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UNITED STATES
INTERNATIONAL DEVELOPMENT COOPERATION AGENCY

AGENCY FOR INTERNATIONAL DEVELOPMENT

EGYPT: FY 1983 COMMODITY IMPORT PROGRAM

AID GRANT NO. 263-K-606

USAID/Cairo
DPPE/PAAD
March 7, 1983

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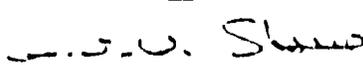
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CLASSIFICATION

AIO 1120-1		AGENCY FOR INTERNATIONAL DEVELOPMENT		1. PAAD NO AID Grant No. 263-K-606	
PAAD		PROGRAM ASSISTANCE APPROVAL DOCUMENT		2. COUNTRY Egypt	
				3. CATEGORY Commodity, Standard Financing Procedure	
				4. DATE	
5. TO The Administrator				6. OYS CHANGE NO.	
7. FROM Assistant Administrator Bureau for Near East				8. OYS INCREASE	
				TO BE TAKEN FROM:	
9. APPROVAL REQUESTED FOR COMMITMENT OF:		10. APPROPRIATION			
11. TYPE FUNDING <input type="checkbox"/> LOAN <input checked="" type="checkbox"/> GRANT		12. LOCAL CURRENCY ARRANGEMENT <input type="checkbox"/> INFORMAL <input checked="" type="checkbox"/> FORMAL <input type="checkbox"/> NONE		13. ESTIMATED DELIVERY PERIOD	
				14. TRANSACTION ELIGIBILITY DATE PAAD Authorization Date	
15. COMMODITIES FINANCED Items appearing in the A.I.D. Commodity Eligibility Listing that will be eligible for financing under the grants. Priority items are expected to include food commodities, industrial raw and semi-finished materials, and equipment goods.					
16. PERMITTED SOURCE U.S. only: \$300,000,000 Limited F.W.: Free World: Cash:			17. ESTIMATED SOURCE U.S.: \$300,000,000 Industrialized Countries: Local: Other:		

18. SUMMARY DESCRIPTION

Egypt's balance of payments position remains characterized by fundamental structural weaknesses. Export earnings are heavily concentrated in petroleum, workers' remittances, the Suez Canal and tourism. While earnings from these sectors, especially petroleum and workers' remittances, grew very rapidly through 1980/81, they fell off in 1981/82 and their future growth potential is not buoyant. Supplements to export earnings must be developed in the commodity producing industrial and agricultural sectors in order to meet the import requirements for sustaining favorable trends in production, consumption and investment; however, it is necessary to change a range of domestic economic policies in order to accomplish this. Such changes are difficult to bring about. Reflecting these factors, Egypt's current account deficit increased by a billion dollars from 1980/81 to 1981/82. Although we are projecting some improvement in 1982/83, we believe that a continuation of balance of payments assistance through the CIP should remain an important component of overall U.S. assistance to Egypt.

19. CLEARANCES		DATE		20. ACTION		
REG/OP	_____	_____	_____	<input type="checkbox"/> APPROVED	<input type="checkbox"/> DISAPPROVED	
REG/GC	_____	_____	_____	 AUTHORIZED SIGNATURE		
AA/PPC	_____	_____	_____			3-10-83 DATE
M/EN	_____	_____	_____			
M/SER/COM	_____	_____	_____			
AA/PRE	_____	_____	_____			
				TITLE		

By easing the balance of payments constraint on economic activity, the CIP is a significant element in keeping the Egyptian economy functioning and contributing to development. In addition, we are attempting to link part of the CIP more closely to the equipment component of the investments included in the GOE's Development Budget.

The CIP grant from FY 1983 funding is requested at a level of \$300 million. Of this amount, \$ 150 million initially will be reserved for disbursement against capital equipment items contained in the GOE investment budget. Another \$150 million will be reserved for more traditional balance of payments support in the form of commodity purchases in the intermediate goods and consumables categories. Consistent with Egypt's Social and Economic Development Plan for 1982/83-1986/87 and with mutually agreed upon A.I.D. and GOE objectives, funds may be shifted between these two categories in response to priority development needs.

The proposed FY 1983 CIP will assist Egypt with its development efforts by providing means for financing public sector imports of raw materials, semi-finished products, machinery, equipment, and spare parts, as well as other essential commodities (including some food items) and related services. The CIP will supplement A.I.D. project activities aimed at development of Egypt's infrastructure, industry, agriculture and social services by providing essential inputs to these sectors.

The conditions precedent, covenants and general terms specified in Section V of the PAAD will be included in the grant agreement.

RECOMMENDATIONS

It is recommended that you authorize a grant to the GOE of \$300 million (300,000,000 dollars) from current year funding. This fund will be utilized for financing imports of selected commodities, commodity related services, and other services.

EGYPT: U.S. FY 1983 CIP ASSISTANCE
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I. SUMMARY OBJECTIVES FOR THE PROPOSED FY 1983 CIP ASSISTANCE

The proposed FY 1983 CIP assistance package has both political and economic objectives. The immediate political objective is to demonstrate the continuity of U.S. support for the Mubarak government and its continuation of policies supportive of U.S. political objectives for a comprehensive and durable peace settlement in the Middle East.

The economic objective of U.S. CIP assistance is to help sustain Egyptian consumption, production and investment levels by providing a portion of the foreign exchange these require. The import requirements of each of these aggregates are substantial. More important, these requirements cannot now be funded on a self-sustaining basis out of such market-determined sources of foreign exchange as merchandise and service export earnings and direct investment inflows. The main current sources of foreign exchange revenues are petroleum, workers' remittances, tourism and Suez Canal revenues. Developing exports of agricultural and industrial products as additional sources of foreign exchange will be a lengthy process. In the meanwhile, sustaining the Egyptian economy at its present level of activity will require concessional and flexible balance of payments assistance of the type provided by the CIP. Although the CIP is in itself essential to development by easing the balance of payments constraint on productive activity, an effort is being made to give the program a stronger direct orientation toward investment uses by earmarking part of the CIP for imports of capital equipment.

As reflected in the FY 1983 Congressional Presentation, we had earlier planned that the FY 1983 CIP level would be \$250 million. This would have been \$100 million less in CIP funding than in FY 1982. Following discussions with the GCE, we have revised our request upward by \$50 million to \$300 million. The additional request is in response to the deterioration in the balance of payments situation in 1981/82. Assuming retention of the all-grant provision in the FY 1983 Congressional Appropriations bill, our entire request is for a grant. Our intention is to seek grant agreement authorization at the full \$300 million level.

The emphasis of the CIP has been shifting from the import of consumption goods and raw materials toward commodities more directly related to development. Of our request for \$300 million, \$150 million initially will, as in FY 1982, be reserved for capital equipment purchases included in the GCE investment budget, in order to combine generalized balance of payments support and the desired strong orientation toward development. With respect to the funds allocated to capital equipment purchases, the GCE and USAID have developed appropriate safeguards, namely: certification by the GCE that the equipment requested (excluding items which may be covered by set-asides) is formally in both the GCE investment budget and in the approved budget for the user agency; and certification by the GCE that the user agency has taken the necessary action to permit the immediate and effective use of the commodities (eg. identification and/or preparation of the equipment site, erection of the building where the equipment will be installed, plans for the installation or erection of the

equipment, and plans for the operation and maintenance of the equipment). We again will finance through the CIP such planning, training, and technical consultant services as may be required to facilitate effective implementation of that portion of the CIP (\$150 million) allocated to investment goods. These services may be over and above those currently provided for under Regulation I. The remaining \$150 million of CIP assistance would be used to provide more traditional balance of payments support in the form of commodity purchases of industrial raw materials, intermediate inputs, and direct consumables. Consistent with Egypt's Social and Economic Development Plan for 1982/83-1986/87 and with mutually agreed upon AID and GOE objectives, funds may be shifted between these two categories in response to priority development needs. Further details on the proposed FY 1983 program are contained in Part II.

In FY 1981, CIP assistance included \$35 million for the private sector commodity import program. In FY 1982, the private sector CIP was superseded by a new activity directly supportive of the private sector, the Production Credit Project, at a funding level of \$68 million. The Production Credit Project was designed to provide short-term private sector credit as well as specialized management assistance.

II. BACKGROUND AND CIP JUSTIFICATION

A. U.S. Objectives

The achievement of a comprehensive peace in the Middle East is a major objective of United States foreign policy. With the realization of the Egyptian-Israeli Peace Agreement, the cornerstone of a comprehensive peace has been laid. Over the longer term, our policy aims at a satisfactory evolution of political and economic relations among all countries in the region. The cooperation of Egypt, the principal Arab country, is essential for these purposes. The GOE has demonstrated by its actions that it shares our desire to seek peaceful resolution of Middle East differences and an end to the state of tension that has adversely affected the well being of the people throughout the region. The continuing ability and willingness of Egypt to proceed toward this ultimate goal will depend on (a) sustaining domestic political stability; (b) avoiding short-term deterioration in the standard of living of the population; and (c) obtaining sufficient foreign resources to permit a continuing development effort. The overall objective of U.S. assistance to Egypt is to foster economic and social development that will facilitate and encourage the establishment of a permanent comprehensive peace. The critical importance of this objective, together with the fragile state of the Egyptian economy and its dependence on foreign assistance, at least over the next few years, justifies and necessitates the exceptionally high level of present and proposed U.S. assistance to Egypt.

B. Recent Economic Developments

Egypt continues to face intransigent and deeply rooted economic problems that underlie and help explain the tenuous character of Egypt's balance of payments performance and the continuing need for balance of payments support through the CIP. The new Social and Economic Development Plan sets out the economic objectives and investment targets for 1982/83-1986/87 with which the GOE hopes to cope with its economic problems.

1. Employment

Since the 1950s, Egypt has contained unemployment levels within acceptable bounds by using the public sector as an employer of last resort. Over the last few years, government policy has shifted away from using the public sector as an employer of last resort. That this policy shift can be sustained is, however, by no means assured. It has been facilitated by continuing strength in the demand for Egyptian labor in neighboring Arab countries. Some 10 to 15% of the current labor force of 12 million now works abroad. It also has been facilitated by the stimulus to the demand for labor afforded by a continuation into 1983 of relatively favorable real growth rates in construction. For the moment, Egypt cannot be characterized as a labor surplus economy, but it seems likely that it will have to cope with a labor surplus in the years to come. The new Development Plan specifies employment and manpower development among its main objectives.

2. Growth

Between 1977 and 1980, Egypt registered an average real growth rate in GDP of about 9%, but growth was lower in 1981 and 1982 as the sectors driving the economy - petroleum, tourism and Suez Canal - weakened. Following three years of relatively rapid growth, each of these sectors registered sharply reduced growth rates in 1981 and did not make up lost ground in 1982. Petroleum production grew by a small amount in response to rising domestic consumption but in the face of falling international prices and stagnant export demand. Tourism suffered a severe decline in 1981 after the assassination of President Sadat in October of that year, while the 1982 tourist season was dampened by depressed economic conditions in the free market industrial countries. Reflecting the softening in the world petroleum market as well as a generalized slackening off in real world trade growth, transit traffic through the Suez Canal leveled off, in spite of the fact that the completion of the widening and deepening of the Canal and the installation (through the CIP) of a sophisticated traffic control system increased its capacity.

The effects on aggregate growth of declining growth rates since 1981 in the tourism, petroleum and Canal sectors have been partially offset by a continuation of growth in the construction, private business, electricity and domestic transportation sectors. However, the growth rates for the two largest sectors in the economy -- industry and agriculture -- have been well below the overall GDP growth rate. Public sector industrial output shows no significant increases. In real terms, industrial exports fell in 1981/82.

The continuing weakness in the commodity producing industrial and agricultural sectors is disquieting. Both of these sectors must be looked to, over the near term, to provide the export earnings supplements and gainful employment opportunities required to sustain favorable economic performance. Part of the problem lies in pricing policy and its associated effects on production and investment decisions.

3. Prices

Egypt's consumer price index rose by about 14% in 1982, as compared with about 10% in 1981. By present day international standards, these rates of inflation are not high, but price rises have been kept to relatively modest levels at the cost of undermining the basis for sustainable growth in production and for improvement in the balance of payments.

Egypt has been partially successful in insulating the population from high world inflation rates by delaying exchange rate adjustments, by not permitting exchange rate adjustments to be passed through to the prices of tradeable goods, and in general by administratively controlling domestic prices for a substantial share of the important commodities and services in the expenditure baskets of both households and firms. As a result of these price controls, the structure of relative prices does not signal properly where Egypt has comparative advantages in production, investment and consumption throughout large segments of the economy and, in particular, in the agricultural and industrial sectors. Thus, while it is to these two sectors that Egypt must look to develop supplements to export earnings and efficient opportunities to conserve on import expenditures, the structure of prices facing these sectors gives perverse production and investment signals.

Energy prices, for example, are significantly below world market levels and also low relative to other domestic prices, although the GOE has begun to make some moves to raise electricity prices to major industrial users. The low energy prices provide a positive stimulus to energy intensive production processes and investment. Similarly, both the pattern and import content of consumer expenditures have been built up on the basis of subsidized food prices. While USAID, the World Bank, and the IMF have long urged correcting the structure of relative prices in economic discussions with the GOE, it must be recognized that these subsidies represent the equivalent of substantial amounts of income to both firms and households. In consequence, price reform must be phased and the adjustment difficulties offset, domestically, by such explicit income transfer systems as a food coupon system and budget support for some enterprises and internationally through both project and non-project modes of assistance.

4. Balance of Payments

A number of factors led to the sharply increased buoyancy of Egypt's balance of payments in the late 1970s. Two of these were direct consequences of peace with Israel: the reopening of the Suez Canal; and exports of petroleum (primarily to Israel) from the Sinai oil fields returned to Egyptian control in the course of the Israeli evacuation of the

Sinai. Two other major factors were increasing tourism and the remarkable growth in remittances from emigrants working in the Persian Gulf states and elsewhere. These have all now reached a peak, at least temporarily, and Egypt has to accommodate itself to less favorable future prospects for imports.

As indicated in Table I.C (see Annex A), the deficit in the balance of payments on current account rose from \$1.6 billion in 1980/81 (Egyptian fiscal year running from July 1 to June 30) to \$2.7 billion in 1981/82. We are projecting a decrease in the current account deficit to \$2.2 billion in 1982/83, because of the decline in world commodity prices affecting Egypt's major imports. The current account balance reflects the concentration of export earnings in petroleum, workers' remittances, tourism and Suez Canal earnings and the leveling off of what had been relatively rapid growth in earnings from these sources, especially petroleum.

Long-term capital flows are not anticipated to be large enough for Egypt to finance the current account deficit. Thus, as indicated in Table I.D, we are projecting a financing gap of some \$2.2 billion for 1982/83 which implies increased use of borrowing from banks at short maturities, leading to an increasing amortization burden and an increasing requirement for rolling over short term debt. This will not be easy to accomplish, given the current state of international financial markets.

The FY 1983 CIP assistance package of \$300 million will help slow down the erosion of Egypt's international reserve position. Total disbursements under the CIP program were \$261 million in FY 1982 and are projected at \$299 million for FY 1983.

