

ARD

**Egypt Local Development II
Program (263-0182)
Evaluation Report**



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Acronyms and Abbreviations

AMANA	Technical Secretariat
Bab	Chapter of the Egyptian National Budget
BSDS	Basic Service Delivery Systems
BVS	Basic Village Services Project
CAOA	Central Authority for Organization and Administration
DOA	Directorate of Administration
DSS-I	Decentralization Sector Support Project I
EOPS	End of Project Status
GIS	Geographic Information System
GLDC	Governorate Local Development Committee
GOE	Government of Egypt
GTC	Governorate Training Committee
GTD	Governorate Training Department
LD II	Local Development II Project
LE	Egyptian Pound (LE 3.332 = \$1.00 May, 1993)
LMU	Land Management Unit
LPDP	Local Participation and Development Program
LRM	Local Resource Mobilization
LSDA	Local Services and Development Account
LSDF	Local Services and Development Fund
MADAC	Management Development Arab Center
MIC	Ministry of International Cooperation
MIS	Management Information System
MLA	Ministry of Local Administration
MOF	Ministry of Finance
MOP	Ministry of Planning
MP	Member of Parliament

MSA	Ministry of Social Affairs
NOPWASD	National Organization for Potable Water and Sanitary Drainage
NUS	Neighborhood Urban Services Project
OAFD	Office of Analysis and Financial Development
O&M	Operations and Maintenance
OMED	Office of Management and Economic Development
ORDEV	Organization for Reconstruction and Development of the Egyptian Village
OVI	Objectively Verifiable Indicator
PACD	Project Assistance Completion Date
PLDC	Provincial Local Development Committee
PP	Project Paper
PVO	Private Voluntary Organization
QPR	Quarterly Progress Report
RIG/A/C	Office of the Regional Inspector General/Audit, United States Agency for International Development, Cairo
TA	Technical Assistance
TBG	Training Block Grant
TC	Training Coordinator
TOR	Terms of Reference
ULDC	Urban Local Development Committee
USAID	United States Agency for International Development
VRDC	Village Reconstruction Development Committee
WSA	Wilbur Smith Associates

Executive Summary

The LD II Grant Agreement, signed in September 1985, established, for the first time in Egypt, a formal system of revenue sharing between central and local government. This Agreement led to obligations of \$403 million by USAID and \$231.4 million by Government of Egypt (GOE). The project activity completion date (PACD) was ultimately fixed at 30 September 1993.

The goal of LD II was to improve the quality of life of low-income residents in rural and urban Egypt through provision of basic services. LD II's purposes were to improve and expand the capacity of local governments to:

- plan, finance, implement, and maintain chosen basic service projects; and
- mobilize local resources to sustain provision of basic services.

LD II's two main components were Basic Services Delivery Systems (BSDS) and Local Resource Mobilization (LRM). BSDS included a matching block grant system for investments in basic service projects in provincial and urban governorates, planning for operations and maintenance, a local government training program, and a management information system (MIS).

Within each governorate, the Governorate Local Development Committee (GLDC) had primary decision-making authority for allocating block grant funds. The block grant became the centerpiece of LD II.

The LRM component focused on strategies to generate resources locally for capital and recurrent costs.

The purposes of this evaluation are to: illuminate development changes and impacts attributable to LD II interventions, and provide lessons for potential follow-up activities and for local government strengthening initiatives elsewhere.

A team of three Americans and three Egyptians carried out the evaluation during April and May 1993. The team met with USAID and GOE officials, Technical Assistance (TA) contractor staff, and other knowledgeable persons in Cairo, and reviewed LD II documents and reports. In the field, members met with governors, secretaries-general and other officials, and executive and popular council members at governorate, markaz, and village/district levels.

Summary of Principal Findings, Conclusions, Recommendations and Lessons Learned

I. Planning and Implementation

Findings

Planning systems were established at each level. Governorate officials unanimously agreed that quarterly progress report (QPR) forms facilitated planning and monitoring.

All governorates have a committee which serves as a GLDC.

All mother villages and most satellites benefitted under LD II.

More popular council participation took place than under Bab III.

A total of 52 million rural and urban Egyptians benefitted from implementation of nearly 17,000 LD II-funded subprojects. Basic services in water, electricity, roads, wastewater, and school renovation were planned and implemented by governorate, markaz, and village/district officials and council personnel.

At the end of 1992, approximately 85 percent of all projects had been completed; by October 1993, 100 percent should be finished.

Projects observed were functioning and being utilized.

Conclusions

LD II developed a local government planning, investment, and implementation system. Local officials had adopted its systems and techniques.

Local popular and executive council members acquired heightened awareness of their roles in local development. They generally participated in planning and implementing BSDS subprojects.

Recommendations

USAID should consider continuing TA and training for local council members and officials.

USAID should consider a study to investigate the role of popular councils during planning and implementation of BSDSs.

USAID and GOE should jointly explore how funds can be channeled to governorates for support of basic services delivered under LD II.

Lessons Learned

As LD II operated outside GOE administrative structure, improvements in planning techniques, procedures, and forms will likely be discontinued. It would have a better chance of survival had its structure been integrated with the MLA system.

Strong local council support was crucial to effective implementation of BSDS subprojects.

The implicit design assumption that local governments had the ability to manage planning, implementation, and monitoring of BSDS projects funded through block grants was valid.

II. Operations and Maintenance (O&M)

Findings

The 22 provincial governorates designed, constructed, and equipped 875 village workshops, 175 markaz maintenance centers, and several governorate maintenance centers. Urban governorates had 31 zonal/district workshops and central garages/workshops in varying stages of operation. All facilities visited use standardized systems for equipment maintenance, repair, inventory, utilization, and record keeping. The quality of their application varies.

All governorates visited had updated O&M plans. They all had maintenance coordinators appointed and functioning.

O&M shops within governorates visited were linked and exchanged inventory and, to a lesser extent, services among themselves. Linkage with central government was unclear.

Conclusions

Much was accomplished in O&M physically as well as in systems design, installation, and training. All local levels achieved conspicuous improvement in capacity. The role of maintenance coordinator was firmly established within the governorate.

The weakness in O&M achievement lies in the slim likelihood that accomplishments can be sustained. Failure of GOE to address recurrent cost funding issues as well as local revenue mobilization (LRM) remains the most serious constraint to further growth, improvement, and expansion of O&M capacity and capability.

Recommendations

GOE should identify a mechanism for funding O&M at the local level on the scale required after PACD.

GOE should explore how Egyptian-staffed TA can be provided to foster sound, business management-based policies/practices in income generation by qualified O&M facilities.

GOE should commission a study to ascertain the annual funding level required for O&M in the governorates in order to determine a realistic funding "floor."

MLA should require regular quarterly reporting on O&M status and needs by each governorate and should utilize it when recommending O&M funding allocations.

Lessons Learned

Methods to ensure sustainability of systems developed under a project must be provided at the outset and fully take into account host government policies and practices.

Egyptian local officials and councils had the will and the capacity to establish and manage maintenance systems expeditiously.

LD II convinced officials from governors on down of the importance of O&M.

III. Management Information Systems (MIS)

Findings

All governorates had MIS centers which provide local government with data processing tools to monitor BSDS subprojects. All used MIS data to generate QPRs.

Proliferation of MIS applications and systems at the governorate level was an indicator of institutionalization of MIS in Egyptian local administration.

In several governorates, the LD II MIS Center and the Cabinet Affairs MIS Center were consolidated. The trend toward amalgamation will continue. LD II MIS reporting will probably remain, albeit in abridged form.

Village reported quarterly to marakez headquarters on expenditures in local BSDS projects. All 26 governorates and Luxor City reported QPR data on diskette to MLA which produced a consolidated QPR that tracked implementation expenditure of individually identified local subprojects. The MLA MIS Center had been publishing QPRs regularly since 1991.

Conclusions

Governorates realized the potential of MIS as a management tool.

The overall capacity of governorates to plan, procure, manage, and operate computerized information systems improved considerably. All governorates had staffed and functioning MIS centers.

MIS, more than any other element, has potential to be sustained, although it will probably change in form and organization. As long as Cabinet Affairs requires automated retrieval of governorate information, GOE will have the incentive to maintain MIS centers.

QPRs tracked current cash flows and status of expenditures. They did not show physical progress achieved or other indicators.

Governorates used quarterly expenditure data as the basis for allocating funds for local subprojects in the following quarter.

Recommendations

USAID programs to improve legislative access and management of information should include an MIS strengthening component which trains local officials by applying MIS to problem solving.

Lessons Learned

The objective of the MIS component was specific, but its skills were generic with wide-ranging application. Training for specific applications is best carried out within a context of transferability of generic skills.

In the absence of TA to demonstrate how MIS data contributes to more informed decisions, most decision-makers would only gradually experiment conceptually with integration of MIS capability in their long-standing decision-making processes.

IV. Training

Findings

Training efforts focused on transfer of technical know-how and transfer of management techniques. Over 94,000 governorate staff were trained. Seventeen (17) institutions and private sector providers were associated with the effort.

Under the Training Block Grant (TBG) program, Governorate Training Committees (GTCs) were responsible for identifying training needs, designing courses, accessing resources, and monitoring

programs. TA contractors transferred course packages to governorates. Training materials were also transferred to training centers.

The recent USAID “Technical Assessment of the Training Block Grant (TBG),” found: execution of training activities reflected sound development theory and practice; course execution was satisfactory although instructional techniques were stereotyped and traditional; and GTC management and coordination of training at the governorate level was effective.

Conclusions

The TBG activity successfully met its purpose. GTCs repeatedly demonstrated their capacity to respond to local training needs.

The TBG activity was less successful meeting its goal. It decentralized the training process. It did not systematically build capacity of local training institutions to deliver programs along lines developed in LD II. Few established training institutions incorporated LD II-designed training programs as such into their curriculum.

The prognosis for sustainability of governorate training capability is guarded considering anticipated lack of resources for training.

Most staff members trained under LD II are still in their positions and use their training-enhanced skills to carry out their tasks.

Recommendations

USAID should include a TBG-like activity either as an independent activity or as a component of a future program to strengthen governorate planning, implementation, and administrative capacity.

Lessons Learned

Governorates demonstrated willingness and capacity to carry out the TBG activity. TBG successfully strengthened GTC ability to respond to local training needs. The capacity of local government in Egypt to take responsibility for planning, budgeting, and provision of appropriate training programs was confirmed.

The decentralized approach to training was an effective strategy to improve skill levels and performance of technical and administrative staff in the governorates. The risk of losing newly trained local governorate staff to higher-paying employment was relatively small, particularly in provincial governorates.

V. Institutional Development

Findings

Overall capacity improvement was evident at all levels of local government. LD II funds were transferred to lower levels on a timely basis. Stability and improvement were shown in the number of local subprojects planned, implemented, or completed in each funding cycle. The number of delays in project disbursement and implementation was steadily reduced.

No full-time Technical Secretariat (Amana) operated in any substantive way to analyze policy and program issues and coordinate TA to local government as intended.

GOE failed to install an Egyptian-operated block grant system.

Conclusions

LD II made noticeable progress on one indicator of institutional development, capacity improvement.

The LD II PP erred in basing institutional development on a strategy of eliciting major central government alterations in organization and policy.

There was no establishment of central coordinating agencies linked to MLA as vehicles for policy analysis and guidelines for LD II.

LD II introduction of block grant funding was the most stimulative force in institutional development among local bodies. Failure of GOE to institutionalize a matching block grant system may seriously weaken, if not destroy, a number of BSDSs and capacities.

Recommendations

In the future, USAID should be wary of predicating goals and purposes of decentralization, local governance, or BSDS projects on the ability of central agencies to coordinate policy analysis and guidelines and give technical support.

USAID should explore ways of influencing LPDP to encourage reforms in the Bab III system of local fund administration so that Bab III rules approach the flexibility of LD II.

Lessons Learned

The assumption of project designers that GOE considered decentralization of administration a desirable goal was not borne out. Future efforts to assist local governance should not adopt comprehensive institutional development objectives without finding policy foundations in place to support institutional development.

Essentially, well-entrenched and powerful elements in the GOE will dominate local bodies for decades to come. A donor agency, even operating over a 15-year time frame, as USAID, cannot realistically hope to spark institutional innovation in the GOE with the objective of building capacity and autonomy of local government.

Setting up a parallel block grant system outside the normal Bab III local grant distribution system gained efficient and effective funding of basic services on a massive scale at the cost of putting the system at risk at PACD. Sustainability of achievements of project-specific administrative systems is always problematic.

VI. Local Resource Mobilization (LRM)

Findings

LRM was limited by existing law which does not allow local authority to collect, manage, and retain significant amounts of money. Recent national legislation (Law 145/1988) reduces fiscal independence and responsibilities of councils and governors.

Nevertheless, numerous local attempts are made by rural and urban governorates to generate revenue for basic services. These include fees-for-service, income generation, cost recovery, assessments, leasing of public facilities to private operators, privatizing public enterprises, and voluntary contributions.

The team found no evidence of cooperation between MOF, MLA, and local administrative units to promote and support LRM.

B. Conclusions

The LD II purpose of increased LRM was not met and cannot be met for years to come. This is due, essentially, to GOE policy priorities and organizational structures.

In some governorates visited, strengthening of local initiatives is resulting in scattered, but promising, LRM activities.

It is unlikely for a donor and GOE to find common ground on major policy reforms concerning fiscal decentralization and/or LRM.

C. Recommendations

USAID should abandon any efforts to attain significant Egyptian national policy changes on LRM directly.

GOE should move toward reforms in tax administration that would allow governorates to impose, administer, and retain local revenues for approved uses.

USAID should consider funding a study to identify forms of national revenue mobilization which might have elements of local participation acceptable to GOE.

D. Lessons Learned

Seeking to attain decentralized LRM through an articulated single program goal was not feasible in the Egyptian national financial and political context. Cessation of LD II activities concerned with that purpose was well advised.

Under present national regulatory and inhibiting conditions, some local income-generation activities might be developed. Uncertainty continues concerning the extent of design, testing, and adoption of revolving funds or other forms of credit finance in support of basic services permissible under Egyptian laws and regulations.

VII. Summary Project Impact

Findings

The flexibility and responsiveness of the LD II system powered successful development of BSDSs on a large scale.

Increase in access to basic services has been substantial. TA contractors estimate that nearly 90 percent of the Egyptian population has benefitted from LD II-funded BSDS projects.

One LD II innovation, unarguably sustainable at the governorate level, is automated data management. Land Management Units (LMUs) show potential for income generation. Offices of Analysis and Financial Development (OAFDs) also show potential for sustainability.

Conclusions

The LD II goal of improving the quality of life of poor rural and urban Egyptians was achieved. LD II implemented BSDSs throughout Egypt. Under LD II, USAID had a universal presence in governorates and marakez of Egypt. Informants recognized USAID's role in local realization of systems to relieve some burden from daily life. The LD II approach proved itself a viable formula for positive impact on daily life on a mass scale.

Long-term sustainability for many innovations is threatened by a withdrawal of funding that accompanied LD II PACD.

Under LD II, local government institutions in Egypt developed BSDSs which have a positive impact on the daily lives of the overwhelming majority. TA introduced planning, management and training systems, and equipment and facilities into local government to support operations and maintenance of BSDSs. The weakness of the approach was unrealistic design provision for sustaining achievement. GOE did not fulfill its understandings with USAID concerning LRM. In retrospect, design assumptions that GOE could and would follow through on its LRM commitments, given the prevailing political and bureaucratic environment, were too optimistic. Absence of LRM jeopardizes the otherwise commendable achievement of LD II.

Recommendations

USAID and GOE should consider building on LD II impact by establishing a funding and TA mechanism to support further development and maintenance of BSDSs throughout Egypt.

GOE should explore formulae for continued funding to sustain LD II innovations which otherwise risk losing support.

GOE should fulfill its earlier commitment to provide for LRM or find a mechanism for supporting local government development programs through other budgetary means.

USAID should fold former elements of LD II into its new governance programs if they are consistent in approach and objectives. Such support should not relieve GOE from pressure to live up to its commitments to provide a mechanism for sustaining BSDSs.

Lessons Learned

LD II experience shows the value of using infrastructure development, which has an immediate impact on large numbers of people, as an incentive for innovations in systems (i.e., administration and governance) where improved performance may neither be felt immediately nor credited to the proper source.

Basing sustainability of basic services on a major policy change at the GOE level was an unrealistic assumption of the design team. In practice, local projects are most likely to be sustained with local initiatives not sanctioned in any way by GOE. Cultivation of such local initiatives would have been a more appropriate LRM strategy than catalyzing policy changes at the GOE level.

A third lesson is that sustainability is doubtful unless a project is set within host government structure. Sustainability probably would have been enhanced had the structure been set within GOE administrative structure. Instead, LD II established a parallel structure that is unlikely to survive under present GOE administrative organization.

A further lesson is that to sustain infrastructure developed under a project concerned with local government change, project designers must confirm that desired policy foundations are in place. LD II expected to mobilize local resources to sustain infrastructure. Project designers did not fully consider GOE local government policies and structure. Their expectation was unrealistic.

A final lesson learned is that the implicit design assumption that the capability existed in local governments to plan, implement, and monitor block grants was amply justified.

I. INTRODUCTION AND BACKGROUND

A. Preface

Associates in Rural Development, Inc. (ARD) fielded a team of six professionals—three expatriate and three Egyptian—to carry out a final evaluation of USAID/Cairo's Local Development II (LD II) Project over a six-week period during April and May 1993.

The primary purposes of this evaluation are to illuminate development changes and impacts attributable to LD II interventions, and to identify lessons to apply to potential follow-up activities and local government strengthening initiatives elsewhere. It is addressed to GOE officials with ongoing local development responsibilities, USAID personnel concerned with programs to increase participation in development, and others in the development community who can benefit from lessons learned from the LD II experience in local development support by means of block grants.

The evaluation focuses on local project planning and implementation, operations and maintenance, management information systems (MIS) and training, and the cross-cutting issues of institutional development and local resource mobilization (LRM). Other specific areas covered in recent studies or special assessments are not directly evaluated, but are described as appropriate.

The team would like to express its gratitude to the many people in Cairo and the governorates who were able to find the time to sit with us, explain LD II experience, exchange views and interpretations, and assemble data to give us. Our thanks to the staff of Wilbur Smith Associates; USAID staff; staff in GOE Cairo; officials in the governorates, marakez, and village units that we visited, and the residents of those villages—all of whom received us graciously and openly. They have all contributed to our understanding, enabling us to write this evaluation.

We have tried to synthesize this report accordingly—any shortcomings are ours alone.

B. Summary of Assessment Methodology

The team reviewed documentation available in Cairo in the documentation centers of USAID and the LD II contractor. Team members also interviewed staff at USAID, the LD II contractor, and relevant GOE ministries and agencies.

For the field visits, the evaluation team organized itself into three subteams of two people each. Each team gathered information at the governorate and village unit levels in two selected governorates, according to protocols developed during initial team organization sessions.

Two major factors limited the team's effectiveness: time and language. In the time allotted, the team was unable to carry out in-depth investigations of some issues described in the scope of work, especially that of popular participation. Language capability further constrained the work of the team, especially during field visits. Due to local officials' lack of English capability and/or their preference to conduct meetings in Arabic, Egyptian team members were required to translate all remarks, thus further limiting the amount of information the team was able to obtain in the time available.

all remarks, thus further limiting the amount of information the team was able to obtain in the time available.

This report is a synthesis of overall team experience, understanding, and analysis in the evaluation of LD II impact and the lessons drawn from it.

C. Local Development II (LD II) Program Description

USAID support for the Government of Egypt (GOE) local development program began in 1977 as a series of discrete projects that were combined in 1982 into the Decentralization Support Program (DSS I), followed by the Local Development II (LD II) Program. These projects supported activities both in rural villages and urban districts working with locally elected councils and parallel appointed bodies to select and fund small, local projects of high priority to their communities. USAID/Cairo has committed over \$1 billion to these local development activities, and over 20,000 local projects have been completed in all 26 governorates in Egypt. For LD II specifically, USAID/Cairo provided a total of \$403 million, and nearly 17,000 subprojects were implemented.

The initial LD II Grant Agreement, signed in September 1985, committed USAID to providing \$156 million to finance project activities over a three-year period. The Government of Egypt (GOE) agreed to provide a local currency contribution equivalent to \$72.2 million as counterpart support. This arrangement established, for the first time in Egypt, a formal system of revenue sharing between central and local government. Six amendments to the program Grant Agreement increased total U.S. obligations to \$410.6 million (later reduced to \$403 million) and GOE obligations to the local currency equivalent of \$231.4 million. The PACD was extended to 30 September 1993.

