

FINAL REPORT

LOCAL DEVELOPMENT II PROGRAM (LD II)

TECHNICAL ASSISTANCE PROJECT

CONTRACT NO. 263 - 0182 - C - 00 - 3001 - 00

VOLUME I

EXECUTIVE REPORT

Submitted to
USAID / CAIRO

Submitted by
WILBUR SMITH ASSOCIATES

in association with

PUBLIC ADMINISTRATION SERVICE
DELOITTE AND TOUCHE
WPI, INCORPORATED

ENVIRONMENTAL QUALITY INTERNATIONAL
ENGINEERING AND GEOLOGICAL CONSULTING OFFICE
SOCIAL PLANNING, ANALYSIS AND ADMINISTRATION
CONSULTANTS (SPAAC)

EXECUTIVE REPORT

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September 9, 1993

Mr. John Rifenbark
Branch Chief, LAD
USAID/Cairo

Re: Contract No. 263-0182-C-00-3001-00

Dear Mr. Rifenbark,

In accordance with the provisions of our contract, we are pleased to submit 10 copies of our Final Report for the Technical Assistance Project. The report has been amended to reflect USAID comments concerning the content and structure of the previously submitted final draft.

We have enjoyed being of service to USAID and the Government of Egypt during the important technical assistance effort and we look forward to your continued consideration of Wilbur Smith Associates for future assignments in Egypt.

Respectfully submitted,

WILBUR SMITH ASSOCIATES



Richard E. Miller
Sr. Vice President, Middle East

Note: The Executive Report is designed to give the reader a fairly complete overview of the LD II Program in a relatively short period of reading time.

The Executive Report summarizes the Final Technical Report which contains six detailed sections (BSDS, MIS, etc.). The Technical Report offers an interested reader indepth accounting of each particular technical area of the Program.

Combined, these two reports comprise the Final Report for the LD II Technical Assistance Project;
Contract No. 263-0182-C-00-3001-00.

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**LIST OF ACRONYMS USED IN
EXECUTIVE AND TECHNICAL REPORTS**

Please note that acronyms used have been kept to the minimum considered desirable to facilitate ease of reading:

GOE	Government of Egypt
USAID	United States Agency for International Development
MLA	Ministry of Local Administration
MSA	Ministry of Social Affairs
LD II	Local Development II Program
LPDP	Local Participation and Development Project
PVO	Private Voluntary Organization
O&M	Operation and Maintenance
MIS	Management Information Systems
BSDS	Basic Service Delivery Systems
TBG	Training Block Grant
H.E.	His Excellency
WSA	Wilbur Smith Associates

EXECUTIVE REPORT

In November of 1992, Wilbur Smith Associates was contracted by United States Agency for International Development (USAID) Egypt to assist the Ministry of Local Administration (MLA), including the Organization for the Development of the Egyptian Village, the Urban Local Development Committee and the Provincial Local Development Committee, and the twenty six governorates and Luxor City to 1) improve and expand the development capacity of local governments and 2) to shift from a USAID-assisted Local Development I Program (LD I) to a fully functioning, Government of Egypt (GOE) managed, Local Participation and Development Project (LPDP).

This project condenses the work of four previous contractors into one final transition effort. Wilbur Smith Associates was one of the previous contractors. For purposes of this report, the project will be referred to as the Transition Phase of the LD II Program (263-0812).

Wilbur Smith Associates was assisted in this effort by its American sub-contractors: Public Administration Service, Deloitte and Touche and WPI, Incorporated; and its Egyptian sub-contractors: Engineering and Geological Consulting Office, Environmental Quality International, and Social Planning, Analysis and Administration Consultants.

REPORT STRUCTURE

Sections contained in this Executive Report are:

1. LD II Program Background
2. Egyptian Local Government Development
3. Evolution of USAID Local Government Assistance
4. Content of Local Government Development II Program
5. Transition Project Overview
6. Technical Assistance Required for the Ministry of Local Administration (MLA)
7. Technical Assistance Required for Governorates
 - Basic Service Delivery Systems (BSDS)
 - Operations & Maintenance (O&M)
 - Pilot Maintenance Centers
 - Management Information Systems (MIS)
8. Technical Assistance for Wastewater Subprojects
9. Training Block Grant
10. Private Voluntary Organization (PVO) Block Grant
11. Recommendations

1. LOCAL DEVELOPMENT II PROGRAM BACKGROUND

The basic LD II Program goal was to improve the quality of life of low income residents in rural and urban Egypt by providing greater access to essential basic services. The Program provided local government staff and elected councils with on-the-job learning experience in the planning and management of resources for the implementation, operation and maintenance of local basic service projects. Investment and maintenance Block Grants to local government units financed a decentralized planning process aimed at improving basic services, such as potable water, sanitation, education, health, roads, streets and other municipal urban and village services.

PROGRAM PURPOSE

The Program attempted to improve and expand the capacity of local units to plan, organize, finance, implement and maintain locally chosen basic service projects, and to improve their capacity to mobilize local resources to sustain the provision of these services.

The implementation strategy for LD II stressed the following themes:

CAPACITY BUILDING IN LOCAL GOVERNORATES - The upgrading of local government capacity, resources and staff skills:

- Decentralization of local government;
- Democratic participation;
- Capacity building of local institutions;
- Operation and maintenance of basic service investments;
- Public and private local resource mobilization;
- Improved project planning, budgeting and implementation;
- Cadre of technically skilled staff at all levels;
- Local council members aware of their roles in local development, with basic skills in project planning and implementation;
- Appropriate maintenance facilities in place and functioning;
- Improved O&M of basic public services.

INSTITUTIONAL SYSTEMS - The introduction of new functions and procedures into local government:

- A decentralized planning and budgeting system in place and institutionalized, as outlined in Egyptian law;
- A GOE-funded matching Block Grant system in place and institutionalized;
- A governorate level MIS in place providing input to local decision making.

FISCAL DECENTRALIZATION - The shifting of more financial resources to local government:

- Increased authority by local councils to collect, retain and expend additional revenues;
- Increased revenues and user fees collected and spent locally, with an increased proportion spent on recurrent costs;
- Improvements in intergovernmental grants, moving towards a formula-based system;
- Ministry of Finance and MLA providing technical assistance to local units in revenue generation and recurrent cost financing.

2. EGYPTIAN LOCAL GOVERNMENT DEVELOPMENT

Recent Egyptian administrative theory, especially since the 1952 revolution, supported the idea that the State has the primary mandate for economic development and is responsible for meeting the basic needs of its people. Thus the 20th century witnessed the rapid evolution, in Egypt, of the concept that the machinery of government is an important instrument for the attainment of economic and social development, as well as for central control. On the other hand, there was also an increasing recognition that decentralization could act as a useful tool in attaining development needs and in promoting and implementing change. Consequently, by the late 1950s, the GOE seriously began to consider the hypothesis that the application of a strong local government was an effective means of stimulating people's interest and concern in participating in government decision-making processes.

By the beginning of the 1960s, major efforts were being made to address the basic service needs of the Egyptian population, including low income groups. These efforts included policies and programs to increase the decentralization of governmental authority and responsibility. A major purpose of these GOE efforts was to establish the institutional capacity to plan and implement local basic service development at the governorate and local levels. The establishment of the legal framework to increase this decentralization process was provided by a series of laws dating from 1960.

Today, the governorate is still the highest unit of local government in Egypt. Local government is essentially three-tiered: governorate, city/markaz and district/village. There are, however, some exceptions in both rural and urban governorates. In some rural areas, there are cities which are not also marakez. Some urban governorates, such as Alexandria and Port Said, have a two-tiered system, with no cities at the middle level.

LOCAL GOVERNMENT TODAY

Local government legislation since 1960 has also produced a checks and balances system of two operational/decision-making councils.

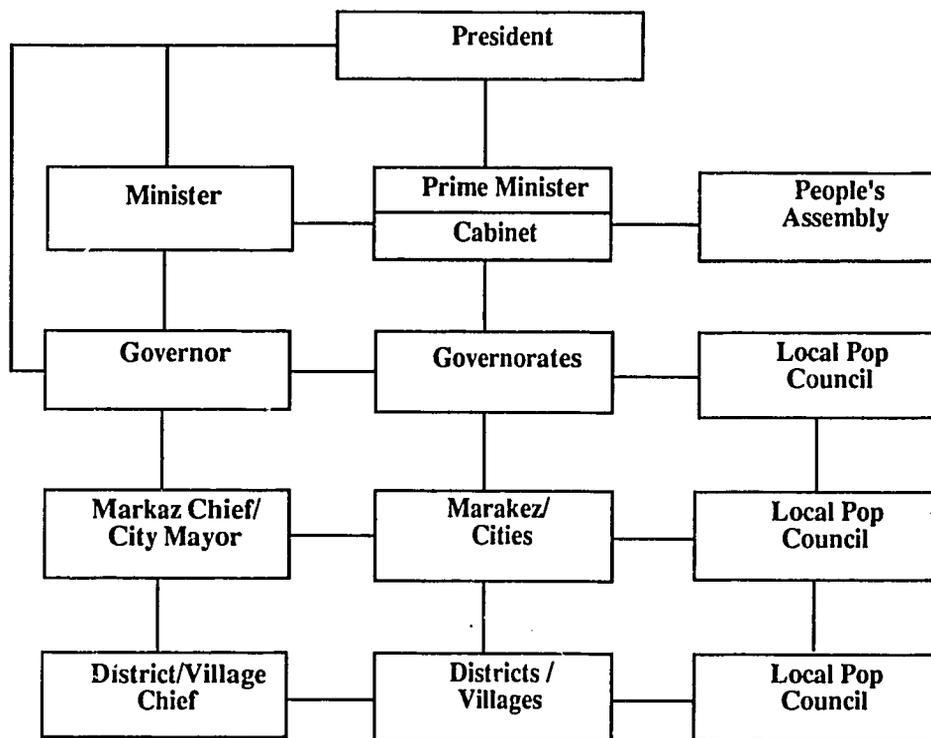
POPULAR COUNCILS

- Popular Councils are installed by direct election at all levels of local government units (for a four-year term of office).
- Each Council elects its chairman, one or two vice-chairmen and the chairmen of its committees for a period of one year. They are eligible for re-election.
- The Council is responsible for matters of general policies and decision-making on the functions transferred to them by law. These are defined in presidential decrees.
- Popular Councils have the right to interrogate governors, local government chiefs and other executives to determine responsibility for actions taken by them.

EXECUTIVE COUNCIL

- Each local government unit has an Executive Council to assist in setting up administrative and financial plans for the implementation of resolutions and decisions made by the Popular Council. Figure 1, presented on the following page, outlines the local government structure.
- The Executive Council is comprised of appointed members (chiefs of directorates and/or departments of services and infrastructure). The Executive Council is presided over by the governor or the chief of the city/markaz or district/village.

LOCAL GOVERNMENT STRUCTURE IN EGYPT



Source: Wilbur Smith Associates
Field Research

Figure 1

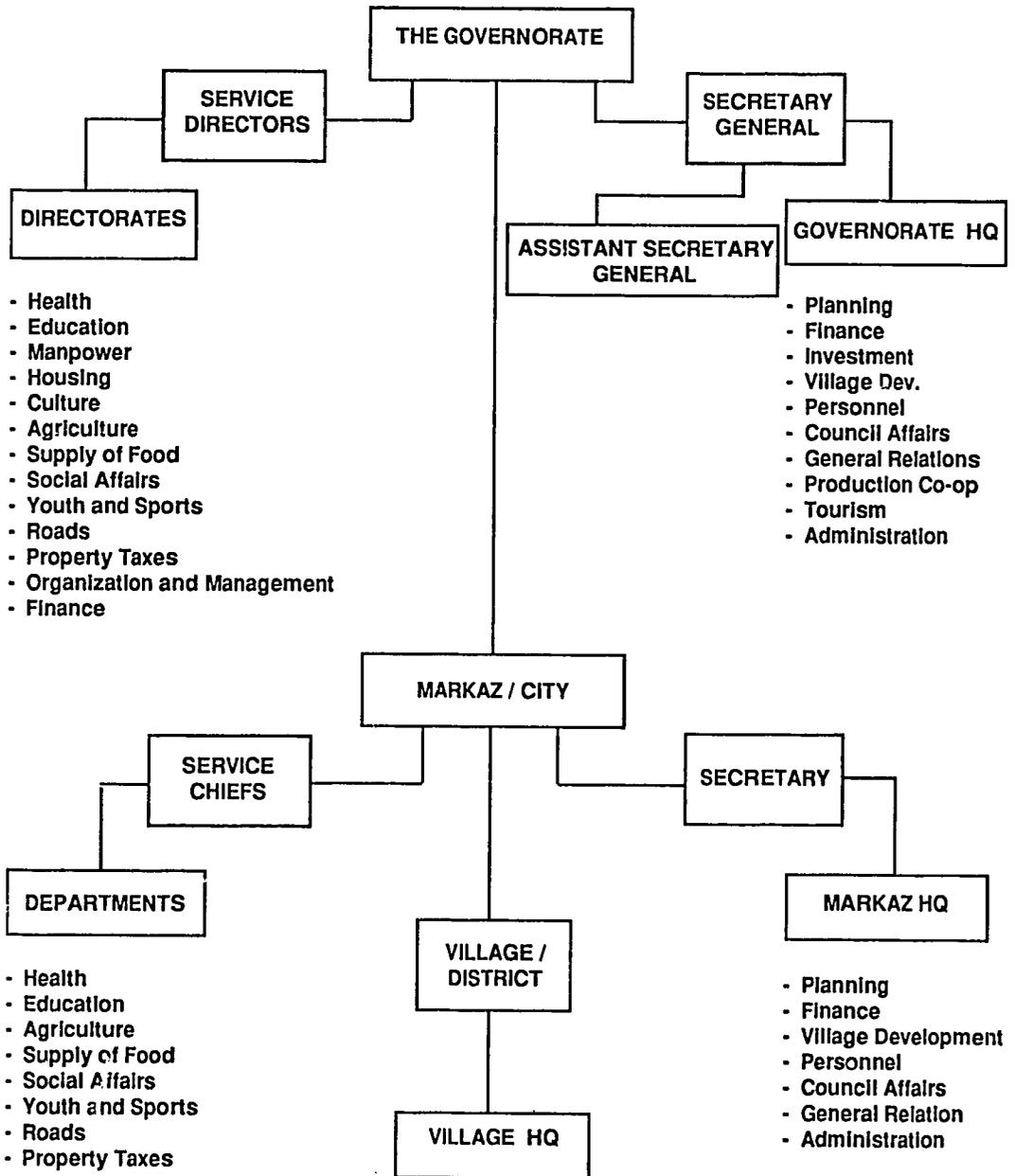
GOVERNORS

- Governors are appointed, transferred and removed from office by presidential decree. Other local unit chiefs are appointed, transferred and removed from office by ministerial orders. Most of them are recruited from senior officials, sometimes other than those of local government personnel. As these senior officials often are appointed after finishing other careers, they come to local government at an advanced age and, therefore, do not stay in office for long periods. Even with career local government officials, the turnover rate is high.

LOCAL GOVERNMENT UNITS

- Districts/villages/marakez are completely dependent upon the allocation of funds to them by the governorate. They are not assigned any revenues or special funds of any kind. The only available investment funds to the marakez/districts/villages are those allocated to them by the governorates from the services and development funds. Figure 2 outlines functional units of local government.
- In spite of the differences between one district/village or markaz/city and another in size, area, services availability, etc., all are assigned the same functions reflected in standardized organization of their departments and offices. The organization of the Abdeen District Health Department, which runs only five health offices and four child and mother care centers, has the same organization as the Shoubra District Health Department, which runs a big public hospital, three medical centers and many health offices and child and mother care centers. The two have nearly equal numbers of personnel.

