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**MONITORING AND EVALUATING DECENTRALIZATION:
THE BASIC VILLAGE SERVICES PROGRAM IN EGYPT**

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Development Alternatives, Inc.

1823 Jefferson Place, N.W.

Washington, D.C. 20036

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PREFACE

This report presents a conceptual outline of a monitoring and evaluation system for the Basic Village Services (BVS) program funded by the Agency for International Development in Egypt. The program is administered by the Organization for the Reconstruction and Development of the Egyptian Village (ORDEV).

The monitoring and evaluation system was designed by a team of evaluation specialists from Development Alternatives, Inc. (DAI). The Project Director was Donald R. Mickelwait, President of DAI. Other team members included: Dr. David Stanfield, Field Team Leader; Dr. Ibrahim Abbas Omar and Gary S. Eilerts. The team was ably assisted in its work by Sayed Sadek and Ahmed Aziz of ORDEV; three research assistants, Ahmed Sabri, Afaf Bassam, and Abd El Salam Selim; and Dr. James B. Mayfield.

Data gathering, site visits, and the preparation of the first draft of this report took place in the governorates of Fayoum, Sharkeyia, and Sohag during the months of July, September, and October 1980. The final report was completed in Washington, D. C., during the month of November 1980.

For Development Alternatives, Inc., this work represents the fourth opportunity to participate in the rural development process of the Arab Republic of Egypt. The first two of these related directly to the work at hand:

- A review of the prospects for USAID support for the Egyptian policy of decentralization entitled, Bringing Developmental Change to Rural Egypt: A Study of the Organization for the Reconstruction and Development of the Egyptian Village, by Donald R. Mickelwait and Charles F. Sweet, March 1976; and
- A study of the Egyptian governmental capacity to implement the BVS program entitled The Basic Village Services Program, Egypt: Technical and Financial Assessment, by Abdolhossain Zahedani, Steven Shepley, Peter Parr, and Farouk Nasser, February 1980.

The authors wish to thank the following individuals and institutions for their cooperation in the preparation of this report: Mr. Ali Fowzi Yunis, Ministry of Local Government; Eng. Ahmed F. Deffrawy, General Director of ORDEV; Mr. Hussein Dabbous; the Governors and personnel of the Governorates of Fayoum, Sharkeyia, and Sohag; and John Blackton and Anne Fitzcharles, USAID. (See Appendix A for a complete list of those who contributed to the work presented here). The conclusions presented in the report are, however, the complete responsibility of the authors.

DONALD R. MICKELWAIT
Washington, D. C.
November 1980

TERMS AND ACRONYMS USED

Basic Village Services program (BVS)

Critical Planning and Implementation Actions indicator (CPIA)

A tool created for the purposes of the MES suggested here, one which will measure the degree of local participation in project-related decisionmaking (See Chapter 5).

General Public Organization (GPO)

A quasi-ministerial body at the governorate level charged with specific portions of the concerned ministry's general responsibilities in that field. The GPO responds directly to the national ministry in its functions and not to the representative of that ministry (Service Directorate) at the governorate level.

Governor

The highest appointed administrative official of the governorate unit.

Governorate

The highest level of Egyptian local government, falling just below the national and nascent regional levels, and composed of many village council and markaz units. It is analogous to state or provincial governmental subdivisions in other countries. There are 26 governorates in Egypt.

Governorate and Markaz offices

Refers to the administrative support staff of a governorate or markaz unit. May include the Personnel, Accounting, Vital Statistics, and other such offices.

Inter-Agency Committee (IAC)

A committee composed of representatives of the ministries most directly concerned by the interventions of ORDEV, (Planning, Economy, Finance, Agriculture, Local Government), and ORDEV and USAID. This committee is charged with the policy formation and supervision of ORDEV's administration of the BVS program.

Loan Development Fund (LDF)

A USAID-funded program of loans made to village councils in order to permit them to undertake income-generating projects (beekeeping, olive pickling, carpentry, etc.). This program directly supports the policy of decentralization in giving opportunities for management experience, thereby (hopefully) strengthening local capabilities.

Local Executive Council (LEC)

The appointed administrative unit of a village council which is made up of a designated chairman and the highest ranking members of the Agriculture, Security, Education, Health, Social Affairs, and Housing Ministries assigned to the village council. (See Chapter 4.)

Local Fund for Service and Development (LSF)

An account created by Law 52 of 1975 which is held in the village bank under the entire control of the village council. Village council revenues and expenditures are run through this account, as are locally-designed and locally-implemented development projects. Funds put into this account do not revert to the central treasury at the end of the year.

Local Popular Council (LPC)

The elected governing bodies of village, markaz and governorate political subdivisions. Local popular councils for village council units are composed of 17 residents of the central and satellite villages of the council area. Local popular councils also exist for the markaz and governorate administrative units. (See Chapter 4.)

Markaz

A level in the Egyptian structure of local government between the village councils and the governorates which is composed of from four to eight village council units and which composes, with a number of markaz, a governorate.

Although the best English translation of this word is often suggested to be "district," the authors of this report have decided to use markaz in order not to confuse this unit with another administrative unit which is sometimes referred to as "district" (qism).

While the formal plural of the word is marakez, markaz is used as both singular and plural in this report.

Markaz Chairman

The highest appointed administrative authority of the markaz unit.

Monitoring and Evaluation System (MES)

A system proposed in this report to permit a monitoring and evaluation of the progress of the BVS program and of decentralization.

Organization for the Reconstruction and Development of the Egyptian Village (ORDEV)

An agency under the Ministry of Local Government which is charged with the coordination (and sometimes the administration) of rural

development programs. ORDEV is the administrative channel through which the BVS and the LDF are run. (See Chapter 3.)

Service Directorate

The office of a ministry at the governorate level, responsible both to the governor and to the ministry.

Technical Assistance (TA)

Specialists, often foreign, hired to provide technical advisor assistance to a program of the Government of Egypt.

Village Chairman

The highest appointed administrative authority of a village council unit. (See Chapter 4.)

Village Council

The lowest level of the Egyptian structure of local government which is composed of a number of villages and hamlets. The administrative structure of the village council is composed of an elected and an appointed council, both of which are presided over by a chairman. The appointed council includes a number of line ministry representatives.

INTRODUCTION

INTRODUCTION

THE TASK ASSIGNED TO DAI

The Government of Egypt and AID are embarking on an ambitious program of investment in infrastructure in rural areas through the Basic Village Services programs (BVS). The BVS program has two objectives:

- helping the Government of Egypt to correct serious deficiencies in certain service systems, including potable water, roads, sanitary drainage, and tertiary canal reconstruction and repair; and
- improving and expanding the capacity of governorates and villages to plan, manage, finance, implement and maintain locally-chosen infrastructure projects.

This two-fold goal implies that the procedures for designing and implementing the infrastructure projects are of at least equal importance with the actual installation of the water, roads, sanitation and canal systems. The experience that local government units gain in managing financial, technical and administrative resources involved in the introduction of such services, should contribute greatly to a process of decentralization.

As part of this BVS effort, a consultation was requested to consider the problem of developing an information system

which could better serve local governments in the administration of the BVS program. This "better service" requires suggestions about:

- improvements in the monitoring and evaluation of the BVS program so as to serve the needs of the local governmental units administering the program, as well as to provide central governmental units with an evaluation of how the program is progressing; and
- procedures for assessing the interrelationships between the process of governmental decentralization and the performance of local units in administering a wide range of projects on the local level.

The ministries which are normally responsible for the extension of the existing water, roads and drainage systems are themselves fairly well developed in Egypt, with many years of experience. It is generally recognized that the funding for these developmental activities is usually managed in a fairly tight system. That is, the money allocated for such projects gets spent in fairly appropriate fashions without many deviations or leakages. However, numerous other problems have developed around the centralized, ministerial institutional structure of resource management.^{1/} The "bureaucracy" has

^{1/} A large literature of critique of centralization in a development context has been produced, including the classic by Maddick (1963), the collection edited by Ilchman and Uphoff (1971), the reviewing articles by Fesler (1968), and Mayfield's various studies (1971, 1977, 1980). See the bibliography for complete references and citations.

proved to be inflexible in the design of rural utilities and slow to install them. The ponderous wheels of bureaucracy often churn out projects of low priority for rural areas and more frequently abandon such areas in favor of the towns and cities. The size of the bureaucracy and its instinct for self-preservation and growth absorbs many resources which never find their way to either the towns or rural areas. The benefits offered by the governmental bureaucracy are most frequently defined in the capital, and their provision can be characterized as the central government going out among the people to "deliver" services. Often unwittingly, those efforts create dependence on the central government which stifles initiative and the use of local ingenuity and resources to solve local problems.

The BVS program was designed to contribute to decentralization. Decentralization's primary objective is to overcome dysfunctions of management and responsiveness of bureaucratic action. Both the BVS and decentralization hold the welfare of the people as their central focus. This suggests the need for a modest investment in a monitoring and evaluation system (MES) which will provide decisionmakers in local governmental units (governorates and villages) with information about how efficiently, and to what degree, the BVS program is satisfying the needs of the population. By developing this information system within local governments, their capacity for efficiently and effectively managing resources should be strengthened, and the services established should provide greater benefits. Both

these results should contribute to the general process of decentralization.

THE PROCEDURES USED TO PROBE THE SYSTEM

The Government of Egypt and AID are also embarking on an ambitious program of decentralization. The BVS program is being inserted in this ongoing process at a critical time of flux and re-definition. The procedures that are used in that particular program to allocate and expend funds can, themselves, demonstrate relatively decentralized management. They will provide some valuable experience for newly vitalized local units, strengthen their capacity for management, and increase confidence in that capacity, both within the unit and in the hierarchical levels of government above the village council. Such experiences can also help tip the balance in favor of decentralized local government on a broader scale, involving participation in a greater variety of programs and increased responsibilities for budget and personnel management.

The central themes of the investigation for a monitoring and evaluation system being proposed for the BVS are to:

- Capture and generate data on the performance of village units in the installation of the various infrastructure projects financed by that program, as well as data on the relative autonomy of village units in the management of that program, in order to show under what conditions village management autonomy can increase the generation of benefits to rural areas.

- Create data and develop relationships with broader personnel and budget management systems in the various governorates so that the general process of decentralization can benefit from the experiences of the BVS program.

The basis of the recommendations for an information system comes from visits to three governorates already involved in implementing the first BVS program: Fayoum, Sharkeyia and Sohag. These visits occurred in July, September and October 1980. The field team was led by Dr. David Stanfield and composed of Dr. Ibrahim Abbas Omar and Gary Eilerts in the core group. Don Mickelwait directed the project. Dr. James Mayfield contributed his knowledge of local government in Egypt. Ahmed Sabri Mahmoud, Afaf El Bassam, and Abd El Salam Selim supplemented the efforts of the core team. Valuable advice and guidance were received throughout the effort from Ahmed Deffrawy, Sayed Sadek, and Ahmed Aziz of ORDEV, Mr. Ali Fowzi Yunis of the Ministry of Local Government, and Mr. Hussein Dabbous, an ex-governor of Fayoum and Beheira Governorates.

In each governorate, the team gathered information concerning the specific procedures used for administering the BVS program. That information came from the ORDEV staff and other central administrative directorates and staffs in the three governorates, and from intensive field visits to 12 villages.

These village visits incorporated discussions with the village chairman, members of the executive council (the local representatives of the various service directorates, such as

Agriculture, Education and Health), and members of the local popular councils. The discussions typically started with a description of the BVS projects in the village, and then moved to the whole gamut of projects being managed through the village unit, how these projects were designed and implemented, and the problems faced in the raising and management of resources. In some of the villages, detailed budget data were gathered, as were data on the composition of the popular and executive councils, the general characteristics of the villages, and the needs which had been defined. Similar lengthy and detailed conversations were held at the governorate level with staff of ORDEV, Planning Follow-up, Statistics, Finance and other agencies involved in the BVS design or implementation. Discussions were also held with the Governor of each governorate and his immediate aides, including the Secretary General and Assistant Secretary General.

A short visit of five days was made to the Governorate of Sohag to further corroborate our understanding of how the BVS was being administered, the degree of village and markaz involvement, and the information needs of the various administrative levels in order to improve both their management of the BVS as well as their more general management functions.

The recommendations come from discussions and probes into the existing information and management systems in the three governorates, and suggest some areas in which improvements can

be made in the generation of information for monitoring and evaluating specific projects. It also proved possible to begin the difficult task of empirically measuring the degree of decentralization in the management of specific projects, the degree of local village unit capacity in the management of development resources, and the level of rural benefits associated with different degrees of decentralization and village unit effectiveness. While much more complicated, it appears also possible to apply the same procedures and measurement concepts to judge the degree of governorate autonomy over time. This report deals, however, almost entirely with the process of decentralization at the village level within the governorate on the assumption that if decentralization is progressing, its extent can best be judged by assessing the vitality of the most "decentral" unit of local government, i.e., the villages.

THE INSTITUTIONAL MEANINGS OF DECENTRALIZATION IN EGYPT

Decentralization, as the word implies, is a movement from a system of relative centralized decisionmaking to one in which local governmental units have more autonomy, freedom to act without control and detailed approval of central governmental agencies. This shift is highly complex in Egypt, owing to the intricate set of institutions which form the traditional public administration system, and which also includes newer bodies

created to deal with the increasing demands of a society undergoing rapid development transformations.

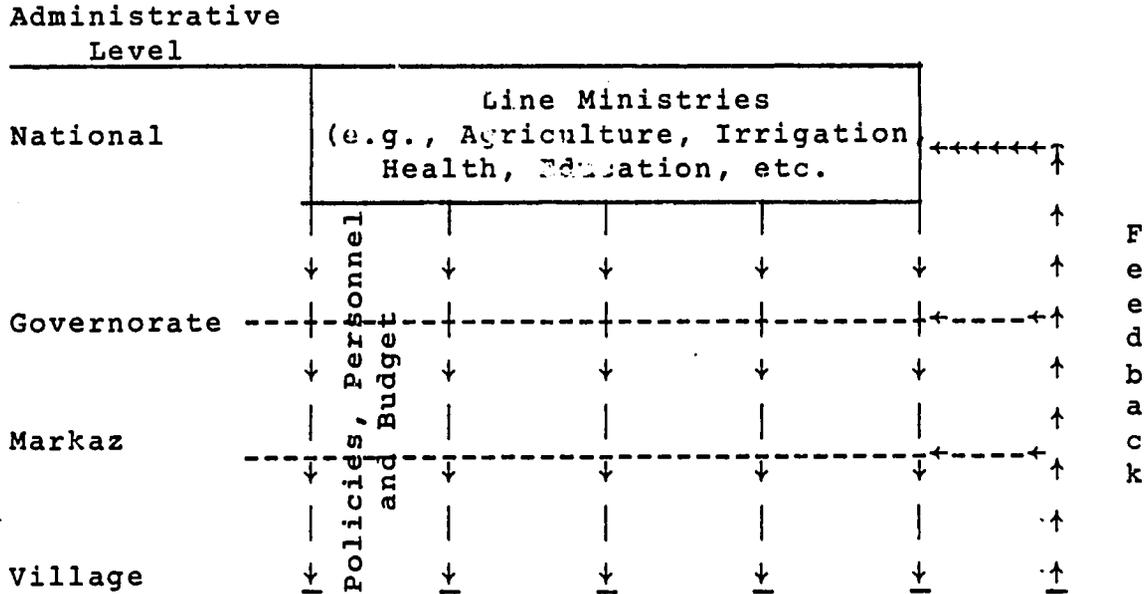
The goal of "decentralization" implies the existence of a centralized system of government. Most observers agree that at least through the late 1960s, the highly centralized Egyptian governmental system reached its most extreme expression.^{1/} The structure of this system derived at least in part from the ancient concern for the control and use of the Nile as a source of irrigation for agriculture in Egypt, which implied an integration of many activities around the use of water. However, the centralization found in the 1960s has had more recent origins as well, including the requirements of mobilization of domestic resources; the desire for transformation of the structure of rural society (particularly through the agrarian reform of the Fifties); the need to accumulate as great a surplus of capital as possible (essentially from agriculture) for public investment in large-scale industry; and, finally, in order to respond to various conflicts which have plagued Egypt for the past 40 years.^{2/} In very simplified form, this centralized structure can be diagrammed, as in Figure 1 on the following page.

1/ Baer, Gabriel. Studies in the Social History of Modern Egypt. Chicago: University of Chicago Press, 1969; and Abdel-Fadil Mahmoud, Development, Income Distribution, and Social Change in Rural Egypt 1952-70: A Study in the Political Economy of Agrarian Transition, Cambridge: Cambridge University Press. 1975.

2/ Harik, Iliya F. "Mobilization Policy and Political Change in Rural Egypt," in Rural Politics and Social Change in the Middle East. Bloomington: University of Indiana Press, 1972.

Figure 1

CENTRALIZED ADMINISTRATION IN EGYPT
IN THE LATE 1960s AND EARLY 1970s



Programs and policies originated in the sector ministries in Cairo, as did the budgetary resources and the personnel control and incentive systems. The communication system involved voluminous, detailed, and frequent instructions from the center to the various local levels to insure that policies were implemented as the central policy makers desired. Feedback in this structure typically consisted of documentation that the field administrators of the sector ministries had carried out instructions from the center. Little opportunity was given for other information to flow up the hierarchy to change policies, to increase or decrease budgetary allocations for different programs, or to influence the number and type of public servants which form the bureaucracy.

This situation, which existed to a degree prior to 1952, was greatly reinforced by the events of the Fifties and Sixties. Dramatic interventions into the ownership of land in rural areas came in the wake of the agrarian reform and other policies, with the resulting weakening of traditional methods of organizing work, and of the rewards of work and ownership. Village patterns of social interaction, status, and work changed. Village life was dramatically altered by the great influx of public functionaries charged with carrying out the agrarian reform, as well as setting up the complex governmental apparatus for increasing agricultural production and guiding its surplus into channels used to finance industrial development and defense. The low level of public reinvestment in rural areas, combined with the elimination of large estates and the only fragile emergence of a new "middle strata," produced a certain stagnation in rural communities.^{1/} Nonetheless, the Egyptian centralized system for social transformation and mobilization of human and physical resources for defense and for industrial and urban development worked reasonably well.

The Seventies, however, have seen the growth of a concern that new challenges to the long-term development of Egypt are not being met with the centralized structure of the past. The population continues to grow at an alarming rate, and the state-

^{1/} Binder, Leonard, The Ideological Revolution in the Middle East. Huntington: Krieger, 1977.

stimulated productive sectors are not responding with sufficient jobs and adequate wages. Agricultural productivity is not keeping pace with the increased demands for food and foreign exchange to finance imports. Part of the solution to these problems is the policy of "decentralization," which is composed of steps designed to stimulate "local" rather than "central" government. This stimulation has taken a number of forms to date and will undoubtedly bring new attempts in the future to re-structure a system of public administration which has deep roots in the needs and actions of the past. Later in this report, various current ideas aiming to create a new administrative and political structure will be detailed. These focus on encouraging the participation of local groups in the design of policy, the financing of programs, the assembly of talented people serving development, the actual implementation of programs, and their later evaluation.

In brief, the administrative structure of local government was elaborated in Law 52 of 1975 and amended in Law 43 of 1979 to more firmly define the levels of local government, to assign responsibilities and allocate resources, and to specify the mechanisms and procedures of control for each tier. The larger goal of the legislation is to revitalize local government. As W. A. Robson observed in his 1966 study of local government in the United Kingdom, "If local government is to have vitality, it must have reasonable independence from central government and have sufficient scope and resources to have a separate and

vital existence."^{1/} In the Egyptian case, local government independence is still highly circumscribed, but major steps have been as exemplified in the above-mentioned laws. One particularly important step has been the creation of the Local Fund for Service and Development (LSF) in the village banks. The LSF is under the complete control of the local village unit and its balance at the end of the fiscal year can be carried forward to be used in future years. An audit of these accounts is carried out by markaz auditors and a year-end final accounting is prepared by this same unit, but that is the only higher level interference (at least theoretically) in the independence of the local unit in its use of these funds.

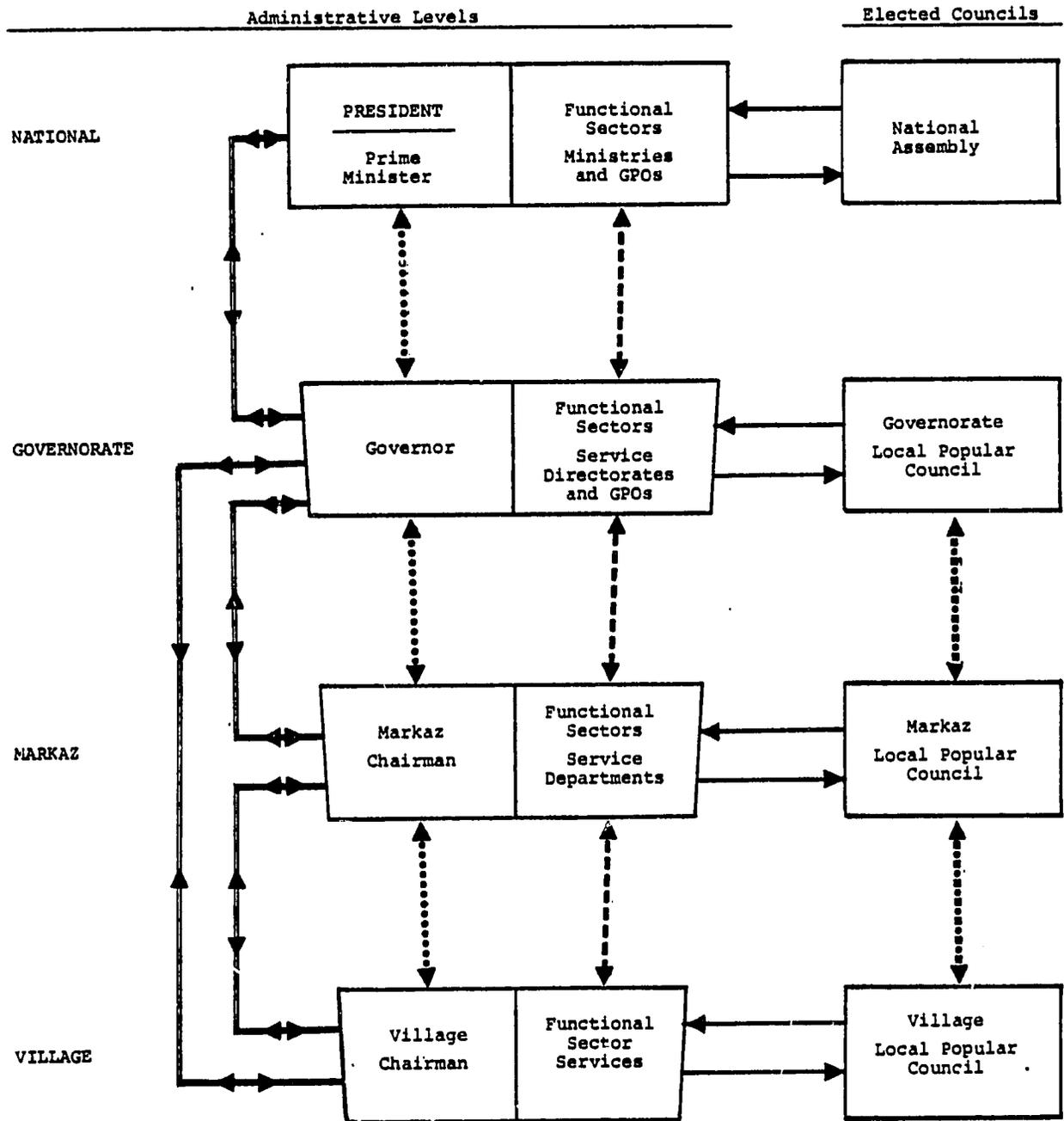
In addition, the law defines the scope of local unit responsibilities and authorities, which extends to utility management, the coordination of education and other welfare agencies, and land use. Specific sources of revenue are also defined so that these local units at the village level do not have to secure resources from higher administrative levels to carry out at least some projects in the village.

The modification of the administrative structure and its mandate (see Figure 2) has been paralleled by a revamped political structure which is designed to provide guidance to the local level bureaucrats and to oversee their actions. Local

^{1/} Robson, W. A. Local Government in Crisis. London: Unwin and Allen, 1966.

Figure 2

PUBLIC ADMINISTRATION IN EGYPT - 1980



Legend:

- ◄.....► Policy Directives and Feedbacks
- ◄-----► Functional Procedures and Standards
- ◄=====► Inter-local Interfaces
- ◄=====> Local Popular Council and Services Interactions.
- ◄.....► Local Popular Council Interrelationships

popular councils are elected and exist alongside the executive councils at the village, markaz and governorate levels. One purpose behind the creation of this parallel structure is to get the bureaucracy to act in an efficient and effective manner, a problem often experienced in the past.

As has been widely observed in Egypt (as well as in other countries), one of the dangers of local government is the potential abuse of power at the local level, and the de facto "appropriation" of public funds by a powerful individual or family. One major way in which risk of administrative abuse at the local level can be reduced is by the growth of local interest groups. The elected and executive councils are designed to function as such interest groups.

As described in Chapter Four, the local popular councils (LPCs) at the village and other levels, in at least some instances, have become active participants in the local unit decisionmaking structure. At the village level, the council members seem to represent the diverse segments of the village unit and the composite satellite villages, as well as the various occupation and economic groupings in the village. The selection process also assures that the family groupings found in the villages are represented, and that the competition among these groups may, in itself, discourage the abuse of power by one group or another. Exactly how these mechanisms work is a

complex process, however, and the access to power of the various village strata through these councils is certainly uneven, at best. A line of applied research is proposed later in the report to better understand these intra-village processes.

The local popular council also functions at the markaz and governorate levels, though probably more actively and effectively at the governorate. However, there are wide variations found in its activity level. The performance of the LPCs and local executive council (LEC) will be critical for the evolution of the decentralized process. Some ideas are presented in Chapter six of this report on how to objectively measure these variations in performance and initiate remedial actions.

PART I

PERSPECTIVES ON DECENTRALIZATION IN EGYPT

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Judgments on decentralization in Egypt depend critically on the perspective of the viewer. In Part I, four perspectives are presented, drawing on the insights and knowledge of Egyptian policy-makers -- those who, within decentralization, both give and receive power -- to provide a context necessary for an attempt to specify and measure the benefits of decentralization in Part II. The four perspectives reflect the process of decentralization as viewed from the:

- National level, where power is devolving to
- Governorates, which may or may not be prepared to devolve power to
- Village units, which may also receive assistance outside direct governorate channels from
- ORDEV, which is chartered to assist village units directly, but has offices in each governorate.

Chapter One provides a 20-year overview of the movement toward decentralization based upon national reformulation of the local government laws and regulations. The contribution is taken nearly verbatim from a longstanding practitioner of and policy-maker within local government, Mr. Ali Fowzi Yunis, Minister of State in the Ministry of Local Government.

Chapter Two draws upon the knowledge of an ex-governor, supplemented by other interviews, to present a picture of the actual implementation of decentralization at the governorate level in Egypt. The differences between theory and practice become more clearly defined in this presentation. This critical appraisal is provided by Mr. Hussein Dabbous, ex-governor of Fayoum and Beheira Governorates.

Chapter Three introduces the Organization for the Reconstruction and Development of the Egyptian Village (ORDEV), which serves as the administrative channel for several village development programs supported by USAID. Its mandate is larger, however, and includes all developmental actions taken at the village level. The insights are provided by the General Director of ORDEV, Eng. Ahmed Deffrawy, distilled by team member Gary Eilerts.

Chapter Four presents the reality, insofar as it could be learned, of the Egyptian village, its structure, dynamics and capacity to receive resources and authority. This information was based upon field interviews and owes its content to the field team and the special knowledge of Dr. Ibrahim Abbas Omar and Dr. David Stanfield.