The goal of the LD II Program is to improve the quality of life of low-income residents in rural and urban Egypt through the provision of basic services. The purposes of LD II are to improve and expand the capacity of local governments to:

- plan, finance, implement, and maintain chosen basic service projects; and
- mobilize local resources in order to sustain the provision of basic services.

The LD II Program was designed to bring together, under one umbrella, several components formerly grouped under the DSS I Program. Under LD II, the GOE Steering Committees for the Basic Village Services (BVS) and Neighborhood Urban Services (NUS) projects were reconstituted as subcommittees under an Interministerial Local Development Committee (ILDC) chaired by the Minister of Local Administration. This committee included representatives from the Ministries of Finance, Social Affairs, Planning and International Cooperation, as well as other technical ministries. The provincial and urban subcommittees became known, respectively, as the Provincial Local Development Committee (PLDC) and the Urban Local Development Committee (ULDC). These committees had final approval authority over governorate plans.

Within each governorate, the Governorate Local Development Committee (GLDC) had the primary decision-making authority for allocating the block grant funds.

The implementation strategy for LD II encourages:

- decentralizing authority and responsibility for local development;
- building popular participation;
- developing the capacity of local institutions;
- institutionalizing the operation and maintenance of basic services; and
- increasing local resource mobilization.

LD II's two main components are the Basic Services Delivery System (BSDS) and Local Resource Mobilization (LRM). BSDS includes a matching block grant system for investments in basic service projects in the provincial and urban governorates, planning for operations and maintenance, a local government training program, and the LD II Management Information System (MIS). BSDS projects are selected by local authorities. The block grant has become the centerpiece of the LD II Program and is designed as a performance-based mechanism to promote decentralization and enhance the development of local government institutional capacities. Guidelines jointly developed and agreed to by the GOE and USAID are the primary tools for improving the institutional and technical capacity of governorates to plan, design, finance, implement, and manage their development activities.

The LRM component focuses on strategies to generate resources locally for capital and recurrent costs, such as increasing user fees, strengthening PVOs through block grants, and increasing access to credit in rural areas.

II. FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

A. Planning and Implementation

The revised logical framework indicates that a primary indicator of the achievement of LD II Project purposes is the existence of improved project planning, budgeting, and implementation capabilities in local governments.

1. Development and Institutionalization of a Decentralized Planning, Block Grant Investment, and Project Implementation System for Local Government

Findings

The training and technical assistance provided by the Technical Assistance (TA) contractors to over 4,000 rural and urban executive and popular council members under LD II produced notable results in upgrading planning and implementation skills. TA contractor reports confirm improvement in these abilities over the life of the LD II Project. Officials interviewed in all six governorates visited were unanimous in noting an impressive increase over the past decade in planning and implementation abilities at all levels. Remarkable growth has occurred in local council awareness of how to plan and supervise implementation.

In site visits, the evaluation team was told that planning starts at the village/district level with members of executive and popular councils working together to perform basic service needs assessments and formulate plans according to LD II guidelines. When finalized, plans are sent to the marakez in provincial governorates for review, approval, and onward transmission to the governorate, or directly to the governorate in urban ones.

In one governorate, Damietta, the team was told that at governorate and markaz levels, popular councils are relatively powerless, that decision-making as well as involvement in operations at those levels is dominated by the executive council. In another, Suez, allocations are made to local units in conformity with a five-year plan formulated by the governorate executive council and approved by the popular council.

In most governorates that the evaluation team visited, sectoral planning (e.g., roads, water) is occurring. According to governorate officials, learning how to do sectoral planning produced the greatest positive impact on planning processes. Prior to LD II, this concept was unknown. The next step should be inter-sectoral planning, which apparently has taken place only in the pilot project in North Sinai.

Under LD II, orderly systems of planning, with appropriate documents and review processes, were established at each level. Governorate officials were unanimous in stating that LD II planning and quarterly progress report (QPR) forms are valuable—that use of the forms has facilitated more rigorous planning and monitoring.

Officials in three governorates (Beni Suef, Gharbeya, and Suez) stated that they intend to continue using LD II planning systems and forms; however, one governorate official said that the Ministry of Local Administration (MLA) Amana (to whom governorates report) told them to use

a simpler, less lengthy planning form. Still another said that the Amana told them they also want a more simplified form of reporting than the QPRs. Hence, even in those governorates where officials and councils presently intend to continue using the forms, it is doubtful that use will continue for long. (The team was told in two governorates that GOE planning officers are forbidden under law to introduce new forms or planning techniques when preparing GOE plans.)

The Governorate Local Development Committee (GLDC) was built upon a pre-existing system of review and approval. The GLDC represented a formalization of the structure. In Suez, the Director of Planning reported that the GLDC was just another committee superimposed on the existing structure, and it would not be reconvened. Suez officials felt that the GLDC did not provide as much representation from the people as did their own system which included at least one representative from all the neighborhood (district) popular councils; the GLDC only included one popular council representative.

In Gharbeya, a large development planning group meets on an irregular basis. While the group does not use the GLDC name as such, membership is similar, consisting of executive and popular council members, and members of parliament (MPs). It meets to review progress (by sector) toward achieving development plan objectives and expectations.

In Beni Suef, the GLDC meets bimonthly and also holds meetings on special issues. Damietta had a GLDC under LD II, but the evaluation team was told that it will be discontinued at the end of the project. In Fayoum, the GLDC is continuing to function, but it meets irregularly.

In any case, all governorates apparently have a committee which serves the function of a GLDC which, in most cases, will continue functioning. The importance of these committees is continuity of interaction between executive and popular councils with respect to project planning, review, and implementation.

According to governorate and village/district officials and council members in the six governorates visited, all mother villages and most satellites benefitted under LD II. However, some hamlets were not covered. Officials in one governorate stated that under normal Bab III procedures, mainly only larger towns and villages receive funds.

Available evidence indicates that local units followed approved plans, modified as necessary. In one instance, for example, where a potable water well was being dug in a village in Gharbeya, the water contained too much manganese. The project was moved to another village. Although ultimately this could have been done under Bab III, it would have taken months and an inordinate amount of paperwork.

Villages and urban districts compile reports manually. At the governorate, data are entered into the MIS and computerized QPRs are produced. In one governorate, the evaluation team was told that villages were required to submit monthly reports through marakez to the governorate on ongoing projects. One village visited kept detailed files on each project from planning to completion.

By and large, the governorate and village/district officials interviewed were not concerned with the national-level PLDC and ULDC. In Suez, the evaluation team saw a copy of ULDC minutes from one meeting which the planning director, as well as the secretary-general and the governor, had attended. Review and approvals appeared to be expeditious.

Conclusions

Planning and implementation abilities at all levels in the governorates have increased impressively. Village/district councils have acquired capability in needs assessment, planning, and supervising implementation.

In all governorates visited, a GLDC or similar committee was functioning. Since the GLDC structure was superimposed upon an existing system, the team concluded that these committees will continue to exist, though perhaps in a modified form.

All villages and districts in each governorate benefitted from LD II with the exception of a few outlying hamlets. Under the normal Bab III procedures which are to prevail henceforth, primarily only larger villages and towns will benefit.

A local government planning, investment, and implementation system was successfully developed by LD II. Local officials have adopted systems and techniques in which they have been trained under LD II. However, the LD II system was developed outside GOE administrative structure. Therefore, the likelihood of sustainability of the system is remote, as basic service provision will be governed by regular Bab III procedures under which officials have little incentive to continue applying the more rigorous criteria of LD II. Recommendations

Despite the fact that under Bab III there is no incentive to continue applying the same rigorous criteria, USAID, if it intends to undertake other projects in local development, may wish to preserve and strengthen these capabilities. If so, it would be advisable to arrange for additional TA and training—both of a reinforcement and advanced nature.

Recommendations

Recommendation: USAID should consider continuing to provide appropriate TA and training for local council members and officials. The Saqqara Training Center, already targeted for USAID support under another activity, is probably the most appropriate venue for the training needed.

Lessons Learned

Because the project operated outside the Egyptian administrative structure, improvements in planning techniques, procedures, and forms will likely be discontinued. Had the LD II structure been integrated with the MLA system, improvements would have had a better chance of survival.

2. Popular Participation in the Planning Process at the Local Level

Findings

More popular council participation took place under LD II than under Bab III. The evaluation team's findings, however, are based mainly on anecdotal information during site visits obtained from officials and a few popular council members.

In site visits, the evaluation team was given different information regarding the role of popular councils. In most governorates, the team was told that popular and executive councils meet periodically and basically share the task of identifying projects, with the popular councils first assessing needs and then joining with executive councils in finalizing proposals. The two councils were

to be jointly responsible for follow-up and monitoring. LD II has helped them improve their tendering, contractor selection, contractor supervision, and construction management procedures.

In Beni Suef, reportedly, popular councils are responsible for getting input on village issues and plans from their constituencies, and building a consensus on local priorities. Under LD II, popular council members have had training in planning and in the rights of popular council membership vis-a-vis the markaz and the executive council.

In Damietta, the example constantly repeated concerning village council abilities and participation is that of the 17 villages with wastewater operations. Those councils have shown a maturity of judgment and determination in supporting complex operations. According to governorate spokesmen, without the councils' active support of annual and multi-year investment plans, completion of wastewater plants and support facilities as well as inter-village roads would have been impossible.

In urban Qalyubia, popular councils have organized themselves into sectoral subcommittees to work on planning; they then join the executive councils in arriving at final plans, priorities, and a governorate budget submission. In this connection, the 88-person popular council of the governorate meets twice a month to handle its business, including LD II activities.

In Fayoum, although popular and executive village councils are supposed to plan and oversee project implementation jointly, some village popular council members complained that neither the popular nor the executive council at the village level has any real authority to make decisions on project planning or implementation and that, therefore, "decentralization is a joke." In Suez, a 15-year member of the governorate popular council told the evaluation team that there is no decentralization; instructions come from Cairo, and "that is that."

With respect to financial contributions, all governorates visited seek voluntary contributions for recovering costs and three of them attempt some income-generating activities. However, it is unclear to what extent popular councils are involved with these activities.

Conclusions

In LD II, local popular and executive council members acquired heightened awareness of their roles in local development. In most cases, they participated in planning and implementing basic service delivery subprojects. Strong support of the councils has contributed greatly to successful completion of subprojects.

Recommendations

While training by TA contractors had reportedly instilled awareness of rights and responsibilities in local popular and executive council members, the evaluation team could not determine to what degree there was real and effective participation by local councils. The issue requires intensive study over a period of months.

Recommendation. The team recommends that USAID consider funding a study to investigate further the role of popular councils during LD II in planning and implementation of BSDSs.

Lessons Learned

According to officials interviewed during site visits, strong local council support was crucial to effective implementation of basic service delivery subprojects. Active participation and support of local popular and executive councils makes a significant difference to chances of success in planning and implementation of local development projects. Therefore, host governments and donors, when designing projects to be locally implemented, should confirm that local government bodies, as well as central government offices, are in accord with the need for the projects and will provide active local support to the effort.

3. Completed Projects Providing Sustainable Benefits to the Urban Poor and Rural Villages

Findings

Nearly 17,000 subprojects were planned and implemented during LD II in 26 governorates. The TA contractors estimate that about 52 million persons, or nearly 95 percent of all Egyptians benefited from LD II either directly or indirectly. Of the total, roughly 30 million are in the provincial governorates and 22 million are urban dwellers.

Both TA contractors estimated that, by the end of 1992, approximately 85 percent of all projects had been completed and were operating successfully; by October 1993, 100 percent should be finished. These estimates were borne out in site visit interviews where governorates and villages/districts reported that virtually 100 percent of all projects up to and including the third cycle have been completed and about 85 percent to 90 percent of fourth cycle projects. In Fayoum and Suez, the team was informed that all LD II subprojects had been completed; in Beni Suef, implementation figures were not provided to the team, but from conversations during site visits, most planned projects appeared to be completed. In Gharbeya, all first- and second-cycle projects were finished, and 99 percent of third cycle and 85 percent of fourth-cycle projects were completed.

Conspicuous among the physical accomplishments of the project is the construction of maintenance facilities which are staffed and equipped in every governorate. In most governorates, priorities were water, roads, electricity, wastewater, and renovation of schools and health clinics. In Fayoum and Beni Suef, house water and electricity connections for rural villages were considered most important; in Gharbeya, it was wastewater, roads, and potable water; in Damietta, preference was accorded to roads, water, and wastewater; in Suez, roads, schools, health clinics, and electric connections received priority attention; and in urban Qalyubia, a central garage and a library were constructed as well as other urban infrastructure.

Funding through block grants allowed project contracting, planning, and implementation to proceed smoothly without awaiting delayed infusions of quarterly funding from the National Investment Bank. This funding method has encouraged many private Egyptian contractors to bid for business connected with these projects in the knowledge that they would be paid on schedule, contrary to normal Egyptian government contracting practices.

Projects observed by the team were functioning and being utilized. Sustainability will depend largely on availability of funds for overall operations and maintenance (O&M). Cost recovery in-

come-generating projects have been only minimally successful, and sufficient O&M funding from Bab II under the follow-on project LPDP is questionable.

TA contractors' reports and information from governorate and village/district sources during site visits, cited some implementation problems (e.g., disputes with private sector contractors over payment, ownership of project sites, and disagreements between popular and executive councils). Most of these have been solved through joint discussions between the two councils. If an impasse is reached or a solution is beyond the capacity or authority of the village/district, the problem is referred to the governor for final adjudication. The resolution of some problems, however, require substantial additional funding (e.g., the need for additional wastewater systems).

In some governorates visited, governorate committees were specially charged with following up project implementation. In Fayoum, for example, the Governorate Service Committee, headed by the governor, meets each month to review all projects and, where necessary, resolve implementation problems/disputes. In Suez, the governorate executive council performs the same function. In Damietta, the GLDC provides support and advice to local councils.

Conclusions

An impressive array of basic services was planned, implemented, and delivered by governorate, markaz, village/district officials, and executive and popular councils during the course of LD II.

From site visit observations, interviews, and perusal of local documents, the evaluation team concluded that rates of project implementation and utilization of LD II subprojects were superior.

Problems were identified and dealt with expeditiously except where lack of funds made it impossible to effectively do so.

Recommendations

Problems remain relating to sustainability of many of the services delivered under LD II. In large part, they center around lack of sufficient funding for staff salaries and overall maintenance. Also, during implementation of some subprojects, governorates, marakez, and village/district councils identified an urgent need for more basic services, especially wastewater and sewage. During site visits, village/district councils also spoke of other pressing requirements, such as the need to finish roads begun under LD II and additional school renovation.

Recommendation: USAID and the GOE should jointly explore ways in which continued funds can be channeled to governorates for support of basic services delivered under LD II and for provision of critical basic services not yet developed in certain areas due to unavailability of funds.

Lessons Learned

There was an implicit assumption within the LD II project design that local government had the ability to manage planning, implementation, and monitoring of basic service delivery projects funded through block grants. The design assumption was valid.

During LD II, an impressive number of BSDSs benefitting millions of rural and urban Egyptians were planned and implemented by local governments. Projects were executed efficiently, problems were addressed and resolved expeditiously. The capability to plan, implement, and monitor

basic service projects exists in local government at all levels from the governorate on down; it simply requires cultivation.

B. Operations and Maintenance (O&M)

The revised logical framework for the LD II Project listed the following among indicators of improvement and expansion of the capacity of local governments to plan, finance, implement, and maintain basic service projects:

- appropriate maintenance facilities in place and functioning in local governments; and
- improved O&M of basic public services.

1. Sustainable Maintenance Systems in Place in Each Local Government Unit with Capacity to Operate and Maintain Rolling Stock and Fixed Plant at Planned Levels

Findings

Maintenance systems at varying levels are in place in each rural and urban governorate. During field visits, the evaluation team verified that maintenance facilities have and are using systems for:

- periodic maintenance of equipment, preventive maintenance and repair schedules, parts control, and procurement;
- equipment utilization and availability records; and
- fuel and supply records.

The systems are standardized in format, but vary in quality of application. Staffs have been trained in their use and supervisory systems define how they are to be used.

Field visits also confirmed that maintenance schedules now exist for routine attention to care for fixed plant such as:

- potable water system pumps, pipes, and household connections;
- pavement conditions and drainage on roads;
- wastewater treatment plant equipment, connectors, sewer mains, and household connections; and
- building roof, floor, wall, and finish conditions together with functioning electrical and sewerage installations.

Schedules vary in their application.

One TA contractor (Chemonics) reported for two governorates that pump set breakdowns declined by large percentages between 1989 and 1992 and that availability of road equipment increased from an average of 50 percent to 85 percent in those places. Utilization rates, in these cases, also increased by about 30 percent reflecting better care of equipment, improved scheduling, and availability of sufficient budget to fund O&M activities.

All governorates visited had O&M plans updated and in use for annual budgeting purposes. These included LD II requirements for: infrastructure inventory and planned project output levels; norms for estimating quantities of materials, spare parts, etc. required to operate; and standards for estimating costs on regular preventive maintenance actions. Governors, their staffs, and executive and popular councils had clearly taken preparation of these plans seriously. In each governorate visited, officials and others interviewed expressed deep concern regarding availability of future funds for maintenance.

Governorates visited had maintenance coordinators appointed and functioning. People occupying these positions were under different arrangements. Suez has a former WSA engineer on contract. Urban governorates have sought and obtained Central Authority for Organization and Administration (CAOA) approval for such positions, but the Ministry of Finance (MOF) has yet to earmark appropriate funding in its civil service budgets. In the interim, secondments and contracts are used. A number of rural governorates are in a similar position.

Conclusions

Prior to LD II, local government at different levels had little appreciation of the concept and importance of maintenance. Standards were lacking and inventory control was chaotic or non-existent. Little or no preventive maintenance was performed on rolling stock. Standards in engineering, operating, and contracting practices were lacking. Only infrequent and erratic attention was given to budgeting and planning with respect to O&M.

Under LD II, physically, as well as in systems design, installation, and training, all parties concerned—the GOE, governorates, USAID, and the TA teams—have accomplished much concerning O&M.

The importance of maintenance is well understood. In fact, governorate and village/district officials cite it as the most vital aspect of local development efforts to continue, and the one about which they are most concerned, given the present GOE system of budgeting for maintenance of basic services.

The weakness in O&M achievement lies in the slim likelihood that accomplishments can be sustained at the present level. Failure of the Government of Egypt (GOE) to address recurrent cost funding issues as well as local revenue mobilization (LRM) will almost certainly adversely affect chances for future O&M performance.

Notwithstanding the problematic future of O&M funding, the role of maintenance coordinator has been well established under LD II. Each governorate visited said that the maintenance coordinator position was firmly ensconced within governorate service whether or not approved by the CAO and/or MOF. The evaluation team concluded that governorates will make an effort to continue funding the position.

Recommendations

Since the GOE has not issued clear-cut policies supportive of LRM and retention of funds at local levels, chances for successfully achieving recurrent costs generation for O&M facilities are not promising.

Recommendation: In the interest of preserving O&M systems adopted at village, markaz, and governorate levels under LD II, and, more importantly, in the interest of maintaining operations of BSDSs developed under the project, the GOE should find or create a mechanism for funding O&M at the local level on the scale required after the LD II project activity completion date (PACD).

The projected lack of O&M funding after LD II PACD heightens the need for provision of specialized business management, costing, and pricing TA for O&M facilities that wish to exploit income-generating possibilities seriously.

Recommendation: GOE should explore how Egyptian-staffed TA can be provided to foster sound, business management-based policies/practices in income generation by qualified O&M facilities. Since popular councils can help influence decision-making and policies on this and other similar local economic subjects, they should be encouraged to participate.

Local staffs have undergone considerable training in O&M systems. Manuals, guidelines, and forms have been produced for technicians. Schedules exist for routine preventive maintenance and repair, inventory control, etc. The quality of implementation varies. Evaluation team observation indicated that more training on organization/management is needed, particularly for managers and supervisors. Training of a practical nature would be helpful in effectively dealing with various other factors affecting O&M (e.g., quality of staff, levels of funding, types of equipment available). The evaluation team also observed growing use of automated data management in O&M activities.

