (RCT) Subproject of Ain Shams University and the Clinical Services Improvement (CSI) Subproject of the Egyptian Family Planning Association. The Ministry of Health and Population (MOHP) implements the Systems Development (SDP), Contraceptive Commodities, and Teaching Hospital Organization (THO) Subprojects.

The Ministry of Information (MOI) implements the Family Planning Information, Education, and Communication (IEC) Subproject with the State Information Service (SIS). The Private Sector Initiatives (PSI) subproject is implemented through competitively awarded subcontracts under the Implementation/ Goods and Services (I/G&S) Contractor.

The Implementation/ Goods and Services (I/G&S) Contractor, working directly with GOE implementing agencies, has seven tasks: project management and technical assistance; management of all participant training and invitational travel and support to implementing agencies in implementing in-country training and workshops; procurement of non-contraceptive commodities; management of the private sector initiatives subproject; procurement of special assessments for POP/FP III cross cutting areas or in support of subproject implementation plans; design and development of MIS to track implementing agency activities and a monitoring system to track the multiple indicators in the Logical Framework; procurement and management of a local accounting firm to conduct field monitoring of project inputs, check revenue fund reports, and oversee financial reporting.

OUTPUTS: 1) Increased service volume, improved service quality, and increased family planning information for current and potential users; 2) Improved management capacity in implementing agencies; 3) Improved information for policy makers; I/G&S Contract: 1) 526 p/m. of long- and short term TA 2) subproject LOP and Annual Implementation Plans; 3) Subproject LOP and Annual Participant Training, Invitational Travel, and In-Country Training Plans; 4) 94 Participants and 24 invitational travelers; 5) Subproject LOP and Annual Procurement Plans; 6) Non-contraceptive commodities and vehicles procured; 7) Special Assessments conducted; 8) Subproject MISs; 9) POP/FP III Project Monitoring System; 10) Subcontract with CPA; 11) Subcontracts for Private Sector Initiatives.

STATUS OF CPs AND COVENANTS: All CPs met.

STATUS OF OPEN AUDIT RECOMMENDATIONS: None.

EVALUATIONS/AUDITS:

Results of POP/FP III mid-term evaluation in October-November 1995 incorporated into subprojects as appropriate and will be taken into consideration in design of follow-on RP. Contractor evaluation occurs

quarterly based on USAID/W guidance on quarterly reporting. Program performance audit undertaken assessing USAID/Egypt progress towards POP/FP III Project output targets and achievement of strategic objective indicated that USAID/Egypt has made satisfactory progress towards both.

PROJECT PERFORMANCE INDICATORS:

- LOP: Increase in contraceptive prevalence from 47.1% in 1992 to 53% in 1997; 2) Decrease in extended-use failure rate (EUFR) from 10% in 1988 to 5% in 1997.

CURRENT TO DATE: The DHS to measure interim impact on these measures was conducted late 1995. Preliminary report has been issued, with prevalence at 47.9%.

STATUS OF HOST COUNTRY CONTRIBUTION:

Planned LOP: LE 22,587,000 Cash; LE 41,714,000 In-Kind. Current through 6/95: LE 21,735,000 Cash; LE 63,409,000 In-Kind. Projected through 6/96; LE 11,810,000 in-cash; LE 32,475,000 in kind.

STATUS OF I/G&S CONTRACT: Planned LOP: US\$ 21,393,736 and LE 980,507. CURRENT COMMITTED TO DATE: US\$ 17,900,000; LE 667,697. Amendment One committed funds, increased LOP budget to include 34 additional participant training opportunities to total 94, revised Statement of Work accordingly, and revised the LOE to convert unused LT TA to ST TA. Amendment 2 obligated additional funds. Amendment 3 increased total contract cost to reflect increased training and converted LOE.

MAJOR ACTIONS DURING NEXT REPORTING PERIOD:

Complete and process 1 year extension request documentation for POP/FP III Project. Finalize Justification for Waiver of Competition to extend I/G&S contract by one year. Initiate design of POP/FP III Project process RP.

IMPLEMENTATION PROGRESS:

For POP/FP III Subprojects, see individual S-Sheets. I/G&S Contract: Year 3 Implementation Plans completed and approved. Approx. 58 participant trainees processed for training. Procurement and shipment of commodities completed. Selected Special Assessments approved. CPA firm conducting subproject financial monitoring activities.

ISSUES/ACTIONS:

New Issue: Funding required for one year contract extension may be delayed and/or reduced by legislation that restricts population assistance. Action: (1) identify alternative source of funding or (2) execute unfunded extension and reduce activities and expenditures.

Issue: MOHP is for broadening population sector focus to "women's health approach". Action: Assist MOHP in strategic planning process to ensure continued focus on FP activities.

Initial Oblig. Date	Completion Date	Planned LOP Funding	Authorized Funding	Cumulative Obligation	Planned FY 97 Obligation	Commitments	Expenditures	Pipeline
09/27/88	09/30/98	\$43,650,000	\$39,650,000	\$39,650,000	0	\$36,294,000	\$35,090,000	\$4,560,000

IMPLEMENTING AGENCIES: SRP Secretariat, Ministry of Health and Population (MOHP); Theodore Bilharz Research Institute
CONSULTANTS: Collaborating U.S. scientists work with Egyptian Principal Investigators (PIs) on research grants and the Technical Review Committee (TRC).
CONTRACTORS: U.S. Naval Medical Research Unit in Egypt (NAMRU-3), Medical Service Corporation International (MSCI), U.S. Centers for Disease Control (CDC)

PROJECT PURPOSE AND DESCRIPTION:

The primary purpose of the SRP is to control schistosomiasis by developing tools, methods and information through directed research. The secondary purpose is to improve the biomedical research capability of existing medical research institutions to conduct practical, control-oriented research. The SRP awards grants according to a predefined research agenda to Egyptian Principal Investigators linked with U.S. scientific collaborators. All grant proposals are peer-reviewed by a Technical Review Committee (TRC) of Egyptian and international experts. The research is focused on six interrelated research areas: vaccine development, improved diagnostic methods, better chemotherapeutic regimens, epidemiology and socio-economic factors, mass media education, and operations research to improve schistosomiasis control strategies. Young Scientist grants have helped to develop a new generation of Egyptian scientists.

STATUS OF CPs AND COVENANTS:

C.P.: GOE has met the CPs.
Covenants: All covenants being met.

STATUS OF OPEN AUDIT RECOMMENDATIONS:

All recommendations of the RIG/A audit of SRP local currency accounts have been closed.

EVALUATIONS:

Recommendations developed during the Mid-term evaluation and February 1992 review of the project research agenda are currently being implemented with no special problems encountered.

PERFORMANCE INDICATORS:

	LOP FROM PP	TO DATE
- Full research grants	65	66
- Young Scientist (YS) grants awards	20	30
- Participants trained abroad	72	95
- Participants trained in Egypt	75	200

STATUS OF HOST COUNTRY CONTRIBUTIONS:

LE 2.8 million in cash and LE 16.5 million in kind provided through June 1996, which is on track for meeting the ProAg amount of LE 18 million.

MAJOR ACTIONS DURING NEXT REPORTING PERIOD:

1. Extend NAMRU-3 PASA.
2. Incremental funding for MSCI contract.
3. Plan final evaluation.

IMPLEMENTATION PROGRESS:

- 1) USAID's results focus was discussed with the SRP Secretariat during the development of the SO 5 results framework. This has enhanced efforts to turn research findings into control tools during the completion phase of the project.
- 2) USAID requested that the March 1996 TRC prioritize ongoing research grants across areas in order to identify those most likely to produce new tools for schistosomiasis control by the end of the project. This was the basis for the 1996 SRP Workplan accepted by USAID.
- 3) The Egyptian Reference Diagnostic Laboratory established by the Project was selected by the World Health Organization to conduct in vitro screening tests for selection of possible candidate vaccines against schistosomiasis.
- 4) The latest financial audit of local currency accounts contracted by RIG/A reconfirmed that the project is a model for excellent financial accountability.
- 5) As of September 30, 1996, MSCI has delivered to Egypt equipment and supplies worth \$8.0 million.

ISSUES/ACTIONS:

Resolved:

Based on sound performance to date, the final option of the MSCI contract has been exercised. PROC negotiated a 23-month extension taking SRP management technical assistance to July 14, 1998. This will allow adequate time for completion of ongoing priority research activities, orderly close-out, and smooth transition of vaccine development efforts to the CEED RP.

Continuing:

Follow-up to ensure that the Egyptian research capacity developed and research findings produced by the SRP lead to results, i.e., new control tools developed and disseminated.

New:

Plan final evaluation.

Initial Oblig. Date	Completion Date	Planned LOP Funding	Authorized Funding	Cumulative Obligation	Planned FY 97 Obligation	Commitments	Expenditures	Pipeline
09/30/88	09/30/98	\$83,500,000	\$78,500,000	\$78,500,000	\$4,974,000	\$56,513,000	\$47,681,000	\$30,819,000

IMPLEMENTING AGENCIES: MOHP, HIO, CCO, Medical Syndicat, Suez Canal U. & CGC
CONSULTANTS: C. Robinson, J. Ashford, H. Sutton, D. Nicholas, J. Walsh, S. Burke

(TA) CONTRACTORS: University Research Corp. (URC), Maximus, Harvard U.

PROJECT PURPOSE AND DESCRIPTION:

To broaden and diversify approaches for financing personal health services in Egypt. Component One is developing and testing cost recovery systems in MOH facilities as a model for country wide application. Component Two promotes improved management information systems in two leading health care systems currently using cost recovery systems. Component Three encourages the expansion of the private health care sector by guaranteeing loans to private practitioners, and the development of prepaid and other managed practices. This project, along with activities under the Health Policy Support Project (0254), is one of the principal vehicles for the achievement of Intermediate Result 5.4, Improved environment to plan, manage and finance sustainable maternal and child health systems.

MAJOR ACTIONS DURING NEXT REPORTING PERIOD:

A. Project: (1) Complete selection of Phase B hospitals; (2) Complete MOH org. assessment and health facilities database update; (3) Complete implementation of new management and clinical operating systems in all Phase A facilities.

B. Program: none

C. RP Amendment and Contracting Plans: (1) Amend Maximus contract to add FM module for HIO/MIS; (2) buyin to IRM support contract; (3) complete USAID direct procurement of computer hardware and peripherals; and (4) award non-psc assistance to NGO quality assurance agency.

STATUS OF AUDIT RECOMMENDATIONS:

All recommendations under the recently completed CRHP Performance Audit have been resolved and closed except Recommendation 1.1. This recommendation has been resolved and the Mission is currently assembling documentation to close this recommendation.

IMPLEMENTATION PROGRESS:

(1) Over 80% of the design and implementation of new management and clinical operating systems in the 5 Phase A facilities is completed. Continuous training programs on the use of these systems are provided to the pilot hospitals staff.

(2) All biomedical equipment, at a total value of \$5.9 million, required for the five facilities has been procured and delivered.

(3) Renovation work has been completed in Kafr El-Dawar polyclinic, Kantara El Garb and May 15 th hospital and the first phase of renovation at Embaba hospital. The technical assistance contract for Components One & Three has been awarded and resident staff mobilized.

(5) An Egyptian Society for Quality Assurance has been formally chartered as an NGO.

(6) Marketing staff of the Project Directorate and TA contractor are progressively working with the marketing staff of the 5 Pilot facilities in conducting market research and executing marketing plans.

(7) MOH decree which enables legislation of cost recovery operations within the pilot facilities was issued.

(8) Significant progress has been made with the MOH Directorate of Planning (DOP). A system for the collection and classification of expenditures in health care units has been finalized and a software guide for the incorporation and routine collection of this information under the MOH Health Information System (HIS) has been prepared. Cost-Effectiveness Analysis studies on 12 interventions have been prepared and analysis work on the remaining 14 interventions planned is underway. Draft reports presenting final results for the National Health Accounts and Household Expenditures surveys have been prepared and circulated.

(9) Development work has been completed on each of the 15 applications modules for the planned HIO management information system (MIS), data conversion problems resolved and implementation of MIS hardware and software initiated in the headquarters and each of the four branches scheduled for full automation.

EVALUATIONS:

A Mid-Term Evaluation was carried out in January 1996. The draft PES for this evaluation is currently circulating for clearance and final approval.

PERFORMANCE INDICATORS:

<u>Planned LOP</u>	<u>Current to Date</u>
1) 5 MOH Facilities converted to cost recovery operations.	5 Pilot Facilities selected, staff training initiated, GOE decrees issued, completion of design & implementation of management & clinical operating systems by 1/97.
2) CRHP Directorate staffed with MOH personnel experienced in cost recovery.	All TA support consolidated under URC contract, functional support areas for CR conversion id'ed & nomination of MOH dept. staff in each of these functional areas underway.
3) System established in MOH to track health care expenditures.	Budget tracking system (BTS) methodology dev'ed data collected in 8 governorates & integration of BTS under MOH Health Info System underway.
4) MIS installed in HIO & CCO and management performance improved.	HIO; design completed for all MIS applications, site prep and MIS impl underway in HQ and each of the planned four branches. CCO: MIS dept. created, prototypes developed & technical staff trained.
5) 5,000 loans guaranteed, 10 banks participating & new private managed care systems	CGC: 2,100 loans, 19 participating banks. SCU: Unit of special nature created, governorate-wide insurance coverage plan developed. MS: Plan developed to strengthen existing plan management.

(10) MIS department created, staff trained and authorized forms and data fields standardized in preparation for the implementation of the planned hospital MIS.