5. Development Plan, 1982/83-1986/87

The achievement of growth in production is one of the central themes of the new Social and Economic Development Plan for 1982/83-1986/87. According to the final version of the Plan, the GDP growth target is 8.0 percent per year from 1982/83 to 1986/87. The sectoral targets are as follows (in percent per year) according to Table 14 of the Plan document:

Agriculture	3.3
Industry and Metallurgy	9.5
Petroleum and Petroleum Products	12.0
Electricity	11.0
Construction	7.9
Commodity Production: Subtotal	8.4
Production Services	6.8
Social Services	8.0
Total GDP	8.0

The aggregate investment target over the five year period to achieve these production targets is LE 35.5 billion, of which the public sector would account for 76.7 percent and the private sector for 23.3 percent. The breakdown of the fixed investment by sector of activity (excluding investments not allocated by sector) is as follows (in percent) according to Table 28 of the Plan document:

Commodity Production	50
Production Services	21
Social Services	29
Total Fixed Investment	100

The local currency and foreign currency components of the Plan are estimated as follows, according to Table 27 of the Plan document:

	<u>LE</u>	<u>Percent</u>
Local Currency	22.7	63.9
Foreign Currency	12.8	36.1
Cash	(6.1)	(17.2)
Credit Facilities	(6.7)	(18.9)
Total Investment	35.5	100.0

In other words, Egypt will be looking for foreign credit facilities for close to one fifth of the investments in the 1982/83-1986/87 Plan.

C. Economic Justification

It will take considerable time and difficult policy reforms to place Egypt's balance of payments performance and development process on a more self-sustaining basis. During this period the U.S. assistance program will need to achieve an appropriate accommodation between flexible, development-related balance of payments support and project assistance.

In this connection, there are two related issues: the size of the CIP relative to the project assistance package; and the composition of the CIP itself between generalized balance of payments support in the form of purchases of intermediate goods and consumables and more directly development related support in the form of purchases of capital equipment associated with the GOE investment budget. Essentially, the FY 1983 CIP package represents an attempt to continue to provide relatively quickly disbursing balance of payments support and, at the same time, to structure the CIP itself into separate "pockets" designed to ensure that

intermediate/consumables purchases will not be unduly favored over Egypt's capital equipment needs for longer range development performance. It is for this reason that we again are proposing that specific amounts of the CIP initially be reserved for intermediate goods and consumables on the one hand and capital equipment on the other. During the course of implementation, however, it may be necessary to reallocate funds from one category to another, which we would do after review of CIP requirements. Such transfers within the grant would not require amendment of the PAAD.

There is a need for flexibility both between the CIP and project assistance modes, and within the CIP itself. Given a fairly stable trend in growth requirements for imports, there are bound to be gaps between requirements and earnings that are difficult to predict both in terms of timing and amounts. Given, in addition, the weakness in Egypt's international reserve position and limited external borrowing capacity, locking too much of the U.S. assistance effort into project-like activities would preclude the flexible use of the CIP for development-related balance of payments support, both in terms of amount and composition. With respect to the latter, for example, the GOE typically reacts to shortfalls between availability and needs for foreign exchange by favoring foreign exchange expenditures for intermediate goods and consumables at the expense of foreign exchange expenditures for non-project funded items in the GOE investment budget. From a developmental point of view, many of the latter expenditures have at least as much of a claim on funding as does project support.

It is time to reaffirm that non-project assistance, in the case of Egypt the commodity import program (CIP) and P.L. 480, can be as "developmental" as project assistance. By easing the balance of payments constraint on economic activity, by making available intermediate inputs and investment goods to agriculture, industry and other sectors of production, and even by taking the edge off consumer goods shortages, the CIP is a significant element in keeping the Egyptian economy functioning and itself contributing to development.

The Mission continues to believe that structuring part of our assistance effort in a manner designed specifically to accommodate priorities reflected in the GOE Development Plan and the investment budget is a useful way to increase the flexibility and responsiveness of our assistance program to GOE requirements for quickly disbursing assistance. The GOE investment budget is built upon annual requests by a host of ministries and public sector entities. Many of the requests cover short-term priority needs that are difficult to predict in advance. We believe that the flexibility to consider requests for funding these items is an appropriate use for CIP funds independently of a specific balance of payments justification for non-project modes of assistance.

D. Impact on U.S. Balance of Payments

The long-term impact on the U.S. balance of payments will be favorable. The grant will be spent on U.S. goods and services. It will permit U.S. suppliers/exporters to strengthen recently developed trade relationships as well as create new ones. Past experience indicates that future follow-up orders for machinery and spare parts will result in additional U.S. exports on a commercial basis.

As mentioned previously, the GOE five year investment plan for 1982/83 - 1986/87 indicates that total aggregate investment during the five years will equal LE 35.5 billion in 1981/82 prices (\$42.3 billion at the present LE 0.84 per dollar official incentive commercial bank rate of exchange). A large proportion of the equipment component of total investment and a good part of the major construction services are imported. Although part of the capital goods imports will be tied to donor countries, much will be financed by the GOE and opened to international competitive bidding. As a result of trade relationships developed under the CIP, it is expected that U.S. suppliers should be able to win a substantial share of the bidding.

III. STATUS OF U.S. NON-PROJECT ASSISTANCE

A. Commodity Import Program

The Commodity Import Program for Egypt was initiated in FY 1975 at a level of \$150 million. Through FY 1981 \$2.5 billion have been obligated, an average of over \$300 million a year. Against these obligations, 2,422 letters of credit were issued to U.S. suppliers as of November 30, 1982, totaling approximately \$2.0 billion (including direct letters of commitment, procurement authorizations and U.S. Government purchase requisitions, and direct reimbursement approvals), and about \$1.9 billion were disbursed. The status of CIP funds by year of obligation as of October 31, 1982 is summarized in Table 1.

TABLE 1. STATUS OF CIP FUNDS BY YEAR OF OBLIGATION
as of October 31, 1982
(in millions of dollars)

<u>Fiscal Year</u>	<u>Obligated</u>	<u>Disbursed</u>	<u>Undisbursed</u>
<u>GRAND TOTAL</u>	<u>2,524.8</u>	<u>1,932.3</u>	<u>542.5</u>
1975*	149.8*	149.8*	-
1976	250.0	249.0	1.0
TQ**	65.0	64.6	0.4
1977	440.0	415.2	24.8
1978	300.0	293.5	6.5
1979	335.0	312.6	22.4
1980	335.0	305.1	29.9
1981	300.0	124.3	175.7
1982	350.0	18.1	281.9

*Original obligation for FY 1975 was \$150.0 million. This figure reflects net obligation after deobligation of undisbursed funds.

**Transitional Quarter.

Source: Annex B, Table IV.

B. PL-480 Title I, II and III

From FY 1975 through FY 1982, the U.S. financed \$1.7 billion for PL-480 Title I and III commodities. For FY 1983, an initial agreement for \$ 225 million was signed on November 23, 1982, to be followed by subsequent amendments to reach a program level of \$250 million. The major portion of this assistance has been for wheat grain and flour. The wheat provided has been a critically important element in meeting the demand for this basic foodstuff by the growing Egyptian population.

Title II grant obligations from FY 1975 through FY 1982 totaled \$111.0 million and have been used to support feeding and MCH programs in Egypt.

While PL-480 is very large, it meets only a part of the GOE's wheat and wheat flour import needs. There remains a need for the importation of other commodities such as corn, vegetable oil, and tallow, which would ordinarily be eligible for PL-480 financing. However, because of inadequate PL-480 funds, we anticipate that the CIP will be used to finance some of these PL 480-eligible goods. To the extent necessary, AID/Washington approval for such transactions will be obtained.

IV. CIP IMPLEMENTATION

A. CIP Setting

CIP grants are government-to-government grants, administered by the Ministry of Investment and International Cooperation (MIIC). The MIIC, in collaboration with the Ministries of Finance and Planning, allocates CIP grant funds to various economic sectors requiring foreign exchange at the time such funds become available. The receiving sector or Ministry suballocates its CIP allocation to central controlling organizations, authorities and individual industries or groups under the Ministry's umbrella in accordance with the Ministry's priorities.

GOE procurement procedures are nearly identical for all public sector entities except for layering and the attendant higher level approval and decision processes required of subordinated entities. Each entity's central controlling organization initiates the procurement action, turning on-going details over to the user to resolve. The controlling organization maintains a purchasing committee, composed of member users and organization officials. Separate technical and awards committees also are in place. Once a purchase is initiated, these committees come into action, analyzing supplier proposals, recommending awards, and monitoring the purchase. Final decision to enter into a purchase contract is made by the organization's director, or the sector's ministry, depending upon the nature of the purchase. There are some variations in this procedure. In some areas, the ultimate end-users form their own buying group with ministry approval and undertake procurements in the same way as buying associations in the United States. In other areas, the buyer is a single industrial entity or an authorized distributor, and purchase authority may be delegated directly to the buyer after initial approval of the sub-allocation.

For non-A.I.D. financed transactions, the majority of public sector organizations utilize formal competitive bid procedures, similar in appearance to A.I.D.'s procedures. The essential difference is the method of post bid negotiations entered into by buyers to obtain the most advantageous price for Egypt. Many routine repeat orders, especially by public sector industrial concerns, are in accordance with normal commercial practice for that commodity market, and a simple solicitation of offers by telex or public announcement and negotiated pricing, delivery, etc., may be utilized.

B. Past Experience

Utilization of CIP funds continues to expand substantially as evidenced by a much broader range of imports, and a larger number of different buyers. Egyptians have become more familiar with regulations and procedures governing A.I.D. procurement, and USAID has developed a closer working relationship with its many local counterparts. Annex B presents a summary of the historical and current status of the CIP: (1) Egypt CIP — cumulative allocations by sectors (Figure I); (2) annual allocations of CIP by sectors (Figure II); (3) summary of CIP Agreements by number and date (Table IV); (4) cumulative summary of CIP financing by Ministry/Agency (Table V); (5) commodities financed under CIP (Table VI); (6) commodities financed under CIP by use category (Table VII). To date, there are over 120 separate public sector organizations participating in CIP, purchasing either as the ultimate user or as a buying authority for several satellite members. Each loan/grant has had its major portion allocated to the same ministries, but the purchases often have been by new end users, unfamiliar with A.I.D. procedures.

Other major foreign exchange resources, such as GOE-owned foreign exchange and other donors' aid, are used to fund regular GOE procurements. Thus, the individual ministries and their sub-organizations routinely utilize their foreign exchange, using long established practices. GOE procurement practices do not mesh well with A.I.D. procedures that are designed to promote competition and to establish formal contract terms that are acceptable to both A.I.D. and the U.S. business community as a whole. USAID has ongoing programs to brief organizations receiving their first A.I.D. allocations and alert them to the preliminary work required under A.I.D. regulations. These steps did, at first, inhibit procurement and delay disbursements in the initial phase of the CIP program. However, continued use of CIP funds by the same organizations, familiarity with each other's (A.I.D. and GOE) procedures, trends toward purchasing fast disbursing large volume commodities in lieu of long leadtime capital goods, and greater A.I.D. flexibility on negotiated procurement have all contributed to an accelerated CIP utilization. Thus, in the period January through October 1982, \$230.9 million in Letters of Credit were opened, and total disbursements amounted to \$ 279.1 million.^{1/}

^{1/} Total disbursements are larger than the L/C amount due to prior year L/Cs disbursed in 1981.

C. Use of the CIP Funds in FY 1983

The FY 1983 program incorporates the changes in implementation procedures initiated in FY 1982. During FY 1983, the USAID and the GOE will continue the effort to move the CIP program toward a significant role in support of the capital needs of the GOE development budget.

The program has two components:

- | | |
|---|---------------|
| A. Food staples and industrial raw materials: | \$150 million |
| B. Capital goods: | \$150 million |

The \$150 million allocation for food staples and raw materials continues to service balance of payments concerns. The composition of the food staples and raw materials element of the program is expected to reflect recent trends in the program with industrial tallow, edible oil, yellow corn, coking coal and poultry products at the top of the list.

The capital goods element of the program is targeted against non-project elements within the GOE development budget while attempting to maintain procurement simplicity. As previously indicated, taking into account development concerns and CIP implementation and disbursement objectives, it may be necessary to reallocate funds from one category to another.

A.I.D. recognizes a legitimate role for U.S. assistance in financing recurring, non-project types of capital goods within the development budget of the GOE. Implementation experience in capital goods procurement, however, continues to argue for a concentration on repeat purchases of replacement equipment already defined and successfully purchased under past CIP programs. Where this is not possible, then a more careful analysis of the readiness of the user organization to utilize CIP funds successfully must be made. The GOE and USAID share a common concern for shortening the CIP pipeline. The principal tools available to us are:

- drawing on historical experience with successful procurement;
- avoiding, where possible, custom-built commodities;
- confining low unit-value purchases to high volume orders for standard packages (e.g., the "basic education package"); and
- concentrating procurement activities on GOE agencies with a proven track record in effective and timely implementation.

The Mission currently is exploring with the GOE ways of linking the capital goods component of the CIP more closely with the GOE's Development Budget and the new Development Plan.

Several supplements to USAID review procedures for CIP transactions have been established to facilitate effective implementation. USAID is working with the Ministry of Investment and International Cooperation in developing procedures under which the potential user agency will provide a structured review of the feasibility and appropriateness of procurement packages before an allocation of CIP funds is made, primarily to ensure that the transaction can be completed and the goods utilized in a timely fashion. In line with our concern with effective implementation, we will be funding selected logistic and procurement assistance for the purpose of developing requirements analyses, clarifying equipment specifications, and organizing priority procurement packages. Finally, we are prepared to consider (on a case-by-case basis) requests for procurement of discrete packages of short-term services over and above the commodity-related services that previously have been procured within the standard provisions of Regulation 1. These services will not involve long-term resident advisors, and will not be aimed at fundamental institution-building or capacity-building objectives. Rather, they will be confined to clear, output-oriented tasks where a definite mission or product can be produced within a defined time period. Specialized on-site training for Egyptian technical staff is a possible example.

To accommodate the possibility that the initial allocations may turn out to be too inflexible as the FY 1983 program is being implemented, USAID and the Ministry of Investment and International Cooperation may, by mutual agreement, alter the initial allocations.

The anticipated schedule of allocation, commitment and disbursement for funds provided under this grant is as follows (in millions of dollars):

<u>Piscal Year</u>	<u>Allocated</u>	<u>Committed</u>	<u>Disbursed</u>
FY 1983	300	100	30
FY 1984	-	150	150
FY 1985	-	50	120

As in the past, it probably will be necessary to extend the terminal date of disbursement for up to a year to conclude final transactions.

D. Local Currency Special Account

In accordance with Section 609 of the Foreign Assistance Act of 1961, as amended, and as provided in the US/GOE Bilateral Agreement which was entered into from October 15, 1978, the Government of the Arab Republic of Egypt was to establish a Special Account in the Central Bank of Egypt and to deposit therein currency of the Government of the Arab Republic in amounts equal to proceeds accruing to the government, or any agency thereof, as a result of the sale or importation of eligible items. The Special Account was established in conjunction with the FY 1979 Supplemental Commodity Import Program Grant.

Deposits into the Special Account are to be generated only by sales and imports financed under the grant portion of the CIP. Under the FY 1982 CIP Agreement, in cases where credit terms are provided to importers under the CIP, deposits to the Special Account are made in accordance with the debt service schedule associated with these credit terms. In all other cases, deposits to the Special Account occur directly with the sales. Funds in the Special Account may be used for such purposes as mutually agreed upon by A.I.D. and the Government of Egypt. In FY 1983, the Special Account will be used to provide part of the local cost financing requirements for Egypt's public sector investment budget and for mutually agreed purposes currently under discussion.

USAID representatives will meet with GOE representatives (a) to discuss specific uses of funds in the Special Account and timing of deposits to the Special Fund under the FY 1983 CIP Agreement, and (b) to seek a separate trust fund agreement.

V. CONDITIONS PRECEDENT AND COVENANTS

A. Conditions Precedent to Initial Disbursement

1. Prior to any disbursement under the grant or to the issuance by A.I.D. of documentation pursuant to which disbursement will be made, the Grantee shall, except as A.I.D. may otherwise agree in writing, furnish to A.I.D. in form and substance satisfactory to A.I.D.: (a) an opinion or opinions of the Minister of Justice of the Arab Republic of Egypt that the Agreements have been duly authorized and/or ratified by and executed on behalf of the Grantee and that they constitute valid and legally binding obligations of the Grantee in accordance with all their terms; and (b) a statement of the names of the persons holding or acting in the office of the Grantee specified in the Agreements and a specimen signature of each person specified in such statements.