Recommendation: GOE should explore the feasibility of providing Egyptian TA and training to governorates' O&M staffs in applied management and automated data management techniques.

Lessons Learned

Through LD II, the concept of O&M and its importance were thoroughly inculcated in officials and technicians at all levels of local government from governorate to rural village and urban district. However, no mechanisms survive for sustaining systems after termination of LD II. The lesson learned is that methods to ensure sustainability of systems developed under a project must be provided for at the outset and must take fully into account host government policies and practices.

2. O&M Capacity Improvement Evident at the Local Level in Pace with Increased Demand

Findings

Currently, 875 village council workshops, 175 markaz maintenance centers, and several governorate maintenance centers exist in various stages of operation among the 22 rural governorates. In urban governorates, 31 zonal/district workshops and central garages or workshops exist in varying stages of operation. Over 7,500 trained engineers, mechanics, and technicians (or positions) are authorized to operate O&M facilities. While many village council workshops could be better equipped to perform more diversified functions, facilities in the six governorates visited have been upgraded in capabilities during LD II. A number of problems remain, however, not least of which is to secure funding at levels sufficient to support O&M systems capable of satisfying existing and (probably increasing) future demand.

Staffing, funding, new technology, and equipment conditions affect maintenance capacity in varying ways. Shortages of skilled staff, rapid turnover of staff, and low staff incentives all impede performance. These can be overcome, in some instances, by LRM activities. In many instances, however, until the GOE gives local government more authority to raise funds locally and employ local staffs under performance contracts, the staffing problem will remain.

Unbalanced equipment fleets of varying national origin, type, and age is a problem. For example, the O&M garages of urban Qalyubia have experienced considerable trouble with dealers who supply American equipment. One International Harvester heavy duty truck was standing idle for six months because the dealer was unable to provide one, rather simple, spare part. Damietta, due to uncertainty of funds, has never developed a plan for replacing equipment. Planning is dependent on whether money is available or not.

Beyond uncertainties of funding levels, it is difficult to ascertain approximate sums needed to operate and maintain installed services. Conventional formulae for estimating these sums often fall short by not taking overhead costs fully into account. They often do not capture the real cost per operational hour of keeping rolling stock and heavy equipment in repair status sufficient to meet levels of availability and utilization required in particular rural and urban areas of Egypt. Also, the mix of basic services involved with high-cost wastewater treatment plant operations and relatively low road maintenance cost complicates estimations. Further complications concern the extent of operational costs which will be subsidized by government for undertakings such as wastewater treatment plants.

Table I, based on data collected by USAID, derives actual O&M expenditure for all governorates by subtracting from the original disbursement unexpended funds turned back to MOF at the end of the fiscal year. Data on unexpended funding turned back to MOF in fiscal years (FYs) 1990/1991, 1991/1992, and 1992/1993 are not available.

Table I: Actual GOE O&M Expenditures			
(in LE)			
<i>Fiscal Year</i>	<i>Disbursement</i>	<i>Unexpended</i>	<i>Total O&M Expenditure</i>
1986/1987	8,710,854	292,931	8,417,923
1987/1988	14,700,000	342,058	14,357,942
1988/1989	14,700,000	357,698	14,342,302
1989/1990	41,814,000	435,077	41,378,923
1990/1991	50,186,000	N/A	50,186,000
1991/1992	59,238,000	N/A	59,238,000
1992/1993	71,991,000	N/A	71,991,000

Conclusions

Under LD II, all local levels have achieved conspicuous improvement in O&M capacity and capability. An extraordinary degree of development and accomplishment has been registered under the project.

Staffing, new technology, and equipment constraints persist however. Shortages of skilled staff continue and incentives are lacking for skilled workers to remain on the job, hence considerable staff turnover. Further training, upgrading of skills, and staff incentives are indicated for optimum O&M operations.

The equipment situation is unsystematic, with equipment procured at various times from various countries. Consequently, spare parts, especially for American equipment, are often hard to obtain. In addition, older equipment should be replaced. Since the GOE and governorates do not and will not have the foreign exchange to remedy matters on a rational basis, these problems will persist for the foreseeable future.

Future funding for governorate, markaz, rural village, and urban district O&M systems remains the most serious constraint to further growth, improvement, and expansion of these systems.

Recommendations

A massive addition to governorate, markaz, and village council/urban district capacities to plan, manage, implement, and budget O&M has occurred. Despite this, evaluation team site visits, accompanied by review of documentation plus discussion with O&M specialists, indicate that all new systems and facilities together are sufficient to meet only about 60 percent of annual O&M needs. This capacity, insufficient as it is, will decay rapidly if the GOE and the governorates are unable to meet annual O&M funding level needs.

Recommendation: The GOE should commission a study to ascertain the annual level of funding required for O&M throughout the 26 governorates with the object of determining a realistic "floor" on which such funding could be based.

Lessons Learned

Over the life of the project (LOP), the increase and improvement in O&M capacity at all local levels has been impressive. All governorates argue that support of maintenance systems should not only be continued but upgraded and extended in view of the infrastructure renovation and construction activities undertaken during LD II and those they hope to undertake in future years.

Given the "tools," LD II's block grant funding system and appropriate technical assistance, Egyptian local officials and councils have the will and the capacity to establish and manage maintenance systems expeditiously. Again, the implicit design assumption that capability exists at the local level was warranted.

3. O&M Systems Vertically Integrated from Village or Urban District up to Governorate and Central Levels

Findings

In all sites visited, evidence was clear that vertical integration of O&M now exists and is functioning from the village/district level through markaz to the governorate level. For the most part, O&M reports are executed manually at village/district and markaz levels and transmitted to the governorate where, in many instances, reports are automated, thereby increasing their usefulness as management and policy-shaping tools.

In one governorate visited, a Kardex system covers all garages and maintenance centers to the village level. Markaz-level maintenance centers keep the governorate informed on spare parts inventories. The office of maintenance coordinator at the governorate level acts as a clearinghouse to rotate spare parts among centers as needed. Each maintenance facility places its own spare parts orders but keeps the maintenance coordinator informed.

In another governorate, the evaluation team was told of an O&M QPR used by the O&M coordinator to follow up on status of equipment and repairs. The O&M coordinator in that governorate is responsible for monitoring the work and supporting 27 village workshops and 4 maintenance centers at the markaz level.

The detail and content of upward movement of O&M plans/problems to decision-makers in the central government was not clear. Information did not flow between governorates and the GOE as freely as between governorate different levels, although, in one governorate visited, the evaluation team was told that quarterly O&M reports were submitted to both the TA contractor and the Amana. However, generally each governorate seems to operate autonomously.

In one governorate the evaluation team was told that, during LD II, disbursements from the GOE for O&M were usually late; this did not seem to pose a problem and was attributed to the difference between USAID and GOE fiscal years.

The question of continued and adequate O&M budget support by the GOE is a grave concern to all officials and council members in each governorate visited. In one governorate, an O&M plan for the coming year has not been drawn up because the governorate does not know how much money will be allocated by the GOE for O&M. In that governorate, the maintenance coordinator remarked that, "Bab II will never allocate more than one thousand pounds for each village."

In another governorate, the evaluation team was told that available O&M money will be finished in June 1993. The governor had requested additional funds from MOF and MLA, but thus far has received nothing.

Conclusions

The degree of governorate, markaz, and village level executive and popular council interest in and concern for adequate levels of O&M was notable in all sites visited. O&M budget planning, use of maintenance coordinators, and the powerful influence of training that has been provided on O&M comprise the principal factors favorably affecting this situation.

During LD II, MLA was not building up the same kinds of data flows on O&M that were, in many cases, so well developed at governorate levels. Each governorate appeared to be operating autonomously. This circumstance has complicated operations under LPDP, the follow-on project.

Neither the GOE nor USAID addressed the issue of assuring continuing budgetary resources with carefully planned policy and transitional arrangements. This leaves both governments open to future accountability charges from all quarters.

Recommendations

To address rational requirements of governorates for GOE support of O&M, MLA needs to have reliable information on the status of O&M in each governorate. The evaluation team found no evidence that such information is provided regularly to MLA by all governorates and/or that MLA is using information from governorates to request allocations of funds for O&M.

Recommendation: MLA should require regular quarterly reporting on O&M status and needs by each governorate and should utilize the information therein when recommending O&M funding allocations.

Lessons Learned

Concerns expressed regarding future funding support indicate that LD II has convinced officials from governors on down of the vital importance of O&M. The GOE seems willing to let the governorates fend for themselves, and USAID is sidestepping the problem. When embarking upon an effort involving establishment of systems and procedures which are intended to remain in place and continue functioning after PACD, methods of future funding must be assured in collaboration with the host government during project design.

C. Management Information Systems (MIS)

The revised logical framework for LD II sees establishment of governorate-level MISs as an indicator of improvement and expansion of the capacity of local government to carry out locally chosen basic services projects.

1. Governorate-Level MIS Systems in Place Providing Input to Markaz and Village Decision-Making

Findings

Under BVS and LD II-P projects, personal computers (PCs) were installed in each of 22 Egyptian rural governorates. These initial installations took place between March 1984 and December 1988. They were most recently updated with provision of equipment through LD II 1992 block grant funds.

Meanwhile, during the latter part of the NUS Project, two microcomputers were installed in each of six urban governorates. In early 1988, officials in the six urban governorates established LD II MIS centers.

Chemonics and WSA developed their MISs independently of each other; therefore these MISs are not compatible. WSA has subsequently developed a conversion utility that allows MLA to produce a consolidated QPR.

The focus of MIS activity was development and institutionalization of an MIS center in each governorate. Chemonics and WSA organized sessions at regional training institutions to develop staff skills. Computer equipment and office supplies were provided for MIS center use. Software for these systems was developed. The contractors provided on-the-job training and on-site technical assistance for governorate system operators.

The number of microcomputer systems in the governorates overall has risen from one or two per governorate in 1988 to up to 25 or more today. Suez MIS Center has 15 computers—9 from LD II and 6 from Cabinet Affairs. Gharbeya MIS Center has 7 computers; Damietta has 17 Pcs of varying capacity; and Qalyubia has 20 Pcs.

The MLA Amana recently delivered 71 computer systems to the governorates. This procurement was part of the provincial governorates' fourth cycle block grant fund to which each governorate contributed 25 percent out of its own resources as a matching fund. Now all governorates have one 486 and three 386 computers, 1 plotter, 1 scanner, 1 modem, and several new pieces of software, including Norton Utilities. However, MIS staff in the governorates has not been trained to use this new equipment and software.

The number of staff using systems has increased from typically fewer than 5 to 10 or more in most governorates. The Gharbeya LD II MIS Center has 7 trained operators. Beni Suef governorate employs over 32 computer personnel trained under LD II. Fifteen are in the LD II MIS; 3 to 4 are employed in each of the 7 marakez of the governorate. In addition, the Cabinet Affairs MIS employs 4 computer specialists. The Damietta MIS Center has a staff of 5 programmers and 4 data entry specialists.

Fifteen governorates have successfully procured systems and signed maintenance agreements with vendors. The Beni Suef LD II MIS Center has a two-year maintenance contract with CompuTech. The contract includes all the computers in the marakez as well.

The MIS Center also gives support to different LD II components in different governorates. Most governorates use revised LD II training roster software to track project trainees. The LMU in Suez and OMED (reorganized into the Office of Analysis and Financial Development [OAFD]) in Qalyubia have begun computerized tracking of activities as well. MIS also tracks implementation of Training Block Grants (TBGs).

The next step in compiling MLA QPRs will be electronic transmission of governorate QPR data. All governorates now have a modem. Many are having difficulty getting a dedicated line. Menoufia, Sharqia, and Ismailia are ready. Installation of the dedicated line often depends on the initiative and support of the governorate Secretary General and his commitment to MIS.

One indicator of MIS institutionalization in the Egyptian system of local administration is the proliferation of MIS applications and systems at the governorate level. At least 16 governorates have designed and implemented applications to meet local needs.

The most widespread MIS application in addition to QPR production is computerized water billing; this is in operation in at least 14 governorates. Four governorates also use the MIS to track various aspects of tourism. Giza uses it to track earthquake victims.

A number of governorates, particularly Delta governorates and Canal governorates, have recently created automated tracking systems in governorate departments not directly connected with LD II. Governorates rely on LD II MIS centers for training, guidance, and technical assistance in bringing and keeping these systems on-line. Gharbeya and Beni Suef track public sector employment by computer. Ismailia, Alexandria, Port Said, and Qalyubia now use computers for different purposes in their housing departments. Agriculture departments in Fayoum and Suez have computerized certain operations. Elsewhere, tracking in roads, O&M, and education departments is increasingly being computerized.

Qalyubia governorate believes that the MIS operation will be foremost among the systems that will be retained in action and expanded from LD II-P. The Qalyubia MIS Center has developed a five-year plan for information collection, utilization, and automation by directorate, city, markaz, and some villages.

The Cabinet Affairs MIS executes special studies through governorate MIS centers. It recently commissioned a study of unplanned neighborhoods, pulling together extant information on slums from 10 urban areas.

The Social Fund has been requesting governorate MISs to supply local socioeconomic data for use in designing Social Fund programs for international financing.

Conclusions

The major assumptions that led to inclusion of MIS centers in the project design have proven valid. GOE has assigned staff to MIS centers. However, it has been slow to create an MIS civil service backstop with performance review and promotion of staff as a function of professional MIS achievement.

Governorates realize the potential of MIS as a management tool and have asked MIS centers to develop several applications beyond LD II reporting. MIS centers now serve functions such as aggregation and analysis of data on village institutions and services, and development of applications geared to specific informational needs.

The overall capacity of provincial governments to plan, procure, manage, and operate computerized information systems has improved considerably over the five years of LD II. All governorates have staffed and functioning MIS centers.

MIS core staffs in most governorates are able to use standard database, spreadsheet, utility, and Arabization software. All centers operate the QPR software with little or no assistance.

The 1991 RIG/A/C audit of LD II raised concerns over the accuracy of data reported in the QPR. QPRs have reported as expenditures monies that were simply transferred from one account to another. Other sources have also expressed concerns about the accuracy of MIS data. The governorates, however, defend data accuracy. Officials maintain they spotcheck in the field to assure credibility. The evaluation team was unable to verify the effectiveness of these governorate spotchecks.

Governorates will continue to generate QPRs. However, the LD II QPR supplies more information than MLA requires. The Coordinator of the MLA Information and Decision Support Center expects that, over time, governorates will gradually reduce QPR reporting to data sets required by MLA. QPR data reporting, other than that required by MLA, will gradually discontinue.

Port Said, Gharbeya, Giza, Luxor City, and North Sinai perform best on MIS. Generally, WSA believes urban governorates perform better than provincial ones. MIS performance in the six governorates visited by the evaluation team ranged from adequate to excellent. Adequate MIS performance meant that MIS activity was limited principally to QPR production and that the LD II MIS Center was marginally integrated with other MIS activities in the governorate. The best performing MIS centers had spawned any number of computer applications beyond the QPR and were integrating their operations with other automated information management units in the governorate.

The activities and impacts of MIS will certainly last after LD II although they will probably change in form and organization. MIS centers will be sustained mainly because they now have a broader mission than under LD II.

In several governorates, such as Fayoum, Suez, Alexandria, and Cairo, Damietta, and Qalyubia, the LD II MIS Center and the Cabinet Affairs MIS Center have been consolidated. The trend toward amalgamation of centers at the governorate level will doubtless continue as the importance of the Cabinet Affairs MIS Center eclipses that of the LD II. But LD II MIS reporting will probably continue, albeit in abridged form, within the Cabinet Affairs MIS.

Absorption of LD II MIS centers by the Cabinet Affairs MIS centers should help LD II centers confront problems in personnel training, and operations and maintenance created by withdrawal of LD II support. As long as Cabinet Affairs requires automated retrieval of governorate information, the GOE will have an incentive to operate and maintain MIS centers in the governorates.

The current trend is to integrate computerized information management functions at the governorate level, including those currently outside the Cabinet Affairs MIS and the LD II MIS, into a single MIS Office. Qalyubia claims to be the only governorate where the MIS center has integrated all automated information management functions serving different agencies in the governorate. Damietta and Suez are not far behind.

Recommendations

The conditions of support of MIS centers are changing. The GOE Office of Cabinet Affairs is committed to support of MIS centers for their ability to provide accurate, timely information from the governorates to enable the central government to make informed decisions in a number of areas. The challenge for LD II-supported MIS centers is to identify steps to sustain and strengthen their capacities to respond to governorate needs for information concerning local development requirements.

One approach to meeting the challenge would be to build on the current trend in governorates to integrate all automated information management functions in a single MIS office under the patronage of the Office of Cabinet Affairs. Efforts in general to strengthen governance in Egypt should include efforts to improve the quality and accessibility of information from the governorates at the central level. Such improvement will necessarily lead to efforts to strengthen the in-

formation management capability of governorate MIS centers in general. The specific capability of governorate MIS centers to respond to needs of the governorates for information to plan, implement, and monitor local development will thus be strengthened in the process.

Recommendation: USAID should include a component in programs currently under design to improve legislative access and management of information to strengthen performance of governorate MIS centers.

Lessons Learned

USAID, through a series of projects culminating in LD II, introduced Egyptian governorates to the notion and application of MIS. The objective of the LD II MIS was, within the project, specific and concrete, but the concepts it diffused and the skills it cultivated were generic in nature with wide-ranging application. As the mandate for MIS in the governorates evolved, MIS centers created under LD II were able to adapt. They, more than any other element of LD II, have the potential to be sustained.

The lesson of this experience is that training for specific applications in a project is best carried out within a context of transfer of generic concepts and skills. This approach endows institutions and staff with the ability to respond flexibly as mandates evolve beyond those of the project that gave birth to them.

2. MIS Data from Local Levels Compiled, Analyzed, and Used at the Governorate and Central Levels to Inform Decision-Making

Findings

LD II is the largest project in Egypt with computerized reporting. Beni Suef, for example, was thus able to easily supply the GOE Central Agency for Audit (CAA) with required LD II expenditure records in a recent audit.

Village units report quarterly to their marakez headquarters on expenditures in all LD II-funded local projects. They submit handwritten reports. The marakez consolidate the village unit reports into handwritten reports submitted to the governorate. Several marakez in Damietta, Qalyubia, and Beni Suef are beginning to automate submission of their quarterly reporting.

Governorate MISs supply information for a consolidated QPR, produced at MLA, that tracks implementation expenditure of individually identified local subprojects. This consolidated QPR presents implementation data by governorate. Each governorate chapter is organized by markaz. Under each markaz, each village has a section in which each local project is listed. The QPR reports progress during the previous quarter toward expenditure of the total allocated budget for each project. It also indicates the status of subprojects (completed, stopped, etc.). The MLA MIS Center verifies data from governorates by spotchecking in the field.

The MLA MIS Center has been publishing QPRs regularly since 1991. During the preceding four years, MIS reporting was handled by ORDEV or, in urban governorates, the ULDC.

All 26 governorates and Luxor City report QPR data on diskette. Diskettes have occasional virus problems. Sometimes coding is incorrect and/or data are incomplete. On 4 May 1993, three governorates had yet to deliver first quarter 1993 QPR diskettes to MLA in Cairo. The overall QPR was due out in two more weeks.

Cash reporting software has been added to the QPR. All governorates received training in fundamentals of a complete cash management system by December 1991. The first quarterly cash management reports from governorates were available in the QPR for the October-December 1991 quarter.

The MLA MIS Center also produces regular Exception Reports which highlight problem areas. These reports show projects which need additional funds for completion. They also indicate projects that have been terminated before completion. Exception reports provide a basis for MLA decision-making regarding problem projects.

The Cabinet Affairs MIS centers issue a monthly MIS newsletter in each governorate. The subject focus of each issue is coordinated among governorates in an annual meeting of MIS coordinators.

Conclusions

MIS centers provide local government with data processing tools to facilitate monitoring of sub-projects funded through the LD II Grant Agreement. Local executive councils have acted on the responsibility assigned them by governorate authorities to identify information needs, implement data collection, and report results.

LD II QPRs track current cash flows and status of expenditures. However, they do not show physical progress achieved or other indicators such as number of people employed or number of Egyptian contracting firms engaged.

Governorates use quarterly expenditure data as the basis for allocating funds for implementation of local subprojects in the following quarter.

The MLA uses MIS reports at three levels:

- the Minister uses summarized reports and graphic presentations of the reports (produced through QPro) to represent project progress in discussions within the Cabinet;
- the Secretary General uses the full QPR to monitor LD II progress and to make decisions concerning allocation of further resources; and
- ORDEV bases planning and follow-up with village projects on information from the QPRs.