As should be clear above, a concerted attempt was made to provide Egyptian perspectives into the context, definition and measurement of decentralization. There has been no editing for consistency of viewpoint. It is within these differing interests and worldviews that movement toward devolvement of governmental authority must take place in rural Egypt.

CHAPTER ONE

AN HISTORICAL REVIEW OF EGYPTIAN DECENTRALIZATION: LAWS DEFINING LOCAL GOVERNMENT

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LAWS DEFINING LOCAL GOVERNMENT^{1/}

The structure of Egyptian government over most of its history has included a strong element of centralized decision-making. The earliest rationale for a centralized structure derived, no doubt, from ancient imperatives for the control and use of the Nile as a source of irrigation. In addition, the compact pattern of settlement that closely follows the Nile Valley, poses no great problem of control to the many central authorities which have since been powerful enough to impose themselves. Thus, the movement to a more decentralized system is confronting a strong tide of centralism deeply ingrained in the people and institutions of Egypt.

Starting from the beginning of the Twentieth Century, other forces became dominant and the beginnings of a gradual shift to a more decentralized system came to be seen. Even before the revolution of 1952, Egypt practiced certain experiments in local administration, yet they are limited to a very few geographic areas, as well as to only certain secondary services. In fact, the granting of some form of local status to provinces, towns, and villages was not made statutory until

^{1/} A shortened, edited version of a paper presented by Mr. Ali Fowzi Yunis, Minister of State, Ministry of Local Government, for this study.

1923 when the country gained its independence from foreign occupation and a constitution was issued. That constitution acknowledged the provinces, towns and villages as the ingredients of the local government system in Egypt, and vested them with corporate status. It also laid down the guidelines by which their structures, responsibilities, finances, and inter-relations with central authorities were later defined. However, the power vested in such administrative units was mainly consultative, and they were dominated by the central government.

After 1952, the new regime realized that the huge reforms to be carried out in different fields of Egyptian life were beyond the capacity of a central government, and thus, decentralization came to be regarded as one of the more rational courses of action available. Consequently, in 1960, the country witnessed the creation of the first comprehensive system of local administration through a law (No. 124/1960) promulgated in that year.

LAW 124 OF 1960

Law 124 of 1960 created a network of local councils all over the country, councils whose majorities were comprised of elected members and which were complemented by a few appointed members and some ex-officio representatives of competent authorities. At the same time, it was realized that the

incorporated system could only be regarded as one step towards the implementation of a true system of local government.

This law tried to lay the foundations of a more effective system of administration by dividing the country into 26 governorates, 134 cities and towns, and 4,222 villages. Units of local administration were represented by councils at three levels: the governorate, the town, and the village. The following table illustrates the formation of these councils, as stipulated by Law 124/1960.

Table 1

LAW 124 OF 1960

Level of Council	Members			Chairman of the Council		Remarks
	Elected	Appointed	Ex-Officio	Appoint-ment	Period	
Governorate	4 - 6 for every district	Up to 10	9	--	--	Presided by the Governor
Town	20	Up to 5	6	By the President	--	
Village	12	...	6	By the Minister of Local Admin.		1 large village or a few small villages

It is quite evident that Law 124/1960 took into consideration the fact that eight years of revolutionary rule had offered an acceptable basis for the introduction of a system that partly, but not completely, resided on the election of

representatives at various levels. Several other characteristics of the system, however, showed that the law was merely instituting a partial administrative reform, rather than a full application of the principle of local government. The most basic of these characteristics was that the governor was appointed by the President to head the executive mechanism within the governorate, as well as the partly-elected local council.

The Law of 1960 did, however, lay important ground work by officially delegating several administrative functions to local units. These included some responsibility for predominantly local functions in:

- Education
- Public health
- Public utilities & housing
- Social activities
- Cooperatives
- Labor
- Agriculture
- Food supply
- Communications
- Economic development
- Certain police services

It also did not neglect to offer some basis for generating a local financial base by providing two major sources of revenue to the local village units:

- Tax-based resources which consisted of charges that local authorities were empowered to impose on citizens within the area of their jurisdiction. Examples of such charges were the Land Tax, the Building Tax, Common Fund Duties, Licensing Fees, and the Special Assessment (appreciation) Duty; and
- Non tax-based resources, which comprised grants from the Treasury, revenues from the rent or sale of

State property, the net income of State markets in the region, revenues from local public enterprises, loans, and voluntary donations.

LAW 57 OF 1971

In May 1971, President Sadat declared that a main objective of the May Revolution under his leadership was to establish a modern state that comprised a number of local, public institutions. People were to be given a greater role in running their local affairs through the election of local councils at different levels. Consequently, Law No. 57 of 1971 for local government was promulgated to provide the establishment of two councils at the governorate level: the People's Council and the Executive Council.

The People's Council was vested with limited power to suggest policies, manage public services of a local character, and to practice a form of supervision and follow-up. This new experience proved to be quite promising, in spite of the several problems it faced, especially in that it gave local communities a right to make decisions in a wide variety of local matters, thus relieving the central government and ministries of some of their administrative burden.

LAW 52 OF 1975

Later, and in the light of problems found in implementing Law 57 of 1971, Law 52 was promulgated in 1975 to the effect of vesting a greater amount of autonomy in local councils, and of delegating wider authorities to governors. The new law tried to avoid several deficiencies of the previous two laws, and as such constituted another step on the way to a fuller application of representative and autonomous local government. It is worthy to mention some of the new applications provided for by that Law:

- At every level there would be one elected council. These councils elected their chairmen and vice chairmen.
- Executive committees were organized at the same levels. These committees were to help in setting up administrative and financial plans for the implementation of resolutions and decisions made by the elected council.
- Wider and more secure financial resources were provided as a means of stimulating the local councils towards fulfilling their responsibilities.
- The law provided for several guarantees in securing full independence and freedom of action for local councils. For example, a council could not be dissolved except by a Prime Minister's decree, and then only with the approval of the Ministerial Committee for Local Government.

LAW 43 OF 1979

Experience with Law 52 only tended to show that the system of local government in Egypt still needed further refinements

if it were to satisfy the changing social, economic, and political needs of the community. Thus, several studies were undertaken with the aim of fostering measures that would help in making the country's system of local autonomy more realistic and capable. Those studies lasted for several years until 1979, when they culminated in Law No. 43 for 1979, which was intended to reorganize the system within a pattern of democratic practice and effective local autonomy.

The rationale behind the new law was largely affected by the fact that the "Peace Era" necessitated a vastly different set of policies and strategies that could provide for the extensive reconstruction and development of Egypt after the wars. In the light of the evidence presented by past experience with local government laws, there was complete conviction that a proper system of local government could serve not only as a main channel for setting up solid democracy in the country, but also as a vital support to the attainment of ambitious rates of development and progress. Moreover, such a system, once implemented in a proper way, would play a major role in adapting the ways of life and movements in local communities to the patterns brought along by social, economic and technological changes of the recent past. The structures developed by Law 43 provided for the following significant goals:

- Developing and supporting the authority of the units and councils of local government to the point of giving them full autonomy in local matters, and enough inherent strength to deal with central authorities in a valid partnership;

- Providing key functions and statutory authority to local executive councils in their capacity as the technical "tool" necessary for the implementation of local plans and programs;
- Consolidating the authority and competence of the governors in order to provide them with a greater sense of responsibility, and a stimulus for a greater capacity to face problems more effectively and in a more dynamic way;
- Drawing clear borders to the fields of responsibility of the competent authorities at both local and central levels. The new structure also covered the interrelationships between local authorities and regional planning authorities; and
- Establishing a new "tool" for coordination, supervision, control and follow up: the Governors' Council, which functions under the presidency of the prime minister.

Thus, the present pattern of the system of local government under Law 43/1979 comprises a series of elected councils at the different levels within the 26 governorates which represent the administrative divisions of the country. The basic characteristics of the system are:

- Every governorate is represented by an elected council made up of an equal number of members from each administrative district or division within the governorate. In addition, seats are reserved for women representatives in order to secure a role for Egyptian women in building up the new community;
- Administrative divisions, districts, or markaz within each governorate also have elected councils, again with seats specified for a women's representative;
- Village units also elect a council, with representatives drawn from the several satellite and central villages that form a village council unit. There are 808 village councils in Egypt today;

- Towns and cities elect councils comprised of members drawn from the town divisions and suburbs. Their number amounts to 342 councils.

As previously mentioned, the whole structure is administered by the Governors' Council under the chairmanship of the Prime Minister. The council is served by a secretariat under a Minister of State for Local Government. The Council meets every month and aims at:

- Sustaining a viable system of local democracy;
- Supporting the provincial strategy and planning framework within which development and services will operate;
- Stimulating the full participation of the people in the effective implementation of plans and programs, as well as in their supervision; and
- Guaranteeing a higher level of efficiency to local authorities at different levels through offering them a better and more effective chance to command the resources and manpower within their areas.

A summary review of the laws defining the decentralization of local government can be found beginning on Page 29.

PROPOSED CHANGES IN THE LOCAL GOVERNMENT SYSTEM

A preliminary evaluation of the reorganized system of local government has proved that there is still a need for introducing measures that would help the system to acquire a greater elasticity and efficiency in facing its tasks. In order to do this,

several meetings and conferences were recently held in order to determine what measures could lead to a better and more positive role of local government in facing the future.

Among the amendments which were strongly recommended there, the following are the most important:

- The organization of a national conference under the Prime Minister, or his representative, in which governors, chairmen of local councils, and representatives of executive departments participate. Such a conference might act as a Supreme Board or Council of Local Government, with full competence to assess, evaluate, and develop all matters that are related to the system;
- A regular meeting of the parliamentary group of a governorate with the governor in order to discuss and examine the best methods to be applied in the implementation of the economic and social development plan within the governorate; and
- A basic reform in the competence and responsibilities of local units and councils. With the exception of those activities that are of a national importance or that are of a specific technical nature, all activities within a governorate should be the concern of those units and councils.

A leading field of struggle in this area is finance. Relevant issues include the sources of financing for both current and capital expenditure by local authorities, taxes and rates, the determination of the local share of central government grants, and a clarification of the principles that underlie the allocation of various sources of financing. A greater control of such resources is a crucial element of the responsibilities and prerogatives of local government units.

SUMMARY REVIEW OF THE
EVOLUTION OF LOCAL GOVERNMENT LAWS

Characteristics	Law No. 124/1960	Law No. 57/1971	Law No. 52/1975	Law No. 43/1979	Proposed Amendments
(1) <u>Highest Supervisory Authority</u>	Ministerial Committee for local government whose formation is authorized by a decision from the President of the Republic; Vice President is Chairman, the Minister of Local Government in charge of secretariat.	Ministerial committee for local government under the chairmanship of the Prime Minister, or the next in line from committee members, and membership of ministers whose functions are related to local government.	Ministerial committee for local government under the Chairmanship of the Prime Minister, or the next in line from among committee members, with membership of ministers whose functions are related to local government.	Council of Government with Prime Minister as Chairman, and membership of Minister of Local Government and all the governors.	Higher council for local government which includes heads of local popular councils of the governorates and the governors. This convenes in the form of a conference under the chairmanship of the Prime Minister.
(2) <u>Levels</u>	Governorate, Town, Village	Governorate, Town, Village	Governorate, Markaz, Town, District, Village	Governorate, Markaz, Town, District, Village	Governorate, Markaz, Town, District, Village
(3) <u>The Councils</u>	Local Council: Majority of members are elected, some representatives of ministries.	Executive Council and Popular Council at the governorate and other levels.	Executive Committee which includes the Governor or head of unit; and an elected popular council at the governorate, markaz, town, village and urban district levels.	Local Popular and Executive Councils at all levels.	None.
(4) <u>Formation of Local Councils</u>	<p><u>Governorate:</u></p> <ol style="list-style-type: none"> 1. Governor - Head. 2. 2 - 4 members in every markaz or administrative department, or the members of the Executive Committee of the National Union. 3. Selected members from the National Union. 4. Members of selected occupations. <p><u>Town Councils:</u></p> <ol style="list-style-type: none"> 1. 20 members from the Executive Committee of the National Union for the town. 2. Not more than 5 members chosen from the National Union. 3. Six members of selected occupations. 	<p><u>Popular Council:</u></p> <ol style="list-style-type: none"> 1. Secretary of the Governorate Socialist Union Committee as Chairman. 2. Members of the Governorate Socialist Union Committee. 3. Citizens of towns. 4. Two members from youth. 5. Two representing women's activities. <p><u>Executive Council:</u></p> <ol style="list-style-type: none"> 1. Governor is Chairman. 2. Deputy Governor, if available. 3. Governorate General Secretary. 4. Representatives of government organizations. 	<p><u>Governorate Local Council</u></p> <ol style="list-style-type: none"> 1. Secretary of the Governorate Socialist Union Committee is Chairman. <p><u>Markaz:</u></p> <ol style="list-style-type: none"> 1. Eight members from the capital of the markaz. 2. Four members from every village unit. <p><u>Towns:</u></p> <ol style="list-style-type: none"> 1. Eight members for every administrative department. 2. Sixteen members for the town having only one administrative department. <p><u>Districts:</u></p> <ol style="list-style-type: none"> 1. Council based on six members representing an administrative department. 	Same as in No. 52, except that female representation was introduced for every markaz district.	None.

Summary: (continued)

Characteristics	Law No. 124/1960	Law No. 57/1971	Law. No. 52/1975	Law No. 43/1979	Proposed Amendments
(4) <u>Formation of Local Councils</u> (continued)	<p><u>Village Councils:</u></p> <ol style="list-style-type: none"> Not more than ten members from the Executive Committee of the Socialist Union. Ex-officio members selected by a Governor's decision. Two members by decision from Minister of Local Government, based on proposal by the Governor. 	<p>5. It is permissible to invite: Heads of Towns, representatives of agencies and economic units when dealing with topics related to them.</p>	<p><u>Villages:</u> Council of 16 members.</p>		
(5) <u>Local Council Responsibilities</u>	<p><u>Governorate Councils:</u></p> <ol style="list-style-type: none"> Establishment & administration of all utilities and works of local nature that have general benefit for the Governorate. Start projects of local nature that town and village councils are unable to establish. Give technical and financial aid to social and benevolent organizations. Governorate Council should participate with other town or village councils in the establishment and administration of public utilities. Authorizing the donation of Governorate property free of charge to realize public benefit to the amount of LE5,000, after the approval of the Minister of Local Government. 	<p><u>Popular Council Responsibilities:</u> Under Law No. 57, the popular councils are responsible for follow-up and execution of plans related to national work programs in the Governorate. The Council is also responsible for suggesting policies, taking decisions to:</p> <ol style="list-style-type: none"> Consolidating defense of the homeland. Suggest and establish utilities of local nature. Implement projects of local nature that town and village councils are unable to establish. Participate in public benefit projects with other Governorates or councils. Approve the Governorate budget. Approve the final accounting of the Governorate budget. 	<p><u>The Governorates:</u></p> <ol style="list-style-type: none"> Control and supervision over different public utilities and works of local nature within the Governorate. Control and supervision over work of other councils, sanctioning of their decisions, approval of establishment or abolishment of local units within the Governorate. Within the General Plan: <ol style="list-style-type: none"> Confirmation and follow-up of execution of projects of development plans. Confirmation of popular participation plan for aiding in local projects. Proposal of taxes and fees. Approval of establishment of local production projects. 	<p><u>The Governorates:</u></p> <ol style="list-style-type: none"> Control over all utilities and works that fall within the jurisdiction of the Governorate, and supervision over implementation of production plans related to local development, which includes: <ol style="list-style-type: none"> Confirmation and follow-up of implementation of economic development plans. Defining the popular participation plan to aid in local projects. Approval of spatial and utilities planning projects. Local tax enforcement. Preparation of illiteracy eradication plans. 	<p><u>Governorate Local Councils</u> are given many responsibilities previously assigned to the Council of Governors, such as:</p> <ol style="list-style-type: none"> Authorizing the allocation of property of local units to individuals free of charge, if the recipient is of Egyptian origin, but for non-Egyptian institutions or persons, the Cabinet needs to authorize such a transaction. Approval of loans for governorate productive projects if the loan is from an Egyptian source; if the loan is from a foreign country (or institution) the Cabinet should authorize the transaction. Determining of additional tax which should not exceed 5 percent of the original tax; the additional tax on land should not exceed 15 percent of the original land tax.

Summary (continued)

Characteristics	Law No. 124/1960	Law No. 57/1971	Law No. 52/1975	Law No. 43/1979	Proposed Amendments
<p>(5) <u>Local Council Responsibilities</u> (continued)</p>	<p>6. Giving loans to authorities and establishments after receiving the approval of the Minister of Local Government.</p> <p>7. The Council may contract loans after the approval of the Minister of Local Government; or Ministerial Committee for Local Government, or by Presidential decree.</p> <p><u>Town Councils:</u></p> <p>1. The free use of town money for realizing public benefit to the amount of LE1,000, after receiving the approval of the Minister of Local Government. For amounts exceeding LE1,000, and for non-governmental use, the approval is by Presidential decree.</p> <p>2. The Council within its jurisdiction, is authorized to implement laws and regulations related to public utilities</p> <p><u>Village Councils:</u></p> <p>1. The Village Council is responsible for providing the following services: Education, health, culture, social, labor, agriculture, organization, and any other services that may be given to it.</p> <p>2. The administration of the combined unit within its jurisdiction.</p>	<p>7. Follow-up on the execution of the General Plan for production and services related to the Governorate.</p> <p>8. Study of illiteracy eradication plans and family planning.</p> <p>9. Support of projects and local industries.</p>	<p>4. It is permitted, after the approval of the Minister of Local Government, to donate some of its property free of charge to the maximum amount of LE25,000.</p> <p>5. The Council may, after the approval of the Minister of Local Government, take a loan within a fixed amount of its resources.</p> <p>6. Grant aid to public authorities and local public establishments within the Governorate to implement projects having general benefit after obtaining the approval of the Minister concerned.</p> <p>8. Give opinion on subjects the Governorate, or concerned ministers, require an opinion on.</p> <p><u>The Markaz:</u></p> <p>1. Supervision and control over work of Town and Village Local Councils that fall within its jurisdiction.</p> <p>2. Control and supervision over:</p> <p>a. Confirmation of the Markaz plan.</p> <p>b. Determination of Markaz popular participation plan.</p> <p>c. Propose the establishment of utilities that have general benefit for the Markaz.</p>	<p>f. Establish free zones or joint investment venture companies with Arab or foreign capital after obtaining the approval of the General Authority for Investment on such ventures. Approval of Council representation in internal conferences.</p> <p>2. In relation to other local popular councils, the Council is responsible for supervision and control of their work, sanctioning or refusing decision taken by them.</p> <p>3. The Governorate local popular council may freely dispose of any of the fixed assets of the Governorate, or lease such property at nominal rent, or at less than market rates, if such disposal is within a LE50,000 limit.</p> <p>4. The Council may contract loans for productive projects not to exceed 20 percent of its revenues.</p> <p>5. Giving technical and financial aid to social and benevolent entities.</p> <p><u>Markaz</u> It differs from Law No. 52 only in the following:</p> <p>1. The Markaz Local Popular Council, on approval of the Governor, may dispose freely of Markaz property for purposes of public benefit</p>	<p>4. Determination of some local fees.</p>

Summary (continued)

Characteristics	Law No. 124/1960	Law No. 57/1971	Law No. 52/1975	Law No. 43/1979	Proposed Amendments
<p>(5) <u>Local Council Responsibilities</u> (continued)</p>			<p>3. It is permitted after obtaining the approval of the Minister of Local Government to authorize the allocation of some of the property of the Markaz within a limit of LE5,000.</p> <p><u>Towns:</u></p> <p>1. This Council is responsible for control and supervision over district councils and coordination among them; control and supervision over different utilities of local nature.</p> <p>2. Authorize the allocation of town property free of charge after the approval of the Minister of Local Government within the amount of LE5,000.</p> <p><u>Districts:</u></p> <p>1. Control and supervision over different utilities of local nature within the jurisdiction of the sector.</p> <p>2. Collection of revenues in town account and determination of expenditures sufficient for each sector.</p>	<p>if such disposal is within LE10,000. But, for proposals of LE10,000-LE50,000 the approval of the Governorate Popular Council is required for non-government entities.</p> <p><u>Towns:</u></p> <p>The same as in Law No. 52 except that the Town Local Popular Council, on approval of the Governor, may freely dispose of any town assets for public benefit purposes if the disposal is within LE10,000 during one fiscal year.</p> <p><u>Sectors:</u></p> <p>The same as under Law No. 52.</p>	
<p>(6) <u>Authority of the Governor</u></p>	<p>The governors shall be treated on par with vice ministers with respect to salary and pension. Other than the above; rules applied to deputy</p>	<p>Under this law, the Governor acquired the status of Vice Minister. He may also be appointed with a status of Minister.</p>	<p>The Governor is treated on par with minister or vice minister, depending on his appointment by the President. He supervises the implementation of State</p>	<p>The Governor shall be treated on par with ministers with respect to salary and pension. The Governor represents the President in the</p>	<p>In addition to all changes introduced under Law No. 43, the new amendments state that the nominations for President and Vice President of the</p>

Summary (continued)

Characteristics	Law No. 124/1960	Law No. 57/1971	Law No. 52/1975	Law No. 43/1979	Proposed Amendments
<p>(6) <u>Authority of the Governor</u> (continued)</p>	<p>ministers are applied to the governors. The Governor, within his jurisdiction, represents the executive authority and is responsible for implementing state policy. Every minister may transfer some of his functions to the Governor. The Governor assumes the supervision over all functions transferred.</p>		<p>policy, as well as the responsibilities conferred on him. Under Law No. 124, the Governor has the authority of the Minister in relation to all employees in the Governorate whose responsibilities have been transferred to the local units.</p>	<p>Governorate. He is responsible for the implementation of State policy. The Governor assumes all executive authorities granted to ministers with respect to all public utilities which fall under local government unit jurisdiction. The Governor has supervisory powers over all branches of ministries which did not have their functions transferred to local units, except justice agencies. Article 139 gave the Governor the right to transfer chairmen of markaz and districts within the governorate without the approval of the minister concerned.</p>	<p>University are made by the minister concerned with the approval of the Governor. Both the Governor and President of the University are responsible for political security in the University; in addition, the Governor is responsible for this before the Local Popular Council.</p>
<p>(7) <u>Questioning (Inquiry) and Request for Information</u></p>	<p>The Governor is head of, and responsible for, inquiries. No requests for inquiry ever submitted to him.</p>	<p>Every member has the right to question the Governor or executive council member; to direct questions in affairs related to their functions. The Council's internal regulations organize the manner in which these questions or inquiries may be submitted and its regulations.</p>	<p><u>Questions:</u> It is permitted for every Governorate Local Council member to question the Governor, or heads of government departments.</p> <p><u>Interrogations:</u> It is permitted for members of Governorate Local Council to submit interrogations to the Governor under the following conditions:</p> <ol style="list-style-type: none"> 1. The interrogation must be submitted by one-third of the members, or six members, at least. 	<p>Request for information has replaced the interrogation system because, under this system, decisions were not executed in cases where responsibility was proven.</p>	<p>A return to the right of the Local Popular Council members to submit an interrogation to the Governor or heads of government departments and other local units.</p> <p>This is conditioned by a fixed majority required for submitting the request for interrogation.</p>

Summary (continued)

Characteristics	Law No. 124/1960	Law No. 57/1971	Law No. 52/1975	Law No. 43/1979	Proposed Amendments
(7) <u>Questioning (Inquiry) and Request for Information</u> (continued)			<p>2. Discussion cannot take place except after seven days, at least.</p> <p>A decision is issued under the responsibility of the Governor on a specific matter by absolute majority of the Council members and the concerned minister is informed.</p>		
(8) <u>Financial Resources and Their Capabilities</u>	<p>Joint revenues with all governorate councils.</p> <ol style="list-style-type: none"> The share of the Council in the additional tax imposed on import and export is half of the proceeds, the other half is credited to the joint revenue account. The Councils' share in the additional tax on transferrable assets is half of the proceeds and the other half is credited to the joint revenue account. <p><u>Governorate Council Special Revenues:</u></p> <p>One-quarter of the proceeds of the original land tax in the governorate; one-quarter of the proceeds of the additional tax imposed by the Council on land tax in the Governorate.</p>	<p>The same as under Law No. 124/1960.</p>	<p>The establishment of a Local Fund for Service and Development (LSF), organized by a decision from the minister responsible for local government. Half of the proceeds of the sale of government-owned buildings and land specified for building purposes within two boundaries were added to Governorate revenues.</p>	<p>Increase in the maximum of additional tax on governorate imports and exports. Additional tax on movable assets, property tax; commercial and industrial profits. The governorate's own resources, the sale of government-owned buildings and land for building within town boundaries.</p> <p>Receipts derived from the sale of newly reclaimed land and agricultural land in the governorate. Fifty percent of the increase made from governorate local revenues above those specified in the Budget are added to the governorate's Local Fund for Service and Development. The law divided the country into economic regions, each region may include one or more governorate. Each economic region has a capital and should establish a higher committee for regional planning under the chairmanship of the governor of the region's</p>	<p>Determination of the additional tax on commercial and industrial profits not to exceed 5 percent of the original tax and on the additional tax not to exceed 15 percent of the original tax. The governorate Local Council may levy local fees after specifying its maximum and minimum. Governorate Local Council may contract loans for productive or investment projects required by the governorate or local units within its boundaries. If the loan is from a foreign entity, Cabinet approval is required.</p>

Summary (continued)

Characteristics	Law No. 124/1960	Law No. 57/1971 .	Law No. 52/1975	Law No. 43/1979	Proposed Amendments
<p>(8) <u>Financial Resources and Their Capabilities</u> (continued)</p>	<ul style="list-style-type: none"> - Registration fees for cars, motor-cycles and all other vehicles registered in the governorate. - One-half the price of sale of government-owned buildings and land within its boundaries. - Revenues of Council money and services operated by it. - Government aid and non-governmental donations. - Other taxes and fees of local nature that lie in the interest of the Governor's Council. - Loans contracted by the Council not to exceed ten percent of its budget after approval of the Minister of Local Government. Loans between 10-20 percent require approval of the Ministerial Committee for Local Government. Any loan in excess of 20 percent requires a Presidential decision. 			<p>capital. The Committee is responsible for carrying out the studies necessary for identifying the natural human capabilities and resources of the region, methods of developing them and proposing the required economic and social development projects in the region.</p>	

CHAPTER TWO
A GOVERNOR'S VIEW OF DECENTRALIZATION

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An integrated and comprehensive plan for development can not be carried out successfully by the central government alone. The central government must be able to delegate considerable autonomy to its local authorities to establish local developmental objectives according to the environmental constraints and potentials of the area concerned, and to have a reasonable expectation that these local officials can carry out the interventions that are assigned to them. This autonomy must, of course, be well defined in order not to place power where it is not needed, or where it cannot be effectively used. The policy of decentralization of local government in Egypt, as expressed in Laws 52 and 43 of 1975 and 1979, has tried to define the most appropriate loci of such powers in an evolving movement in the recent past away from an excessive centralism in government.

Despite the provisions of these laws and other formal mechanisms of devolution of authority, considerable obstacles remain -- not only before reaching an effective system of local government, but also in enforcing these very provisions.

^{1/} An edited version of a paper prepared by Mr. Hussein Dabbous complemented by inputs from other governors interviewed by the field team.

Three categories of obstacles can be identified according to their source. The first regards an inability and reluctance on the part of the national government bodies to devolve their powers. The second concerns the problems local governmental authorities face in assuming greater power due to their own weaknesses and lack of resources. The third refers to defects and omissions in the laws which define local government responsibilities and rights.

National Level Institution Reluctance to Devolve Authority

Despite the deconcentration and devolution of authority which most national-level institutions have experienced in the recent past, they continue to retain substantial authority over the resources that they have traditionally wielded. The absoluteness of their control varies greatly from ministry to ministry and, in some cases, may run directly contrary to the provisions of the local government laws in effect. Acknowledged and imagined weaknesses in local-level capabilities often prove sufficiently powerful reasons to prevent legally prescribed devolution. Other, more complex factors, are also at work.