(11) Nineteen separate banks participating in the CGC Medical Practitioner Loan program and over 2100 guarantees issued, an in-depth market survey currently underway and a proposal for the implementation of an aggressive outreach program under consideration.

(12) A detailed proposal for phased development of the planned HMO at Suez Canal University (SCU) has been prepared, an SCU unit of special nature has been approved for management of the HMO and a request for incremental funding under the CRHP received.

ISSUES/ACTIONS:

Resolved: Reprogramming of funding planned for CCO HMIS procurement, which will now be implemented under the Health Policy Support Project (0254), will resolve previously identified funding shortfalls.

Continuing: Ongoing discussions among MOH, PD and Board of Trustees staff to implement CRHP decree provisions and determine what if any modifications are required as it comes up for extension. New: (1) MOH continues to experience difficulty in the recruitment and retention of key management and/or auxiliary staff, i.e. financial officers and engineers. (2) Availability of x.25 data communications telephone lines is a potential problem for HIO MIS implementation in both the East Delta and Canal branches.

Other Actions: Coordination across project components continues to be a problem, particularly with the MOH centralizing key decision making to himself.

Initial Oblig. Date	Completion Date	Planned LOP Funding	Authorized Funding	Cumulative Obligation	Planned FY 97 Obligation	Commitments	Expenditures	Pipeline
09/30/1995	09/30/2001	\$70,000,000	\$70,000,000	\$35,000,000	\$15,000,000	\$5,470,000	\$926,000	\$34,074,000

IMPLEMENTING AGENCIES: Ministry of Public Health and Population
Ministry of Information

(TA) CONTRACTORS
MotherCare (JSI); CDC; Wellstart; UNICEF

PROJECT PURPOSE AND DESCRIPTION:

The purpose of the HM/HC Project is to improve the quality, effectiveness and use of reproductive and child health services in public and private facilities and households, with an emphasis on high-risk regions. It is directly linked to the Mission Strategic Objective #5 of "Sustainable Improvements in the Health of Women and Children." The two intermediate results it addresses directly are:

- IR 5.1: Increased Knowledge and Improved Health Behavior in Households
- IR 5.2: Improved Quality and Increase Utilization of Maternal, Perinatal and Child Health Services.

The project will strengthen interventions already successfully implemented by the Ministry of Health and Population such as the Expanded Program for Immunization (EPI), Acute Respiratory Infections (ARI), Control of Diarrheal Diseases (CDD), and Neonatal and Obstetrical Care. The major emphasis will be on establishing an integrated program at the district level specifically in the high risk governorates of Upper Egypt with significant involvement of the community, non-governmental organizations (NGO), and private providers. The focus of the project will be the provision of a basic package of essential high quality health services to the communities.

STATUS OF CONDITIONS PRECEDENT (CPs) AND COVENANTS:

All Conditions Precedent met.

Covenants:

Section 5.3 Field Epidemiological Training Program. On Sept. 30, 1998 the MOHP will identify the department to administer FETP services, appoint a department head, a long-term plan, and establish a budget.

Section 5.4 Appointment of Governorate and District Staff when activities start at those levels.

STATUS OF OPEN AUDIT RECOMMENDATIONS: N/A

EVALUATIONS: N/A

PERFORMANCE INDICATORS:

1995 Baseline

- | | |
|---|----------|
| 1) 70% women receive 4+ prenatal exams | 28% |
| 2) Eradication of poliomyelitis | 71 cases |
| 3) 75% women breast feed exclusively for 4-5 months | 30% |
| 4) Districts implementing essential MP&C services | 0 |

STATUS OF HOST COUNTRY CONTRIBUTIONS:

- 1996/1997 LE 11,500,000 (actual)
- LE 3,000,000 (requested)

MAJOR ACTIONS DURING NEXT REPORTING PERIOD:

- 1) RFP for Prime Contract out.
- 2) PVO Umbrella Grant executed.
- 3) Selection and remodeling of Wellstart Center in Cairo.
- 4) Implementation of pilot district sites by MotherCare.
- 5) Completion of national and subnational polio eradication campaign in December.
- 6) Field work for the lead study completed by FETP.

IMPLEMENTATION PROGRESS:

- 1) UNICEF grant signed. Program in Upper Egypt governorates proceeding well. All salt in Egypt is now iodized.
- 2) MotherCare delivery order signed. Initial activities have begun.
- 3) Wellstart grant signed. Eight participants taking one month training course in California headquarters.
- 4) Centers for Disease Control PASA signed. Additional participants are being selected. Master's Degree in Public Health negotiated with the High Institutes of Public Health.
- 5) National level components for child survival continue and operational plans developed.

ISSUES/ACTIONS:

- 1) Prime contract delayed
- 2) PVO component delayed

Initial Oblig. Date	Completion Date	Planned LOP Funding	Authorized Funding	Cumulative Obligation	Planned FY 97 Obligation	Commitments	Expenditures	Pipeline
09/30/96	09/30/01	\$20,000,000	\$19,000,000	\$5,000,000	\$5,000,000	0	0	\$5,000,000

IMPLEMENTING AGENCIES: MOHP(TA) CONTRACTORSPROJECT PURPOSE AND DESCRIPTION:

To improve health sector efficiency and equity, and ensure the sustainability of maternal and child health programs through two program elements: a) support for a data-based policy process and b) program assistance for health policy agenda implementation. The technical support element is intended to support health sector reform and to advance knowledge about health sector problems and solutions in Egypt. Technical support to strengthen MOHP capacity for data-based policy making is an essential part of this package. In addition technical assistance for monitoring and verification of policy measure achievement will be provided.

STATUS OF HOST COUNTRY CONTRIBUTIONS: n/aMAJOR ACTIONS DURING NEXT REPORTING PERIOD:

Sign PIL 1 with the GOE.
Contract technical assistance through the G/PHN Center's Partnerships for Health Reform (PHR) contract.
Prepare SOW for contract for monitoring and verification technical staff and overall support to SO5 for monitoring and evaluation.
Complete the draft policy agenda and draft MOU for tranche one and negotiate with the MOHP.

STATUS OF CONDITIONS PRECEDENT (CPS) AND COVENANTS: in processIMPLEMENTATION PROGRESS: n/aSTATUS OF OPEN AUDIT RECOMMENDATIONS: n/aEVALUATIONS:

In addition to annual reviews of progress toward meeting policy benchmarks, a mid-term evaluation will be conducted to assess the RP's overall contribution to the achievement of SO 5.

ISSUES/ACTIONS:

The Mission must create a position for an FSN Project Officer in order to move ahead with implementation of this RP.

PERFORMANCE INDICATORS:

The percentage of MOHP funding allocated for primary and preventive services. (Baseline is 40%)

Initial Oblig. Date	Completion Date	Planned LOP Funding	Authorized Funding	Cumulative Obligation	Planned FY 97 Obligation	Commitments	Expenditures	Pipeline
09/30/96	09/30/01	\$10,500,000	\$18,500,000	\$4,000,000	\$2,500,000	0	0	\$4,000,000

IMPLEMENTING AGENCIES: Ministry of Health and Population (MOHP)

TECHNICAL ASSISTANCE: University of Maryland at Baltimore (UMAB), Centers for Disease Control, HealthTech, AIDSCAP

PROJECT PURPOSE AND DESCRIPTION:

This Results Package is part of the Strategic Objective Framework for achieving "Sustainable improvements in health of women and children" (SO 5). Together with the Schistosomiasis Research Project (which continues through September 1998), it specifically addresses Intermediate Result (IR) 5.3, "New tools and approaches to combat selected endemic and emerging diseases developed and disseminated."

Regarding schistosomiasis, IR 5.3.1 is the development and application of new tools for schistosomiasis control. During this five-year strategy period, there will be (a) at least one candidate vaccine approved for testing in humans and (b) initial vaccine field trials conducted in Egypt. Regarding hepatitis C, IR 5.3.2 is the identification of modes of transmission and potential preventive measures for this disease. Finally, IR 5.3.3 is "Sustained indigenous capacity to carry out research on priority emerging diseases." The current activities in this Results Package -- namely schistosomiasis vaccine development, hepatitis C research, and HIV/AIDS prevention -- are primarily based on and will further develop Egyptian research capability. The main activities or components are the following:

A. Schistosomiasis Vaccine Development Program. The Results Package will support the continuation of vaccine development efforts initiated under the Schistosomiasis Research Project.

B. Hepatitis C Research. The Results Package will provide continuing support for the ongoing hepatitis C research grant initiated under the Technical Cooperation and Feasibility Studies Project.

C. Other Emerging and Re-emerging Diseases. The Results Package will support applied research, information, and human capacity development needed to prevent HIV/AIDS in Egypt.

STATUS OF CONDITIONS PRECEDENT (CPs) AND COVENANTS: In process.

STATUS OF OPEN AUDIT RECOMMENDATIONS: None.

EVALUATIONS: None.

PERFORMANCE INDICATORS:

IR 5.3: Prevalence of schistosomiasis at sentinel sites declines from 13.8% in 1994 to 5% by the year 2000.

IR 5.3.1: Five new tools for schistosomiasis control developed and applied by the year 2000.

IR 5.3.2: The most important HCV transmission modes determined by the year 2000.

IR 5.3.3: The newly established Egyptian Reference Diagnostic Center continues to support key research efforts such as vaccine field trials through the year 2000.

STATUS OF HOST COUNTRY CONTRIBUTIONS: NA at this time.

MAJOR ACTIONS DURING NEXT REPORTING PERIOD:

- (1) Designate authorized representatives and complete PIL No. 1.
- (2) Complete IEE for any deferred elements to be contracted during this period (AIDSCAP).
- (3) Incremental funding for AIDSCAP.
- (4) Complete SOW and budget for CDC and submit request to PROC.
- (5) Incremental funding for UMAB.

IMPLEMENTATION PROGRESS:

Activities in all three areas are already underway through previous projects providing a bridge to CEED implementation. The Director of CDC's Parasitic Disease Division visited Cairo in October to discuss CDC's support for CEED with USAID and MOHP. A meeting of the international SVDP Team has been organized for December 5 in Baltimore. The UMAB grant was signed on June 23, 1996, and start-up is well under way. The Steering Committee headed by the Minister of Health and Population was organized and met in August. Data collection had been completed for initial AIDSCAP behavior risk study.

ISSUES/ACTIONS: As listed above.

Initial Oblig. Date	Completion Date	Planned LOP Funding	Authorized Funding	Cumulative Obligation	Planned FY 97 Obligation	Commitments	Expenditures	Pipeline
07/30/87	06/30/98	\$23,175,000	\$36,000,000	\$23,175,000	0	\$23,175,000	\$23,110,000	\$64,000

IMPLEMENTING AGENCIES: STC Secretariat, Ministry of Scientific Research (MSR)

CONSULTANTS: Vladimir Slamecka **CONTRACTORS:** IDEA, American Manufacturers Export Group, Chemonics (buy-in to PRIDE)

PROJECT PURPOSE AND DESCRIPTION:

The purpose of this project is to redirect Egyptian S&T programs to solving critical production problems of public and private sector industries. The problems include the need to recycle wastes, and to develop improved industrial processes and products for greater efficiency and reduced pollution. The Project collaborates closely with participating companies or service agencies (end-users) to for the required research. Proposals of Egyptian universities and research institutions are reviewed and competitively selected by Technical Panels (chaired by the end-user). Those awarded research contracts work in close collaboration with the end-users to solve the specific production problem. The Project also supports the Egyptian National Scientific and Technical Information Network (ENSTINET) and its extension to regional universities.

STATUS OF CPs AND COVENANTS: N/A

STATUS OF AUDIT RECOMMENDATIONS: N/A

EVALUATIONS:

Mid-term Project evaluation completed in June 1992.

PERFORMANCE INDICATORS:

	LOP FROM PP	TO DATE
- Research contracts approved for funding	35-52	81
- Research contracts awarded	35-52	81
- Liaison agencies established in governorates	2-4	3
- Information centers established in governates	4-6	5

GOE Contribution: N/A

MAJOR ACTIONS DURING NEXT QUARTER:

- Conduct Non Federal Audit of PILs #4,5 and 7.

IMPLEMENTATION PROGRESS:

The project has awarded a total of 81 research contracts with a total value of approximately \$12 million, covering over 70 end-users (public enterprise companies, private sector companies, governorates, and GOE ministries). Contracts included the following research topics: computer-aided industrial production and process control, along with environmental issues of wastewater and solid waste treatment, and potable water treatment. While the overall focus of the project remains the improved interaction of Egyptian researchers with end-users need to solve real-world problems of Egyptian industry, STC has been placing greater emphasis on attacking critical environmental pollution problems. Over 40% of the subprojects address environmental issues.

The STC project was successfully completed on June 30, 1996. Several sub-projects showed tangible technical successes and are being replicated within the Egyptian industry. An example is the proposed replication of 10 compost plants using the same model as the USAID funded subproject. With the conclusion of the project, a unit of special character was created within the Ministry of Scientific Research to continue with similar activities on a self-financed basis.

ISSUES/ACTIONS:

Resolved:

Under a buy-in to PRIDE, the following reports were issued:

- Economic impact of the STC subprojects.
- Final evaluation of STC project.
- Held seminars upon completion of individual subprojects.

