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PERFORMANCE REPORT
Monitoring, Verification, and Evaluation Unit - APRP
Quarter Ending December 31, 1998
and
Annual Report for Calendar Year 1997

USAID/EG/AP
USAID Award 263-C-00-97-00003-00
Abt Associates Inc

Progress in Quarter Ending December 31, 1998⁷

Impact Assessment Plan

The impact assessment plan team started and completed its work this quarter. Field work for the study took place in Cairo between October 4-24, 1997, and consisted primarily of reviewing documents relating to previous and ongoing studies by APRP operating units, reviewing questionnaires relating to some of these studies, and meeting with numerous USAID and Egyptian officials and researchers who are knowledgeable about one or more of the studies or other aspects of the APRP. The team also took a very useful field trip to the governorates of Sharkeva and Dakahleya. The report has benefitted from substantial comments by MVE and USAID staff. The draft impact assessment plan was prepared by a seven-person team consisting of two MVE staff plus three expatriate and two Egyptian consultants, all agricultural economists. The team made a presentation to APRP and invited guests before departing. The MVE Unit received a revised report from the team leader shortly after the new year and will be finalizing the report shortly. The plan will contribute many important activities to the MVE Unit's workplan for the coming three years.

Some key points from the plan

- The team recommended a combination of targeted studies and utilization of selected modeling techniques aimed at the most important markets and APRP reforms.
- The key to successfully combining modeling techniques with more targeted special and subsector studies to assess the impact of the reforms is in correctly tracing through the causal effects of the reforms, including negative as well as positive impacts.
- To assess impact the team recommended focusing on eight variables: changes in agricultural production, changes in total factor productivity, changes in market structure that lead to changes in marketing margins, changes in employment, changes in producer and consumer incomes, changes in the GOE budget, changes in participation of the private sector in key subsectors, and changes in the regional composition of income.

- The topics and subsectors meriting priority attention in the impact assessment effort are in general the same areas where APRP is concentrating its efforts, they include cotton, farm cropping patterns input use and productivity, fertilizer, private agribusiness and food security
- To define the specific studies that need to be undertaken the planning team recommends MVE begin with a series of subsector status reports
- Targeted studies indicated as necessary by the subsector status reports will provide a more complete understanding of the structure, conduct and performance of specific subsectors trace causality identify baseline measures of key impact variables in the subsector, provide technical coefficients for preparing analytical models, and provide estimates of potential impact required by the models for predicting the impact of specific reforms
- The implementation plan calls for baseline studies (filling in what the subsector status reports show to be lacking) for fertilizer, cotton, rice, wheat, food security, privatization allocative efficiency and water use efficiency within irrigation systems It calls for MVE to collaborate with RDI in collecting data for the Egypt Agricultural Sector Model, as well as developing its own multi-market model
- To produce reliable results models need large amounts of accurate data Appropriate data may or may not be available in Egypt, some of what is available may be poor quality Until a proper assessment of data availability and quality can be made, MVE should not make a definitive determination of what future studies it will undertake or which models it will develop
- IFPRI's EIHS (household income, expenditure and consumption survey) should be repeated near the end of APRP USAID should decide now whether to amend the IFPRI contract and work plan to include a rerun, or have MVE assume responsibility for this Having done it once before IFPRI certainly seems to be the logical choice

Verification Tranche I

MVE continued its verification efforts Twenty-five benchmarks were carried over from tranche I to be reverified as to their accomplishment by December 31, 1997 MVE conducted interviews with key individuals collected letters and decrees, and designed and carried out five inter-related mini-surveys The verification report will be completed by the end of January, 1998 or very shortly thereafter

The following Egyptian expert consultants assisted the MVE Unit in the verification

Dr. Abdel Hamid Youssef Saad - fertilizer pricing and distribution

Dr Mohamed A Meselhi- mini-survey
Dr Ezz Eldin Abdel Kader Abdulla- mini-survey
Dr Ahmed Qadery M Bahloul- mini-survey
Dr Mohamed Hussein Mohamed Atwa- mini-survey
Dr Usama Ahmed El Bahnasawi- mini-survey
Dr Mohamed Saeed - cotton spinning
Dr Sayed Saleh - cotton trading

The mini-surveys were conducted in eight governorates to investigate the performance of the cotton subsector and the participants involved in the system. These surveys were administered to 296 farmers, 50 PBDAC managers of sales rings, 50 CATGO and 50 buying company representatives at sales rings, and eight governorate-level directors of CATGO. A report of the survey findings will be published separately.