The loyalties of the administrative and technical personnel in any governorate are often severely divided between the local government unit to which they are nominally responsible and to the national ministry to which they are linked for promotion and career development. Faced with conflicting demands

from these two institutions, the individual is very likely to give somewhat less attention to those demands of the local government unit. This is considered by some of the governors to be the central challenge to effective local government.

This situation is especially evident during the preparation of the governorate yearly budget. Although the governor and the local popular council of the governorate must approve the content of the budget (and this gives them considerably more authority over ministerial interventions than they previously had), considerable influence is still exerted on the choice of projects funded by the ministries through their local agents in the governorate.

A similar problem exists with the General Public Organizations (GPOs) -- quasi-autonomous ministerial bodies which serve specialized functions in governorates but which are under the direct supervision of the national ministries. They often have no formal links with a ministry's Service Directorate in the same governorate. This isolation and lack of coordination -- even with the ministerial representative in the governorate -- usually leads to conflict.

For instance, the Ministry of Electricity and Energy has a directorate office in each governorate. There are also three GPOs in that governorate which report directly to the ministry: the Organization for Rural Electrification, the High Voltage Cable Agency, and the Transformer Stations Office.

Between these GPOs and the directorate there are no formal ties of coordination or supervision. The same is true of the Ministry of Transportation whose GPOs directly undertake major road construction and repair, often without notice given to the Roads Directorate of the governorate. The potable water GPO of the Ministry of Housing and Reconstruction (particularly where it operates a central governorate potable water facility, e.g., the Azab facility in Fayoum and the Abassa facility in Sharkeyia) frequently operates completely independently from the Housing Directorate of the governorate.

There are two other problems. One is that despite provisions in the local government law which permit local dealings, most foreign loans and investments are negotiated and distributed by the national-level authorities without consultation with even the concerned governorates. Another factor which has more impact than might be supposed is the apparent inability of the national government to supply assistants to most of the governors and markaz chairmen. This tends to overwhelm these leaders with administrative functions at the expense of management and policy decisions.

Internal Local Government Problems in Receiving Devolved Authority

By far the greatest problem faced by the local government units as they receive and wield devolved authority, is one of a shortage of qualified and well-trained personnel. Training

given to government personnel is usually summary and antiquated. At the same time, the routine work to which they are limited by lack of training, gives very few opportunities for improving management skills. Opportunities for career advancement are also limited.

There is, however, a very common feeling among governmental officials that more qualified people could be attracted to service in local governmental units if only somewhat more attention were paid to the simple question of housing. The quality of life is so low and the cost of living so high in the big cities where the best people normally migrate that it is believed that many of them are ready to move to village and markaz areas if reasonable housing and public infrastructure could be assured. Small numbers of apartments have been built for public servants in many village areas. These appear to be very much appreciated because they make it easier to attract and keep good personnel in those areas.

A similar problem of personnel is perceived by the governors in the elected leadership of the local popular councils. As their roles and influence on decisionmaking increase, problems of orientation, training, and experience become more apparent. Inexperience in elective government and competing demands from powerful segments of the electorate often distract the councillors' attention from the general development needs of their localities. Many (if not most) have no training in

development, administration or management and are therefore ill-prepared to play even a monitoring role on the executive officials of their units. They are also very often kept uninformed by senior officials about all manner of affairs that nominally concern them. Their effectiveness is thereby further diminished.

Defects and Omissions in the Laws Regulating Decentralization

Many articles of Law 43 of 1979 are not actually enforced because of resistance from the national ministries or agencies and because no effective recourse is given in the law to assure that such functions are devolved. The list of examples could be very lengthy. Several of the more salient are summarized here.

Recognizing that their technical capabilities are often very weak in the governorates, the governors do not insist upon as much authority in the implementation of development projects as they do in the planning of such projects. Articles 12 and 115 to 118 specify the rights of the governors and of the local councils in the planning function and give what seems to be primary authority to them. However, the design and implementation of public service activities and projects are usually undertaken by the concerned ministries with very little consultation with the local officials.

In this (as in the other examples), while formal authority lies with the governor, actual mechanisms to use it either do not exist or are subject to great potential conflict with the

ministries and are thus avoided. A case in point involves Article 28 which gives the governor nominal authority to dispose of agricultural land as he sees fit. The previous legally-prescribed procedure involved seeking a permit from the Ministry of Agriculture to take the land out of production. In food-scarce Egypt, this issue is a delicate one and one on which the governors have not wished to do battle. Therefore, the delegation of legal authority has had little effect and a successful erosion of the governor's prerogatives has been the lesson learned.

Similar examples can be found throughout Law 43. Articles 2, 5, 12, and 36 extend legal authority over utilities, public service agencies, and internal security to the governorate level, yet almost no control is presently exercised by any of the governors over these elements. Particularly in finance-related areas, the responsibilities of the local authorities are compromised. Articles 15, 29, 37, and 119 to 124 all delineate local government rights to borrow, raise, and receive funds and allocate them. In reality, the functions are, at best, shared processes in which the local unit is very much a junior (or even silent) partner to the national level bodies.

Three areas in particular are ambiguously treated by Law 43. Each of the issues, in one way or another, has within it the core of the conflict of local versus national authority. They include local government relationships with the Ministry of Irrigation,

questions of food supply and domestic trade, and those of land reclamation. Because there are decisions to be made almost daily on these subjects, and because no clear guidelines exist in the law as to attribution of authority, a governor's initiatives must depend on force of personality for their impact. This is a situation which is only tenable if infrequent and worth the time and risk involved. Unfortunately, neither is the general case.

CHAPTER THREE

THE ORDEV CONTRIBUTION TO DECENTRALIZATION

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As the policies and laws that define decentralization in the Egyptian context have continued to evolve, so have the institutions that have been called upon to apply them. The most recent governmental structure charged with a principal mandate to contribute to, and facilitate the devolution of, power to local governmental units is ORDEV (The Organization for the Reconstruction and Development of the Egyptian Village).

Created in 1973, ORDEV has come to encompass and direct the massive developmental initiatives and programs growing out of the broad process of decentralization which aim directly at activating the basic tier of local government -- the village council unit. Other (and perhaps more significant) movement towards decentralization can -- at present -- be detected in the shift of authority from the central to the governorate levels. Similarly, a substantial volume of developmental resources and activities are still only indirectly influenced by contact with either ORDEV or the village councils. However, the political will behind decentralization envisages a continuing devolution of authority over resource management to the lower government levels until all responsibilities

^{1/} A shortened and updated version of a paper by Eng. Ahmed Deffrawy, General Director of ORDEV.

which can conceivably reside in the village council unit actually do reside there. This unit is ORDEV's particular concern.

THE ORDEV CHARTER FOR VILLAGE DEVELOPMENT

Three broad goals can be discerned in the general ORDEV mandate. The first is to bring integrated rural development and change to the Egyptian village. The emphasis is on the word integrated. In its own programs in the village, ORDEV displays a multi-sectoral interest (economic, social and physical planning activities). This multiple response capability is used to define and reinforce a conception of the Egyptian village as it can be in the future. It is also intended to form the basis on which to monitor and analyze developmental actions in the villages in order to prescriptively improve their quality. In the developmental activities of other governmental institutions (ministries, public organizations, etc.) in the village council area, ORDEV's special mandate to deal with the village as a unit gives it a role to play as a coordinative intermediary between the village administration and those bodies. Coordination, influence, and communication can all be means by which ORDEV assures that these inputs conform to (and facilitate movement towards) a better village environment.

ORDEV's second objective aims at strengthening the role of the village in its own development by encouraging its

participation in decisions about resource allocation and use. It accomplishes this objective primarily by making available the opportunities to participate in project planning, implementation, and monitoring and evaluation. Two participatory approaches have been followed over the past eight years. They involve the participation of the local popular council and the local executive council in:

- Initiating, negotiating, and undertaking socio-economic projects funded through ORDEV's annual budget appropriations, or through USAID financial and technical assistance to ORDEV, i.e., the BVS, the LDF, (extending interest-based credit to rural development activities); and
- Planning and managing the Local Fund for Service and Development (LSF), whose own funds are composed of citizen's contributions in money, kind and labor.

Despite this emphasis on experiential learning, ORDEV realizes that the decisionmaking role of most village units is greatly constrained by a lack of experience, little formal training, and a rather small financial resource base from which to work.

The third basic objective of ORDEV is therefore to improve the planning, administrative, and managerial capacities of the village unit. This objective is approached on several fronts. Initial flows of ORDEV money to a village are usually directed into new income-generating projects. This will (hopefully) provide somewhat more resources for local reinvestment and, at the same time, provide additional experi-

ence in managing resources. At the same time, training programs are made available to a number of elected and executive officers of villages and markaz in development management, financial administration and integrated rural development. This, in conjunction with the practical experience engendered by other ORDEV projects, will provide a higher base of expertise in the village units.

The contributions of ORDEV to the process of decentralization can be quantified in two categories, training and financial inputs. They are briefly examined below.

ORDEV TRAINING PROGRAMS

Central to ORDEV's future training programs will be the completion of the Sakkara Training, Research, and Documentation Center in the Giza Governorate. A sum of approximately LE310,000 has been expended up until 1980 for its construction. The Center will be especially important for the short-term training of village unit and other low-level personnel in development management and general administration. Given the increasing number of such trainees over the last seven years (as seen in the table below), and the likelihood that such increases will continue, a permanent facility given over solely to ORDEV training has become critical.

Table 2

SHORT-TERM ORDEV TRAINING
(VILLAGE & MARKAZ AUTHORITIES, AND ORDEV PERSONNEL AT ALL LEVELS)

<u>Year</u>	<u>No. of Sessions</u>	<u>No. of Participants</u>
1974	2	80
1975	3	140
1976	3	198
1977	5	163
1978	5	238
1979	8	276
1980 (Until May 1980)	<u>5</u>	<u>116</u>
TOTAL	31	1,211

Source: Figures supplied by ORDEV.

In addition to the short-term training given by ORDEV, a program of long-term training was instituted with three institutions of higher learning: Cairo University, Minya Regional University in North Egypt, and Mansoura Regional University in the Delta Region. The two-year program at Cairo University, organized through the Faculty of Economics and Political Science in 1975, leads to a diploma in Local Administration and is open to a number of the same local and ORDEV authorities. The one-year program at Minya University, organized through the Faculty of Arts in 1977, leads to a diploma in Village Development. This program is open to village chairmen, ORDEV governorate staff, and other directorate personnel. The two-year program at Mansoura University is

managed by the Faculty of Commerce and gives a diploma in Regional Development. Additionally, there are sporadic programs offered by the National Institute of Management Development in Rural Development Management.

Table 3

PARTICIPANTS IN TWO EGYPTIAN UNIVERSITY TRAINING PROGRAMS

<u>Year</u>	<u>Cairo University</u>	<u>Minya University</u>
1975/76	40	--
1976/77	87	--
1977/78	96	70
1978/79	<u>108</u>	<u>70</u>
TOTAL	331	140

Source: ORDEV.

There is also an on-going program of overseas training of differing program lengths and objectives. One of the major destinations of this training is the United States. Some participants are sent to receive diplomas and some are sent for course work in project management. The personnel eligible for this training include ORDEV-Cairo staff, many of whom will form the nucleus of the staff at the Sakkara Training Center. In addition, a number of ORDEV governorate personnel have also benefitted from this type of training. (See table on the next page.)

Table 4

ORDEV TRAINING IN THE UNITED STATES

<u>Year</u>	<u>ORDEV-Cairo</u>	<u>ORDEV-Governorate</u>
1977	1	-
1978	1	4
1979	4	4
1980	-	<u>4</u>
TOTAL	6	12

Source: ORDEV.

A fourth type of training (of which many positive comments were heard) is the "Third World Observation Visit." The participants in these visits are usually village chairmen who have been relatively successfully involved in one or the other of the ORDEV projects. The purpose of the visits is to acquaint the participants with other Third World experiences in rural development and, particularly, in small industries development. The first group of 20 personnel was sent to the University of Manila Institute for Small Industries. Another group of 20 was scheduled to leave earlier this year.

ORDEV FINANCIAL INPUTS TO VILLAGE DEVELOPMENT

The volume of ORDEV's investment of its own funds in village development projects over the past eight years has been approximately LE21,400,000. This sum does not include the BVS nor the LDF funding for which ORDEV is administratively responsible, an amount which far surpasses the ORDEV resources in any of the past eight years. Although the level of ORDEV funding has remained relatively stable during the period of 1976-80, (as a result of inflation this indicates a relative decline in resources), the inflow of foreign aid has greatly expanded the funding available and has brought more of a range of varied projects to be associated with ORDEV. This is illustrated in the table below.

Table 5

ORDEV INVESTMENTS OF ORDEV FUNDS
(figures in approximate LE)

1976	4,862,000
1977	5,000,000
1978	3,347,700
1979	4,100,000
1980	4,100,000*

* Does not include:
 BVS funding 1980 (Approximately
 LE10,000,000)
 LDF funding 1980 (Approximately
 LE1,000,000)

Source: ORDEV.

The types of projects to which ORDEV funding is directed fall into four general categories:

- Economic - income generating projects (i.e., wool spinning units, poultry raising, olive pickling, tractors, etc.);
- Social - occupational training centers and girls' workshops;
- Physical planning - service and environmental projects (i.e., village housing for public servants, road paving, mapping, water and electricity supply); and
- Other - (i.e., training center, transport for local officials, etc.).

Consequent with the descriptions of ORDEV's objectives (as stated earlier in this chapter), the major portion of the ORDEV investments in any year usually go to the economic sector projects, in a high-priority effort to increase the economic viability and resources of the village. The rest of the funds are usually split up fairly evenly between the other three categories. (See Table 6 on the following page.)

Future plans for ORDEV estimate its investment at approximately LE37,900,000 for the five-year period between 1980 and 1985. The yearly estimates are shown in Table 7, page 54.

These estimated yearly investment budgets are tentatively divided up by type of project. These divisions are illustrated in Table 8, page 54.

Table 6 *

ORDEV INVESTMENTS BY PROJECT TYPE
1976-1980
(in LE)

<u>Project Type</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>
Economic	1,484,500	1,754,000	2,253,700	2,607,000	2,773,000
Social	264,000	424,000	358,000	615,000	600,000
Physical Planning	2,983,000	2,774,000	632,000	791,000	627,000
Other	130,500	48,000	104,000	87,000	100,000

Table 7 *

ESTIMATED ORDEV INVESTMENT BY YEAR
1980-85
(in LE)

<u>Year</u>	<u>Investment</u>
1980-81	4,100,000
1981-82	9,066,900
1982-83	7,988,100
1983-84	7,782,400
1984-85	<u>8,962,600</u>
TOTAL	37,900,000

Table 8 *

ORDEV PROJECTED INVESTMENTS BY PROJECT TYPE
1980-85
(in LE)

<u>Project Type</u>	<u>1980-81</u>	<u>1981-82</u>	<u>1982-83</u>	<u>1983-84</u>	<u>1984-85</u>
Economic	2,900,000	4,137,000	3,392,000	3,228,000	3,139,000
Social	200,000	2,494,000	2,407,100	2,259,400	2,101,600
Physical Planning	580,000	1,905,000	1,659,000	1,765,000	3,192,000
Other	420,000	530,000	540,000	530,000	530,000

* Figures in Tables 6, 7, and 8 are based on information supplied by ORDEV

FUTURE CRITICAL MANAGEMENT AND POLICY DECISIONS

There are several critical management and policy decisions which loom large in importance on the immediate horizon for ORDEV. They will soon require thoughtful resolution if they are not to hinder ORDEV's accomplishment of its mandate for a true village-based development process.

The first concerns the broad question of integration of developmental activities in the village, and refers both to ORDEV's own multiple programs and to the many other GOE development efforts which are found there. As will be seen, this question is rooted in various, and sometimes conflicting, views of what village-based integrated development can potentially be.

The relative proliferation of the types of ORDEV funding which are now available to a village (ORDEV, BVS, and LDF) has been matched by a wide variance between these programs in project approval mechanisms, the location of primary planning and management authority, and administrative and reporting procedures. For example, BVS project approval procedures differ -- not only in terms of participants involved -- from those of the LDF and other ORDEV projects, but also between one governorate and another. LDF projects are planned locally (as are BVS projects), but they are given final funding approval in the Economic Section of ORDEV-Cairo, while BVS approval can come

from the village and/or the governorate level. In addition, among governorates and types of ORDEV projects, few standard monitoring, financial, and evaluation formats can be found.

While some variance in these procedures is probably desirable and inherent in a series of decentralized programs, such wide variance in such basic procedures can also be an indicator of a looseness in the conception and objectives of these programs that cannot but make the achievement of these objectives more haphazard than should be desired.

Similarly, the integration of non-ORDEV projects with ORDEV projects, at all levels of government, is an element of crucial importance in a situation of scarce resources and great needs. Based on the probes of the consultancy team in the three governorates visited, it is very difficult to gain a clear picture anywhere of the nature, volume, and location of the total capital investment (ORDEV and non-ORDEV) in any village council area. This does not augur well for rational use of scarce resources and suggests that more of a coordinating authority is needed, wherever it might be situated.

Secondly, it appears that the extent of the decentralization of the planning process, as concerns (in particular) the ORDEV-financed projects, is very open to question. In a lesser degree, this same question can be applied to the BVS and LDF project planning process.

Planning implies some process of needs assessment, agreement about a ranking of the importance of those needs, a formulation of potential responses to the higher priority needs, and a budgetary context within which limited resources are applied to some of the higher ranking needs. In essence, within the limits of financial resources, a set of significant options are open as to the use of those funds.

The options open to the use of ORDEV, as well as BVS and LDF funds, are most often significantly circumscribed before reaching the village level. For example, it is difficult to suggest that a significant range of options are available to village units in the use of ORDEV funds earmarked for physical planning. The need for this type of project is probably not greatly apparent in villages before funding availability is suggested; and the planning that occurs afterwards is probably not characterized by a significant range of options about its use, nor by a significant amount of local planning.

Similarly, the BVS list is fairly restricted in the range of projects that are eligible for funding. No apparently convincing motive has been suggested about why the options presented could not be expanded to include other highly desired public service activities, such as school reconstruction, village fire protection facilities, and other high priority needs as frequently advanced by local village units.

The resolution of the larger issue raised here -- the decentralization of the planning process -- is a crucial one for progressing toward true village-based authority and participation in resource allocation and use. The danger involved in ignoring such an issue is that ORDEV fall into the frequently found failing of community development-type actions which come to value too highly the evidence of physical accomplishments as primary indicators of community activation and undertake, itself, to assure that the evidence is available

A third issue needing to be addressed is one of ORDEV staffing. Both members of ORDEV itself, and other outside observers, note the relative weakness of the ORDEV staff in terms of qualification and numbers. As resources increase and activities undertaken become more numerous, administrative and managerial demands (particularly on mid-level staff) will increase greatly. While the opening of the Sakkara Training Center will undoubtedly help this problem, the immediate and mid-term demands on staff time and capabilities will provide little opportunity to disengage more than a small number at any time without serious harm to administrative efficiency.

Finally, ORDEV's approach to development, which relies on intensive participation at the village level to produce more and better benefits, is still enough open to question so as to necessitate conscientious and convincing evidence that the results are those expected. This evidence -- data on project performance -- does not, at present, exist in sufficient

quantity or quality. In addition, normal reorientations and minor corrections in the aim of the ORDEV program cannot, at present, be determined from the monitoring data easily accessible at any level.

These situations are clearly deleterious to the present and future mandate of an organization such as ORDEV. The suggestions for a monitoring and evaluation system contained in this report relate more directly to the BVS programs and to decentralization, but (in essence) they apply just as well to the ORDEV role. Justification of the use of scarce resources and an ability to monitor and analyze on-going performance are essential bases of an effective institutional undertaking. An efficient and accurate information and evaluation system is the prerequisite for both of these.

CHAPTER FOUR

THE STRUCTURE AND FUNCTION OF VILLAGE COUNCIL UNITS

CHAPTER FOUR

THE STRUCTURE AND FUNCTION OF VILLAGE COUNCIL UNITS^{1/}

The lowest level of the local government system in Egypt is the village council, of which there are 805. Each unit represents approximately four to eight villages, one of which is designated as the site of the council; the others are usually referred to as satellite villages. Within the council area there are three principal governing entities: the village chairman and his staff, the local executive council (LEC), and the local popular council (LPC). The capabilities and smoothness of cooperation of these three entities have major implications for the success of the policy of decentralization and the BVS.

This chapter draws very heavily on information gathered in intensive field interviews conducted in 12 villages in the three governorates visited. It presents the organizational structures and interrelationships, the functions and responsibilities, and the personalities of the organizations involved.

^{1/} This chapter was written by the field team based on observations and interviews in three BVS governorates.

The Village Chairman and His Staff

The village chairman is the highest administrative officer in each village council. He is appointed by the governor and is, if at all possible, from the area in which he governs. He usually has a college degree, although in no particular field, and often will have spent considerable time in other lower administrative posts. The amount of formal training he has received in administration, management, and development is most frequently very limited.

The village chairman is directly responsible for the management of the Local Fund for Service and Development (LSF), an account in the village bank into which all village council revenues are put, and through which all locally-controlled development projects are funded. The funds in this account do not revert to the central treasury at the end of each year but are entirely controlled by the village council. This account gives considerable focus and authority to the growing fiscal experience of the council and provides much greater leverage to the village chairman in his development activities.

In many village councils -- especially the larger ones -- the village chairman has a substantial staff which usually consists of an aide (secretary); financial, administrative, and engineering sections; and an office concerned with the collection of vital statistics. The budget for these staff sections covers salaries and a small amount of recurrent expenditures and comes from governorate-level funds, not the LSF.

Figure 3 shows an organizational chart for the administrative staff of a village council. It depicts a fairly standard staff. It also shows the relatively great variety of administrative support upon which the village chairman can call.

The Local Executive Council (LEC)

This council is composed of the village chairman and the highest ranking village official from each of the following line ministries: Education, Health, Social Affairs, Interior, Agriculture, and Housing. Its legal function is to execute the decisions approved by the popular council. In reality, it acts relatively autonomously from it in administering and governing the affairs of the village council unit. To this council, then, falls much of the responsibility for receiving and wielding decentralized authority. Its capabilities and actions are, therefore, central to the success of the decentralization policy. Table 9 shows some basic educational background data on a small sample of executive council members. A relatively high level of education is seen here.

The independence of action of the LEC can easily be seen in Figure 4. The data here are drawn from an analysis of the minutes of an executive council in Fayoum for the year 1979. They show that the council responds primarily to issues that arise from its own secretariat and from higher levels of the bureaucracy. Only 15 percent of the issues considered by the

Figure 3

VILLAGE COUNCIL ADMINISTRATIVE STAFF

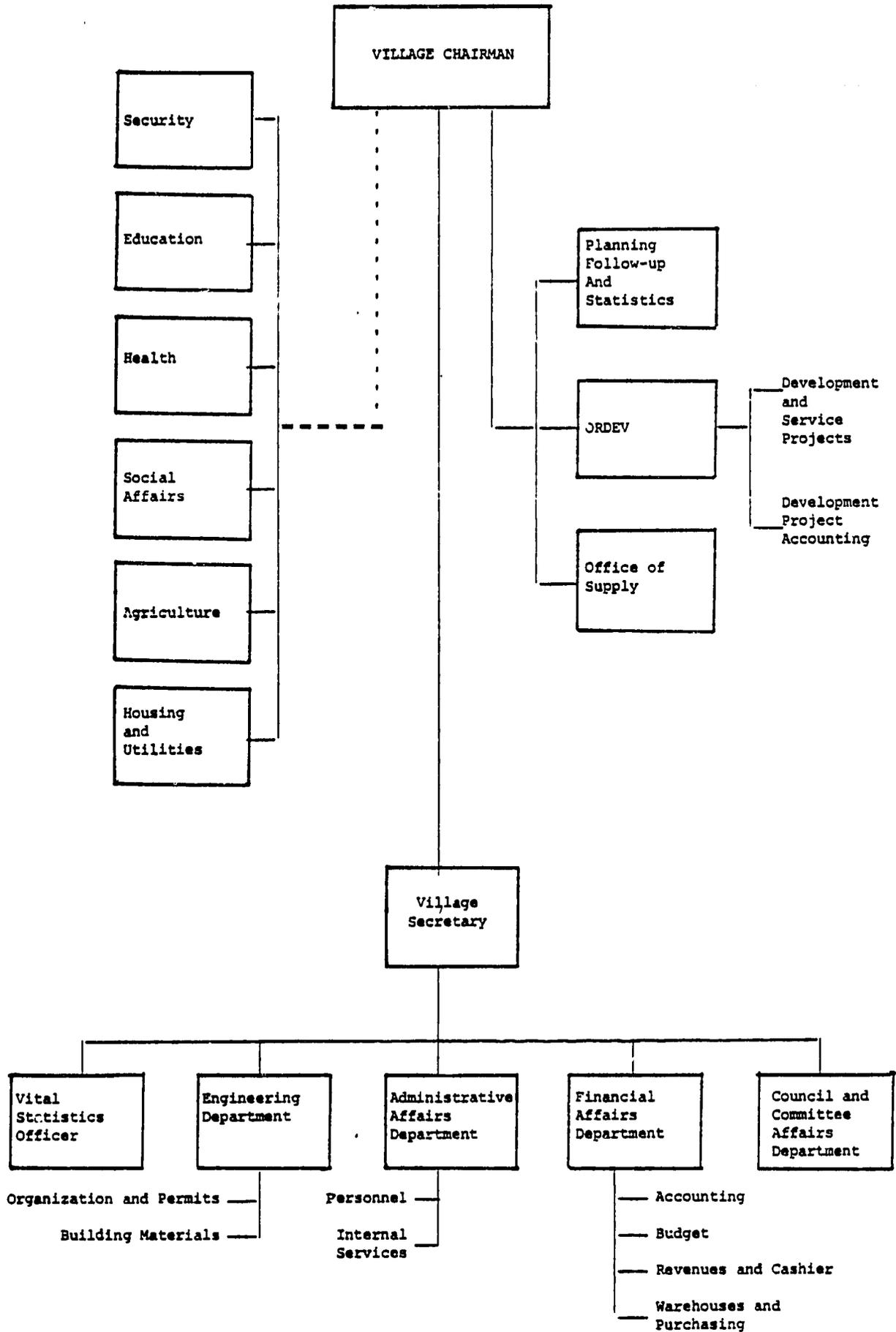


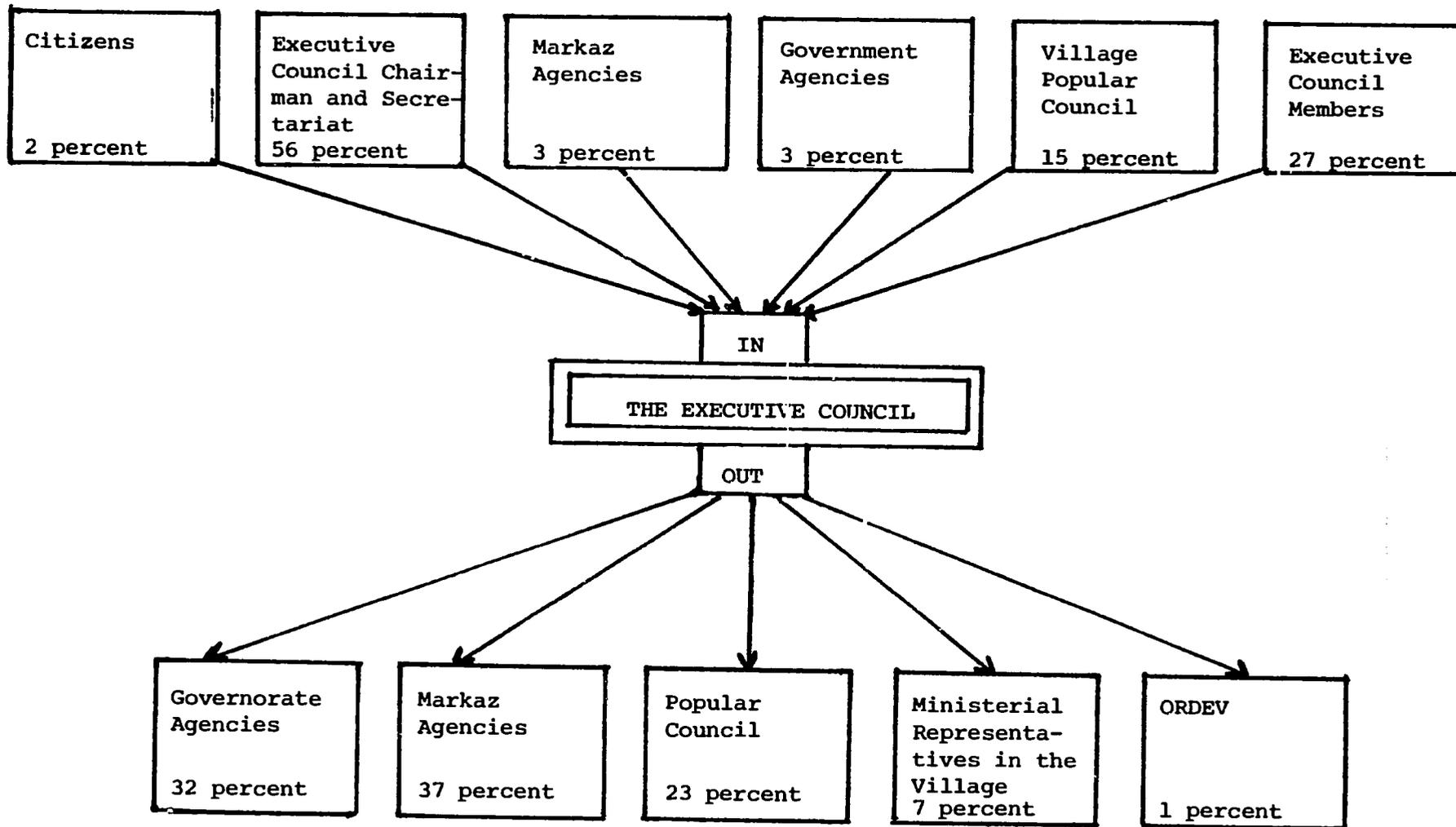
Table 9

EXECUTIVE COUNCIL MEMBERS: EDUCATION LEVELS

Executive Council	Number of Members	Education		
		University Graduate*	Intermediate Education	Literate
FAYOUM				
Kalamshah	7	4	3	0
SHARKEYIA				
Bordein	7	4	3	0
Ghita	7	3	3	1
SOHAG				
Beit-Daoud	8	5	3	0
Omm-Doma	7	5	2	0
* All village chairmen are university graduates.				