Continuing: None

Initial Oblig. Date	Completion Date	Planned LOP Funding	Authorized Funding	Cumulative Obligation	Planned FY 97 Obligation	Commitments	Expenditures	Pipeline
08/29/79	06/30/97	\$424,924,000	\$425,000,000	\$424,924,000	0	\$421,810,000	\$408,716,000	\$16,208,000

IMPLEMENTING AGENCIES: ALEXANDRIA GENERAL ORGANIZATION FOR SANITARY DRAINAGE (A/GOSD) **CONSULTANTS:** Wastewater Consultant Group (WWCG), Metcalf and Eddy Consultant/**CONTRACTORS:** Perini International (US), Fischbach Moore Oman J.V. (US), MacLean Grove & Co., Inc. (US), Fru-Con Construction Co. (US), Harbert-Jones J.V. (US), 14 Contracts to Egyptian firms

PROJECT PURPOSE AND DESCRIPTION:

To improve the public health conditions in Alexandria by expansion and development of sustainable wastewater collection, treatment and disposal facilities. This project finances the foreign exchange costs of the design, construction, and start-up of Phase I of a three-phased wastewater development program. Phase I will improve collection from the East and West District, extend services over 2,632 hectares of presently unsewered urban land, and provide primary treatment prior to discharge to Lake Maryout. Phase I addresses the current and potentially most serious public health problems in Alexandria which result from waterborne diseases caused by sewerage flooding in congested residential areas and disposal of raw sewage in swimming beach areas. Activities financed are: (1) design; (2) engineering services during construction; (3) construction; (4) training for operation and maintenance; (5) institutional strengthening (ISP) training.

STATUS OF CPs AND COVENANTS:

Two new CPs to subsequent obligations were added in Pro. Ag. Amendment No. 9 concerning, tariffs, fees and revenues.
 A) Evidence that all AGOSD revenues for tariffs and services fees are being fully retained by AGOSD, B) Evidence that service fees on W/W tariff rate should enable AGOSD to generate a minimum of LE 22.5 Million annually in 1994 LE. (The two new CPs have been met).

STATUS OF OPEN AUDIT RECOMMENDATIONS: None.

EVALUATIONS:

Project interim evaluation was completed on 12/17/91. The SOW and budget for the final project evaluation will be revised to cover institutional only.

PERFORMANCE INDICATORS:

	(Construction)	TO DATE
Sewers	-	100%
Pump Stations (New/Rehab)	-	100%
Treatment Plants	-	100%
Sludge Facilities	-	100%
Undercrossings	-	100%
	(Engineering & Training)	
O&M by WWCG	-	100%
ISP By WWCG	-	100%
IDP	-	90%
Eng/Env.	-	70%

GOE CONTRIBUTION:

Pro. Ag. cash contribution projection LE 298,859,000. Estimated cash contribution thru 03/31/95 is LE 210,000,000 for construction and LE 48,100,000 for inkind

MAJOR ACTIONS DURING NEXT REPORTING PERIOD:

- The result package for the common element has been approved to obligate \$70 million. The Grant Agreement is still at MIC for approval.
- Award the CMC contract to: 1) award the Design build contract for the common element, 2) supervise the construction of the common element
- Close out Fru-Con contract 04/05

IMPLEMENTATION PROGRESS:

- The Loan Component (0089) terminated on 06/30/1984.
- THE FIRST dollar funded construction contract (Sporting and Ras El Soda Pump Stations: \$9.8 M + LE 2.8 M) was completed in February 1987.
- THE SECOND dollar funded construction contract (Five New Pump Stations: \$ 25 M and LE 10 M) was awarded 04/01/85 and is now 100% complete.
- THE THIRD dollar funded construction contract Collectors & Tunnels: \$46.7M and LE 7.9M) was awarded 03/17/85 and is now 100% complete.
- THE FOURTH dollar funded construction contract (East and West Treatment Plants) was awarded 01/18/87 for \$86.4 M and LE 21.7M and construction started 03/18/87. Now 100% complete.
- THE FIFTH dollar funded construction contract (Undercrossings - Contract No 07) was awarded in June 1991 for \$43.7 M and LE 12.6 M to Harbert-Jones J.V. Now 100% completed.
- THE SIXTH dollar funded construction contract (Sludge Dewatering facility - Contract No. 04) was awarded in July 1991 for \$63.6M and LE. 27.7M to Fru-Con Corp. Now 100% completed.
- Construction of all facilities is now complete. The system began operating in October 1993.
- The O&M and institutional strengthening training programs under WWCG were completed in 12/31/94.
- WWCG, the construction manager, has been extended through January 31, 1996 due to monitor technical problems in the sludge dewatering system.
- The A&E contract to design the selected alternatives for phase II was awarded to Metcalf & Eddy on Aug. 95.
- The Institutional Development Program (IDP) for additional O&M and Institutional training was signed on October 1994 the consultant, Metcalf and Eddy, assumed work in December 1994.
- All WWCO project property turned over to AGOSD with the exception of several vehicles.

CONTINUING ISSUES/ACTIONS:

Fru-con contract 04/05 close out is delayed. USAID will be meeting to resolve contract close out difficulties between contractor and AGOSD.

45

Initial Oblig. Date	Completion Date	Planned LOP Funding	Authorized Funding	Cumulative Obligation	Planned FY 97 Obligation	Commitments	Expenditures	Pipeline
08/29/82	02/28/97	\$104,140,000	\$113,255,000	\$104,140,000	0	\$101,480,000	\$99,545,000	\$4,594,000

IMPLEMENTING AGENCIES: MINISTRY OF PLANNING (MOP); NATIONAL ORGANIZATION FOR POTABLE WATER AND SANITARY DRAINAGE (NOPWASD)
CONSULTANTS: Montgomery-Harza (M-H) and Local Firms **CONTRACTORS:** Stanley Consultants Inc. (SCI) and Local Firms

PROJECT PURPOSE AND DESCRIPTION:

The project flows directly from SO 6 as its purpose is to improve the water(W) and wastewater(WW) services in the three provincial cities of Fayoum (FY) (332,000 pop.), Beni-Suef (BS) (220,000 pop.), and Minia (MN) (262,000 pop.). The project has been developed in two phases. Phase I was a top priority program that included technical assistance, rehabilitation and expansion of existing facilities, procurement of major operation and maintenance (O&M) equipment and a Master Plan identifying the long term needs of W&WW infrastructure facilities in the three cities. Phase II includes a design/build (D/B) contract for three water treatment plants (WTP) one in each city with other support facilities. Phases I and II contributed directly to Result No. 6.3 by doubling the volume of potable water supplied to each city's residents, and constructing three water treatment plants and nine elevated water storage tank. The fixed amount reimbursable (FAR) subprojects activities consisting of several construction contracts (W&WW) implemented by the cities by using local consultants and contractors also contributed to this result and toward increasing the total volume of wastewater treated. The secondary purpose is to enhance the three cities' institutional capabilities to manage its own water and wastewater infrastructures including design, construction and operation of the facilities. This purpose is met through formal and on the job training during the latter part of the project and specific institutional TA during the last year of the project. This contributes to improving decentralized management at the plant level and at the new authority level.

EVALUATION:

A mid-term evaluation was performed on the subprojects by an Egyptian firm, ECG, in January-April 1991. The environmental Health Project (EHP) did an assessment of progress in March-September 1995 and prepared an action plan leading to autonomy and financial viability over the next several years.

PERFORMANCE INDICATORS:

The construction work for the D/B contract is complete. The WTPs and WWPSs are operating at design capacity. Construction of all subprojects are complete and the facilities are operational. The recommendations of the Master Plan have been implemented including the two year O&M training program which started in January '94. The cities are now operating and maintaining all the facilities on their own. Institutional capabilities of the three governorates will be developed through the new authorities.

MAJOR ACTIONS DURING NEXT REPORTING PERIOD:

USAID is awaiting data on the commercial metering program begun August 15, 1996. The program aims to demonstrate the potential to raise revenues for the new authorities by replacing broken meters of the high volume users and having the customers pay these new bills. If both the actual water quantity sold and the revenues collected increase significantly, USAID will authorize the contractor to buy an additional 180 commercial size meters.

The suppliers of the \$4.5 million worth of special utility equipment should complete their deliveries to the port of Alexandria. When these equipment clears customs, delivery to the Provincial Cities will be made and training will be provided.

IMPLEMENTATION PROGRESS:

USAID in May 1988 approved a D/B contract between NOPWASD and LA Water Treatment Corporation (LAWTC). Under an AID-direct contract, M-H was employed to assist NOPWASD to provide construction management (CM) services for the D/B contract. In May 1993, LAWTC was removed from the project for its failure to start up the WTPs and complete the remaining works in the contract. (This resulted in an arbitration proceedings and a \$16.9 million settlement paid in June '94.) SCI was mobilized to complete the necessary work, including correcting construction deficiencies, and start up the WTPs. In June '93, SCI put the WTPs into operation. SCI started the two-year O&M in January '94. On December 28, '95, the three cities assumed full O&M responsibilities for the new facilities. SCI's contract was also modified to procure \$4.5 million of special utility equipment for the cities. SCI's contract ended July 31, 1996, although deliveries and training on the equipment are scheduled for first quarter FY '97. In addition, USAID approved a list of about 38 subprojects construction contracts under FAR agreements with the cities, which have all been completed. NOPWASD installed 36 PRPS valves under another FAR Agreement.

In 1995, USAID gave an AID-Direct Contract to the Environmental Health Project to help the three governorates develop their institutional capabilities and plan for autonomous and financially viable utilities. As the activity ended, Presidential Decree No. 281 was issued establishing a water and wastewater economic authority in each project governorate. This led to an extension of the M-H's contract to do an institutional bridging activity in '96. This activity covered strategic planning, finance and budgeting, revenue generation, water loss management, O&M, organization, personnel, and training. It identified the immediate need for commercial meters to raise revenues from high volume users. Over 400 commercial size water meters are now being installed.

ISSUES/ACTIONS:

Continue to monitor the institutional situation of the three W&WW economic authorities and their progress toward autonomous and financial viability.

444

Initial Oblig. Date	Completion Date	Planned LOP Funding	Authorized Funding	Cumulative Obligation	Planned FY 97 Obligation	Commitments	Expenditures	Pipeline
09/26/84	09/30/98	\$784,000,000	\$816,000,000	\$771,000,000	\$13,000,000	\$748,228,000	\$742,888,000	\$28,112,000

IMPLEMENTING AGENCIES: Cairo Wastewater Organization, CWO **SEN. LEVEL GOE:** Chairman, Hussien Hosny Mohamed **WORK LEVEL GOE:** Same
CONSULTANTS: CCJM **CONTRACTORS:** See Below

PROJECT PURPOSE AND DESCRIPTION:

The project purpose is to expand and develop sustainable wastewater collection, treatment and disposal facilities on the West Bank of Cairo and to strengthen the institutional capacity of GOSD to better operate and maintain its physical facilities. Cairo Sewerage II provides funding for construction, engineering services and training for large sewer projects on the West Bank. These projects will relieve pressure on the existing system and allow expansion into currently unsewered areas.

STATUS OF CP'S AND COVENANTS:

All pre-1994 CP's have been met or waived. CP requires revenue target of LE 125 million by Dec. 95 in order to obligate \$13 million for design of proposed system expansion. Covenants are expected to be met by completion of the project.

STATUS OF OPEN AUDIT RECOMMENDATIONS: None

EVALUATIONS:

The last evaluation was on the institutional program in June 1996.

PERFORMANCE INDICATORS:

- CURRENT TO DATE:	Current	Total Amount
House Connection Chambers (HCC)	93 %	85,000 HCC
Sewer lines	83 %	600 km
Collectors	100 %	31.0 km
Culverts	100 %	18.6 km
Pump Stations	100 %	9 P.S.
Zenein Treatment Plant	100 %	330,000 CMD
Abu Rawash Treatment Plant	100 %	400,000 CMD
Sludge Force Main	100 %	37.0 km
Sludge Pump Station	100 %	In operation
Sludge Pilot Facilities	100 %	In operation

STATUS OF GOE CONTRIBUTION:

ProAg cash and in-kind contribution projection is LE 606 million. GOE has reported LE 222 million cash and LE 273 million in-kind contribution thru March 31, 1995.

MAJOR ACTIONS DURING NEXT REPORTING PERIOD:

CMC services and O&M support provided by AMBRIC complete. CWO hired CCJM to continue providing needed CMC services for the remaining FAR program contracts, 24Y, 24YZ, and 24Z. Cost of CCJM is completely provided by CWO from the GOE contribution to the project. FAR progress monitoring.

IMPLEMENTATION PROGRESS:

- (1) **C28, Cheops Pump Station:** constructed screw pump station. Contractor Morrison Knudson at \$10,338,085. Construction complete.
- (2) **C29, Abu Rawash WWTP:** Contractor ABB SUSA at \$131,046,000. Construction, operation maintenance and training complete.
- (3) **C30, Abu Rawash Emergency Drains Improvements:** will improve, widen, and add necessary structures to accommodate ARWWTP treated effluent. Construction complete.

(4) **C31, Zenein Treatment Plant Rehabilitation:** Contractor ABB SUSA at \$65,277,558. Construction complete, Operation and Maintenance Training complete.

(5) **C33A - Western Desert Sludge Disposal Facilities - Force Main and Disposal Lagoons:** Contractor Harbert/Jones Cos. at \$24,372,075.00 Construction complete. Operation maintenance and training complete

(6) **C33B - Western Desert Sludge Disposal Facilities - Sludge Pumping Station:** Contractor Caddell Construction Co. at \$7,830,370. Construction complete. Operation and maintenance complete

(7) **C35 - Sludge Pilot facilities:** Contractor ABB SUSA at \$4,289,670.00 Construction and O&M assistance complete.