These surveys revealed that cotton marketing was orderly but not competitive. The system of one buyer per ring and fixed producer prices was essentially an administered system. Virtually no transactions took place outside the rings, registered domestic cotton traders who did not bid for sales rings were unable to participate in seed cotton marketing. At the time farmers delivered seed cotton to the rings, they were not sure how their cotton was graded, what price they would receive for it, and when they would receive the second payment from PBDAC.

Some important results of a second major verification activity, interviews with key informants in the cotton trade, are as follows:

- The private sector participated only partially in the seed cotton marketing season this year.
- Private sector entities were involved in cotton ginning activities through the two main private ginners, Arabia and Nile Ginning Companies.
- Private entities exported almost 25% of the total lint exported since September.

There was only gradual change in the system of fertilizer distribution, pricing, and tariffs. PBDAC's quota has been reduced to 25 percent, and it takes its quota only from Abou Qir, not from Talkha, so its share of nitrogen fertilizer produced in Egypt is about 14 percent. This seems an opportune time to eliminate the quotas entirely, but this has not been done yet. Fertilizer prices have not been adjusted by the factories (despite substantial changes in international prices), nor has the tariff on imported nitrogenous fertilizer been reduced, as called for in the benchmarks.

Several useful studies have been completed by RDI staff, IRIS, and high-level Egyptian consultants.

Verification Tranche II

Verification activities during the quarter, especially those with regard to the cotton subsector, will contribute to the verification of both the tranche I benchmarks carried over and the tranche II benchmarks. Additional verification activities will be designed and incorporated into a verification plan. This plan will be completed once the tranche II indicators are finalized.

MVE's KENUZ Information System

MVE staff collaborated closely with RDI consultants Tanya Torres and Charles Schollaert over several weeks to develop the new information system. The MVE system is a repository for all the vital information generated by the unit. It includes all meeting notes, all deliverables, and an essential tracking matrix for benchmarks. One contribution of MVE to information sharing in APRP was the incorporation of a set of keywords that could be attached to any document in Lotus Notes (whether in the MVE, RDI, or PMU databases) to make retrieval of needed information easier and more reliable. All APRP staff now have access to all meeting notes and other critical policy information generated by MVE, as recommended recently by consultant Doug Daniell who reviewed the verification process in July, 1997.

MVE staff quickly began using the system to make policy information available rapidly to our colleagues. One such technique is to take a laptop computer on field trips with a replica of the database so that notes can be entered even before returning to the office. The database is then replicated to share the new information with the main version of the database stored on the APRP server. MVE staff also began entering back meeting notes and other information into the system to insure that it would be as complete as possible.

Coordination and Collaboration

Drs. John Holtzman and Morsy Fawzy attended a meeting with Dr. Lehman Fletcher in which verification modeling for impact assessment, and the APRP analytical agenda were discussed. In the verification process, Lee Fletcher argued that MVE should state whether the BM was well formulated, whether there were problems with it, and whether political economy factors or circumstances changed after the BM was formulated that made it irrelevant, out-of-focus or off-target, or redundant by the time the verification report was submitted.

COP Dr. Gary Ender attended USAID's SO1 meetings of COPs for coordination across technical assistance activities.

PPC Activities

COP Dr. Gary Ender attended PPC meetings, during which there was discussion of tranche I benchmark accomplishments. Ender updated the PPC. The MVE Unit finalized the background document for the tranche II benchmarks, and this was approved by the PPC.

Progress in Previous Quarters

Quarter ending September 30

Tranche I Verification Report Completed and Submitted

MVE completed the report covering the period through June 30 1997 by early July. Draft versions of the report were reviewed carefully in small groups of APRP and USAID staff, culminating in a mid-June meeting at El Qanater. The final tally for the Tranche I benchmarks was as follows:

- 40 fully accomplished
- 23 partially accomplished
- 4 no progress
- 5 exceeded full accomplishment

Following PPC review and approval of the Verification Report in early July, the GOE submitted the report and obtained disbursement of \$28 million for the fully accomplished benchmarks. GOE asked USAID to extend the period of time for considering those Tranche I benchmarks where there was no progress or partial accomplishment. The extension period will be from July 1, 1997 to the end of December, 1997.

Producer Survey

Dr. Morsy Aly Fawzy prepared a detailed report summarizing the findings of the survey of 181 producers, which was carried out to verify nine tranche I benchmarks that directly concerned farmers.

Verification Process Review

Douglas Daniell came to Cairo for two weeks in July and interviewed key USAID & APRP staff. He prepared a report *The Agricultural Policy Reform Program Benchmark Verification Process* and presented findings in an APRP seminar. One important recommendation of his report is for MVE to develop an information system to systematically maintain and share information with the other units of APRP. Daniell also stressed the need for improved meeting coordination among the APRP units, particularly MVE and RDI.