LOCAL GOVERNMENT FUNCTIONS



Source: GOE Records

Figure 2

3. EVOLUTION OF USAID LOCAL GOVERNMENT ASSISTANCE

In accord with this GOE decentralization strategy, the USAID in Egypt developed a series of programs to encourage and assist the decentralization process. The first official agreement initiating this effort was the Decentralization Sector Support program. This program was viewed as the first stage of the Decentralization Sector Support I program, for which an agreement between the GOE and USAID was signed in August 1981. However, work in some areas of the Decentralization Sector Support I program had effectively begun in 1978.

DECENTRALIZATION SECTOR SUPPORT I PROGRAM

This initial support to the GOE took place within the framework of five separate activities from 1981 to 1987.

- Basic Village Services Project: This activity provided US \$ 300 million to village councils in 22 provincial governorates to implement locally chosen basic service infrastructure. Technical assistance and training were also provided to local councils to assist them with this effort.
- Neighborhood Urban Services Project: This project provided US \$ 89 million to 23 urban districts in greater Cairo and Alexandria to construct locally chosen basic services in low income communities, as well as to provide financing to local PVOs delivering basic services. Technical assistance and training were also provided to popular (local) councils to assist them with this effort.
- Decentralization Support Fund Activity: This activity provided US \$ 100 million to 18 provincial governorates to finance vehicles and equipment for public utility operation and maintenance.
- Sector Development and Support Project: This activity provided US \$ 10 million for policy related research and pilot activities related to fiscal and administrative decentralization, local resource mobilization and training.
- Development Decentralization: This activity provided US \$ 26.2 million to the Local Development Fund, which in turn provided loans to village councils, enabling them to undertake income generating projects for villages and to make small loans to private businesses.

LOCAL DEVELOPMENT II PROGRAM (LD II)

This Program started in 1987 with the goal of improving the quality of life of low income residents in rural and urban Egypt by providing greater access to essential basic services. The purposes of the Program were to improve and expand the capacity of local governments to plan, finance, implement and maintain locally chosen basic services projects, and to improve their capacity to mobilize local resources to sustain provision of these services. The total amount of funds expended under this program was US \$ 403 million, divided among the various components: urban Block Grants, provincial Block Grants, PVOs, training and technical assistance.

The Program had five components: LD II Provincial, which dealt with matters pertaining to provincial local government units; LD II Urban, which dealt with matters pertaining to urban local government units; the Pilot Maintenance Center effort, which introduced new O&M technology in four governorates; the PVO Assistance program, and the Training Block Grant component.

4. CONTENT OF THE LOCAL DEVELOPMENT II PROGRAM

The provincial and urban Block Grant components under LD II have financed local infrastructure projects and improvements at various local government levels. The Block Grant system was designed to enhance decentralization by building local government capacity through the planning and subsequent implementation and operation of projects within guidelines jointly developed and agreed to by the GOE and USAID. This process was the primary mechanism for improving the institutional and technical capacity of governorates to manage their development activities. Past technical assistance efforts, in collaboration with the GOE counterparts, were directed primarily to governorate and local governorate entities. The LD II Program assisted governorates to develop their capacity to prepare annual investment, maintenance, and training plans financed by the LD II Program and the GOE local currency contribution.

Over 16,000 local project grants have been financed and implemented by the respective governorates. Additionally, there have been four cycles of Block Grants with accompanying technical assistance provided to local PVOs. Technical assistance has been provided to governorates in the following areas:

- Orientation programs on planning funding levels, budgeting guideline requirements, the reporting requirements prior to investment, and O&M plan submission and approvals;
- Technical and financial reviews of Investment and O&M Plans for soundness and thoroughness;
- Governorate monitoring systems for data collection and analysis of investment and maintenance activities;
- Project cycle activities through the development of "tools" for improving governorate capacity to assess needs, select projects based on needs, effect local project implementation and build sustainability;
- Governorate level reporting systems, (i) for their internal program management and (ii) for reporting to the MLA/USAID on expenditures of individual subprojects, cash management, and equipment utilization;
- Urban pilot offices for management and economic development; and urban pilot land management units;
- Urban solid waste management activities;
- Construction and management of vehicle maintenance centers and road maintenance centers and road maintenance units;
- On-the-job training, seminars, workshops, technical and other specific training of engineers, managers, planners, administrators, in areas extending from needs assessments to project selection and implementation through the actual operation and maintenance of the infrastructure completed under the LD II Program. Training committees have been established at the governorate level for administering two cycles of training Block Grants.

5. LD II - TRANSITION PHASE OVERVIEW

The LD II Transition Project is the last phase in a comprehensive USAID program of technical assistance to local government in Egypt. An overview of this last LD II effort follows.

PROJECT BACKGROUND

This technical assistance effort is a continuation of five years of consulting services under four separate contracts for Urban, Provincial, PVO and Training Block Grant components, and the Pilot Maintenance Centers. In developing specific strategies to carry out the tasks of this contract, the selected Contractor, Wilbur Smith Associates, was required to become familiar with previous LD II efforts and develop a proposed approach to manage and organize the specific tasks required.

Activities during the remainder of the LD II Program were aimed at (i) completing activities already begun under the Program and (ii) placing increased emphasis on the transition to a GOE-financed and managed Block Grant local development program. The technical assistance strategy was to strengthen the program management capacity of the MLA and their new "Project Support Office", and that of the 26 governorates and Luxor City. Its success was dependent on GOE entities assuming former contractor management assistance roles. Prior contractors primarily assisted governorates; however, under this contract, assistance was also targeted to the MLA, including the Organization for the Development of the Egyptian Village, in managing the allocation of funds, program guideline(s) development, technical follow-up, reporting, and monitoring functions for their program.

Regarding technical assistance in planning at the governorate level, in the prior stage of the LD II Program, the contractors played a major role in the detailed review of plans of each individual capital project and of governorate operation and maintenance plans. However, during this contract, in collaboration with MLA and the Provincial and Urban LD II Committees, the selected Contractor was only to assist governorate officials as they developed and critically reviewed their own plans.

TERMS OF THE ASSIGNMENT

This contract was for the final eleven (11) months of the six-year LD II Program which, in itself, was a continuation of the previous Decentralization Sector Support I program. Because the duration of the contract was limited to eleven months, a contractor-prepared work plan was not required. Instead, the specific tasks stated in the contract formed the work plan for the duration of the contract. Since these tasks reflected recent LD II activities, previously established LD II systems already in place at the various GOE governmental levels (for example, field trip monitoring, pilot maintenance center reporting, wastewater project reporting, cash management, quarterly progress reporting, and equipment utilization reporting systems) were to be used without modification.

Expatriate and Egyptian professional staff provided by the Contractor were to average 30 and 60 percent of their "level of effort" in the field, respectively. The Contractor did not procure new vehicles and office equipment (desks, chairs, computers, telephones, photocopiers, etc.). These items were transferred to the selected Contractor by the existing LD II Provincial contractor during the months of November and December, as the selected Contractor mobilized and the existing contractor demobilized and left.

The selected Contractor was expected to be 50 percent mobilized by November 1, 1992, and fully staffed by December 1, 1992. Because of the large contract staff and the amount of contractor equipment to be handed over to the GOE, the Contractor was required to develop and submit, by June 1, 1993, a draft demobilization plan to the USAID Project Officer for his approval. The Contractor was expected to begin demobilization on August 1, 1993. All technical assistance provided under this contract was to end September 1, 1993, and final disposition of all equipment and vehicles was to be completed by September 21, 1993. To date, all requirements and deadlines have been successfully met by the selected Contractor, Wilbur Smith Associates.

TECHNICAL TASKS

The technical assistance provided under this contract was directed to the MLA and their associated central entities, the 26 governorates and Luxor City, and Urban and Provincial Local Development Committees. In addition, there were specific technical tasks requiring assistance (described in separate parts of this section), such as wastewater systems at the village level, managerial and financial systems for urban district garages, four governorate private sector pilot maintenance centers, budget monitoring and financial reporting systems.

The Contractor's responsibility, therefore, comprised:

- Technical Assistance to the MLA
- Technical Assistance to the 26 Governorates and Luxor City
 - Basic Service Delivery Systems (BSDS)
 - Operations & Maintenance (O&M)
 - Pilot Maintenance Centers
 - Management Information Systems (MIS)
- Wastewater Management
- Training Block Grant
- Private Voluntary Organization (PVO) Block Grant

LEVEL OF EFFORT

The Request for Proposal called for 46 manmonths of expatriate long-term staff, up to 10 manmonths of expatriate short-term input and 352 manmonths of Egyptian long-term project input. There were no short-term Egyptian manmonths stipulated. There were 312 local administrative manmonths allocated in the contract.

PLANNED VERSUS ACTUAL PROJECT MANMONTHS						
Staff Category	Egyptian		Expatriate		Total	
	Planned	Actual	Planned	Actual	Planned	Actual
Long-Term	352	416	45	43	397	459
Short-Term	-	6	10	6	10	12
Administration	144	149	0.5	-	144	149
Cleaners, Drivers	176	160	-	-	176	160
Total	672	731	55.5	49	727	780

Source: WSA Records

Note: The extra project staff manmonths were all delivered within the original contract budget.

6. TECHNICAL ASSISTANCE REQUIRED FOR THE MLA

The LD II Program has now disbursed all Block Grant funds and will be completed on its Project Assistance Completion Date of September 30, 1993. USAID and the MLA took definite steps to initiate a GOE-financed and managed LPDP during 1992. The estimated budget is LE one billion over the next five years, or LE 200 million per year. During the term of this contract, the Contractor was to assist the MLA and its associated entities as they continue to develop and begin to implement their follow-up LPDP program by providing them with on-site technical assistance focused on the following:

- Assisting in the establishment and management of a Project Support Office to administer the GOE Block Grant program;
- Providing guidance in preparation of annual investment and maintenance grant allocations to local units;
- Assisting in the establishment of guidelines for priority uses of funds for governorates;
- Providing advice and support in developing a national MIS to monitor governorate performance and compliance with the guidelines;
- Assisting the GOE in maintaining an information base to guide the above efforts;
- Assisting in the review of Investment and O&M Plans submitted by each governorate for funding;
- Assisting in the establishment of a national training program for executive and popular members of local government councils.

ESTABLISHMENT OF A PROJECT SUPPORT OFFICE IN MLA

While a Project Support Office has been established, the effectiveness of this activity has been eroded due to a number of unforeseen factors and events. First, it took a long time for the Project Support Office to be staffed. Although this effort was initiated in late summer of 1992, prior to the initiation of the LD II Transition Project in November, the first orientation meeting for Project Support Office staff with the Contractor did not take place until late February of 1993. The Decree establishing the Office was executed in early February of the same year.

Similarly, the Decree establishing the Policy Oversight Committee for the LPDP was not executed until December 1992. The first official meeting of this Committee occurred in January 1993. The second meeting occurred in June 1993 with a more informal membership structure.

Part of the staffing problem was the fact that Project Support Office personnel had to be seconded from other offices throughout the MLA, and they continued to have obligations and duties with their old offices. Although requested, Organization for the Development of the Egyptian Village did not provide engineers for any length of time, so the Project Support Office experienced a major technical deficiency from the outset.

In December of 1992, the Secretary General of MLA was changed, with the former Secretary General being named Governor of Suez. However, while some time was lost during this transition period, it is emphasized that both MLA Secretary Generals have been diligent in their support of the LPDP.

CHANGE IN ALLOCATION PROCEDURES - Perhaps the most serious impediment to the effectiveness of the Project Support Office was the deviation in LPDP fund allocation (to governorates) procedures from that envisaged by USAID in structuring the LPDP. Essentially, the allocation process has reverted to the standard GOE Budget Bab III procedure for capital investment, as was the case prior to the Decentralization Sector Support I program (see Figure 3).

In line with the provisions of this procedure, the Ministry of International Cooperation, the Ministry of Planning, the Ministry of Finance and the National Investment Bank all have well-defined and strong roles in the process. The MLA participates in this process through the functions required of its Planning and Follow-up Department. The Project Support Office, in this process, has no official status.

However, the MLA has been recently aggressive in asserting its influence in the process. Both the Project Support Office and the Planning and Follow-up Department are now active in the Investment Plan review and approval process, albeit with reduced Project Support Office staff.

The Contractor provided technical assistance to the Project Support Office throughout this eight-month period of unsettled activity and, more recently, also to the Planning and Follow-up Department. Assistance was rendered for the first and second Investment Plan cycles under the new LPDP program, as well as for the special investment allocation of LE 15,000,000 provided by USAID in June of 1993.

Thus, the basic goal of this project component has been somewhat achieved, but in a much different format than outlined in the Project Scope of Work.

GUIDANCE IN ANNUAL INVESTMENT AND MAINTENANCE GRANT ALLOCATIONS

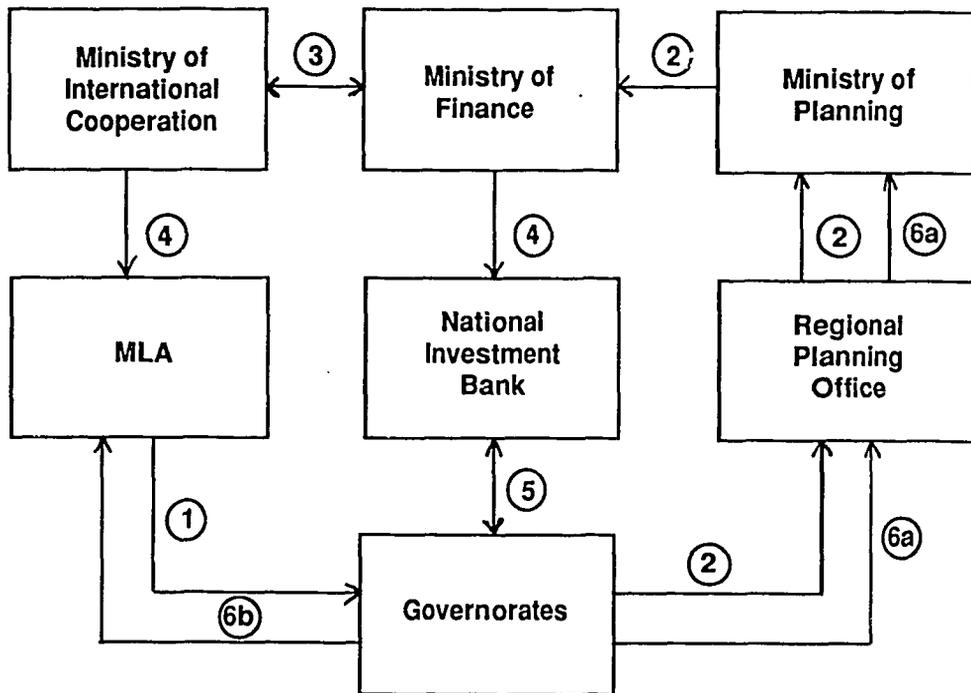
This activity essentially involved efforts on the part of Contractor staff to acquaint MLA Project Support Office staff and the Secretary General with the rationale behind the allocation amounts given to each governorate. This effort went very smoothly, and the principal parameters utilized in LD II allocations have been basically adopted by the MLA for LPDP allocations.

ASSISTANCE IN ESTABLISHMENT OF PRIORITY FUND GUIDELINES

The development of priority fund guidelines for LPDP was actually begun by the Contractor in the early summer of 1992, in order to be ready for the first LPDP funding cycle. With input from the LD II Provincial contractor, and through a Coordination Committee chaired by the Secretary General, the guidelines were in place by mid-summer of 1992.

The first funding cycle of LPDP saw Investment Plans submitted in January and finalized in February. Partial funding was allocated in March (LE 50 million of an expected LE 200 million). Only minor alterations needed to be made to the guideline package regarding governorate plan development. This project component, therefore, has been successfully completed.