Figure 4

COMMUNICATIONS FLOWS FOR A VILLAGE EXECUTIVE COUNCIL - FAYOUM*



* Based on 90 issues raised in 1979 in Council minutes.

LEC had their origin in the popular council while 72 percent were brought to the council by its secretariat or its own members. With regard to the disposition of the issues, only 23 percent were directed toward the popular council while 67 percent were directed toward the higher levels of government. Also noteworthy is the low level of interchange between the LEC and ORDEV.

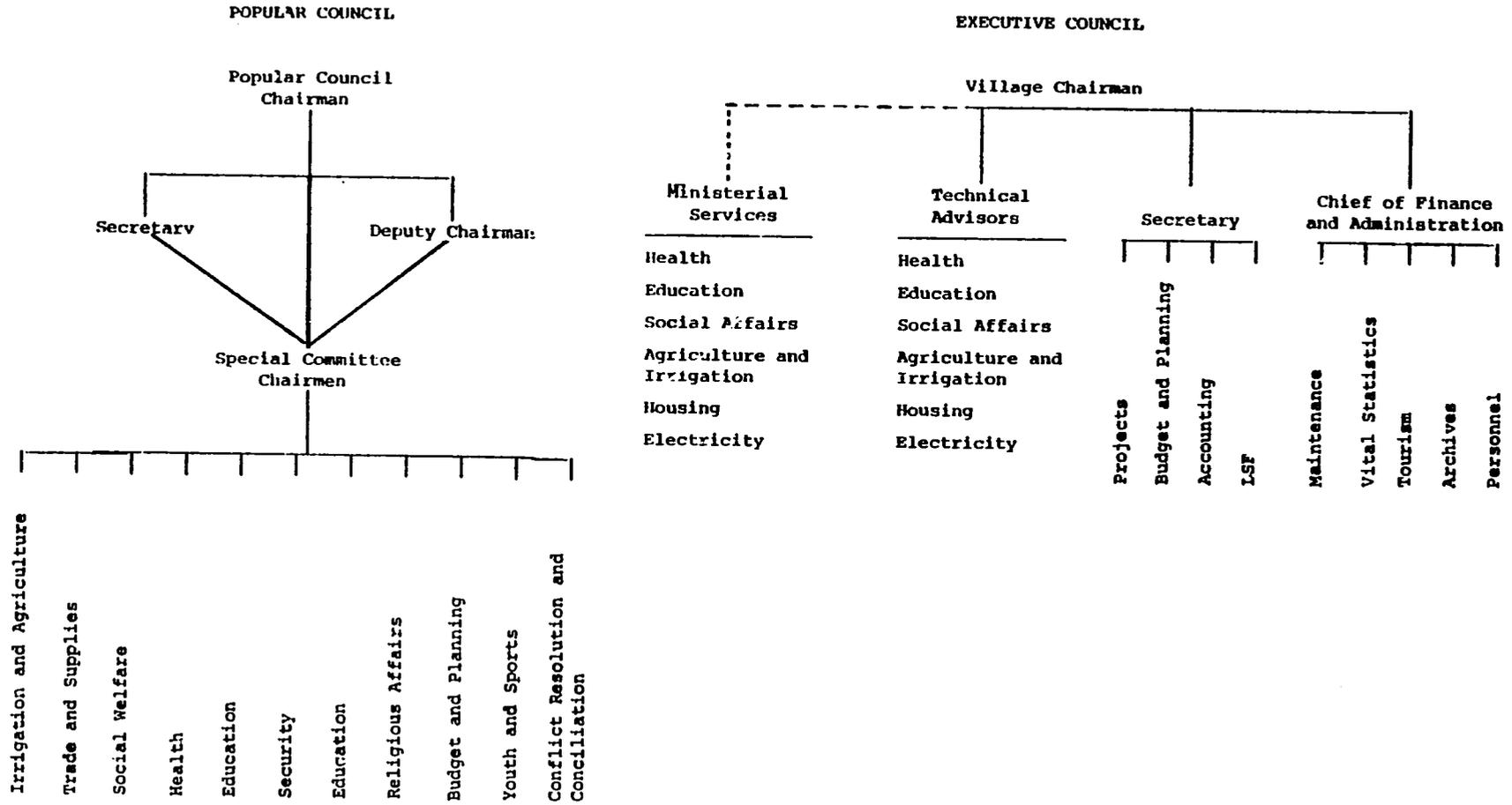
Figure 5 is particularly interesting for the view it gives of the line ministry representatives on the LEC. This chart was developed by a village chairman in Fayoum. In looking at the part of the chart that refers to the LEC, it can be seen that the ministry personnel are mentioned twice on the chart -- once as relatively autonomous representatives of the ministries and once as technical advisors to the village council. This duality of function and loyalty, as we have seen in Chapter Two, is a constant source of tensions and conflict.

The Local Popular Council

The principal function of the LPC is to instruct and oversee the LEC in its administration of the village council. One of the hopes behind the creation of the two separate councils (the LEC and LPC), where there had been only one in the past, was the need to provide a locally-committed counter balance to the power of the appointed bureaucracy. The appointed public servants are understandably interested in implementing the

Figure 5

ORGANIZATIONAL CHART FOR A VILLAGE'S POPULAR AND EXECUTIVE COUNCILS - FAYOUM*



* Source: A Village Chairman in Fayoum.

policies of their various ministerial employers, and are often not as familiar with the broader development needs of the village unit as might be a member of the LPC.

The LPC is composed of 17 members elected from the villages that make up the village council administrative area. At least one of the members must be a woman. Table 10 shows some data on the LPC members from a sample of six villages in the three Governorates of Fayoum, Sharkeyia, and Sohag. Clearly, the notion that the LPCs are composed primarily of farmers is not borne out by the data. A surprising number of university graduates serve on these councils, as do a significant number of preparatory and secondary school graduates. In practically every council, moreover, there is a large number of people who are classified as literate, but in many cases this means that the person is just able to write his name. The team's observations of the councils, however, would suggest that within the deliberations of the LPC, these differences may not be as important as might be thought.

Another expectation is that the LPC should be much more representative of the various family, occupational and geographical groupings that compose the village unit. The previous single council had fewer elected members. Those members were sometimes less effective in presenting the views of the community in a council often dominated by the highly educated public employees. In this respect, the electoral patterns that are usually found in a village are instructive in displaying a broad divergence

Table 10

VILLAGE POPULAR COUNCIL MEMBERS: PERSONAL CHARACTERISTICS

Popular Council	Education			Occupation Outside the Council					Membership - Other Organization				Number of Land Owners	Average Farm Size (In feddans)
	University Graduate	Intermediate Education	Literate	Government Employee	Farmer	Worker	Merchant and Farmer	Others	Agricultural Society	Community Development Society	Youth Center	Family Planning		
FAYOUM														
Kalamshah	2	6	9	8	5	3	1	0	11	7	4	0	16	6.8
Al-Roda	0	7	10	6	7	1	2	1	0	0	1	0	10	4.6
SHARKEYIA														
Bordein	1	7	9	7	3	2	4	0	5	4	6	1	10	5.5
Ghita	3	8	6	8	5	2	1	ψ	8	0	1	1	11	11.7
SOHAG														
Beit-Daoud	2	6	8*	8	7	1	0	1	2	0	0	0	12	n.a.
Omm-Doma	0	5	12	5	6	3	2	1	3	0	0	0	10	7.2

* One non-literate.

0 Lawyer

ψ Housewife

among villages in the way power is wielded by segments of the community.

In some villages, various family groupings present candidates, usually numbering more than 17. Informal discussions are then often held to reduce the number to 17 so that there will be no real need for divisive competition among the candidates. This tends to reduce the potential for conflict between the groups of supporters, usually families.

Another pattern is for more than 17 candidates to present themselves for election and to carry through their campaigns so that the electors actually have a number of candidates from which to choose. This outcome often produces some residual conflicts that continue to affect the quality of the interactions of the new council members and their constituents. Reflective of this type of conflict is the frequent creation of an LPC sub-committee called Conflict Resolution and Conciliation, which can be seen in Figure 5.

One other potentially very influential feature of the composition of the LPC membership is the fact that usually about half of the members are public employees. While LPC members are not the highest ranking member of their ministry in the village (since that individual is a member of the LEC and cannot serve on both councils), this role may make it difficult to effectively "instruct" the LEC, since the members of the LEC are the bureaucratic superiors of many of the LPC members. It is certain

however, that their knowledge of the workings of the bureaucracy is a great help to the LPC in its dealings with the LEC.

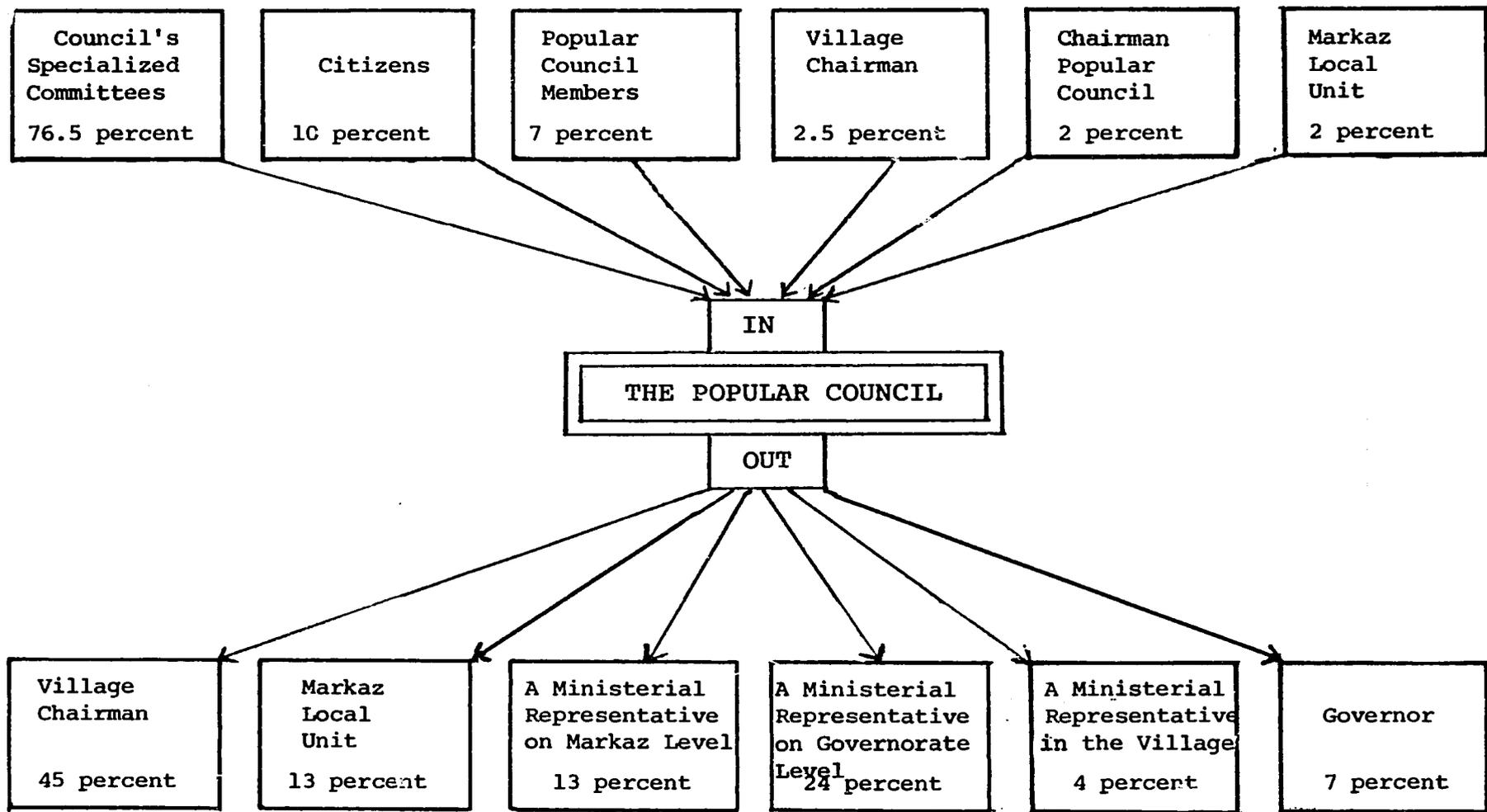
As in the case of the LEC, an analysis was done of the minutes of the LPC meetings in one of the more active LPCs of Fayoum Governorate and another LPC in the Sharkeyia Governorate. The communications flows in the two LPCs give an idea of the variation among LPCs, even among the ones which are comparatively active. In the Fayoum village LPC, shown in Figure 6, the issues considered by the council came largely from the LPC's specialized committees. This could indicate a relatively well-organized LPC in which the sub-committees serve as the linkages between the LPC and the various segments of the village unit. In the case of the Skarkeyia village LPC, shown in Figure 7, a much greater variety of people and organizations has direct access to the LPC -- with the village chairman providing a dominant input (19.2 percent).

This pattern is reversed in the case of the outflow of communications. In Sharkeyia, the LPC filters about 70 percent of its messages through the village chairman, with the ultimate destination being the other government agencies in the markaz and governorate. A significant amount of communication (30 percent) is sent to the markaz LPC which, theoretically, has no direct hierarchical role to play over the Village council LPC.

In the case of the Fayoum village LPC, less filtering of outgoing communication through the village chairman occurs, with

Figure 6

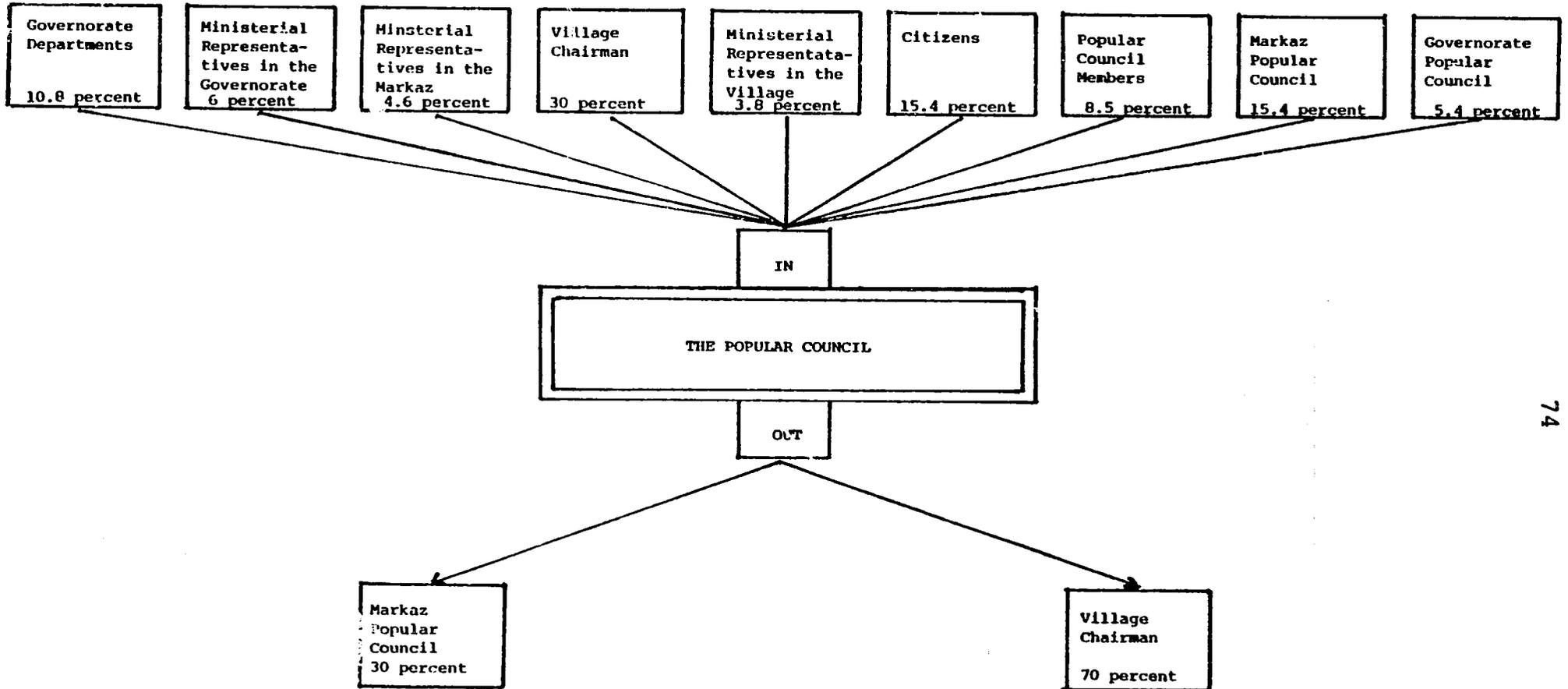
COMMUNICATIONS FLOWS FOR A VILLAGE POPULAR COUNCIL - FAYOUM*



* Based on 130 issues raised in 1979 in Council minutes.

Figure 7

COMMUNICATIONS FLOWS FOR A VILLAGE POPULAR COUNCIL - SHARKEYIA*



* Based on 112 issues raised in 1979 in Council minutes.

more direct contact between the LPC and the markaz and governorate-level governmental agencies. There is no detected contact between the village LPC and that of the markaz, as was the case in Sharkeyia. The variance seen here, if repeated in a wider sample, would indicate greatly different styles of administration and government -- differences which could be very influential to the course and pace of decentralization in these two governorates.

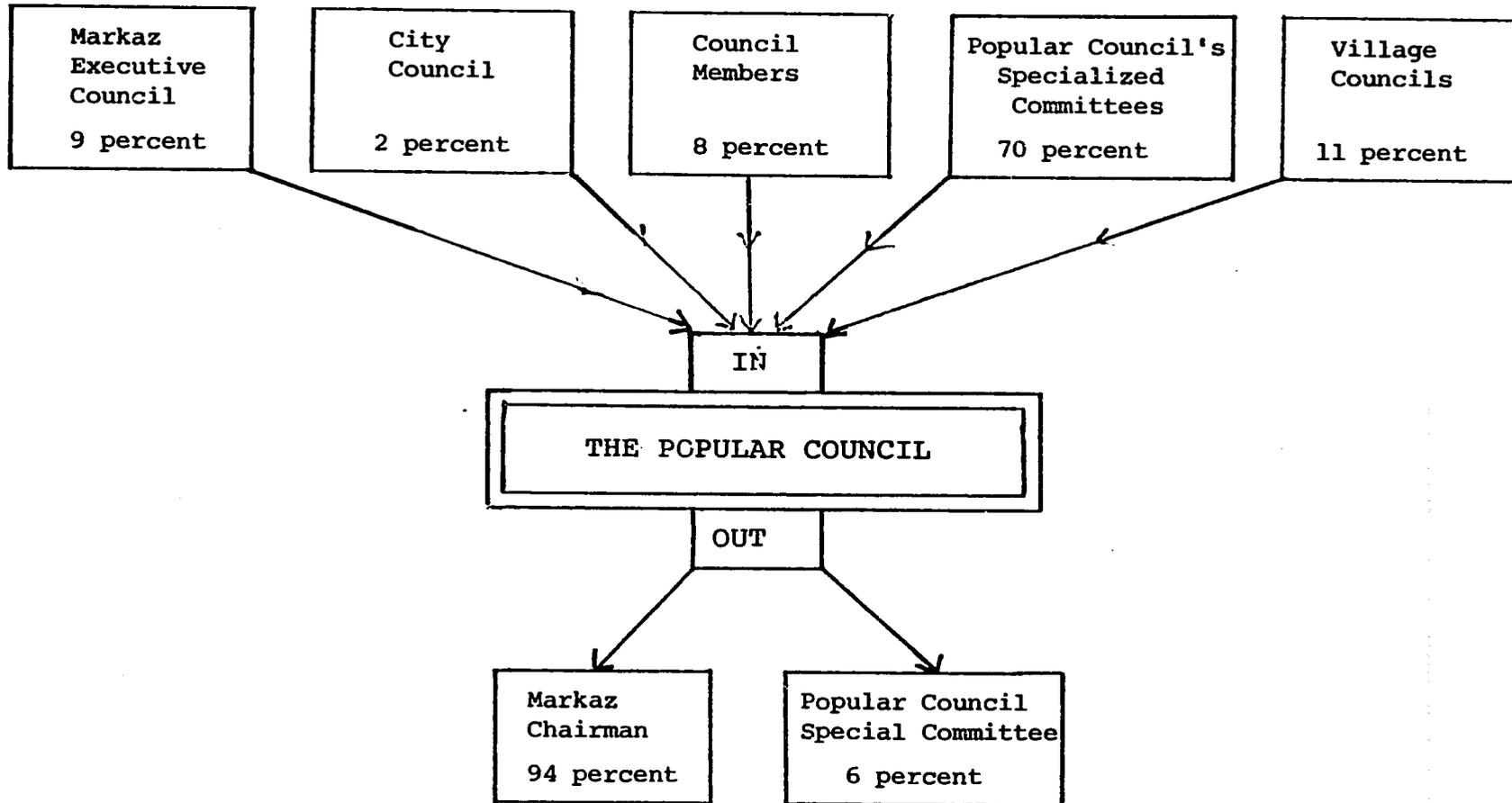
The Administrative Environment of the Village Units

As indicated in the analysis of communications flows of the LPCs and LECs, the administrative environment of the village council units is complex. They must deal with various political and administrative entities at the village, markaz and governorate levels. The involvement of the markaz staff and LPC in the operations of the village council unit, in particular, differs from markaz to markaz. In the more active markaz, the involvement of the markaz chairman and the various councils and agencies of the unit is frequently very great at the village level.

Figures 8 and 9 show a tabulation of the communications flows of a markaz LPC and markaz LEC from the Fayoum Governorate. For the 100 issues considered by the LPC, the influence of the specialized committees is apparent: 70 percent of all issues arise there. The horizontal nature of its influence is also shown by the great percentage of communications (94 percent) which is directed only to other markaz-level agencies.

Figure 8

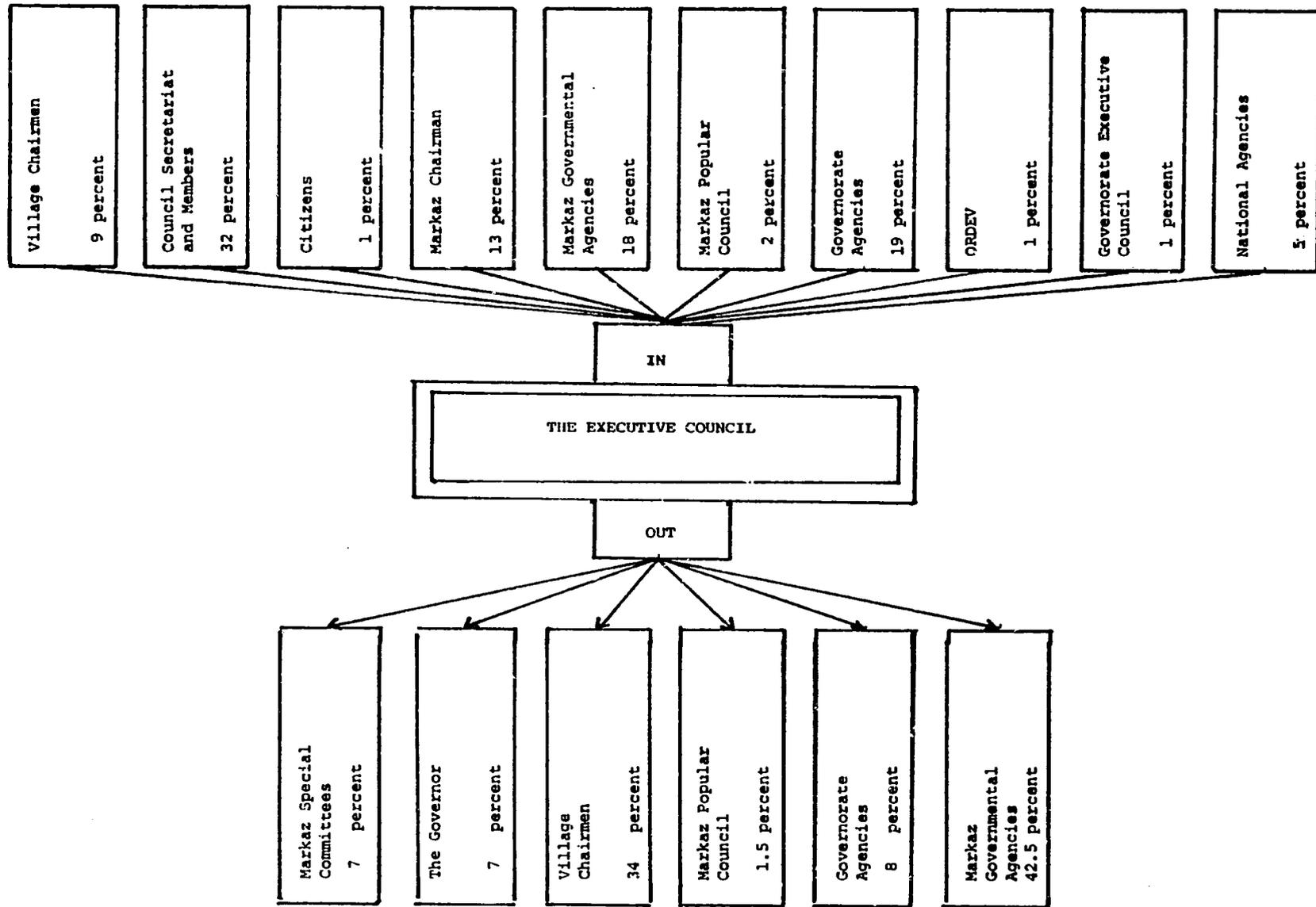
COMMUNICATIONS FLOWS FOR A MARKAZ POPULAR COUNCIL - FAYOUM*



* Based on 100 issues raised in 1979 Council minutes.