2. Prior to any disbursement or to the issuance by A.I.D. of documentation pursuant to which disbursement will be made, the Grantee shall furnish to A.I.D., in form and substance satisfactory to A.I.D., a description of the procedures established by the Central Bank of Egypt for the deposit and accounting of the proceeds paid into the Special Account.

3. Prior to any disbursement or to the issuance by A.I.D. of documentation pursuant to which disbursement will be made, the Grantee shall, unless A.I.D. otherwise agrees in writing, furnish to A.I.D. in form and substance satisfactory to A.I.D., evidence of the disposition of the funds credited to the Special Account through March 31, 1983 and a plan for the disposition of funds to be credited to the Special Account through the period March 31, 1984.

B. Covenants

1. The Grantee will maintain a Special Account in the Central Bank of Egypt and will deposit therein Egyptian currency in amounts equal to the proceeds of the importation and sale of eligible items, except as A.I.D. may otherwise agree in writing. Funds in the Special Account will be used for such purposes as are mutually agreed upon by A.I.D. and the Grantee and otherwise specified in the agreement.

2. Periodically, but no less than twice annually, the Grantee and A.I.D. will meet to discuss the status of the economy, associated economic issues, and the relationship of the A.I.D. program to these concerns.

C. General Terms

1. Unless A.I.D. otherwise agrees in writing, any set asides or extraordinary allocation of funds shall be agreed to by A.I.D. and the Ministry of Investment and International Cooperation and set forth in Implementation Letters.

2. Unless A.I.D. otherwise agrees in writing, commodities and related services financed under the grant shall have their source and origin in the United States.

3. Unless A.I.D. otherwise agrees in writing, the terminal date for disbursement shall be thirty-six (36) months after the Conditions Precedent have been met.

4. Labor services for the rebuilding of railway equipment are authorized to be financed.

5. Short term technical advisory and training services in addition to those specified for under Regulation I may be agreed to by A.I.D. and the Department for Economic Cooperation with U.S.A. of the Ministry of Investment and International Cooperation on a case-by-case basis where such services would contribute to the proper operation, maintenance, or application of commodities financed by A.I.D.

6. The GCE has agreed to the following credit terms for purchases by public sector entities under the CIP:

User: General Agency for Supply Commodities (GASC) and other purchasers of raw materials (eg. coking coal).
Terms: "Cash" (100 percent local currency offset).

User: Public organizations and utilities (Egyptian Electricity Authority, Egyptian National Railroads, Arab Republic of Egypt National Telephone Organization, Organization for Broadcasting and Television Foundation).
Terms: OECD interest rate and 5 year term.

User: Public sector industry.
Terms:

Capital goods: Central Bank of Egypt rate and 5 year term.

Intermediate goods: OECD interest rate and 18 month term.

User: Ministries and other agencies.
Terms: "Cash" (100 percent local currency offset) or clearly agreed-upon extra-budgetary set-aside.

7. The grant shall be subject to such other terms and conditions as A.I.D. may deem advisable.

ANNEX A

STATISTICAL TABLES

TABLE I

EGYPT: BALANCE OF PAYMENTS,
1980/81 - 1982/83
A. EXPORTS
(In Millions of Current Dollars)

<u>Transaction</u>	<u>1980/81</u>	<u>1981/82</u>	<u>Projected 1982/83</u>
1. Goods Except Petroleum	<u>1,128</u>	<u>1,110</u>	<u>1,200</u>
a. Cotton	326	291	
b. Other Agricultural Products	194	162	
c. Yarn and Textiles	276	251	
d. Other Industrial Products	187	220	
e. Other	145	186	
2. Petroleum	<u>3,733</u>	<u>3,729</u>	<u>3,840</u>
a. Crude Oil and Products ^{1/}	<u>2,742</u>	<u>2,735</u>	<u>2,800</u>
b. Repatriate Exports of AMOCO and IECC ^{2/}	813	813	850
c. Refund of Foreign Company Expenses (cost Recovery)	178	181	190
3. Total Goods Exports (1+2)	<u>4,861</u>	<u>4,839</u>	<u>5,040</u>
4. Non-Factor Service Receipts	<u>2,450</u>	<u>2,502</u>	<u>2,700</u>
a. Suez Canal Dues	780	909	1,000
b. Tourism Receipts (Official)	712	616	700
c. Other	958	977	1,000
5. Factor Service Receipts	<u>3,029</u>	<u>2,208</u>	<u>2,300</u>
a. Workers' Remittances ^{3/}	<u>2,625</u>	<u>1,741</u>	<u>1,800</u>
i. Cash	(1,065)	(660)	(700)
ii. Own-Exchange Imports	(1,560)	(1,081)	(1,100)
b. Investment Income	404	467	500
6. Total Exports (3+4+5)	<u>10,340</u>	<u>9,549</u>	<u>10,040</u>

^{1/} Revised upward from Central Bank of Egypt figures.

^{2/} Profit repatriation and cost recovery of American Oil Company (AMOCO) and International Egypt Oil Company (IECC).

^{3/} Breakdown into cash and own-exchange imports derived from LE Figures published in Central Bank of Egypt, Annual Report 1981/82, Table No. 5.

Sources: 1980/81 and 1981/82: Central Bank of Egypt (CBE), direct communication and Annual Report 1981/82, Table No. 5..

TABLE I (Cont'd)

EGYPT: BALANCE OF PAYMENTS,
1980/81 - 1982/83
B. IMPORTS
(In Millions of Current Dollars)

<u>Transaction</u>	<u>1980/81</u>	<u>1981/82</u>	<u>Projected 1982/83</u>
1. Goods <u>1/</u>	<u>8,722</u>	<u>8,574</u>	<u>8,400</u>
a. Food	2,312	2,188	
b. Other Consumer Goods	847	507	
c. Intermediate Goods	3,375	2,480	
d. Capital Goods	2,188	3,400	
2. Non-Factor Service Payments	<u>1,441</u>	<u>1,722</u>	<u>1,800</u>
3. Factor Service Payments	<u>1,750</u>	<u>1,908</u>	<u>2,040</u>
a. Interest on Debt	759	914	1,000
b. Repatriate Exports of AMOCO and IEOC ^{2/}	813	813	850
c. Refund of Foreign Company Expenses (Cost Recovery)	178	181	190
4. Total Imports (1+2+3)	<u>11,913</u>	<u>12,204</u>	<u>12,240</u>

1/ Includes own-exchange imports.

The sub-groups are approximated as follows from the classification used by the Central Bank of Egypt:

- a. Food:
 - 1. Livestock, animal and vegetable products, food and beverages.
- b. Other Consumer Goods:
 - 7. Manufactured articles, and other commodities and transactions.
 - 8. Unclassified.
- c. Intermediate Goods:
 - 2. Fats, grease, oils and products, mineral products and fuel.
 - 3. Chemicals, rubber and leather.
 - 4. Wood, cork, paper and textile materials.
 - 6. Base metals and manufactures thereof, arms and ammunition.
- d. Capital Goods:
 - 5. Machinery, electric appliances, boilers, means of transport.

Table 1.3. (cont.)

2/ Differs from CBE estimates by including repatriate exports of American Oil Company (AMOCO) and International Egypt Oil Company (IEOC) and foreign oil company cost recovery not only as a receipt (commodity export) but also as a factor service payment.

Sources: 1980/81 and 1981/82: Central Bank of Egypt (CBE), direct communication and Annual Report 1981/82, Table No.9.

1982/83: Mission projection.

DPPE/PAAD:2/2/83

TABLE I (Cont'd)

EGYPT: BALANCE OF PAYMENTS,
1980/81 - 1982/83
C. BALANCE OF PAYMENTS: CURRENT ACCOUNT
(In Millions of Current Dollars)

<u>Transaction</u>	<u>1980/81</u>	<u>1981/82</u>	<u>Projected 1982/83</u>
1. Trade Balance	<u>-3,861</u>	<u>-3,735</u>	<u>-3,360</u>
a. Exports of goods	4,861	4,839	5,040
b. Imports of goods	-8,722	-8,574	-8,400
2. Non-Factor Services, Net	<u>1,009</u>	<u>780</u>	<u>900</u>
a. Receipts	2,450	2,502	2,700
b. Payments	-1,441	-1,722	-1,800
3. Factor Services, Net	<u>1,279</u>	<u>300</u>	<u>260</u>
a. Receipts	3,029	2,208	2,300
b. Payments	-1,750	-1,908	-2,040
4. Current Account Balance (- = Deficit)	<u>-1,573</u>	<u>-2,655</u>	<u>-2,200</u>
5. Unrequited Transfers	<u>63</u>	<u>51</u>	<u>50</u>
6. Current Account Deficit plus Transfers	<u>-1,510</u>	<u>-2,604</u>	<u>-2,150</u>

Sources: 1980/81 and 1981/82: Central Bank of Egypt (CBE), direct communication, with factor payments adjusted as indicated in Table I.B above.

1982/83: Mission projection.

DPPE/PAAD: 2/2/83

TABLE I (Cont'd)
 EGYPT: BALANCE OF PAYMENTS,
 1980/81 - 1982/83
 D. BALANCE OF PAYMENTS: CAPITAL ACCOUNT (PROVISIONAL)
 (In Millions of Current Dollars)^{1/}

<u>Transaction</u>	<u>1980/81</u>	<u>1981/82</u>	<u>Projected 1982/83</u>
1. Current Account Balance plus Transfers	<u>-1,510</u>	<u>-2,604</u>	<u>-2,150</u>
2. Amortization Payments	<u>-2,027</u>	<u>-3,663</u>	<u>-5,988</u>
a. General Loans	-382	-780	-2,706
b. Banks	-700	-1,723	-1,557
c. Supplier Credits (Repayments)	-945	-823	-808
d. Other ^{2/}	-	-337	-1,917
e. IMF Repayments	-	-	-
3. Total Requirements	<u>-3,537</u>	<u>-6,267</u>	<u>-9,138</u>
4. Total Non-Reserve Financing	<u>3,419</u>	<u>6,256</u>	<u>8,206</u>
a. Direct Investment	300	300	300
b. Internat'l Assistance:			
i. U.S., Total ^{3/}	1,018	902	950
CIP	(27)	(242)	(290)
PL-480 project	(281)	(355)	(250)
Other Bilateral ^{4/}	(350)	(305)	(410)
ii. Other Bilateral ^{4/}	391	300	310
iii. Multilateral ^{5/}	200	250	270
c. Supplier Credits (Inflows)	882	455	448
d. Banking Facilities ^{6/}	300	2,306	1,257
e. Other ^{7/}	1,100	848	1,377
f. Deferred Amortization Obligations ^{8/}	-	-	2,994
g. Net Errors and Omissions	-772	895	-
5. Change in Reserves ^{9/} (- = Increase)	<u>118</u>	<u>11</u>	<u>932</u>
6. Financing Gap	=	=	

Notes and Sources: See next page.

Table I.D. (cont.)

Sources:

1980/81: IMF and USAID/Cairo Controller reports.

1981/82 and 1982/83: Provisional USAID/Cairo estimates based in part on data from Central Bank of Egypt and USAID/Cairo Controller reports.

Notes:

1/ Current account balance dollar figures represent LE transactions converted at the LE 0.70 or LE 0.84 per dollar rate in effect for the transaction recorded. The figures for U.S. assistance are entered directly in dollars. Most of the other line items are converted at LE 0.835 per dollar. The inconsistencies introduced thereby are absorbed into the errors and omissions item.

2/ Includes cotton pre-financing (in millions of dollars): 1981/82: 32; 1982/83: 42.

3/ Figures are for US fiscal years (October - September) rather than GOE fiscal years (July - June). The figures are for expenditures rather than disbursements as defined by AID.

4/ DAC GDA (provisional estimates).

5/ Provisional, mainly IBRD.

6/ Includes \$200 million Chase syndication in 1982/83.

7/ Includes: (a) sale of development bonds; (b) prior import deposits held at Central Bank of Egypt and authorized banks (applies only to own-exchange import transactions); (c) foreign currency reserve requirements imposed on banks' foreign currency liabilities; and (d) the following:

	<u>1980/81</u>	<u>1981/82</u>	<u>1982/83</u>
IMF	-	65	-
Export pre-financing	-	84	-

8/ Mainly payment obligations due to Gulf Organization for the Development of Egypt (GOE) and possibly some payment obligations on bilateral clearing balances.

Table I.D. (cont.)

9/ Official international reserves according to IMF, International Financial Statistics, November 1982, pp.148-149 were as follows (in millions of dollars):

	June 30, 1980	June 30, 1981	June 30, 1982
End of period	<u>1,005</u>	<u>659</u>	<u>735</u>

These numbers imply the following changes in reserves during 1980/81 and 1981/82:

	<u>1980/81</u>	<u>1981/82</u>
Increase in reserves (-decrease)	-346	76

DPPE/PAAD: 2/2/83

TABLE II
U.S. ECONOMIC COMMITMENTS TO EGYPT, FY 1975-1982
(Millions of Dollars as of December 31, 1982)

	<u>L/C</u>	<u>FY 1975</u>	<u>FY 1976*</u>	<u>FY 1977</u>	<u>FY 1978</u>	<u>FY 1979</u>	<u>FY 1980</u>	<u>FY 1981</u>	<u>FY 1982</u>
I. GENERAL ECONOMIC SUPPORT		250.0	518.1	647.1	500.85	564.6	702.8	588.0	630.0
A. Balance of Payments (Sub-Total)		248.1	501.1	620.7	476.5	547.1	660.0	575.0	625.0
Commodity Import Program	L	(150.0)	(315.0)	(440.0)	(300.0)	(250.0)	(280.0)	(70.0)	-
Commodity Import Program	G	-	-	-	-	(85.0)	(55.0)	(230.0)	(350.0)
PL-480 Title I	L/G	(98.1)	(186.1)	(180.7)	(176.5)	(212.1)	(325.0)	(275.0)	(275.0)
B. Development Planning		1.9	17.0	26.4	24.35	17.5	42.8	15.0	5.0
Technical & Feasibility Studies (003, 0013, 0025, 0042)	G	(0.9)	(15.0)	(16.0)	(12.0)	(5.0)	(6.0)	(8.0)	-
Technology Transfer & Workforce Develop. (0002, 0011, 0026)	G	(1.0)	(2.0)	(4.5)	(4.0)	(10.0)	(6.0)	(5.0)	(5.0)
Applied Science & Technology Research (0016)	G	-	-	(3.9)	(4.2)	-	(16.3)	-	-
Development Planning Studies (0061)	G	-	-	-	(3.8)	-	(12.0)	-	-
Sinai Planning Studies (0113)	G	-	-	-	-	(2.5)	(2.5)	-	-
Review of U.S. Assistance to Egypt (0088)	G	-	-	-	(0.35)	-	-	-	-
Summary: Loan Component		248.1	501.1	620.7	476.5	462.1	605.0	345.0	-
Grant Component		1.9	17.0	26.4	24.35	102.5	97.8	243.0	630.0

TABLE II (cont'd)
 U.S. ECONOMIC COMMITMENTS TO EGYPT, FY 1975-1982
 (Millions of Dollars as of December 31, 1982)