(8) **FAR Program:** finances sewers and house connections in the unsewered areas of Embaba, Zenein, Pyramids and Villages using Egyptian contractors. Contracts 24A to 24Z, 27A to 27N, 27Z1 to 27Z8, and 34A to 34M. Completed Contracts: 24A, 24B, 24C, 24D, 24E, 24F, 24G, 24H, 24I, 24J, 24K, 24L, 24M, 24N, 24O, 24P, 24Q, 24R, 24S, 24T, 24U, 24V, 24W, 24X, 24Y, 24Z, 27B, 27C, 27D, 27E, 27F, 27G-1, 27G-2, 27H, 27I, 27J, 27K, 27L, 27M 27N, 27Z1, 27Z-2, 27Z-3, 27Z4, 27Z5, 27Z6, 27Z7, 34A, 34B, 34D, 34E, 34F, 34G, 34H, 34I, 34J, 34K, 34L, and 34M. Ongoing Contracts: 27Z-8 99%, and 34C 99%. Notices to proceed were made to contractors on contracts 24Y, 24YZ and 24Z, and FAR Agreements to finance these contracts will be signed in early December 1996.

(9) On September 30, 1996, USAID completed funding of USAID portion of AMBRIC's Host Country Contract with CWO.

(10) CWO hired CCJM to continue providing CMC services needed for the construction of the three FARA Contracts: 24Y, 24YZ, and 24Z.

(11) CDM had a direct AID contract for \$10.59 M for construction management services for Contract 29 and Contract 30. Contract was completed 1/31/96.

(12) Institutional Support Contract (ISC): Under its host country contract with GOSD, CH2M-Hill/OMI is currently providing TA to GOSD to strengthen its managerial, organizational, technical and administrative systems; establish computerized data systems, financial controls, maintenance management procedures, and effective inventory programs; procure vital spare parts; establish safety procedures, a twinning program, internal policies & procedures, training programs, personnel management practices, sewer cleaning programs and financial viability. The total contract amount is \$23.8 million. Work is progressing as scheduled but with limited policy reform.

END OF PROJECT STATUS (EOPS):

- 1. Construction of lateral sewers and house connection chambers. No flooding incidents are being recorded. Systems started to be put in service in 1990. As yet, no statistically significant data is available.
- 2. Effluent discharged into drains treated to secondary/primary levels. 330,000 cubic meters per day receive secondary treatment; 300,000 CMD receives primary treatment. Additional 100,000 cubic meters per day will receive primary treatment by the COP.
- 3. Conduits, pump stations and treatment plants on the West Bank operate as designed.

CONTINUING ISSUES:

- 1) PP supplement in September 1994 added two years to LOP and \$25 million. \$12 million covers institutional and O&M technical assistance through 9/98. \$13 million will cover design of CS III system expansion.
- 2) No significant tariff increases for Cairo.

45

Initial Oblig. Date	Completion Date	Planned LOP Funding	Authorized Funding	Cumulative Obligation	Planned FY 97 Obligation	Commitments	Expenditures	Pipeline
09/24/1987	08/31/1999	\$380,000,000	\$380,000,000	\$380,000,000	0	\$350,211,000	\$244,862,000	\$135,138,000

IMPLEMENTING AGENCIES: Suez Canal Authority (SCA); The National Organization for Potable Water and Sanitary Drainage (NOPWASD)

CONSULTANTS: BVI/MW (CMC), Metcalf & Eddy Intern, Inc. (IA)

CONTRACTORS: ABB SUSA/DILLINGHAM and MORRISON KNUDSEN

PROJECT PURPOSE AND DESCRIPTION:

Provide sustainable water and wastewater services in the Canal Cities of Port Said, Ismailia and Suez. This will be accomplished through:

- Construction of new wastewater treatment facilities in the three Canal Cities;
- Expansion of Port Said's water supply source;
- Institutional development and training activities to ensure that water and wastewater systems are properly managed, operated and maintained.

The project will also improve the institutional capabilities of the Suez Canal Authority and municipalities. The project is eliminating the adverse environmental impact and health risks of untreated wastewater which was polluting surface water bodies adjacent to the two urban centers of Suez and Ismailia. The project will achieve the same results in Port Said city after completing the construction of the new plant there. These Intermediate Results are linked to SO6.

EVALUATIONS: Interim evaluation is planned in mid FY 98.

PERFORMANCE INDICATORS:

- LOP:	PORT SAID	ISMAILIA	SUEZ	TOTAL
WWTPs (cap. in m ³ /d)	12(190,000)	12(90,000)	12(130,000)	3
Water Lines (km)	46			46
Raw Water Pump Station	1			1
Instit. Devel. & Training (Persons)	95	89	100	284
- CURRENT TO DATE:				
Preliminary design and tendering phase	100%	100%	100%	
Construction Phase	83%	99%	99%	

Statement on Institutional:

- The training of the O&M Staff has started for the 3 cities.
- The training plan for managers is completed.

MAJOR ACTIONS DURING NEXT REPORTING PERIOD:

Implementation of additional work has recently started and will continue until PACD.

IMPLEMENTATION PROGRESS:

1. **SUEZ.** Monthly progress meetings are held at the project site in Suez. The construction work is essentially complete. Substantial Completion was on August 7, 1995. The WWTP and Ataka Pump station were turned over to NOPWASD and the Suez Governorate. The DBC is working on completing the punch list items. A contract for the Operation and Maintenance of the WWTP and Ataka Pump Station was signed between NOPWASD and SCA. Training for O&M personnel started on February 8, 1995. Advise and Assist period started on August 7, 1995 and will end on August 6, 1997. As of January 1996, the CMC started working on the Variation Order for the rehabilitation of the collection system and the pump stations in the Suez Governorate. Program for the assignment of the O&M contract from NOPWASD to the Suez Governorate is in process.

2. **ISMAILIA:** Monthly progress meetings are continuously held at the project site. Substantial Completion for Section I of the works (Construction work) was successfully achieved on January 17, 1996, three weeks ahead of the contractual completion date. A punchlist of uncompleted works was issued and the design/build contractor (DBC), Morrison Knudsen, is working on completing this list. Section II of the works (OM&T) has started, and expected to be completed by January 17, 1998. The Wastewater Treatment Plant was turned over to NOPWASD and Ismailia Government by the substantial completion date. On July 17, 1996, the Suez Canal Authority (SCA), under an O&M contract with NOPWASD, assumed full responsibility for the management, operation and maintenance of the WWTP with minor advisory role by the DBC. The Infiltration/Salinity Study is underway through a CVO. This study will form the basis for developing the CVO for the rehabilitation work of the collection system and pump stations. This additional work program will be carried out using the residual funds remaining in the project.

3. **PORT SAID:** The overall progress of the work on contract No. 3 - Port Said is estimated to be 85% complete. The total concrete work is 95% complete. All the buried large diameter pipeline routes including the plant outfall, emergency outfall and the influent forcemain are 100% complete including testing. The influent wastewater pumping station and the headworks are 90% complete. The effluent pumping station is 95% complete. Work is essentially complete on the structural concrete and masonry works of the Operation Center Building. Finish works, electrical and HVAC systems are progressing throughout the building. In the treatment lagoons, the earth work and the rip rap for the berms are 80% complete. Installation of the mooring posts for aerators is complete while work continues on the assembly of aerators, electrical cables and duct banks. Structural concrete work at Qantara raw water pumping station is essentially complete and work is progressing for the masonry, electrical and mechanical works. The CMC is working on the preparation of the Provisional change order for the additional works after the final report of the infiltration/salinity survey has been reviewed and accepted by the CMC. The construction phase of the contract is scheduled for completion by Feb. 28, 1997.

4. **TECHNICAL ASSISTANCE:** Under the Metcalf & Eddy (M&E) contract for technical assistance, M&E has completed all the contract activities. The major outputs of this contract were the signed O&M contracts for Suez and Ismailia. The two contracts were signed between SCA and NOPWASD to manage the newly USAID funded Wastewater Treatment Plants. Also, M&E has completed the final draft of the O&M contract for Port Said wastewater treatment. The demobilization of M&E was completed and the contract was closed on June 11, 1996.

5. **CMC:** CMC is performing satisfactorily in accordance with the Scope of Work under the AID direct contract.

ISSUES/ACTIONS:

1. **Resolved:** Approval for the release of the additional work to be financed by residual project funds including obligation of the remaining funds of \$40m was received.
2. **New:** None.

HX

Initial Oblig. Date	Completion Date	Planned LOP Funding	Authorized Funding	Cumulative Obligation	Planned FY 97 Obligation	Commitments	Expenditures	Pipeline
09/30/88	12/31/97	\$145,000,000	\$145,000,000	\$145,000,000	0	\$131,952,000	\$126,808,000	\$18,192,000

IMPLEMENTING AGENCY: Gen. Org. for Greater Cairo Water Supply (GOGCWS)
CONTRACTORS: Morrison Knudsen Corporation (Construction)

CONSULTANTS: CH2M-Hill, Design Consultant, and CMC
 Montgomery Watson (Central Laboratory), Black & Veach Inc. (Institutional Development)

PROJECT PURPOSE AND DESCRIPTION:

The project purpose is to increase accessibility to, and achieve sustainability of the water supply service in Cairo through the rehabilitation and expansion of Cairo's central city water transmission and distribution facilities; and strengthening the water organization's (GOGCWS) institutional capacity to operate and maintain the entire water supply system for Greater Cairo. This will result in: an improved recovery of O&M costs; improved decentralized utility management; and improved capacity to deliver services. The project components are: installation and rehabilitation of approximately 53 km of distribution and transmission pipe lines; building of 4 ground level prestressed concrete reservoirs and two pumping stations; training, and upgrading of GOGCWS systems and facilities; and establishing a central water quality laboratory.

STATUS OF CPs AND COVENANTS:

All CPs to disbursement under the subject grant agreement are met. Covenants are being met.

STATUS OF OPEN AUDIT RECOMMENDATIONS: N/A

EVALUATIONS: Rescheduled to 5/97 to cover both components of the project.

PERFORMANCE INDICATORS:

- LOP:

- (a) 49 Kms of transmission and distribution pipelines installed.
- (b) 4 reservoirs (120,000 M³ total capacity) and 2 pump stations built.
- (c) Water Laboratory built, equipment installed, training provided, and Lab put in operation.
- (d) Faster, increased collection of revenues. Workers have necessary equipment, spares and tools. More efficient maintenance facilities and equipment. Training courses conducted and performance improved.

- CURRENT TO DATE:

- (a) Installation of Transmission and distribution pipelines is 100% complete.
- (b) Construction of reservoirs and pump stations is 100% complete.
- (c) Water Lab is 100% complete. 12 GOGCWS employees completed training in the USA.
- (d) BVI has established three strategic planning modules for GOGCWS transformation.

Status of GOE Contributions:

ProAg cash contributions projection: LE 56 million. Cash contributions through July 15, 1996: LE 52.7 million.
 ProAg in-kind contributions projection: LE 31 million. In-kind contributions through July 15, 1996: LE 31.9 million.

Major actions during the next reporting period:

1. GOGCWS to negotiate an amendment to the BVI Institutional Support contract (ISC).
2. Negotiation of CH2M-Hill's contract amendment

IMPLEMENTATION PROGRESS:

I. Design Contract (Funds from Project 263-0102): Under its host country contract with GOGCWS, CH2M-Hill completed the Rod El Farag Implementation Plan Update and Master Plan, and developed the Construction contracts documents (September 1990).

II. Central Water Quality Laboratory: Under its host country contract with GOGCWS, Montgomery Watson (MW) completed the construction of a water quality laboratory, procurement and calibration of equipment, technical assistance and training of laboratory staff at the total amount of \$6.7 and LE. 68,453 (FT-800).

III. Institutional Development (MTSS Contract): The MTSS project has defined and implemented a two track process consisting of a performance improvement track and a strategic planning and management track. Sixteen performance indicators were established and a performance management office at the Chairman's level was created to track and report performance outcomes. Performance improvement demonstration project (Helwan Customer Service Center) and Empowered Water Treatment Plant Manger were initiated to true test the achievement of quantifiable results. GOGCWS prepares Quarterly Performance Monitoring Reports to define progress against benchmarks.

IV. Construction Management Contract (CMC): USAID, on behalf of GOGCWS, has executed a direct contract with CH2M-Hill at the total amount of \$14.6 million to provide Construction Management Services to GOGCWS in the construction of the Distribution Pipelines, Reservoirs and Pump Stations, and Transmission Lines contracts and to assist GOGCWS in developing a water network mapping system. CH2M-Hill submitted all required reports and has fulfilled all contractual obligations in a timely manner. An amendment to extend CH2M-Hill's contract to continue the mapping activity will be negotiated in November, 1996.

V. Distribution Pipelines (locally financed): Canal Harbor's and Great Projects Company (CAP) completed the supply and installation of 30 Kms of distribution pipelines at L.E. 12 million.

VI. Reservoirs and Pump Stations (RSPS): Morrison Knudsen Corporation (MK) under a host country contract completed the construction of four prestressed concrete reservoirs (30,000 cubic meter each) and two pump stations at \$31 million and L.E. 10 million (L.E. is GOE funded).

VII. Transmission Lines (TRANS): MK under a host country contract completed the supply and installation of 23 kilometers of ductile iron transmission pipelines at \$63 million and L.E. 27 million (L.E. is locally funded)

Initial Oblig. Date	Completion Date	Planned LOP Funding	Authorized Funding	Cumulative Obligation	Planned FY 97 Obligation	Commitments	Expenditures	Pipeline
9/29/94	9/30/04	\$255,000,000	\$215,000,000	\$82,099,000	\$27,217,000	\$19,960,000	\$7,331,000	\$74,768,000

IMPLEMENTING AGENCIES: Ministry of Housing; National Organization of Potable Water and Sanitary Drainage (NOPWASD)
CONSULTANTS: Camp Dresser & McKee Int. (ED/CM) & Chemonics Int. (Institutional Development)

CONTRACTORS: N/A

PROJECT PURPOSE AND DESCRIPTION:

To expand and develop sustainable, replicable, water and wastewater facilities in six project sites covering the communities of Mansoura, Nuweiba, Luxor, and the Aswan group of Nasr, Kom Ombo, Darawo Cities. The project includes; a) assistance to identify and implement reforms necessary for local water/wastewater authorities to achieve institutional autonomy and financial viability, and b) assistance to design and construct water/wastewater infrastructure. Construction in each locality will be conditioned upon the satisfactory implementation of agreed upon reforms established as benchmarks in action plans to be developed by USAID and the project cities. The result indicators of the project are: (1) improve recovery of O&M costs, (2) improve decentralized utility management, and (3) improve the capacity to deliver services. Progress in achieving these indicators will be determined in 1998.