BAB III - INVESTMENT PLAN (LPDP) FUNDING



- ① **Plan Preparation:**
MLA advises governorates to prepare LPDP Investment Plans (based upon anticipated funding).
- ② **Bab III Budget:**
Ministry of Planning and Ministry of Finance are advised and an estimate is included in the Capital Budget Line Item submitted to Parliament.
- ③ **Special Account:**
Ministry of Finance and Ministry of International Cooperation determine available fund.
- ④ **Approval and Law:**
Ministry of International Cooperation advises MLA
Ministry of Finance advises National Investment Bank.
- ⑤ **Disbursement:**
Forms 101 and 102, together with relevant invoices, control actual disbursement.
- ⑥ **Reporting:**
 - a) Forms 103 and 104, together with any requests for changes, are sent to Ministry of Finance.
 - b) Governorates send Quarterly Progress Report and/or copies of forms 101, 102, 103 and 104 to MLA.

Source: WSA Records

Figure 3

NATIONAL MANAGEMENT INFORMATION SYSTEM (MIS)

In fourteen provincial governorates, the LD II program created MIS units within the Development Department under supervision of the Development Director. These MIS units were intentionally segregated from the MIS Center directed by the governorate MIS Director. In some cases, their only mission was the generation of Quarterly Progress Reports for project data. In two governorates, Giza and Qaliubia, LD II created two MIS units, one under supervision of the MIS Director, the other under supervision of the Development Director. In both cases, again, the only duty of the Development Department computer section was the generation of Quarterly Progress Report data. The remaining ten governorates and Luxor City had one MIS unit under supervision of the governorate MIS Director. In these MIS units, LD II activities had wisely been combined with other governorate MIS functions.

While the MIS staffs in the Ministries of Local Administration (MLA) and Social Affairs (MSA) had participated in some LD II contractor activities in the final year of the LD II Program, they were not prepared functionally or technically to assume the contractors' technical assistance role for ongoing LD II systems in the governorates.

ASSUMPTION OF MINISTRY MIS RESPONSIBILITY - The Project Scope of Work called for the Contractor MIS staff to prepare the MLA and MSA MIS staffs to assume responsibility for maintenance of ongoing LD II systems, coordination of training programs, and routine trouble-shooting and follow-up in the governorates. The goal was to gradually transfer responsibility to the Ministries' MIS departments for maintaining LD II systems, for planning and scheduling governorate visits, and for providing ongoing technical assistance to the governorates.

A major component of the MLA technical assistance effort was the objective of supporting and strengthening the Quarterly Progress Reporting System. This system was to be the cornerstone in the LPDP's National MIS operations.

In general, the Quarterly Progress Reporting System is now operating successfully with little intervention. Assistance for hardware and software configuration was provided to some governorates to permit proper operation of the System on the new equipment. Minor modifications were made to the Project Tracking System in some urban governorates. Report modifications were made to the consolidated reporting utility for the MLA.

However, the installation of the old Bab III allocation procedure has put the sustainability of a LD II type of National MIS in serious question. This is due to the fact that the Bab III procedure has its own reporting requirements. In spite of MLA efforts, it seems unlikely that the governorates will, over time, continue to produce Quarterly Progress Report and Inventory Utilization Reports if they are not needed to receive funding. Cash Management Reports will definitely not be prepared, as governorates no longer have cash to manage.

With respect to development of MLA management information systems capacity, Contractor MIS staff worked consistently with MLA staff throughout the contract period. A complete library of LD II MIS systems, including user manuals, has been installed in the MLA training facility, the Sakkara Local Development Center. MLA staff have been trained in the use of DOS and Clipper, which are the language base for these systems.

MIS TRAINING CENTER - Preparations have been made for a MIS training center at Sakkara, in addition to the MIS data center being developed there. The final turnover of Contractor computer equipment to the MLA was accompanied by the request that an appropriate amount of this equipment be used for activating the MIS training center at Sakkara.

The culmination of Contractor MIS technical assistance efforts to MLA was the holding of a major MIS conference at Sakkara, attended by MLA and Contractor MIS staffs, USAID and all 26 governorates and Luxor City. The conference, opened by the Secretary General of MLA, was very successful, in that it:

1. Presented a complete listing and description of LD II MIS systems, a number of which were demonstrated at the conference;
2. Provided a showcase for governorates to present additional MIS systems developed in their respective governorates as a result of LD II technical assistance and training of governorate MIS staffs;
3. Provided a forum for discussion of additional MIS training needs;
4. Perhaps most importantly of all, established a firm relationship and dialogue between the MLA and governorate MIS units.

ASSISTANCE IN REVIEW OF INVESTMENT AND O&M PLANS

This activity was designed to be implemented directly in coordination with the establishment of the Project Support Office. Thus, the woes connected with Project Support Office development affected Plan review as well. Contractor staff played an active role in assisting the Support Office in Plan review throughout the Transition Project period. However, Contractor staff were often forced into a direct review role due to lack of Project Support Office staff and no budget for MLA staff to travel to the governorates.

Unfortunately, this Contractor's substitute role was almost continuous in the case of O&M Plan review. As mentioned earlier, no engineers were provided by the Organization for the Development of the Egyptian Village. This proved to be the weakest link in the technical assistance effort, as all other MLA disciplines (management, finance, etc.) received briefings, on-site assistance and training.

This briefing and assistance effort was expanded to include MLA Planning and Follow-up Department staff, who formally came into the picture in June of 1993. Fortunately, some of this staff had earlier been seconded to the Project Support Office and were conversant with previous orientation and briefing sessions.

ESTABLISHMENT OF A NATIONAL TRAINING PROGRAM

Overall Contractor training technical assistance to MLA included:

- Transfer of experience and LD II training materials to the training members of the MLA Project Support Office to enable them to replace the LD II technical assistance team and assume their role in providing assistance, monitoring and follow-up to the governorates;
- Develop materials, curricula and an implementation schedule for Popular Council workshops and provide technical assistance support during the implementation of the pilot runs planned to take place at Sakkara Local Development Center;
- Provide MLA with a recommended five-year plan for Sakkara Local Development Center and assist the Center to promote its role as one of the key facilities for in-service public sector training.

POPULAR COUNCIL PROGRAM - The National Training Program for Executive and Popular Councils was initiated in the summer of 1992 at the request of H.E., the Minister of Local Government, and the Chairman of the Local Administration Committee of the People's Assembly. A special fund of LE 700,000 was authorized by USAID to carry out this effort. Wilbur Smith Associates, the LD II Urban contractor at that time, was asked to provide the technical assistance needed for program development.

Objectives of the Popular Council Workshop program included the following:

- Define and specify roles, responsibilities and rights of Popular and Executive Council members at all levels (governorate, district, markaz, city and village);
- Define the relationship between the Popular and Executive Council members and between the different levels of local administration units;
- Strengthen positive leadership traits among Popular and Executive Council members to work successfully together in practising their roles and in improving their services to achieve community development;
- Upgrade the ability and capacity of Popular and Executive Council members to motivate and mobilize citizen participation;
- Familiarize the Popular and Executive Council members with the political and socio-economic issues and problems in the community and with their roles in resolving them.

In September 1992, and before the beginning of the Transition Project, a two-day workshop was conducted by the LD II Urban contractor. Seminars were conducted at Sakkara Local Development Center for developing training needs assessment plans, with topics to be included in the design of the curriculum. A representative sample of Popular Council members, executive staff from rural and urban local government, as well as consulting firms responsible for the LD II Program (Chemonics, Social Planning, Analysis and Administration Consultants, Wilbur Smith Associates), participated with MLA personnel at the workshop. A working group was then formed to design the course outline. Two short-term consultants joined the LD II Urban team to develop the curriculum.

The first training program took place in December 1992 for chairmen of Popular Councils at the governorate level, together with senior executive staff from the MLA. To date, eight runs have been completed for 311 trainees. An elementary Trainer of Trainers course was provided to MLA staff, who then assumed the function of the trainers for the remainder of the Popular Council Training program.

TRAINING MATERIALS - The Contractor has gathered all available training materials, including trainer and trainer manuals, that were made available by the previous LD II contractors. These have been installed at the Sakkara Center as the major library for all LD II training materials. A comprehensive training information system, developed under the LD II Urban, has also been installed and tested.

SAKKARA LOCAL DEVELOPMENT CENTER STRATEGIC OPERATIONS PLAN - A five-year Strategic Operations Plan for Sakkara Local Development Center has been prepared and submitted to the MLA in English and Arabic. The Plan will serve as a guide in training program development, operations, staffing and budgeting. Figure 4 presents the proposed Sakkara Center's organizational structure.

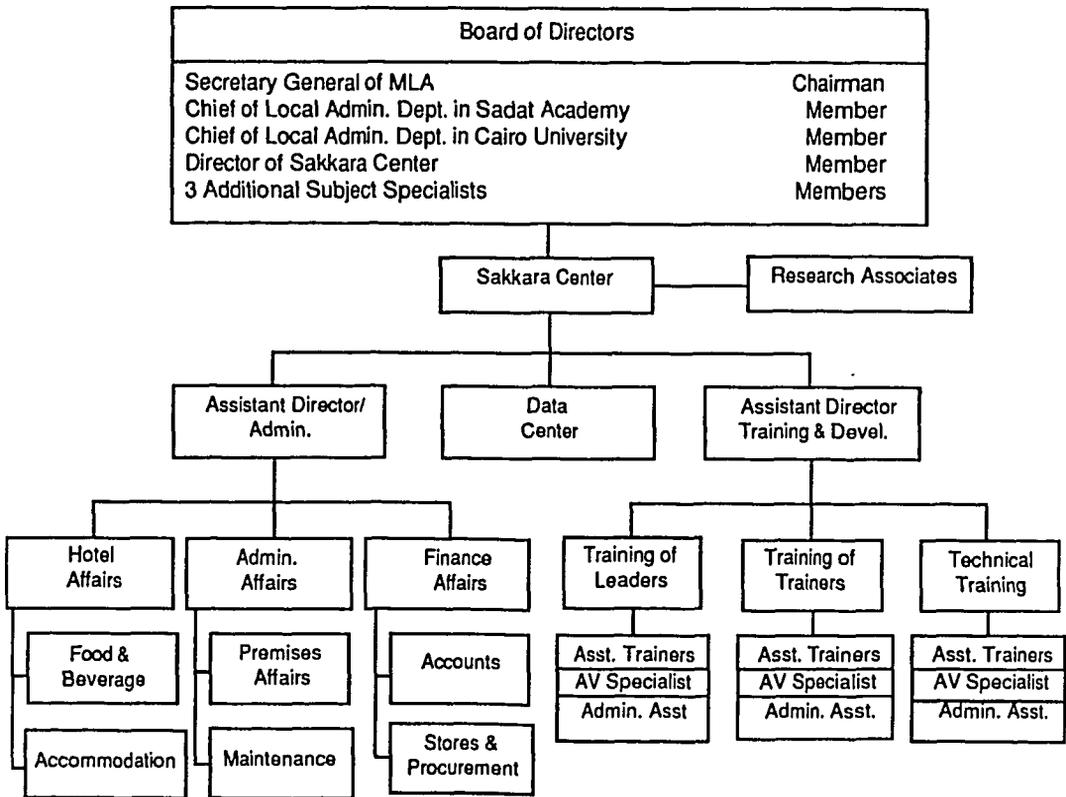
The plan cited that the primary goal for the Center is to provide a unique residential learning environment that will improve the quality of local administration by helping key local government officials improve their performance and develop the team-work required to implement the next five years of the LPDP.

Plan objectives for the Sakkara Center's next five years include:

- Conducting residential in-service training in modern management and leadership techniques for key officials from every governorate;
- Improving local training performance through training of trainers and technical managers to train their staffs in new areas of technical expertise;

- Developing curricula, materials, training aids, and professional enrichment publications to assist local officials to increase their understanding of local administrative practices and management skills while on the job;
- Conducting research on basic local administration issues affecting the training and performance of local officials;
- Offering technical assistance to every governorate concerning local administration training implementation procedures and needs issues, and
- Acting as an international liaison between Egyptian local government and other national and international agencies and training centers.

SUGGESTED ORGANIZATION CHART FOR SAKKARA LOCAL DEVELOPMENT CENTER



Source: Wilbur Smith Associates - Sakkara Local Development Center Report

Figure 4

7. TECHNICAL ASSISTANCE TO THE GOVERNORATES

There were two types of monitoring required during the contract period. To the degree possible, they were to be accomplished simultaneously to enhance institutional development:

- For the purpose of USAID accountability for the projects financed from LD II dollar sources and the GOE local currency special account, the Contractor was to continue the subproject monitoring system, based on the established survey of projects using existing field monitoring systems and forms. In addition, the Contractor was to utilize the information in the established Quarterly Progress Report System to identify problem projects and to develop field trip itineraries.
- Assist interested governorates to strengthen the process of technical and financial monitoring of their projects. The Contractor, in collaboration with MLA, was to assist governorates in the analysis and tabulation of findings which feed into the reporting system.

BASIC SERVICES DELIVERY SYSTEM (BSDS)

The Contractor was to design and provide specific technical assistance and on-the-job training to governorates which have been identified as having completion or operational problems through the project survey or the analysis of the GOE-produced Quarterly Progress Report, or have otherwise been identified by the GOE or USAID. The following was the priority structure for technical assistance intervention:

1. Projects that were funded, but not started;
2. Incomplete projects;
3. Completed projects which were not operating.

The Contractor was to provide on-site technical assistance to governorate entities including governors, secretary generals, Planning and Follow-up departments, the Maintenance coordinators, the MIS/Follow-up offices, and the governorate Local Development committees. They were to assist the above in investment planning for the GOE LPDP, O&M planning, and completion of projects for all of LD II Block Grant cycles. Additionally the Contractor was to monitor the governorates preparation of the following reports required under the Grant Agreement and Project Implementation Letters of the LD II Program: 1) Quarterly Progress Report, 2) Cash Management, 3) Equipment Utilization and 4) Inventory Reports. Copies of these four reports would continue to be provided by the governorates to the Provincial Local Development Committee, MLA, Organization for the Development of the Egyptian Village, and USAID.

ON-SITE TECHNICAL ASSISTANCE - The BSDS team was divided into technical and financial units which were then given geographic responsibility for zones which generally included both urban and provincial governorates. Governors, secretary generals and heads of departments were specifically targeted during on-site visits, to ensure that they understood the need to satisfactorily complete LD II projects while planning and implementing those funded from the LPDP. Procedures and formats were to be a focus of these discussions, to ensure that the senior GOE staff had the necessary knowledge to develop and administer their program. Reporting systems to be used for LD II components were:

Quarterly Progress Report - Assist the Planning and Follow-up departments of urban governorates and the Development department in provincial governorates to produce accurate and complete reports. To this end, various alternatives were compared with the previous LD II system.

Cash Management Reports - Financial technical assistance was to be continued to all governorates to encourage cash management and preparation of Cash Management Reports for LD II funds. It was realized that Cash Management could not be a feature of the LPDP, as Bab III funds are not transferred to governorate controlled accounts.

The Contract assumed that the Contractor, in collaboration with MLA, the Provincial Local Development Committee and Urban Local Development Committee, would only assist governorate officials as they developed and critically reviewed their own plans. The previously described difficulties facing the MLA and the decision to fund the program via Bab III proved to be constraints to the technical assistance effort, as (i) MLA officials were not readily available to visit governorates (last field trip by MLA staff was May 4, 1993), and (ii) some governorates thought that the Bab III system, which is administered by the Ministry of Planning and the National Investment Bank, basically cut the MLA (and its LD II reporting requirements) out of the decision-making process.

Governorates were visited on a regular basis and contacts made with senior officials. At these meetings, the technical assistance staff ensured that officials were kept up-to-date by telling them of the current situation of the LD II Program and LPDP and of the status of MLA support efforts, and by advising them regarding funding limitations and report formats. Specific technical and financial strategies were developed when governorates were found to lack skills for plan development and contract implementation or operation.