	L/C	FY 1975	FY 1976*	FY 1977	FY 1978	FY 1979	FY 1980	FY 1981	FY 1982
II. INFRASTRUCTURE		<u>30.0</u>	<u>173.0</u>	<u>123.01</u>	<u>221.0</u>	<u>305.8</u>	<u>193.1</u>	<u>197.0</u>	<u>165.2</u>
Electric Power Distribution Equipment (0001)	C	(30.0)	-	-	-	-	-	-	-
Ismailia Electric Power Plant (0009)	C	-	(99.0)	(42.0)	-	-	-	-	-
National Energy Control Center (0023)	L/C	-	(24.0)	-	(17.0)	-	(2.5)	-	-
Gas Turbines Generators (Belwan/Talka) (0008)	L	-	(50.0)	(19.0)	-	-	-	-	-
Urban Electric Power Distribution (0033)	L/C	-	-	(17.01)	(20.9)	-	(10.0)	-	-
Cairo Water System (0038)	L/C	-	-	(30.0)	-	-	-	(31.0)	(30.4)
Alexandria Sewerage I (0089)	L	-	-	(15.0)	-	-	-	-	-
Alexandria Sewerage System Expansion (0100)	C	-	-	-	-	(87.3)	-	-	-
Cairo Sewerage (0091)	C	-	-	-	(25.0)	-	-	(74.1)	-
Canal Cities Water & Sewage Systems (0048)	L/C	-	-	-	(60.0)	(36.0)	-	-	-
Telecommunications I, II, III (0054, 0075, 0117)	L/C	-	-	-	(40.0)	(80.0)	(80.0)	-	(42.0)
Low Cost Housing & Community Upgrading (0066)	C	-	-	-	(50.0)	-	(28.1)	(1.9)	-
Shoubra Power Thermal Electric Plant (0030)	C	-	-	-	-	(100.0)	-	(90.0)	-
Aswan High Dam Rehabilitation (0160)	C	-	-	-	-	-	-	-	85.0
Energy Policy & Renewables Demonstration (0123)	C	-	-	-	-	-	-	-	(7.8)
Summary: Loan Component		-	74.0	81.01	146.0	-	-	-	-
Grant Component		30.0	99.0	42.0	75.0	305.0	193.1	197.0	165.2
III. DECENTRALIZATION					<u>1.4</u>	<u>2.5</u>	<u>127.3</u>	<u>55.0</u>	<u>75.0</u>
* Decentralization Sector Support (K-605)	C	-	-	-	-	-	-	-	(75.0)
Development Decentralization (0021, K-605.1)	C	-	-	-	(1.4)	(2.5)	(7.3)	(15.0)	-
Basic Village Services (0103, K-605.2)	C	-	-	-	-	-	(70.0)	-	-
Provincial Cities (0127, K-605.3)	C	-	-	-	-	-	-	(20.0)	-
Decentralization Support Fund (0143, K-605.4)	C	-	-	-	-	-	(50.0)	-	-
Neighborhood Urban Services (0153, K-605.5)	C	-	-	-	-	-	-	(20.0)	-
Other (K-605.6)	C	-	-	-	-	-	-	-	-

* Combines all of the above activities

TABLE 11 (cont'd)
 U.S. ECONOMIC COMMITMENTS TO EGYPT, FY 1975-1982
 (Millions of Dollars as of December 31, 1982)

	<u>L/C</u>	<u>FY 1975</u>	<u>FY 1976*</u>	<u>FY 1977</u>	<u>FY 1978</u>	<u>FY 1979</u>	<u>FY 1980</u>	<u>FY 1981</u>	<u>FY 1982</u>
IV. TRANSPORTATION, INDUSTRY, COMMERCE & FINANCE		79.3	255.6	63.0	180.9	54.0	70.8	80.5	148.0
Grain Storage Facilities (0028)	L	(44.3)	-	-	-	-	-	-	-
Food Grain/Veg. Oil Storage & Dist. Fac. (0037)	L	-	-	(42.0)	-	-	-	-	-
Suez Canal Rehabilitation (0004)	C	(22.0)	(2.6)	-	-	-	-	-	-
Road Building Equipment (0007)	C	(10.0)	(4.0)	-	-	-	-	-	-
Cargo Handling Equip. (Alexandria Port 0014)	L	-	(31.0)	-	-	-	-	-	-
Suez Canal Plant (0012)	C	-	(90.0)	-	-	-	(10.0)	-	-
Mihalla Textile Plant Rehabilitation (0010)	L	-	(96.0)	-	-	-	-	-	-
Development Industrial Bank (0018, 0045)	L/C	-	(32.0)	-	(2.0)	-	-	-	-
Hydrographic Survey for Suez Canal (0071)	C	-	-	(8.0)	-	-	-	-	-
Port Said Salines Production Plant (0072)	C	-	-	(13.0)	-	-	-	-	-
Suez Port Development (0047)	L	-	-	-	(30.0)	-	-	-	-
Industrial Production (0101)	L/C	-	-	-	(53.9)	(16.0)	(25.0)	(50.0)	-
Quattaniya Cement Plant (0052)	L	-	-	-	(95.0)	-	-	-	-
Private Investment Encouragement Fund (0097)	C	-	-	-	-	(33.0)	-	-	-
Private Sector Feasibility Studies (0112)	C	-	-	-	-	(5.0)	-	-	-
Vehicle Maintenance Training (0114)	C	-	-	-	-	-	(4.5)	-	-
Industrial Productivity Improvement (0090)	C	-	-	-	-	-	(8.5)	(30.5)	-
Mineral, Petroleum & Groundwater Assess. (0105)	C	-	-	-	-	-	(20.7)	-	-
Tax Administration (0115)	C	-	-	-	-	-	(2.1)	-	-
Helicopter Transfer -	C	(3.0)	-	-	-	-	(2.1)	-	-
Safage Silos (0145)	C	-	-	-	-	-	-	-	(80.0)
Private Sector Production Credit (0147)	C	-	-	-	-	-	-	-	(5.0)
Summary: Loan Component		44.3	159.0	42.0	171.4	-	-	-	-
Grant Component		35.0	96.6	21.0	9.5	54.0	70.8	80.5	148.0

TABLE 11 (cont'd)
 U.S. ECONOMIC COMMITMENTS TO EGYPT, FY 1975-1982
 (Millions of Dollars as of December 31, 1982)

	L/C*	FY 1975	FY 1976*	FY 1977	FY 1978	FY 1979	FY 1980	FY 1981	FY 1982
V. FOOD AND AGRICULTURE			32.5	41.84	13.8	105.5	78.0	64.0	-
PVC Pipe Drainage (0019)	L	-	(31.0)	-	-	-	-	-	-
Water Use & Management (0017)	C	-	(1.5)	(0.8)	(1.5)	(3.2)	-	(6.0)	-
Canal Dredging Equipment (0015)	L/C	-	-	(26.0)	-	-	-	-	-
Irrigation Equipment (0040)	L/C	-	-	(11.0)	-	-	(8.0)	-	-
Agricultural Development Systems (0041)	C	-	-	(1.2)	(3.8)	(7.9)	-	-	-
Poultry Development (0060)	C	-	-	(0.47)	(3.5)	(0.6)	-	(8.0)	-
Rice Research & Training (0027)	C	-	-	(2.37)	(1.5)	(5.9)	-	12.0	-
Apiculture Development (0064)	C	-	-	-	(3.5)	-	(24.0)	-	-
Major Cereals (0070)	C	-	-	-	-	(30.0)	(17.0)	-	-
Small Farmer Production (0079)	C	-	-	-	-	(25.0)	-	-	-
Agricultural Cooperative Development (0095)	C	-	-	-	-	(5.0)	-	-	-
Small Scale Agricultural Activities (0096)	C	-	-	-	-	(1.7)	-	-	-
Agricultural Mechanization 0031	C	-	-	-	-	(21.0)	(19.0)	-	-
Agricultural Management Development (0116)	C	-	-	-	-	-	(5.0)	-	-
Agr. Data Collection & Analysis (0142)	C	-	-	-	-	-	(5.0)	-	-
Irrigation Management Systems (0132)	C	-	-	-	-	-	-	(38.0)	-
Summary: Loan Component			31.0	37.0	-	-	-	-	-
Grant Component			1.5	4.84	13.8	105.5	78.0	64.0	-

TABLE II (cont'd)
 U.S. ECONOMIC COMMITMENTS TO EGYPT, FY 1975-1982
 (Millions of Dollars as of December 31, 1982)

	L/C	FY 1975	FY 1976*	FY 1977	FY 1978	FY 1979	FY 1980	FY 1981	FY 1982
IV. SOCIAL SERVICES		<u>12.6</u>	<u>7.4</u>	<u>17.0</u>	<u>17.2</u>	<u>33.7</u>	<u>112.8</u>	<u>143.7</u>	<u>48.4</u>
Strengthen Rural Health Delivery System (0015)	C	-	(1.8)	-	(1.8)	(4.2)	-	-	-
Family Planning (0029)	C	-	-	(4.0)	(6.0)	(6.5)	(10.0)	(18.5)	(22.4)
Integrated Social Work Training Centers (0020)	C	-	-	(1.0)	(1.5)	(1.5)	-	-	-
Urban Health Delivery (0065)	C	-	-	-	-	(5.0)	(20.3)	(12.0)	-
Peace Fellowships Program (0110)	C	-	-	-	-	-	(30.0)	(24.0)	-
Suez Canal Univ. - Fac. of Medicine (0136)	C	-	-	-	-	-	(2.7)	-	(5.4)
University Linkages (0118)	C	-	-	-	-	-	(27.5)	-	-
Control of Diarrheal Diseases (0137)	C	-	-	-	-	-	-	(76.0)	-
Basic Education (0139)	C	-	-	-	-	-	-	(39.0)	-
PL-480 Title II (a)	C	(12.6)	(5.0)	(12.0)	(6.5)	(14.0)	(15.0)	(24.7)	(20.6)
TOTAL A.I.D. ASSISTANCE (Excluding PL-480 Program)		<u>261.2</u>	<u>294.9</u>	<u>699.5</u>	<u>750.75</u>	<u>835.0(c)</u>	<u>865.0(d)</u>	<u>829.0</u>	<u>771.0</u>
PL-480 TITLE I PROGRAM (Including Title III)		<u>110.7</u>	<u>191.7</u>	<u>192.7</u>	<u>183.0</u>	<u>226.1</u>	<u>340.0</u>	<u>328.9</u>	<u>275.0</u>
GRAND TOTAL U.S. ECONOMIC ASSISTANCE	(b)	<u>371.9</u>	<u>986.6</u>	<u>891.95</u>	<u>933.75</u>	<u>1,061.1</u>	<u>1,205.0</u>	<u>1,152.6</u>	<u>1,046.0</u>

- * Includes Interim Quarter
 L - Loan; C - Grant
 (a) Includes Estimated Ocean Freight Costs
 (b) Does not include Egyptian Pound Grants
 (c) Includes \$85 million Supplemental Peace Allotment
 (d) Includes \$55 million Supplemental Peace Allotment

TABLE III

Egypt: Consumer Price Index for Urban Population, 1975-1982
(1966/67 = 100)

<u>Expenditure Group</u>	<u>December</u>		<u>1977</u>	<u>1978</u>	<u>1979</u>
	<u>1975</u>	<u>1976</u>			
Food and Beverages (52.5) <u>1/</u>	181.9	209.2	231.3	254.7	277.3
Of which:					
Cereals (11.2)	121.5	125.8	135.8	139.3	134.4
Pulses (6.6)	202.1	218.1	256.9	273.9	305.4
Meat, Fish, and Eggs (13.1)	234.2	287.8	316.2	331.8	383.7
Dairy Products (5.9)	216.6	240.9	279.6	315.4	336.9
Vegetables (3.8)	218.5	276.8	241.3	331.7	336.8
Fruits (2.9)	187.6	230.2	263.6	362.2	392.4
Housing (15.7)	108.6	109.1	109.5	110.2	111.2
Furniture and Other Durables (1.3)	128.4	136.3	156.3	181.1	187.7
Clothing (8.4)	140.1	147.4	188.1	239.1	247.5
Transportation and Communication (4.4)	122.6	136.0	144.7	145.1	185.6
Services (9.9)	140.5	144.0	180.8	203.8	244.2
Personal Expenses (7.8)	125.0	128.1	133.9	160.7	187.9
All Items (100.0)	155.2	171.2	191.1	212.6	233.5

TABLE III (cont'd)

Egypt: Consumer Price Index for Urban Population, 1975-1982
(1966/67 = 100)

Expenditure Group	December		July	
	1980	1981	1981	1982
Food and Beverages (52.5) ^{1/}	348.8	394.3	388.0	459.1
Of which:				
Cereals (11.2)	181.3	194.5	191.9	216.8
Pulses (6.6)	488.1	474.2	491.2	528.4
Meat, Fish, and Eggs (13.1)	455.5	530.5	514.9	606.3
Dairy Products (5.9)	468.7	493.0	467.5	552.4
Vegetables (3.8)	326.7	538.0	376.0	511.6
Fruits (2.9)	401.9	488.8	684.2	1012.7
Housing (15.7)	116.1	114.1	144.4	113.7
Furniture and Other Durables (1.3)	187.7	201.9	201.9	283.9
Clothing (8.4)	298.6	313.3	309.9	346.3
Transportation and Communication (4.4)	193.9	207.9	207.9	313.2
Services (9.9)	272.8	280.8	277.5	332.5
Personal Expenses (7.8)	210.7	213.7	213.7	229.2
All Items (100.0)	281.0	307.9	304.0	357.2

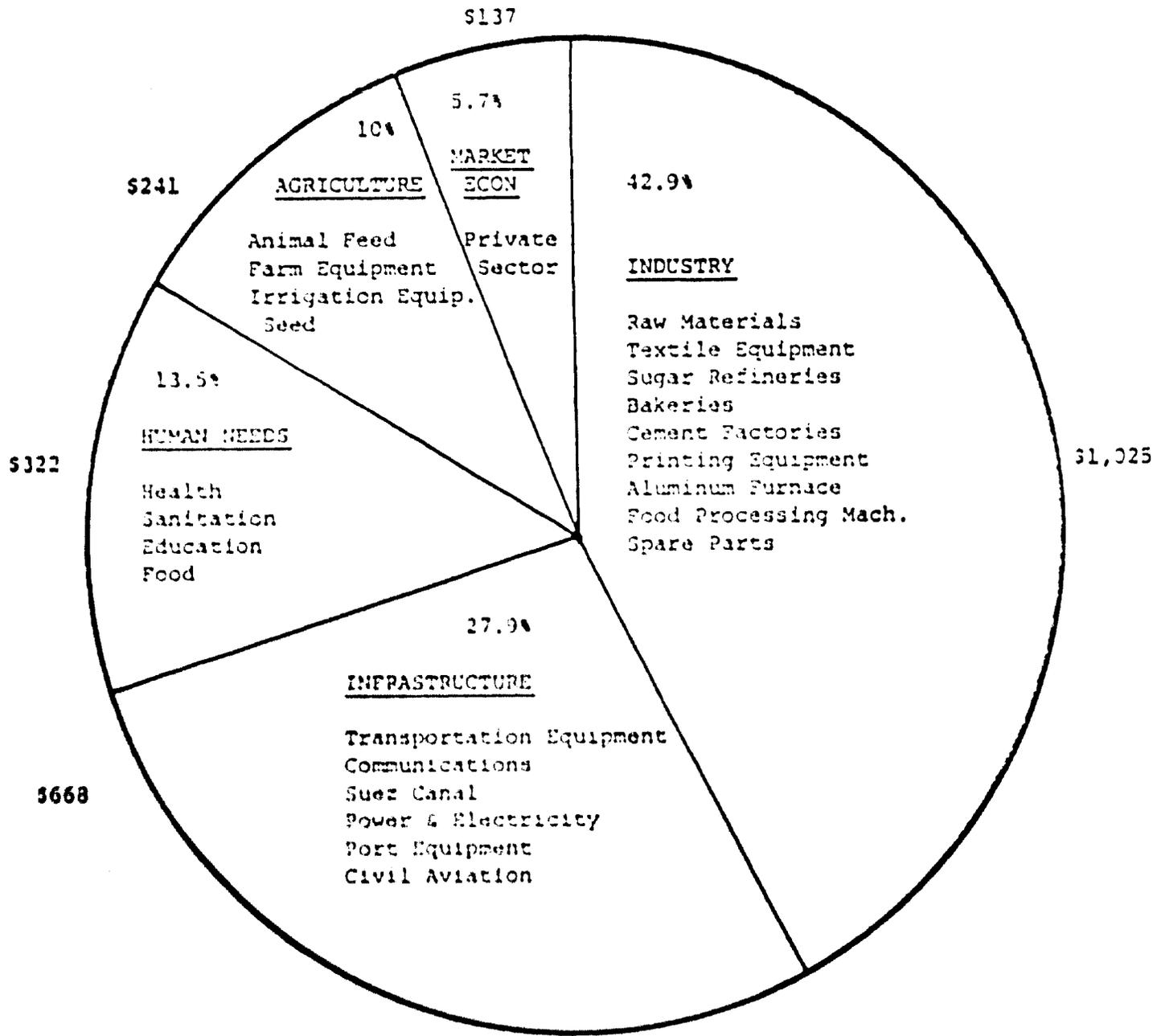
Sources: Central Agency for Public Mobilization and Statistics (CAPMAS), Monthly Bulletin of Consumer Price Index for July 1982, Cairo, August 1982 (and previous issues); and IMF.