STATUS OF CPs AND COVENANTS: N/A

STATUS OF OPEN AUDIT RECOMMENDATIONS: N/A

EVALUATIONS:

Interim evaluation is scheduled for September 1998.

PERFORMANCE INDICATORS:

- LOP:

Environmentally sound W/WW infrastructure constructed, functioning and maintained: 60% of engineering design has been completed.

Sustainable Institutional Framework established;

Action plans including reforms necessary for necessary for local water/wastewater authorities to achieve institutional autonomy and financial viability have been established and approved by the GOE. A Presidential Decree (PD) was issued to establish water and wastewater economic authorities for Aswan and Daqahliya (PD #281.)

Financial viability achieved: TBD

STATUS OF HOST COUNTRY CONTRIBUTIONS: N/A

MAJOR ACTIONS DURING NEXT REPORTING PERIOD:

1. Engineering design completed, environmental assessment reports approved by AID/W, construction contractors prequalified, and construction bids evaluated.
2. Substantial progress made on the benchmarks established in the action plans agreed by USAID and the Governorates that will allow local W/WW authorities achieve financial viability. Select the appropriate institutional arrangement for Luxor and South Sinai governorates.

IMPLEMENTATION PROGRESS:

I. Engineering/Construction Activities:

USAID signed the Grant Agreement in September 29, 1994. An 18 month engineering design/construction management (ED/CM) AID direct contract was signed with Camp Dresser & McKee Int. (CDM) in June 1, 1995 for a total of \$ 11.2 million. A contract amendment was approved by USAID on September 1996 to add \$ 1.5 million and extend the original contract by 7 months. Design criteria reports were completed and approved by NOPWASD and USAID on July 1996. Draft environmental assessment reports and Basis Of Design Reports (BODR) were submitted to NOPWASD and USAID for review and approval in September 1996.

II. Institutional Support Technical Assistance:

An AID direct contract was signed with Chemonics International in August for a total of \$8,145,202. Under this contract, Chemonics has assisted seven cities to complete the assessment reports for the current utilities and developed action plans for the water/wastewater utilities. Out of these action plans, five benchmarks were agreed upon by USAID and the Governorates which will qualify them to receive USAID funding to construct water and wastewater facilities. Three Governors (Luxor, Aswan, and Daqahliya) have signed USAID letters committing their governorates for implementation of the action plan and the five major benchmarks. South Sinai and Luxor are still under review by Chemonics to select the appropriate organization for the water/wastewater facilities. Two governorates (Aswan, Daqahliya) are progressing very well and are achieving several of the benchmarks. Daqahliya and Aswan were able to achieve benchmark #1 and obtained presidential decrees to establish water and wastewater economical authorities. Also, Daqahliya, Luxor, and Aswan were able to increase the rate of collection of the revenue by more than 10% over the same month in the preceding year.

USAID has approved Chemonics training plan for the life of the project. Based on the assessment report and the training plan Chemonics Contract will be modified to increase the contract value by \$2,104,444 to cover the training plan and the computer procurement for the seven cities.

ISSUES/ACTIONS:

- **Land Acquisition:** South Sinai governor requested CDM to relocate the new stabilization ponds proposed for Nuweiba and reduce the area required for constructing the ponds.

- **Action:** Technical response to the governor's request prepared by CDM and sent to the Governorate in October 1996.

- **Institutional Arrangement for Luxor and S.Sinai:** The GOE does not intend to issue more presidential decrees for the W/WW Economic Authorities.

- **Action:** Chemonics is working with the Secretary General Committee to work out other alternatives to address the institutional organization for these two governorates.

Initial Oblig. Date	Completion Date	Planned LOP Funding	Authorized Funding	Cumulative Obligation	Planned FY 97 Obligation	Commitments	Expenditures	Pipeline
09/27/88	09/30/98	\$67,500,000	\$67,500,000	\$67,500,000	0	\$50,959,000	\$45,114,000	\$22,386,000

IMPLEMENTING AGENCIES: Cairo University Development Research and Technological Planning Center (DRTPC); the Ministry of Industry, El Tabbin Institute for Metallurgical Studies (TIMS); and the Federation of Egyptian Industries (FEI)

CONSULTANTS: CONTRACTORS: Overseas Bechtel (OBI), Hagler-Bailly (HB), EP3/HB, DATEX (8a)

PROJECT PURPOSE AND DESCRIPTION:

To promote and accelerate the adoption of improved commercial technologies, processes, and practices in order to save energy and protect the environment. The project is funding about 29 large subprojects of energy-efficient technologies/practices and numerous small "low-cost, no-cost" applications in both the private and public sector facilities. ECEP contributes to achievement of the SO#7, reduced generation of air pollution, thru successfully demonstrating technologies that reduce air pollution emissions (result 7.1.2) and thru promoting the adoption of pollution mitigating technologies (result 7.1). DRTPC, TIMS, and FEI have improved their ability to promote, identify, engineer, install, operate, maintain and train people on operating energy-efficient and pollution prevention technologies. DRTPC works with private sector firms and TIMS with the public sector. FEI is responsible for promotion. OBI and HB assists with all components.

STATUS OF CPs AND COVENANTS: N/A

STATUS OF OPEN AUDIT RECOMMENDATIONS:

Per audit findings, new results reporting system in place, as reflected in the October contractor reports. Memo sent to AID/W for closure of performance audit recommendations.

EVALUATIONS: Mid-term evaluation completed in June 1992.

PERFORMANCE INDICATORS:

	LOP FROM PPA	TOOATE
- Annual energy savings by PACD	\$25M	\$14.6M
- Plants replicating energy technologies	40	24
- Plants replicating pollution prevention technologies	10	10
- Reduced air emissions:		
- SOx	12,500 t/yr	8,213 t/yr
- NOx	1,900 t/yr	3,189 t/yr
- CO	20,000 t/yr	14,318 t/yr
- CO2	250,000 t/yr	420,887 t/yr

Project supports SO#7 thru reduced air pollution from increased industrial energy efficiency and public and private sector plants located primarily in greater Cairo and Alexandria with some participating industries in Upper Egypt, 10th of Ramadan and Canal cities. It should be noted that SO7 is currently planning to develop a performance monitoring system which shall establish and refine indicators to conform with future reporting requirements.

GOE CONTRIBUTIONS: None

MAJOR ACTIONS FOR NEXT QUARTER:

- Continue pollution prevention activities in Egypt.
- Extend PILs 3,4 and 5 for additional funds and time.
- Extend Bechtel contract beyond 2/97.
- Sign a buy-in with EP3 for A/GOSD activities.

IMPLEMENTATION PROGRESS:

From an original screening of 152 private and public sector plants, DRTPC and TIMS have activity in approximately 97 plants.

In the Public Sector, plants have equipment installed and operating with payback of less than three years, along with significant environmental benefits and large energy savings. Equipment cost is approximately US \$10 million, and accumulated energy savings of US \$14.6 million. Since the project began, the recipient plants and their applications are: Egyptian Copper Works - Combustion Control; National Metal Industries - Power Factor; El Shorbagy Textiles - Power Factor; TRENCO (El Nasr Tire) - Power Factor; Abu Zaabal Fertilizer - Cogeneration; Semadco Suez - Waste Heat Recovery (water treatment); El Nasr Pharmaceutical - Process Control, Delta Steel - Combustion Control, Sornaga - Combustion control, NAEMETIN - Scrap processing, Greater Cairo Bakeries - Fuel switching. In addition, there are plants with equipment under installation. These are, Alexandria Portland Cement, Misr Aluminum, Semadco.

Private Sector Enterprises with equipment operating have paybacks of less than four years. (Private sector firms have slightly longer payback period than public sector firms due to their relatively better initial level of energy efficiency.) These have had an investment of approximately US \$8 million and accumulated savings of US \$2.0 million. The existing Private Sector recipient plants are: Ramsis Hilton - High Efficiency Lighting; Arab Contrac. Med. Center - Power factor; Giza Cable - Power Factor; Cairo Beverages (Power Factor); ORIENT - Combustion Control; ALUMISR - Cogeneration; Arab Pharmaceutical Glass - Waste Heat Recovery; EIPICO - Energy Management System; Arab Aluminum - Combustion Control and Waste Heat Recovery, El Mizan.

Private sector plants with project activities currently underway include: Orient Glass, Cairo Beverages (under procurement) and Bakeries. Increased emphasis is now being placed on finding low and no cost energy efficiency opportunities and to pushing for replications of technologies installed to date.

Pollution Prevention: EP3/HB has 2 D.O.'s in place: Under the first D.O., 3 rounds of assessments were made in the textile, metal finishing and food public and private sectors in Cairo, Alexandria and 10th of Ramadan (32 plant assessments). The second D.O. is explicitly for the 10th Ramadan city, where 2 out of 3 rounds of assessments were made (13 plant assessments). All plant assessments identified various pollution prevention options which, in some plants were implemented immediately, and in other, implementation is underway. Follow-up is being done to ensure proper implementation.

A third D.O. will be signed soon for starting activities with the Alexandria General Organization for Sanitary Drainage (A/GOSD).

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ISSUES/ACTIONS:

Resolved:

With the 1995 amendment to ECEP extending the PACD and increasing the LOP funding, the project has been able to consolidate its successes in introducing energy efficiency and pollution prevention to Egyptian industry, and move into important new areas. A key energy activity is the pilot Demand Side Management effort underway in Alexandria with a number of collaborating energy suppliers and industrial plants. A path-breaking protocol of cooperation is in place between ECEP and the EEA, OECP, AEDC to demonstrate the technical and institutional feasibility of the DSM concept in Egypt. In this effort ECEP is working closely with another USAID project which supports the policy and institutional development of the EEA.

ECEP is also working effectively with USAID's sustainable tourism project in promoting integrated environmental management in the hotel sector. Successful energy and pollution audits have been made of numerous hotels in the South Sinai and Hurghada areas, and the project has sponsored two highly successful environmental management seminars for hotel operators from those areas. The EP3 component is holding seminars on the ISO 14000 series of environmental management standards to "sell-out" crowds in Cairo, Alexandria, 10th or Ramadan, and soon, Port Saïd.

Continuing:

- PIO/T for extending Bechtel contract beyond 2/97.
- PIO/T for EP3 for starting A/GOSD activities.
- Hold 4 seminars during November for ISO 14000.
- Further work on sustainability of project achievements beyond PACD.
- Complete procurement of pollution prevention equipment thru Bechtel.
- Continue installation of remaining energy applications.
- Upgrading of computers for TIMS, DRTPC and FEI.
- Continuing to maximize opportunities to support tourism sector.

Initial Oblig. Date	Completion Date	Planned LOP Funding	Authorized Funding	Cumulative Obligation	Planned FY 97 Obligation	Commitments	Expenditures	Pipeline
09/28/95	12/31/02	\$60,000,000	\$60,000,000	\$35,000,000	\$15,000,000	\$357,000	\$302,000	\$34,698,000

IMPLEMENTING AGENCIES: Egyptian Environmental Affairs Agency (EEAA)
Office of Energy, Conservation and Planning (OECPP)/
Ministry of Petroleum

(TA)CONTRACTORS: N/A

PROJECT PURPOSE AND DESCRIPTION:

The purpose of CAIP is to reduce emissions in Cairo's air that have been shown to be the greatest health risks. CAIP is directly linked to S07: reduced generation of air pollution. The project will: (1) Improve fuel efficiency and reduce exhaust emissions of the gasoline motor vehicle fleet by instituting a vehicle emissions testing, tune-up and certification program; (2) Reduce the total suspended particulate (TSP) emissions from diesel-fueled buses by expanding the use of compressed natural gas (CNG); (3) Reduce lead and particulate emissions by reducing the concentration of airborne lead in and near lead smelters; (4) Institute an air quality monitoring and analysis of CAIP-related interventions; and (5) Initiate a public awareness and communications campaign.

- b. Environmental air monitoring information system established,
- c. Procedures developed to enforce environmental air emission laws,
- d. Mechanisms in place for intra-governmental environmental coordination.

STATUS OF CONDITIONS PRECEDENT (CPs) AND COVENANTS: All Met.

STATUS OF HOST COUNTRY CONTRIBUTIONS:

Systems are being put in place to access the GOE contribution.

STATUS OF OPEN AUDIT RECOMMENDATIONS: N/A

MAJOR ACTIONS DURING NEXT REPORTING PERIOD:

- Put in place a mechanism for intra-government coordination.
- Award contract to manage the implementation of CAIP.
- Make final decision on approaches/strategies to achieve results.
- Initiate implementation of these approaches/strategies.

EVALUATIONS: N/A

IMPLEMENTATION PROGRESS:

- Received technical proposals from US-based firms. Technical and cost reviews underway.
- Workshops and observations tours completed for Egyptians to become more familiar with technical issues related to compressed natural gas and lead smelters
- Lead Smelter Action Plan, supported by SPR11, almost completed. CAIP will be responsible for the implementation of the plan.