GOVERNORATE TECHNICAL AND FINANCIAL MONITORING - This effort placed the biggest load on the Contractor BSDS team, and ten staff members were allocated responsibility geographically. They were instructed to:

- Continue the technical assistance to monitor the project implementation (technical and financial) status for both the Investment and Maintenance Plans;
- Assist governorate officials to follow the proper procedures for Plan amendments (if any);
- Accompany the governorate officials in their field visits to marakez which needed advice or were experiencing problems.

Following an initial review of the provincial governorates which registered expenditure in excess of 100%, it was concluded that some degree of standardization would benefit the recording process for such items as evaluating "in kind" contributions. A specific action plan was therefore developed.

Priority Projects - Considerable progress was made on one of the most important components of the Transition Project, namely, the reduction of problem subprojects. There has been some difficulty in quantifying the results of this effort due to inaccuracies uncovered in the Quarterly Progress Reports. For example, the number of Priority 1 projects was understated, but, in some cases, the number of Priority 2 projects were overstated. Priority 3, Completed But Not Operational, proved to be the most difficult to quantify, as many inaccuracies were found as project monitoring field visits were made.

Priority 1 projects, Funded But Not Started, have been reduced from 41 to 12 subprojects over the last 11 months. The Under Construction Category (Priority 2) was divided into two sections for reporting purposes: A. Under Construction, Stopped; and B. Under Construction, Progressing. This was done to separate the "normal" implementation projects from those experiencing significant delays and/or stoppages. Priority 2A subprojects were reduced from 217 to 34 projects, while Priority 2B projects dropped from 1729 to 182.

Priority 3 projects, as best we can determine, have been reduced to approximately 79. It should be noted that, other than village O&M facilities, village health facilities seemed to be the most troublesome Priority 3 category.

LD II - Total Financial Status - An indication that governorates have been successful in their efforts to efficiently expend their LD II allocations may be seen by reference to the relevant tables in the BSDS section of the report. These tables show that, to date, 96 % of the total allocation (grant, contributions, generated revenues and residuals) has been spent:

• USAID Block Grants (including LE 15 million residuals) and Governorate contributions amounted to	LE 821,677,860
• Generated revenues	LE 54,882,865
Sub Total	LE 876,560,725
• Less expenditure	LE 845,492,332
• Balance	LE 31,068,393

It is anticipated that this balance will be used for project completion and/or the initiation of new projects.

Note: Governorates have tried to keep their project accounts in an accurate manner, and only once during the transition period has USAID had to ask for the return of funds. Alexandria Governorate was told that the sum of US \$ 30,000 would have to be returned.

Operation and Maintenance Funds - When funding is channelled through any of the GOE Babs, "accountability" becomes the responsibility of the government's finance and auditing departments, and one of the ways that they ensure compliance with the law is to ensure that all books are closed annually. This means that all unspent funds are returned to the Ministry of Finance, who may or may not reallocate them in the following year. A measure of governorate success in handling O&M transactions is their ability to spend all of their allocation. In the financial year 1991 to 1992, only eight governorates had to return any funds, and these amounted to less than one half of one percent of the allocation. In the financial year 1992 to 1993, the first year that governorates contributed to the fund, they spent 98.8 % of the GOE (Bab II) allocation.

LPDP Financial Status - The total allocation for the first year of LPDP was LE 200 million. From this, the National Investment Bank disbursed a total of LE 47,358,900, and, with the governorates 10%, a total of LE 50,798,390 was available, from which LE 45,238,899 was expended. It is important to note that the reasons for this apparently less than satisfactory performance were due to constraints imposed by the Bab III system rather than to the technical capabilities of governorates. The previous final reports for LD II Provincial and LD II Urban show that, while some improvement to governorate performance levels was possible, most were well able to spend their full annual allocation successfully, based on the simplified LD II systems adopted.

Review of Plans - Initially, there was some confusion following the decision to finance the LPDP through Bab III, as governorates were unsure whether or not they should (i) use Ministry of Planning forms, LD II forms or both; (ii) follow LPDP guidelines issued by MLA or Bab III general budget instructions, or (iii) obtain Ministry of Planning or MLA approval for Plan modification and changes to project components.

Funding problems also caused confusion as governorates had to periodically change their emphasis as estimates of allocation fluctuated. For example, the delay in the planning process and the June 30, 1993, Ministry of Finance deadline, resulted in the Ministry of International Cooperation releasing only 25% of total allocation to governorates (i.e. LE 50 million). In March 1993, the National Investment Bank released only from 17 to 21 % to each governorate. In May and June, most of the governorates were provided a second disbursement.

MANAGEMENT INFORMATION SYSTEMS (MIS)

The Contractor was to assist governorates to strengthen their MIS systems and to provide management information to key decision makers within their governorates. The Contractor was also to follow up and provide technical assistance to the information centers in 26 governorates and Luxor City which received computers, upgraded systems and software applications through the LD II Program for various activities, such as water billing and revenue collection. The Contractor was to monitor the effectiveness of each governorate's service contract and/or warrantee service agreement. Any problems noted were to be reported promptly to the MLA, Cairo Governorate and USAID/Local Administration Development.

Dozens of small to medium-sized systems had been or were being developed in the governorates with direct (i.e., supervision) and indirect (i.e., training) assistance from the LD II contractors. Despite these efforts at building sustainable MIS units, the governorates remained, with few exceptions, heavily dependent on outside assistance for planning, training and routine technical support.

LD II TRACKING SYSTEMS - The Project Tracking System and the Quarterly Progress Reporting System were installed and running successfully in all urban and provincial governorates, respectively, except Luxor City, where the Quarterly Progress Report was not yet implemented. A considerable amount of work to finish the Agriculture Tax System in Giza Governorate remained. The automated Kardex and Vehicle Maintenance Systems were installed in only three of six urban governorate central O&M garages. Installation of a new version of the Local Revenue System was left incomplete in the provincial governorates. Installation of the MSA PVO Fund Tracking System in the Regional Federation offices had not occurred in six governorates. The MSA headquarters in Cairo and several governorates were reporting problems with the system.

COMPUTER EQUIPMENT - Both urban and provincial governorate MIS units received new computer equipment and software in the final months of the LD II Program. At least ten new pieces of hardware were distributed to each governorate, including computer sets, dot matrix and laser printers, plotters, scanners, modems and other peripherals. In addition, six to ten new software packages were delivered, including word processing, spreadsheet, data-base management, report generator, local area network memory manager, modem communication, anti-virus, and Arabic utility software. The LD II contractors and vendors did not have time to provide adequate assistance for set-up and configuration of the new equipment and software at all sites. Training for the new software was also insufficient or non-existent.

Due to the Wilbur Smith Associates' office move mandated by this contract, the MIS team spent much of November 1992 backing up data files and demobilizing the LD II Urban computer equipment and software, while a parallel mobilization effort took place at the new (previously LD II Provincial) offices in Mohandessin. The MIS team was responsible for receiving, testing, inventorying, and installing or storing over fifty computer sets, forty printers, and dozens of related peripherals and software packages transferred to Wilbur Smith Associates by the departing LD II Provincial contractor. The MIS team devoted a significant amount of time to this transfer process in December and January. The last piece of LD II Provincial computer equipment was received in April 1993.

OTHER LD II MIS SYSTEMS - Besides responsibility for one of six geographic regional divisions, each Contractor MIS team member was assigned ultimate responsibility for specific LD II systems. If an LD II system in a particular governorate required more than routine support, the assistance of the team member responsible for that system was enlisted, regardless of location.

A concentrated effort was made to finish the Agriculture Tax System, a local resource mobilization effort in Giza Governorate. Special attention was also given to expanded implementation of two other local resource mobilization systems, namely, the Local Revenue and Water Billing Systems.

After receiving word from Beheira, Damietta, and Ismailia Governorates about significant problems with the Local Revenue System, the Contractor's MIS staff visited Beheira to assess the situation. The resulting report, completed after a two-day review of the system with users from all three governorates, showed that the Local Revenue System was not fully operational in any governorate due to logical and functional (design) problems.

The contract did not provide funds for formal training in the governorates. However, training, and formal training in particular, was the top priority for most governorate MIS units. The MIS team provided a large amount of on-the-job training, but this type of unstructured training was insufficient for all but the most advanced users and programmers.

OFFICE OF MANAGEMENT AND ECONOMIC DEVELOPMENT - Responding to a special request by H.E., Dr. Goueli, Governor of Ismailia, initiation of an Office of Management and Economic Development in Ismailia became a priority task. The office is not yet fully functional, partly because formal central government Cairo Authority for Organization and Administration approval has not been received, but considerable progress has been made. The new office commenced operations on April 1, 1993. Six staff were selected, with input from the Contractor's technical team, and assigned to the new office. Demobilized LD II computer equipment was "reassigned" to the new office, installed, configured, and tested at its new location. The Office of Management and Economic Development Current Budget Development and Program Budget Systems were installed, and basic training in their use was provided. Automating the expenditure side of the budget was the first task for the new office. A new system to track Ismailia Governorate's financial status (Governorate Financial Status Tracking System) was therefore developed and installed in the office. It was designed to provide decision makers with the daily status of the Governorate's budget situation. The system automates the expenditure side of the budget, including BABs I, II, III, and IV, and it handles revenues as well.

OPERATIONS AND MAINTENANCE

The Contractor was charged with providing on-site field technical assistance in O&M planning and budgeting to governorate Maintenance coordinators, to ensure that plans were consistent with LD II O&M guidelines and MLA directives. The Contractor was to assist governorates to review their O&M plans. These plans were then forwarded by the governorates to the MLA for final approval and disbursement.

URBAN VEHICLE MAINTENANCE CENTERS - Thirty-seven vehicle maintenance centers were either constructed or rehabilitated under LD II in the six urban governorates: Cairo, Alexandria, Port Said, Giza, Suez and Qalubiya. Management, preventive maintenance, repair and parts control systems have been designed and partially implemented, and staff have received both management and technical training. Several pilot cost recovery mechanisms were also initiated.

As part of the technical assistance effort, the Contractor was to help the six urban governorates implement sustainable vehicle maintenance through:

- Organizational development and staffing of comprehensive governorate vehicle maintenance programs;
- Design and implementation of cost-recovery and income-producing mechanisms, such as private sector management and leasing contracts, sale of facilities and reimbursement for services;
- Enhancement of pilot Vehicle Maintenance Center management systems;
- Further computerization of Maintenance management and parts control systems.

During LD II Urban, the Contractor prepared organization charts and job specifications for all urban vehicle maintenance centers and O&M departments. All proposed organizations have now been accepted by the governorates and adopted. These proposed organizations were submitted to the GOE Central Agency for Organization and Administration for formal approval. Table 1 presents a summary of urban Vehicle Maintenance Center status.

The O&M team, in cooperation with the MIS staff, assisted in implementing computerized Maintenance management (Kardex) systems in Cairo, Alexandria and Giza Governorates. Parts control systems have been checked and updated. Copies of user manuals for both systems have been distributed to systems users in the four governorates.

Income generation schemes applied in Amerya Garage (Alexandria) and in the Alexandria Central Workshop and the Central Service Station in Suez are progressing well. An intensive effort has been made to market income generation plans to governmental O&M agencies.

The Giza Cleaning and Beautification Authority is now applying income generation schemes in its various facilities. Technical assistance was provided for the fine tuning of Authority's O&M administrative and financial systems, and substantial effort was placed on marketing the Authority's services.

H.E., the Governor of Qalubia, decided to lease the main Shoubra el Kheima Vehicle Maintenance Center to a specialized private sector firm, once the service station on the site was completed. The O&M team assisted the Governorate in preparing the lease documents.

PROVINCIAL MAINTENANCE CENTERS - The provincial O&M effort consisted of three major activities to increase the utilization and availability of equipment and fixed plant infrastructure. This effort was first directed to the villages and marakez, then to governorate level maintenance centers funded and equipped through Block Grant Cycles 2 and 3.

In 1991/92, an intensive effort was made to put governorate level maintenance centers into operation. Six governorates were involved in a pilot effort, and by June, 1992, all six governorate O&M centers were completed. This process began with a needs assessment, followed by intensive technical assistance targeted at the deficiencies noted in the assessment. It also involved monthly meetings with each of the 22 provincial Maintenance coordinators, whose positions were created under the LD II Program. These positions have not yet been incorporated into the official GOE administrative system.

Technical assistance for O&M systems in the 22 provincial governorates was to involve:

- Working through each governorate Maintenance coordinator to develop or expand their governorate strategy to integrate all maintenance centers to provide coordinated maintenance and repair, and to provide for inter-center exchange of spare parts; to assist the governorate to implement its strategy;
- Based on standardized random sampling techniques, continue to monitor the operationalization of maintenance facilities and provide technical assistance for those centers having difficulty meeting basic requirements;

Table 1

**Summary of Urban Vehicle
Maintenance Centers and Garages**

Number of facilities

Central Workshops	4
Central Garages	2
Road Directorate Garages and Workshop	2
Zonal Workshops	5
District Garages	34
Total Number of Facilities	47
Number Visited	47

No.	Category	Yes		No	
		Number	%	Number	%
1	Construction completed	45	95.7	2	4.3
2	Adequate shop equipment & tools	45	95.7	2	4.3
3	Adequate staffing	42	89.4	5	10.6
4	Spare parts available	44	93.6	3	6.4
5	In operation	44	93.6	3	6.4
6	Adequately operated	41	87.2	6	12.8
7	Kardex system implemented	41	87.2	6	12.8
8	Records updated	40	85.1	7	14.9
9	Applying income generation	4	8.5	43	91.5

Source: O&M Team inspections
O&M Team trip reports

- Through the analysis of the quarterly equipment utilization and availability reports prepared by governorates, provide additional technical assistance to those governorates and/or their respective O&M departments which had low percentages of equipment utilization or availability.

Technical Assistance - During the Transition Project period, substantial O&M technical assistance has been provided to all provincial governorates. The O&M staff achieved its goal of 60 percent of working time spent in the field on visits to the 26 governorates. In all visits, the O&M staff were accompanied by Village Development Department directors and O&M coordinators, or both. Visits emphasized the monitoring of operations in different maintenance centers and providing on-site technical assistance to maintenance center managers and staff. Numerous meetings were held with governors, secretary generals and other governorate officials to overcome difficulties and to improve O&M efforts.

All governorate and markaz maintenance centers were visited. Almost 50 percent of the village O&M centers were also visited. Centers having difficulties in meeting basic requirements were visited more than once. Technical assistance included the conduct of on-site Maintenance management analysis and on-the-job training for technical staff. Because of this intensive field effort, technical assistance provided to maintenance centers has resulted in documented improvement. A number of additional centers have now been completed, upgraded and equipped and are becoming operational and improving their performance. Income generation schemes have been introduced in many more centers. Tables 2 and 3 provide markaz and village Maintenance Center status.

O&M Plans in all provincial governorates have been reviewed. Needed modifications to meet actual O&M needs were proposed by the Contractor O&M staff and generally accepted by governorate officials. Most O&M allocations have been completely spent, except for obligated payments for spare parts supplies and contracted repairs with private sector workshops. O&M training plans and programs, either financed through governorate Training Block Grants or O&M allocations, were also reviewed and modified to meet identified training needs.

Integrated Maintenance Systems - Preventive maintenance and repair levels and responsibilities are now better defined. More O&M coordinators and maintenance center managers seem willing to stick to these new levels of responsibility for the benefit of better performance, and to develop an integrated Maintenance system in their governorate. Through meetings and Maintenance management on-the-job training, a deeper understanding of integrated Maintenance systems was achieved.

Maintenance services are mostly now integrated between village, markaz and governorate maintenance centers, and private sector workshops. O&M budgets are mostly spent on procurement of spare parts and on private sector repair of GOE fleets. The four Pilot Centers are included in this system in their respective governorates.