^{1/} The numbers in parentheses are indicative commodity weights based on the commodity weights employed in five regional subindices and population weights for these regions. The regional weights are based on a family budget survey of 1964/65 and the sample population census of 1966.

ANNEX B

CIP IMPORT STATISTICS

EGYPT COMMODITY IMPORT PROGRAM : CUMULATIVE
ALLOCATIONS BY SECTORS, FY 1975 THROUGH FY 1982
(In Millions of Dollars)



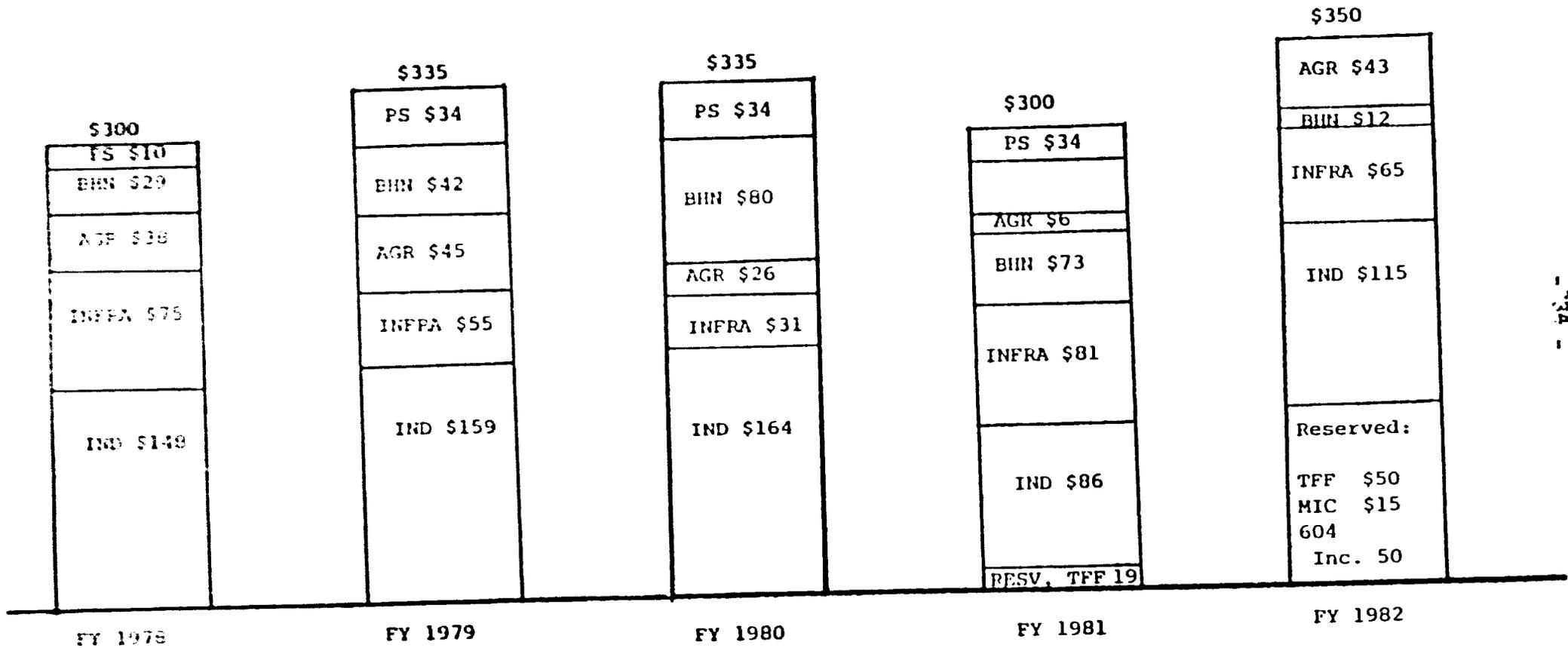
TOTAL: \$2,391 MILLION*

*This Figure excludes:

TTT	\$267.0 Million
Reserved	\$15.0 Million
604 Increase	\$50.0 Million

FIGURE II

COMMODITY IMPORTS FINANCED ANNUALLY UNDER EGYPT CIP, BY SECTOR: FY 1978-1982
(In Millions of Dollars)



AGR - Agriculture
 BHN - Basic Human Needs
 IND - Industry
 INFRA - Infrastructure
 PS - Private Sector

As of 11/30/82

TABLE IV

SUMMARY OF CIP LOAN AND GRANT AGREEMENTS
By Agreement Number
As of November 30, 1982

(In Thousands of Dollars)

AGREEMENT NO.	(A)	(B)	(C)	(D)	(E)	(F)	Eligibility Date	TERMINAL DATES	
	Amount Obligated	I/C's Opened	In Process	Available	As of Oct. 31, 1982 Dish'd	Undish'd		Shipping	Disbursement
GRAND TOTAL	2,524,834	2,049,530	90,428	384,626	1,932,303	542,531			
263-K-026	79,926	79,926	--	--	79,926	--	01-14-75	07-31-80	08-31-80
263-K-027	69,908	69,908	--	--	69,908	--	06-27-75	07-31-80	08-31-80
263-K-029	100,000	99,983	--	--	99,843	157	04-05-76	11-30-81	12-31-81
263-K-030	150,000	149,911	--	--	149,171	829	10-07-76	06-30-82	07-31-82
263-K-036	65,000	64,855	--	--	64,593	407	09-30-76	06-30-82	07-31-82
263-K-038	440,000	435,080	3,228	1,692	415,239	24,761	03-06-77	04-30-83	06-30-83
263-K-045-A	226,000	224,484	966	550	222,881	3,119	02-27-78	03-31-83	04-28-83
263-K-045-B	74,000	71,752	2,248	--	70,607	3,393	02-27-78	03-31-83	04-28-83
263-K-052	250,000	246,568	647	2,785	237,713	12,287	05-19-79	09-22-84	10-22-84
263-K-053	30,000	29,390	62	548	28,729	1,271	06-30-80	06-30-83	07-31-83
263-K-054	250,000	233,601	6,123	10,276	225,540	24,460	06-30-80	06-30-83	07-31-83
263-K-055	70,000	35,724	13,577	20,699	35,575	34,425	06-28-81	08-31-84	09-15-84
263-K-601	85,000	84,460	267	273	74,843	10,157	08-29-79	12-31-83	01-15-84
263-K-602	55,000	52,000	732	2,268	50,876	4,124	06-30-80	06-30-83	07-31-83
263-K-603	230,000	136,104	54,328	51,406	88,755	141,245	06-28-81	08-31-84	09-15-84
263-K-604	350,000	35,784	8,250	305,967	18,104	281,898	02-05-82	05-31-85	06-30-85
						1,17			

Col (C). In process means funds have been reserved; because transaction has been approved and either an Invitation for Bid, Solicitation, or waiver is being processed.

Col (D). Available means that transaction has not been approved, although specifications may be in process by importer.

Columns (B)+(C)+(D) = Column (A). Also, Columns (E)+(F) = Column (A).

Funds are currently being deobligated under Loans 029, 030, and 036. Therefore, undisbursed funds are not shown as available.

TABLE V

CUMULATIVE SUMMARY OF CIP FINANCING FY 1975 THROUGH NOVEMBER 30, 1982
By Ministry Agency

MINISTRY/AGENCY	(In Thousands of Dollars)				
	(A) Amount Allocated	(B) Percent Of Total	(C) I/C's Opened	(D) In Process	(E) Available
TOTAL	2,525,750*	100.0	2,049,530	90,428	385,793*
Ministry of:					
Agriculture	36,073	1.5	27,932	--	8,141
Central Agency for Auditing	2,000	0.1	--	--	2,000
Civil Aviation	1,950	0.1	1,869	81	--
Communications	70,920	2.5	61,630	--	9,290
MIIC (TFF)	75,000	3.0	--	5,919	69,081
MIIC (Reserved)	65,000	0.6	--	--	65,000
Education	58,452	2.4	38,755	2,670	17,027
Electricity	128,771	5.2	98,144	30,502	125
Finance	3,000	0.1	--	--	3,000
Health	14,221	0.6	9,935	--	4,286
Industry	611,044	24.7	536,828	3,925	70,291
Excluding GOPI	(549,544)	(22.2)	(478,751)	(1,291)	(69,502)
GOPI	(61,500)	(2.5)	(58,568)	(2,025)	(907)
Information	101,938	4.1	86,002	2,878	13,058
Irrigation	13,596	0.5	4,464	2,019	7,113
Justice	1,000	--	--	--	1,000
NSC (Housing)	25,400	1.0	20,770	1,728	2,902
Social Affairs & Ins.	2,000	0.1	--	--	2,000
Supply	851,121	34.4	798,123	24,982	28,016
Trade	8,785	0.4	8,785	--	--
Transport	219,011	9.2	178,548	6,990	33,473
Governorates	49,422	2.0	26,767	5,290	17,365
Suez Canal Authority	49,156	2.0	36,934	4,053	8,169
Private Sector	137,891	5.5	113,553	--	24,338

*Includes deobligated amounts from expired agreements not deducted from Ministry totals. Reconciliation of I/C utilization against bank records now underway to determine actual amount utilized by each Ministry in Agreements 026, 027, 029, 030, and 036. Adjustments will be made accordingly.

TABLE VI
 COMMODITIES FINANCED UNDER AID COMMODITY IMPORT PROGRAM TO EGYPT
 FISCAL YEARS 1975 Through FISCAL YEAR 1982
 BY COMMODITY GROUPING

Schedule "B" No.	Description	DOLLAR AMOUNT
GRAND TOTAL		2,050,495,128
105	CHICKENS, FROZEN	62,067,347
126	SEEDS, GARDEN & FIELD	1,696,548
130	CORN	234,630,483
140	LEGUMINOUS VEGETABLES	14,300,778
170	TOBACCO	113,319,567
175	OIL-BEARING SEEDS, EXCL. PEANUTS	776,477
176	OILS, VEGETABLE	96,205,373
177	TALLOW & OTHER INEDIBLE OILS	299,662,423
184	ANIMAL FEEDS	21,299,755
202	LUMBER, SIDING, FLOORING, ETC.	2,424,552
250	PAPER & PRODUCTS, INCL. WOODPULP	32,629,093
252	PAPER/PAPERBOARD IN ROLLS/SHEETS	12,863,483
256	PAPER/PAPERBOARD, CUT TO SIZE	2,035,649
270	TRAINING AIDS	135,000
300	COTTON	9,709,500
309	MANMADE FIBERS	26,021,820
310	MANMADE YARNS	14,829,065
404	CHEMICAL COMPOUNDS, CYCLIC	3,037,780
415	CHEMICAL ELEMENTS, INCL. SULPHUR	10,453,279
421	SODIUM COMP., INCL. CAUSTIC SODA	1,022,566
422	TIN & TUNGSTEN COMPOUNDS	54,989
431	CHEMICAL COMPOUNDS, ACYCLIC	1,708,674
433	CHEMICAL MIXTURES & PREPARATIONS	871,778
435	ALKALOIDS, VITAMINS, ETC.	222,116
442	AMEROL, IN PLASTIC BAGS	320,654
444	SYNTHETIC RESINS & PLASTICS MATERIALS	6,891,623
446	RUBBER	2,863,572
471	DYEING & TANNING PRODUCTS	3,465,301

TABLE VI (Cont'd)
 COMMODITIES FINANCED UNDER AID COMMODITY IMPORT PROGRAM TO EGYPT
 FISCAL YEARS 1975 Through FISCAL YEAR 1982
 BY COMMODITY GROUPING

Schedule "B" No.	Description	DOLLAR AMOUNT
472	PIGMENTS/PIGMENTLIKE MATERIALS	1,317,589
474	INKS, PAINTS, AND RELATED PRODUCTS	25,153
475	PETROLEUM PRODUCTS	145,480
486	PESTICIDES, SYNTHETIC ORGANIC	1,549,728
487	PLASTICIZERS, PHOTO & TEXTILE CHEMICALS	90,721
492	CARBONS, ISOTOPES, WAXES, ETC.	33,284
496	SURGICAL SUPPLIES	50,111
517	GRAPHITE ELECTRODES	8,818,833
521	COOKING COAL & MISC. NONMETALLIC PRODUCTS	153,366,008
523	MANGANESE DIOXIDE	36,675
531	REFRACTORIES, BRICK	1,026,189
535	IND. CERAMICS; INSULATED WASHERS, ETC.	1,119,355
540	GLASS PRODUCTS, FILTERS, ETC.	188,840
547	CATHODE/INCAND.LAMPS/LAB GLASSWARE	44,541
601	PVC, METALIZED	20,039
607	IRON, SCRAP	2,271,500
608	IRON/STEEL BARS, INGOTS, RODS, ETC.	17,237,158
609	IRON/STEEL STRIPS, COATED OR PLATED	78,457,098
612	COPPER SHEETS, RODS, WIRE, ETC.	3,290,959
613	COPPER PIPES/TUBES/FITTINGS, ETC.	258,868
618	ALUMINUM BARS, SHEETS, PIPES, ETC.	151,616
626	ZINC INGOTS	98,901
640	METAL CONTAINERS	2,395,119
642	WIRE CORDAGE/SCREEN/NETTING, ETC.	461,118
647	HINGES, DOOR CLOSERS, & FITTINGS	278,410
648	HAND TOOLS; SHEARS, PLIERS, ETC.	220,656
649	INTERCHANGABLE HAND TOOLS	746,094
651	MISCELLANEOUS HAND TOOLS	799,533
652	PREFAB BLDGS, CHAINS, SPRINGS, ETC.	4,067,195
653	WELDING ELECTRODES/LIGHTING FIXTURES	6,273,232
660	BOILERS/ENGINES/PUMPS FOR LIQUID, ETC.	28,210,614
661	REFRIGERATION & HEATING EQUIPMENT	17,039,073

TABLE VI (Cont'd)
 COMMODITIES FINANCED UNDER AID COMMODITY IMPORT PROGRAM TO EGYPT
 FISCAL YEARS 1975 Through FISCAL YEAR 1982
 BY COMMODITY GROUPING

Schedule "B" No.	Description	DOLLAR AMOUNT
662	FOOD PROCESSING MACHINERY	4,294,042
664	ELEVATORS/CRANES/EARTHMOVING EQUIPMENT	32,656,390
666	AGRIC, HORTICULTURAL & FOOD PREP MACH.	30,919,322
668	PRINTING MACHINES	6,053,883
670	TEXTILE MACHINES	4,395,538
672	SEWING MACHINES	70,711
674	MACHINES FOR WORKING METALS	7,056,521
676	DATA PROCESSING/OFFICE MACHINES	2,951,924
678	SORTING/CRUSHING/GINNING MACHINERY, ETC.	18,584,943
680	BEARINGS, BALL OR ROLLER	1,490,054
682	TRANSFORMERS/GENS/MOTORS/BATTERIES	61,101,981
683	HAND-DIRECTED TOOLS W/MOTOR/STORAGE BAT.	4,125,540
684	TELEGRAPH & TELEPHONE APPARATUS	1,496,785
685	RADIO & RADAR APPARATUS	123,090,212
686	ELECTRICAL FILAMENT LAMPS	100,857
687	ELECTRIC LAMPS & ELECTRONIC TUBES	116,751
688	TELEPHONE & TELEGRAPH WIRE & CABLE	24,747,158
690	RAILWAY EQUIPMENT & PARTS ^{1/}	928,262
692	MOTOR VEHICLES ^{1/}	198,394,463
694	AIRCRAFT, FOR AGRICULTURAL USE	4,763,939
699	SHIPS, BOATS, FLOATING STRUCTURES	4,286,841
700	SCIENTIFIC & LABORATORY EQUIPMENT	2,971,271
703	SAFETY HEADWEAR	40,353
708	IND. SAFETY ARTICLES: GOGGLES, ETC.	2,337,100
709	MEDICAL & SURGICAL INSTRUMENTS	14,137,675
710	MEDICAL & SURGICAL APPARATUS	1,429,069
711	MEASURING/TESTING INSTRUMENTS	1,077,035
712	MEASURING/CONTROLLING INSTRUMENTS	373,450

^{1/} Schedule B No. 692, Motor Vehicles is coded to include material, parts and components for railway equipment (e.g. diesel motors) which should more properly be included in railway equipment and parts.