Overall, evidence of use of MIS data from local levels to inform decision-making at governorate and central levels is spotty. Specific cases were difficult for the evaluation team to identify in the field. The Assistant Secretary General of Beni Suef, for example, recently used data from the MIS to help him identify locations for establishment of two health centers that the central government will develop in his governorate.

Recommendations

The evaluation team concluded that governorates and the central government were in the early stages of exploring questions they could ask the MISs. They would benefit from TA to help them analyze issues for decision-making in terms of questions that an MIS could address.

Recommendation: One task of an MIS strengthening component in USAID programs to improve legislative access and management of information should be a series of learn-by-doing applications. TA would begin by working with governorates and the central government to identify a group of problems requiring decisions. TA would then help frame the decision-making process in a way that uses information from MISs as a critical input to the process. Governorates and the central government would thus get hands-on experience using MIS applications to feed the decision-making process on concrete issues they define. In the course of monitoring the impact of their decisions, they would be able to assess the practicality of MIS as a decision-making tool and to refine their application of MIS.

Lessons Learned

Integration of MIS data from the local level in decision-making processes at governorate or central levels ultimately requires a reconceptualization of the processes. Seasoned decision-makers are using established decision-making processes that antedate introduction of MISs. In the absence of TA to demonstrate how MIS data can help make more informed decisions, most decision-makers will only gradually experiment conceptually with integration of MIS capability in their long-standing decision-making processes. While decision-makers have gradually begun to explore possibilities of using MIS data, further TA would probably increase the pace.

D. Training

The revised logical framework for LD II sets a target of training 63,550 local government and PVO officials in technical subjects and an undetermined number of popular council members in orientation workshops as an indicator of establishment of BSDS at all levels of local government. USAID figures put the actual number of LD II trainees at 94,423.

1. Institutionalization of Training Capacity Reflected in Governorates Financing and Organizing their Own Training Programs Using Local Training Institutions

Findings

LD II has supported all governorates in developing capabilities in self-sustaining training administration, program development, and ongoing operations in support of local development activities. LD II has equipped training centers, introduced training systems, upgraded staffing, motivated leadership, increased demand for local development-related training, contracted capable local private and public sector training providers, and produced and delivered training materials. More recently, it has accelerated governorate team formation and working relations, and stimulated governorate productivity in training program planning and policy review.

The goal of the Training Block Grant (TBG) activity was to contribute to decentralization of the training process and to strengthen institutional capacity of local training agencies to plan, budget, and provide appropriate training programs. The purpose was to develop the capacity of local institutions to respond to local training needs. The 1991 TBG Assessment (Seymour, et al., 1991) found that the TBG activity had made substantial progress toward achieving its purpose. With qualifications, the same could be said for the goal.

For purposes of the TBG activity, each governorate in 1988 formed a Governorate Training Committee (GTC), under the direction of the Secretary General. The Secretary General, the Director of Administration, the Training Coordinator (TC), and heads of training departments of Service Directorates are generally members of the GTC. Under TBG, GTCs have overall authority and responsibility to plan, organize, implement, and monitor governorate training programs. The Governorate Training Department (GTD) carries out specific needs assessment, planning, implementation, and reporting tasks in the field according to GTC directives. The Governorate Training Committee communicates with the Governorate Training Department through the TC.

In the TBG activity, USAID funds (LE 100,000 per cycle per governorate) were provided directly to the governorates, upon central Amana approval of the training needs assessment and training plan requests submitted by the GTCs.

LD II training programs began in late 1988. Efforts focused on transfer of technical know-how and management techniques. Both approaches targeted the project goal of building capacity at all local government levels to plan, build, and manage subprojects that improve people's lives. Governorate training facilities were completed and operational by the end of the first quarter of 1991.

The recent USAID "Technical Assessment of the Training Block Grant (TBG)," (Seymour, et al., 1991) analyzed the level and quality of LD II-funded training. It concluded that execution of training activities reflected sound development theory and practice.

Seymour, et al., (1991) gave courses satisfactory marks although they found instructional techniques stereotyped and traditional. They did find, however, that usually courses met requirements. Evaluations of specific LD II training sessions have been mixed but generally positive.

They found that GTCs effectively managed and coordinated training at the governorate level. The planning process was operational and satisfied TBG guidelines. It addressed local training needs and involved local training entities. The TBG financial tracking system was adequate to monitor allocation and disbursement of funds.

As governorates recognized the value of training in their operations, especially in MIS and O&M, local authorities and potential trainees set greater store on training possibilities. For example, the TC in Gharbeya confirmed that the quality and commitment of trainee candidates improved as the value of training became clear.

The TC in Beni Suef, as an example, begins the process of developing a training plan by asking marakez and sector heads, such as housing or roads, to fill in a form identifying training needs. He sifts through candidates thus identified to establish a list of trainees taking into account budgetary considerations, policy guidelines laid down by the GTC, and discussions with the governorate Assistant Secretary General. The governorate executive council ultimately must approve the final

list of trainee candidates. The team was told that normally the council confirms the TC's recommendations.

After the GTD puts together a tentative training plan, the TC circulates it to the marakez for feedback. The final step in planning Cycle II TBG in Beni Suef this year was a two-day workshop (4 May and 5 May) which grouped popular and executive council officials from all levels in the governorate to review Cycle I TBG experience and plan implementation details of Cycle II.

As GTC capacity increased, LD II began to transfer responsibility for design and implementation of training courses to the governorates. The transfer was accomplished by February 1991. Training materials were completed and were made available to all governorates. A roster of qualified instructors and training firms was developed, including Egyptian private training firms qualified to offer courses directly to the governorate on an as-needed basis.

Under TBG, governorates have been contracting about 80 percent of training through local resources within the governorate. In places such as Assiut, where a good local university exists, 90 percent of training is now taking place within the governorate.

Gharbeya has been implementing a strategy to economize expenditure of TBG funds. Gharbeya designed and executed TBG Cycle I training as much as possible within the governorate under governorate control. It relied minimally on local training institutions. In Cycle II, Gharbeya is contracting with training institutions (e.g., contracting some training with the Regional Center for Training in Water in Damanshour operated by NOPWASD).

Training for Beni Suef O&M technicians is taking place in Sidi Bishr and Damanshour. Also, the Faculty of Commerce at Beni Suef University is assuming responsibility for much of the local training, particularly in management, planning, accounting, and MIS.

The CAO and university professors conduct administrative courses; managers and experienced individuals within technical departments conduct courses in their respective technical fields; and Social Affairs or PVO personnel conduct PVO courses. In some cases, personnel outside these entities, such as university personnel, conduct training. University professors participate heavily in administrative training. According to Seymour, et al. (1991:19), in general, 70 percent of trainers have been GOE employees (including professors). Few trainers have come from the private sector.

Some 17 institutions and private sector providers have been associated with preparing and offering LD II training. These providers are now capable of direct administration to the general public of tested courses previously implemented by LD II. The Higher Technology Institute has obtained approval for a two-year training program in O&M management using materials from LD II O&M courses. The Regional Center for Training in Water in Damanshour is offering wastewater courses with materials developed under LD II. Arabsoft, an MIS subcontractor, is continuing to serve training needs under direct contracts with governorates.

Five institutions have demonstrated the capacity to present the Advanced Seminar program: Assiut University; the Higher Technological Institute; Sadat Academy; the Institute of National Planning; the Ministry of Scientific Research; and a private firm, the Management and Development Arab Center (MADAC).

Conclusions

LD II training activities have had their intended impacts on two levels. They have trained large numbers of people in technical and administrative fields. Several of the technical capabilities were not previously present in local government to the current degree. In addition, governorates have succeeded in meeting requirements for beginning institutionalization of training. Governorates visited by the evaluation team have affirmed general satisfaction with their capacities to plan and administer training programs.

GTCs plan, coordinate, make corrective actions, and effectively allocate funding for training activities. Because the GTC is headed by the Secretary General, it interrelates usefully with the Governor, committees, directorates, and departments.

The conclusion from field visits is that all GTCs allocate all the TBG funds they receive. Unanticipated savings in one training program are reprogrammed to cover unanticipated expenses in others. GTCs have thus demonstrated their capacity to use their entire TBG allotments effectively. This performance record suggests a capacity to plan, implement, and monitor training programs on a larger scale if funding were available.

The LD II evaluation team echoes the conclusion of the TBG Assessment (Seymour, et.al., 1991) that the TBG activity successfully met its purpose. GTCs in the six-governorate sample for this evaluation have repeatedly demonstrated their capacity to respond to local training needs.

The TBG activity has had less success meeting its goal. While it has been the instrument of decentralizing the training process, it has not systematically built up the capacity of local training institutions to deliver training programs necessarily along lines developed in LD II. Few established training institutions have incorporated LD II-designed training programs, as such, into their curriculum.

Governorate training programs have emerged as demand driven rather than supply driven. GTCs prefer to identify their training needs and commission programs according to them rather than look for offerings at training institutions to enroll staff. The governorates visited have not transferred LD II training materials to local training institutions, but have tended to develop a training TOR and ask a training institution to design a course to fulfill it. However, governorates use LD II materials as guidelines to develop training programs.

Egyptian institutions used for training under LD II have excellent reputations. LD II has largely been responsible for introducing to the governorates the training capabilities of these institutions.

The prognosis for sustaining local government training capability is guarded. In Fayoum, for example, training activity is essentially an LD II creation within the Village Development Department (VDD). After TBG, it will have to depend on the governorate budget to fund its programs. Elsewhere training coordinators fear that resources currently supporting training will not be available through the GOE or any other source and training levels will decline dramatically. USAID support to the Saqqara Training Center holds hope only of continuing orientation courses and local administration programs.

Recommendations

LD II experience has shown the viability of the TBG approach to building governorate skill levels and capacity to plan, implement, and manage training programs that address governorate training needs as defined by governorate institutions. USAID should look for a formula that would continue to foster institutionalization of training at the governorate level. The TBG activity combines the virtues of meeting the objectives of fostering governorate-level skills and programming capacities and allowing for relatively cost-effective monitoring by USAID. Furthermore, the TA requirements to support continuation of the TBG activity are relatively small.

Recommendation: USAID should include a TBG-like activity either as an independent activity or as a component of a future program to strengthen governorate planning, implementation, and administrative capacity. USAID should consider linking this new TBG activity to its efforts to strengthen training institutions such as the Saqqara Center. By simultaneously building the demand for training programs at the governorate level and the capacities of training institutions to tailor programs to satisfy the demand, USAID can maximize the impact of its efforts in training for improved local governance. Past performance indicates that governorates are capable of implementing grants somewhat larger than the current LE 100,000 per year. USAID should retain the 10 percent matching requirement.

Lessons Learned

Over the life of LD II, governorates warmed to the notion of planning, executing, and monitoring training according to governorate needs. Not all governorates were quick to seize on the potential for training to strengthen their capabilities, but, by all accounts, governorate implementation of the TBG activity has been universally successful. Governorates have demonstrated their willingness and capacity to carry out the TBG activity on the scale implemented by LD II. The TBG activity successfully strengthened GTC's ability to respond to local training needs. The capacity of local government in Egypt to take responsibility for planning, budgeting, and providing appropriate training programs is confirmed.

2. *The Impact of In-Country and Offshore Training on 1) Technically Skilled Staff at All Levels of Local Government, and 2) Project Planning, Budgeting, and Implementation at the Local Level*

Findings

Contractor evaluations of completed courses show a pattern of generally enhanced skill levels coupled with high levels of trainee satisfaction with LD II training courses.

Table II presents training under LD II by funding source and type.

Governorate training coordinators gave positive feedback on technical training courses, particularly O&M and MIS courses. For example, the training coordinator in Suez said the most valuable courses had been O&M for engineers and technicians and OMED.

The Advanced Seminar is a participatory planning approach first tested in Gharbeya and Daqahlia in the second half of 1989. It was the first such training session given on-site at the markaz and governorate levels in Egypt. It has now been implemented in 17 provincial governorates.

Table II: LD II Life Of Project Training

<i>In-Country Training</i>		<i>Offshore Training</i>	
Activity	Number of Trainees	Activity	Number of Trainees
Provincial	21,682	Provincial	26
Urban	8,522	Urban	136
PVO	682	PVO	58
TBG Cycle I ¹	26,252	LRM	34
TBG Cycle II ²	37,000	MOF LT	1
		Governors	3
		Edusystems ³	12
		Water/Wastewater	15
Total	94,138	Total	285

¹ *TBG Cycle I funded implementation of governorate training plans.*

² *TBG Cycle II funded implementation of governorate training plans.*

³ *Edusystems training focused on O&M.*

LD II documented more rapid improvements in rates of disbursement within Gharbeya and Daqahlia compared to other governorates in the year and a half following execution of pilot Advanced Seminars in the two governorates. The two governorates were also clearly able to demonstrate increased documentation completion competencies and improved work planning and coordination skills compared with a random sample of untrained governorates. Although it is difficult to identify a causal relationship between participation in the Advanced Seminar and improvement in performance, participation probably influenced improvements. The impact evaluation of the Advanced Seminar program indicated that the four modules have had a significant impact on participant performance.

TCs, however, gave lower marks to Advanced Seminars than to the technical training courses. For example, one training coordinator thought Advanced Seminars were too theoretical. They required too long a time commitment from trainees. Subsequently, LD II TA contractors worked with a number of TCs to adapt the advanced seminars to current needs. One of the TA training advisors told the team that, in this abridged form, a number of governorates will continue to implement them.

Over 80 percent of governorate officials trained by LD II Urban received technical training, mainly in BSDS and O&M. The remaining 20 percent received training in non-technical areas. Half the participant days in LD II-P training were devoted to orientations to the four cycles of

block grant distribution. Advanced Seminars represented 43 percent of the participant days of workshop training not including orientations. Of the technical training, O&M covered a fourth of the trainee days and MIS covered another fourth.

Governorates included in the evaluation sample all reported high rates of retention for personnel trained under LD II. All staff of Kafr Zayat markaz maintenance garage trained under LD II are still on the job at the garage. Of 32 computer specialists trained in Beni Suef under LD II in the last five years, 1 is no longer on the job. Altogether 13 people from Suez governorate received overseas training of some sort. All are still on the job.

Of the 54 governorate staff in the first LD II MIS training sessions, 89 percent were still on the job a year and a half later; 7 percent were working for other departments within their governorates; and 4 percent had left the governorate altogether. Of these trainees, 41 percent were women. Sixty-two (62) percent of all those surveyed had not used a microcomputer prior to their experience with LD II.

On the other hand, a 1991 training follow-up survey of LMU trainees observed that 35 percent of training course participants were not working for governorate LMU offices, but for other departments or working as part-timers for both. A similar training follow-up survey of OMED trainees observed that 38 percent of training course participants were not working for governorate OMED offices but for other departments.

Conclusions

Skills in many fields were virtually introduced to local administration in a number of governorates under LD II. Such training-enhanced skills are used daily in local project planning, budgeting, and administration.

According to GOE regulations, recent trainees are not eligible for transfer from department to department within the administration. In general, governorates reported trainees in mid-level positions remaining in their jobs after training. The LD II evaluation team was unable to confirm the accuracy of this report independently.

Governorate officials in two of the governorates visited pointed out that, in most locations in the country, on-site employment opportunities for a beneficiary of LD II skills enhancement will be limited to local government. Family and social relations tend to discourage relocation to profit from better job opportunities.

Urban dwellers, however, are able to change jobs without uprooting their families. MIS skills are currently more marketable than most. MIS trainees, particularly those located in urban areas, may, therefore, be subject to job instability but the evaluation team was unable to confirm this inference in the field. Trainees who are elected popular council members are subject to losing their positions at subsequent elections; consequently, they have had the least job stability among trainees.

The evaluation team's conclusion, based on the above data, is that generally LD II trainees have tended to remain on the job.

Recommendations

There has clearly been a positive impact of LD II training programs on skill levels and performance of technical and administrative staff at all levels of local government.

Recommendation: USAID should include a TBG-like activity either as an independent activity or as a component of any future programs to strengthen governorate planning, implementation, and administrative capacity. This recommendation echoes and reconfirms the recommendation made in the section immediately above.

Lessons Learned

The decentralized approach to training represented by the TBG activity was an effective strategy to improve skill levels and performance of technical and administrative staff in the governorates. The risk of losing newly trained local governorate staff to higher-paying employment is relatively small, particularly in provincial governorates.

E. Institutional Development

The LD II PP identifies a number of conditions as Objectively Verifiable Indicators (OVIs) of achievement of the project purpose of improving and expanding the capacity of local government at all levels to plan, finance, implement, and maintain locally chosen basic services projects. Principal among these conditions were: actual capacity improvement; establishment of central coordinating agencies; and establishment of a GOE-funded matching block grant system.

In the context of contemporary thought on institutional development, LD II was not well-designed to achieve its institutional development purposes. If overall LD II program performance on institutional development were based upon contemporary thought and practice, another set of consequences would emerge. Annex F presents an analysis of LD II experience according to contemporary thinking on institutional development.

1. Capacity Improvements in Overall Planning, Financial Management, and Project Implementation (Construction/Rehabilitation, Operations, Maintenance, and Management) at All Levels of Local Government

Findings

The evaluation team noted that regarding capacity improvement, distinct progress occurred over time.

With few exceptions, LD II funds were transferred to lower levels on a timely basis. This was charted in the Chemonics End-of-Tour Report and substantiated by evaluation team field interviews in the governorates of Beni Suef, Gharbeya, Qalyubia, Fayoum, Suez, and Damietta.

Similarly, another indicator showed both stability and improvement in the number of local subprojects planned, implemented, or completed in each funding cycle. The analytical content and future programming value of this indicator was, however, questioned by personnel in several governorates visited.

The Damietta Governorate Roads Department, in particular, argued against the view that the number of subprojects was a valid indicator of progress. Instead, in its view, size, significance to the village, and non-segmented nature of subprojects should measure this aspect of capacity improvement.

The Department asserted that in subprojects like road paving under LD II, the block grant system of funding accompanied by rollovers of funds *on a reliable basis* from year to year permitted village councils to plan for non-segmented paving projects linking mother villages with satellites. This system enabled villages to work with private contractors and the Department on planning and paving inter-village roads of lengths that were attractive managerially and profitable to private contractors. This was not easily done under Bab III systems of funding because of quarterly segmentation, the need to show completed progress, and the small scale of Bab III initial budget allocations.

The Roads Department argued that institutionalization and use of the block-grant system by Egyptian authorities perhaps would result in fewer village projects, but would have greater impact upon effective basic services delivery.

The evaluation team also noted that during LD II the number of delays in project disbursement and implementation was steadily reduced. Governorates and villages visited reported that virtually 100 percent of all projects up to and including the third cycle had been completed. The chief of WSA in Cairo confirmed that, according to WSA field visits and observations of April 1993, about 86 percent of the fourth cycle had been completed.

Other elements of institutional development identified in contemporary theory, such as systems, motivation, and linkages were not targeted explicitly in the LD II PP. Nonetheless, LD II had a positive impact on systems for planning and implementation, operations and maintenance, training, and management information at several administrative levels with the governorates. The LD II program, with its emphasis upon local decision-making as well as cooperation between elected and executive officials, contained many motivational features. Because of its many different inputs as well as the expanded scale of basic services which it supported, LD II probably had a positive impact on institutional linkages.

Conclusions

LD II made noticeable progress on one indicator of institutional development, capacity improvement. The extent to which that progress has become institutionalized is difficult to judge because many capacity improvements rest upon incentives and flexibility produced by the LD II block grant system, which is no longer operative.

Local government bodies delivering an expanded and diverse number of basic services to rural and urban Egypt are changing and developing. For example, the relationship between executive and popular councils at all levels is in flux. Moreover, as it builds its repertoire of local services, local government must grapple with alternative approaches to funding local activities independent of central government funding. Finally, under LD II alone, local government added new functions such as data collection and data management and routine maintenance of equipment and infrastructure.

These bodies are distinct from organizations dealing with national or regional technical services, finance, regulation, and other interests. Local government bodies comprise an extensive range of organizations focused on provision of basic services to rural and urban areas. They include: popular councils of villages and urban neighborhoods, marakez, and governorates; executive councils of line or service agencies at those different levels; and the secretariat of each governorate. Also involved are those agencies or ministries at the center which are concerned in various ways with the roles, capacities, and performance of local bodies in effective provision of sustained basic services.