Figure 9

COMMUNICATION FLOWS FOR A MARKAZ EXECUTIVE COUNCIL - FAYOUM*



* Based on 260 issues raised in 1979 in Council minutes.

The LEC of the markaz, however, is much more varied in its in-coming and out-going communications. The markaz (in this instance) is acting as a clearinghouse of information between the governorate and the village council units, as well as performing a certain number of services for the villages. The high proportion of LPC messages sent to the LEC, and the low proportion of messages noted as being received by the LEC from the LPC, indicates a certain lack of contact between the two agencies in the markaz. At the very least, the LEC is apparently not taking a great amount of direction from the LPC of the markaz. Again, there is evidence of the relative autonomy of the bureaucracy from the recently created popular institutions.

PART II

A MONITORING AND EVALUATION SYSTEM
FOR DECENTRALIZATION IN EGYPT

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A MONITORING AND EVALUATION SYSTEM
FOR DECENTRALIZATION IN EGYPT

The following two chapters, Five and Six, in summary form present a proposal for the beginning of a monitoring and evaluation system for decentralization in rural Egypt. It is based primarily upon the BVS program, but with the clear understanding that more broadly-based benefits may accrue if the system is found useful to decisionmakers who allocate development resources.

As a model the material is condensed and abbreviated, doing an injustice to the complexities of local administration and local government operations which were examined in Part I. In Part II, the complications are stripped away, the material forced into a framework which can be used to define and measure the relationship between decentralization and rural benefits.

Parameters of Measurement

Decentralization as a concept is disaggregated and specified in a manner which will allow incremental changes to be observed and recorded. Village Council Capacity is introduced as an important intervening variable between Decentralization and Rural Benefits. Since more can be conceived than can be

measured, the framework is more complete than the data collection briefs, while attempts are made to determine what information should be collected, by whom, when and where.

These two chapters need to be read with the understanding that they present only the beginning of the identification of a data collection and analysis system. While Part II strives for the impossible, it is modified by a long conversation with local government officials who have presented their insights on what information would be of interest, and what collection systems would be implementable in the context of the BVS program. Accepted as a starting point from which serious and continuous attention could be paid to the improvement of an information system for decentralization, the conceptual framework and collection and analysis methods proposed in Part II are in harmony with the existing as well as a potentially improved administrative environment promoted by decentralization.

The Antecedents of the Model

In March 1980, Dr. James R. Mayfield drew upon his knowledge of local government in rural Egypt to prepare a special report for USAID/Cairo.^{1/} This omnibus contains a great many suggestions for the generation of a monitoring and evaluation system in rural Egypt, from conceptual models to a village-level questionnaire. After specifying three variables:

^{1/} James B. Mayfield, "Some Considerations for the Establishment of a Monitoring and Evaluation System in Rural Egypt," prepared for USAID/Cairo, April 1980.

- "Program consequences and project impact on the rural areas of Egypt. Quality of life changes and number of beneficiaries served."
DEPENDENT (EFFECT) VARIABLE
- "Managerial and administrative effectiveness of local government in implementing rural development programs"
INTERVENING (PROCESS) VARIABLE
- "Degree of decentralization, financially, administratively and personnel-wise among the local units of government at the village, district and governorate level"
INDEPENDENT (SYSTEMS) VARIABLE

Mayfield wrote, "During the next several months it is hoped that serious attention will be given to implementing these three variables by developing the various indices of decentralization, managerial and administrative effectiveness and program consequences."^{1/} This follow-on report provides the "serious attention" recommended by Mayfield who, although on another assignment, provided much appreciated consulting services during the early weeks of the team's work in Egypt. In the following pages, the conceptual framework outlined is related to the differences and similarities between Mayfield's suggestions and the approach presented herein.^{2/}

^{1/} Mayfield, op cit, p. 3.

^{2/} Mayfield's report deserves attention on its own merit. The contract with DAI also specified that his study would be used as the conceptual basis for the follow-on report.

CHAPTER FIVE

A CONCEPTUAL FRAMEWORK
FOR MEASURING EGYPTIAN DECENTRALIZATION

CHAPTER FIVE

A CONCEPTUAL FRAMEWORK
FOR MEASURING EGYPTIAN DECENTRALIZATION^{1/}

The relationship between the Basic Village Services program and the Egyptian policy of decentralization forms the essential core around which the conceptual framework for the BVS evaluation must be built. It will be briefly summarized here.

The BVS program, as it has been designed, provides for a primary expression of local control of resources. Operating within a system which is currently undergoing a gradual (some might say fitful) evolution towards system-wide decentralization, the BVS procedures are, thus, very much ahead of the general process of devolution of authority. For this reason, there is great interest in determining what incremental impact they will have over and above the impact of more traditional programs.

The hypotheses which are regularly advanced in favor of local control of resources, posit gains in productivity, appropriateness, and beneficiary satisfaction as the result of such procedures. One aspect of the evaluation of the BVS program

^{1/} Primarily the responsibility of Donald Mickelwait and Gary Eilerts.

should therefore prescribe a measurement of the output of the program which allows for a comparative examination with that of other less decentralized programs. This output will be titled Benefits.

However, for the comparative examination of the output of BVS and other non-BVS programs to have anything firm to say about the relative merits of the policy of decentralization, some assurance must be gained that the BVS is, indeed, a fair representative of that policy. The other aspect of the evaluation must, therefore, establish the nature and degree of the differences which separate the BVS and other programs on a definable continuum of decentralization. This continuum will be titled Decentralization. Decentralization will be examined in this chapter, with Benefits and linkages postponed until Chapter Six.

THE CRITICAL DIMENSIONS OF EGYPTIAN DECENTRALIZATION

Decentralization requires a devolution of authority -- a passing down of the responsibility and the means for control of policy, resources, and people -- from a higher to a lower level of government. The government hierarchy extends from the central, national-level authorities and institutions, down to the lowest level of the official structure, the village council. Along the way are found the recently formed and relatively

powerless regional-level bodies. Below them is found the governorate and below the governorate is the markaz.^{1/} The markaz is composed of several village councils.

Authority to be devolved is concentrated in key areas of financial resources, people, and government administration. These would include the power to raise and generally allocate resources, to direct or share in the decisions about the specific use of available resources, and to manage official personnel.

Decentralization in Fact

The major thrust toward decentralization has occurred between the central ministries and the governorates. The governors have now been designated as the local representatives of the president within the governorates and are of equal status with the ministers. In the budgetary process, a greater share of the financial resources of the state are gradually moving into governors' control. There is now considerable give and take at these two levels as the governor and the ministers, elected and appointed officials, engage in a negotiated settlement over the division of financial resources.

^{1/} Several other administrative units exist but are found primarily in the urban areas.

This, however, is not the case for all ministries. Some (Irrigation, Agriculture, Power, etc.), retain significant control over their budget even though it eventually enters into the composite budget request submitted by the governor.^{1/} In any case, the movement of the locus of GOE administrative and developmental authority from the ministries to the governorates is a central feature of the policy of decentralization in 1980.

There is only modest evidence that a shift of resources from the governorate to the markaz or village council is taking place. Rather, governorate-level technical staff often contend that lower levels of government do not have the technical or administrative capacity to plan and implement development projects -- contentions previously advanced by the ministries to explain why the governorates should not be given greater authority. However, as the governorates gain a progressively greater control over government expenditure, shifts in the location of planning and implementation authority from the governorate to lower levels will be a significant indicator of further progress in decentralization.

There is another path that decentralization has followed. This is a national-level public authority to village shift,

^{1/} See Part I, Chapter Two, for the dynamics of the shift.

which by-passes (in many instances) the offices of the governorates and for which the funding and expenditure do not enter into the regular planning and allocation process. The most noteworthy of such movement has occurred through the BVS and the LDF programs funded by USAID and administered by ORDEV, in addition to GOE budget monies distributed by ORDEV to village units.^{1/}

The last decentralization shift is to self-generated local discretionary funds. The Local Fund for Service and Development (LSF) as described earlier, is an instrument of the village council which now can generate its own resources and put them to use with few legal or administrative limits to its authority. This shift in local expenditure authority is of great potential significance because drawing upon the LSF does not require the village council to obtain approval of a sponsoring higher level administrative unit. The autonomy thus conferred is of a somewhat different nature than budgetary allocation shifts from one level of government to another.

A Conceptual Model of Egyptian Decentralization

A conceptual model should incorporate, as the critical aspects of decentralization, the location of the shift in the government hierarchy and the nature of the authority devolved. There are potentially five authority shifts:

^{1/} See Chapter Three for details of the ORDEV program.

- No shift, national level authority retained (Symbol D_0);
- From national level to governorate (Symbol D_1);
- From governorate to village level (Symbol D_2);
- From national level to village level (Symbol D_3); and
- Local generation under new authority (Symbol D_4).

Authority to be devolved may be grouped into:

- Control over financial resources;
- Management of personnel; and
- Locus of administrative responsibilities.

The decentralization of "control over financial resources" category, in this case budgetary expenditures, could be outlined as follows:

Table 11

CONCEPTUAL MODEL OF DECENTRALIZATION

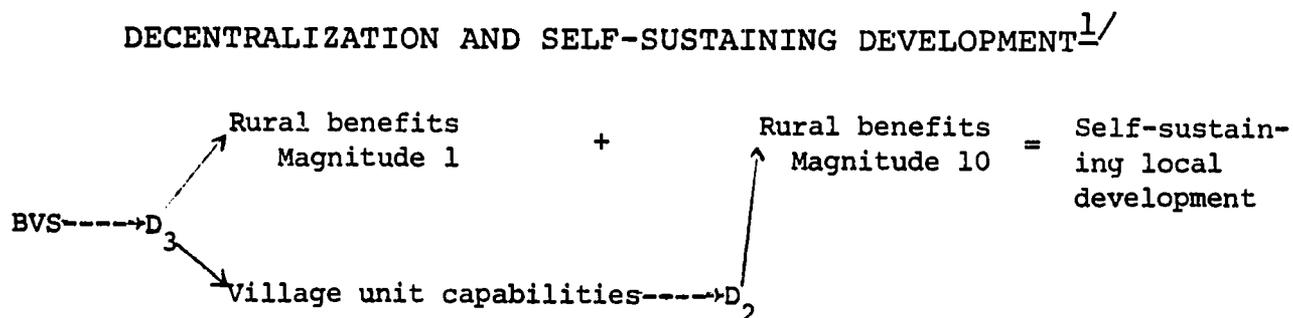
<u>Control Over Financial Resources</u> (Budgetary Expenditures)	<u>Decentralization Shift</u>	<u>Symbol</u>
National Ministry budget	None	D_0
Governorate budget	From national to governorate	D_1
Governorate budget funds given to village councils	From governorate to village	D_2
Public authority funds (ORDEV) given to village councils	From national level to village	D_3
Village self-generated discretionary funds (LSF)	Local generation under new authority	D_4

It is apparent that the shift from central ministries to governorate (D_1) is moving on high internal political momentum. The D_2 shift, from governorate to village, then becomes a critical indicator of further decentralization. One reason that USAID would support the D_3 shift from ORDEV to villages through the BVS is the hope that such a procedure would generate a village unit capable of efficient planning and execution of development projects, and that by documenting this, a D_2 shift could be further encouraged.

The rationale of the BVS is clear. The BVS program intervenes into the existing governorates resource allocation system to further D_3 decentralization, improve village unit capabilities and, thereby, increase rural benefits. By documenting D_3 benefits correctly, a move towards D_2 decentralization may be encouraged. Further, D_2 and D_3 investments in the village units (when combined with local initiative, resources, and skills) may produce self-sustaining local development.^{1/} The hoped-for sequence is presented visually on the following page.

^{1/} This discussion is limited to those development projects which are "freestanding" in one village unit area. Obviously, many development investments are not appropriately the independent decision of one rural area. The discussion has also not included the markaz, the level of government between the governorate and village unit. Each governorate seems to have its own system for dealing with, or by-passing, the markaz. Insofar as the markaz is an important stop in the decentralization chain from governorate to village unit, it must be included in the implementation of any development investment program. However, the addition of the markaz should not affect the conceptual framework presented here.

Figure 10



MEASUREMENT OF DECENTRALIZATION

Variables

The two parameters of decentralization suggested earlier, the location of the shift in authority, and the nature of the authority devolved in that shift, will form the general boundaries within which a set of indicators must be found to measure decentralization. While many indicators can be hypothetically constructed, scarce financial resources, time, and personnel will play a limiting role.

The government hierarchy described in this report consists of three tiers, with measurement of decentralization shifts to be made only at the governorate and village unit level, noting the portion of the total budget available for the governorate

^{1/} The proposition is: "Control over local development programs should be devolved to the lowest level of administration competence."

prepared by the governor's office and the portion of the total budget available for the village unit prepared by the village chairman. There are technical questions of what "available" will mean, and a good deal of ambiguity in determining who (at which level) actually makes decisions. Yet the variables to be measured should encompass the following at the governorate and village-unit level:

- Control over financial resources, with a concern for both revenue and expenditures. In negotiated settlements, where a clear cut "decider" cannot be identified, a "Critical Decisions" tool will be suggested, to give appropriate weight to shared decisionmaking.
- Management of Personnel, weakened as a meaningful variable by the national full employment policy which reduces the ability of local government to hire, fire, promote and assign on their own authority. In addition, salaries for local personnel are not necessarily paid out of budgeted salary amounts for that locality, as the administration of the payroll falls years behind personnel reassignments. There have been some marginal improvements in local government autonomy in personnel management, and this variable may be adjusted to reflect slight but important contributions to decentralization.
- Administration of government activities, a variable used to capture the difference between the legal definitions of authority under ongoing decentralization, and the actual practice of the administration of the regular workings of the government bureaucracy.

Indicators

The indicators presented below will require much further refinement in the future. The first question the field team addressed was the availability of data which would allow immediate comparisons -- data which could be used to place governorates

and village units on a decentralization continuum. Data obtained in the field suggest the indicators listed below are the minimum available in the local governments visited. Significantly more can be expected if the implementation plan proposed in Part III of this report is supported.

Indicators are divided into governorate and village unit level categories, as the data base differs significantly for measurement of the same variable.

Decentralization Indicators at the Governorate Level

VARIABLE 1 Control Over Financial Resources

Data will be found in the budgetary and expenditure process of the governorates as well as in that of the ministries which are not yet decentralized (which retain a separate budget which includes expenditures for individual governorates). There are multiple uses for the data, once developed. Revenues, for example, can be compared by sources to total revenues, and to all different categories of government expenditures. The Egyptian budget is divided in two classifications of recurrent expenditures: Bab 1 for personnel salaries and Bab 2 for operating expenses.^{1/} Capital investments are contained in Bab 3. Revenue statistics can be compared to each classification of the budget, singularly or in combination, providing a large potential list of indicators. Only the major comparisons will be specified here, with a good deal more work to be done in a following phase to determine which of the excluded indicators might shed light on the process of decentralization at the governorates.

Indicator 1A; Total Revenue to Total Expenditure Ratio

Total revenues raised within the governorate
Total expenditures within the governorate

^{1/} "Bab," literally "door" in Arabic, refers in this usage to "line item."

Indicator 1B: Governorate Budget to Total Budget Ratio

$$\frac{\text{Total Governorate Budget}}{\text{Total Expenditures within the Governorate}}$$

Indicator 1C: Governorate Capital Investment to Total Capital Investment Ratio

$$\frac{\text{Governorate Capital Investment (Bab 3)}}{\text{Total Capital Investment in Governorate}}$$

Indicator 1D: Governorate Budget to Expenditure Ratio

$$\frac{\text{Governorate Budget}}{\text{Total Expenditures within Governorate}}$$

Indicator 1E: Budget Proposed to Budget Approved Ratio

$$\frac{\text{Governorate Budget Proposed}}{\text{Governorate Budget Approved}}$$

Indicator 1F: Critical Planning and Implementation Actions (CPIA) Index

An index which traces the origin of a financial resource decision, in those instances where decisionmaking is shared, to determine the relative weight of the various levels of government. This is particularly necessary when budgets are prepared at one level and are modified/ approved at another. The CPIA for governorates has yet to be attempted. See Appendix B for the use of this methodology applied to village units.

VARIABLE 2 Management of Personnel

Indicator 2A: Locally-Controlled Public Sector Employees to Total Public Sector Employees Ratio

$$\frac{\text{Number of employees under governorate control for hiring, firing, promotion}}{\text{Total number of public sector employees in governorate}}$$

VARIABLE 3 Administration of Government Activities

An index of political will in the implementation of decentralization. Law 43 of 1979 is the most current national policy on divided governmental responsibilities. An administrative index of decentralization can be constructed to capture the gap between the legally possible government activities which might be undertaken at the governorate and those which are actually realized. See Appendix C for a questionnaire addressed to this index at the village unit level.

Decentralization Indicators at the Village Unit Level^{1/}

VARIABLE 1 Control Over Financial Resources

Resources which enter a village council area are of two categories: those defined as being under local control and those which are not. Expenditures by ministries and those from the governorate budget for salaries, recurring expenditures and capital investments are (from the village's point of view), centralized funding allocations.

Grants and loans from ORDEV, either from the government of Egypt's own budget, or under the terms of the BVS or LDF programs are included in the budgetary process as funds under village council control.^{2/} This also includes income generated at the village level, from contributions or profitable enterprises, which enter the LSF.

Over the course of the field investigation, a continuing concern was the availability of data which could be used to begin a monitoring and evaluation system. One critical issue was the assignment to village councils of revenues and expenditures in the records of the governorates. If it is not possible to disaggregate governorate-budget funds spent in village-unit areas, tracking decentralization will be a nearly impossible task.

In the three governorates of Fayoum, Sharkeyia and Sohag, major differences were found in accounting procedures. Fayoum has undergone fiscal and administrative modernization -- at the direction of interested governors -- and the system could produce needed data, disaggregated by village councils, quickly. In the other governorates, the attribution of expenses to a village council area was a difficult and time-consuming assignment, carried out only with the governor's agreement and the active cooperation of the secretary general -- the chief administrative aide to the governor.

^{1/} This is where the majority of field investigation took place, reflecting the focus of the BVS program.

^{2/} There is also an "other" category of locally-controlled revenue which may include development aid from other sources (foreign governments, private companies, etc). See the Revenue table for Omm Doma, Sohag governorate.

Records of locally-controlled village unit finances were found in the possession of the village chairman, but in differing degrees of completeness and categorization.

The team compiled comparable data on revenues and expenditures for six village councils (Tables 12 through 17) which constitute the basis for indicators of financial control until new accounting procedures could be established. The tables and suggested financial control indicators (completed with the data from the tables) follow.

REVENUES AND EXPENDITURES 1978-80 IN VILLAGE COUNCIL

Al Roda

GOVERNORATE

Fayoum

II. EXPENDITURES (All Figures in Egyptian Pounds)	1978	1979	1980
A. Capital Investment (National GPOs)	n.a.		
1. Potable Water		0	0
2. Other		256,045	0
(1 + 2) SUB-TOTAL A	n.a.	256,045	0
B. Budgeted Expenditures (Governorate Budget)	n.a.		
1. Wages and Salaries	n.a.		
a. General Administration		7,490	9,200
b. Education		--	--
c. Health		--	--
d. Other		--	--
2. Recurrent Expenditures	n.a.		
a. General Administration		6,801	7,408
b. Education		--	--
c. Health		--	--
d. Other		--	--
(1 + 2) SUB-TOTAL B ₁	n.a.	14,291	16,608
3. Capital Investment (Directorates) B ₂	n.a.	0	1,500
(1 + 2 + 3) SUB-TOTAL B ₃	n.a.	14,291	18,108
C. BVS, LDF, ORDEV Projects (Salaries, Recurrent Expenditures, Capital Investment) C	11,000	7,500	550,000
D. LSF Projects (Non BVS, LDF, ORDEV)			n.a.
1. Salaries and Wages	1,288	1,866	--
2. Recurrent Expenditures	3,183	4,424	--
(1 + 2) SUB-TOTAL D ₁	4,471	6,290	--
3. Capital Investment D ₂	0	0	n.a.
(1 + 2 + 3) SUB-TOTAL D ₃	4,471	6,290	n.a.
E. A + B ₂ + C + D ₂ TOTAL CAPITAL INVESTMENT	n.a.	263,545	551,500
F. A + B ₃ + C + D ₃ TOTAL EXPENDITURES	n.a.	284,126	568,108
G. C + D ₂ VILLAGE CONTROLLED CAPITAL INVESTMENT	11,000	7,500	550,000

Table 13

REVENUES AND EXPENDITURES 1978-80 IN VILLAGE COUNCIL KalamshahGOVERNORATE Fayoum

I. REVENUES (All Figures in Egyptian Pounds)	1978	1979	1980
A. Taxes and Fees			
1. Original Land Tax (Governorate collection)	6,898	6,898	9,054
2. Additional Land Tax (Governorate collection)	1,035	1,035	1,379
3. Other fees and taxes (Governorate and markaz collection)	969	469	714
(1 + 2 + 3) SUB-TOTAL A	8,902	8,402	11,147
B. Grants and Loans			
1. ORDEV	11,480	10,000	0
2. BVS	0	0	21,500
3. LDF	0	0	0
4. Other	0	0	0
(B ₁ + B ₂ + B ₃ + B ₄) SUB-TOTAL B	11,480	10,000	21,500
C. LSF Revenues and Collections			
1. Taxes and fees collected locally	0	1,900	640
2. Citizen's contributions	1,880	1,200	7,226
3. Revenues from village-run projects	0	13,796	18,410
(C ₁ + C ₂ + C ₃) SUB-TOTAL C	1,880	16,896	26,276
D. (A + C) LOCALLY-RAISED FUNDS	10,782	25,298	37,423
E. (B + C) LOCALLY-CONTROLLED FUNDS	13,360	26,896	47,776
F. (A + B + C) TOTAL FUNDS RECEIVED	22,262	35,298	58,923

REVENUES AND EXPENDITURES 1978-80 IN VILLAGE COUNCIL

Kalamshah

GOVERNORATE

Fayoum

II. EXPENDITURES (All Figures in Egyptian Pounds)	1978	1979	1980
A. Capital Investment (National GPOs)			
1. Potable Water	200,000	145,000	0
2. Other	124,804	3,000	16,607
(1 + 2) SUB-TOTAL A	324,804	148,000	16,607
B. Budgeted Expenditures (Governorate Budget)			
1. Wages and Salaries			
a. General Administration	13,040	16,200	19,700
b. Education			
c. Health			
d. Other			
2. Recurrent Expenditures			
a. General Administration	5,499	6,585	8,209
b. Education			
c. Health			
d. Other			
(1 + 2) SUB-TOTAL B ₁	18,539	22,785	27,909
3. Capital Investment (Directorates) B ₂	8,515	18,500	80,500
(1 + 2 + 3) SUB-TOTAL B ₃	27,054	41,285	108,409
C. BVS, LDF, ORDEV Projects (Salaries, Recurrent Expenditures, Capital Investment). C	11,480	10,000	21,500
D. LSF Projects (Non BVS, LDF, ORDEV)	n.a.		
1. Salaries and Wages		2,390	1,109
2. Recurrent Expenditures		17,137	17,918
(1 + 2) SUB-TOTAL D ₁	n.a.	19,527	19,027
3. Capital Investment D ₂	n.a.	0	0
(1 + 2 + 3) SUB-TOTAL D ₃	n.a.	19,527	19,027
E. A + B₂ + C + D₂ TOTAL CAPITAL INVESTMENT	344,799	176,500	118,607
F. A + B₃ + C + D₃ TOTAL EXPENDITURES	363,338	218,812	165,543
G. C + D₂ VILLAGE CONTROLLED CAPITAL INVESTMENT	11,480	10,000	21,500

Table 14

REVENUES AND EXPENDITURES 1978-80 IN VILLAGE COUNCIL

Ghita

GOVERNORATE

Sharkeyia

I. REVENUES (All Figures in Egyptian Pounds)	1978	1979	1980
A. Taxes and Fees			
1. Original Land Tax (Governorate collection)	12,700	9,750	16,230
2. Additional Land Tax (Governorate collection)	0	0	0
3. Other fees and taxes (Governorate and markaz collection)	2,050	290	365
(1 + 2 + 3) SUB-TOTAL A	14,750	10,040	16,595
B. Grants and Loans			
1. ORDEV	0	0	0
2. BVS	0	0	209,739
3. LDF	0	0	0
4. Other	0	0	0
(B ₁ + B ₂ + B ₃ + B ₄) SUB-TOTAL B	0	0	209,739
C. LSF Revenues and Collections			
1. Taxes and fees collected locally	2,703	2,896	2,896
2. Citizen's contributions	24,200	21,560	18,506
3. Revenues from village-run projects	4,399	1,041	1,041
(C ₁ + C ₂ + C ₃) SUB-TOTAL C	31,302	25,497	22,443
D. (A + C) LOCALLY-RAISED FUNDS	46,052	35,537	39,038
E. (B + C) LOCALLY-CONTROLLED FUNDS	31,302	25,497	232,182
F. (A + B + C) TOTAL FUNDS RECEIVED	46,052	35,537	248,777

REVENUES AND EXPENDITURES 1978-80 IN VILLAGE COUNCIL

Ghita

GOVERNORATE

Sharkeyia

II. EXPENDITURES (All Figures in Egyptian Pounds)	1978	1979	1980
A. Capital Investment (National GFOs)	n.a.	n.a.	n.a.
1. Potable Water			
2. Other			
(1 + 2) SUB-TOTAL A	n.a.	n.a.	n.a.
B. Budgeted Expenditures (Governorate Budget)			
1. Wages and Salaries			
a. General Administration	10,410	11,600	13,340
b. Education	36,860	60,010	30,330
c. Health	14,878	11,658	13,622
d. Other	0	0	0
2. Recurrent Expenditures			
a. General Administration	6,564	1,182	1,801
b. Education	548	647	684
c. Health	525	525	525
d. Other	0	0	0
(1 + 2) SUB-TOTAL B ₁	69,785	85,622	60,302
3. Capital Investment (Directorates) B ₂	0	0	12,000
(1 + 2 + 3) SUB-TOTAL B ₃	69,785	85,622	72,302
C. BVS, LDF, ORDEV Projects (Salaries, Recurrent Expenditures, Capital Investment). C	-	-	209,739
D. LSF Projects (Non BVS, LDF, ORDEV)			
1. Salaries and Wages	0	0	0
2. Recurrent Expenditures	14,546	15,974	15,974
(1 + 2) SUB-TOTAL D ₁	14,546	15,974	15,974
3. Capital Investment D ₂	6,800	3,955	2,000
(1 + 2 + 3) SUB-TOTAL D ₃	21,346	19,929	17,974
E. A + B ₂ + C + D ₂ TOTAL CAPITAL INVESTMENT	6,800	3,955	223,739
F. A + B ₃ + C + D ₃ TOTAL EXPENDITURES	91,131	105,551	300,015
G. C + D ₂ VILLAGE CONTROLLED CAPITAL INVESTMENT	6,800	3,955	211,739

REVENUES AND EXPENDITURES 1978-80 IN VILLAGE COUNCIL Sammakin El GharbGOVERNORATE Sharkevia

I. REVENUES (All Figures in Egyptian Pounds)	1978	1979	1980
A. Taxes and Fees			n.a.
1. Original Land Tax (Governorate collection)	13,505	36,303	-
2. Additional Land Tax (Governorate collection)	0	0	
3. Other fees and taxes (Governorate and markaz collection)	1,102	1,458	
(1 + 2 + 3) SUB-TOTAL A	14,607	37,761	n.a.
B. Grants and Loans			
1. ORDEV	0	0	0
2. BVS	0	0	389,225
3. LDF	0	0	0
4. Other	0	0	0
(B ₁ + B ₂ + B ₃ + B ₄) SUB-TOTAL B	0	0	389,225
C. LSF Revenues and Collections			
1. Taxes and fees collected locally	0	0	0
2. Citizen's contributions	40,000	24,000	61,000
3. Revenues from village-run projects	2,070	2,837	5,056
(C ₁ + C ₂ + C ₃) SUB-TOTAL C	42,070	26,837	66,056
D. (A + C) LOCALLY-RAISED FUNDS	56,677	64,598	n.a.
E. (B + C) LOCALLY-CONTROLLED FUNDS	42,070	26,837	455,281
F. (A + B + C) TOTAL FUNDS RECEIVED	56,677	64,598	n.a.