TABLE VI (Cont'd)

COMMODITIES FINANCED UNDER AID COMMODITY IMPORT PROGRAM TO EGYPT
FISCAL YEARS 1975 Through FISCAL YEAR 1982
BY COMMODITY GROUPING

Schedule "B" No.	Description	DOLLAR AMOUNT
722	PHOTOGRAPHIC EQUIPMENT	1,127,135
723	PHOTOGRAPHIC SUPPLIES	1,928,084
727	FURNITURE: LABORATORY & OFFICE	4,658,772
770	RUBBER/PLASTIC PRODUCTS	1,485,028
772	TIRES AND TUBES	2,581,582
774	JOINT CLOSURES	8,855
791	EDUCATIONAL MATERIAL	17,758,474
798	SPARE PARTS, VARIOUS	29,574,078
989	FREIGHT & RELATED COSTS	52,033,202
991	TECHNICAL SERVICES & BANKING CHARGES	2,738,715

TABLE VII

CIP/AA SYSTEM - USAID/CAIRO
 COMMODITIES FINANCED UNDER AID COMMODITY IMPORT PROGRAM TO EGYPT
 FY 1975 Through FY 1982 - By Use Category

COMMODITY DESCRIPTION	DOLLAR AMOUNT
FOOD ITEMS	409,677,006
CHICKENS, FROZEN	62,067,347
CORN 234,630,483	
LEGUMINOUS VEGETABLES	14,300,778
OIL-BEARING SEEDS, EXCL. PEANUTS	776,477
OILS, VEGETABLE	96,205,373
SEEDS, GARDEN & FIELD	1,696,548
RAW MATERIALS	945,126,363
ALKALOIDS, VITAMINS, ETC.	222,116
ALUMINUM BARS, SHEETS, PIPES, ETC.	151,616
AMPROL, IN PLASTIC BAGS	320,654
ANIMAL FEEDS	21,299,755
BEARINGS, BALL OR ROLLER	1,490,054
CARBONS, ISOTOPES, WAXES, ETC.	33,284
CATHODE/INCAND. LAMPS/LAB GLASSWARE	44,541
CHEMICAL COMPOUNDS, ACYCLIC	1,708,674
CHEMICAL COMPOUNDS, CYCLIC	3,037,780
CHEMICAL ELEMENTS, INCL. SULPHUR	10,453,279
CHEMICAL MIXTURES & PREPARATIONS	871,778
COOKING COAL & MISC. NONMETALLIC PROD	153,366,008
COPPER PIPES/TUBES/FITTINGS, ETC.	258,868
COPPER SHEETS, RODS, WIRE, ETC.	3,290,959
COTTON	9,709,500
DYEING & TANNING PRODUCTS	3,465,301
EDUCATIONAL MATERIAL	17,758,474
FREIGHT & RELATED COSTS	52,033,202
GLASS PRODUCTS, FILTERS, ETC.	188,840
GRAPHITE ELECTRODES	8,818,833
HINGES, DOOR CLOSERS, & FITTINGS	278,410
INKS, PAINTS, AND RELATED PRODUCTS	25,153
IRON, SCRAP	2,271,500
IRON/STEEL BARS, INGOTS, RODS, ETC.	17,237,158
IRON/STEEL STRIPS, COATED OR PLATED	78,457,098
JOINT CLOSURES	8,855

TABLE VII (Cont'd)

CIP/AA SYSTEM - USAID/CAIRO
 COMMODITIES FINANCED UNDER AID COMMODITY IMPORT PROGRAM TO EGYPT
 FY 1975 Through FY 1982 - By Use Category

COMMODITY DESCRIPTION	DOLLAR AMOUNT
RAW MATERIALS (Cont'd)	
LIMBER, SIDING, FLOORING, ETC.	2,424,552
MANGANESE DIOXIDE	36,675
MANMADE FIBERS	26,021,820
MANMADE YARNS	14,829,065
METAL CONTAINERS	2,395,319
PAPER/PAPERBOARD, CUT TO SIZE	2,035,649
PAPER/PAPERBOARD IN ROLLS/SHEETS	12,863,483
PAPER & PRODUCTS, INCL. WOODPULP	32,629,093
PESTICIDES, SYNTHETIC ORGANIC	1,549,728
PETROLEUM PRODUCTS	145,480
PIGMENTS/PIGMENTLIKE MATERIALS	1,317,589
PLASTICIZERS, PHOTO & TEXTILE CHEMICALS	90,721
PVC, METALIZED	20,039
REFRACTORIES, BRICK	1,026,189
RUBBER	2,863,572
RUBBER/PLASTIC PRODUCTS	1,485,028
SODIUM COMP., INCL. CAUSTIC SODA	1,022,564
SPARE PARTS, VARIOUS	29,574,078
SURGICAL SUPPLIES	50,111
SYNTHETIC RESINS & PLASTICS MATERIALS	6,891,623
TALLOW & OTHER INEDIBLE OILS	299,662,423
TECHNICAL SERVICES/BANKING CHARGES	2,738,715
TIN & TUNGSTEN COMPOUNDS	54,989
TIRES AND TUBES	2,581,582
TOBACCO	113,319,567
TRAINING AIDS	135,000
WIRE CORDAGE/SCREEN/NETTING, ETC.	461,118
ZINC INGOTS	98,901
CAPITAL EQUIPMENT	695,691,759
AGRIC, HORTICULTURAL & FOOD PREP MACH.	52,919,322
AIRCRAFT, FOR AGRICULTURAL USE	4,763,939
BOILERS/ENGINES/PUMPS FOR LIQUID, ETC.	28,210,614
DATA PROCESSING/OFFICE MACHINES	2,951,924
ELECTRICAL FILAMENT LAMPS	100,857
ELECTRIC LAMPS & ELECTRONIC TUBES	116,751

TABLE VII (Cont'd)

CIP/AA SYSTEM - USAID/CAIRO
 COMMODITIES FINANCED UNDER AID COMMODITY IMPORT PROGRAM TO EGYPT

COMMODITY DESCRIPTION	DOLLAR AMOUNT
CAPITAL EQUIPMENT (Cont'd)	
ELEVATORS/CRANES/EARTHMOVING EQUIPMENT	32,656,390
FOOD PROCESSING MACHINERY	4,294,042
FURNITURE: LABORATORY & OFFICE	4,658,772
HAND-DIRECTED TOOLS W/MOTOR/STORAGE BAT.	4,125,540
HAND TOOLS: SHEARS, PLIERS, ETC.	220,656
IND. CERAMICS; INSULATED WASHERS, ETC.	1,119,355
IND. SAFETY ARTICLES: GOGGLES, ETC.	2,337,100
INTERCHANGABLE HAND TOOLS	746,094
LABORATORY EQ	2,971,271
MACHINES FOR WORKING METALS	7,056,521
MEASURING/CONTROLLING INSTRUMENTS	373,450
MEASURING/TESTING INSTRUMENTS	1,077,035
MEDICAL & SURGICAL APPARATUS	1,429,069
MEDICAL & SURGICAL INSTRUMENTS	14,137,675
MISCELLANEOUS HAND TOOLS	799,533
MOTOR VEHICLES	198,394,463
PHOTOGRAPHIC EQUIPMENT	1,127,135
PHOTOGRAPHIC SUPPLIES	1,928,084
PREFAB BLDGS, CHAINS, SPRINGS, ETC.	4,067,195
PRINTING MACHINES	61,053,883
RADIO & RADAR APPARATUS	123,090,212
RAILWAY EQUIPMENT & PARTS	928,262
REFRIGERATION & HEATING EQUIPMENT	17,039,073
SAFETY HEADWEAR	40,353
SEWING MACHINES	70,711
SHIPS, BOATS, FLOATING STRUCTURES	4,286,841
SORTING/CRUSHING/GINNING MACHINERY, ETC.	18,584,943
TELEGRAPH & TELEPHONE APPARATUS	1,496,785
TELEPHONE & TELEGRAPH WIRE & CABLE	24,747,158
TEXTILE MACHINES	4,395,538
TRANSFORMERS/GENS/MOTORS/BATTERIES	61,101,981
WELDING ELECTRODES/LIGHTING FIXTURES	6,273,232

1/ Schedule B No. 692, Motor Vehicles is coded to include material, parts and components for railway equipment (e.g. diesel motors) which should more properly be included in railway equipment and parts.

ANNEX C

SECTORAL UTILIZATION OF CIP

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ANNEX C

SECTORAL UTILIZATION OF CIP

1. Agriculture

Since inception of the Commodity Import Program (CIP) in 1975, the GOE has applied 10.1% (\$241 million) of the available funds to the agriculture sector. Under the FY 1982 program, 8.1% (\$43 million) of the \$350 million grant was allocated to agricultural assistance procurements. Commodities ranged from animal feed, farm machinery, irrigation equipment, vegetable seeds and repair parts to special purpose spraying equipment and utility vehicles.

Approximately 1.7 million metric tons of yellow corn have already been imported under the CIP, at an estimated value of \$205 million; the dollar value includes not only the purchases from American suppliers, but also the cost of shipment to Egypt in both U.S. and non-U.S. flag carriers. Of the imported corn, close to 1.2 million metric tons have been used as animal feed in support of an increased production of poultry. Soybean meal also has been a continued import (12,000 metric tons in FY 1982) for this industry, with additional purchases of fishmeal (11,800 metric tons in FY 1982) providing nutrient additives to the normal content of poultry feed.

Farm tractors, which were assembled and marketed in Egypt, arrived as CIP-financed commodities. Trucks and utility vehicles have been acquired for rural area support activities, and insect spraying equipment was purchased as part of an aggressive pest control program instituted by the Ministry of Agriculture.

Over the years vegetable oil processing machinery, peanut shelling and roasting equipment, and repair parts for on-hand equipment have added to the continued productivity of the agriculture sector; requirements, as expressed in the Agriculture Development Budget, are applied to funds allocated under the CIP and these funds are methodically disbursed.

2. Infrastructure Development

Both the GOE and AID have focused on the all too evident need to rehabilitate and revitalize Egypt's infrastructure. To this end, sizeable amounts of CIP funds have been used and are continuing to be used for the procurement of capital equipment and technical services in the power, transport, and telecommunication sectors.

a. Power

Although the Aswan High Dam has the capacity for supporting much of the country's power needs, the nationwide increase in demands upon this entity and other power generating sources has generated a requirement for additional power stations and distribution systems, and a priority for rehabilitation of on-line stations and sub-stations as well as in-use transmission systems and networks.

During the period 1975-1982 the GOE has utilized nearly \$81 million of CIP funds for the procurement of electric power generating equipment and associated services. Gas and steam turbine units, mobile transformer sub-stations, mobile Diesel generating sets, miles of distribution cable, ancillary equipment, and repair parts for existing equipment have also been purchased. Services have been directed toward the rebuilding of on-hand equipment. Nevertheless, current electric power needs are barely satisfied. There will also, in the near future, be added requirements for areas in Sinai returned to the administrative control of the Government of Egypt. The recent CIP procurement of one 300 megawatt turbine and one 100 megawatt turbine for El Mahmoudia and Siouf will eventually provide electric power to surrounding areas.

At the Aswan Dam, CIP funding will replace two main frames that have become excessively worn; the effort will cost \$14 million. In the Cairo area, additional work on the Cairo West power sub-station will result in the complete rehabilitation of four steam boilers and like-new efficiency from generating equipment 30-40 years old.

Complementing the CIP-funded efforts in the power sector are comparable project activities. Completion of the Suez 220 KV power transmission line in the near future will have a major impact on improvement of Egypt's generating and distribution systems.

b. Transport

Continued improvement in the national transportation system remains a high priority in the GOE development plans. Although Egyptian National Railways has steadily improved its ability to move cargo, reliance upon truck transport is heavy throughout the country, where there are no rail lines as well as in competing areas. The increased volume of truck traffic has increased urban and intercity vehicular congestion, and has compounded the problem of roadnet planning and expansion. The roads, bridges, railways, and ports are not now capable of coping with the increased commercial imports to Egypt; delays in port handling, clearance, and movement of commodities from point to point in-country continue to have a negative effect on the national economy. Faced with these facts, the GOE has employed funding from many sources to undertake urgent short term and long term actions in the transport sector.

The GOE has expeditiously applied approximately \$200 million of CIP funds to improve various elements in the transport sector. Approximately \$50 million was spent on railroad equipment (rolling stock) such as freight cars (from Excess Property); refrigerated rail cars, for the movement of perishable foods from the port areas to the cities and Upper Egypt; and railway repair and maintenance equipment both for shop and track use. Under the FY 1982 CIP Egyptian National Railways are purchasing ten locomotives, and continue to acquire repair parts for its current fleet of U.S.-made units; the current rebuilding program for traction motors will be maintained, and a training program for both operational and maintenance personnel will remain in effect.

At present the Railway Traffic Control System procured under a CIP loan at a cost of \$27 million is being installed; when completed, the system will enable the National Railways to manage its rail movements more efficiently as control points are established and tied to regional and central headquarters via radio and teletype. Mobile radios in locomotives and aboard trains will also serve to enhance operational control of equipment as well as to permit more flexible use of equipment resources.

The rapid passage of ships through the Suez Canal is aided by the efficient radar system (Vessel Traffic Management System) purchased and installed with CIP funds, and other marine transport media have benefited from CIP support as well. The Water Transport Companies have been supplied with marine diesel engines and drive trains, as well as repair and maintenance parts for tug and tow boats as well. The Suez Canal Authority and public sector companies in the Alexandria area have received CIP funds for heavy equipment and machinery to permit more effective maintenance of their boat hulls and ship-handling equipment.