The context and range as well as responsibility related to the meaning of basic services is likewise undergoing development. For example, there are differences of magnitude as well as content comparing delivery of basic services to rural and urban areas from before LD II to 1993.

However, the LD II PP erred in basing institutional development on a strategy of eliciting major central government alterations in organization and policy. There is no constituency in Egyptian public life actively lobbying for such reorganization and policy reform. Moreover, the decentralization required in the LD II program challenges the interests of entrenched constituencies. Finally, in addition to challenging the inertia inherent in any administrative structure, development of local institutions in Egypt is captive to the still inchoate mandate and stumbling performance of the institution of local government as a vehicle for basic service delivery in rural and urban areas.

Recommendations

Selective and cautiously crafted institutional development objectives can be most helpful in strengthening design and implementation of future USAID projects focused on decentralization, local governance, or basic service delivery.

Recommendation: Institutional development should target objectives which are attainable and indicators which can be measured in timely and meaningful ways. System development is the least risky and most attainable indicator of institutional development in the current Egyptian local government environment. In addition, any project design related to decentralization, local governance, or basic services delivery should at least examine how motivational factors can be strengthened.

Lessons Learned

In the current Egyptian context of local government development which is taking place in the shadow of central government institutions, it is doubtful that much donor direct assistance to motivational and linkage factors will be effective. Nonetheless, motivation in particular often drives institutional change and growth. The motivation to deliver effective services is clearly growing among some of the governors and their staffs and popular councils.

The assumption of project designers that GOE considered decentralization of administration a desirable goal was not borne out. Future efforts to assist local governance should not adopt comprehensive institutional development objectives without confirming that the policy foundations to support institutional development are in place both on the part of the recipient country and the donor agency.

2. Establishment of Central Coordinating Entities Linked to the MLA as Vehicles for Policy Analysis and Guidelines and for Technical Support to and Evaluation of Local Development

Findings

Indicators of capacity improvement at local levels were not matched by evidence concerning establishment and operation of central coordinating agencies.

A full-time Technical Secretariat (Amana) was to be created to be responsible for analysis of policy and program issues and to coordinate all technical assistance from all sources to local government. The evaluation team was unable to find any evidence that this Technical Amana operated in any substantive way.

Central coordinating agencies are operational in a few limited spheres, mainly concerned with applied technologies, in the LD II orbit. MIS is one such sphere. MIS is fueling creation of information management linkages horizontally within and among local government bodies as well as vertically. The MLA Information and Decision Support Center effectively coordinates gathering and reporting of management information for the governorates under LD II. The GOE Office of Cabinet Affairs is gradually folding the LD II MIS offices under the umbrella of the MIS Project which it coordinates. The MIS newsletters of each governorate, now exchanged nationally on a scheduled basis, is just one example of these kinds of linkages. The subject focus of each issue is coordinated among the governorates in an annual meeting of MIS coordinators. The team was informed by Chemonics and WSA representatives and in meetings at Qalyubia governorate that other exchanges of information and linkages concerning how to deal with O&M systems and incentives are taking place on an informal basis among governorates.

Conclusions

There was no establishment of central coordinating agencies linked to the MLA as vehicles for policy analysis and guidelines for LD II. Central coordinating agencies played a limited role in technical support. GOE inability to establish a Technical Amana capable of analyzing policy and program issues and coordinating all technical assistance from all sources to local governments adversely affected central coordination of LD II on several levels.

Recommendations

The evidence shows that LD II and its predecessor projects contributed powerfully to emergence of local government as agents delivering enlarged and expanded types of basic services. As yet, the incipient institution of inter-linked organizations (e.g., popular councils and executive councils at the village, markaz, and governorate levels; governorate secretariats; and support groups in MLA) devoted to effective delivery of basic services is not yet recognized politically, legally, or organizationally by the central government. The GOE does not formally recognize that linkages of institutions at different levels concentrating on basic service delivery are gestating throughout Egypt.

Recommendation: In the future, USAID should be wary of predicating achievement of goals and purposes of projects focused on decentralization, local governance, or basic service delivery on the ability of central agencies to coordinate policy analysis and guidelines and give technical support.

Lessons Learned

Essentially, well-entrenched and powerful elements in the institution of central government will dominate local bodies for decades to come. In that environment, a donor agency, even operating over a 15-year time frame, as has USAID through LD II and its predecessors, cannot realistically hope to spark institutional innovation in the central government with the objective of building capacity and autonomy of local government.

3. GOE-Funded Matching Block Grant System in Place and Institutionalized, Moving Toward Formula-Based Budget Support to Localities

Findings

In the Project Agreement, GOE and USAID agreed that a "GOE-funded matching block grant system would be fully institutionalized and accepted by the policymakers as one element of its effort to decentralize fiscal authority and responsibility." This agreement was never kept. The net effect may seriously compromise if not destroy a number of basic service delivery systems and capacities.

An Egyptian-operated block grant system, comparable to LD II, was not installed. The Local Participation and Development Program (LPDP), the follow-on to LD II funded through GOE budgetary support, operates according to traditional Bab III local development funding rules.

Conclusions

The LD II introduction of the block grant mode of funding was the single most stimulative force in institutional development among local bodies. Its loss, both because of non-realization of this institutional development objective under LD II and non-inclusion in the design of LPDP, will affect the future pace of local government institutional development in basic services delivery. The failure of GOE to keep its agreement to institutionalize a matching block grant system may seriously weaken, if not destroy, a number of BSDSs and capacities.

The mandate and operational systems of MOF, as now constituted, limit application of the block grant approach to development of basic services by local government bodies.

As demonstrated with continuing governorate usage of the Local Services Delivery Account (LSDA), fees-for-service, cost recovery, and other devices, evolving practices in local government bodies exist which result in new, though not centrally authorized, administrative and financial processes. Unless totally disallowed by central authorities in future, these practices will tend to establish a system for institutionalizing local government provision of basic services which may parallel, but cannot substitute for, the LD II block grant system.

Recommendations

The block grant method of funding permitted flexible programming and implementation of basic services and allowed local governments to develop administrative and financial methods suited to their particular needs.

Recommendation: USAID should explore ways of influencing LPDP to encourage reforms in the Bab III system of local fund administration so that Bab III rules approach the flexibility of LD II.

Lessons Learned

By setting up a block grant system that paralleled the prevailing Bab III system, LD II established an effective, flexible, user-friendly system, thus relieving the central government from pressure to reform the Bab III system. With the end of LD II, a Bab III system, unmarked by lessons from LD II achievement, will again govern redistribution of funds for local government activities. Setting up the parallel LD II system achieved efficient and effective funding of basic services on a massive scale at the cost of putting the system at risk at PACD. The sustainability of achievements of project-specific parallel administrative systems is always problematic.

F. Local Revenue Mobilization (LRM)

LRM is a distinct component of LD II. It concentrates on national and local strategies to generate resources locally for capital and recurrent costs.

1. The Authority of Local Units (Villages, Water Departments, Water/Wastewater Authorities, Maintenance Centers) to Collect Retain, and Expend Additional Revenues

Findings

Law 145/1988 is the prevailing local administration law in Egypt. As such, it is the pertinent national legislation concerning LRM. It restricts local cash management options and cash management opportunities among governorates. It is aimed specifically at LSDAs or, in some governorates, Local Services Development Funds (LSDFs). These were first established in 1975 to encourage local governments to engage in local projects and activities.

A number of provisions of Law 145/1988 are not yet fully clarified according to an MOF informant. MOF and MLA have not yet agreed on specific regulations limiting content and use of LSDA funds. No up-to-date, reliable documentation was available on this issue.

At the time Law 145/1988 was proposed, local government units owned more than LE 70 million in surpluses. MOF informants state that since adoption of the law, MOF has been endeavoring to transfer these funds to the national government. In conversations with officials in Damietta and Qalyubia, the team was told that application of the law has stopped local profit-making activities, and led to liquidation and sale of assets to the private sector and channelling of all proceeds to national government.

Under a USAID-funded sector grant in support of local fiscal policy reforms, GOE, after some hesitation, authorized recovery of costs on local services projects and increases of fees to finance them. Governors of Ismailia and Qalyubia stated that the level of fees authorized, as well as requirements that all fees be collected on a voluntary basis, did little to address needs for local cost recovery. Meanwhile, national government leaders are now talking about the importance of local income generation.

An evaluation team attempt in governorates visited to determine proportions of local revenue coming from local sources was inconclusive. There were difficulties in obtaining local MOF cooperation. Furthermore, income and expenditure statements by governorate department appear to be disaggregated by entity and do not fully represent all costs and do not appear to be consolidated at the governorate level.

Local authorities have sought to keep operational increased numbers of wastewater plants, maintenance centers, and other infrastructure developed under LD II. National authorities have taken tentative steps toward cost recovery and privatization of basic services. At some sites, various kinds of fees, contributions, voluntary labor, and other devices are being utilized by popular and executive councils.

In discussions with the governor of Ismailia and officials in other governorates, the team learned that new means of collecting, retaining, and expanding revenues are under haphazard local development fostered by innovative governors and supported by local council members.

Conclusions

National legislation and regulations have not been supportive of increased LRM authority at any level during recent years. There has been a regression since 1975. Thus, the LD II purpose of increased LRM was not met and cannot be met for years to come. Yet, by developing local basic services, USAID helped fuel expanded local need for funds.

Economic development of urban and rural Egypt during the past two decades has generated a level of demand for public services that cannot and is not being met by national agencies. Local systems have been designed and staffed on the assumption that fiscal resources to sustain them will be found. Ultimately major reforms will be needed in conveying national grants to local governments and in devolving tax powers to local units.

Recommendations

Recommendation: Program or project efforts to attain significant Egyptian national policy changes on LRM will not prosper. USAID should abandon any efforts to do so directly.

The GOE, because of its domestic deficit situation, may be interested in various types of tax reform.

Recommendation: In the interest of maintaining basic services developed throughout Egypt under LD II, GOE should move toward reforms in tax administration that would allow the governorates to impose, administer, and retain local revenues for approved uses.

Recommendation: USAID should consider funding a study to identify forms of national revenue mobilization which might have elements of local participation acceptable to GOE.

If USAID is to continue with local development work in Egypt, detailed understanding of LSDA and related local fund system structure and operations at varying levels and among different governorates is essential. In the absence of national policies supporting LRM, these systems require strengthening and sophistication as elements helpful to local fee charging, fee retention, cost recovery, and other similar efforts at local levels.

Recommendation: USAID should sponsor a study aimed at detailed understanding of LSDA. Since all written and verbal communication on the subject of local finance is in Arabic, research and technical assistance must be done by finance/taxation specialists with Arabic language skills.

A sound appraisal of LSDA can be helpful in fostering development of democratic governance policies at governorate levels. Governorate popular councils appear to be increasingly aware of what must be done to provide adequate levels of basic services in rural and urban areas. They can help advance use of LSDAs, particularly where efforts are focused upon attaining cost recovery from existing systems.

Recommendation: A future USAID-supported governance program aimed at strengthening the governorates should consider the importance of LSDAs and similar arrangements in improving governance at that level.

Lessons Learned

Seeking to attain decentralized LRM through an articulated single program goal is not feasible in the current Egyptian national financial and political context. The cessation of LD II activities concerned with that purpose was well advised. Nonetheless, demand for local basic services is growing and USAID—through LD II—has done much to both create it and lay the foundations for further expansion. Modest utilization of Egyptian technical assistance skills addressed to businesslike development of revenue-producing schemes for projects already established by USAID investments or experiments is the next step.

2. Local Capacity to Plan and Generate Revenue for Basic Services Delivery and the Financing of Recurrent Costs of Services and Infrastructure

Findings

National policy is not currently supportive of LRM. Discussions confirmed that the CAA pursues a generally restrictive regulatory policy with reference to local governments. The team was informed in an interview with a governorate legal advisor, that normally laws and regulations are interpreted narrowly where enhanced local powers and innovative practices are concerned.

Nevertheless, numerous local attempts are made by rural and urban governorates to generate revenue for basic services. These include fees-for-service, income generation, cost recovery, assessments, leasing of public facilities to private operators for servicing public and private needs, reorganization of public enterprises into private companies, and voluntary contributions.

Numerous local units are experimenting with ways to meet at least a portion of their financial needs. The extent of revenue generation attempts depends much upon risk-taking attitudes of governors, mayors, and popular and executive councils. LD II has contributed substantively to this process. For example, a concept paper on Rural Wastewater Financing authored by Chemonics of-

fers the basis for future donor-funded experiments in establishing revolving funds to finance expansions and further installations of important rural facilities.

O&M centers, now in varying degrees of operation at all local government levels, have possibilities of income generation. WSA is developing guidelines on pricing, costing depreciation, etc., for policymakers and workshop/center managers. For example, in the Sharabas village in Damietta, the O&M workshop is not only supporting wastewater facility operations, but is also providing services to householders on a fee basis for repair of water lines, plumbing, and electrical installations. (Records indicate, however, that fees charged are insufficient to cover costs.) In other parts of Damietta and in Fayoum, families contribute to the cost of emptying septic tanks.

The Amreya District Garage in Alexandria does not have to wait for fund releases from the governorate finance officer; it is earning sufficient funds to both increase employee benefits, thereby retaining skilled staff, and acquire spares and supplies on a scheduled basis. In the large Qalyubia Maintenance Center at Shoubra El-Kheima City, prospective long-term leasing of facilities to the private sector is well advanced. In Assiut, Sharqia, Menoufia, and Qena, a shift toward establishing private companies to operate pilot maintenance centers is taking place.

Conclusions

LD II has laid the foundation for some degree of LRM. Some local leadership is willing to try various approaches despite the generally inhibitory national policy environment concerning local fiscal initiatives. If LRM has any future chance for success, it will be through operations on profit-centered or private sector cooperative bases. However, termination of LD II TA will deprive local units of design and funding of pilot efforts (e.g., revolving funds or other forms of credit in support of wastewater or other services). Finally, non-development of OMED-like services supporting local assessment of fiscal needs and policies will weaken efforts in income generation. Hence, there is danger that the opportunities created by LD II for cost recovery and other forms of LRM will not be translated into action by local units.

Recommendations

Local unit capacities to manage various types of income-producing activities are not yet tested. Planning, costing, scheduling, staffing, and operating enterprise-oriented public facilities is a new dimension in Egyptian local government administration. The team found that levels of business analysis skills and profit-oriented management within the local units are uncertain.

Recommendation: GOE should commission a study to determine whether Egyptian-staffed TA and training can be provided for business analysis and management purposes to local units interested in income generation and private sector cooperation activities.

Future LRM efforts would be enhanced if design and funding of pilot efforts in various forms of credit to support wastewater and other services were made available to local units.

Recommendation: GOE should explore approaches to designing and testing a series of pilot efforts in revolving fund and other forms of credit to support important rural service facilities.

Development of OMED-like services supporting local assessment of fiscal needs and policies would strengthen efforts in LRM.

Recommendation: GOE should explore approaches to providing governorates with OMED-like specific short-term consultancy services concerning local financial needs and fiscal policy analysis.

Lessons Learned

The LD II experience teaches that it is possible, even under present national regulatory and inhibiting conditions, to develop some local income-generation activities. Through LD II, the necessary engineering standards and management, equipment, and technologies have been at least partially installed in many instances. However, business analysis, management, and fiscal system dimensions of sustained income generation at local levels are yet to be effectively designed and installed. This phase of future local development activity can be done utilizing Egyptian TA skills.

There is uncertainty among Egyptians as to whether Egyptian laws and regulations permit design, testing, and adoption of revolving funds or other forms of credit finance in support of basic services. The lesson from LD II is that the matter will have to be examined carefully, based on assumed local unit interests, potentials, feasibilities, and not on national policy interventions.

3. Cooperation Between Local Administration Units and the Ministries for Special Types of Projects of Finance and Local Administration to Promote and Support Local Revenue Generation

Findings

Team interviews in the field, site visits, and discussions with MOF and MLA personnel in Cairo failed to identify significant instances of mutual cooperation to promote and support local revenue generation. On the contrary, the activities of MOF and anticipated effects of Law 145/1988 all appear to discourage local revenue generation on any significant scale.

One senior Egyptian official with first-hand experience with LD II implementation over the life of the project observed, "We have a very strongly centralist government which is slow to change its laws, systems, and attitudes particularly on local government powers and responsibilities. LD II helped us prove, at local levels, that we can better deliver basic services than anyone else; but the message has not yet reached Cairo."

Certainly, on its part, USAID exerted much effort to promote cooperation between local administration units and ministries for projects to support LRM. It provided TA, in the form of a 40-person team resident at Cairo, to the moribund Technical Amana. Additionally, a number of highly qualified American specialists in finance, local resource mobilization, and decentralization were employed on short-term contracts.

USAID set up a two-tranche sector grant in support of GOE local policy reform. The first tranche of \$57 million was disbursed during 1991. However, because of difficulties encountered in GOE follow-through, further work on this was shifted to USAID's national tax project. USAID documentation concerning the re-allocation confirmed that, "increased fiscal decentralization remains a key aspect of USAID's proposed policy dialogue." The evaluation team was unable to identify any evidence indicating that this policy dialogue had yielded any substantive fiscal decentralization.

A senior Egyptian official observed that the USAID-supported block grant system might have been used by Egyptian policymakers to leverage some modest types of cooperation among MOF, MLA, and local units. This, ultimately, might have been helpful in internalizing the block grant mode of project planning, selection, and funding as part of the Bab III budget process. However, as he confirmed, this possibility was not seriously explored because the Technical Amana never became fully operational.

Conclusions

LD II experience demonstrates that it is unlikely for a donor and the GOE to find common ground on major policy reforms concerning fiscal decentralization and/or LRM. LRM is an important issue for the present political and bureaucratic leadership of Egypt.

Targets expressed in the EOPS on the LRM sub-system have not been met due to GOE policy priorities as well as organizational structures which are not seriously supportive of LRM.

Recommendations

Recommendation: If USAID is to become seriously engaged in providing TA related to policies and applications in LRM, it should do so through technically qualified Egyptian advisory services capable of communicating clearly with government officials. An expatriate fully skilled in Arabic should be employed to assure accurate and objective USAID monitoring of such operations.

Lessons Learned

LD II experience has demonstrated how difficult local fiscal autonomy is to achieve in terms of organizational assignments, staffing, and defined functions. The lack of supportive national policies and coordinating mechanisms poses almost insurmountable barriers. In that environment, rather than trying to institutionalize policies and practices concerning business analysis for public enterprises and business management for local entities, profit-making, and private sector cooperation nationally, perceptible results should be more quickly produced by focusing on provision of short-term, tightly designed, qualified external Egyptian advisory teams, at locations where indices for success seem high. If appropriate local policies, systems, and practices are designed and applied successfully by external advisory services, they should ultimately be institutionalized by governorates.

Unless in a position to exert maximum and sustained leverage a donor should avoid seeking to alter national policies on LRM and/or coordination among national agencies on this subject.

G. Summary Project Impact

1. Expanded Access to Improved Basic Services at the Local Level

Findings

According to TA contractor estimates, about 52 million people (or nearly 90 percent of all Egyptians) have benefitted from delivery of basic services developed under LD II. Information gathered on evaluation team site visits tends to bear out these figures. Piped potable water systems, electricity, hundreds of kilometers of roads, wastewater treatment, new health clinics, youth cen-

ters, and school renovations are among the 17,000 basic services systems delivered under the LD II block grant arrangement.

As of May 1993, according to data collected from governorate officials, around 85 percent of all projects had been completed and were operating successfully, and by PACD at the end of September 1993, 100 percent should have been finished.

The most striking achievement of LD II has been expansion of maintenance facilities throughout the country. Every governorate has a maintenance garage and most have garages and/or workshops at markaz and village/district levels. Recognition by local officials and councils that facility maintenance is as high a priority as facility construction or renovation is impressive considering that only a little over a decade ago, the concept of maintenance was foreign to most Egyptians.

Conclusions

Given the above, the goal of the project has been achieved in terms of improving quality of life for Egyptians in rural villages and poor urban districts.

LD II implemented BSDSs throughout Egypt. Under LD II, USAID has had virtually a universal presence in the governorates and marakez of Egypt. At all of the sites visited by the evaluation team, informants recognized USAID's supportive role in local realization of systems to deliver basic services to relieve some of the burden from daily life. The LD II approach proved itself, therefore, a viable formula for positive impact on daily life on a mass scale.