REVENUES AND EXPENDITURES 1978-80 IN VILLAGE COUNCIL

Sammakin El Gharb

GOVERNORATE

Sharkeyia

II. EXPENDITURES (All Figures in Egyptian Pounds)	1978	1979	1980
A. Capital Investment (National GPOs)			
1. Potable Water	0	0	0
2. Other	0	0	282,000
(1 + 2) SUB-TOTAL A	0	0	282,000
B. Budgeted Expenditures (Governorate Budget)			
1. Wages and Salaries	9,400	10,269	11,290
a. General Administration			
b. Education			
c. Health			
d. Other			
2. Recurrent Expenditures			
a. General Administration	1,445	1,448	1,592
b. Education			
c. Health			
d. Other			
(1 + 2) SUB-TOTAL B ₁	10,845	11,717	12,882
3. Capital Investment (Directorates) B ₂	15,000	14,000	6,000
(1 + 2 + 3) SUB-TOTAL B ₃	25,845	25,717	18,882
C. BVS, LDF, ORDEV Projects (Salaries, Recurrent Expenditures, Capital Investment). C	0	0	389,225
D. LSF Projects (Non BVS, LDF, ORDEV)			
1. Salaries and Wages	0	0	0
2. Recurrent Expenditures	2,677	3,305	2,644
(1 + 2) SUB-TOTAL D ₁	2,677	3,305	2,644
3. Capital Investment D ₂	18,500	3,500	20,000
(1 + 2 + 3) SUB-TOTAL D ₃	21,177	6,805	22,644
E. A + B₂ + C + D₂ TOTAL CAPITAL INVESTMENT	33,500	17,500	697,225
F. A + B₃ + C + D₃ TOTAL EXPENDITURES	47,022	32,522	712,751
G. C + D₂ VILLAGE CONTROLLED CAPITAL INVESTMENT	18,500	3,500	409,225

Table 16

REVENUES AND EXPENDITURES 1978-80 IN VILLAGE COUNCIL

Beit Daoud

GOVERNORATE	Sohag		
	1978	1979	1980
I. REVENUES (All Figures in Egyptian Pounds)			
A. Taxes and Fees			
1. Original Land Tax (Governorate collection)	7,703	9,349	4,500
2. Additional Land Tax (Governorate collection)	1,150	1,402	670
3. Other fees and taxes (Governorate and markaz collection)	3,013	685	380
(1 + 2 + 3) SUB-TOTAL A	11,866	11,436	5,550
B. Grants and Loans			
1. ORDEV	4,500	0	0
2. BVS	0	0	89,200
3. LDF	0	0	0
4. Other	0	0	0
(B ₁ + B ₂ + B ₃ + B ₄) SUB-TOTAL B	4,500	0	89,200
C. LSF Revenues and Collections			
1. Taxes and fees collected locally	300	320	320
2. Citizen's contributions	8,250	8,250	8,200
3. Revenues from village-run projects	1,083	847	410
(C ₁ + C ₂ + C ₃) SUB-TOTAL C	9,633	9,417	8,930
D. (A + C) LOCALLY-RAISED FUNDS	21,499	20,853	14,480
E. (B + C) LOCALLY-CONTROLLED FUNDS	14,133	9,417	98,130
F. (A + B + C) TOTAL FUNDS RECEIVED	25,999	20,853	103,680

REVENUES AND EXPENDITURES 1978-80 IN VILLAGE COUNCIL

Beit Daoud

GOVERNORATE

Sohag

II. EXPENDITURES (All Figures in Egyptian Pounds)	1978	1979	1980
A. Capital Investment (National GPOs)	n.a.	n.a.	n.a.
1. Potable Water			
2. Other			
(1 + 2) SUB-TOTAL A	n.a.	n.a.	n.a.
B. Budgeted Expenditures (Governorate Budget)			
1. Wages and Salaries			
a. General Administration	5,002	7,129	8,815
b. Education	59,000	59,000	59,000
c. Health	18,000	18,000	18,000
d. Other	5,500	5,500	5,500
2. Recurrent Expenditures			
a. General Administration	1,723	1,826	1,966
b. Education	--	--	--
c. Health	--	--	--
d. Other	824	824	824
(1 + 2) SUB-TOTAL B ₁	90,049	92,279	94,105
3. Capital Investment (Directorates) B ₂	17,750	8,250	63,300
(1 + 2 + 3) SUB-TOTAL B ₃	107,799	100,529	157,405
C. BVS, LDF, ORDEV Projects (Salaries, Recurrent Expenditures, Capital Investment). C	4,500	0	89,200
D. LSF Projects (Non BVS, LDF, ORDEV)			
1. Salaries and Wages	100	249	88
2. Recurrent Expenditures	2,295	509	466
(1 + 2) SUB-TOTAL D ₁	2,395	758	554
3. Capital Investment D ₂	--	--	--
(1 + 2 + 3) SUB-TOTAL D ₃	2,395	758	554
E. A + B ₂ + C + D ₂ TOTAL CAPITAL INVESTMENT	22,250	8,250	152,500
F. A + B ₃ + C + D ₃ TOTAL EXPENDITURES	114,694	101,287	247,159
G. C + D ₂ VILLAGE CONTROLLED CAPITAL INVESTMENT	4,500	0	89,200

Table 17

REVENUES AND EXPENDITURES 1978-80 IN VILLAGE COUNCIL

Omm Doma

GOVERNORATE

Sohag

I. REVENUES (All Figures in Egyptian Pounds)	1978	1979	1980
A. Taxes and Fees			
1. Original Land Tax (Governorate collection)	9,750	11,500	14,950
2. Additional Land Tax (Governorate collection)	0	0	0
3. Other fees and taxes (Governorate and markaz collection)	3,200	2,590	2,900
(1 + 2 + 3) SUB-TOTAL A	12,950	14,090	17,850
B. Grants and Loans			
1. ORDEV	0	7,000	0
2. BVS	0	0	156,980
3. LDF	0	0	0
4. Other	0	2,000	5,000
(B ₁ + B ₂ + B ₃ + B ₄) SUB-TOTAL B	0	9,000	161,980
C. LSF Revenues and Collections			
1. Taxes and fees collected locally	0	0	0
2. Citizen's contributions	0	0	5,000
3. Revenues from village-run projects	6,531	7,011	4,991
(C ₁ + C ₂ + C ₃) SUB-TOTAL C	6,531	7,011	9,991
D. (A + C) LOCALLY-RAISED FUNDS	19,481	21,101	27,841
E. (B + C) LOCALLY-CONTROLLED FUNDS	6,531	16,011	171,971
F. (A + B + C) TOTAL FUNDS RECEIVED	19,481	30,101	189,821

REVENUES AND EXPENDITURES 1978-80 IN VILLAGE COUNCIL Omm DomaGOVERNORATE Sohag

II. EXPENDITURES (All Figures in Egyptian Pounds)	1978	1979	1980
A. Capital Investment (National GPOs)			
1. Potable Water	n.a.	n.a.	n.a.
2. Other			
(1 + 2) SUB-TOTAL A	n.a.	n.a.	n.a.
B. Budgeted Expenditures (Governorate Budget)			
1. Wages and Salaries			
a. General Administration	11,017	13,896	16,350
b. Education	50,969	65,045	63,840
c. Health	23,681	22,628	28,105
d. Other	5,429	6,192	7,015
2. Recurrent Expenditures			
a. General Administration	3,367	4,235	4,947
b. Education	--	--	--
c. Health	280	380	335
d. Other	430	665	854
(1 + 2) SUB-TOTAL B ₁	95,173	107,761	121,446
3. Capital Investment (Directorates) B ₂	7,000	26,000	5,000
(1 + 2 + 3) SUB-TOTAL B ₃	102,173	133,761	126,446
C. BVS, LDF, ORDEV Projects (Salaries, Recurrent Expenditures, Capital Investment). C	0	9,000	161,980
D. LSF Projects (Non BVS, LDF, ORDEV)			
1. Salaries and Wages	0	0	0
2. Recurrent Expenditures	2,093	3,343	4,390
(1 + 2) SUB-TOTAL D ₁	2,093	3,343	4,390
3. Capital Investment D ₂	0	0	0
(1 + 2 + 3) SUB-TOTAL D ₃	2,093	3,343	4,390
E. A + B ₂ + C + D ₂ TOTAL CAPITAL INVESTMENT	7,000	35,000	166,980
F. A + B ₃ + C + D ₃ TOTAL EXPENDITURES	104,266	146,104	292,816
G. C + D ₃ VILLAGE CONTROLLED CAPITAL INVESTMENT	0	9,000	161,980

Indicator 1A: Total Revenue to Total Expenditure Ratio

$$\frac{\text{Total revenues raised within the village unit area}}{\text{Total expenditures within the village unit area}}$$

Of the revenues listed in Tables 12 through 17, Category IA (Taxes and Fees) is by regulation to be divided in a ratio of 75/25 between the village unit and the governorate. However, field investigation revealed that the governorates assume that the expenditures for wages and salaries and recurrent costs (Expenditures IIB₁ and IIB₂) are the "return" of revenue collected at the village unit. No distribution is made back to the village and these revenues are not under local control. The ratio for the six villages would be as presented in Table 18 on the opposite page.

Several conclusions are obvious. The ratio is not useful as an index of decentralization, being overwhelmed by the volume of BVS or Central Government project funds. This suggests that while gross financial indicators may be valuable at the governorate level, village finances are on such a small scale that far more subtle indicators are needed. Second, time series are necessary in any revenue/expenditure comparison, since BVS funds made available in one year may be expended over several years.

Table 18

TOTAL REVENUE TO TOTAL EXPENDITURE RATIO
(in Egyptian pounds)

Village Council	1978			1979			1980		
	Revenues	Expenditures	Ratio	Revenues	Expenditures	Ratio	Revenues	Expenditures	Ratio
Al Roda	16,943	n.a.	n.a.	22,517	284,126	.079	561,702	568,108	.989
Kalamshah	22,262	363,338	.061	35,298	218,812	.161	58,923	165,543	.356
Ghita	46,052	91,131	.505	35,537	105,551	.337	248,777	300,015	.829
Sammakin El Gharb	56,677	47,022	1.205	64,598	32,522	1.987	n.a.	712,751	n.a.
Beit Daoud	25,999	114,694	.227	20,853	101,287	.206	103,680	247,159	.419
Omni Doma	19,481	104,266	.187	30,101	146,104	.206	189,821	292,816	.648

More useful indicators at the village unit level may be:

Indicator 1B: $\frac{\text{"Governorate" taxes collected}^{1/}}{\text{Governorate expenditures}}$

Table 19

GOVERNORATE TAXES COLLECTED TO GOVERNORATE EXPENDITURES RATIO
(in Egyptian pounds)

Village Council	1978			1979			1980		
	Revenues	Expenditures	Ratio	Revenues	Expenditures	Ratio	Revenues	Expenditures	Ratio
Al Roda	n.a.	n.a.	n.a.	9,007	14,291	.630	11,702	16,608	.704
Kalamshah	8,902	18,539	.480	8,402	22,785	.369	11,147	27,909	.399
Ghita	14,750	69,785	.211	10,040	85,622	.117	16,595	60,302	.229
Sammakin El Gharb	14,607	10,845	1.346	37,761	11,717	3.222	n.a.	12,882	n.a.
Beit Daoud	11,866	90,049	.131	11,436	92,279	.123	5,550	94,105	.058
Omm Doma	12,950	95,173	.136	14,090	107,761	.130	17,850	121,446	.147

Of the 16 completed cells in this table, only two have a ratio which suggests that the governorate did not return the 75 percent of locally-collected taxes to the village council, but the funds do not fall under village control. There is also little relationship between the original land tax -- which is the large revenue earner for the governorate -- and the size of the wages and recurrent cost budget provided for the village council. As in the previous table, sizeable capital contributions in the governorate budget (as in Sammakin El Gharb in 1980) skew the ratios.

Other indicators of interest are discussed on the following pages.

^{1/} Includes the original and additional agricultural land taxes and other taxes that may be collected by governorate or markaz agencies.

Indicator 1C: Locally-Controlled Revenues Index (the addition of grants and loans and LSF revenues and contributions).

BVS grants, however, will dominate the magnitude of this index unless it is appropriately weighted.

Indicator 1D: LSF Revenues and Contributions Index.

These are the monies actually under the control of the village council, as shown below:

Table 20

LSF REVENUES AND CONTRIBUTIONS INDEX
(in Egyptian pounds)

<u>Village</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>
Al Roda	5,943	6,010	n.a.
Kalamshah	1,880	16,896	26,276
Ghita	31,302	25,497	22,443
Sammakin El Gharb	42,070	26,837	66,056
Beit Daoud	9,633	9,417	8,930
Omm Doma	6,531	7,011	9,991

Even this disaggregated table masks important differences which affect decentralization. Only three of the six village councils collected any taxes or fees which were put into the LSF, an authority which should be available under Law 43. Citizen contributions ranged from zero to LE61,000, reflecting perhaps a vast difference in the resources available to the village, perhaps from those working in major cities whose extended

families remain in their traditional home.^{1/} By 1980, all councils received revenues from village-run projects in the sample, reflecting some success of the ORDEV program in promoting income-generating activities which give a village council some financial autonomy, but it is far from what is needed to spark self-sustaining development.

Indicator 1E: LSF Expenditure Index

This index, which excludes the grants and loans of BVS and ORDEV, can be further divided into its own Bab 1, 2 and 3, reflecting salaries, recurrent expenditures and capital investment. The combined index for the six villages is:

Table 21

LSF EXPENDITURE INDEX
(in Egyptian pounds)

<u>Village</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>
Al Roda	4,471	6,290	n.a.
Kalamshah	n.a.	19,527	19,027
Ghita	21,346	19,929	17,974
Sammakin El Gharb	21,177	6,805	22,644
Beit Daoud	2,395	758	554
Omm Doma	2,093	3,343	4,390

^{1/} Another possibility is that the LSF has included village labor contributions to a major infrastructure project. The field team did not see some of the actual LSF account records, but took their data from the village chairman.

This index, over time, may reflect a growing village council capacity to manage development resources. However, only in Ghita and Sammakin El Gharb were there any capital investments. In the other four village units, the LSF expenditures were used exclusively for salaries and recurrent expenses. While this local funding might be very valuable -- repair of the potable water system perhaps -- it does not provide a basis for development of major capital investment resources from the governorate's budget.^{1/}

Indicator 1F: Village Project Expenditures Index

A total of the funds expended under ORDEV, BVS, LDF and LSF capital investment. For the six villages, the data is shown in Table 22 on the following page.

^{1/} Those familiar with the budgeting process of the GOE will know that the salaries and wages account within the LSF may be payments to workers providing labor for what might be called in U. S. accounting a "capital investment." The village council tends to follow the procedure of dividing payments for any one capital improvement project -- a chicken project, for example -- in salaries of those who constructed and run the project; recurrent expenses in maintaining the project, and capital costs of the materials and the machinery for the project. Thus, all of the LSF fund expenditures may be for a new village unit development project, with the accounting divided into three classifications.

Table 22

VILLAGE PROJECT EXPENDITURES INDEX
(in Egyptian pounds)

<u>Village</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>
Al Roda	11,000	7,500	550,000
Kalamshah	11,480	10,000	21,500
Ghita	6,800	3,955	211,739
Sammakin El Gharb	18,500	3,500	409,225
Beit Daoud	4,500	0	89,200
Omm Doma	0	9,000	161,980

In each case, the large magnitude jump was due to a BVS grant. Although the budget defines the BVS funds as under "local control," the handling of BVS funds differed greatly by province. Whether the LE409,225 expenditure for Sammakin El Gharb in Sharkeyia governorate was made in a manner which contributes to the increase in village council capacity to plan and manage this large block of development resources must be determined independently from an analysis of the budget.^{1/} For those village units which did prioritize, schedule, contract and oversee infrastructure construction projects utilizing BVS grants, the results of that effort, over time, should provide

^{1/} Elsewhere in this report the details are provided which explain the initial phases of the BVS project in Fayoum and Sharkeyia governorates. In Sammakin El Gharb, a major extension of a large-scale potable water project was funded, in which the decisions only minimally involved the village council. Yet in Fayoum, most BVS decisions were made in village units.

an understanding of some of the benefits of decentralization. (See Indicator 1G which follows for an index of village unit participation.)

Many other indicators can be generated from the basic data set: external capital to local capital ratios; locally-controlled expenditures to total expenditure ratios; and LSF expenditures to the governorate budget, the total government budget, the capital expenditures budget, etc. The data base needs sharpening, the sample must be enlarged, and the circumstances of project generation -- the village involvement in the BVS process -- must be entered directly into the analysis.

Indicator 1G: The Critical Planning and Implementations Actions (CPIA) Index

The CPIA is a tool that has been created to describe the nature and degree of local control over the planning and implementation actions undertaken in a BVS, or other non-BVS, project in Egypt.

In the CPIA, control is defined as participation in a series of decisions and actions undertaken during the life of a village unit level project. After identifying which decisions and actions have a relative "criticalness" to the form and outcome of a project, the loci of official participants in these decisions are recorded, scored, and compiled in order to produce an index score which situates the project's control

somewhere on a continuum of absolute decentralization of decisionmaking. (See Appendix B for the format of the CPIA used during this study. Also included in the same appendix is an example of the CPIA as it was used to score four different projects in the three governorates visited.)

Various aggregations of the results of the CPIA are possible to indicate various levels of decentralization. At the village unit level, the degree of decentralized management of BVS projects in a single village can be shown. At the same level, a comparison between BVS and non-BVS projects can be made, as can an evaluation of the village's management of all (BVS and non-BVS) projects through an aggregation of the scores of all projects occurring in that village.

Relatively little work on the use of "critical decision" indexes is available in the literature pertaining to decentralization on which to base and compare the content and application of such a procedure as is proposed here. However, preliminary trials of the CPIA in the three governorates visited have shown that it does seem to effectively quantify and confirm the opinions of various observers about the quality of, and variance in, decentralization of project decisionmaking as it is practiced there. This capability is, of course, the ultimate test of the validity of the use of such an indicator.

VARIABLE 2 Management of PersonnelIndicator 2A: Locally-controlled public sector employees
 Total public sector employees

At the present time, the number of locally-controlled employees of a locality (over whom the local unit controls the functions of hire, fire, promote) will be extremely small. This is partially a reflection of the national full employment policy, and partially a function of the great degree of centralism in public administration that has continued until the present. Both tend to diminish a local unit's influence on, and actual control of, its public employees.

As was mentioned in Chapters Two and Four, divided loyalties and responsibilities are a general characteristic of most public employees who are attached to a local government unit. While they are nominally under the administrative control of these units, they are subject to the hiring, firing, and other personnel management procedures of their particular ministry. They are even very often not paid their salary out of the budgeted funds of the unit for which they work, but from that of another which had funding for a position available but perhaps had less need to fill the position.

A local unit's ability to manage its personnel is an essential feature of its autonomy of action and it is, therefore, necessary to include it here as an indicator of decentralization. The terms hiring, firing, and promotion control do not

expose a presently growing influence of local units on these employees short of an overall change in the codified national policies of personnel administration. More subtle indicators, which show influence upon, rather than control of, these practices are needed to best define the present trends of decentralization in this area.

VARIABLE 3 Administration of Government Activities

Indicator 3A: *Decentralization Actions Index*

Law 43 of 1979 is the most recent local government law and, as such, defines a great number of functions and responsibilities as to their locus and methods of control. This law, in effect, shows the legal contours of decentralization in Egypt. It could be used here as the basis for a decentralization actions index. Law 43 does define in relative terms the present limits of a decentralization policy. As was seen in Chapter Two, many provisions of the legal definition of decentralization are not carried out in practice by the parties responsible. This indicator tries to capture this gap between legally possible decentralization (as it is defined in the Law) and actually realized decentralization.

Used alone, this indicator has little power to tell an observer about the degree of local control of authority because control is being measured against a relatively artificial standard (Law 43) of decentralization. Used with other measures which provide statistical indication of decentralization

(fiscal and decisionmaking scales), this index becomes an interesting measure of the administrative will to carry out the broad policy of decentralization.

During the period of field work, the team constructed a very rough questionnaire that asked public officials to indicate whether they participated in the functions prescribed by Law 43. The questionnaire can be seen in Appendix C. A group of 34 executive council members and 33 popular council members of both the village and markaz levels were then asked to answer the questions; their responses were recorded and analyzed. As a preliminary exercise on judging the feasibility of such an indicator, the trial was a success.

The types of data which can be drawn from this indicator provide another view of the present policy of decentralization in Egypt. Examples of data available might include the facts that:

- of the 97 village level functions listed, only 41 had the participation of the Local Popular Council in over half of the cases in which these functions were required;
- only 22 percent of the LEC members and only 3 1/2 percent of the LPC members indicated that they had participated in decisions with ORDEV about development projects in their village council; and
- ninety percent of the respondents indicated that 69 of the functions needed no governorate level involvement at all.

The use of this data can be particularly important in capturing current perceptions of the allowable extent of decentralization and in showing the responsiveness of local administrative procedures to the general policy of decentralization as it is described in the Law.

SUMMARY: INDICATORS OF DECENTRALIZATION

GOVERNORATE LEVEL

- VARIABLE 1: Control Over Financial Resources
 - Indicator 1A: Total Revenue to Total Expenditure Ratio
 - 1B: Governorate Budget to Total Budget Ratio
 - 1C: Governorate Capital Investment to Total Capital Investment Ratio
 - 1D: Governorate Budget to Expenditure Ratio
 - 1E: Budget Proposed to Budget Approved Ratio
 - 1F: Critical Planning and Implementation Actions Index (CPIA)
- VARIABLE 2: Management of Personnel
 - Indicator 2A: Locally-Controlled Public Sector Employees to Total Public Sector Employees Ratio
- VARIABLE 3: Administration of Government Activities
 - Indicator 3A: Decentralization Actions Index

VILLAGE UNIT LEVEL● VARIABLE 1: Control Over Financial ResourcesIndicator 1A: Total Revenue to Total Expenditure Ratio^{1/}

1B: Governorate Taxes Collected to Governorate Expenditure Ratio

1C: Locally-Controlled Revenues Index

1D: LSF Revenues and Contributions Index

1E: LSF Expenditure Index

1F: Village Project Expenditures Index

1G: Critical Planning and Implementation Actions Index (CPIA)

● VARIABLE 2: Management of Personnel

Indicator 2A: Locally-Controlled Public Sector Employees to Total Public Sector Employees Ratio

● VARIABLE 3: Administration of Government Activities

Indicator 3A: Decentralization Actions Index

Location of Data: Governorate and Village Council unit records.

Data Collectors: Evaluation Team working with local authorities.

^{1/} It is evident that not all of the indicators proposed will have equal descriptive power for the two levels, governorate and village council unit, at which they could be used. That the indicators proposed here do not exhaust the number that could be created using a similar data base should also be clear.

CHAPTER SIX
PERFORMANCE MEASURES

CHAPTER SIX

PERFORMANCE MEASURES^{1/}

In the preceding chapter, a basis for determining the degree of decentralization in the allocation and use of developmental resources has been set forward. It corresponds to the first element in what James Mayfield identified as a conceptual framework for evaluating the BVS program and its impact on development.^{2/} The other two elements in his framework, managerial effectiveness and program consequences/project impact, will be examined and related directly to the Monitoring and Evaluation System (MES) proposed here.

VILLAGE UNIT CAPABILITY

At the present time, public investment is the engine of developmental change in rural Egypt. Decentralization raises the question: "Which level of government decides upon and implements these developmental investments?" While many critical investments require planning at a geographic level far above

^{1/} Primarily the responsibility of Donald Mickelwait and Gary Eilerts.

^{2/} Mayfield, James, "Some Considerations for the Establishment of a Monitoring and Evaluation System in Rural Egypt." Prepared for USAID/Cairo, April 1980.

the village council area, others do not. Much of the most useful contribution in these cases could come from within one, or several, village units, and potentially be the responsibility of this lowest administrative level of the Egyptian system.

To obtain benefits from decentralization, the local village unit must be "capable" of adequate planning, managing and executing small projects. The issue of local capability can be made complex but, to those staff who work with village units, judgements on the soundness of a particular village come easily. Based on the personal characteristics of the elected and executive council members, the history of past project planning and execution, the mix of project type and complexity, and the outcome of income-generating, as well as public-good investments, reasonable trained "evaluators" can determine whether a village unit is of low, medium or high capability, and thereby adding to, or subtracting from, benefits to be gained from development projects. This concept is necessary since, as Mayfield correctly asserted, local capability intervenes between the direct transformation of "decentralization" to increased "rural benefits." The evaluation system must, therefore, be sensitive enough to separate out the least capable of the village units who would otherwise skew the results of decentralized projects.

The core of an evaluation of the capability of a village unit's management of resources will reside in an assessment of its past history of project management. To determine whether this history demonstrates a certain degree of capability, or lack

of it, examination must be made of the use of the resources it has managed. At the village level, these resources will include, most likely, the BVS, LDF, other ORDEV funds, and those projects which have been financed through the Local Fund for Service and Development.

Measures of Capability

The measures which will distinguish how well or poorly they have been used could, for example, include input/output project data, inter-village comparisons of the per capita volume of resources locally managed, the profitability of income-generating projects, and other such measures, which will also be used, as shall be seen further on, in measuring the volume of program consequences and project impact ("rural benefits"). Indeed, the line between many of the measures of "capability" and those of "rural benefits" will often be very ragged and difficult to separate into distinct measures. This is particularly because, at some point, village level capabilities are being affected by, as well as affecting, the transformation of decentralized programs into rural benefits. Capability, then, becomes not only an intervening variable but, to some degree, a rural benefit. The linearity of the Mayfield model should not, therefore, be assumed.

Other "softer" measures of village unit managerial capabilities which might be suggested here include background and qualification characteristics of a village unit's local popular

council and executive council and, perhaps equally useful, a series of subjective estimations of capabilities by informed outside observers, such as the markaz chairman, the secretary general, or ORDEV personnel. Work presented elsewhere in this report has suggested that background characteristics might prove fruitful in establishing relative measures of potential managerial capability if standards can be developed that are based on a larger number of village units. As for the subjective estimations of this capability, the softness of the data base for the estimation is compensated by the utility of the indicator, the surprising identity of estimations by different observers, and the apparent accuracy of such a summary measure. Iliya Harik has made effective use of such a measure of village capability in one of this studies.^{1/}

The indicators of village unit managerial capability require further investigation and use before their potential utility in measurement can be determined. They do provide the first steps in the definition of a conceptual framework within which the intervening variable of managerial capability can be approached. A summary of this framework is provided on the following page.

^{1/} Iliya Harik, "Decentralization and Development in Rural Egypt: A Description and Assessment," prepared for USAID/Cairo, p. 27. October 1977.

SUMMARY OF THE MEASUREMENT OF VILLAGE UNIT CAPABILITY

- VARIABLE 1: Past history of management of discretionary funds

Indicator: 1A: Efficiency of resource use -- input/output measures, by type and location of project;

1B: Rapidity of implementation of locally managed projects;

1C: Critical decisions and actions (CPIA) taken locally;

1D: Volume of LSF activities (per capita and by project);

1E: Volume of locally generated contributions to service projects;

1F: Net profit of income generating projects; and

1G: Loan repayment record.