Provincial governorates have been assisted in developing inter-center exchange of spare parts. Some success has been achieved. The best operational system is in Sohag Governorate, where the Village Development Department keeps good, updated central records for all the Decentralization Support Fund spare parts throughout the Governorate.

Following the verbal request of the MLA Secretary General in April 1993, the Contractor O&M team prepared an updated inventory of rolling stock in all governorates. Vehicle availability and number of defective vehicles were included in this inventory. All data obtained have been checked randomly in the field. During May and June, an approximate cost estimate for a "one time repair" of defective pieces to keep fleet availability at 85 percent was made. To achieve this, approximately LE 85 million is needed for the purchase of spare parts and/or for repairs in private sector workshops.

Table 2

**Summary of Marakez Maintenance Centers
In Provincial Governorates**

Total Number of Facilities 194
Number of Facilities Visited 194

No.	Category	Yes		No	
		Number	%	Number	%
1	Construction completed	180	93	14	7
2	Adequate shop equipment & tools	173	89	21	11
3	Adequate staffing	146	75	48	25
4	Spare parts available	143	74	51	26
5	In operation	178	92	16	8
6	Adequately operated	148	76	45	24
7	Kardex system implemented	80	41	114	59
8	Records updated	139	72	55	28
9	Applying income generation	28	14	166	86

Source: O&M Team inspections
O&M Team trip reports

Table 3

**Summary of Villages Maintenance Centers
in Provincial Governorates**

Total Number of Facilities 870
Number of Facilities Visited 402

No.	Category	Yes		No	
		Number	%	Number	%
1	Construction completed	396	98	6	2
2	Adequate shop equipment & tools	394	98	8	2
3	Adequate staffing	253	63	149	37
4	Spare parts available	293	73	109	27
5	In operation *	390	95	12	5
6	Adequately operated	257	64	145	36
7	Kardex system implemented	0	0	402	100
8	Records updated	277	69	125	31
9	Applying income generation	80	20	322	80

Source: O&M Team inspections
O&M Team trip reports

* "In operation" does not imply all centers are in daily use. In fact, many village O&M centers are operated on a very sporadic basis.

PILOT MAINTENANCE CENTERS - The Pilot Maintenance activity was to establish a self-sustaining system for preventive maintenance and for repair of vehicles, fixed plant and equipment in the Governorates of Sharqia, Menufia, Qena and Assuit. The approach linked village and markaz maintenance facilities, constructed with LD II Block Grant funds, with governorate level maintenance centers and mobile maintenance units, funded by the Pilot activity. The villages and marakez are to provide Level I preventive Maintenance for rolling stock and fixed plant equipment within their respective jurisdictions. The Pilot Maintenance Centers are to provide Level II and III Maintenance and, if appropriate, Level IV Maintenance. If Level IV Maintenance is not feasible at a Pilot Maintenance Center, the center is expected to execute service contracts with authorized dealers for overhauls and complicated repairs.

The implementation of this strategy depended upon: (i) the design of an effective operational and administrative system for Maintenance; (ii) the implementation of integrated management systems from the governorate to the village level; (iii) the provision of appropriately equipped and designed Centers; (iv) the development of an appropriate financial system which provides full cost accounting for the centers' operation, and (v) training of Center personnel, markaz and village units, and governorate Maintenance coordinators.

Four Pilot Centers have been built and equipped on land provided by each governorate and two Pilot Centers were equipped in existing facilities. As agreed upon with the governorates, priority for staff recruitment for Maintenance has been given to interested governorate employees. Training has been provided to the selected staff once they agreed to transfer to the Centers. Management, administrative and financial systems have been developed, under the guidance of the concerned governorates, to be used to operate the Pilot Maintenance Centers as private sector companies.

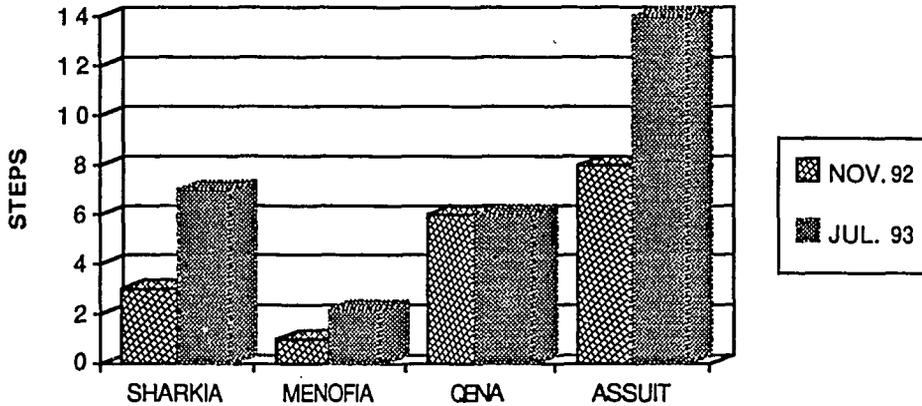
Specific tasks to be performed under the contract for the six Pilot Maintenance Centers were to provide assistance to:

- Link and coordinate with the villages and marakez for an integrated governorate-wide Maintenance system;
- Schedule and utilize the concept of preventive maintenance;
- Develop and implement the financial and administrative systems for billing and collection for services based on the true cost burden of parts, labor, and depreciation of infrastructure;
- Develop a realistic governorate budget for procuring services from the Centers; coordinate the efforts of the four Centers to encourage local dealers to stock spare parts;
- Establish a divestiture plan and schedule for relinquishing governorate ownership of the Centers;
- Develop a plan to more effectively utilize the mobile maintenance vehicles and to evaluate the need for additional units;
- Identify and develop a Center budget for staff training.

During the LD II Program, the four governorate Pilot Maintenance Centers were completely constructed and equipped. At the outset of this transition phase, only Sharkia and Assuit Centers were in operation as private sector companies (under formation), although by-law regulations for providing services against payments were not issued by the respective governorates. The Menufia and Qena Centers were closed, although both were inaugurated in October and December of 1992, respectively. Private sector company formation in the four governorates were at different stages of operation. Figure 5 summarizes the status of the Pilot Maintenance Centers as of November 1, 1992, and as of August 1, 1993.

PILOT MAINTENANCE CENTER PROGRESS

November 1992 to July 1993



1. Preliminary approval, Investment Authority
2. Preliminary contact (shareholders and governorate)
3. Final approval, Investment Authority
4. Assets evaluation, Investment Authority Committee
5. Final contact, according to assets evaluation
6. Contract notarization (lawyer's syndicate)
7. 25% of the capital is deposited in the bank
8. Contract registration (Investment Authority)
9. Ministerial decree for company formation
10. Commercial registration, ID tax to be issued
11. Publication of the contract and Ministerial Decree in the GOE Gazette
12. Company general assembly meeting
13. Investment Authority decree for company starting date
14. Private sector company in operation under Law 230/89

Source: WSA Records

Figure 5

Sharkia - The Sharkia Center was inaugurated in January 1992 and started operating in February 1992 as a private sector company under formation. Because of poor management, a loss of LE 112,000 was experienced by the end of December 1992. Thirty-four heavy vehicles and pieces of equipment were sitting in the Center waiting for repair. The Center was also short in liquidity, and no spare parts were available for repairs.

Upon Contractor O&M staff advice, H.E., the Governor of Sharkia, replaced the Center's general manager and the financial manager. An experienced engineer was assigned as general manager in March of 1993. In two months, ten vehicles and two graders from the 34 pieces were repaired. The liquidity problem was solved, and the Center started to achieve a profit. The bank account showed a deposit of LE 60,000 at the end of June 1993. Substantial operational progress was made, and the Center has started to perform preventive maintenance for Sharkia markaz and private sector vehicles. The Contractor O&M staff obtained the approval from the Investment Authority Chairman for the Final Assets Evaluation Report.

Menufia - The Menufia Center started operating in April 1993 as a governmental entity. The Governorate allocated LE 200,000 from the O&M budget for procuring spare parts for the Center. H.E., the new Menufia Governor, after a meeting with Contractor O&M specialists, decided to invite private sector companies and individuals to share in forming a private sector company for the center. The first meeting took place on June 12, 1993.

H.E. also formed a committee to act as a temporary board of directors to supervise Center operations and to initiate follow-up procedures for forming the private sector company. He issued by-law regulations to allow the Center to apply an income generation scheme until the private sector company is formed. The Investment Authority started evaluating Menufia Center assets at the end of July 1993.

Qena - The Qena Center has been essentially closed since its inauguration in October 1992, although it operates on a sporadic basis (as needed for the Governorate only) as a governmental entity. Early in 1992, Qena Governorate received the Investment Authority's preliminary approval to form a private sector company. The Qena Investment Bank was to be the main shareholder, but lately declined to participate. No shares were deposited. The process of forming a Qena private sector company came to a halt.

In April 1993, Contractor staff were successful in interesting the Care Services Company, a major Egyptian private sector cleaning and maintenance company, to participate in forming a Pilot Maintenance Center company and to submit a proposal for its operation. After three meetings with H.E., the Qena Governor, and different governorate officials, Care Services representatives, USAID-Cairo and Contractor O&M staff structured a final proposal which included two options for private sector operation of the Center.

Care Services would (i) share in forming the private sector company, with a LE 200,000 capitalization, on condition that two Care Services representatives would have membership on the Board of Directors and a management contract would be executed with High Tech. Company (one of the Care Services Group), or (ii) lease the facility directly from the Governorate. No final action has been taken by Qena Governorate concerning these proposals.

Assuit - The Assuit Center is the most successful facility. A private sector company has been formed under the name "Assuit Vehicle and Equipment Repair Company. The first board meeting took place on January 24, 1993, with Contractor O&M staff invited to attend the meeting. The company formation was published in the GOE official Gazette on March 27, 1993. The Board of Directors is composed of nine members, four from the Governorate and five from the shareholders.

The Investment Authority decreed that the "start work" date was January 1992. In cooperation with Assuit Governorate, the Contractor O&M staff tried to change this date to June 1993, so that the Company would benefit from the five-year tax free period according to Law 230/89. As of the date of this report, no change has been made.

In the four governorates, levels and responsibilities of preventive maintenance and repair services are now reasonably well defined. Maintenance activity is integrated between villages and marakez. In Sharkia and Assuit, the Pilot Maintenance Centers are included in the integrated system. The Menufia Center has recently been integrated into the Menufia system and is providing services to the marakez but is still operating as a governmental facility. Major repairs for heavy vehicles and equipment are performed in private sector workshops, mainly in dealer facilities.

In the four governorates, village maintenance centers are performing preventative maintenance Level I for rolling stock and fixed plant. Most markaz maintenance centers are providing preventative maintenance Level II services. Level III services are performed in the Pilot Maintenance Centers; a few Level IV services are performed in the Pilot Maintenance Centers or, frequently, in private sector workshops, where facilities are more appropriate.

O&M CENTER REVENUE GENERATION - During the implementation of the Transition Project, concern for establishing sustainable systems for preventive maintenance and repairs of the rolling stock was raised among a wide group of program participants. Local resource mobilization was considered essential to the long-term success of the LD II Program. Therefore, major emphasis was placed on improving the capacity of local government O&M units to generate additional income to help sustain the O&M effort.

During this technical assistance effort, it became clear that O&M budgets were not based on technical requirements and were not assigned to specific local O&M activity centers, and that valid cost information was not generally available. More importantly, it was determined that increased emphasis would have to be placed upon the keeping of more accurate cost records by workshop managers, so that, when they developed prices for repairing vehicles, all relevant costs, including depreciation, could be considered.

To help in this important effort, a short-term Contractor financial specialist was utilized to develop a guidelines manual for pricing income generation programs and repair services. The manual was developed and presented to selected maintenance center managers at regional seminars in Alexandria, Assuit, Suez and Fayoum. The objective of the financial management training program was to familiarize maintenance center managers with basic cost accounting terms and systems in support of income generation pricing strategies. Competency was demonstrated by having seminar participants apply cost accounting methods to various "case studies" presented during the seminars. Eighty-five O&M managers participated in the four seminars.

PHYSICAL PLANNING AND LAND MANAGEMENT

Technical assistance objectives were based upon the need to supplement previous land management and physical planning efforts favored and supported by governorates. These were:

Physical Planning

Dakahlia	Batra Village Master Plan
Ismailia	Abou Sweir Development project
Luxor City	Terms of Reference of New Tarif Settlement
New Valley	Term of Reference for detailed planning of action areas in Kharga City
North Sinai	Provide Technical assistance in physical planning according to the Village Development Director's requests

Land Management

The projects in the urban governorates were already well underway in November 1992, and the objective of the work plan during the transition period was to render technical assistance as and when required by urban governorate land management units, such as:

Suez	Kafr El Arab "Arab El Maamal area upgrading project"
Giza	Manshiet El Bakary upgrading project
Cairo	El Zawia El Hamra - relocation of Cairo Cleaning and Beautification Authority garages and facilities

The basic strategy, therefore, was to continue both the Physical Planning activities started in the provincial governorates and the Land Management activities of the urban governorates. A Contractor senior physical planner was assigned to these duties, and a flexible action plan was adopted to enable him to follow up those activities most likely to have positive results.

SUMMARY OF RESULTS - Table 4 below presents a synopsis of progress made over the last 11 months. On a positive note, Local Popular Councils were deeply involved in decision-making in all of the above cited projects. On the negative side, implementation was significantly impeded by GOE bureaucracy, particularly between the local government and central government levels. Consultant-prepared master plans were often not detailed enough for infrastructure design. A bright spot in the planning process, however, was the technical work of the new governorate Land Management units in Port Said, Suez and Giza.

Table 4

PHYSICAL PLANNING AND LAND MANAGEMENT STATUS REPORT

Project	Status as of Nov. 1, 1992	Status as of July 31, 1993
Dakahlia Pilot Project in Batra	The Batra project was sponsored by USAID, and plans for implementation had been developed.	The project's sewerage system plan was prepared by a consultant according to the prepared master plan; Decree No. 291 for the construction of wastewater treatment plant at Batra village was issued in Ramadan 15, 1403 / March 8, 1993.
Ismailia Abu Sweir Development	Terms of Reference for Abu Sweir Village had been prepared, and a consultant selected.	The consultant has now prepared a report for submission to the Governor.
Luxor City 1. El Gurna-Resident Relocation Study and New Tarif Village Planning	Gurna, Karnak and Batra were selected as first priorities, and Terms of Reference were developed for El Gurna.	The evaluation committee disagreed with the Terms of Reference and the bidding, and the Luxor City Secretary General disbanded the committee. The project is now held in abeyance.
2. New Teeba Master Plan	Luxor City requested LE 6 million from the Ministry of Planning to start the first phase.	A bill of quantities has been prepared for the main Cairo-Aswan regional road and the link from the road to the proposed site of New Teeba.

(..... Cont'd)

**PHYSICAL PLANNING AND LAND MANAGEMENT
STATUS REPORT (CONT'D)**

Project	Status as of Nov. 1, 1992	Status as of July 31, 1993
<u>New Valley</u> Maidan El Shola - Industrial Site, and Teacher Syndicate Housing Site	Terms of reference were prepared.	New Valley Authorities will start action area implementation as soon as funds are allocated.
<u>North Sinai</u>	None	<ul style="list-style-type: none"> • A local Consultant prepared a plan showing new urban limits for El Areesh City. • A committee was formed of the rural Development Director, Housing Director and the Physical Planning Consultant to prepare the Terms of Reference concerning planning development studies for selected settlements, four along the main Rafah-El Qantara road and two in the middle of the Governorate.
<u>Giza</u> Manshiat El Bakary (Upgrading)	The pilot upgrading project received start-up funds under the LD II Urban Program.	The project has been put "on hold", and the money transferred to other projects.
<u>Suez</u> Kafr El Arab (Upgrading)	The Land Management Unit pilot upgrading project of Kafr Arab El Maamal was approved.	The project is currently under construction with total revenues to date of approximately LE 800,000. (Income Generation).
<u>Port Said</u> El Arab District (Upgrading)	Pilot upgrading project in El Arab District was identified, and initial on-the-ground activity was implemented.	The Land Management Unit staff adjusted the prepared plan according to Local Popular Council request. Implementation will start after official approval.
<u>Cairo</u> - Kattamia - El Zawia El Hamra - (New lands development)	None	<p>Work teams have been formed from the three existing departments - Physical Planning, Land Management and Planning Research - to upgrade the following areas:</p> <p>(A) El Zawia El Hamra - Sharabia District (B) Misr El Kadima District (C) Ain Shams District</p>
<u>Qalubia</u> El Sharkawia (Upgrading)	A plan was prepared for an upgrading project.	No progress.