Public sector trucking companies have purchased trucks, tractors, and trailers with CIP funds, and they have developed a sustained input of repair and maintenance assemblies and repair parts. The major Governorates and heavy construction companies have spent their CIP allocations on road building machinery, construction equipment, and off-road vehicles to enable proper attention to highway and bridge maintenance.

c. Telecommunications

Under the CIP, AID is financing a microwave system for Cairo that will be completed in early 1983. It will result in much improved telephone communications in the Cairo area and upgraded links with international stations. In a three-phased program, the Cairo installation not only embraced two new tandem exchanges at Abbasia and Ramses but also facilitated local calling via microwave links rather than cable. Upon completion of the \$61.9 million commitment, the heavily taxed exchanges will have 8,000 new trunk lines (expandable to 17,000) but will have place for 300,000 new subscribers.

For the city of Alexandria, the GOE has approved the use of approximately \$11 million for a Microwave Junction Program; to be installed by an American firm, equipment similar to that installed in Cairo will permit a threefold expansion of the existing urban telephone network.

3. Basic Human Needs (BHN)

About 13.5% (\$322 million) of CIP funds has been allocated so far by the GOE to meet identified requirements in the health, sanitation, education, and food sectors. The Ministry of Health has already procured 140 ambulances for its Emergency Medical Services system, and plans on the purchase of 135 more using FY 1982 funds; over 10,000 hospital beds have been obtained from Excess Property sources; modern equipment for teaching as well as public-service hospitals has been procured.

In response to sanitation needs in the urban areas garbage/refuse trucks and neighborhood collection containers have been procured for both Cairo and Alexandria. FY 1982 funded imports will raise the total of refuse trucks to over 250 and the containers to approximately 15,000. Fire trucks for public safety have been on the equipment import lists, with the Governorates making a concerted effort to fulfill the urgent need for both urban and rural protection.

The continued purchases of tallow with CIP funds have produced almost 3.36 billion bars of soap for the public; over 730,000 metric tons have been imported to date.

Through FY 1982, the GOE allocated \$58.4 million dollars for education needs throughout the country. Basic education needs have been supplied as identified: workshop tools, audio-visual equipment, vocational aids, and science teaching laboratories. Printing equipment for school texts has been made operational, and a book production apparatus is in being. Elementary and preparatory schools have been provided specific support in the social science, natural science, home economics, and electrical training areas. At the university level, expanded procurement will provide furniture, equipment, library microfilm and microfiche items, copying machines and reproduction equipment, science laboratories, and high technology diagnostic medical testing and evaluation machines for the medical faculties. Educational institutions have been the recipients of "set asides" under the CIP, for they are not revenue making organizations.

Lastly, CIP-sponsored food and food-related imports have improved the well being of the Egyptian citizen to a noticeable degree. The CIP has financed 48,535 metric tons of frozen poultry imports, and thus has stimulated the marketability of local poultry production along with the evident need for refrigeration and cold storage facilities. Imports of American corn as poultry feed have risen, as well as soybean meal and fishmeal as nutrient supplements that have improved the quality of poultry in the markets. 165,000 MT of edible oils have also been imported, and have proven to be an affordable substitute for animal fats, particularly appealing to the low-income population.

ANNEX D

TRADE FINANCING FACILITY (TFF)

No fixed funding level will be authorized for the TFF in FY 1983. On a case by case basis, existing CIP funds will be set aside to provide parallel financing with other financial institutions for internationally competitive imports of U.S. source and origin in transactions that qualify under the TFF criteria. The set-aside funds will provide acceptable transactions with a package of credit terms that match clearly defined mixed credit terms offered by foreign financing facilities for non-U.S. commodities.

The Government of Egypt (GOE) will be requested to survey prospective international procurements to determine whether U.S. suppliers can qualify for TFF assistance; if it is determined that a U.S. supplier in a particular transaction provides an offer that meets the TFF criteria, the GOE may consider, with USAID approval, use of the CIP TFF.

Because the decision to utilize funds under this set aside program is determined only after completion of international evaluation, the procedures of procurements are GOE Procurement Procedures in lieu of A.I.D. Regulation 1 procedures followed under the normal CIP program. This principle will be set forth again in the Project Agreement.

Detailed procedures for utilization of this Trade Financing Facility are determined by agreement between the GOE and USAID and cover, at a minimum, the following:

1. Initiation of proposals to utilize the facility
2. Notice requirements
3. Requirements for competition
4. Treatment of unsolicited proposals
5. Price tests
6. Contract provisions
7. Commodity eligibility

In addition, the procedures take into account the requirement for coordination with the U.S. Export-Import Bank and other credit sources and obligations the U.S. may have under the Bern Agreement concerning mixed credits.

ANNEX E

STATUTORY CHECKLISTS

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5C(1) - COUNTRY CHECKLIST

Listed below are statutory criteria applicable generally to FAA funds, and criteria applicable to individual fund sources: Development Assistance and Economic Support Fund.

A. GENERAL CRITERIA FOR COUNTRY ELIGIBILITY

1. FAA Sec. 481. Has it been determined that the government of the recipient country has failed to take adequate steps to prevent narcotic drugs and other controlled substances (as defined by the Comprehensive Drug Abuse Prevention and Control Act of 1970) produced or processed, in whole or in part, in such country, or transported through such country, from being sold illegally within the jurisdiction of such country, to U.S. Government personnel or their dependents, or from entering the U.S. unlawfully?

NO

2. FAA Sec. 620(c). If assistance is to a government, is the government liable as debtor or unconditional guarantor on any debt to a U.S. citizen for goods or services furnished or ordered where (a) such citizen has exhausted available legal remedies and (b) the debt is not denied or contested by such government?

None of the known claims met these criteria. The GOE/USG Joint Commission have reached agreement on such debts.

3. FAA Sec. 620(e)(1). If assistance is to a government, has it (including government agencies or subdivisions) taken any action which has the effect of nationalizing, expropriating, or otherwise seizing ownership or control of property of U.S. citizens or entities beneficially owned by them without taking steps to discharge its obligations toward such citizens or entities?

The Secretary of State has determined that forming the Joint Commission constitutes taking such steps within the meaning of this section.

4. FAA Sec. 532(c), 620(a), 620(f), 620D; FY 1982 Appropriation Act Secs. 512 and 513. Is recipient country a Communist country? Will assistance be provided to Angola, Cambodia, Cuba, Laos, Vietnam, Syria, Libya, Iraq, or South Yemen? Will assistance be provided to Afghanistan or Mozambique without a waiver?

NO

NO

NO

5. ISDCA of 1981 Secs. 724, 727, 728 and 730. For specific restrictions on assistance to Nicaragua, see Sec. 724 of the ISDCA of 1981. For specific restrictions on assistance to El Salvador, see Secs. 727, 728 and 730 of the ISDCA of 1981.

N/A

6. FAA Sec. 620(j). Has the country permitted, or failed to take adequate measures to prevent, the damage or destruction by mob action of U.S. property?

NO

7. FAA Sec. 620(k). Does the program furnish assistance in excess of \$100,000,000 for the construction of a productive enterprise, except for productive enterprises in Egypt that were described in the Congressional Presentation materials? NO
8. FAA Sec. 620(l). Has the country failed to enter into an agreement with OPIC? Egypt has reactivated an OPIC Agreement with the U.S.
9. FAA Sec. 620(o); Fishermen's Protective Act of 1957, as amended, Sec. 5. (a) Has the country seized, or imposed any penalty or sanction against, any U.S. fishing activities in international waters? There is no known instance of such acts.
- (b) If so, has any deduction required by the Fishermen's Protective Act been made?
10. FAA Sec. 620(q); FY 1982 Appropriation Act Sec. 517. (a) Has the government of the recipient country been in default for more than six months on interest or principal of any AID loan to the country? (b) Has the country been in default for more than one year on interest or principal on any U.S. loan under a program for which the appropriation bill appropriates funds? NO

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11. FAA Sec. 620(s). If contemplated assistance is development loan or from Economic Support Fund, has the Administrator taken into account the amount of foreign exchange or other resources which the country has spent on military equipment? Reference may be made to the annual "Taking into Consideration" memo: "yes, taken into account by the Administrator at time of approval of Agency OYB." This approval by the Administrator of the Operational Year Budget can be the basis for an affirmative answer during the fiscal year unless significant changes in circumstances occur.)
12. FAA Sec. 620(t). Has the country severed diplomatic relations with the United States? If so, have they been resumed and have new bilateral assistance agreements been negotiated and entered into since such resumption?
13. FAA Sec. 620(u). What is the payment status of the country's U.N. obligations? If the country is in arrears, were such arrearages taken into account by the AID Administrator in determining the current AID Operational Year Budget?

Yes, and the President has determined that the listed considerations do not inhibit aid to Egypt but that our aid seeks to reduce arms costs and to stimulate economic development.

Yes, in 1967; relations were resumed in 1974. New agreements have been made since resumption.

Egypt has paid all of its outstanding UN obligations.

(To be confirmed by AID/W.)

14. FAA Sec. 620A; FY 1982 Appropriation Act Sec. 520. Has the country aided or abetted, by granting sanctuary from prosecution to, any individual or group which has committed an act of international terrorism? NO
- Has the country aided or abetted, by granting sanctuary from prosecution to, any individual or group which has committed a war crime? NO
15. FAA Sec. 666. Does the country object, on the basis of race, religion, national origin or sex, to the presence of any officer or employee of the U.S. who is present in such country to carry out economic development programs under the FAA? NO
16. FAA Sec. 669, 670. Has the country, after August 3, 1977, delivered or received nuclear enrichment or reprocessing equipment, materials, or technology, without specified arrangements or safeguards? Has it transferred a nuclear explosive device to a non-nuclear weapon state, or if such a state, either received or detonated a nuclear explosive device, after August 3, 1977? (FAA Sec. 620E permits a special waiver of Sec. 669 for Pakistan.) NO

17. FAA Sec. 720. Was the country represented at the Meeting of Ministers of Foreign Affairs and Heads of Delegations of the Non-Aligned Countries to the 36th General Session of the General Assembly of the U.N. of Sept. 25 and 28, 1981, and failed to disassociate itself from the communique issued? If so, has the President taken it into account?

Egypt has disassociated itself from the communique.

18. FAA Sec. 721. See special requirements for assistance to Haiti.

N/A

B. FUNDING SOURCE CRITERIA FOR COUNTRY ELIGIBILITY

1. Development Assistance Country Criteria.

a. FAA Sec. 116. Has the Department of State determined that this government has engaged in a consistent pattern of gross violations of internationally recognized human rights? If so, can it be demonstrated that contemplated assistance will directly benefit the needy?

N/A

2. Economic Support Fund Country Criteria

a. FAA Sec. 502B. Has it been determined that the country has engaged in a consistent pattern of gross violations of internationally

NO

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recognized human rights?
If so, has the country
made such significant
improvements in its human
rights record that
furnishing such
assistance is in the
national interest?

b. FAA Sec. 620B. If
ESF is to be furnished to
Argentina, has the
president certified that
(1) the Govt. of
Argentina has made
significant progress in
human rights; and (2)
that the provision of
such assistance is in the
national interests of the
U.S.?

N/A

c. ISDCA of 1981, Sec.
726(b). If ESF
assistance is to be
furnished to Chile, has
the President certified
that (1) the Govt. of
Chile has made
significant progress in
human rights; (2) it is
in the national interest
of the U.S.; and (3) the
Govt. of Chile is not
aiding international
terrorism and has taken
steps to bring to justice
those indicted in
connection with the
murder of Orlando
Letelier?

N/A

d. FAA Sec. 609. If commodities
are to be granted so that sale
proceeds will accrue to the
recipient country, have Special
Account (counterpart) arrangements
been made?

YES

50(3) - STANDARD ITEM CHECKLIST

Listed below are the statutory items which normally will be covered routinely in those provisions of an assistance agreement dealing with its implementation, or covered in the agreement by imposing limits on certain uses of funds.

These items are arranged under the general headings of (A) Procurement, (B) Construction, and (C) Other Restrictions.

A. Procurement

1. FAA Sec. 602. Are there arrangements to permit U.S. small business to participate equitably in the furnishing of commodities and services financed?
2. FAA Sec. 604(a). Will all procurement be from the U.S. except as otherwise determined by the President or under delegation from him?
3. FAA Sec. 604(d). If the cooperating country discriminates against marine insurance companies authorized to do business in the U.S., will commodities be insured in the United States against marine risk with such a company?
4. FAA Sec. 604(e); ISDCA of 1980 Sec. 705(a). If offshore procurement of agricultural commodity or product is to be

Procurement of commodities and services under the grant will be according to established A.I.D. Reg. 1 procedures.

The grant authorized procurement from the U.S. only, except as A.I.D. may otherwise agree.

Egypt ~~does~~ not discriminate against U.S. marine insurance companies.

No such procurement is contemplated.

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financed, is there provision against such procurement when the domestic price of such commodity is less than parity? (Exception where commodity financed could not reasonably be procured in U.S.)

5. FAA Sec. 603. Is the shipping excluded from compliance with requirement in section 901(b) of the Merchant Marine Act of 1936, as amended, that at least 50 per centum of the gross tonnage of commodities (computed separately for dry bulk carriers, dry cargo liners, and tankers) financed shall be transported on privately owned U.S. flag commercial vessels to the extent that such vessels are available at fair and reasonable rates?

It is not so excluded. A.I.D. Reg. 1, which is to be incorporated in the grant agreement, covers this requirement.

6. FAA Sec. 621. If technical assistance is financed, will such assistance be furnished by private enterprise on a contract basis to the fullest extent practicable? If the facilities of other Federal agencies will be utilized, are they particularly suitable, not competitive with private enterprise, and made available without undue interference with domestic programs?

-
Yes

Yes

7. International Air Transport Fair Competitive Practices Act, 1974. If air transportation of persons or property is financed on grant basis, will U.S. carriers be used to the extent such service is available?

Yes.

8. FY 1982 Appropriation Act Sec. 504. If the U.S. Government is a party to a contract for procurement, does the contract contain a provision authorizing termination of such contract for the convenience of the United States?

No such Contract is contemplated. However, if direct contract executed, it will contain such a provision.

B. Construction

1. FAA Sec. 601(d). If capital (e.g., construction) project, are engineering and professional services of U.S. firms and their affiliates to be used to the maximum extent consistent with the national interests?

N/A

2. FAA Sec. 611(c). If contracts for construction are to be financed, will they be let on a competitive basis to maximum extent practicable?

N/A

3. FAA Sec. 620(k). If for construction of productive enterprise, will aggregate value of assistance to be furnished by the U.S. not exceed \$100 million?

N/A

C. Other Restrictions

1. FAA Sec. 122(b). If development loan, is interest rate at least 2% per annum during grace period and at least 3% per annum thereafter?

N/A

2. FAA Sec. 301(d). If fund is established solely by U.S. contributions and administered by an international organization, does Comptroller General have audit rights?

N/A

3. FAA Sec. 620(h). Do arrangements exist to insure that United States foreign aid is not used in a manner which, contrary to the best interests of the United States, promotes or assists the foreign aid projects or activities of the Communist-bloc countries?

YES. Additionally, any necessary determinations under this section will be made and issued.