- VARIABLE 2: Adequate background of elected and appointed members of the two village councils

- VARIABLE 3: Observer estimations of village council capability.

Location of Data: Village unit area.

Data Collectors: Evaluation team working with basic records of village; interviews and observations.

RURAL BENEFITS

One of the major underlying assumptions about decentralized control of resources (given an adequate managerial capability in the unit to which control will be devolved), is that it will deliver more "development," that is, rural benefits, than alternate methods of public investment. This is what Mayfield has called "program consequences and project impact."

Three distinct qualities of the data that will be collected to measure rural benefits can be foreseen.

- The data must provide adequate and accurate information on the performance of the BVS projects.

By performance is meant a quantifying of the outputs and accomplishments of BVS planning, implementation, and execution procedures. This will include aspects of efficiency of resource use (input/output measures), rapidity of resource use, and measures of goal achievement (output/goal achievement). This information should also be amenable to intermediate usage as a monitoring device, exposing problems of implementation and permitting an informed analysis of potential responses to them.

- The data must also form the basis of a comparison of the BVS production of rural benefits against other non-BVS resource use.

Such measures as have been used to quantify the accomplishments of BVS projects must be at least potentially comparable to other measures commonly used for the evaluation of non-BVS projects. Another aspect of this comparison will be to show how BVS procedures, greater local control of resources, have changed and/or contributed to a more favorable environment for the production of rural benefits. Such measures might focus on the volume of local contributions to service projects, the volume of development activities carried out through the LSF,

an increased willingness to accept responsibility for maintenance and repair of ongoing locally constructed projects, and volume of new activities undertaken directly as a result of the managerial or financial capabilities conferred by BVS, LDF, or other decentrally run projects.

- The data must serve as one of the bases for the allocation of future BVS funding.^{1/}

Efficient and effective use of such funding has, in the first year of the BVS, been approached on the allocation side by the use of the "least per capita cost" standard for determining the priority use of such funds among proposed new projects. For several reasons (outlined elsewhere) its use has been unsatisfactory. The use of performance data (as proposed here) approaches the same two goals, but by basing future allocations on actual past use of such funds. Allied with an assessment of relative needs, this measure will still promote the "biggest bang for the buck" but with an additional mechanism for directing a greater amount of funding to areas where the need is greater. It will also, hopefully, provide an extra incentive to rigorously carry out the collection of information for the evaluation of the BVS program.

Measurement of Rural Benefits

By placing such a multiple emphasis and importance on these measures of rural benefits, it becomes imperative to clearly specify the indicators and data points for them. As in the other measures, it is necessary to have enough data points so as to be able to capture an accurate picture of the generation of rural benefits, but few enough so as not to overload either the data collection or analysis systems. The benefits which might be proposed could be divided into five groups: allocation/

^{1/} See Part III, Chapter Eight.

selection, efficiency, effectiveness, continuation, and multiplier measures. These are discussed in the following paragraphs.

Allocation/Selection Benefits

There is a benefit in the selection of local project priorities by the intended beneficiary population. This benefit has two components. First, the user population will select its first priority for execution, and a first priority benefit supercedes a fourth priority benefit, independent of the other measures employed. Second, the same outputs in efficiency measures and service deliverables may result in differential benefits if in one instance the allocation decision is made by the user population and in a second it is made by a non-involved higher level of government. It is a standard theorem in welfare economics established by long experience in rural development, that involvement in the decision process changes the benefit level.

This benefit cannot be used to compare one village-unit project with another, but does provide a zero, one and shared responsibility index of projects selected, or not selected by a village.^{1/}

Efficiency Benefits

These benefits accrue in the identification, planning, specification, contracting and construction of an infrastructure

^{1/} Methodologists will recognize the potential for entry of decentralization activities into both sides of the equation. This will need careful handling and documentation to prevent both dependent and independent variables from including the same measurement.

project. These are the most easily compared benefits, as a village may either act as the contracting party for a local project under the BVS program, or contract out the work to a construction company. Higher levels of government utilize the same options, often contracting for local construction projects, but occasionally completing the work themselves. One hypothesis is that the interest and knowledge of the village executive council in the project will significantly increase the management supervision of the construction, thus reducing costs. A second benefit may be contributions of local labor, land, materials and capital for locally-sponsored projects. A third potential benefit is a reduction in the elapsed time from funding to project completion. A fourth is the least cost per unit of output of the infrastructure service.

Examples of efficiency cost/benefit measures include: cost per kilometer for unpaved roads projects (present estimates range from about LE6,000 to LE10,000 per kilometer, depending on the governorates); cost per classroom construction (about LE3,500); cost per kilometer of pipeline (about LE5,000). These tend to be rather gross measures of input/output efficiency and might later be made more descriptive of the benefits they actually provide, i.e., cost per unit of water delivered to taps; cost per new pupil; or cost per unit of increased road use.

With indicators of:

- Elapsed time to completion;
- Cost reduction from local contributions;
- Cost reductions (and increased quality) from increased supervision;
- Cost reductions from more competitive bidding; and
- Cost reduction from village council acting as the contractor,

the efficiency benefits can be specified for each major project type (potable water, roads, school buildings, drainage systems) with direct comparisons made between BVS and non-BVS, locally-controlled versus higher level government implementation. Reports to the field team suggest that the magnitude of the benefits in this category is large and obvious, making this one of the more quantitative measures of the result of decentralization in the planning and execution of development projects.

Effectiveness Benefits

These benefits accrue to the local population as a result of the completion of the infrastructure project. They should be selected to measure the difference between the "before" and "after" state of project execution. The local users know the contributions, or lack thereof, which a project makes. The first step is to define the benefits, standardize the measurements, and at a later stage (with care and thoughtfulness)

attempt to quantify and monetize the indicators.^{1/} This is necessary to make cross-project comparisons (this demanding task has not been attempted in the short timeframe of this initial study).

As an example, potable water projects should deliver more water. This benefit can be measured by volume, use, continuity, ease of access, and cleanliness variables. Each measure can be compared to overall project cost, and by the number of people affected, which may be differential for the measurements proposed.

A new road may provide all-weather access to a major market area, increase road volume, reduce transport charges, travel time and handling damage. These benefits can be compared to project costs, and by the number of people affected.

Similar benefits can be assigned to sanitary drainage, schoolroom construction, solar energy, sewage treatment, and past and future projects under the BVS program.

The artform is to take the time and do the field testing which will allow data collection on standardized measurements. After testing must come training, for the extraction of comparative data on development projects has proven impervious

^{1/} See, for example, the cross-project comparisons based on monetization of benefits found in small-scale infrastructure in, "The Development Impact of Private Voluntary Organizations: Kenya and Niger," February 2, 1979; prepared for the Office of Private and Voluntary Cooperation, AID by Development Alternatives, Inc.

to printed questionnaires. There are strong incentives, however, for the collection and use of comparative data on project benefits, and a pool of potential collectors at the national, governorate and village level. This issue is addressed in Part III.

Continuation Benefits

There are possibilities that locally-sponsored projects will generate sufficient enthusiasm to insure maintenance, either through the use of LSF monies for recurrent expenses, or through animated demands from the locality for services from high-level government agencies. The simple measurement of benefits at fixed points in time, such as each year after project completion, will provide the data which can determine whether decentralization has an impact on benefit continuation. In addition, details of the differences in repair and maintenance procedures would provide data on the process of benefit continuation, which may differ on locally or externally-funded projects.

Multiplier Benefits

If development is a movement toward self-sustaining increases in well being, then a project can propel a movement within a local village unit on an upward spiral of development investment and activities. Or, a project may contribute nothing beyond its own immediate output and benefits. This concept might be labelled "benefit growth," to indicate a search for secondary multiplier impacts generated by a specific project.

The induced new investment may be public-funded from contributions or earnings collected in the Local Fund for Service and Development. Or the investments may be private -- an olive pickling plant made possible by expanded volume and continuity of a potable water project. An LDF poultry project funded through the village council may give rise to a locally-organized chicken feed operation. A village council may also elect to expand a BVS project, by adding in their own funds, to more fully meet local initiatives.

The field team found many examples of multiplier benefits which accrue to some village units after the introduction of a successful development initiative. These benefits can be captured and scaled or ranked, and added into the understanding of the rural benefits which might be influenced by decentralization.

SUMMARY OF THE MEASUREMENT OF RURAL BENEFITS

- VARIABLE 1: Allocation/selection benefits
Indicator: Project selection index
- VARIABLE 2: Efficiency benefits
Indicator: Elapsed time to project completion
Cost reductions from local contributions;
Cost reductions from increased supervision;
Cost reductions from more competitive bidding; and

Cost reduction from local contracting.

- VARIABLE 3: Effectiveness benefits

Indicator: Cross project comparisons of benefits generated

- VARIABLE 4: Continuation benefits

Indicator: Measurements of benefits over time

- VARIABLE 5: Multiplier benefits

Indicator: Measurements of indirect benefits of project implementation

Location of Data: Village council unit

Data Collectors: Local authorities working with assistance of evaluation team

PART III

IMPLEMENTING A MONITORING AND EVALUATION SYSTEM
FOR DECENTRALIZATION IN EGYPT

PART III

IMPLEMENTING A MONITORING AND EVALUATION SYSTEM
FOR DECENTRALIZATION IN EGYPT

A great deal remains to be done before the concepts and recommendations in Part II of this report are turned into an operating monitoring and evaluation system, focusing on the BVS program, but providing input to resource allocation decisionmaking at all levels of the Egyptian government.

Much of what is needed can be defined by an incentive structure which makes the collection and analysis of data of positive benefit to those concerned. At each level -- village, governorate and national -- suggestions are provided on incentives which appear, from field visits, to be positive influences on governmental behavior. These include an allocation system for the BVS which gives credit to decentralization, performance and need, all based upon appropriate information. It also includes U.S. training for selected members of the monitoring and evaluation team, technical assistance, mini-computers for the rationalization of the governorates budgetary and accounting systems, and the opportunity to use funds more effectively in support of locally-initiated development projects.

A second necessary element is the generation of knowledge on how to initiate a monitoring and evaluation system. It is a

new concept, and will require careful planning, training, and field investigation before a system can be defined which is both doable and useful. The generation of knowledge necessary to monitor and evaluate decentralization must include a deeper understanding of the budgetary process at the governorate -- one which is changing rapidly as authority devolves to the governorate level -- and of the dynamics of decisionmaking at the village unit.

The introduction of a comprehensive information system must rely on individuals, supported by organizations, to spend time in governorates, and in villages, to "operationalize" the decentralization, village capacity and rural benefit measures, determine how to standardize, aggregate, compare and analyze data. These issues are cautiously examined in Part III, with the understanding that others in Egypt with longer experience in institutional relationships may be able to contribute more insight than our field team.

Chapter Seven deals directly with the issues of data collection and analysis, and technical assistance to the institutions which must be involved in a monitoring and evaluation system.

Chapter Eight proposes a method of allocating BVS funds which would put a premium on accurate and timely data, a positive incentive for the initiation of the proposed program.

Chapter Nine deals with a related set of issues whose resolution would push forward the progress of decentralization, while Chapter Ten offers recommendations for indepth research necessary to fill important gaps in the collective knowledge of development in rural Egypt.

CHAPTER SEVEN

BUILDING AN INFORMATION SYSTEM TO MONITOR AND EVALUATE DECENTRALIZATION

CHAPTER SEVEN

BUILDING AN INFORMATION SYSTEM
TO MONITOR AND EVALUATE DECENTRALIZATION^{1/}

DATA COLLECTION AND COLLECTORS

Gathering the Data at the Governorate

Measures of decentralization depend upon the active cooperation of, and an appropriate records system within, each governorate. A great deal of data is presently collected, stored and retrieved at this level, in most cases data which tracks expenditures for accountability. In the three governorates visited there was a wide divergence in how information was handled. In none of the three, however, could development impact conclusions be drawn from an analysis of resource flows and project outcomes. This task is doable, however, and the field team found considerable interest in the offices of the governors and secretaries general for improvements in their internal records and accounting systems which would allow a matching of project funding and rural benefits, providing the basis of a thoughtful review of past and future budgetary allotments.

The key to assembling this data at the governorate, which calls for a regular attribution of expenses to a given village

^{1/} A composite effort of the DAI team.

unit, is a financial resource control procedure which begins by asking for the impact of government expenditures, in addition to the certainty of financial rectitude. If these questions could be addressed to decisionmakers -- and during the field visits the Governors responded to a need for better information in assembling their budgets and allocating disbursed funds -- then the right combination of technical assistance combined with the governor's own staff, could generate a system which would accomplish this task. It is nearly complete in Fayoum, but far from ready in Sharkeyia or Sohag. With the addition of information processing equipment -- perhaps a mini-computer -- at the governorate, including training for his staff in both how to use the equipment and, more importantly, how to interpret the results, the governor could use this information tool to generate data which would directly affect resource allocations in his governorate.

The field team proposes the creation of a Central Processing Unit in each governorate with the ability to assign governorate-level activities, budgets, proposals and plans to village unit areas, to lay the groundwork for data collection and analysis necessary for the governorate to allocate its own discretionary development funds on other than random or rigid criteria. Suggestions for a modification of the BVS allocation criteria, presented in Chapter Eight, draw upon data which would be processed by this unit. Field visits documented that the governorate level departments -- those concerned with water,

roads, schools, drainage -- often did not have current information on the existence and serviceability of infrastructure in village unit areas. This was because the records did not reflect a deterioration in a previously sound facility, or because the village council had elected to utilize its own funds to extend or build a new facility. A governorate can look critically at its own service delivery and management if the data necessary for "looking critically" is made readily available. This is not a trivial task, but one which governorate officials have accepted as necessary, particularly as the requirement for budget preparation is being devolved. A technical assistance program, as part of the BVS monitoring and evaluation plan, could make a significant contribution to heightened and improved governorate performance.

Gathering the Data at the Village Unit

While there remains a great deal to be accomplished in assembling the data needed to monitor development activities in a village unit area, there are both incentives and personpower to accomplish this task. The unique division of the local village unit into an executive and elected council provides cross-checking and complementarity not usually available at the lowest level of government organization.

Field research identified three major information weaknesses of most village units, which could be overcome by their own internal resources:

<u>Data Needs</u>	<u>Related Decisionmaking</u>
Differential needs/opportunities in the primary and satellite villages <u>1/</u>	Allocation/selection procedures for development investment
Monitoring the performance of government services in the village unit area	Management of improved service delivery if under the control of the village executive council
	Call for (demand) improved services if under higher-level government control
Monitoring performance of the management unit of the village	Improvement in performance of management units, including changes in planning and execution procedures for village-sponsored projects

With simple training, the heads of committees of the local popular council could collect needs/opportunities data, service delivery data and management unit performance, at least in the more obvious instances.^{2/} For example, a form with the hours/days/weeks and months when full water delivery is available at standpipes would not be a difficult assignment. Other more complex tasks would take training after standardization and testing of the information needed, but some village units presently set

^{1/} Chapter Seven deals with allocation procedures among villages in the BVS program. Chapter Eight includes a discussion of satellite village needs.

^{2/} In 1976, DAI examined the possibility of improving the ORDEV reporting system by including a monitoring of government services by members of the elected council -- such obvious problems as the hours the doctors are actually available in the village. It remains an unexploited good idea. See, Mickelwait, Donald R., and Charles F. Sweet, "Bringing Developmental Change to Egypt: A Study of the Organization for the Reconstruction and Development of the Egyptian Village," prepared for USAID/Cairo. Washington, D.C.: Development Alternatives, Inc., 1976.

priorities and select projects under the BVS program, and execute them with competence. This suggests that the village level unit -- both councils -- could be more involved in a data collection and analysis system focusing on monitoring tasks, reviewing its own performance, with attendant improvements in village capacity.

A technical assistance unit could provide training for some of the village council members in a monitoring system, but training for large numbers of village unit members from the more than 250 villages would exhaust modest resources. Perhaps a sampling of villages to be assisted, compared to unassisted village units, could be included in the monitoring and evaluation system, to allow future programming decisions on village unit support and training in monitoring local performance.

Evaluating the Results of Decentralization

While monitoring is, or can be done by, on-the-job staff of various government units, the assessment of the effects of decentralization will require special training. Evaluation would be periodic, allowing for the extended training cycle needed, perhaps each year examining an ever increasing number of village units. The evaluators will have to determine the degree of Decentralization, based upon the improvement of concepts presented here, and then determine the general level of Village Unit Capacity to carry out development projects. Armed with these two general indices, the evaluation must proceed to

the establishment of Rural Benefits. This would be a village-by-project analysis, examining each different kind of decentralized and non-decentralized project, providing rankings, outputs, costs and beneficiaries for the allocation, efficiency, effectiveness, continuation and multiplier variables and data points listed above. The output of the evaluation would be a great deal of knowledge about how to improve development impact in rural Egypt. It would also offer as clear insight into the actual benefits of decentralization as are likely to be found. With those insights, the governorates and the central government authorities can examine the prospects for continuing, slowing or speeding up decentralization to the village unit.

The evaluators would most likely be drawn from the governorate staff, including ORDEV staff working in the governorates. A mix of governorate Planning, Statistics, Follow-Up, and ORDEV staff, backed by technical assistance from professional evaluators, a sound program for U.S.-based classroom instruction and a concentrated dose of field exposure, would provide the human resources for the team. Evaluation teams could be mixed and matched, crossing governorate and functional area lines. The evaluations, because they would be performed by those with a responsibility to implement government decisions, would make up in utilization of the results what they might lose in objectivity. Correctly initiated, supported and carried out, the evaluations could provide the basis for decisions about the future of decentralization in Egypt.

DATA ANALYSIS

Intertwined in the monitoring and evaluation system are two questions requiring answers:

- How to help the governmental system in Egypt achieve more "development" from scarce resources; and
- Under what conditions does a decentralized system of local government perform better than a centralized system.

The data which will be available under an information system will require different levels of aggregation, appropriate for the decisions to be made at each government tier.

Decentralization

The three approaches to measuring decentralization will each yield measures of the degree of local autonomy of governmental units. The first step is to compare across similar government levels to see what internal consistency the data demonstrates, e.g., whether the rankings of the nine governorates by three variables are largely consistent with expectations. A second search must be for meaningful variance of such significance as to allow rankings, classifications and categories to be established. In the process of extracting and analyzing decentralization measures, the monitoring and evaluation teams will re-define what decentralization means in practice, generate new indicators, and unify data presently dispersed among many

government agencies for use in aligned and complementary governmental decisionmaking.

At the level of the Inter-Agency Committee, very aggregate data is required. How to aggregate data at the governorate level which begins with project-by-village measures of decentralization is yet to be tried in the context of Egypt, but has been accomplished elsewhere. At the level of the village, the need is for disaggregated data, data which will allow a calculation of rural benefits to be matched against a well-defined scale of decentralization. None of the indicators of village-level decentralization has been named with certainty, no weighting system proposed which would accept the planning and execution process of multiple projects, both locally and externally controlled, to be cleanly placed at a single point on a decentralization continuum.

Only by involving the Egyptian government members of the monitoring and evaluation team into the process by which data is extracted, weighted, aggregated and analyzed -- always in accordance with the decisions required at each level of government -- will a useful, practical definition of "decentralization" emerge.

Performance

Village capacity measures will be used to weight rural benefits, and thus do not in themselves require aggregation and

condensation. However, benefits have been defined as a complex amalgam of five variables, each of which may be composed of many other data points. While judging rural benefits at the village level will be demanding, a summary of benefits from the governorate must be carefully approached or the distinctions of variance (which give meaning to statistical analysis) will be lost in simple averages. The team does not propose any one system of aggregation or analysis, preferring to define this as a necessary outcome of the interaction of technical assistance with the government's monitoring and evaluation team. The recommendation for provision of information processing equipment to the technical assistance team suggests that much trial and error may be necessary before a final decision is made. Sensitivity analysis -- the difference that changes in weighting and aggregation formulae might make to the final conclusions -- should be a standard component of any analysis methodology.

FURTHER INTERVENING VARIABLES

Village capacity has been postulated as an intervening variable in the Decentralization-Performance linkage. It directly affects rural benefits. There are other variables/factors which will affect decentralization, village capacity and rural benefits, singularly and in combination. These factors make more complex the establishment of the relationships -- somewhat like locusts and the plague, they enter a model which

has been defined to establish that the real world has many different methods of influencing outcomes.

For want of a more appropriate term, these potential detractors from clear assignment of cause and effect are called "conditioning factors." Some of these, which were suggested during the team's stay in Egypt, were:

- that there be capable and motivated individuals managing the village unit, with the village chairman being of critical importance (Mayfield, 1980);
- that the LPC take an active part in the design and oversight of projects; thereby providing community input into the setting of priorities and further financial and in-kind support for the unit's activities (Harik, 1975);
- that the local elites are sufficiently diffuse so as to provide checks on the possible appropriation of the service resources for private gain, i.e., the privatization of a public good (Self, 1976);
- that the higher levels of local government perform their needed technical and administrative services in support of the local village unit -- implying strong higher level support for local autonomy, and the right to make mistakes without reverting to the centralized sanctions system -- (experience of Fayoum);
- that the services being provided are essentially "free standing," i.e., can be constructed and operated largely through the efforts of the local unit -- Abbasa's water system is not "free standing," while that of housing is -- (Blackton);
- that uniformity in the delivery of service is not necessary throughout the system, or that the information necessary to monitor delivery is simple to get and reliable, and the sanctions are easily employed to assure uniformity (Omar, 1976);

- that the problems being encountered are highly variable and in a state of constant flux, implying that the information necessary for a centralized system to monitor and respond to such an environment would exceed its capacity to respond (Maddick, 1963);
- that the resources of the center are limited while the local resources are not being tapped to any great extent, implying that with autonomy, the local unit will "tax itself" to carry out the construction of public goods with some limited inputs from the center (Deffrawy).

This list of "conditions" is rather large and imposing, and is probably not complete. The challenge for the MES is to produce data of sufficient quality so as to identify which conditions are relevant (necessary, sufficient, or intermittent and interlinked) to finding out about what effect the structural change of decentralization has on the functioning of the system, the quantity and quality of outputs.

Data on the existence of these eight conditions may be difficult to produce as part of an on-going information system. However, periodic assessments of the salience of these conditions in any given project or area should be carried out so that changes in any of the conditions could be noted and the likely impact on the "Decentralization-Performance" hypothesis can be estimated. This activity implies a substantial field presence of relatively highly trained observers. The implication for the MES project is that resources for field work have to be substantial and that the type of staff has to be fairly experienced in assessing the "environmental influences," an art, to say the least, in most of the social sciences.

What would be involved in assessing the impact of each of the previously mentioned conditions?

- Village chairman and staff capability and motivation. One of the aspects of the resource allocation matrix outlined earlier for the IAC, governorates and markaz in their channelling of resources to villages, is that the performance of the village unit is one of the criteria to be used for the allocation of funds. The markaz officials and the village councils will be highly interested in seeing that the performance of the village units improve, and one of the main factors in this improvement is the presence of an effective and capable village chairman. If the presence of such an individual becomes critical for securing resources for the markaz and villages, then those closest to assessing his behavior and effectiveness will certainly do so, and in the extreme case, will take measures to bring in a new individual should the existing village chairman be viewed as being inadequate. In a sense, then, the incentive structure should operate so as to secure the best available village chairman, at least eventually. If such is the case, the MES need not be overly concerned with securing accurate data on the qualities of the village chairman, except for the periodic visits to the field to check for the possible influence that variable is having on the Decentralization-Performance hypothesis.
- The local popular council. The LPC has a great potential for improving the performance of the village unit in service delivery. As Harik has observed, one of the basic functions of the LPC is to inform local residents of the projects being considered and the resources required for their implementation and thereby generate local contributions to these projects, both in cash as well as in kind. These contributions can greatly expand the impact of centrally funded service projects, by expanding these services from local resources.

The structure and functioning of the LPC and its degree of support for the village unit's projects is of critical importance to the judgment of why some units perform better than others, as well as how equitably the benefits of projects are spread through the village. The results of the LPC's effects can be measured in the amount of contributions generated for the village unit's projects, but the actual quality and quantity of those efforts is difficult to

measure. The difficulty of getting data on such processes, therefore, is the reason for deferring the analysis of such questions to a series of in-depth research studies in a sample of villages. (See Chapter Ten)

- Support from higher levels of government. The resourcefulness of the village chairman is limited somewhat by the lack of technical staff in the village which can design certain projects and get accurate cost data. The chairman is often dependent on outside agencies for this technical assistance, particularly the markaz and governorate-level agencies of government. The chairman is also in the position of being dependent on suppliers, who may be unable to keep up with the demand for their products, as is presently the case for potable water pipelines and accessories. The chairman may also be in a governorate where the governor is not a strong advocate of local government autonomy at the village level, and thereby may be tempted not to make the inherently risky decisions which are required for getting projects designed and implemented on his own.

Measuring the degree of this support from outside agencies would be difficult because of the subjectivity and changing patterns. However, if the resource allocation system is implemented as described, in which the markaz will receive per capita BVS allocations based on the productivity of the village units within it, the markaz chairman will be motivated to provide as much support as he can to assure the access of the village units. On the other hand, he will also be tempted to take more control of the village activities, and deprive the village units of some autonomy to assure himself that things are being managed well. The governor, however, will tend to discourage this usurpation of village autonomy by the markaz chairman, since the allocation of BVS funds to the governorate will depend on the degree of decentralization which the governorate as a whole demonstrates.

As in the case of the abilities of the village chairman, the degree of support variable should not require direct measurement in general within the MES. However, this factor should be on the checklist of factors for the "consultancy" team to verify in their periodic visits to the field.

- "Free standing" versus "dependent" service systems. The type of technology involved in any particular service included in the BVS program will influence the

degree of decentralization in the installation of the service and the possibility of observing differences in village unit performance in that installation. The case of potable water is most influenced by this problem, especially in Fayoum and Sharkeyia. In those two governorates, there is a unitary system of potable water extending from a centralized treatment plant out to villages which are scattered throughout the governorate. In some areas of the governorate, however, drilled wells are used to supply a village unit, or part of that unit with water. The former system would be described as a unitary system, and the latter a free standing one. It should not be difficult for the MES staff to identify the specific measures of decentralization, particularly the "critical decisions" measures of BVS decentralization and the efficiency measures of unit performance in the use of those resources. For the analysis of the BVS services, then, the data on decentralization and performance should be tagged as to the nature of the technology being installed. This identification of the technology could include the "uniformity" factor, that is the requirement of some services to adhere to national standards of performance or to depend on national or regional systems for its operation. Except for potable water in two governorates, the services presently envisioned for inclusion in the BVS program are largely free standing. However, the analysis of the larger implications and limitations of decentralization will require that this "uniformity" factor be included in the analysis of the performance of decentralized units.

- Conditions in the center and periphery. The scarcity of resources for solving the service delivery problem in Egypt is often cited as the basis for developing a more decentralized system of local government, in order to stimulate development locally from locally derived resources. The central government's budgetary capacity is limited, especially in comparison with the size of the job to be done in rural areas. It is undoubtedly the case that in many rural villages, there are substantial resources that could be mobilized for investment in village services as well as other development projects. However, it is also the case that in some villages these resources will be highly limited. The abilities of the villages to tax themselves will depend to a certain extent on the size of the tax base, with some villages having less of a base than others. This factor will be detected to some degree by the effort to measure the needs of

the villages for the BVS programs in order to channel more of the BVS funds per capita to those villages which have the greatest deprivation in the BVS services.

However, the general problem of assessing the impacts of decentralization on village performance in areas outside of the BVS should take into account the ability of the villages to tax themselves. This implies an effort to measure the resources of the village, which in turn implies that some measure of the economic development of the village is in order. However, the past efforts to estimate income in villages have not been too successful, as witnessed by the great difficulties in collecting taxes from such areas. Perhaps the agricultural land tax (per capita) which is collected in each village would be a possible measure of this factor. Or some analysis of the data in the Ministry of Agriculture system could be used to estimate the value of agricultural production. The problems of that data are well known and do not take into account the non-agricultural sources of income which are even more difficult to determine. Some further study of this factor and how to assess its impact is necessary.