Recommendations

The importance of LD II impact on quality of life for Egyptians in rural villages and poor urban districts was its demonstration of the feasibility of LD II's particular approach to addressing basic service delivery problems on a mass scale. The current LPDP is a fine transitional mechanism but lacks the administrative flexibility of LD II and makes no provision to underwrite O&M of infrastructure investments. Moreover, since LPDP is administered according to the Bab III system, it gives little incentive to local government to improve performance along parameters defined by LD II.

Recommendation: USAID and GOE should consider building on LD II impact by establishing a funding and TA mechanism to support further development and maintenance of BSDSs on a mass scale throughout Egypt. The ideal mechanism would be a modified Bab III which, while eschewing LD II's parallel disbursement mechanism, incorporates the strengths of LD II such as its flexibility and its support to improving local governance and administration.

Lessons Learned

The strategy of LD II was to use the prospect of development of BSDS on a mass scale as an incentive for different levels of local government to adopt a specific set of improved techniques and procedures for planning, implementation, and monitoring of local infrastructure projects. Local infrastructure projects developed under LD II addressed concrete needs felt by the bulk of the residents in a locality. Such development of infrastructure generated considerable local support. Therefore, it was in the interests of local authorities to adapt planning, implementation, and monitoring systems to accommodate LD II requirements to qualify for local BSDS development. Lo-

cal authorities, in the name of their constituents, thus acquiesced in trial application of administrative systems promoted by LD II. LD II will thus have gotten a fair hearing for innovations in local administrative systems throughout Egypt. With the termination of the project, local authorities will continue systems they found most useful and discard others.

LD II experience shows the value of using the advantage of infrastructure development, which has an immediate impact on large numbers of people, as an incentive for innovations in systems, such as administration and governance, the improved performance of which may neither be felt immediately nor credited to the proper source.

2. Sustainable Innovation Introduced Directly or Indirectly by LD II Technical Assistance and Training Interventions

Findings

The evaluation team examined Land Management Units (LMUs) in Qalyubia and Port Suez as well as Offices of Analysis and Financial Development (OAFDs), formerly Offices of Management and Economic Development (OMEDs), in the two governorates.

From the outset, governors in both governorates skewed the original concept for the OAFDs towards budget management without appropriate involvement of the all-powerful Financial Directorate in each governorate. Yet, need for specialist analytical staff support to governors on just the subject of basic services alone is great now and will increase substantially in coming years. How is a governor to determine into what basic services to invest, at what costs, and through what means (e.g., force account, private contracting, combinations)?

At Suez and Port Said, LMUs have senior policy committees, qualified staffs, and initial land development projects with prospective income generations of between LE 10 million and 17 million.

The El Amreya District Garage in Alexandria has demonstrated the possibility of placing profits from private sector maintenance activity in governorate funds which are beyond the reach of MOF. Similarly, special groups such as the Cairo Cleaning and Beautification Authority may lease zonal garages to private sector companies and retain profits to meet recurrent costs. These and other possibilities show considerable potential for attaining partial or total self-sustaining capabilities.

Finally, the kinds of water companies that have developed in governorates such as Damietta, Kafr El-Sheikh, and Beheira hold much promise for sustainability.

One innovation spawned by LD II which is unarguably sustainable at the governorate level is automated information management. MIS centers provide local government with data processing tools to facilitate monitoring of subprojects funded under the LD II project agreement. All governorates have staffed functioning MIS centers.

MIS applications and systems have expanded well beyond LD II reporting requirements at the governorate level. The most widespread of these spin-off MIS applications is computerized water billing. A number of governorates, particularly Delta governorates and Canal governorates, have recently also created automated systems to track activity in governorate departments not directly connected with LD II. In 1989, the GOE began the process of creating Cabinet Affairs MIS cen-

ters in each of the governorates. These spin-off MIS applications have been relying on LD II MIS centers for training, guidance, and technical assistance in bringing and keeping these systems on-line.

A final innovation spawned by LD II has been incorporation of training departments into governorate structure. LD II has strengthened GTC capability to plan, design, implement, and monitor programs to enhance skill levels in performing designated governorate technical and administrative operations.

Conclusions

Through LD II, USAID has helped to develop technologies, costing, design, contracting, and other techniques related to much of the above. However, they are all at a stage of development where they need further testing. In addition, long-term sustainability for many innovations is threatened by the withdrawal of funding that will accompany LD II PACD.

OAFDs are not sustainable under constraints prevailing in their conceptualization in the two governorates visited.

In terms of chances for sustainability, LMUs, which are properly staffed in the urban governorates, are in a much more favorable position from the point of view of sustainability. Given a reasonable degree of success in operations such as those identified in field visits to Port Said and Suez, LMUs will have a high degree of sustainability.

Based on principles of business management, correct costing, depreciation of equipment, and competitive pricing, some major maintenance centers are showing signs that they may become self-sustaining. This depends, in part, upon successfully keeping earned funds from being seized by MOF and also upon MOF not cutting their annual budgets by the amounts they earn on profits. Sustainability, in these and other cases, depends on application of rigorous business standards as well as neutral if not supportive MOF policy. As water companies are operated now, none is sustainable.

Activities and impacts of MIS will last after LD II. MIS centers will be sustained mainly because they now have a broader mission than under LD II.

GTCs have generally performed successfully for the two cycles of the TBG activity. They have demonstrated their capacity to sustain governorate training activities provided they have funds to underwrite training programs.

Recommendations

A suitably staffed OAFD can give the governor the basic economic and cost/effectiveness, cost/benefit data to reach decisions on such a vital subject. It can help, further, in providing technical advice on where to direct funds in the hands of the governorate (LSDAs, special funds, and local contributions) towards support for basic services improvement.

Recommendation: The GOE should broaden the concept and mandate of the OAFDs to give governorates and popular councils incentives to sustain them as valuable analytical staff arms.

Water companies require resolution of a number of policy issues to fulfill their promise of sustainability. These may include, on the one hand, transfer to private management or concession arrangements or, on the other hand, the more conventional and equally difficult possibility of improving internal management, staffing, accountability, and performance. Related to these matters is the possibility of testing out, on some scale, the feasibility of financing rural wastewater treatment plant expansions through use of revolving loan funds based on variable rates set at affordable local levels. Such funds, if successfully managed, could sustain financing of approximately 1,500 plants that are required to care for wastewater treatment needs of the mother villages and satellites (not marakez and cities) of rural Egypt.

Recommendation: The GOE should undertake policy initiatives to establish legal and administrative options for water companies that would permit them to sustain themselves.

Many innovations catalyzed by LD II such as introduction of routine maintenance or institutionalization of training may be hamstrung by termination of funding at PACD.

Recommendation: GOE should explore formulae for continuing funding support to sustain valuable LD II-spawned innovations which otherwise risk losing support under USAID's current programming configuration.

Lessons Learned

At the design stage of LD II, USAID foresaw that the critical issue in sustaining achievement in delivering basic services would be mobilizing local revenues for operations and maintenance. LRM, promoted by reform of central policies, was thus designed into LD II as one of two project purposes. In the face of policy obstacles to implementation of LRM, USAID and GOE subsequently abandoned systematic LRM efforts based on GOE initiatives. LD II never adequately explored and tested the possibility that some degree of LRM might be attainable through local innovations and initiatives acceptable in the current policy environment. Consequently, abandonment of LRM put sustainability of project-generated innovations in jeopardy and continues to undermine the prognosis for a project which otherwise scored considerable achievement.

Basing sustainability of LD II basic services on a major policy change at the central level was an unrealistic assumption of the LD II design team. In practice, local projects are most likely to be sustained with local initiatives not sanctioned in any way by the central government. Cultivation of such local initiatives would have been a more appropriate LRM strategy in the PP design than the prospect of catalyzing policy changes at the national level.

3. Lessons Learned for Application to Further GOE/USAID Cooperation in Programs to Support Effective and Responsive Governance

Findings

In LD II, sustainability was explicitly stated as an objective. Given this, the first lesson for **application to further USAID/GOE cooperation in programs to improve governance** is the importance of setting project structure within local administrative structure, which was not done under LD II. Instead, LD II was implemented through a parallel structure which does not appear likely to survive under present Egyptian government administrative organization. At the same time, and perhaps paradoxically, this very system of operating outside normal Egyptian administrative struc-

ture was the project's greatest strength. LD II's organizational independence allowed the expeditious provision of block grant funds to governorates and the flexibility to move funds between sectors as well as between projects. However, because the project operated outside the Egyptian administrative setup, now that it is over, the LD II system will probably collapse. For example, improved planning techniques, procedures, and forms which were imparted under LD II and adopted by governorates, marakez, and villages/districts undoubtedly will be discontinued as MLA has said that it does not want as much information as has been supplied under LD II. While it is hoped that at least some of these localities will continue to use the improved techniques, had LD II structure been integrated with the MLA system, it would have had a better chance of survival.

Another lesson, allied to the first, is that provision must be made at the outset of a project for sustaining infrastructure which may be developed under the project. This was realized at the design stage of LD II. LRM was included as one element of the strategy, but since it did not fully take into consideration GOE local government policies and structure, it was unrealistic to expect it to succeed. USAID was therefore well-advised to abandon LRM efforts, as conceived in the project design, when it did, although the effect of such a decision was to undercut chances for sustainability of BSDSs developed under the project.

Project designers, therefore, must confirm that desired policy foundations are in place before embarking on a project concerned with local government change. When USAID saw the necessity of abandoning the project component which was the linchpin for sustaining BSDSs, it should have analyzed the impact of dropping LRM on project implementation overall and amended the LD II SOW to counterbalance it accordingly. It might have considered shifting LRM efforts to cultivating individual local initiatives that have been emerging rather than abandoning the LRM component of LD II altogether.

A third lesson is that Egypt has the local capacity to administer projects funded through block grants (i.e., local governments are able to manage planning, implementation, and monitoring of block grants). In this instance, the implicit project design assumption that the capability existed at the local level, that it simply required cultivation, was amply justified.

Finally, USAID, as a donor agency, needs to clarify what it means by institutional development and institutionalization, and develop service capacities to assist field missions in designing and supervising the Agency's defined interest and policies in this domain. In the absence of a defined Agency set of interests and support services, USAID field missions should be most cautious in assisting institutional development projects or institutional development components within larger projects.

Conclusions

The overall conclusion of the evaluation team is that, under LD II auspices, local government institutions in Egypt developed BSDSs which are having a positive impact on the daily lives of the overwhelming majority of the Egyptian population. LD II TA introduced planning, management, and training systems; and equipment and facilities into local government to support operations and maintenance of those BSDSs. The weakness of the LD II approach was the unrealistic provisions in the PP for sustainability of LD II achievement. The GOE did not fulfill its understandings with USAID at the LD II PP stage concerning LRM. In retrospect, project design

assumptions that the GOE could and would follow through on its LRM commitments, given the prevailing political and bureaucratic environment, were too optimistic. In any case, absence of provision for LRM jeopardizes the otherwise commendable achievement of LD II.

Recommendations

Recommendation: The present quandary is how, in the current circumstances, to safeguard LD II achievement. The answer is clear for the GOE. GOE should fulfill its earlier commitment to provide for LRM or, if such an initiative is still not politically feasible, find a mechanism for supporting local government development programs through other budgetary means. For its part, USAID retains an abiding interest in improved governance at all levels in Egypt. USAID should fold former elements of LD II into its new governance programs insofar as they are consistent in approach and objectives. However, such USAID support should not relieve the GOE from the pressure to live up to its commitments to find or create a mechanism providing for long-term sustainability of BSDSs.

Recommendation: In the interests of integrating lessons learned in improved donor assistance programming worldwide, the LD II program and its predecessor project in Egypt should be the subjects of a major case study. The lessons to be learned on the design and implementation of decentralized projects, institutional development, and donor agency/host government cooperation, or discontinuities concerning both these matters, are varied and extensive in this 15-year, major-scale effort.

ANNEX A

Final Evaluation of Scope of Work

ANNEX A

LOCAL DEVELOPMENT II PROGRAM
(263-0182)

FINAL EVALUATION SCOPE OF WORK

A. ACTIVITY TO BE EVALUATED

Name: Local Development II (263-0182)

PACD: 9/30/93

Primary Contractors: Chemonics
Wilbur Smith Associates
Edusystems
SPAAC
DAC International

Period Covered by evaluation: FY 1987 - FY 1992

Project Purposes:

1. Improve and expand the capacity of local governments to plan, finance, implement, and maintain locally chosen basic services projects; and
2. Improve the capacity of local government to mobilize local resources in order to sustain the provision of basic services.

B. PURPOSE OF THE ASSESSMENT

The LD II Final Evaluation is to be performed in accordance with Article 5 of the LD II Grant Agreement signed jointly by USAID/Cairo and the Government of Egypt on September 5, 1985.

The evaluation has two primary purposes:

1. to illuminate development changes and impacts attributable to LD II interventions; and
2. provide learning for potential follow-up activities; and for local government strengthening initiatives elsewhere.

Potential users or stakeholders of the evaluation include GOE officials with ongoing local development responsibilities, USAID personnel concerned with programs in the new office to increase participation in development, and others in the development

community who can benefit through lessons learned from the extensive LD II experiment in local development support by means of block grants.

The focus of this evaluation will be on local project planning, operations and maintenance, management information systems, and training as well as the cross-cutting issues of institutional development and local resource mobilization (LRM). Attention also will be given to a summary assessment of the impact of LRM.

Certain areas covered in recent studies or special assessments will not be directly evaluated, but will be described as appropriate. The evaluation will make reference to these special assessments and validate or update findings that clarify the evaluation issues presented in section E below. These assessments pertain to PVO activity, the Training Block Grant activity, Land Management Units, pilot rural wastewater projects, and rural small credit activity.

C. BACKGROUND AND HISTORY

USAID support for the Government of Egypt (GOE) Local Development program began in 1977 as a series of discrete projects that were combined in 1982 into the Decentralization Support Program (DSS I), followed by the Local Development II (LD II) Program. These projects supported activities both in rural villages and urban districts working with locally elected councils and parallel appointed bodies to select and fund small, local projects of high priority to their communities. USAID/Cairo has committed over \$ 1 billion to these local development activities and over 20,000 local projects have been completed in all 26 governorates in Egypt.

The LD II Program was authorized in August 1985 though, for various reasons, full-scale implementation of LD II did not begin until FY 1987. The initial LD II Grant Agreement, signed in September 1985, indicated the U.S. Government would provide \$156 million to finance project activities over a three year period with the GOE agreeing to provide a local currency contribution equivalent to \$72.2 million as counterpart support. This arrangement established, for the first time in Egypt, a formal system of revenue sharing between central and local government. Six amendments to the program Grant Agreement increased total US obligations to \$410.6 million, GOE obligations to the local currency equivalent of \$231.4 million, and extended the PACD to September 30, 1993.

The LD II Program was designed to bring together, under one umbrella, several components formerly grouped under the DSS I Program. Under LD II, the GOE Steering Committees for the Basic Village Services (BVS) and Neighborhood Urban Services projects were reconstituted as subcommittees under an Interministerial Local Development Committee (ILDC) chaired by the Minister of Local Administration and including representatives from the Ministries of Finance, Social Affairs, Planning, and International Cooperation, as well as other technical ministries. The provincial and

urban subcommittees became known, respectively, as the Provincial Local Development Committee (PLDC) and the Urban Local Development Committee (ULDC). These decentralized committees became the primary decision making bodies and the 26 governorates the main implementing entities for LD II.

An ILDC secretariat was envisaged as being the GOE's institutional focal point for LD II implementation. This secretariat, known as the LD II Technical Amana, was to monitor and participate in all aspects of program design, implementation, and evaluation during the life of the program and beyond.

The implementation strategy for LD II encourages decentralization of authority and responsibility for local development, building of popular participation, developing the capacity of local institutions, institutionalizing the operation and maintenance of basic services, and increasing local resource mobilization.

The two main components of LD II are the Basic Services Delivery System (BSDS) and Local Resource Mobilization (LRM). BSDS includes a matching block system for investments in basic services projects in the provincial and urban governorates, planning for operations and maintenance, a local government training program, and the LD II Management Information System. BSDS projects are selected by local authorities. The block grant has become the centerpiece of the LD II Program and is designed as a performance-based mechanism to promote decentralization and enhance the development of local government institutional capacities. Guidelines jointly developed and agreed to by the GOE and USAID are the primary tools for improving the institutional and technical capacity of governorates to plan, design, finance, implement, and manage their development activities. Block grant funds are composed of USAID-provided local currency contributions plus additional Ministry of Planning and local governorate contributions each equal to five percent of the USAID grant. Once block grant funds are disbursed to governorates, management of the funds and implementation of local projects are the responsibility of GOE units at various levels.

The LRM component focuses on strategies to generate resources locally for capital and recurrent costs, such as increasing user fees, strengthening private sector PVOs through block grants, and increasing access to credit in rural areas. Through an amendment to LD II in 1990, a sector grant was added to the program to support specific GOE actions expected to lead to a more favorable policy environment for the financial sustainability of locally-provided basic services. These intended GOE actions addressed cost recovery and other local revenue enhancements and studies of long-term revenue requirements for meeting O&M costs. A subsequent amendment in 1992 deleted this sector support grant and emphasis was increased on transition to a GOE financed and managed block grant local development program.

For the remainder of LD II (through September 1993) and beyond, block grants for local development will be financed from host country contributions. USAID will continue to fund technical assistance to support governorate planning and institutional development. Based, in part, on the findings of the LD II final evaluation, activities that could be

implemented through the Mission's new Governance and Democracy Program may be identified.

D. EVALUATION METHODOLOGY

Key Evaluation Questions

To guide the evaluation, evaluators are encouraged to use the following six questions as a broad framework for addressing and reporting on the specific LD II evaluation issues presented in Section E.

1. What was done in LD II? The evaluation should provide an overall review of project activity, including block grants, pilot projects, technical assistance, training, and policy dialogue.
2. Did LD II activities reflect sound development theory and practice? The evaluation should assess, where germane, the validity of LD II design assumptions (e.g., GOE move to fiscal decentralization) as they pertain to project implementation.
3. Were LD II activities properly implemented? The evaluation should determine if project activities were fully implemented according to their initially prescribed or subsequently modified level of effort and design specifications.
4. Did the activities produce their intended impacts? The evaluation should be sensitive to the full range of institutional capacity-building effects -- intended and unintended -- attributable to LD II activity.
5. Will the activities and their impacts last after LD II? The evaluation should be alert for indications of sustainability and aware of enabling and inhibiting factors, such as the political, economic, and environmental conditions within particular governorates.
6. What follow up activities should be undertaken by USAID and the GOE? Although the LD II Program is slated to end in September 1993, there may be critical activities under the GOE Local Participation in Development continuation program requiring additional support to achieve their potential. The team should make recommendations regarding appropriate and necessary follow-on activity (including suggestions of additional research that may be performed using the resource of contractor databases)

Evaluation Design

The recommended evaluation design relies upon multiple data sources and methodologies to assess the implementation of and impacts attributable to LD II

Program activities. The basic unit of analysis is the governorate, although data will be collected at the village and district levels for certain issues and analyses.

This approach assumes that the evaluation team can accurately measure governorate exposure to a core set of LD II Program activities and then trace this exposure to objective indicators of the program's institutional impact. A corollary assumption is that the level and fidelity of program implementation can be determined as the basis for measuring LD II exposure. These assumptions rest on TA contractor assurance that the requisite data in machine-readable format will be available from their respective MIS systems.

The implementation workplan for the evaluation should include the following steps:

1. **Define a core set of LD II Program activities.** These are the set of LD II activities that all governorates were exposed to, such as project planning and budgeting assistance, block grant infrastructure funding, training, O & M technical assistance, MIS development, and so forth. The premise behind using the core activity set is that although there are individual differences among the governorates in the total amount of LD II support they ultimately received, they all shared exposure to a definable, common set of activities that serve to represent the LD II experience.
2. **Determine exposure to core LD II activities.** This will be done by adding up the total amount of project activity for each governorate to create a ranking of "levels of total program activity" across all governorates. This will reveal which governorates were exposed to the core set of activities and their relative levels of LD II activity. The TA contractors have data on the total amount and types of LD II Program activity (much of them in tabular form) for each governorate that can be used to create the rankings.
3. **Select a sample of governorates.** Three strata will be used to select the sample: exposure to the core LD II activities, urban/provincial status, and governorate performance. Selection within these strata will be random. From the previous step, the evaluation team will have a listing of the urban and provincial governorates that have been exposed to the core set of LD II activity (which will be virtually all of the governorates).