Tranche II Benchmark Development

The MVE Unit participated in discussions leading to the finalization of tranche II benchmarks and suggestions for relevant indicators. Following the Ismaileya workshop in late June, MVE continued to offer constructive criticism in formulating the benchmarks and in trying to ensure that they were verifiable.

Verification of Benchmarks in Tranche II and Carried Over from Tranche I

MVE staff began preparing to verify the remaining unaccomplished benchmarks of tranche I and those of tranche II. Steps taken included the following:

- As part of a larger joint RDI-MVE field trip to Alexandria, MVE sent an analyst to interview the ALCOTEXA Chairman and chairmen of key public and private sector cotton trading companies in early September
- MVE began designing a mini-survey for the marketing season 1997/98 that was later administered in October/November at cotton marketing rings. Specific sets of questions were prepared to target:
 - Cotton producers and sellers
 - PBDAC ring managers
 - Buyers of seed cotton (public & private),
 - CATGO representatives in PBDAC rings

MVE Information System Development

During the quarter MVE staff:

- Prepared a draft outline laying out a tentative MVE information system in Lotus Notes,
- Drafted a TOR for consultant(s) to implement an information system in Lotus Notes,
- Shared drafts of the outline and TOR for consultants with RDI

Impact Assessment

MVE developed and revised the TOR for an impact assessment planning exercise. USAID and other APRP partners provided valuable input at a meeting to review the TOR and afterwards in writing. After considering numerous highly qualified consultants, MVE selected a team of expatriate and Egyptian analysts with a good mix of complementary skills. They were Dr Tom Zalla (team leader), Dr Bob Young, Dr Stephan Goetz, Dr Abdel-Hamid Youssef Saad, and Dr Abdel-Rahim Ismail. Drs John Holtzman and Morsy Ali Fawzy joined the team from the MVE Unit. To prepare the expatriate consultants for their work in Egypt, MVE provided and sent detailed background information and documentation to the team, which helped the team members get quickly up to speed.

Quarter ending June 30

Verification Report

The most important task of the MVE unit during the quarter was the completion of the verification report. Information about and analyses of policy changes accomplished by June 30

were entered into the report, which was submitted to USAID on behalf of the GOE on July 10 1997. The report contains a main volume with verification analyses of the individual benchmarks and an annex volume containing copies of decrees and other data, interview notes, and lists of persons contacted during the cotton and rice rapid appraisals. Other persons contacted are listed by benchmark in the main report. A third volume covers the producer survey conducted for the verification.

The producer survey interviewed 180 producers in eight governorates. It gathered information for the verification of nine benchmarks and also gathered other valuable background and policy-related information.

MVE analysts continued a comprehensive cotton subsector rapid appraisal in collaboration with the MALR/GTZ CSPP, which began in March, 1997. They interviewed many of the public and private sector ginning, exporting, and spinning and weaving companies using carefully developed structured informal interview guidelines. They also interviewed several domestic cotton traders, who were sidelined during the 1996-97 marketing season by high seed cotton floor prices. Most of these subsector participants were cooperative and informative.

To assist in the verification of the benchmarks, the MVE unit hired consultants who produced reports related to specific benchmarks, as follows:

Fertilizer Marketing

Dr. Abdel Hamid Youssef Saad
Dr. Adel Rahman Taryal

Rice Marketing and Privatization

Dr. Ismael Ouedraogo
Dr. Abdel Rahim Ismail

Cropping Pattern

Dr. Mahmoud Sadek El Adeemy
Mr. Zaki Hussein - Research Assistant

Tariffs and Trade

Mr. Amer El Sayed Abdou

Cotton Trade

Dr. Rashad Mohamad El Saadany
Dr. Azza Ibrahim Emara

Producer Interviews

Dr. A. Q. Mokhtar M. Bahloul
Dr. Mohammed A. Meselhi
Dr. Mohammed Saeed Saeed
Dr. Usama Ahmed El Bahnasawi

Cotton Pest Control

Dr. M. Abdel Sadek El Santrezy

All consultants were Egyptian experts except Dr. Ouedraogo, who was on the staff of Abt Associates.

Once the verification report was drafted, the unit held discussions with USAID and the GOE which was assisted by the staff of RDI. Based on all the available data and analyses, the MVE unit then made its final recommended assessments of accomplishment.