PERFORMANCE INDICATORS:

To Date

1. Improved Environmental Policy Framework:
 - a. Vehicle emissions regulations implemented
 - b. Eighty percent of randomly sampled vehicles will be in compliance with GOE emissions standards.
2. Technologies successfully demonstrate reduced emissions:
 - a. Percent of natural gas consumed of fuel consumption ratio.
 - b. Improved fuel efficiency and reduced exhaust emissions of gasoline motor vehicle fleet,
3. Technologies successfully demonstrate reduced air emissions of particulate:
 - a. Lead emissions from smelters will be reduced by 90 percent,
 - b. TSP will be reduced by 90 percent from CNG converted buses,
4. Environmental Management strengthened (coordinated efforts with other donors)
 - a. Environmental Education and training unit established in EEAA,

ISSUES/ACTIONS:

- Appointment of an EEAA Project Manager/Counterpart.
- Complete all procurement actions for contract award e.g technical and cost review, determination of firms in BAFO, negotiations, award contract.

Initial Oblig. Date	Completion Date	Planned LOP Funding	Authorized Funding	Cumulative Obligation	Planned FY 97 Obligation	Commitments	Expenditures	Pipeline
9/30/96	3/31/99	\$40,000,000	\$20,000,000	\$20,000,000	\$20,000,000	\$20,000,000	- 0 -	\$20,000,000

IMPLEMENTING AGENCIES:

Egyptian Environmental Affairs Agency (EEAA)

(IA) CONTRACTORS:

Datex, Inc.; Environmental Health Project;
U.S. Environmental Protection Agency

PROJECT PURPOSE AND DESCRIPTION:

The Sector Policy Reform II Program offered USAID a practical mechanism to introduce much-needed attention to necessary environmental policy measures. These measures are fundamental to the environment's Strategic Objective of reduced generation of air pollution, and form the basis of Results 7.1.1, 7.1.2, and 7.1.3. Two important issues were included in the two-year program: First Year - the GOE will issue executive regulations under Law 4 regarding air pollution (especially related to vehicle emissions) that are "practical, realistic, and have a positive impact on the environment without unduly burdening the economy;" and, the GOE will prepare a Lead Pollution Reduction Action Plan for smelters; Second Year - GOE will have system in place to enforce regulations related to vehicle emissions; and, GOE shall adopt a comprehensive lead pollution reduction action plan covering major sources of lead exposure.

STATUS OF CONDITIONS PRECEDENT (CPs) AND COVENANTS:

No Conditions Precedent or Covenants as part of environmental policy measures.

STATUS OF OPEN AUDIT RECOMMENDATIONS:

No audits conducted on the environmental policy measures.

EVALUATIONS:

An evaluation of the overall SPR II program, including the environmental component, was made in April 1996. The evaluation concluded that SPR focused on significant and appropriate environmental measures, used TSSPR resources effectively to provide the GOE with needed technical assistance, although the contracting process was overly long, and that the EAP and ENV offices established an "excellent" working relationship. The evaluation made valuable recommendations regarding improved collaboration with EEAA in developing subsequent environmental reform measures.

PERFORMANCE INDICATORS:

In the absence of a policy-based program managed directly in DR/ENV, the SPR program is a valuable mechanism to further SO #7 objectives. All SPR environment measures contribute to an improved environmental policy framework (Result 7.1.1) and, when the policies/regulations are implemented, to actual reductions of pollutants (Results 7.1.2 and 7.1.3).

	Performance Targets		Totdate
	96	97	
--Sector policy reform measures adopted			
--Technical assessment of vehicle emissions regulations completed	1	-	1
--Lead pollution reduction plans prepared	1	1	0
--Lead smelter plan implemented	-	1	0
--Vehicle emissions regulations implemented	-	0	0

STATUS OF HOST COUNTRY CONTRIBUTIONS:

Host country contributions not required for SPR II activities.

MAJOR ACTIONS DURING NEXT REPORTING PERIOD:

- Adoption by EEAA of Lead Smelter Action Plan (LSAP) by December 1996;
- Adoption by EEAA of Lead Exposure Abatement Plan (LEAP) by June 1997;
- Convening of U.S./Egyptian expert panel on stationary air pollution regulations by January 1997;
- Award of CAIP technical contract and start-up of Vehicle Emissions Testing (VET) project component in first quarter 1997.

IMPLEMENTATION PROGRESS:

- Agreement reached with MEIC on disbursement of SPR II funds for satisfactory completion by the EEAA on the issuance of required air emission regulations in mid 1996;
- Working closely with EEAA/TCOE and Egyptian lead smelter expert, USAID and Datex have prepared and submitted to TCOE draft LSAP, with its final review schedule for November 1996;
- Environmental Health Project contractors, working closely with EEAA/TCOE, USAID, and the USAID-funded Field Epidemiology Training Project (with Centers for Disease Control) have initiated the LEAP; kick-off workshop held in September, and environmental sampling and institutional analysis being finalized; second workshop to review findings of analyses scheduled for February 1997;
- CAIP, the technical mechanism for establishing a vehicle emissions control system as required under the Second Year of the program, and for implementation of LSAP, is nearing the final selection of a contractor.

ISSUES/ACTIONS:

- EEAA/TCOE will use input from USAID and its contractor (Datex) in form of draft LSAP to officially submit strategy to MEIC,
- EEAA/TCOE will continue to work with USAID and its contractor (EHP) to develop the LEAP, with official submission to MEIC anticipated by June 1997.

Initial Oblig. Date	Completion Date	Planned LOP Funding	Authorized Funding	Cumulative Obligation	Planned FY 97 Obligation	Commitments	Expenditures	Pipeline
09/29/91	12/31/99	\$18,000,000	\$20,000,000	\$16,000,000	-0-	\$2,030,000	\$1,688,000	\$14,312,000

CONSULTANTS:

PROJECT PURPOSE AND DESCRIPTION:

Project activities contribute to the achievement of all three IRs and the Sp0 (see below). Its purpose is to improve and increase the utilization of Egyptian universities in the solution to key developmental and technological problems. The project will strengthen and institutionalize the process of utilizing university researchers and encourage long term relationships between participating Egyptian and U.S. universities. It will also develop and sustain a strong relationship between Egyptian universities and end-users by initiating and catalyzing a demand-driven research process and by actively involving these end-users in each stage of the applied research process. The project also emphasizes assistance to private sector end-users and the solution of problems related to the growth and development of this sector.

STATUS OF CPs AND COVENANTS:

All three CPs met. Covenants center around an HBCU set-aside, a 20% minimum participation rate by women principal investigators in the project, end-user match funding, and a private sector funding criterion limiting grants involving public sector end-users to 30% of funded research. Satisfaction of covenants will be monitored when grant award process starts.

STATUS OF OPEN AUDIT RECOMMENDATIONS:

All audit recommendations, which caused the suspension of the project, have been closed and the BOC has been paid. Recommendations of a FAST review of Seed Grants have also been closed.

EVALUATIONS:

PERFORMANCE INDICATORS:	LOP	TOTAL TO DATE	By 1/30/97
(1) a) Micro-Seed-Grants	60	42	
b) Mini-Seed-Grants	60	60	
(2) a) Micro Grants	30	grant awards process	2
b) Mini Grants	30	still suspended	27

Sp0: Increased Use of Egyptian Universities in Quality, Demand-Driven Applied Research.

Indicator: Number of successful research projects undertaken to solve Egyptian development problems as judged by an expert evaluation team
Target: 75% of a sample of funded research grants judged successful by external expert evaluation panel (based on evaluation criteria)(1999)

IR.1: Increased End-User Demand for University Research Services.

Indicator: Number of implemented research grants with significant end-user cost sharing.
Target: 50% of a sample of implemented grants meet cost sharing requirement (1998).

IR.2: Strengthened/Expanded Cooperative Relationships Between Egyptian and U.S. Universities and End-Users Especially from the Private Sector.

Indicator: Number of high quality research products: Full Proposals (technically and economically feasible), Adequate Research Designs, and Research Findings and Recommendations collaboratively produced by

TA CONTRACTORS: Mendez-England & Associates

tripartite linkages.

Target: Research Products of 75% of a sample of implemented linkage grants are judged to be of high quality by expert evaluation team (1999)..

IR 3: Egyptian Development Problems Solved by University Research

Indicator: Economic benefits accruing to end-users implementing research findings and recommendations. Increases in efficiency, productivity, cost savings, etc. depending on the nature of the research undertaken and its successful completion and application

Targets: 25% of a sample of funded/completed grants exhibit significant Internal Rates of Return (IRRs) on the USAID investment in the research grant of 30% or more, if their recommendations are implemented by end-users (1999).

STATUS OF HOST COUNTRY CONTRIBUTIONS:

The GOE contribution for this fiscal year has not been made yet. MOP has withheld the contribution since the suspension of the project due to audit problems, and until the project funding is resumed. Letter sent to MOP explaining that suspension had been lifted and funding had been resumed

IMPLEMENTATION PROGRESS:

As requirements for project resumption and the funding of grants under the project, the TA contractor has completed an Internal Control Review/Assessment (ICRA) of the FRCU (task 19) and established a new financial system which would safeguard USAID provided funds (task 20) promulgated in a Financial Policies and Procedures Guidelines Manual Supplement to the previously approved document. The ICRA has been reviewed and accepted and the financial system is currently being reviewed. Contractor is training Principal Investigators and their accountants on grants financial management. In addition Contractor has designed a manual accounting system for the PIs and the FRCU for handling cost sharing end-user contributions, brought the outstanding seed grant financial issues to closure, and is working on automating the project financial management system. With the assistance of the TA contractor, FRCU is completing the review of 29 grants for award by the end of January. This review involves improving research designs, validating end-user interest and contributions/cost sharing, updating grant budgets to comply with the recently established project financial management system, and revalidating Priority Committee approval of the grants to be awarded and which had received preliminary review prior to the suspension.

MAJOR ACTIONS DURING NEXT REPORTING PERIOD:

- Review and approval of financial management system prepared by contractor
- Award of 29 applied research grants by the end of January 1997

ISSUES/ACTIONS:

RESOLVED: Project suspension lifted and audit issues resolved.

CONTINUING:

NEW:

OTHER ACTIONS: Issuance of PIL for funding grants
 • Award of 29 grants by end of January 1997

Initial Oblig. Date	Completion Date	Planned LOP Funding	Authorized Funding	Cumulative Obligation	Planned FY 97 Obligation	Commitments	Expenditures	Pipeline
09/29/93	03/30/00	\$11,583,000	\$12,000,000	\$8,300,000	\$3,283,000	\$5,606,000	\$2,810,000	\$5,490,000

IMPLEMENTING AGENCIES: People's Assembly & Shura Assembly (PA/SA)

CONSULTANTS:

(TA) CONTRACTOR: Associates in Rural Development (ARD)

PROJECT PURPOSE AND DESCRIPTION:

To increase the availability of reliable and relevant information for decision-making for the members and staff of Egypt's two national representative bodies. The Project/Result Package falls under Special Objective B: Increased use of information services by the Legislature in Decision Making. There are two main Intermediate Results 1) Improved members' abilities to make use of information services. The Project will contribute to developing a demand for and understanding of the use of information in the legislative process; and 2) Improved Information Services. The Project will contribute to developing services to meet the information needs of the members and increasing the efficiency and effectiveness of the institution. At the heart of the project is a training and orientation program mainly in Egypt, that will offer Members of both Assemblies, senior staff, and technical staff the opportunity to learn how other legislatures use information, research and analysis in public policy formulation and decision making, and will instill more knowledge of research techniques, briefing preparation, use of libraries and sector analysis. Assistance to renovate and update the library, develop the information technology and management capabilities of the legislature complete the results package. Technical assistance is provided by a U.S. Institutional Contractor, Associates in Rural Development. The Congressional Research Services of Library of Congress (CRS/LOC) provided a one-year training and technical assistance to the project.

STATUS OF CONDITIONS PRECEDENT (CPS) AND COVENANTS:

The CP to the first disbursement has been met. At this stage, covenants do not need special follow up.

STATUS OF OPEN AUDIT RECOMMENDATIONS: N/A

EVALUATIONS:

A mid-term evaluation is scheduled for the fourth quarter of FY 97, and the final evaluation for the fourth quarter of FY 99.

PERFORMANCE INDICATORS:

Special Objective B: Increased Use of Information services by the Legislature in Decision-Making

Indicator: PA/SA actions indicate that more information is being used in the decision-making process.

Baseline: (1996): PA: 1, SA: 1. LOP: FY 2001: PA: 5, SA: 5. (Unit of Measurement: A 5-point rating scale measuring the percentage of Members using information in the legislative process.)

Result No. B.1: Improved Members Abilities to make Use of Improved Information Services.

Indicator: Members are requesting information from PA/SA information Services.

Baseline: (1996): PA: 12%, SA: 10%. LOP: FY 2001: PA: 30%, SA: 25% (Unit of Measurement, met: Percentage of Members requesting information performance of the legislature

Result NO. B.2: Improved Information Services.

Indicator: Members' perceptions of improvements in the information services.

Baseline: (1996): PA: 0%, SA: 0%. LOP: FY 2001: PA: 40%, SA: 30% (Unit of Measurement, met: Percentage of Members requesting information).

STATUS OF HOST COUNTRY CONTRIBUTIONS:

No formal Host Country cash contributions are required. However, the GOE contributes the LE equivalent of approximately \$.45 million (L.E. 1.5 million) from the FT-800 to cover airfares for participants training. In addition the GOE contributes training space, utilities, and staff salaries while on training, and will assume responsibility for recurrent costs associated with the project.