Source: Wilbur Smith Associates Trip Reports

8. TECHNICAL ASSISTANCE FOR WASTEWATER SUB-PROJECTS

The LD II Program financed the construction of 27 wastewater systems now operating in the Governorates of Damietta, Menufia, South Sinai, and New Valley. Twelve governorates were in the process of constructing wastewater plants, pump stations, and collection systems, and several others had contracted with private Egyptian firms for feasibility studies for future wastewater infrastructure. Over the last two years, the previous contractor developed model Terms of Reference for construction and construction management contracts, as well as for wastewater and water sector strategic needs assessments.

At the onset of the Transition Project, there were ten governorates that partially allocated their Block Grant funds to develop needs assessments, but none had been implemented. A training curriculum was developed for the wastewater sector and many training courses had been presented to GOE engineers and technicians. Various manuals for design, contracting, operation and maintenance of wastewater plants had also been prepared and delivered to the governorates.

Under this Project component, the Contractor was to provide technical assistance to:

- Ten governorates as they contracted for their procurement of qualified contractors to undertake their strategic needs assessments and the development of their strategic plans to the maximum extent possible;
- Governorates in their design and review of wastewater treatment plants, pump stations, and collection system, by advising them on the quality of the feasibility studies and the designs presented to them, and by helping them select appropriate training for governorate engineers to enhance their ability to review designs using the training materials already developed by the previous contractor;
- Governorate engineers monitoring the construction, and the construction management contractors at 25 existing sites in 12 governorates and at any new projects during the contract period, by providing on-the-job training for construction supervision services, development of tender documents, contractor evaluation and selection procedures, contract award for contracting for construction, and construction supervision;
- Governorates of Damietta, South Sinai, New Valley, and Menufia, which currently operate a total of 27 wastewater plants, as they develop appropriate administrative and financial management systems, by providing them with on-the-job training in process control, lab work, operation and maintenance, and start-up of plants and collection systems, with first priority for those financed by the LD II Program;
- Governorates in the establishment of utility departments or authorities (There are wastewater departments under planning in Damietta, Qalubia, and Beheira to carry out their engineering, contracting and monitoring responsibilities. In addition, assistance to one or two additional governorates will be provided in the formation of a wastewater department or, preferably, of independent wastewater companies).

ORGANIZATION AND WORK PROGRAM

The Contractor Wastewater team was made up of four sanitary engineers, one planner/designer (who also served as Deputy Team Leader) and an expatriate Team Leader. The five Egyptians had all been associated with LD II Provincial initiatives, and each one was familiar with all of the rural wastewater systems.

The four sanitary engineers were assigned specific geographical responsibilities. Recognizing also that each of these four engineers had a special expertise in some area of wastewater engineering, such as pumps or activated sludge process control, a management flexibility was built in so that any engineer could be sent to any village system if there was a need for his special knowledge.

The planner/designer was given the responsibility for all designs and sectorial plans. The expatriate served as senior sanitary engineer and Team Leader.

SECTORIAL PLANS - Of the ten approved governorate sectorial plans, seven were for both water and wastewater, one (North Sinai) was just for water, and two (Beheira and Kafr El Sheikh) were just for wastewater. The sequence of work by the engaged local consultants in developing these water/wastewater master plans was:

- field work
- database program design
- preparation of database files and village utility maps
- engineering design
- cost estimates
- final report
- training

At the beginning of the Transition Project, no consultant had advanced beyond the field work phase, and six contracts were just in the process of being awarded. A major task was bringing the consultants and the governorate officials into agreement on what were the responsibilities of each. In many cases, the governorate officials and the consultants for design and sectorial planning were operating in an atmosphere of mutual mistrust, as neither party was fully cognizant of their own contractual obligations.

Substantial progress in sectorial planning was achieved during the 11 month transition period. This progress, in large measure, was due to Contractor personnel who attended numerous committee meetings, participated in formal and informal reviews, and continuously served as advisors and motivators to keep the work moving. It is noted that fifty percent of sectorial studies will be completed by end of August, and the rest by the end of December 1993.

DESIGN - The capability of most Egyptian consultants to produce complete, technically adequate designs for wastewater collection and treatment systems was still in its infancy; moreover, local government engineers, even at the governorate level, lacked the background to review designs. Therefore, it was essential that the Contractor functioned in a "middleman" capacity, advising both the governorate and the consultants on proper design procedures. In November, five different design consultants had contracts for rural wastewater systems, and one engineering firm, USDC from Mansoura, had been awarded five jobs.

The design process did not, and still does not, recognize the realities of conditions in Egyptian villages. The optimum wastewater treatment technology for rural Egypt is the land intensive stabilization pond because it minimizes the complexity and cost of operation and maintenance. Currently, this fact is obscured because the village people do not pay for operation and maintenance. Instead, the cost of personnel is borne by Bab I, and the responsibility for electric power (a very costly item for the activated sludge process) is now being temporarily subsidized by the Electric Power Authority. The one item which is contributed by the villages is the land for the plant, and, needless to say, they want to minimize the procurement of costly farm land. This then forces the designers to select technologies which are power consuming, equipment-intensive and, thus, completely inappropriate for these villages. In the future, when the villages must pay electric power bills as high as LE 10,000/month, their predictable reaction will be to save money by turning off the aerators.

Of the 13 designs commissioned as of November 1992:

- Ten will be completed by the end of August;
- This leaves Mehalet Marhoum (in Gharbia) and Batanon, both with land acquisition problems, and Mansouriah/Abu Rawash (in Giza), for which a design contract was not awarded until May 1993. This latter design is scheduled for completion in October 1993.

CONSTRUCTION MONITORING - Again, there was a tangible need for Contractor expertise, and the requirement was to assist in the process of monitoring wastewater construction. Generally, the villages had a consulting engineer providing resident engineering services, so that the Contractor had a three-way liaison function between the construction contractor, the consultant's engineers on site, and the officials of the governorate, markaz, and village. The size of the construction contracts ranged from LE 135,000 (for a small collection system at El Tor in South Sinai), to LE 2,350,000 (for Phase 1 at Sanhour in Fayoum).

Several of the pilot wastewater plants had been constructed with minor built-in construction defects which were adversely affecting the operations. In Damietta, the stabilization pond at Adleya and the oxidation ditch at Kafr El Battiekh needed adjustment of the hydraulic profile. In the same governorate, the desludging systems for the anaerobic tanks at both Kafr Saad El Balad and El Barasheya were functioning poorly and required upgrading. In Menofia, two Aqualife plants which had been constructed without anaerobic tanks were proving very inefficient in reducing biochemical oxygen demand (BOD₅) and suspended solids (SS). There was a need for a small remedial construction program in these two governorates to correct these deficiencies.

The Ministry of Irrigation and the Ministry of Health were obstructing the construction and operation of the rural wastewater systems. In Beheira Governorate, the Ministry of Irrigation refused to allow either effluent from treatment plants or sewage from pumping stations into agricultural drains. Of course, this did not make any sense, as prior to the construction of the improvement project, all of the village sewage had gone into the same agricultural drain with no official notice. In Damietta Governorate, the Ministry of Health, whenever their tests of the wastewater samples indicated even a slight violation of the Law 48 standards, sent notices to the Governorate asking that the plant be shut down. A "catch 22" situation resulted in that any action to improve the quality of the wastewater was being opposed by these two Ministries.

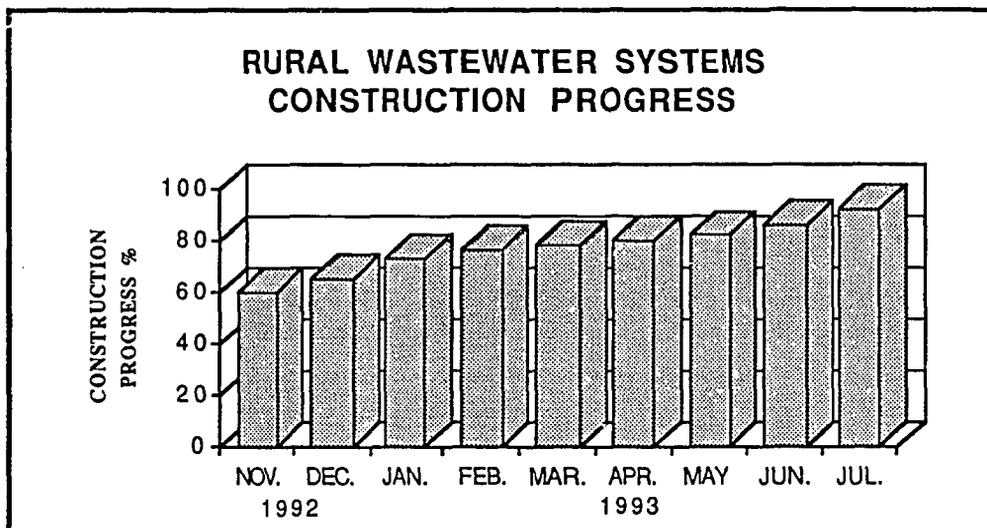
Figure 7 shows that progress in wastewater construction, mainly of collection and pumping stations, has been made since November of 1992. Of the 22 jobs under construction on November 1, 1992, a total of 14 (64 percent) had preliminary acceptance on July 31, 1993. A number of these jobs have just received refunding via surplus funds, so that they are able to move into the next phase.

Q&M AND PROCESS CONTROL - As a result of the flat terrain, all of the rural wastewater collection systems included sewage lift stations, but the concept of providing regular preventive maintenance to pumps, motors, and valves was new to village personnel. There was a need for the Contractor to regularly visit all of the operating collection systems, pointing out maintenance defects, inspecting records, and providing solutions to maintenance problems.

By the same token, the operators and technicians working at the functioning treatment plants needed intermittent assistance in coping with plant problems. Although these pilot plants were small (design capacities all less than 1 mgd), they comprised five different technologies; stabilization pond, aerated lagoon, submerged fixed film reactor, oxidation ditch, and extended aeration package plant.

The Contractor process control specialist was in the field constantly assisting where help was needed, prodding village technicians to improve their performances, dealing with village chiefs to expedite procurement of hypochlorite or machinery parts, reviewing lab test results, and working with operators, engineers and officials to upgrade plant efficiencies.

Twenty-four operating wastewater treatment plants in four governorates were evaluated in the categories of (i) condition of equipment; (ii) technical competency of personnel; (iii) safety practices and equipment, and (iv) compliance with Law 48. Then overall ratings were compiled. The current status is comprised of eleven "EXCELLENT" (85-100 percent); five "GOOD" (75-84 percent); four "AVERAGE" (65-74 percent); and four "POOR" (50-64 percent). Of the eleven facilities receiving the grade of "EXCELLENT", five were SOAF package extended aeration units, two were oxidation ditches, and four were stabilization ponds. Of the four plants designated as "POOR", three were Aqualife systems, and the other was the overloaded stabilization pond at Adleya. This indicates that these village technicians have been trained to the extent that they can now successfully operate even semi-complex treatment technologies like activated sludge. The data shows also that Aqualife units are not proving to be effective unless used in conjunction with an effective anaerobic tank.



Source: WSA Records

Figure 6

DEVELOPMENT OF WASTEWATER DEPARTMENTS - It was considered that, if rural wastewater programs were to have sustainability, (i) they should have a strong advocate at the governorate level to represent the needs of the wastewater systems when O&M and capital improvement funds were being distributed; (ii) a professional engineer with some competence in sanitary engineering should head up a department which would both act as an advisor to the governors and furnish technical guidance to village-level engineers and operators. In November, wastewater departments were in existence (but basically unable to perform their function) in Beheira, Damietta, and Qaliubia Governorates.

For most of the Transition Project, Contractor advisors were unable to break through the administrative inertia at the governorate level. Finally, during the last three months, after repeatedly stressing that these wastewater departments are critical if the wastewater programs are to be viable after the end of the Transition Project, the Contractor managed to get the secretary generals involved.

Damietta has the most experience with this department, but progress is slow. The Department Chief, however, has been closely following the special two-month water quality testing program of the Contractor, and he will now be in a better position to confront the Ministry Of Health reports which are discrediting the operation of the Damietta treatment plants. Moreover, he has recently attained a degree of credibility with the Secretary General and, within the next month, will have several engineers and technicians added to his staff. In both Qaliubia and Menoufia, new leaders of the wastewater departments have just been appointed, and things could start to improve.

IMPROVEMENT OF LABORATORY TEST RESULTS - In order to resolve the differences between test results coming from Enaneya Laboratory and the Ministry of Health Laboratory in Damietta, the Contractor conducted a two-month special water quality field study of the sixteen operating WWTPs in Damietta. The samples were tested, not only for the routine BOD₅ and SS values, but also for a broad range of parameters to illustrate how the plants are functioning, and what chemical biological processes are taking place. Although little cooperation was received from the officials at the Ministry of Health, the lab personnel at Enaneya were glad to participate in the program. Enaneya technicians received additional training in standard test procedures, and this lab is now considered as fully qualified and reliable.

Operators received special "hands-on" training in making up "composite" samples which are considered much more representative of actual influent and effluent conditions than the "grab" samples. Furthermore, the two months of extensive data from the 16 operating wastewater treatment plants in Damietta firmly established that the plants, by and large, are meeting the standards of Law 48 and are performing in an acceptable fashion.

WASTEWATER O&M TRAINING - To address the training deficiencies, the Contractor conducted two two-day workshops in treatment plant operation in Beheira and three two-day pumping station O&M courses in Damietta. These inexpensive training sessions were conducted on-site to small but involved groups of trainees. The engineers, operators, and officials who participated were enthusiastic supporters of this technology transfer and are eager for follow-up instruction. The Contractor also provided O&M instruction in a governorate-level training program in Fayoum and distributed many copies of the LD II Provincial wastewater training manuals (in Arabic) to engineers and operators in many marakez and villages.

9. TRAINING BLOCK GRANT

The Contractor was directed to monitor performance under the second cycle of Training Block Grants to all 26 governorates. The monitoring was to concentrate upon various aspects of institutionalization, including financial reporting, training needs assessments, training implementation and follow-up by the governorate training departments, and additional technical assistance to establish the governorate-level training management information system.

OVERVIEW OF PROGRAM AND TRAINING BLOCK GRANT CYCLE 1

The USAID Training Block Grant (TBG) program was initiated May 24, 1989. The Project Implementation Letter (# 14) stated Training Block Grant's goal and objectives:

"Using a system of block grants to finance training programs designed and implemented at the governorate level, the TBG activity will contribute to decentralization of the training process and will help ensure that training conforms directly with locally determined needs and priorities. The TBG activity will also develop the institutional capacities of local training agencies, increasing the capability to respond to pressing training needs " (p.1).

In the first cycle (1989-1991), the USAID Training Block Grant program granted each of the 26 governorates LE 100,000, and the governorates themselves contributed LE 5,000, for a total of LE 105,000, to conduct local development, technical and PVO training.