4. Will arrangements preclude use of financing:

a. FAA Sec. 104(f); FY 1982 Appropriation Act Sec. 525: (1) To pay for performance of abortions as a method of family planning or to motivate or coerce persons to practice abortions; (2) to pay for performance of involuntary sterilization as method of family planning, or to coerce or provide financial incentive to any person to undergo sterilization; (3) to pay for any biomedical research which

YES

relates, in whole or part, to methods or the performance of abortions or involuntary sterilizations as a means of family planning; (4) to lobby for abortion?

b. FAA Sec. 620(g). To compensate owners for expropriated nationalized property? YES

c. FAA Sec. 660. To provide training or advice or provide any financial support for police, prisons, or other law enforcement forces, except for narcotics programs? YES

d. FAA Sec. 662. For CIA activities? YES

e. FAA Sec. 636(i). For purchase, sale, long-term lease, exchange or guaranty of the sale of motor vehicles manufactured outside U.S., unless a waiver is obtained? YES

f. FY 1982 Appropriation Act, Sec. 503. To pay pensions, annuities, retirement pay, or adjusted service compensation for military personnel? YES

g. FY 1982 Appropriation Act, Sec. 505. To pay U.N. assessments, arrearages or dues? YES

h. FY 1982 Appropriation Act, Sec. 506. To carry out provisions of FAA section 209(d) (Transfer of FAA funds to

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multilateral
organizations for
lending)?

i. FY 1982 Appropriation
Act, Sec. 510. To
finance the export of
nuclear equipment, fuel,
or technology or to train
foreign nationals in
nuclear fields?

YES

j. FY 1982 Appropriation
Act, Sec. 511. Will
assistance be provided
for the purpose of aiding
the efforts of the
government of such
country to repress the
legitimate rights of the
population of such
country contrary to the
Universal Declaration of
Human Rights?

NO

k. FY 1982 Appropriation
Act, Sec. 515. To be
used for publicity or
propaganda purposes
within U.S. not
authorized by Congress?

NO

NON-PROJECT ASSISTANCE CHECKLIST

The criteria listed in part A are applicable generally to FAA funds, and should be used irrespective of the program's funding source. In part B a distinction is made between the criteria applicable to Security Supporting Assistance and the criteria applicable to Development Assistance. Selection of the appropriate criteria will depend on the funding source for the program.

CROSS REFERENCES: IS COUNTRY CHECKLIST UP TO DATE? HAS STANDARD ITEM CHECKLIST BEEN REVIEWED?

A. GENERAL CRITERIA FOR NONPROJECT ASSISTANCE

1. App. Unnumbered: FAA Sec. 653(B); 634A

(a) Describe how Committees on Appropriations of Senate and House have been or will be notified concerning the non-project assistance.

The FY 83 Congressional Presentation notified the Committee of AID's plans to allocate \$250 million for CIP activities.

(b) Is assistance within (Operational year budget) country or international organization allocation reported to the Congress (or not more than \$1 million over that figure plus 10)?

The intended obligation for the program is within the level of funds appropriated for Egypt for FY 83. An "Advice for Program Change" will be transmitted to the appropriate Congressional Committee to cover the additional \$50 million.

2. FAA Sec. 611(a) (2). If further legislative action is required within recipient country, what is basis for reasonable expectation that such action will be completed in time to permit orderly accomplishment of purpose of the assistance?

No further legislative action is required to implement the program other than the customary ratification of the signed grant agreement.

3. FAA Sec. 209. Is assistance more efficiently and effectively given through regional or multilateral organization? If so why is assistance not so given? Information and conclusion whether assistance will encourage regional development programs.

This program is not susceptible to execution as part of a regional multilateral program. Assistance is not expected to encourage regional development programs.

4. FAA Sec. 601(a). Information and conclusions whether assistance will encourage efforts of the country to:
(a) increase the flow of international trade;
(b) foster private initiative and competition;
(c) encourage development and use of cooperatives, credit unions, and savings and loan associations; (d) discourage monopolistic practices; (e) improve technical efficiency of industry, agriculture and commerce; and (f) strengthen free labor unions.

(a) This program will increase the flow of international trade by providing the necessary foreign exchange for the importation of goods.
(b) A separate program to encourage private sector growth is under preparation to supplement funding provided in past years through this program.
(c) No perceptible impact on such activities is attributable to this program.
(d) No perceptible reduction of such practices is attributable to this program.
(e) Imports of raw materials and spare parts significantly enhance the technical efficiency of industry, agriculture and commerce.
(f) No perceptible impact.

5. FAA Sec. 601 (b). Information and conclusion on how assistance will encourage U.S. private trade and investment abroad and encourage private U.S. participation in foreign assistance programs including use of private trade channels and the services of U.S. private enterprises.

To the extent that trade patterns between Egypt and the U.S. continue to grow and expand, we foresee this program as having a positive effect

FAA Sec. 612 (b), Sec. 636 (h).

Describe steps taken to assure that, to the maximum extent possible, the country is contributing local currencies to meet the cost of contractual and other services, and foreign currencies owned by the United States are utilized to meet the cost of the contractual and other services.

Program essentially provides foreign exchange assistance for commodity imports. Minimal short term contracts or other services are financed under the OIP.

FAA Sec. 612(d). Does the United States own excess foreign currency and, if so, what arrangements have been made for its release?

No.

3. FUNDING CRITERIA FOR NONPROJECT ASSISTANCE

1. Nonproject Criteria for Security Supporting Assistance

(a) FAA Sec. 531 Will this assistance promote economic or political stability?

To the extent possible, does it reflect the policy directions of Section 102?

(a) It will promote economic stability by providing vital foreign exchange required for Egypt's development.

Yes, the program reflects the policy direction of Section 102 to the extent possible.

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ON INDIVIDUAL ACTIVITIES FOLLOW:

ACTION OFFICE NEOP-01
INFO NEPO-04 NEIC-04 CC-01 GCFI-01 GCNE-01 FM-02 LEAG-02
STHE-01 SACT-01 ENGR-01 POP-04 NEF-01 HNC-09 STEN-01
AGRI-01 CIFA-01 TRSY-05 RELO-01 DALN-01 MACT-01
/848 AT 310

(A) CIP: PAAD WAS COMPLETED IN EARLY FEBRUARY AND APPROVED BY MISSION PROJECT REVIEW COMMITTEE. PNCI LEGAL ASPECTS OF SPECIAL ACCOUNT HELD UP SUBMISSION TO AID/W; HOWEVER, SHERPER HAND CARRYING PAAD 1711.

INFO OCT-00 INR-10 EB-08 NEA-07 L-03 /063 4
317752 1007472 /38

(B) CANAL CITIES (0848): MISSION STILL AWAITING AID/W CABLE ON OUTCOME OF NEAC. BASED UPON CURRENT UNDERSTANDING, AID/W APPROVAL OF FUNDING LEVEL FOR OBLIGATION WILL BE WITHHELD PENDING RECEIPT OF BIOD. SINCE THIS CANNOT HAPPEN EARLIER THAN JULY 2 AT BEST, AUGUST OR SEPTEMBER OBLIGATION SEEMS LIKELY.

P 100737Z MAR 83
FM AMEMBASSY CAIRO
TO SECSTATE WASHDC PRIORITY 0849

(C) ALEXANDRIA AND CAIRO SEWERAGE (0108 AND 0091): USAID PREPARATION OF FINAL DOCUMENTATION TO ADD FUNDS TO THESE ACTIVITIES IS DELAYED PENDING RECEIPT OF CABLES ON WATER AND WASTEWATER NEAC REVIEW HELD FEB 10 AND 11. DRPS/VAD PLANS AN ACTION MEMO FOR DIRECTOR INDICATING CAIRO SEWERAGE PROJECT UNCHANGED AND RECOMMENDING OBLIGATION OF REMAINING AUTHORIZED FUNDS. REQUEST AID/W COMMENTS AND/OR APPROVAL OF THIS PLAN. CN WILL BE REQUIRED AND A DRAFT WILL BE FORWARDED FOR AID/W USE. ON ALEX SEWERAGE VAD PLANS ACTION MEMO TO DIRECTOR PROVIDING FURTHER DEFINITION OF IMPLEMENTATION DETAILS WITHIN ORIGINAL SCOPE, UPDATING CURRENT STATUS OF PROJECT, AND RECOMMENDING OBLIGATION OF REMAINING AUTHORIZED FUNDS. REQUEST AID/W COMMENTS AND/OR APPROVAL OF THIS PLAN. AUTHORIZATION AMENDMENT AND CN REQUIRED. DRAFT CN BEING PREPARED AND WILL BE SENT FOR AID/W USE.

UNCLAS SECTION 01 OF 02 CAIRO 07257

AIGAC

E.O. 12356: N/A
SUBJECT: FY 83 PLANNED OBLIGATIONS

REF: A. STATE 048796, B. CAIRO 04007

(D) ISMAILIA FOURTH UNIT (0009): USAID CONTINUING TO CONSULT WITH GOE ON FURTHER ELECTRICITY TARIFF STRUCTURE IMPROVEMENTS. PP AMENDMENT HAS BEEN COMPLETED; BUT IF AGREEMENT ON TARIFFS IS REACHED, AMENDMENT WILL NEED REVISION OF COST DATA FOR FOURTH UNIT AND FINAL MISSION AND AID/W REVIEW AT THAT TIME.

1. FOR NE/OP, NE/E, NE/PO, AND NE/TECH.

2. LISTED BELOW IS USAID/CAIRO'S UPDATED SCHEDULE FOR FY 83 OBLIGATIONS. BECAUSE OF UNCERTAINTY ON OBLIGATION FOR ISMAILIA POWER FOURTH UNIT, MISSION IS PROVIDING PLANNED OBLIGATION SCHEDULE WITH AND WITHOUT ISMAILIA. PLEASE NOTE THAT IN THE SCENARIO INCLUDING ISMAILIA POWER, MISSION HAS SHOWN PLANNED OBLIGATION FOR PRODUCTION CREDIT AT DOLS 43.4 MILLION IN ORDER TO ARRIVE AT DOLS 750.0 MILLION OYS LEVEL. PHASE 11 PRODUCTION CREDIT FINAL AMOUNT FOR ACTUAL AUTHORIZATION WILL BE DIFFERENT.

-ACTIVITY	PP	WITH ISMAILIA	WITHOUT ISMAILIA	PLANNED OBL DATE
-K-406 CIP	PAAD	300.0	300.0	4/83
-	3/83			
-0048 CANAL CITIES	AMEND	87.0	87.0	TBD
-	1/30/83			
-0091 CAIRO SEWERAGE	SEE NOTE	29.9	29.9	4/83
-0100 ALEX SEWERAGE	SEE NOTE	79.6	79.6	5/83
-0009 ISMAILIA NO 4	AMEND	97.0	-	TBD
-	3/83			
-0078 GRAIN STORAGE	AMEND	13.5	13.5	4/83
-	12/82			
-0115 TAX ADMIN	APPROVED	1.6	1.6	4/83
-	2/24/83			
-0159 BUSINESS SUPP	PP 8/82	8.5	8.5	4/83
-AND IMPROV.				
-0015 RURAL HEALTH	AMEND	4.5	4.5	4/83
-	7/82			
-0139 BASIC EDU	AMEND	35.0	35.0	6/83
-	4/83			
-0102 TECH COOP	PP 3/83	18.0	18.0	4/83
-AND FEAS				
-0144 FAMILY PLAN	PP 3/83	20.0	20.0	5/83
-0152 SUPP AGR SYS	PP 6/83	20.0	20.0	7/83
-0147 PRODUCTION	PP 8/83	43.4	90.4	9/83
-CREDIT				
-K-405 DECENTRALIZA- NA		TBD	50.0	5/83
-TIG				
-TOTAL		750.0	750.0	

TOTD TO BE DETERMINED.

3. STATUS OF PROJECT/PROGRAM DOCUMENTATION AND COMMENTS

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FUNDS WILL COME FROM FALLOUT OR DELAY TO FY 84 OF SOME
FUNDING PRESENTLY CARRIED FOR FY 83. PER CONSULTATIONS
WITH AID/W, MISSION UNDERSTANDS CN WILL BE REQUIRED, AND
WILL CABLE TEXT AT APPROPRIATE TIME.

ACTION OFFICE 4EDP-03
INFO 4EPD-04 4ETC-04 4C-01 4CFL-01 4CNE-01 4M-02 4TAG-02
4TNE-01 4AST-01 4ENR-01 4CP-04 4EE-01 4MS-00 4TEN-01
4ARI-01 4TFA-01 4TSY-05 4ELD-01 4AEN-01 4AST-01
/240 01 010

4. APPRECIATE AID/W ADVICE ON CN'S PROVIDED RETTEL,
REQUEST STATUS OF APPORTIONMENT AND STATE/HA ACTIONS.
ADVISE IF ANY MISSION ACTION REQUIRED OR HELPFUL. ON
THESE. ATHERTON

INFO OCT-00 COPY-01 INR-10 10-00 4EA-07 L-03 /064 V
-----02007: 100750Z /16

P 100737Z MAR 83
FM AMEMBASSY CAIRO
TO SECSTATE WASHDC PRIORITY 0800

UNCLAS SECTION 02 OF 02 CAIRO 07207

AIDAC

E.O. 12356: N/A
SUBJECT: FY 83 PLANNED OBLIGATIONS

03) GRAIN STORAGE (0070): CN EXPIRED 3/5. USAID/
PREPARING DRAFT GRANT AGREEMENT FOR REVIEW AND
NEGOTIATION WITH MHC AND TECHNICAL MINISTRY.

07) TAX ADMINISTRATION (0115): PROJECT APPROVED AT POST
FEBRUARY 24. GDE REVIEWING DRAFT GRANT AGREEMENT
AMENDMENT. USAID AWAITING APPORTIONMENT OF FUNDS TO
COMPLETE FINAL AUTHORIZATION, NEGOTIATION, AND
OBLIGATION ACTIONS.

06) BUSINESS SUPPORT AND IMPROVEMENT (0150): REQUEST
AID/W ADVISE STATUS OF IFC WAIVER. MISSION UNABLE
COMPLETE DRAFT GRANT AGREEMENT FOR GDE REVIEW UNTIL
WAIVER APPROVAL RECEIVED. CONSIDERATION NOW BEING GIVEN
TO AMENDING PP TO INCLUDE IESC ACTIVITY UNDER THIS
PROJECT. THIS MAY REQUIRE ADDITIONAL FUNDING AND A CN
RESUBMISSION. WILL ADVISE.

08) RURAL HEALTH (0015): GDE NOW REVIEWING DRAFT GRANT
AGREEMENT AMENDMENT FOR FY 83 DOLS 4.5 MILLION
OBLIGATION. AWAITING APPORTIONMENT TO COMPLETE FINAL
NEGOTIATIONS AND OBLIGATION.

11) BASIC EDUCATION (0130): USAID PROJECT COMMITTEE HAS
APPROVED CONCEPT PAPER. PP AMENDMENT DESIGN IS ON
SCHEDULE.

12) TECHNICAL COOPERATION AND FEASIBILITY STUDIES
(0173): PP WAS APPROVED AT POST 2/21/83. PLEASE ADVISE
WHEN CN SUBMITTED. SHERPER WILL HAND-CARRY PP TO AID/W.
3/11.

03) FAMILY PLANNING (0144): PP IN FINAL MISSION REVIEW
STAGE; ANTICIPATE COMPLETION BY 3/15.

04) SUPPORTING AGR SYSTEMS (0152): FOLLOWING AID/W
REVIEW, REDRAFT OF PID SHOULD BE COMPLETED IN APRIL; PP
PREPARATION WILL SLIP TO LATE MAY OR EARLY JUNE.

09) PRODUCTION CREDIT (0147): THE PID WAS RECENTLY
APPROVED BUT MISSION STILL AWAITING REPORTING CABLE. DUE
TO COMPLEXITY THIS PROJECT, THE PROJECT OFFICE
ESTIMATES FINAL DESIGN AND MISSION REVIEW PROBABLY CANNOT
BE ACCOMPLISHED BEFORE AUGUST.

05) DECENTRALIZATION (0105): A CASH FLOW ANALYSIS OF
OBLIGATION REQUIREMENTS FROM THE EXISTING AUTHORIZATION
WILL BE COMPLETED IN APRIL. MISSION ANTICIPATES NEEDED

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