MAJOR ACTIONS DURING NEXT REPORTING PERIOD:

- Project/RP amendment completing the LOP funding and merging three of the agreement budget line items, Training/Technical Assistance and Commodities.
- Contract to conduct the mid-term evaluation.

IMPLEMENTATION PROGRESS:

- ARD is in the course of implementing its 2nd Annual Workplan (AWP) (April 1, 1996) through March 31, 1997. Implementation is on schedule. Activities under this 2nd AWP include; Training in Economics, Law and Political Sciences, data gathering and analysis skills, budget analysis skills, policy analysis skills and utilization of government and general reference sources and library information awareness and computer literacy is being offered to information services staff from the Committees, Research and Library and Computer center. The Library and Computer Center are receiving training to improve the efficiency of service delivery. Two staffers began their Masters program in Public Administration in August 1996. An Observational Study Tour for six MPs is scheduled for December 1996.
- ARD has faced some delays in establishing of a project M&E system within the Parliament. Resistance is currently being eased and a functional M&E system is expected by the end of the year.
- English language training was given to the senior administrator and technical staff in the Parliament. The Mission terminated the contract due to low attendance commitment of the Parliament to English language training at that point of the project.
- Through a USIS grant to the American Library Association (ALA), a legislative librarian will join the technical assistance team for a period of one year starting June 1997.

ISSUES/ACTIONS:

- Resolved:

The 632(a) agreement with LOC/CRS was terminated in July 1995. The unutilized funds (\$241,882) will be obligated through the DSSP Grant Agreement during FY 97.

- Continuing:

- New:

Initial Oblig. Date	Completion Date	Planned LOP Funding	Authorized Funding	Cumulative Obligation	Planned FY 97 Obligation	Commitments	Expenditures	Pipeline
03/03/96	12/30/00	\$17,900,000	\$18,000,000	\$3,000,000	\$5,000,000	\$2,998,000	\$45,000	\$2,955,000

IMPLEMENTING AGENCIES: Ministry of Justice

(TA)CONTRACTORS: AMIDEAST

PROJECT PURPOSE AND DESCRIPTION:

A more efficient and responsible judiciary, which will strengthen public confidence in the rule of law and provide a peaceful framework for increased citizen interaction with public decision-makers is important for the growth of democracy and the private sector. The result package falls under special objective C: Improved civil legal system. There are 2 intermediate results: 1) Improved Efficiency of 2 Pilot Court Systems (The MOJ has already approved 2 pilot courts in which the project will improve case process by judges and administrative staff) and 2) Judges More Knowledgeable of Egyptian Civil Law. The project will raise the quality of judicial decision making through developing and automating information services and training judges in new civil and commercial trends.

The project purpose is to enhance the capability of the Egyptian justice sector to deliver judicial services in a more timely fashion and apply the role of law.

Activity description: In the area of Court Administrative Improvement the activity will work in two pilot civil courts for:

1. Automation of two Pilot Civil Courts
2. Training programs for court personnel
3. Identification of procedural reform
4. Training in the use of Automated database

In the area of Informed Judiciary: The project will provide support to the National Center for Judicial Studies. This support consists of:

Curriculum development and training for career-long judicial education, training, clinical court training, legal English, and judicial exchanges; research and training materials and assistance to strengthen the administration of training programs.

STATUS OF CONDITIONS PRECEDENT (CPs) AND COVENANTS:

CPs have been met.

STATUS OF OPEN AUDIT RECOMMENDATIONS: N/A

EVALUATIONS: N/A

PERFORMANCE INDICATORS:

To Date

- SpO: Improved Civil Legal System
- * Model Courts were approved by MOJ for replication
- * Increased % of rulings that follow accurately Egyptian civil law
- IR C.1: Improved Efficiency of 2 Pilot Court Systems
- * Percentage reduction in civil case processing time in two pilot court systems.

- IR C.1.1: Improved Administration of 2 Court Systems
- * Number of court procedures streamlined and simplified.
- IR No.C.1.2: Increased Access to Legal Information in 2 Pilot Court Systems
- * % of judges and other court staff utilizing legal systems adequately.
- IR C.2: Judges More Knowledgeable of Egyptian Civil Law.
- * Percentage increase in pre-and post-course scores.

STATUS OF HOST COUNTRY CONTRIBUTIONS:

The GOE will contribute training space, utilities, and staff salaries while on training and will assume responsibility for recurrent costs associated with the Project starting in year 4 of the Project. GOE contribution also will include funds from the AID Activity Trust Account (FI800) to cover airfares for participant trainees and computers. The first group of judges will visit the US in Dec. 96; air fare has been paid from the FI-800 account.

MAJOR ACTIONS DURING NEXT REPORTING PERIOD:

- Contractor first year workplan will be finalized in Dec. 96.
- Constituency building trip will be completed.
- Baseline data will be collected in the first 6 months of 97 (Jan. 97)
- Pilot Courts will be selected.

IMPLEMENTATION PROGRESS:

- Contractor's Project Office has been set-up and is operational: first group of judicial staff is scheduled to visit the U.S. judicial training institutions in December.
- Relationship between contractor and the Ministry of justice has been established and a project advisory board has been formed by the Ministry to work closely with the Contractor in implementation.

ISSUES/ACTIONS:

Identification of pilot courts that will be covered by the project will need close consultation with the Ministry of justice.

EGYPTIAN COUNTERPART AGENCY: Egyptian Environmental Affairs Agency (EEAA)
 Tourism Development Authority (TDA)
 Supreme Council of Antiquities (SCA)

CONTRACTORS: Winrock International Inc. (prime)
 George Washington University (sub)
 Environmental Quality International (sub)

GRANTEE: American Research Center in Egypt (ARCE)

PROJECT PURPOSE AND DESCRIPTION:

To foster sustainable growth in tourism which protects the natural and cultural sites upon which tourism is based and contributes to long term economic growth and job creation.

The Promotion of Environmentally Sustainable Tourism Special Strategic Objective supports 27 activities which are aimed at strengthening linkages among the public sector, private sector, and non-governmental organizations. Major elements include (1) site development and management (installation of mooring buoys to protect coral reefs, cultural site development at 2 desert monasteries, Quseir Fort, and Seti I Tomb); (2) sustainable tourism strategies (Red Sea Tourism Action Plan, Solid Waste Action Plan, Comparative Advantage Review of Red Sea Tourist Industry); (3) creation of a new coral reef protectorates area with training for Park Rangers; (4) touristic facility support (improvement of Sinai decompression chamber, Port of Safage Audit, Environmental Management for Hotels); (5) regional and international cooperation (Madaba Map Conference); (6) non-governmental organization development (HEPCA).

The Special Strategic Objective is executed by a \$2.1 million grant to ARCE for cultural site development and by a \$4.2 million contract to Winrock, International for promotion of environmentally sustainable tourism development and protection of fragile natural resources (coral reefs) along the Red Sea Coast and Islands.

STATUS OF CPs AND COVENANTS: Not Applicable

STATUS OF OPEN AUDIT RECOMMENDATIONS: None

EVALUATIONS:

An activity evaluation of the Winrock Contract and the ARCE Grant is scheduled for the summer of 1997.

PERFORMANCE INDICATORS:

	<u>Planned LOP</u>	<u>To Date</u>
- Number of plans supporting Sustainable Tourism developed and implemented		
- Number of mooring buoys installed		
- Number of EEAA Rangers enforcing Law 4 along Red Sea Coast		
- Number of boat captains and dive operators trained to properly use mooring buoys		
- Red Sea Cultural Tourism Sites established	3	
- Luxor Cultural Tourism Site Plan Completed	1	

STATUS OF HOST COUNTRY CONTRIBUTIONS: Not applicable

MAJOR ACTIONS DURING NEXT REPORTING PERIOD:

- Red Sea Action Plan will be completed
- Comparative Advantage and Hotel Capacity Studies will be completed
- Rapid Underwater Assessment of Coral Reefs will be completed
- EEAA will assign 6 Park Rangers to patrol new Marine Protected Area
- HEPCA will install 250 mooring buoys in Marine Protected Area
- ARCE Grant will be extended from Jan.7, 1998 to June 30, 1998
- Structural Consolidation Work will begin at Quseir Fort
- Preparation of artifact display rooms at St. Paul's

IMPLEMENTATION PROGRESS:

The Winrock contract was signed on December 27, 1995. Implementation of the contract was delayed by two months awaiting the arrival of a resident project manager. Since his arrival, implementation has progressed satisfactorily and all project milestones to date have been met. Two fully staffed project offices have been established in Hurghada and Cairo. A workplan was submitted and approved by all Egyptian Counterpart Agencies.

The ARCE Grant Agreement was signed on December 14, 1995. ARCE has hired a resident manager and preliminary work at the monasteries of Sts. Anthony and Paul and the Seti I Tomb has begun. Work at Quseir Fort will begin in mid-November.

Completed Activities:

ARCE Grant: Photodocumentation of pre-restoration wall paintings at St. Anthony's
 Winrock Contract: Mooring buoys, vehicles, and equipment procured. All other activities are underway and are not scheduled for completion until mid to late 1997

Ongoing Activities:

ARCE Grant: Wall painting restoration is underway at St. Anthony's. Structural Stability Study in progress at Seti I Tomb.
 Winrock Contract: All activities are underway.

ISSUES/ACTIONS:

The chairman of Supreme Council of Antiquities was changed recently. Some of our activities involving the SCA may be delayed pending approval from the new chairman.

Activities requiring close coordination with Cairo-based Counterparts have proven to be more complex and time consuming than originally anticipated. For this reason we have hired a part-time resident manager for the Cairo Winrock/EQI Office.

Training and technical assistance to the TDA has been expanded due to increased interest and involvement of the YDA and the Minister of Tourism in our planned activities. Two new areas for cooperation in Wadi el Gaimal and the South Hurghada Zone have been identified.

Winrock International is in the process of changing their computer tracking system for contract expenditures. They are currently nearly \$1.1 million behind in submitting vouchers for payment to the Mission for work already completed.

Initial Oblig. Date	Completion Date	Planned LOP Funding	Authorized Funding	Cumulative Obligation	Planned FY 97 Obligation	Commitments	Expenditures	Pipeline
FY 95	FY 97	\$5,350,000	\$5,350,000	\$5,350,000	0	\$5,250,000	\$657,000	\$4,693,000

EGYPTIAN COUNTERPART AGENCY: Egyptian Environmental Affairs Agency (EEAA) CONTRACTORS: Winrock International Inc. (prime)
 Tourism Development Authority (TDA) George Washington University (sub)
 Supreme Council of Antiquities (SCA) Environmental Quality International (sub)

GRANTEE: American Research Center in Egypt (ARCE)

PROJECT PURPOSE AND DESCRIPTION:

To foster sustainable growth in tourism which protects the natural and cultural sites upon which tourism is based and contributes to long term economic growth and job creation.

The Promotion of Environmentally Sustainable Tourism Special Strategic Objective supports 27 activities which are aimed at strengthening linkages among the public sector, private sector, and non-governmental organizations. Major elements include (1) site development and management (installation of mooring buoys to protect coral reefs, cultural site development at 2 desert monasteries, Quseir Fort, and Seti I Tomb); (2) sustainable tourism strategies (Red Sea Tourism Action Plan, Solid Waste Action Plan, Comparative Advantage Review of Red Sea Tourist Industry); (3) creation of a new coral reef protectorates area with Training for Park Rangers; (4) touristic facility support (improvement of Sinai decompression chamber, Port of Safaga Audit, Environmental Management for Hotels); (5) regional and international cooperation (Madaba Map Conference); (6) non-governmental organization development (HEPCA).

The Special Strategic Objective is executed by a \$2.1 million grant to ARCE for cultural site development and by a \$4.2 million contract to Winrock, International for promotion of environmentally sustainable tourism development and protection of fragile natural resources (coral reefs) along the Red Sea Coast and Islands.

STATUS OF CPs AND COVENANTS: Not Applicable

STATUS OF OPEN AUDIT RECOMMENDATIONS: None

EVALUATIONS:

An activity evaluation of the Winrock Contract and the ARCE Grant is scheduled for the summer of 1997.

PERFORMANCE INDICATORS:

	<u>Planned LOP</u>	<u>To date</u>
- Number of plans supporting Sustainable Tourism developed and implemented		
- Number of mooring buoys installed		
- Number of EEAA Rangers enforcing Law 4 along Red Sea Coast		
- Number of boat captains and dive operators trained to properly use mooring buoys		
- Red Sea Cultural Tourism Sites established	3	
- Luxor Cultural Tourism Site Plan Completed	1	

STATUS OF HOST COUNTRY CONTRIBUTIONS: Not applicable

MAJOR ACTIONS DURING NEXT REPORTING PERIOD:

- Red Sea Action Plan will be completed
- Comparative Advantage and Hotel Capacity Studies will be completed
- Rapid Underwater Assessment of Coral Reefs will be completed

- EEAA will assign 6 Park Rangers to patrol new Marine Protected Area
- HEPCA will install 250 mooring buoys in Marine Protected Area
- ARCE Grant will be extended from Jan.7, 1998 to June 30, 1998
- Structural Consolidation Work will begin at Quseir Fort
- Preparation of artifact display rooms at St. Paul's

IMPLEMENTATION PROGRESS:

The Winrock contract was signed on December 27, 1995. Implementation of the contract was delayed by two months awaiting the arrival of a resident project manager. Since his arrival, implementation has progressed satisfactorily and all project milestones to date have been met. Two fully staffed project offices have been established in Hurghada and Cairo. A workplan was submitted and approved by all Egyptian Counterpart Agencies.