The work of the MVE unit on the verification report was divided among the MVE staff as follows

| | |
|--------------------|---|
| Dr Adel Moustafa | cotton subsector rapid appraisal and supervision of local consultants |
| Dr John Holtzman | cotton and rice subsector rapid appraisals and supervision of local consultants and expatriate consultant |
| Dr Morsi Ali Fawzi | producer survey, including supervision of associate researchers, and verification of some other benchmarks |
| Dr Gary Ender | overall management, supervision of some local consultants, and verification of water-related, wheat, food security and other benchmarks |

In order to complete the verification report in such a short time, the MVE was fortunate to be able to collaborate easily and productively with the RDI unit, with CSPP (in particular, consultants Drs Ronald Krenz and Abdel Rahim Ismail), and the FSR unit

Review of Verification Process

During the quarter the MVE unit drafted a TOR and got approval for a consultant to review the verification process and make recommendations for monitoring and information sharing in the program. Recruitment of a candidate was completed, and the consultant, Douglas Daniell, started work in early July

Tranche II

The MVE Unit participated vigorously in the ongoing discussion of new benchmarks for tranche II, culminating in the two-day workshop in Ismailia in late June

Seminars

MVE staff continued to broaden their knowledge of Egyptian agriculture by participating in a number of workshops and seminars on the cotton subsector (at Al Azhar University and APRP/CSPP) and fertilizer distribution (in Ismailiya)

Quarter ending March 31

Verification

The MVE Unit's team led and took part in meetings with USAID and the GOE to ensure correct interpretations of all the tranche I benchmarks. These interpretations were incorporated in the draft verification plan. The verification plan was completed, and approved by the PPC on March 10

The team began its verification visits, especially in cotton. The team started in-depth interviews with key informants in the cotton subsector, maintaining close coordination and collaboration with GTZ and RDI to prevent duplication of meetings. The unit's long-term staff members, Drs Adel Mostafa and John Holtzman, have responsibility for the cotton subsector verification work. Their field trips took them to Alexandria and the industrial city of 10th of Ramadan. Interviews were carried out with managers of public and private ginning, trading, spinning, and weaving companies.

The team also began planning and recruiting for the use of STTA in verification. One of the first activities using local STTA was the producer survey, under the supervision of long-term advisor Dr Morsy Fawzy. Dr Morsy led the development of the questionnaire for this survey and the recruiting for his research associates.

Management

Christine Erbacher from the Abt home office travelled to Cairo in February and stayed for two weeks to give an orientation to the administrative and financial staff, in collaboration with Abt Associates' local subcontractor, EQI.

The MVE Unit's workplan was approved by the PPC and by USAID, the latter version including projected quarterly financial information. Abt Associates' contract had not been signed yet, but adjustments to the draft continued on a constructive basis.

Seminars and Meetings

The MVE team took part in a project orientation meeting in Alexandria in January. The team also took part in the RDI workplan workshop in February.

The COP (and some team members) collaborated with Wilmot Averill and Lehman Fletcher during their TDYs, providing detailed verbal and written comments on their deliverables. The COP also took part in the USAID contractor meeting for SO1 and attended the opening of the PBDAC conference.

Problems as of January 31, 1998

The *verification indicators* for tranche II have as yet not been completed. This delays the completion of the verification plan.

Office space for short-term consultants is almost non-existent. They are either forced to work out of hotel rooms, or they are put in the fax room or the conference room, neither of which is a satisfactory work space.

MVE has two *vehicles* and one of them is a very old, full-sized van (The only other such car in the APRP program is with IFPRI) The unit would prefer a vehicle like a minivan that is less expensive to repair and operate

Local Lotus Notes training for application development was never conducted The firm contacted by APRP could not make a suitable teacher available This leaves the MVE Unit with no individual fully trained to update and improve the KENUZ information system's structure and performance To overcome the quirks of Lotus Notes, the MVE Unit has received some good help from DAI computer staff, but this is necessarily from afar

Proposed Actions

Space With vacancies in the building due to the closures of MALR public companies, there may be space to expand project offices Assistance from the PMU and USAID would be greatly appreciated

Abt Associates Inc.

Monitoring, Verification, and Evaluation (MVE Unit - APRP)
Period October - December 1997

| | | |
|---------------------------------|------|-------------------|
| Total Level of Effort | | 600 |
| Total Estimated Cost | | \$5,751,000.00 |
| <hr/> | | |
| Level of effort of this quarter | STTA | 5.16 p/m |
| From Oct 97 to Dec 97 | LTTA | 22.50 p/m |
| <hr/> | | |
| Cumulative LOE | STTA | 44.33 p/m |
| | LTTA | 96.54 p/m |
| <hr/> | | |
| Unused LOE | | 459.13 p/m |
| <hr/> | | |
| Expenditures of this quarter | | \$255,286.74 |
| Cumulative expenditures to date | | \$1,062,883.21 |
| Remaining unexpended balance | | \$4,688,116.79 |