The TA contractors also have data that can be used to rank the governorates on various measures of performance, such as planning capacity, leadership, staff training, and so forth. These data are in the Sustainability Study done by the urban contractor, and the Performance Assessment completed by the provincial contractor. The data elements from these two analyses are sufficiently comparable that the urban and provincial governorates each could be ranked on their performance as the basis for site selection. Moreover, these rankings could be reviewed by USAID staff and GOE officials familiar with LD II to gauge their validity.

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Once the governorates are ranked on performance, the evaluation team will randomly select two high performing and two low performing provincial governorates and one high performing and one low performing urban governorate to create the sample of six governorates for the evaluation. It is assumed that the evaluation team will visit the six governorates in the sample and at least two villages or urban districts within each governorate. The sample will determine which governorates will be site-visited for data validation purposes and for direct assessment of LD II implementation. The villages/districts to be visited within each governorate will be selected randomly as well.

4. **Collect evaluation data from LD II written documentation, technical assistance contractor data bases, and site visits to selected governorates.** Due to time constraints, the evaluation team will need to focus its data collection and analyses on the sample governorates, although some attention may be given to quickly available information on all governorates, such as analyses completed by the LD II contractors. Data collection strategies will include:

- ✓ Document assessment: On the assumption that documents prepared by the governorates (QPRs, block grant plans and budgets) are valid indicators (among others) of institutional capacity, the evaluation can compare the technical quality of written documents prepared by the governorates before LD II and after LD II. Marked differences in the technical quality may be taken as traces of program impact; improved report quality presumably reveals strengthened institutional capacity. The TA contractors have developed report rating systems (Chemonics QPR, July 1992) that can be adapted for use in the evaluation.

Also, there is substantial assessment material prepared by the contractors in the pre-LD II period, such as the Review of Village Project Planning (Chemonics, June 1985) that can be used as "baseline" information for comparison to the LD II experience; as such, it provided a picture of the pre-LD II situation for many of the project sectors. Some similar information from the pre-LD II Basic Village Services project exists in the MLA ORDEV Information Center.

- ✓ Service delivery assessment using technical assistance contractor data: Both major contractors have generated information on the status and quality of project implementation. The provincial contractor has implemented a national probability sample of LD II project, looking at project quality measures; the urban contractor has similar information for its governorates. These results should be validated by the evaluation team during their site visits, and then used (along with the site visit information) to address the evaluation's implementation issues.
- ✓ Site visit analysis: Site visits to the sample sites are essential to validate extant information and to gain direct experience with LD II at the governorate, urban

district, markaz, and village levels. The team will collect information through three principal means:

- direct observation of LD II activities and indicators of impact, using an impact checklist.
- focus groups with key project implementers and presumed beneficiaries to assess responsiveness and popular participation.
- personal interviews with selected individuals to assess vertical coordination and prospects for sustainability.

The technical assistance contractors have developed several checklists and forms that are a starting point for the evaluation team in developing its site visit protocol. This protocol development includes work by Chemonics on the use of focus groups to examine service delivery; their experience should be reviewed by the evaluation team.

The evaluation team's full protocol should be directed explicitly to the evaluation issues below and specify the data to be collected on each issue, the expected source(s) of the data, the data collection methodology, and how the data will be organized for analysis and interpretation. The focus group protocols, in particular, should be applied in a brief session (with the team members) prior to the fieldwork to test them.

- ✓ Synthesis, analysis and reporting: The team will prepare a brief analysis plan which outlines the process they will follow to organize for analysis the massive amount of information they will collect, assigns responsibilities among the team members, outlines the general analysis strategy the team will follow, and presents a preliminary outline of the final report.

E. LD II EVALUATION ISSUES, INDICATORS, AND DATA SOURCES

This section lists 18 key evaluation issues in four component categories, two cross-cutting categories, and one summary category. For each issue suggested indicators, data sources, and data collection methodologies are provided to guide the evaluation team. Evaluators should feel free to use other indicators to illuminate these issues. For some issues, contractor and GOE monitoring reports or special studies are available using more specific indicators of project performance or of progress toward institutional capacity or sustainability objectives.

Analysis and reporting of evaluation findings, conclusions and recommendations, and lessons learned will be presented for each of these issues. Wherever possible, the analysis will compare pre-LD II status to current status.

Four Categories (Purpose-Level Impact)

1. Planning and Implementation

1.1 Development and institutionalization of a decentralized planning, block grant investment, and project implementation system for local government

- ✓ Presence of local administrative units responsible for applying fund eligibility and distribution criteria and coordinating basic services needs assessments as a basis for investment and maintenance planning (Data sources: TA contractor assessments of governorate planning capacity; evaluation of governorate planning documents and QPRs; site visit validation through interviews)
- ✓ Functioning GLDCs in every urban and provincial governorate (review TA contractors local capacity assessments; site visit review of GLDC minutes and other planning documents)
- ✓ Proportion of total villages covered by approved local government investment plans (TA contractor estimates; site visit personal interviews)
- ✓ Local adherence to approved annual investment plans (TA contractor local capacity assessments; governorate QPRs; site visit validation through personal interviews)
- ✓ PLDC and ULDC review process and approval of annual cycle plans (PLDC and ULDC documentation)

1.2 Popular participation in the planning process at the local level

- ✓ Local Council members aware of their roles in local development with basic skills in project planning and implementation (site visit personal interviews with popular council members and focus groups with council members and beneficiaries)
- ✓ Local investment plans and priorities based on local expressions of need (governorate planning documents; contractor assessments of governorate planning documents; site visit checks on presence and use of needs assessments)
- ✓ Local Council participation in decision making regarding local development project planning and implementation and financial contributions (site visit personal interviews and focus groups with local council members; records of local council meetings)

1.3 Completed projects providing sustainable benefits to the urban poor and rural villages

- ✓ Implementation rate of LD II projects (TA contractor service delivery assessments; site visit observational validation; interviews with project implementers and chief of development for the governorate)
- ✓ Utilization rate of LD II projects (TA contractor assessment of service delivery; site visit interviews with project implementers and markaz/district development directors; observation of project implementation)
- ✓ Evidence that implementation problems are identified and timely corrections made to assure continued service delivery (TA contractor service delivery assessments; site visit interviews with project implementers and markaz/district development directors; observation of project implementation)

2. Operations and Maintenance

2.1 Sustainable maintenance systems in place in each local government unit with capacity to operate and maintain rolling stock and fixed plant at planned levels

- ✓ Increased rolling stock utilization and availability (TA contractor assessment of local capacity; QPRs; site visit interviews with project implementers, review of GOE maintenance records; observation of rolling stock availability and utilization)
- ✓ Existence and use of O&M plans as basis for annual budgeting and activity monitoring (review of governorate planning documents; governorate QPRs; site visit interviews with the governorate maintenance coordinator, secretary general, and markaz and district chiefs)
- ✓ Qualified, funded, and accountable maintenance coordinators in place in every governorate providing O&M advice to the governorate and O&M support and supervision to governorates and districts {markaz and village workshops in provincial governorates and zonal facilities in urban governorates} (TA contractor assessment of local capacity in final reports; site visit interviews with maintenance coordinators)

2.2 O&M capacity improvement evident at the local level in pace with increased demand

- ✓ Growth in O&M budgets and staff correlated with aggregate level of project completion by governorate and lower level (TA contractor assessments of O &

M capacity; site visit interviews with maintenance coordinator and O&M personnel)

- ✓ Number of maintenance facilities established and functioning at each level within the governorate (TA contractor assessments and final reports; site visit interviews with maintenance coordinator and maintenance center staff)

2.3 O&M systems vertically integrated from village or urban district up to central governorate level

- ✓ O&M-related reporting and other information flow between governorate levels (review of reporting documents at GOE, governorate, and lower levels; interviews with officials at these levels)
- ✓ Central GOE provision of O&M funds to governorates (review of governorate planning documents; interviews with governorate finance officials)

3. Management Information Systems

3.1 Governorate-level MIS systems in place providing input to markaz and village decision making

- ✓ Established, adequately equipped and staffed, and functioning MIS Centers as a formal part of the governorate structure (GOE periodic reports; TA contractor assessments and final reports; site visit observation of MIS operations and interviews with governorate and MLA MIS directors and staff)
- ✓ Utilization of MIS information in decision making, project and financial planning, and implementation of local sub-projects (review of governorate planning documents, and QPRs; site visit interviews with MIS coordinator, governorate secretary general and sector heads -- e.g. housing, roads, health)
- ✓ Governorate MIS reports containing information from all local units regularly submitted to the respective urban local development committee (ULDC) or provincial urban development committee (PLDC) and the MLA (Interviews with MLA secretary general and staff; interview with MLA MIS coordinator; review of ULDC, PLDC, and MLA reporting)
- ✓ Evidence of governorate development of additional MIS systems or applications in other governorate departments - e.g. water billing, payroll (TA contractors final reports; site visit interviews with governorate MIS coordinators)

3.2 MIS data from local levels compiled, analyzed and used at the governorate and central levels to inform decision making

- ✓ Utilization of MIS information in decision making, planning, policy making, and monitoring of LD II activities (review of TA contractor QPRs, and final reports; interviews with PLDC/ORDEV and ULDC officials, MLA MIS coordinator and MLA officials; site visit interviews with governorate secretary general and other officials)
- ✓ Aggregate MIS reports published by the MLA since 1991 (review of MLA reporting documents; interview with MLA MIS coordinator) Note: prior to 1991, MIS reporting was done by the PLDC/ORDEV and ULDC.

4. Training

4.1 Institutionalization of training capacity reflected in governorates financing and organizing their own training programs using local training institutions (through training block grants)

- ✓ Transfer of curriculum content and supporting materials to Egyptian training institutions (TA contractor QPRs and final reports; interviews with MLA officials; site visit verification of receipt and use of training materials)
- ✓ Level and quality of relevant training offered by Egyptian training institutions (Training Block Grant assessments; review of training curricula; interviews with GOE training officials)
- ✓ Training departments at governorate level that can plan, budget, and provide (directly or by contract) appropriate training programs (review of TA contractor training records; interviews with training staff)

4.2 The impact of in-country and offshore training on 1) technically skilled staff at all levels of local government and 2) project planning, budgeting, and implementation at the local level

- ✓ Use of training-enhanced skills in local project planning, budgeting, and implementation (technical quality review of governorate, markaz/urban district and village level planning and budgeting documents; TA contractor assessments of planning and budgeting documents within governorates; TA contractor assessments of project implementation; site visit interviews with governorate officials)

- ✓ Number and retention of technically-trained staff in local government units (interviews with local government committees, department heads, markaz/district chiefs, etc.; contractor and USAID reports on offshore participant trainees)

Cross-cutting Issues (Purpose-level Impacts)

5. Institutional Development

- 5.1 Capacity improvements in overall planning, financial management, and project implementation (construction/ rehabilitation, operations, maintenance, and management) at all levels of local government
- ✓ Timely and efficient transfers of LD II funds to lower levels (TA contractor assessments; interviews with MLA/ORDEV, PLDC, ULDC, and governorate officials)
 - ✓ Number of local projects planned, implemented, and completed by each funding cycle (TA contractor QPRs; MLA/ORDEV reports)
 - ✓ Number and extent of delays in project disbursement or implementation (TA contractor QPRs and final reports; interviews with MLA/ORDEV and governorate officials)
- 5.2 Establishment of central coordinating entities linked to the MLA as vehicles for policy analysis and guidelines and for technical support to and evaluation of local development
- ✓ Policy statements, guidelines, and instructions issued directly by the MLA/ORDEV, PLDC, ULDC or related technical or policy units (review of MLA, MOP, and MOF documents; interviews with officials)
 - ✓ Organizational authority, structure, and participants in central coordinating agencies established and active as planned (review of TA contractor final reports; interviews with MLA, MOP, MOF officials; examination of official records of appropriate bodies)
- 5.3 GOE-funded matching block grant system in place and institutionalized, moving toward formula-based budget support to localities
- ✓ Block grant allocation criteria (review of GOE block grant guidelines and MLA regulations; interviews with MLA officials and governorate secretary generals)

- ✓ Growth in level and certainty of GOE-funded block grant funding transfers to local government (review of current and most recent funding cycles; interviews with MLA officials; interviews with governorate officials)

6. Local Resource Mobilization

6.1 The authority of local units (villages, water departments, water/wastewater authorities, maintenance centers, etc.) to collect, retain, and expend additional revenues

- ✓ Relevant national legislation increasing local revenue mobilization and authority (review most recent legislation; measure changes in capital funds and O&M matching grant percentage from governorate funds)
- ✓ Budgeting and executing action taken to implement appropriate policies (review appropriate regulations and records of executive actions)
- ✓ Proportion of total local government revenue accounted for by own source revenues (review of governorate QPRs, investment cycle plans, and financial records; site visit interviews with governorate officials)

6.2 Local capacity to plan and generate revenue for basic service delivery and the financing of recurrent costs of services and infrastructure

- ✓ Increase in cost recovery at the local level (review of village and governorate financial plans and records; review of pilot project assessments {wastewater and maintenance centers}; site visit discussion with local officials)
- ✓ Performance in increasing matching amount of local contribution to basic services and infrastructure investment (review of village and governorate financial plans and records; site visit discussion with local officials)
- ✓ Establishment of new types and sources of local revenue (review of village and governorate financial plans and records; site visit discussion with local officials)
- ✓ Improvement in program budgeting with particular reference to local revenue generation (review of local budgets; site visit discussion with local finance officials)

6.3 Cooperation between local administrative units and the ministries of Finance and Local Administration to promote and support local revenue generation

- ✓ GOE (Prime Minister, MLA, and MOF) guidance and instructions to local units regarding revenue generation and recurrent cost funding (review of MLA and MOF regulations; interviews with MLA and MOF officials)
- ✓ MOF and MLA staff assigned to local governments or devoted to LRM technical assistance (interviews with MOF and MLA officials)
- ✓ Pilot efforts implemented to encourage alternate approaches to revenue mobilization (interviews with MOF and MLA officials; TA contractor reports and assessments of pilot activities in the provincial fourth cycle)

7. Summary Project Impact Goal-level Impacts)

7.1 Expanded access to improved basic services at the local level

- ✓ Increase in total population with access to potable water, sanitation, roads, and other basic services (review local needs assessments and contractor project monitoring data; review special assessments; site visit focus groups)

7.2 Sustainable innovation introduced directly or indirectly by LD-II technical assistance and training interventions (for example, pilot rural small-scale enterprise credit component, North Sinai GIS pilot, joint-stock maintenance companies, maintenance coordinators, automated information management at the governorate level, the OMED pilot, Land Management pilot)

- ✓ Examples of applied innovation deriving from LD II interventions (TA contractor QPRs, special and final reports and evaluations; site visit interviews with governorate officials)
- ✓ Replication of LD II innovation or spin-off applications between units of local government (TA contractor QPRs, special and final reports; interviews with governorate officials)

7.3 Lessons learned for application to further GOE/USAID cooperation in programs to support effective and responsive governance

- ✓ Studies and analyses of broader relevance to local development support (review TA contractor assessments and other LD II analyses; interviews with MLA/ORDEV, ULDC, PLDC, and governorate officials and USAID staff)

G. TEAM COMPOSITION AND REQUIREMENTS

The core evaluation team will consist of six persons including three expatriates and three Egyptians. The following table lists the key skills required for this evaluation and indicates whether they should be provided by expatriate members, local members, or both. Some team members may cover more than one area of expertise.

LD II Evaluation Team Skills	Expat.	Egyptian
Team Leadership: proven experience leading large teams in design or evaluation of complex, multi-year projects; excellent interpersonal and team facilitation skills; proven success at timely report preparation and delivery; familiarity with AID procedures and reporting requirements	XX	
Evaluation Research: experience with evaluation design and implementation; familiarity with qualitative and quantitative data collection methods and their application; experience with use of qualitative data collection methods such as key informant interviewing, focus groups, and documentary analysis	XX	XX
Research Methods: expertise in the application of quantitative research methods such as sample design, secondary data analysis, and the manipulation of automated data bases		XX
Local Development and Decentralization: familiarity with local development, decentralization, and public finance issues as they pertain to the LD II Program context	XX	XX
Egyptian Government Structure and Context: Familiarity with formal and informal governmental structures and processes for policy determination and decision making; familiarity with the broader Egyptian political, economic, and social environment		XX

In addition, the team will be supported by the participation of a USAID Foreign Service National who has worked with the LD II Program and its predecessor projects. This person will provide the team with an institutional memory and familiarity with GOE counterpart personnel and offices.

Funding will be provided for a locally-hired administrative assistant to support the team. This person will facilitate the efforts of the evaluation team through a variety of activities including logistics, meeting scheduling, and report production.

Funding also will be provided for the team to rent office space for the duration of the evaluation.

H. TIMING AND DURATION

The main evaluation will be carried out during a six week period beginning March 28, 1993. A six day work week will be authorized. The first three days of expatriate team presence in Egypt will be used for a team planning meeting with the Egyptian team members. This meeting will be used to establish working norms, develop schedules, define team member roles and responsibilities, develop a workplan, prepare a preliminary report outline, and otherwise prepare for information collection, analysis, and reporting tasks.

H. REPORTS AND BRIEFINGS

1. **Workplan:** The evaluation team will submit a workplan to USAID and the concerned GOE entities within one week of commencing work.
2. **Mid-course Briefing:** Halfway through the evaluation, the team will brief GOE implementing agencies, USAID staff, and the evaluation officer on progress to date. At this time, a draft outline of the final evaluation report should be presented.
3. **Draft Report and Briefing:** The team will submit a draft report to USAID and the GOE four weeks after they commence work in Egypt. In addition they will conduct a briefing to present preliminary findings and recommendations of the evaluation. USAID will provide written comments on this draft within one week of this report and briefing.
4. **Final Evaluation Report:** The team will submit the final evaluation report to USAID and GOE implementing agencies two days prior to departing from Egypt. The final two days will be used for detailed briefings with USAID and interested GOE officials. If necessary, the Team Leader will remain for a few days after the rest of the team completes its work to finalize and polish the written report. The format of the final report will be as follows:

Executive Summary of findings, conclusions, and recommendations, not to exceed three pages. This is to be provided in both English and Arabic.

Project Evaluation Summary Sheet

Table of Contents

Introduction and Background (including program description and methodological summary), not to exceed three pages.

Body of Report, organized as follows for each assessment issue, not to exceed 35 pages.

- **Major Findings (Evidence)** for each evaluation issue
- **Conclusions and Recommendations** for future activities
- **Lessons Learned** of broader application to GOE policy and programming, USAID/Cairo resource planning, and the broader development community

Annexes

- **Scope of Work**
- **Project LogFrame**
- **List of Documents consulted**
- **Persons contacted (and affiliation)**
- **Methodology** (including a discussion of the limitations of the methodology employed)
- **Other supporting materials or analyses**

ANNEX B
Revised Logical Framework

ANNEX B

Revised Logical Framework
Local Development II (263-0182)

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
<p><u>Factor Goal to which this program contributes:</u></p> <p>To improve the quality of life of low income residents in rural and urban Egypt through the provision of basic services.</p>	<p><u>Measures of Goal Activities:</u></p> <ol style="list-style-type: none"> 1. Declining infant mortality rate 2. Increasing proportion of population with access to potable water and sanitation, and other basic business services. 3. Villages and urban neighborhoods with good access roads/streets. 	<ol style="list-style-type: none"> 1. National census data 2. Demographic analysis 3. CAPMAS survey data 4. World Bank Reports. 	<p><u>Assumptions for Achieving Goals:</u></p> <ol style="list-style-type: none"> 1. GOE will continue to decentralize local government. 2. Administrative and fiscal stability will continue in Egypt.
<p><u>Program Purposes:</u></p> <ol style="list-style-type: none"> 1. To improve and expand the capacity of local government at all levels to plan, finance, implement and maintain locally chosen basic services projects. 2. To improve the capacity of local government to mobilize local resources to support the sustained provision of basic services. 	<p><u>Conditions that will indicate purpose has been achieved:</u></p> <ol style="list-style-type: none"> 1. <u>Capacity Building</u> <ul style="list-style-type: none"> -- Improved project planning, budgeting, and implementation capabilities in local governments. -- Cadre of technically skilled staff at all local government levels. -- Local council members are aware of their roles in local development, with basic skills in project planning/implementation. -- Appropriate maintenance facilities in place and functioning in local governments. -- Improved operation and maintenance (O&M) of basic public services. 2. <u>Institutional Systems</u> <ul style="list-style-type: none"> -- A decentralized planning and budgeting system in place and fully institutionalized, as outlined in Egyptian law. -- A GOE funded matching block grant systems in place and fully institutionalized. -- A governorate level Management Information System (MIS) in place providing input to local decision making and mutual support. 3. <u>Fiscal Decentralization</u> <ul style="list-style-type: none"> -- Increased authority of local councils to collect, retain and expend additional revenues, user fees, etc. -- Increased revenues and user fees collected and spent locally, with an increased proportion on recurrent costs. -- Improvements in intergovernmental grants, moving towards a formula-based system. -- Ministry of Finance and Ministry of Local Administration providing technical assistance to local units in revenue generation and recurrent cost financing. 4. <u>FVO Capacity Building</u> <ul style="list-style-type: none"> -- FVOs with financial, managerial and administrative capacity integrated into the local development process. -- Ministry of Social Affairs and governorate social affairs directorates managing funds and providing technical assistance to FVOs. 	<ol style="list-style-type: none"> 1. Evaluations 2. Sector Assessments 3. Audits 	<p><u>Assumptions for Achieving Purposes:</u></p> <ul style="list-style-type: none"> - Continued delegation of authority to lower levels of local government. - GOE assigns staff necessary to implement systems. - Local councils act upon authority given to them.