The Secretary General of the MLA had overall responsibility for the Training Block Grant program and provided direction through a national-level Steering Committee. In the governorates, the secretary generals formed Governorate Training Committees to manage and oversee local Training Block Grant programs, including such training functions as needs assessment, plan development, program implementation, training MIS, and monitoring and evaluation.

Committee composition varied from one governorate to the next, but typically drew from the Director of Administration, the Director of Training, the Village Development Director, the Assistant Secretary General, and the Planning Director. Individual governorates conducted their programs by contracting out for training services to local individuals and institutions.

USAID LD II contractors provided training, technical assistance, and manuals to the Governorate Training Committees through Cycle 1 and into the preparatory period for Cycle 2, before Wilbur Smith Associates assumed this responsibility in November 1992.

In a meeting of the Training Block Grant Steering Committee on December 13, 1993, the MLA Secretary General certified that 23 governorates had completed their Cycle 1 programs, spending all funds. Menufiya did not complete its Cycle 1 program and had some LE 30,000 to be spent. The Contractor was directed to assist Menufiya to meet its Cycle 1 requirements.

Five governorates had surplus funding: Suez governorate - LE 3,750; Qena - LE 16,000; Assiut - LE 23,000; Minia - LE 22,500, and Sohag - LE 17,000.

TRAINING BLOCK GRANT CYCLE 2 STATUS

In the above-mentioned meeting of December 13, 1993, the MLA Secretary General approved, after review by the Steering Committee, the Cycle 2 training plans of 20 governorates. He directed the Contractor to provide assistance in program planning to the six Governorates of Qena, Kafr El-Sheikh, Menufiya, Suez, Cairo, and Giza. Although the majority of governorate Cycle 2 training plans were approved in December 1992, funding was not received by the governorates until March 1993, and checks frequently did not clear locally until April 1993.

Table 5 outlines the comprehensive Cycle 2 training program. Each governorate is profiled with respect to program area, courses and expenditures. As of 8/15/1993 44 percent of the overall Cycle 2 program has been implemented.

As of June 30, 1993, the 15 governorate training teams had (i) started the implementation phase of Cycle 2, (ii) conducted 22 percent of their planned programs, (iii) trained 20 percent of their planned trainees, and (iv) spent 16 percent of their planned expenditures. Eleven governorates and Luxor City had not started implementation as of this date, but were to do so shortly.

CYCLE 2 PLAN PREPARATION AND IMPLEMENTATION MONITORING

Contractor training staff efforts consisted of analyzing Cycle 2 plans to ensure that both LD II and governorate priorities were being addressed. The staff conducted field visits to those governorates requiring technical assistance in Plan preparation and assisted training managers to prepare Plans in accordance with Training Block Grant program guidelines.

The Contractor's approach to Plan implementation consisted of comprehensive monitoring of program operations, including finance, MIS, and training function performance, primarily through on-site visits, provision of selective technical assistance, and reporting to MLA and USAID. The purpose of the financial monitoring was to ensure that governorate financial operations in support of the Training Block Grant program were in accordance with USAID program policies and regulations. The purpose of information monitoring was to ensure that the governorate training units were efficiently providing accurate training data to the MLA through the mechanism of the Quarterly Progress Report.

In addition to the financial and information operations mentioned above, the Contractor monitored the following training functions during its governorate field visits and through the Mid-Cycle Monitoring and Performance Improvement Conference:

- needs assessment
- program planning
- course design/redesign
- instructor/trainer recruitment and orientation
- curriculum/materials development
- monitoring and evaluation

Planning and pre-implementation visits began in December 1992, but were stopped from January 14 to February 14, in response to a request from the MLA to do so. This cessation of field visits was not necessary and was due to an incomplete understanding about the Contractor's strategy and the important role of field visits. Even though the governorates had not received their funding, the conduct of Contractor field visits for Plan improvement purposes would have been very useful. The net effect of this grounding was to limit Contractor team coverage in the governorates, including monitoring and performance improvement. The Contractor team resumed its field visits February 15.

Although the Cycle 2 plans of 20 governorates were approved by December 13, 1992, checks were not received until March and did not clear until April. Also, Ramadan and related

Table 5

Summary Of Planned Programs For Cycle 2
Training Block Grant Program

GOV.	LOCAL DEVELOPMENT TRAINING			TECHNICAL TRAINING			PVO TRAINING			TOTAL PROGS	TOTAL TRAINERS	TOTAL T-DAYS	TOTAL COST (LE)						
	# PROGS	# TRS	T-DAYS	COST/LE	COST/T-D	# PROGS	# TRS	T-DAYS	COST/LE					COST/T-D					
ALEX	12	244	2,393	34,380	14.4	16	493	4,510	55,560	12.3	10	200	1,860	19,490	10.5	38	937	8,763	109,431
ASS	14	635	3,100	44,625	14.4	12	805	3,575	48,875	13.7	5	242	1,050	16,500	16.7	31	1,682	7,725	110,000
ASW	7	269	1,474	30,880	20.9	11	1,531	3,672	57,520	21.9	7	255	1,230	21,680	17.6	25	677	6,376	110,000
BHI	6	416	2,374	30,000	12.6	16	696	5,290	60,020	11.3	7	360	1,200	20,000	23.0	29	1,522	8,864	110,000
BIFN	10	549	2,724	44,440	16.3	8	230	1,500	55,560	37.0	5	360	4,500	20,740	4.6	25	1,049	5,224	110,000
CAI	14	580	5,270	31,225	5.9	34	886	8,780	38,036	6.6	5	360	4,500	20,740	4.6	53	2,026	18,550	110,000
DMK	10	293	2,979	30,965	10.4	25	1,425	41,613	58,035	1.4	5	810	2,970	21,000	7.1	38	2528	47,562	110,000
DAM	10	345	3,852	32,424	8.4	10	770	10,868	63,540	5.9	7	190	4,620	14,036	3.0	22	1,305	19,332	110,000
FAY	6	200	1,020	16,900	16.6	12	240	3,600	61,980	17.2	6	325	2,425	26,120	10.8	24	765	7,045	105,000
GHK	6	673	2,528	34,325	13.6	9	505	2,235	52,200	23.4	7	440	2,060	22,820	11.1	22	1,618	6,823	109,342
GFZ	7	362	1,847	32,377	17.5	18	535	4,380	52,016	11.3	8	180	1,930	24,113	12.5	33	1,097	8,357	108,500
ISM	6	259	1,702	27,368	16.1	11	298	3,168	62,747	10.2	6	280	1,960	17,664	9.0	23	837	6,430	107,777
KAF	14	350	2,965	55,890	18.8	7	165	1,395	34,840	25.0	6	250	1,635	19,270	11.9	27	765	5,985	110,000
MAV	6	510	2,095	43,700	21	6	179	900	51,600	57.3	10	280	845	10,000	11.8	22	989	3,850	165,300
MIN	6	500	2,490	43,680	17.5	9	330	1,550	51,320	33.1	4	150	900	15,000	16.7	19	980	4,940	110,000
MNS	6	862	3,012	23,276	7.7	10	288	1,440	61,340	42.6	7	370	1,380	25,192	18.2	23	1,518	5,832	109,808
N.SIN	9	302	1,652	36,590	22.1	14	455	3,016	57,938	19.2	5	345	765	12,528	17.4	28	902	5,433	107,054
P.SAI	12	275	2,100	30,000	14.3	5	725	4,350	58,000	13.3	10	275	1,650	22,000	13.3	27	1,275	8,100	110,000
QAL	12	350	2,980	30,000	10.1	23	921	5,652	67,892	12.0	4	300	2,400	15,000	6.25	39	1,526	11,032	112,897
QEN	5	152	1,200	24,680	20.6	5	206	1,236	57,430	46.5	7	175	1,500	17,937	11.9	17	533	3,936	100,047
RHD	5	136	1,556	46,105	44.0	15	98	499	48,116	96.0	4	120	480	15,840	3.3	24	354	2,535	110,066
SHR	8	314	1,884	29,990	15.9	17	905	13,755	65,010	4.7	4	300	2,750	15,000	5.5	29	1,519	18,389	110,000
SOH	7	367	2,202	29,439	13.4	13	458	4,036	60,115	14.9	5	340	1,700	19,736	11.6	25	1,165	7,938	109,296
S.S	14	667	2,647	49,446	19.0	15	499	1,767	47,430	26.9	9	99	594	13,124	22.1	37	1,265	5,008	110,000
SUE	7	189	1,006	15,000	15.0	38	239	2,285	70,000	23.7	8	2,280	1,200	25,000	20.8	53	728	4,491	110,000
WAD	9	777	4,202	46,300	11.0	12	732	10,824	54,000	5.6	6	334	920	9,730	10.6	27	1,558	15,946	110,031
TOTAL	226	10,576	63,254	894,005	NA	371	13,256	146,088	1,471,120	NA	163	7,570	45,514	469,520	NA	760	31,120	254,856	2,834,643
AVERAGE	9	407	2,433	34,385	16.1	14	510	5,619	56,582	22.8	6	290	1,751	18,058	12.2	29	1,197	9,804	109,027

Abbreviations:

- 1. Progs = Programs
- 2. TRS = Trainees
- 3. T.Days (T-D) = Trainee - Day(s)
- 4. NA = Not Applicable
- 5. Gov = Governorate

Note:

- They allocated LE 15,000 to luxor city
- A Program (Progs) consists of one or more courses.

Source: WSA Records

holidays slowed the pace of detailed planning and implementation by local training units. As a result, many governorates did not begin to conduct Training Block Grant courses until April or May, and several others reported at the June conference that they had not yet begun their programs. The time available to monitor actual implementation has, consequently, been very limited.

PERFORMANCE IMPROVEMENT AND INSTITUTIONALIZATION

The Contractor's approach to performance improvement consisted of on-site consultation with and assistance to the governorates in the pre-implementation and implementation phases, with a view to improving performance in selected training functions undertaken by the governorate training teams. Topics for discussion and technical assistance included needs assessment, plan formulation, design and development, training administration, budgeting, and information systems. Local team-building, as well as technical problem-solving and performance improvement, was emphasized.

The Contractor's approach to local training institutionalization was three-fold:

1. Work with the governorate training units to improve, consolidate, and integrate their overall training capabilities and specific competencies through technical assistance and the conduct of regional and/or national meetings offering opportunities for exchange of experience and inter-governorate cooperation;
2. Assist the MLA's Project Support Office and designated training staff to exert program leadership and carry out the monitoring and performance improvement functions previously conducted by the LD II contractors (Training orientation and a development program was conducted for the MLA training staff. Promotion of a strengthened MLA - Governorates relationship was addressed during the course of a Transition Project conference sponsored by the MLA for governorate training teams);
3. Participate in establishing a consultancy aimed at developing a long-term Strategic Plan for the Sakkara Local Development Center, in which the Center would play a major role in providing governorate training teams with mechanisms and resources for continuous learning in the field of training.

For local development training to be institutionalized in the governorates within the framework of the MLA system, at least three conditions should have been met: (i) MLA provision of leadership strategies, policies, plans and programs to support local training; (ii) governorate training units capable of improving, on a continuous basis, their performance in training, and (iii) adequate, long-term funding for local training.

At present these conditions have not yet been met. Thus, the slowness of MLA to exert leadership in training, the inability of the governorates to improve their training performance through their own means, and the lack of committed future funding for the post Cycle 2 period have all constrained institutionalization.

The Contractor MIS team took responsibility for improving the training roster and budget system in the six urban governorates, responded to requests for the installation of that system from selected provincial governorates, and used the occasion of the recently conducted MIS Conference to provide training roster orientation and software to those governorates that had not previously received this package.

As a result of the efforts of the past 11 months, the Cycle 1 and Cycle 2 Training Block Grant programs and the LD II Contractor training programs, the authority, structures, functions, systems, staffing, and activity by which the governorates conduct their local training programs are all in place and functioning. Financing for local development training is not, however, assured, and, without a funding source and mechanism, local training will not be sustained.

MID-CYCLE TRAINING BLOCK GRANT CONFERENCE

There were strong rationales for holding a Training Block Grant Conference. First, the governorate training teams had not met together since August 1992, and not at all for the purpose of Cycle 2. Secondly, the MLA and the governorates had not had the opportunity to work together and prepare for the post-project period. Thirdly, the governorate training teams needed to emphasize performance and quality in all aspects of training. Exchanging experiences, promoting innovations and disseminating solutions early in Cycle 2 will help the governorates to achieve their performance and quality objectives during the rest of the Cycle.

The Contractor's objectives for the conference were:

- Governorate training teams would increase their capability to problem-solve and introduce innovations through exchange of information concerning their training experiences;
- The MLA training staff and the governorate training teams would begin to forge unified policies, strategies, and program and operating requirements for the duration of Cycle 2;
- The Contractor team would collect data on the program implementation progress of the governorates to date, for purposes of the final report;
- The Contractor team would transfer its Training Block Grant functions and responsibilities to the MLA and the governorates, in accordance with agreements reached at the Conference.

The Contractor conducted the Mid-Cycle Monitoring and Performance Improvement Conference for governorate training managers at the Navy Club in Alexandria from June 22 to 24, 1993. All but three governorates participated. Both the MLA and USAID were represented all three days. MLA Secretary General, K. M. El-Kashishi, opened the Conference.

The participants' recommendations included:

- The program of local training should be continued in order to provide both technical and non-technical training and to develop specialized cadres in support of current and projected local development projects;
- Cycle 2 training programs should be completed by May 31, 1994;
- The governorate training committees should have the main role in developing training plans that are based on actual needs, reflect local conditions, and are flexible in approach;
- The training design process should be rationalized by (i) improving the data base; (ii) using scientific and systematic principles of needs assessment and program planning; (iii) selecting trainees in the same manner; and (iv) keeping trainees in the positions or tasks for which they have been trained;
- An allocation to local development training of three percent of each governorate's share of the USAID LPDP funding, to be taken from the governorate's contribution.

10. PRIVATE VOLUNTARY ORGANIZATION (PVO) BLOCK GRANT

The Contractor was to monitor the institutional development put in place during the past four cycles of the PVO Block Grants to all 26 governorates and to provide additional assistance to improve performance. This monitoring was to concentrate on Plan adherence, financial reporting and subproject completion, as well as on fund raising and needs assessment training, and to provide follow-up technical assistance in these selected areas when monitoring indicated non-compliance. The Contractor was to focus on those governorates where project completion was less than 70 percent and where there have been reported cases of Plan discrepancies and other problems.

WHAT IS A PVO?

The PVOs are autonomous non-governmental associations formed by volunteer members to serve their local community and advocate vital issues for community development in areas of health, social welfare and family services, income generation, education, family planning, old age services, women development programs, social and youth clubs, productive families, professional formation, and vocational training and rehabilitation for the disabled. There are around 13,000 PVOs in Egypt. The MSA and its departments and directorates in the governorates coordinate, organize and sponsor PVO activities under Law 32. All PVOs are registered through the PVO regional federations in the governorates. The regional federations provide training and research and act as a link between the Social Affairs departments and individual PVOs. The MSA and its departments and regional federations play an advisory role to PVOs and provide technical assistance where needed.

PVOs can play an essential role in the development of citizen participation and foster privatization as an approach towards development.

BACKGROUND OF USAID SUPPORT TO PVOs

PVOs received USAID funds starting with the Neighbourhood Urban Services project, which served four urban governorates (Cairo, Alexandria, Giza and Shoubra El Kheima/Qaliubia) from 1982-1986. As a result of the success of the Neighbourhood Urban Services project, nationwide PVO Block Grants were initiated as a component of the LD II Program in 1987, to provide technical assistance and funds to PVOs in all the 26 governorates, enabling them to plan, design, implement and monitor their own sub-projects. The LD II activities ended in November 1992. During that period, PVOs received four cycles of USAID funds. Table 6 presents all the USAID funds to PVOs to the end of the transition period.