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Ongoing Activities:

ARCE Grant: Wall painting restoration is underway at St. Anthony's.
 Structural Stability Study in progress at Seti I Tomb.
 Winrock Contract: All activities are underway.

ISSUES/ACTIONS:

The chairman of Supreme Council of Antiquities was changed recently. Some of our activities involving the SCA may be delayed pending approval from the new chairman.

Activities requiring close coordination with Cairo-based Counterparts have proven to be more complex and time consuming than originally anticipated. For this reason we have hired a part-time resident manager for the Cairo Winrock/EQI Office.

Training and technical assistance to the TDA has been expanded due to increased interest and involvement of the TDA and the Minister of Tourism in our planned activities. Two new areas for cooperation in Wadi el Gamal and the South Hurghada Zone have been identified.

Winrock International is in the process of changing their computer tracking system for contract expenditures. They are currently nearly \$1.1 million behind in submitting vouchers for payment to the Mission for work already completed.

Initial Oblig. Date	Completion Date	Planned LOP Funding	Authorized Funding	Cumulative Obligation	Planned FY 97 Obligation	Commitments	Expenditures	Pipeline
11/03/93	10/31/98	LE 50,449,800	LE 50,449,800	LE 50,449,800	LE 3,637,372	LE 50,449,800	LE 46,812,428	LE 3,637,372

EGYPTIAN COUNTERPART AGENCY: Supreme Council For Antiquities (SCA)

CONSULTANTS:

GRANTEE: American Research Center in Egypt (ARCE)

(TA) CONTRACTORS:

PROJECT PURPOSE AND DESCRIPTION:

The goal of the Egyptian Antiquities Fund (EAF) is to promote preservation and restoration of Egyptian Antiquities by providing human and physical resources. EAF provides sub-grants for specific conservation projects and funding for institutional development interventions in the Egyptian Antiquities sector.

Under this LE 50.4 (\$15.0) million grant (from FT-800 funds), the Grantee, American Research Center Egypt (ARCE), in close coordination with the Egyptian Supreme Council for Antiquities (SCA), designs and administers the EAF sub-grants program. Plans for sub-grants funding cycles are reviewed and approved by a joint USAID/U.S. Embassy committee (the EAF Project Committee), then these sub-grants are tendered to specialized institutions and universities.

Special Objective Linkage: This activity supports the Ecotourism Special Objectives by providing funds to ARCE to undertake institutional development and conservation activities in Egypt's cultural heritage sector. Egypt's cultural heritage sites are it's prime tourist attraction. Therefore, conserving cultural heritage sites sustains and increases revenues earned from tourism.

STATUS OF CPs AND COVENANTS: Not Applicable.

STATUS OF OPEN AUDIT RECOMMENDATIONS: None.

EVALUATIONS:

A final evaluation is scheduled for the summer of 1998.

PERFORMANCE INDICATORS:

None in original Grant Agreement. We are tracking progress however by monitoring:

- 1) Amount of funds approved under funding cycle plans: to date, two Subgrant Funding Cycles Plans have been approved (31 subgrants) and LE 34.8 (\$10.2) million (91% of the funds available for subgrants) have been transferred to the EAF Trust Account;
- 2) Number of subgrants allocated or underway: 20 of the 31 approved subgrants are underway (65%).

STATUS OF HOST COUNTRY CONTRIBUTIONS: Not applicable.

MAJOR ACTIONS DURING NEXT REPORTING PERIOD:

- ARCE will review and screen proposals for the new third cycle of subgrants;
- Four new subgrant agreements will start in the next quarter (target date: March 31, 1997).

IMPLEMENTATION PROGRESS:

The Grant Agreement was signed on November 3, 1993. On May 19, 1994 the EAF Project Committee approved the First Cycle of EAF Sub-grants. This cycle includes 14 activities (sub-grants) and has a total budget of L.E. 19,369,000 (\$5.7 million). Cycle 1 Plan includes 11 restoration and documentation activities and three institutional development activities.

A second cycle of subgrants was approved on June 25, 1995. This cycle includes 17 activities and has a total budget of LE 15,425,475 (\$4.5 million). Cycle Two plan includes 12 conservation and documentation activities and five institutional development activities.

Currently 19 subgrants have been allocated and are in various stages of implementation. The remaining subgrants in the approved plans are either: currently being negotiated; scheduled to start at a later date; or experience some difficulties that ARCE is in the process of resolving (two subgrants).

Completed Activities: In July 1996, the grant agreement was extended an additional two years to compensate for the increased number of subgrants and some delays in starting-up the activity (New PACD: October 31, 1998). To date, thirty four SCA inspectors have received excavation training in the ARCE field school; sixteen SCA staff have received museum management training in the U.S.; the rehabilitation work under the Alexandria Laboratory for Marine Archeology subgrant has been completed; the work in the Pharaonic Tombs in Dakhlah Oasis has been completed; field work in the Valley of the Kings, Tomb KV 55, and South-Sinai has been completed; and ARCE has advertized for proposals for the third cycle of subgrants.

Ongoing Activities: Conservation and institutional development work is ongoing in 15 of the 19 allocated subgrants (four subgrants are complete). The ongoing subgrants cover a wide variety of conservation activities: Islamic and Jewish sites in Medieval Cairo; Pharaonic sites in Luxor; Coptic and Graeco-Roman sites and artifacts in Old Cairo, North Sinai, and Alexandria; and Neolithic sites in South Sinai.

ISSUES/ACTIONS:

Elevated levels of ground water and lack of insulation for foundations and walls is one of the main problems in a large number of historical buildings in EAF subgrants. The ground water problem in the area of Bab Zuweilla could be reduced considerably if a wastewater collector is replaced in the Darb El Ahmar street (estimated cost: LE 4 million). The impact of resolving the ground water problems in that area will benefit at least six very important historical buildings in the area (of which four are EAF subgrants). ARCE is currently discussing with the various responsible parties possible funding sources for this collector.

Initial Oblig. Date	Completion Date	Planned LOP Funding	Authorized Funding	Cumulative Obligation	Planned FY 97 Obligation	Commitments	Expenditures	Pipeline
7/21/96	7/21/01	LE EQU. \$35 M	LE EQU. \$6 M	LE EQU. \$6 M	LE EQU. \$14.5 M	LE EQU. \$6 M	LE EQU. \$6 M	- 0 -

EGYPTIAN COUNTERPART AGENCY: Supreme Council For Antiquities (SCA)
CONSULTANTS:

GRANTEE: American Research Center in Egypt (ARCE)
(TA) CONTRACTORS:

PROJECT PURPOSE AND DESCRIPTION:

Under this grant, USAID is providing ARCE a grant, from FT-800 funds, to set-up an endowment fund for the equivalent in Egyptian Pounds (LE) of \$35 million. The goal of this endowment fund is to support projects and programs which promote the preservation or restoration of Egyptian Antiquities. Returns on the endowment fund will therefore be used to finance operating expenses of institutions working in that sector and by providing funds for new institutional development and conservation activities. These funds will be provided incrementally to ARCE in three tranches or so. The LE equivalent of \$35 million endowment fund, and the use of the fund's returns, will be subdivided as follows: LE equivalent of \$7.5 million will finance ARCE operating expenses; LE equivalent of \$7.5 million will finance Chicago House operating expenses; and LE equivalent of \$20 million will finance ARCE's Egyptian Antiquities Fund.

The fund will support the following types of projects/ activities:

- 1) Conservation / Restoration Activities of Egyptian antiquities from all historical phases;
- 2) Training Programs in Cultural Resource Management (CRM);
- 3) Fellowship Programs for scholars and specialists (U.S. and Egyptians) and specialized courses in the documentation of antiquities in Cairo;
- 4) Public awareness programs and meetings in area of the Egyptian culture and preservation;
- 5) Institutional Building: Strengthen ARCE's Cairo and New York Offices; small project to assist Egyptian institutions; Support for publication and exchange of information.

Special Objective Linkage: This activity supports the Ecotourism Special Objective by providing funds to ARCE to undertake institutional development and conservation activities in Egypt's cultural heritage sector. Egypt's cultural heritage sites are it's prime tourist attraction. Therefore, conserving cultural heritage sites sustains and increases revenues earned from tourism.

STATUS OF CPs AND COVENANTS: N/A

STATUS OF OPEN AUDIT RECOMMENDATIONS: None.

EVALUATIONS: Not Required under the Grant.

PERFORMANCE INDICATORS:

None in the original Grant Agreement. This endowment has virtually no USAID involvement in monitoring and supervision. The only, allowed, tool for monitoring progress is the Annual Program Activities Report. Therefore, I suggest we ask ARCE to include in this report the following information (which would allow us to monitor the impact of the grant without getting substantially involved):

- 1) Amount and number of subagreements or activities (conservation and institutional development) obligated;

- 2) Number of activities underway and amount of funds disbursed under activities; and
- 3) Some assessment measure for the impact of these investments on tourism and local economic development (e.g., adding a Bab Zuweilla tour added the following estimated number of tourist nights per year).

STATUS OF HOST COUNTRY CONTRIBUTIONS: Not applicable.

MAJOR ACTIONS DURING REPORTING PERIOD: None to report.

IMPLEMENTATION PROGRESS:

The Grant Agreement was signed on July 21, 1996. Upon signature of the grant, USAID granted the sum of Egyptian Pounds Equivalent of US\$ 6 million. ARCE has recently invested these funds in a U.S. Trust Bank.

Ongoing Activities: No major ongoing activities to report at this point, since ARCE has only recently (late Summer 96) invested the first installment of endowment funds.

ISSUES/ACTIONS:

1) Establishing Performance Indicators: See Performance Indicators Above. Action: USAID should meet with ARCE and discuss performance indicators and how these could be included in the Annual Activities Progress Report.

2) In this endowment, USAID has very little control on how the returns on the endowment fund will be used (activities to be funded under the endowment are controlled by very broad guidelines). If USAID wants to obtain some synergy from the coordination of a number of USAID projects and especially the Ecotourism and ARCE grants (three grants) activities, we should try and agree with ARCE on a joint strategy for the use of all available funds and resources. This strategy can only be achieved if we have full cooperation from ARCE, since we cannot be substantially involved in the ARCE grants. Action: USAID must meet with ARCE to discuss the development of future strategy coordination.

3) Since the Environment Office is responsible for the EcoTourism Special Objective and the Egyptian Antiquities Grant, should the ARCE Endowment Grant be managed by ENV as well (to streamline management and coordination)? Action: DR/ENV should meet with PDS and Mission Front Office to discuss this issue.

Initial Oblig. Date	Completion Date	Planned LOP funding	Authorized Funding	Cumulative Obligation	Planned FY 97 Obligation	Commitments	Expenditures	Pipeline
09/30/95	09/30/01	\$138,000,000	\$138,000,000	\$44,300,000	\$15,000,000	\$1,400,000	\$1,300,000	\$42,000,000

IMPLEMENTING AGENCIES: MEIC (project signatory)

(TA) CONTRACTORS: Training - TBD
ELTT - TBD

PROJECT PURPOSE AND DESCRIPTION:

The purpose is to strengthen the management and technical capabilities and enhance the professional performance of individuals and groups serving in Egyptian governmental and private sector entities, including universities, NGOs/PVOs, and other key development institutions. DT2 consists of three activities: Training, English Language Testing and Training (ELTT), and Audits and Evaluations. The DT2 Training activity will put into place a single, centralized Training Management System (TMS), under an AID direct contract, to fund and implement all participant and some in-country training in support of strategic/special objectives (SOs/SpOs). Also through an AID direct contract, the ELTT activity provides in-country English language testing and training for participants to prepare them for overseas training conducted in English and some English for Specific Purposes for partner counterparts to enable them to carry out their functions more effectively.

STATUS OF CONDITIONS PRECEDENT (CPs) AND COVENANTS: Met.

STATUS OF OPEN AUDIT RECOMMENDATIONS: N/A

EVALUATIONS:

Three external evaluations (interim, mid, and final) are planned and will be funded through IQC contracts.

PERFORMANCE INDICATORS:

Indicators to measure the effectiveness of the DT2 Training Management System (TMS) are (1) strategically linked training plans developed and (2) positive partner institution feedback on relevance and delivery of training. SO/SpO-specific training indicators will be identified during development of SO/SpO training plans and will be tracked, monitored, and reported on to SO/SpO teams through the DT2 monitoring and evaluation (M&E) system. The DT2 M&E and financial management systems will also track participants, funding levels, and expenditures by SO/SpO.

STATUS OF HOST COUNTRY CONTRIBUTIONS:

Host country cash contributions will come from the FT-800 account for participants' pre-departure medical examinations and international travel. In-kind contributions will be in the form of office space, utilities, and salaries and benefits of participant and in-country trainees.

MAJOR ACTIONS DURING NEXT REPORTING PERIOD:

During this period (10/1/96-3/31/97), the DT2 training and ELTT contracts will be awarded with implementation of both activities to begin in early CY 1997. For DT2 Training, training planning (i.e. partner institution organizational diagnostics/training needs assessments and SO/SpO training plan development/costing) will also commence. ELTT services will also commence.

IMPLEMENTATION PROGRESS:

Since the DT2 and ELTT contracts have not been awarded, there is no implementation progress to report.

ISSUES/ACTIONS:

- (1) Length of the procurement process has delayed start up of implementation.
- (2) DT2 has an excessive pipeline since the implementation contracts have not yet been awarded. HRDC/ETP has recommended that there not be an FY97 DT2 obligation to add funds since implementation of training and ELTT services has not started.
- (3) Since implementation of DT2 training has not begun, the information required for the FY97 R4 (numbers to be training, costs, SO-specific training indicators, etc.) will not be available.