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS			MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
<p><u>Project Outputs:</u></p> <p>1. Basic Services Delivery system established in all levels of local government.</p> <p>2. Public & Private Local Resources Mobilisation system established at all levels of local government.</p>	<p><u>Magnitude of Outputs:</u></p> <p>1. Matching block grant cycles from FY 87-92 (4 provincial planning and O&M cycles and 5 urban governorate cycles completed through 12/91).</p> <p>2. Functioning maintenance centers in 26 governorates, 23 urban districts, 70 markaz and 500 village units.</p> <p>3. A total of 3600 local projects completed.</p> <p>4. A total of 63,550 local government and PVO officials trained in technical subjects.</p> <p>5. Popular and elected council members trained in orientation workshops.</p>			<p>- Annual Evaluations</p> <p>- Assessments</p> <p>- Semi Annual program review</p> <p>- Acceptance reports</p>	<p><u>Assumptions for Achieving Outputs:</u></p> <p>- Continued delegation of authority to lower levels of local governments.</p> <p>- GOE assigns staff necessary to implement systems.</p> <p>- Local councils act upon authority given to them.</p> <p>- Sufficient flexibility in the allocation and control of funds by governorate and local authorities will be permitted by AID and the GOE.</p>
<p><u>Project Inputs (\$ 000):</u></p> <p>Urban Block Grants</p> <p>Provincial Block Grants</p> <p>Urban PVO Fund</p> <p>Provincial PVO Fund</p> <p>Special Projects</p> <p>Commodity Procurement</p> <p>Maintenance Fund</p> <p>Staff Support</p> <p>Technical Assistance/Commodities/Trng</p> <p>Other Training</p> <p>Evaluation/Research</p> <p>Performance Disbursement</p> <p>TOTAL</p>	<p><u>USAID</u></p> <p>58,521</p> <p>186,973</p> <p>4,836</p> <p>16,443</p> <p>15,995</p> <p>80</p> <p>0</p> <p>0</p> <p>56,381</p> <p>3,675</p> <p>3,856</p> <p>57,000</p> <p>-----</p> <p>403,760</p>	<p><u>GOE</u></p> <p>11,352</p> <p>75,897</p> <p>242</p> <p>822</p> <p>800</p> <p>0</p> <p>127,957</p> <p>13,839</p> <p>0</p> <p>0</p> <p>0</p> <p>0</p> <p>-----</p> <p>230,909</p>	<p><u>TOTAL</u></p> <p>69,873</p> <p>262,870</p> <p>5,078</p> <p>17,265</p> <p>16,795</p> <p>80</p> <p>127,957</p> <p>13,839</p> <p>56,381</p> <p>3,675</p> <p>3,856</p> <p>57,000</p> <p>-----</p> <p>634,669</p>	<p>Project Records.</p>	<p><u>Assumptions for Achieving Inputs:</u></p> <p>USAID & GOE make Funds available.</p>

ANNEX C

Partial Bibliography of Documents Listed

ANNEX C

Partial Bibliography of Documents Consulted

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ANNEX D

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Vivikka Molldrem	Director, Office of Development Planning, Near East Bureau

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Local Administration and Development (HRDC/IDS/LAD)

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Hussein Sidky	LD II Provincial Project
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Adel Khairy	LD II Provincial Project
Adel Halim	LD II Provincial Project
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Bahgat Sharara	Training Block Grant/Credit
Seifalla Hassanein	Training Block Grant/Credit

Office of Program Development and Support (PD&S)
Kim Kertson, Program Officer

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	Richard Miller	Chief of Party
	Brian Stanley	Deputy Chief of Party
	John Corson	Sanitary Engineer
	Genl. (Retd.) Faoud	Chief of O&M
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	Dan Satchell	MIS Team Leader
	Richard Hayler	Training Team Leader, 1988-1992
	David Tyler	Training Team Leader
	Hasan Elwani	Training Specialist
IV	Chemonics	
	Janna Laudato	Project Officer
	Ashraf Rizk	Former LD II Provincial Chief of Party, Egypt
	Ahmad Gaber	Former Water and Sanitation Sector Leader
V	Government of Egypt (GOE)	
	Fathi el Sheikh	Undersecretary for Regional Planning of Ministry of National Planning.
	Fouad Abdel Aziz	Undersecretary for National Accounts, Ministry of Finance
	Ismail Hamdi	Undersecretary for Budget Review-BAB-III, Ministry of Finance
	General Sa'ad Al-Sherbini	Member of People's Assembly, Chairman of Committee on Local Government
	Dr. Hussein M.El-Gammal	Managing Director, GOE Social Fund for Development
	Dr. Ragaa A. Rassoul Hassan	Chairman, Organization for Reconstruction and Development of the Egyptian Village (ORDEV)
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VI	Beni Suef	

ACI

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	Abou El Kheir Abdel Aleem	Director of the Village Development Committee and Project Manager
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	Hamed Hamed Amer	Director of VRDC
VIII	Damietta Governorate	
	Abdel Rehim Nafea	Governor
	Rabie Abdel Magead	Secretary General
	Mohamed Reda Moumen	Director VDR
IX	Fayoum Governorate	
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X	Qaliubeya Governorate	
	Adel Elhamy	Governor
	Mostafa Shahin	Secretary General
	Esam El Sherif	Assistant Secretary General
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XI	Port Said Governorate	
	Madame Aliya	Director of Planning and Follow Up
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XIII Suez Governorate

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**Sawsan El-Messiri
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**Consultant on Rural Development
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ANNEX E
Methodology

ANNEX E

METHODOLOGY

The LD II evaluation team consisted of 6 members: 3 expatriate and 3 local hire.

The team leader preceded the rest of the expatriate members of the team to Egypt by 10 days. During this first phase of the evaluation, she identified and organized the team's data needs, recruited Egyptian consultants and made logistical arrangements.

The full team held its organizational meetings on 21 and 22 April 1993. During these meetings the team identified information needed to address the issues expressed in the Scope of Work and developed protocols according to potential sources of information: LD II contractors, governorates, village units, USAID, GOE/Cairo.

The team then selected the governorates, marakez and village units for field visits based on reasoned sampling. Principles of selection were: 1) a range of LD II performance for both urban and rural governorates; 2) because of evaluation time constraints, accessibility from Cairo. Urban governorates selected were Suez and Qalyubia and the provincial governorates were Fayoum, Beni Suef, Gharbeya and Damietta. The team randomly selected village units for field visits.

Prior to field visits, the team reviewed documentation available in Cairo in the documentation centers of USAID and the LD II contractor and conducted interviews at USAID, the LD II contractor and relevant GOE ministries.

For the field visits, there were 3 evaluation subteams each consisting of one Egyptian and one American. Each subteam carried out two field visits, gathering information at governorate and village/district levels. Upon return to Cairo the subteams wrote up and shared their notes. Subsequently, Egyptian team members made follow up visits to each of the six governorates to clarify unresolved issues.

There were two major factors limiting the team's effectiveness. One was time and the other was language. In the time allotted, the team was unable to carry out in-depth investigations of some issues in the scope of work, especially that of popular participation. Language capability further constrained the work of the team. During field visits in particular, due to local officials' lack of English capability and/or their preference to conduct meetings in Arabic, Egyptian team members were required to translate all remarks by both parties, thus further limiting the amount of information it was possible to obtain in the short time available to the team.

This report is a synthesis of overall team experience, understanding and analysis in the evaluation of LD II impact and the lessons drawn from it. Each section was written up by a single team member and represents a team consensus reached through hours of discussions.

ANNEX F
Institutional Analysis

ANNEX F

INSTITUTIONAL ANALYSIS

An explanatory note is required on institutional development. It is a fact in this fourth decade after the end of colonial domination and during worldwide application of developmental efforts to third world countries, the processes as well as disciplines of institutional development are ill understood. Numerous donors do much in institutional development without applying developed theory on the subject. They do not utilize the advice of that relatively small group of scholars, worldwide, who seek answers to the twin question of: what are institutions, and how do they develop?

Some donors, notably USAID, have tried to support the work of scholars on this matter. A major USAID-supported series of research operations based in the University of Pennsylvania in the 1960's made some progress. However, the work was discontinued in the 1970's for reason internal to USAID policy and operational considerations. Another effort was suggested by a USAID Task Force in the early 1980's; but this proposed initiative died before any research was funded by USAID.¹

The result is that, today, there are numerous USAID and other donor funded institutional development projects or portions of other projects which do not rest upon a disciplined set of theories and practices concerning this subject. The LD-II Program is in this mode.

The LD-II Project Paper contains three principal objectives concerning institutional development. In the context of contemporary thought on this complex subject they are not well-designed and interrelated.²

By contrast, if the overall LD-II program performance on institutional development is based upon contemporary thought and practice in this field another set of consequences emerge.³

¹Detailed study results on the effort of the 1960's are extant in the files of the former Bureau of Science and Technology (USAID/W). Similarly, the files of the successor to S/T in USAID/W contain all background papers on the aborted effort of 1983-1985 to resume USAID-supported research on institutional development.

²Institutional Development authorities include: Max Weber; Karl Popper; M. Grezier; S. Toulmin; E. Ostrom; J. Montgomery; V. Ostrom; T. Schwarts; et al.

³The 'enabling factors' include: Mission and goals, which must be broadly defined, generally understood, and widely accepted among all elements; Administrative and financial formal and informal relationships which effectively sustain achievement of Mission; Systems of management, technologies, standards, performance which support objectives related to Mission; Motivation, which comprises the general value systems supporting the institution including incentives and rewards; Linkages which are relationships of enabling kinds among individuals and/or organizations within the institution and with external individuals, organizations and institutions; and Product which is the desired or valued outcome, responsive to defined need, sustained and enduring or renewable.

Contemporary Theory

1. Capacity improvements in overall planning, financial management, and project implementation (construction/rehabilitation, operations, maintenance, and management) at all levels of local government

Mission and Goals:

'Localities' delivering an expanded and diverse number of Basic Services to rural and urban Egypt are undergoing institutionalization. The 'localities' are to be distinguished from those organizations dealing with national or regional technical services, finance, regulation, and other interests. The 'localities' comprise an extensive range of organizations focused on the provision of basic services to rural and urban areas.

They include: the elected councils of the villages and urban neighborhoods, marakez, and governorates, the executive councils of the line or service agencies at those different levels, the secretariat of each governorate, and those agencies or ministries at the center which are concerned in various ways with the roles, capacities, and performance of the 'localities' in the effective provision of sustained basic services.

In this connection, the context and range as well as responsibility related to the meaning of basic services is likewise undergoing development. For example, as compared to what comprised basic services for delivery to rural and urban areas in 1971 and in 1993 there are vast differences of magnitude as well as content.

Since the LD-II Project Paper does not perceive institutionalization in the above context, it does not contain relevant indicators. Nonetheless, it is possible to note how LD-II and its predecessors have fostered growth of perspectives on Mission and Goals.

Administrative/financial formal and informal relationships:

These comprise the formal (personnel systems, coordination, planning, budgeting, supervision, and fiscal management) and informal (personal relationships, ad hoc committees, etc.) processes which effectively sustain the mission and goals of an institution.

As such, they can be scattered and distinct within various organizations, but all or portions of them must work together or reinforce each other within the institution.

Given this context, it is obvious that the operation of the Ministry of Finance as now constituted is the single most limiting formal influence upon the institutionalization of 'localities' delivery of basic services.

Yet, as demonstrated with the continuing Governorate usages of Local Service Development Accounts, fees-for-service, cost recovery, and other devices there are evolving practices in the 'localities' which result in new, though not centrally authorized, administrative and financial

processes. Unless totally disallowed by central authorities in future, these practices will help institutionalize 'localities' Basic Services over time.

The LD-II introduction of the block grant mode of funding was the single most stimulative formal force in affecting this enabling factor on institutionalization among the 'localities.' Its loss, both because of non-realization of this institutional development objective under LD-II and non-inclusion in the design of the successor Local Participation and Development Program (LPDP) will affect the future pace of 'localities' institutionalization in Basic Services.

Similarly, inability to establish the Technical Amana that was to analyze policy and program issues and coordinate all technical assistance adversely from all sources to local governments affected this enabling factor.

Systems:

Again, according to institutional development theory these are many, varied, and scattered among the organizations that are aggregating into an institution. They include: management, procedures, technologies, information systems, and technical standards/performance which jointly or individually support objectives related to Mission and Goals.

Within the LD-II program these are to be found in systems for planning and implementation, operations and maintenance, revenue mobilization, training, and management information wherever those may exist at village, urban, markaz, and governorate levels.

Motivation:

Motivation is involved in the general systems supporting the institution. In the instance of Egyptian 'localities' and basic services delivery, it would include: values of civic responsibility; public service principles; consensus-driven, centralist or participatory decision-making; material and psychological incentives or rewards. All of these generate support for the Goals and Mission.

The LD-II program with its emphasis upon local decision-making as well as cooperation between elected and executive officials contained many motivational features. They may have had a strong contributory effect upon this enabling factor in institutional development.

Linkages:

These are relationships of enabling kinds; and in the Egyptian context of institutionalizing 'localities' for delivery of basic services they have special meanings. This is caused by the fact that the country is unitary in its organization with all authority and services separated along vertical lines.

Effective institutional linkages, in such a situation, have to grow out of commonly perceived perspectives which cross functional, organizational and authority lines. This is not an easy process; but it often accelerates when driven by common perceptions of needs that are not being met by conventional modes of organizations or operation.

The LD-II program, because of its many different inputs as well as the expanded scale of basic services which it supported, probably affected this aspect of institutionalization.

Product:

More than 20,000 completed sub-projects of LD-II and its predecessor projects mark one way to measure whether the institution of 'localities' providing basic services achieved a valued outcome. It does not convey whether the other vital components of this enabling factor in institutional development are met. That is, were they responsive to defined need? Are they sustainable, enduring, and renewable?

2. Establishment of central coordinating entities linked to the MLA as vehicles for policy analysis and guidelines and for technical support to and evaluation of local development

and

3. GOE-funded matching block grant system in place and institutionalized, moving toward formula based budget support to localities

Mission and Goals:

The evidence shows that LD-II and its predecessor projects contributed powerfully to the emergence of 'localities' as agents delivering enlarged and expanded types of basic services. As yet, this incipient institution of inter-linked organizations devoted to such work is not recognized politically, legally, or organizationally by the central government. It may be many years, if ever, before this occurs; meanwhile the institutionalization process is taking place. This is driven by expanded rural and urban needs for basic services in the face of constricted national agency capacities. New goals and mission are emergent at elected village and urban neighborhood council levels, at elected markaz and governorate councils, and among relevant executive councils. These have also been fueled, in part, by the depth and scale of LD-II inputs. Through that means this particular enabling factor of institutional development has been successfully reinforced by LD-II.

Administrative/financial formal and informal relationships:

Despite the possible effects of Law 145/1988 on local revenue generation and very conservative interpretation of regulations by the Central Agency for Audit, numerous local jurisdictions are developing modes of administration and finance particular to their needs as part of the 'localities' institution delivering improved Basic Services.

These efforts are scattered, but as the institutional need grows there is a likelihood that they will knit together into a supportive framework of appropriate practices.

LD-II has encouraged design and test of these by many indirect means. The need for a Cash Management system in support of the Block-grant mode of funding resulted in such arrangements as each Governorate. These now reinforce the management of Local Services and Development Accounts (LSDA) among the Governorates.⁴ Similarly, development of new systems to manage cost recovery, income generation, etc. all reinforce this particular enabling factor of institutional development.

Systems:

Again, LD-II with its emphasis on introducing many new systems of engineering management, standards, planning, O&M, and management information has exerted enormous constructive influence upon this enabling factor.

Motivation:

Interviews at elected village council levels in Damietta Governorate elicited council members' views that they were much more willing to engage in various village service activities because LD-II had enabled them to produce results. Their views about civic responsibility had been strengthened because of what they had witnessed both with the use of the block-grant system locally, but also in the creation of substantively important projects like waste water treatment facilities.⁵

In another instance, the motivation factor was noted as operative in two of the urban Governorates. Both Suez and Port Said are actively pushing the use of Land Management Units (LMUs) because they see such devices as means by which land assets can be transformed into revenue-generating activities.

In these and numerous other cases observed LD-II has unleashed or encouraged motivational factors which are highly supportive of this enabling factor.

Linkages:

A rigid, vertically organized, bureaucracy such as that of Egypt has a built-in predisposition against the evolution of institutions which encompass numerous organizations and levels of governance. There is no easy or simple course of action that will overcome this impediment. One way to go is through the use of committees and councils. Use of this device is quite widespread in Egyptian bureaucratic practice. Sometimes, as in the case of the Governorate

⁴Op. Cit. Dr. Tarik Abdel El-Azeem, Qalyubia Governorate.

⁵Abdun Maguid Ibrahim, Secretary, Village Council, Sharabas, Markaz Faraskour, Damietta Governorate; Yusof El-Abo Chairman, Village Council, Kafr Saed El Balad, Markaz Kafr Saed, Damietta Governorate.

Local Development Councils (GLDCs) during LD-II such usages can be most dynamic if properly led and motivated.

In that instance, the GLDCs were driven by motivation generated through the installed planning and prioritization systems of LD-II, the funding procedures of the block grants with their reliable presence of money that could be managed locally, the presence of workplan scheduled technical assistance, and interactions with village and popular councils at local levels. These activities caused the GLDCs to have a greater awareness of basic services needs as well as modes of meeting them.⁶ Thus, LD-II again strengthened an important enabling factor in institutional development.

Other sets of linkage grow out of applied technologies. This is happening with automated management information systems. These are fueling the creation of all kinds of information linkages horizontally within and among 'localities' and vertically also. The Management Information System Newsletters of each Governorate, now exchanged nationally on a scheduled basis is just one example of these kinds of linkages. Other exchanges of information and linkages concerning how to deal with O&M systems and incentives are taking place on an informal basis among Governorates.⁷

These and other like actions can gradually contribute towards the linkages that will ultimately undergird the 'localities' as an institution effectively delivering basic services to rural and urban areas.

Product:

Intensive research and a constant exercise of monitoring techniques will be required in order to ascertain whether the sub-projects completed under LD-II meet the requirements of this enabling factor vital to institutional development. In essence, the issue will be that of determining whether an institution comprising the 'localities' is really delivering effective basic services which meet rural and urban needs, are sustainable, and will be expanded in future. Can it do so at some discernible time in the future?

This team's tentative answer to the issue and question is a qualified affirmative. That answer is based on what happened during LD-II and its predecessor projects; and on the assumption that the Egyptian Government and serious donors simply cannot ignore the rural and urban growing demand for basic services.

⁶Dr. El-Guweli, Governor of Ismailia.

⁷Dr. Ahmed Gaber, General Manager, Chemonics, Egypt; John T. Curson, Wastewater Team Leader, Wilbur Smith Associates, Cairo, Egypt; Mr. Allam, Management Information Center Manager, Qalyubia Governorate.



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