PROGRAM STATUS AS OF NOVEMBER 1992

During the period of November 1991-1992, governorate PVO Cycle 4 funds were provided for 1740 subprojects, with a total funding of LE 15,225,000. No record of expenditures was available for 11 out of the 26 governorates. One PVO (Sharkiya) had accomplished a 90 percent level of expenditure, while another (Assiut) had expended 80 percent. Damietta and Dakahlia were slightly above 70 percent, and the rest of the governorates ranged between eight and 64 percent.

The PVO Fund Tracking System was developed and installed in twenty out of the 26 governorates and in the headquarters of MSA. The system was operating, but only provided data for the first three cycles. Only one computer at the MSA central office had the Nafitha Arabization Utility. The LD II-provided MIS equipment was not in good condition, and there was a need to modify the system and compile it to increase the processing speed.

Table 6
Local Development II
Total USAID Funds
To
Private Voluntary Organization
1987 - 1991

Governorates	1987 - 1991				Governorate Totals
	Cycle 1	Cycle 2	Cycle 3	Cycle 4	
Cairo	2,766,400	2,766,400	5,532,800	11,065,600	22,131,200
Alexandria	1,081,600	1,081,600	2,163,200	4,326,400	8,652,800
Giza	785,200	785,200	1,570,400	3,140,800	6,281,600
Qaliubia	254,800	254,800	509,600	1,019,200	2,038,400
Port Said	200,200	200,200	400,400	800,800	1,601,600
Suez	171,600	171,600	343,200	686,400	1,372,800
Aswan	452,400	452,400	904,800	1,809,600	3,619,200
Assiut	754,000	754,000	1,508,000	3,016,000	6,032,000
Beheira	1,058,200	1,058,200	2,116,400	4,232,800	8,465,600
Beni Suef	575,900	575,900	1,151,800	2,303,600	4,607,200
Damietta	271,700	271,700	543,400	1,086,800	2,173,600
Dakahlia	1,095,900	1,095,900	2,191,800	4,383,600	8,767,200
Fayoum	555,100	555,100	1,110,200	2,220,400	4,440,800
Gharbia	989,300	989,300	1,978,600	3,957,200	7,914,400
Giza	635,700	635,700	1,271,400	2,542,800	5,085,600
Ismailia	228,800	228,800	457,600	915,200	1,830,400
Kafr El Sheikh	594,100	594,100	1,188,200	2,376,400	4,752,800
Matrouh	184,000	184,000	368,000	736,000	1,472,000
Menoufia	981,500	981,500	1,963,000	3,926,000	7,852,000
Minia	1,068,600	1,068,600	2,137,200	4,274,400	8,548,800
New Valley	150,650	150,650	301,300	602,600	1,205,200
North Sinai	178,250	178,250	356,500	713,000	1,426,000
Qaliubia	707,200	707,200	1,414,400	2,828,800	5,657,600
Qena	725,400	725,400	1,450,800	2,901,600	5,803,200
Red Sea	126,500	126,500	253,000	506,000	1,012,000
Sohag	803,400	803,400	1,606,800	3,213,600	6,427,200
Sharkia	1,307,800	1,307,800	2,615,600	5,231,200	10,462,400
South Sinai	55,200	55,200	110,400	220,800	441,600
CYCLE TOTALS	18,759,400	18,759,400	37,518,800	75,037,600	150,075,200
GRAND TOTAL					150,075,200

Source: USAID Files

An orientation guidelines manual for project implementation of LD II Cycle 4 was developed and distributed to funded PVOs during the orientation workshops. Although no orientation workshops were conducted for Cairo Governorate (or its 20 districts), the manuals were delivered to the Cairo Social Affairs Department for distribution to their PVOs. Seminars for the Popular Council officials who were also PVO board members were not implemented as planned because elections for the new members took place towards the end of the LD II Program.

SUMMARY OF CONTRACTOR PVO ACTIVITIES

A work plan was developed, shared with the MSA staff, revised and approved by the National PVO Committee. The plan was geared to complete program tasks unfinished by LD II as of November 1992. Each of the Contractor PVO team members was assigned an equal number of governorates for monitoring, follow-up and reporting. Reports were prepared in Arabic and English and discussed on a monthly basis with the MSA Technical Secretariat Group. The MSA staff accompanied the PVO team on field visits in most cases. Attendance at the PVO National Committee meetings (eight meetings) during the November - December 1992 transition period made it easy to raise and discuss general issues related to the expenditure of funds and changes in governorate plans.

The actual implementation of Cairo PVO orientation workshops started on December 1992 and was completed by mid-January 1992. This effort involved 165 participants representing the Cairo Social Affairs staff and board members of funded PVOs. USAID and MSA technical secretariat staff also attended sessions conducted by the Contractor PVO team. The discussions revealed the need for more assistance from Cairo Social Affairs to the PVOs and more accurate and realistic needs assessments. Some PVO members objected to the way the projects were assigned to them.

The new PVO tracking system (MIS) was installed in the following governorates: Cairo, Red Sea, Ismailia, South Sinai, Kafr El Sheikh and Beni-Suef. Training in the use of the system and some DOS and dBASE commands was provided by Contractor MIS team members in charge of the follow-up of the tracking system. Additional field visits were carried out to address some problems reported by the Governorates of Fayoum, Alexandria, Qena, Menufiya, Menia and Sohag and by the MSA Technical Secretariat Head Office. The system is operating and provides information on the four funding cycles. A MIS team member worked with the governorates to resolve some problems reported in the areas of data entry, hard disk, Arabization and virus problems.

The Contractor PVO team helped the regional PVO federations to review and update their training plans to meet needs such as training of day care and nursery teachers and supervisors of trainees for handcrafts and sewing training center staff, and of PVO board members on project management. The Training Block Grant and PVO teams assisted the governorates to coordinate efforts between the regional federations and the training entities in their respective governorates. They reached a compromise for the regional federations to identify topics and trainees and to share in the selection of trainers and the management of training with governorate training officers.

Another area of PVO training activity was to design and implement training workshops on fund raising citizen participation, needs assessment and project management. Two workshop runs were conducted for governorate Social Affairs staff and PVO members who were Popular Council members. Representatives of 22 governorates participated in the workshop.

The Contractor PVO team visited 22 governorates, their departments of Social Affairs, their regional PVO federations, and individual PVOs responsible for projects. At the request of the MSA Technical Secretariat, the governorates of Assiut, New Valley, South Sinai and Aswan were not visited. During the visits, financial books, receipts and documents were reviewed and technical assistance provided where needed. The main problem experienced was PVOs' not keeping up-to-date records.

11. RECOMMENDATIONS/LESSONS LEARNED

It is recognized that with the end of this Transition Project, the LD II Program is over. Nevertheless, a number of general, procedural and technical recommendations are offered should similar programs be developed at a later date. Also, our thoughts on USAID involvement in the LPDP are presented.

LOCAL PARTICIPATION AND DEVELOPMENT PROJECT (LPDP)

Recognizing the limited USAID resources allocated to this area, both today and in the near term, Mission staff should continue to maintain a fairly regular dialogue with their counterparts at the MLA. Key LPDP areas to be monitored are:

- The development of MLA capability in Plan review and monitoring, MIS functions and training functions;
- The growth of the Sakkara Local Development Center as the key local government training facility;
- Actual annual GOE-LPDP LE allocations against the target figure of LE 200 million per year;
- The amounts from these annual allocations reserved for project implementation, O&M and training;
- The support of LPDP O&M and training activities from GOE funding sources other than the Special Account allocations;
- The extent of continued governorate Quarterly Progress Report and Equipment Utilization Reporting;
- The number and type of governorate projects implemented over the five-year allocation period;
- The progress of revenue generating efforts in the four Pilot Maintenance Centers and other local government O&M facilities;
- The level of institutionalization of LD II-sponsored governorate office functions, such as MIS, Land Management, Training Departments, Office of Management and Economic Development and Zonal Urban O&M facilities;
- The completion of the village wastewater construction program and the operation and maintenance of these facilities;
- The completion of the final Training Block Grant and PVO Block Grant cycles.

SIMILAR LOCAL DEVELOPMENT PROGRAMS

"Similar" is defined as funding and technical assistance primarily aimed at local government in Egypt, with strong capacity building and training components.

PROCEDURAL

- Programs attempting to introduce new functions and procedures into local government need to develop a more realistic work program framework of what is or is not able to be changed within the GOE legal and governmental structure. For example, if new offices, such as MIS, Office of Management and Economic Development and Land Management are to be established, then central government agencies, such as the Central Authority for Organization and Administration and the Ministry of Finance, must be in the project picture prior to the finalization of the Project Agreement. If there is to be one lesson learned from the LPDP, it is that major changes in local government cannot be made without the involvement and concurrence of central government.
- Program guidelines and performance criteria need to be strengthened and clarified, particularly performance criteria. The GOE counterpart agency (ministry/ authority, etc.), and participating local and central government units should be presented with and be agreeable to a clear set of project implementation procedures and standards right from the start. It seems ludicrous, in a multi-year program, to continue to fund a non-performer at the expense of other participants.
- Adequate time should be taken at the onset of a project/program to put these guidelines and performance criteria in place, and not try to play "catch-up" because of early release of capital investment funding.
- Agreements between the GOE and USAID on specific guidelines and performance criteria should be in writing. Once established, operating policies and guidelines should not be changed without good technical or structural reasons.
- Oversight committees and reporting procedures should be developed within the GOE operational framework to make the institutionalization of better procedures more of a realistic possibility. Again, appropriate central government participants should be in the picture from the beginning.
- If more than one consultant is to be involved in a program, much tighter coordination of these consultants needs to be implemented with respect to operating procedures, project guidelines, technical assistance products and project outputs.
- On USAID direct-hire contracts, clearer operating guidelines and tighter controls for consultant activities should be implemented in the areas of GOE project expenditures (fiduciary responsibility) and training program costs.

TECHNICAL

- There is a tendency to try to do "too much" on technical assistance projects. LD II Program components, such as vehicle operations and maintenance, finance and budgeting (Office of Management and Economic Development) and solid waste management, are all worthy of their own programs.
- A much stronger "up-front" emphasis should be placed upon basic services needs assessment development and updating. In future, this exercise could be tied in with village planning and land management activities.
- Too much faith was put on village staff capability, after only short training sessions, to identify needs, develop project designs and contract specifications, execute contracts and monitor implementation. Either more field staff resources need to be made available to avoid mistakes and wastage, or a new program should be implemented geographically in stages. In other words, given the "implicit" fiduciary responsibility for use of American taxpayer funds, more intensive and frequent on-site assistance is required, including a stronger subproject veto power by USAID representatives.

- Linked to the above point is the village O&M program, which can only be described as ill-conceived. The concept that what is good for Village A is also good for Village B doesn't work. Almost one-half of these 870 village facilities are unsuccessful because (i) village staff capability wasn't examined well enough, and (ii) O&M needs were constructed on a general, not subproject-specific basis. Again, needs assessments must be more village-specific and subject to closer technical advisor review.
- In both urban and rural components, not enough emphasis was placed upon the subproject contracting process. Contract lack of detail, such as design specifications and bills of quantities, opened the door for a good portion of the wastage experienced by the Project. Both stronger up-front training, agreement on guidelines and contract review (veto power before contracts are signed) are required in future.
- Future USAID and MLA local resource mobilization efforts should include additional assistance for the Water Billing, Agriculture Tax, and Local Revenue Systems. The Water Billing and Agriculture Tax Systems will need additional funding and technical assistance for expanding implementation of these systems to other sites. Giza, for example, wants to implement the Agriculture Tax System in fourteen additional tax offices, but needs funding for facilities renovation and computer equipment procurement. A new, simpler version of the Local Revenue System needs to be developed, since overwhelming logical and functional (design) flaws have discredited the current system at all sites. In terms of new systems, a building tax system to complement the Agriculture Tax System would be very productive.
- Although Contractor MIS assistance for computer virus removal and prevention amounted to only about five percent of total field trip days, the occurrence of the problem in over half the governorates and in both Ministry MIS Centers is cause for alarm. As the governorates and ministries become more dependent on the computer for daily business, MIS units need to develop policies for safeguarding the data and programs on the computer, as well as procedures for ensuring adherence to these policies.
- As a signatory to the provincial contract and as an interested party (through Cairo Governorate) to the urban contract, the MLA should take a more active and aggressive role in monitoring vendor compliance with terms of MIS maintenance contracts.
- Governorates should include a yearly training program implementation schedule in overall Investment Plans that are submitted to the Secretary General, Governor and MLA Steering Committee for approval.
- The Sakkara Local Development Committee, using its senior training specialists, should hold training of trainers, strategic and program planning and other specialized training programs at the Sakkara Local Development Center for governorate training teams, in accordance with the recommendations presented in the report The Sakkara Local Development Center: A Five Year Strategic Plan 1993-1998.
- MLA should ensure the future of local development training by establishing a five-year training program within the framework of the LPDP. MLA should seek funding for this training program from the LPDP. A funding mechanism and a level of assured funding also need to be derived from the LPDP. The governorates have already recommended that three percent of the LPDP's total funding be taken from governorate matching funds and allocated for training.
- If the MLA wishes to continue in an advisory role, they should insist that governorates provide automated quarterly report data (in the LD II format) in addition to the forms 101, 102, 103 and 104 as required by the governmental regulations. In this way, the Minister and senior staff will always have comprehensive data available.
- If USAID wishes to ensure full accountability for LD II funds, they will need to find some way to continue a reasonable degree of monitoring to ensure that all governorate accounts are satisfactorily closed. This will include:

- Projects listed in the Priority Tables
 - Projects initiated from USAID Residuals
 - Training Block Grant (Cycle 2)
- Income generation and privatization has become a critical issue. Most governorates are either applying or contemplating income generation schemes. Privatization of the four Pilot Maintenance Centers is ongoing. Income generated is used to pay incentives, employ non-permanent skilled laborers, and support O&M activities. The MLA should encourage governorates to apply income generation schemes. Bylaw regulations or circulars by the MLA would encourage and assist governorates to apply such schemes. MLA should also assist, encourage and follow up formation of the Pilot Maintenance Centers private sector companies in Menofia and Qena Governorates. In this respect, MLA needs to build O&M capability of its staff.
 - Based upon feedback from workshop program participants, O&M financial management training should be expanded in both scope and duration. Nearly all participants agreed that the course of study is too important to be condensed into the three-day format presented. It is recommended that the MLA and the governorates consider more financial management training for O&M managers, as well as other local government administrators.
 - Dr. Kaz Kawata, Special Advisor to USAID on the pilot rural wastewater program, has identified that there is a continuing need for on-the-job training for wastewater systems in Egypt. As a solution, Dr. Kawata recommended a system now in use in America which uses Circuit Riders to provide assistance to operators of small plants. These American Circuit Riders come from a pool of experienced operators and engineers (who may be retired) who are sent by state officials to trouble spots in small towns. They look at plant cleanliness, trouble-shoot problem areas, analyze lab records, provide on-the-job training and technical guidance and, in general, deliver essentially the same services which have been continuously furnished by the Contractor's Wastewater team during the years of the LD II Provincial and LPDP programs.
 - Here in Egypt, it is strongly recommended that a local contractor be employed for a minimum of two years to assist the embryonic governorate wastewater departments and the operators and technicians at the village level. The results would be to enhance the possibility of sustainability of the rural wastewater facilities currently in place.
 - In all future wastewater treatment plant designs, it is strongly recommended that the consulting engineers, during the pre-design period, provide a 20-year life cycle analysis of the proposed treatment facilities and compare this total cost with that of the stabilization pond technology. If the governorate officials were made aware of the downstream maintenance and operating costs of such high-tech treatment approaches as activated sludge, they would act in a more financially conservative manner and would embrace the technology of the waste stabilization pond as the most appropriate solution for rural wastewater treatment facilities in Egypt. The giving of this advice would be one of the duties of the Circuit Riders.