- The diversity factor. The "diversity" factor has to do with the abilities of the center to cope with conditions in the periphery which are rapidly changing and/or are very complex. Modern means of communication and data analysis in theory at least can reduce the importance of this factor as a force for decentralization. For the purposes of the MES effort, however, the importance of this factor is more relevant to the long term viability of decentralization, rather than being of great importance in the short time period of the project.

THE MONITORING AND EVALUATION TEAM
AND RELATED TECHNICAL ASSISTANCE

The Institutional Home of the Information System for
Decentralization

There appear to be two natural collaborators for this endeavor within the structure of the Government of Egypt. The first is ORDEV, which has both a charter for local village development, and personnel in each governorate who are actively engaged in field assignments supporting the BVS program at the village level. The second natural ally is the office of the governor, perhaps personified by the secretary general, where a Central Processing Unit could be established. This would involve the departments of ORDEV, Statistics, Planning and Follow-Up.

If ORDEV Cairo were to assign two information specialists to the monitoring and evaluation team, as would each of the three governorates who first received BVS support, this would provide an eight-person team to begin the further conceptualization and operationalization of the monitoring and evaluation system. There would also be a need for a computer processing specialist (either to be trained or hired) at each of the three governorates, to handle the information input and analysis.

The Technical Assistance Team

Most of the technical assistance proposed for this project should be carried out by Egyptian professionals. A first requirement would be for a senior Egyptian specialist in management and budgetary processes, with solid academic credentials and field experience, who could devote at least 50 percent of his/her time to the project.

The second requirement would be for a full-time Cairo-based manager of the technical assistance effort, an Egyptian with managerial skills who could make the arrangements, direct the staff, schedule the training sessions, and coordinate with three governorates and with ORDEV.

There would then be a need for a cadre of Egyptian professionals below the senior level who would travel regularly to governorates and villages, who would participate in the further specification of the information system for decentralization, and in the training process for its implementation. At this time it appears that three such professionals would be appropriate, with skills divided among computer processing, evaluation and local government and finance.

The American core members of the technical assistance team should be available for extended but nevertheless short-term consultancies within this project. Their specialties would likely be in monitoring and evaluation systems, local government, and training. There would be a concentration

during the first year, as the system was further refined.

The technical assistance team should be accredited to ORDEV in Cairo, and insofar as possible, share ORDEV office space and facilities. There should be a standard package of translators, administrative staff, drivers, and clerks.

Time-Phasing the Tasks to be Accomplished

- Assembling and integrating the technical assistance team. This will call for one month of working together -- Egyptian and American -- in Egypt after the team has been assembled, offices established, etc. This month is necessary to be certain the concepts and language are similar, and the evaluation skills and understanding of the assignment are commonly held.
- Refining the monitoring and evaluation system. This will require six months working with ORDEV and the staff of the first three governorates. While there may be a requirement for some formal (stand-up) training, the majority of this time should be spent in learning-while-doing, as the technical assistance team and the monitoring and evaluation team develop a realistic information system which encompasses village units, governorates, and ORDEV.
- Establishing a Central Processing Unit in the first three Governorates. This should be started three months after the "refining" phase above has been initiated, and be completed as this first six-month "getting organized" phase comes to an end.
- Formal training courses for governorate and village unit staff, months seven through ten of the first year. This calls for the institutionalization of the knowledge gained during the first six months, to allow the data collection to take place utilizing trained, knowledgeable and capable Egyptian data collectors.
- Evaluation of the results of the BVS program with establishment of a decentralization, village capacity, and rural benefits measures during months 11 and 12 of the first year, in the three governorates. This would provide the first complete test of the system,

and allow improvements to be made. It would also offer the first output of the monitoring and evaluation system.

- Revision of the procedures, data collection and analysis from the completed evaluation during months 13 and 14 by the technical assistance and monitoring and evaluation team.
- Movement into three additional governorates during months 15, 16, and 17, with a learn-while-doing training program.
- Establishment of a central processing unit in months 16 and 17.
- Formal training for participants in the second three governorates in months 18, 19, and 20.
- Completed evaluation in six governorates -- the first three and second three -- during months 21 - 24.
- Movement into the final three governorates during month 25, with a continuation of the process of learning while doing, formal training and field evaluation.

There are other models, of course. Instead of concentrating on a trio of governorates and getting the kinks out early, resources could be spread over all nine early in the project. However, prior experience suggests that in the design and testing of an information system, a few individuals who devote their time to this activity will produce superior results to many individuals with less than full concentration on the task at hand.

The Task to be Completed by the Technical Assistance Team

The task is to introduce a monitoring and evaluation system into nine governorates, over a three-year period, focusing on the operations of the BVS program but responsive to the needs

for information which will link decentralization with rural benefits. This task will encompass the refinement and operationalization of the concepts set forth in this paper, including:

- practical work with staff from ORDEV and the governorates to design information collection and analysis procedures, which are within the capacity of the field staff to carry out;
- a collection scheme for all data points and indicators to be used in the project;
- a method of aggregation and analysis which will be suitable for each level of governmental decisionmaking -- from the village to the Inter-agency Committee which oversees the BVS program.
- training of ORDEV, governorate, and village unit staff in the procedures to be followed.

All technical assistance will be conducted with an objective to institutionalize the knowledge within some operational arm of the Government of Egypt.

Staffing the Technical Assistance Team

Because of the large differences in Egyptian professional or U.S. professional costs, every effort has been made to limit foreign participation in this project to stretch the available budget.

A proposed staffing pattern is suggested on the opposite page.

<u>Positions</u>	<u>Person Months</u>	
	<u>Egyptian Staff</u>	<u>U.S. Staff</u>
Local government/budget and management specialist -- Senior TA professional (1)	18 (half time)	-
TA manager (1)	36	-
Local government, evaluation, information processing specialists (3)	108	-
Mini-computer trainer (1)	6	-
Evaluation/information specialists (2)	-	20
Training specialist (1)	-	2
Specialists in infrastructure (3)	-	4
	<u>168^{1/}</u>	<u>26</u>

Overseas Training

As one part of this project, selected members of the governorate staffs and ORDEV should be provided six-month periods of U.S. training in fields appropriate to monitoring and evaluation. To begin the program, one from each of the first three governorates and one from ORDEV should be selected, but only after the initial six-month refinement of the monitoring and evaluation system. This would allow the accumulation of sufficient understanding so that a U.S. academic training session in

^{1/} Provision must also be made for a limited number of office staff (secretaries, translators, drivers, etc.)

the concepts of monitoring and evaluation could be translated into knowledge appropriate to the tasks already defined in their own governorate assignments. In other technical assistance programs, special attention has been given to integrating the instruction with the needs of the projects where the students originated.^{1/}

Commodity Support

The field team proposes that the technical assistance unit have the following commodities and equipment. (The estimated prices quoted below assume replacement supplies and maintenance costs, which are built into the total shown.)

<u>Commodity</u>	<u>Estimated Price</u>
	<u>United States dollars</u>
Vehicles (2)	\$ 40,000
Mini-computers (11)	165,000
Office equipment: (typewriters, calculators, duplicating machines)	10,000
	<u>Egyptian pounds</u>
Office furniture	LE10,000

^{1/} DAI helped establish a special program at Cornell University for regional planning students from Tanzania, complete with a graduate student assigned to help interpret the classroom studies to the requirements of planning and project implementation in one region of the country. Similar programs have been established in other universities which go beyond classical U.S. academic participant training.

Specialized Research

Chapter Ten offers suggestions for in-depth field research to expand the knowledge of the dynamics of local government in Egypt. Research projects are proposed which include U.S. specialists in the conceptualization, research design and analysis stage, but which reserve field data collection for Egyptian professionals. A total of US\$75,000, divided into US\$50,000 in Egyptian pounds and US\$25,000 is proposed for this category.

CHAPTER EIGHT
INFORMATION FOR THE ALLOCATION OF RESOURCES

CHAPTER EIGHT

INFORMATION FOR THE ALLOCATION OF RESOURCES 1/

The monitoring and evaluation system which has been described in the preceding chapters of Part Two of this report, has two principal and classic functions:

- to specify what intermediate data on project and program performance will indicate progress, or the lack of it, toward specified objectives (a monitoring function); and
- to provide the basis on which the attainment of those objectives can be related to the degree of attainment of specified goals (evaluation function).

In this report, the first function relates most pertinently to the identification of data points which indicate how well the BVS program and its individual projects have been implemented. The second establishes a common scale on which the attainments and impact of the BVS program can be related to the goal of decentralization. This implies the definition of a conceptual continuum of decentralization on which the units of measurement are common or translatable to those that describe the attainments and impact of the BVS program. A detailed look at how the MES proposes to accomplish these two functions has been provided in the previous chapters of this report.

This chapter will be devoted to the prescription of a third function for the MES, one which would increase both the utility of the MES itself and the impact of the BVS program on

1/ Primary responsibility of Dr. David Stanfield.

the process of decentralization. This function pertains to a direct linking of the results shown by the MES (for the BVS) to marginal increases in the volume of future allocations of BVS funding to participating governorates.

The rationales behind the linking of MES results to BVS allocations reside in the provision of an additional significance to the monitoring and evaluation of the BVS program, and in a strong incentive for greater devolution of BVS project authority and more effective use of BVS funding. This responds to a status quo in which evaluation is little understood, not widely used, sometimes feared, and in whose absence there are no effective incentives to attain the objectives and goals of the BVS in the manner prescribed.

PRESENT BVS ALLOCATION PROCEDURES

The present criterion used for allocative decisions in moving BVS funding from the national to the governorate levels is an equal per capita division of the funds. After these amounts arrive at the governorate levels, there is some variation among the governorates in how they apportion the money out to the village councils. Some use the equal per capita mechanism in which all of the village councils will receive some funding each year, the total amount being dependent on the number of inhabitants. Others switch to a least-cost-per-

beneficiary criterion in which the total cost of each council's proposed project is divided by the number of inhabitants and then ranked on this basis with all other council projects in the governorate. The project at the top of this list -- that with the least-cost-per-beneficiary of all the proposed projects -- is then apportioned funding, as are those which follow it in the ranking until the funding is exhausted.

While the original impetus to the use of the least cost per capita measure came from a desire to use scarce resources where their utility was greatest, the net effect (and, for most, the net defect) of such a procedure has become very clear going into the second year of project selection. Those areas which are relatively more deprived and isolated, and for which most observers tend to see a greater need for such services, also tend (for these same reasons of deprivation and isolation) to have higher costs per capita associated with the provision of such services. Their projects have tended to be excluded by the use of this criterion.

As the team found in the governorates visited, there is considerable dissatisfaction with this system of project selection. In Sharkeyia, the problem was recently discussed with most village chairmen and popular council presidents. From these discussions, a consensus emerged to allocate the second year's funds differentially, two markets being singled out for up to a 50 percent increase in their per capita funding because

of a commonly perceived greater need for basic water services. Similar awareness of the nature of this problem exists in the other two governorates.

In its visits, the team also found that there is a great variation in the quality of participation by the village councils in the BVS projects approved for funding. In Fayoum, much greater responsibility is given the village in project design and implementation. It is in this governorate that the procedures used come closest to what is intended in the BVS project paper descriptions. In the other governorates, there is a great tendency to use the BVS funding as if it were any other ministerial funding and to delegate the service directorates to plan and undertake the projects in the name of the village councils.

The BVS allocation procedures presently employed thus have very little marginal positive impact on two critical factors of the BVS program. They do not tend to be very sensitive to relatively greater needs of any of the individual governmental units at any of the levels to which they are allocated, nor do they supply any additional incentive to implement the program in a manner consistent with its goals. These factors could, however, be treated with a reorientation of the proposed use of the MES to include an influence on the allocative mechanisms of the BVS funding.

The change involved would be a small one and would consist of directly tying the results of the periodic and on-going MES evaluations of the BVS program to incremental increases in the volume of successive BVS allocations. Depending upon which of the elements in the evaluation the increase in funding would be tied, an incentive would be created to increase the degree of success shown by that element.

As has been seen in the preceding chapters, the proposed MES for the BVS program includes measurements of the effectiveness of use of BVS funds and of the degree of decentralization of authority of the participating units. They would also be central elements in the allocative system proposed here. An additional element would also be proposed to further refine the allocations: that of need.

Before treating the definition of the individual elements upon which the allocations would be made, it may be helpful to describe the mechanism which could be used to aggregate these elements into the form of a tool for determining increments in BVS annual allocations to participating governmental units.

THE MES ALLOCATIVE MECHANISM

The primary foundation upon which the MES influence on allocation would rest is that of a predictable and regular minimum amount of BVS funding to be given to every governorate each year. This would enable the local governorate units to plan ahead and to integrate the BVS funding into their regular planning and allocation decisions. Whatever incremental amounts that would be potentially available, due to success shown in the use of the previous year's funding, would then be used to complement and expand regular planned activities.

The task of implementing the primary allocation decisions from the national to the governorate level would fall to ORDEV and the Interagency Committee. Based on the results reported to them by the MES, an incremental increase in basic funding would be determined for those governorates meriting it. On this level, the elements that would indicate eligibility for incremental funding would include the relative needs of the governorates for BVS-type projects, and their accomplishments in the decentralization of authority to the units below them.

The choice of these two elements to be the determinant factors in awarding additional funding to governorates is based on two considerations. The first is one that will be present at all levels of allocation from the national on down to the village and concerns the targeting of BVS funds to those areas

needing them most. Where there is the greatest volume of need, special funding consideration should be given. The second implies that the most important contribution of the governorate to the policy of decentralization that the BVS supports, is that of the devolution of authority to those units below it. For this, also, incentive should be given.

Using the appropriate measures of needs and decentralization given in this report, a simple grid could be constructed on which incremental increases in funding would be determined for each governorate. Such a grid would look like that shown below in Figure 11.

Figure 11

DECISION MATRIX TO DETERMINE INCREMENTAL INCREASES
IN GOVERNORATE ANNUAL BVS ALLOCATIONS

Relative Needs of the Governorates	Degree of Decentralization in Governorate		
	LOW	MEDIUM (+ %)	HIGH (+ %)
LOW	1 Governorate	2 Governorate	3 Governorate
MEDIUM (+ %)	4 Governorate	5 Governorate	6 Governorate
HIGH (+ %)	7 Governorate	8 Governorate	9 Governorate

When the nine participating governorates would be measured relatively against these criteria, their place in the matrix could thus be determined. The incremental allocation due each one would be a factor of the percentage increases assigned to that position in the matrix. Assuming for a moment that for the positions labeled MEDIUM, and increment of 10 percent is assigned and for HIGH 20 percent, the following equation would produce the absolute (minimum funding plus eligible incentives) per capita allocations per governorate:

$$\begin{aligned} \text{Per capita} \\ \text{allocation} \\ \text{of} \\ \text{position \#1} \end{aligned} = \text{PCA}_1 = \frac{\text{Total BVS Funding Available}}{P_1 + (1.10)P_2 + (1.20)P_3 + (1.10)P_4 + (1.10)^2 P_5 + (1.10)(1.20)P_6 + (1.20)P_7 + (1.10)(1.20)P_8 + (1.20)^2 P_9} \times F$$

and so on;

where P_1 = population of Governorate in position No. 1

P_2 = population of Governorate in position No. 2

etc.

After the allocations would be determined for the transfer from the national to the governorate level, a similar process would be followed to allocate that funding within each governorate.^{1/} However, the criteria on which the incremental allocations would be based on the lower level would differ from those

^{1/} The discussion that follows does not specify a role or allocation by the markaz level. However, depending on the normal practices of the governorate, such an allocation to and by this level of government could be built in. Incremental allocations to it would be based on a similar procedure to those mentioned here for the village council.

used at the governorate level. This would reflect the differing responsibilities of the village councils from the governorates, as concerns the BVS program, and would also accurately project a differing pattern of sensitivities on different levels to incentives that could be built into the BVS allocations.

The primary function of the village council in the BVS program as it was designed is to plan and implement the individual projects. Contrary to the governorate, they are not primarily concerned with devolving authority, but with using it well. The incentives to which they would therefore respond would be those which relate to their performance. In the framework which would determine eligibility for incremental BVS funding for a village, the success in devolving authority criterion would be replaced by one showing effective management of those resources. The criterion of need would remain at this level as a way of promoting effective targeting of the BVS funds. A decision matrix to then determine a village council's total BVS funding for that year would look like the grid on the following page.

Figure 12
 DECISION MATRIX TO DETERMINE INCREMENTAL INCREASES
 IN VILLAGE COUNCIL ANNUAL BVS ALLOCATIONS

Relative Needs of Village Council	Village Council Performance in Use of Resources					
	LOW		MEDIUM (+ %)		HIGH (+ %)	
LOW	1	Village Council	2	Village Council	3	Village Council
MEDIUM (+ %)	4	Village Council	5	Village Council	6	Village Council
HIGH (+ %)	7	Village Council	8	Village Council	9	Village Council

While the placement of the village councils into this type of matrix is somewhat more complicated than that of the governorates (because they may number more than nine), appropriate adjustments could be made. Other calculations and procedures would follow those performed at the national level to determine governorate allocations.

CONCLUSIONS ABOUT THE MES ALLOCATION SYSTEM

The procedures outlined above for the use of the MES in the allocation of BVS funding are, of course, much easier to outline than to implement. The advantages that they offer in providing appropriate incentives to target funding to greatest need, to decentralize, and to effectively use the resources are, however, considerable and merit great attention. The problems that become immediately apparent in considering the feasibility of such a system would primarily include the difficulty of achieving a political consensus on the definition, and measurement, of the "need," "success in decentralization," and "performance" criteria for use in a differential allocation of resources not based on number of population alone.

The previous chapters dealt in detail with a description of how degree of decentralization and performance could be objectively measured in evaluating the BVS program's consequences. "Need," as a criteria for allocation, was not similarly dealt with. Some discussion of the term and concept is called for here.

As was seen earlier in this chapter, the concept of "need" as a justification for higher levels of developmental assistance is not unappreciated in the lower levels of local government in Egypt. The nomination of the two markaz requiring a higher per capita allocation of BVS funding in Sharkeyia was very easily

made, with no obvious dissension. Having participated briefly in this discussion, and after having had a chance to sound out informed observers of local government, the team feels that the greatest problem confronting the inclusion of a "needs" criterion in the BVS allocation procedures is that of a clearer definition of the term itself.

Without wishing to appear to diminish the difficulty involved in this clarification of definition, consistent and widely-held ideas already exist in almost every governorate about which areas within that governorate are more "needy" than others. Preliminary indications gathered by the team seem to indicate that two components that often figure in this ad hoc evaluation of need include problems of water supply and road access. The BVS emphasis on these two elements is thus not a negative augury in predicting how informal estimations of need will match up with a BVS-related needs scale which emphasizes water supply, roads, and other basic services.

At its most unsophisticated, the relative need of a unit could be determined for allocative purposes by specifying one service, e.g., water supply, as the standard against which need would be measured. Project designs would be requested and then costed. The resulting cost figures for the village, or the aggregation of such figures for the markaz or governorate, would then be used as a rough estimate of the relative need of the area.

Abuses would be, of course, possible in this or any other method used. There would have to be some monitoring of the standards in order to weed out excessive estimates. However, the value of participating in a needs assessment, of designing projects and selecting the priorities among them, responds very particularly to the essential goals of the BVS and to the long-term policy of decentralization that it supports. Particularly, if the procedures used in this BVS exercise contribute to local capacities which can be used in the larger non-BVS allocation of governmental resources, will this exercise be of critical value.

CHAPTER NINE
STIMULATING DECENTRALIZATION AND LOCAL CAPACITIES:
RELATED ISSUES

CHAPTER NINE

STIMULATING DECENTRALIZATION AND LOCAL CAPACITIES:
RELATED ISSUES^{1/}

The focus of this report has been upon designing a monitoring and evaluation system, useful in the allocation of BVS resources as well as in specifying the conditions under which decentralization can make a positive contribution to development. During this period of study of the existing information systems and of the present uses and analyses of information about the BVS and other development programs, a number of observations have emerged about the information "environment" of rural development in Egypt. These observations do not precisely fit into the assignment of this consultancy. However, the problems which have been identified and some of the possible solutions to those problems are highly relevant to the success of the BVS program and to the decentralization effort. They are, therefore, presented in summarized form here.

Decentralization Within the Village Council Units

The 805 village council units presently constituted throughout Egypt are often quite large in population, composed of a number of smaller satellite villages and hamlets, and quite scattered geographically. The preference for locating revenue-generating projects in the central village has been frequently noted, as has the dominance of the central village in the LPC.

^{1/} Primary responsibility of Dr. David Stanfield and Dr. Ibrahim Omar.

This centralization of functions at the village center level is incompatible with the broadest implication of the decentralization policy.

Steps could be taken to further decentralize the present structure of village-level local government. The team has seen a couple of options tried, with some success. First, it is possible and desirable to organize satellite village development committees, similar in function to the LPC at the village council unit level. These committees can serve as information gathering and resource mobilization arms of the village LPC. They can also form the nucleus of village management units to eventually assume the responsibilities for revenue-generating projects, as well as for overseeing and managing the installation of public service projects, such as those financed under the BVS.

A second activity which could help stimulate the various peripheral satellite entities could be an information leaflet, similar to the one the team encountered in a village of Sharkeyia Governorate. The leaflet provided a summary of past village unit projects and the plans for the coming year. It also provided information about the council members and data on how to get access to certain services in the village, such as water and electricity. In village councils which are large and have a complex sub-structure, an active communication program could help generate local support from the inhabitants for the

various projects undertaken, as well as build a more informed base for participatory control of local government affairs.

ORDEV and the Interagency Committee (IAC) Supervision of BVS

In 1979-80, the first year of BVS funding, the governorate procedures used to allocate BVS funds to village councils in Sharkeyia and Sohag had the result of effectively eliminating any significant village input into the planning and implementing of BVS projects completed there. Projects were designed at the service directorate level of the governorate. Funds for the projects were only transitorily in the control of the village council while implementation was undertaken by the service directorates, much as they would undertake any project using normal government funding.

In the same year, the BVS program, as it was implemented in the Fayoum Governorate, came very close to meeting the original expectations of its designers in offering a great amount of village-level participation in all phases of the project life cycle. The differences between the governorates can be ascribed to two factors. One involves the personalities of the governorate authorities. The other centers upon a basic confusion about the nature of the BVS program, which has been nurtured by an almost non-existent supervisory role played by national authorities. Very little can be done about the first factor while much should be done about the second.

The second factor exposes the fundamental irony about decentralization: that it must be scrupulously controlled by the center in its early stages. This has not happened here, insofar as the BVS program is concerned. The range of projects eligible for BVS funding has been inadequately defined nationally. This means that aggressively decentralizing governorates like Fayoum are left uncertain about how far they can permit localities to reach with BVS funds. It also means that less aggressive governorates (like Sharkeyia and Sohag) tend to go the other way in excessively restricting the range of potential BVS projects because they, too, have no better indication of what is expected or acceptable.

Similarly, no national or BVS authority has ever clearly indicated what level of "non-central" participation is required in BVS implementation. Is a BVS road that is constructed by the governorate Roads Directorate as acceptable as one which is constructed by a village council? The point is that no definitive answer has ever come for these issues.

This limited style of intervention by the interagency committee and by ORDEV (the two supervisory bodies for the BVS program) is perhaps in keeping with the general principles of a decentralization policy. However, it is unrealistic and unhelpful in promoting a rational and uniformly applied goal as to the type of decentralization desired. That there are many types is abundantly clear by looking at the variation in BVS projects.

Surely, not all of them are desirable nor even necessary intermediate steps on the way to Egyptian decentralization.

Coordinated Rural Development

As was seen in the chapter entitled "The ORDEV Contribution to Decentralization", (Chapter Three), the ORDEV mandate is a wide one encompassing the coordination of all developmental activities occurring in the village. What is found, in reality, is far from this. The various ministerial interventions into the village council area most often go unreported to ORDEV or even to the village-level officials themselves.

Even more critically lacking in this coordinative role (because they tend to resemble and would therefore tend to duplicate the ORDEV group of interventions) is essential information about activities undertaken by the Local Fund for Service and Development (LSF). The LSF has been described as the most significant innovation in the decentralization of control over developmental resources in the last 30 years and yet its activities are not monitored by the coordinator of rural development, ORDEV.

These two situations do not augur well for a supposed coordinating role by ORDEV. Worse, they do not augur well for coordinated development or the use of scarce resources from many sources to their highest utility. While the problems associated with an extremely independent ministerial mode of

development interventions will require more than the sole political weight of ORDEV to resolve, no such problem blocks a periodic monitoring of the LSF activities in all governorates.

Particularly neglected by ORDEV in the dissemination of development activity data has been the elected council structure of the village, the markaz, and the governorate. It is very much within the interest of more effective decentralization of authority that these bodies become better informed about the regional implications of differential allocations of governmental resources. The elected local government structure seems to be a natural client for ORDEV with its interest in decentralization, and ORDEV (theoretically) is capable of providing such a wide view of the division of resources. The political judgements that such views will engender are a concomitant part of local government. These judgements should be formed in the presence of data rather than inference.

CHAPTER TEN
APPLIED RESEARCH THEMES

CHAPTER TEN

APPLIED RESEARCH THEMES

The opportunities for applied policy-relevant research as part of the MES are great, as are the needs for a more detailed and in-depth understanding of the complex phenomena being observed, measured, and analyzed for the information system itself. A well designed applied research program implemented in conjunction with the work done in the MES can aid in both the interpretation and the extrapolation of data about the causes and effects of development of local government autonomy, as well as about the benefits accruing from decentralization.

Below are found the outlines of six research themes that might be developed into fuller statements of research design and undertaken within the program of technical assistance for the evaluation of the BVS program.

- Policy-Management and Productivity within the Village Unit

One hypothesis is that the village management structure and process is a reflection of the socioeconomic environment of the village itself; further, that the benefits which derive from development projects are also determined by that structure. Therefore, understanding the nature of the socioeconomic

organization of the village unit is critical to predicting how project benefits will affect the various segments of the community. Determining the equitability of council actions is of fundamental importance in assessing the success of the local government strategy. Such an understanding would also be useful for predicting how the village unit personnel will manage resources, and to what extent village residents will contribute resources to those projects. Such data would be critical for estimating the long term viability of local government units at the village level.

Such a line of research should be carried out in a sample of villages in each of the three initial BVS governorates. From the initial efforts at establishing performance standards for village units in the MES, four villages in each governorate could be selected, two representing highly successful village units and two representing relatively less successful or unproductive village units. In-depth case study techniques could be utilized in each village unit, supplemented by data from the village systems and organizations and a limited sample of village residents. A team of two researchers in four months would be able to do the first phase of the study (an historical review of development efforts in the four villages, an assessment of what factors seemed to determine present levels of success, and an initial attempt at determining how the management activities of public and semi-public institutions of the village

council relate to the benefits that have been generated from past projects). Thus, in the course of one year, a study could be completed in three governorates. An additional six months would be needed to process the data and prepare a report.

A second phase of the study would involve a return to the villages of the original sample two years later to see how the predictions made in the first study (concerning the likely-form of village-council activities, the degree of community support and impact on village families) came about or not, and why. This phase could be done in a shorter amount of time, approximately 12 months.

- Experiments in Decentralization of the Service Directorates, Especially Agriculture, Health, Education, Housing and Reconstruction, and Land Reclamation.

The BVS program involves a number of service directorates which are usually oriented to the construction and maintenance of infrastructure. The process of decentralization involves the expansion of scope of local autonomy which should imply the gradual incorporation of various services under the local governmental apparatus. Land reclamation, agricultural research and extension, the provision of inputs and the marketing of outputs in agriculture, the contracting of health personnel, the stimulation of formal and informal educational activities at the village level are all possible candidates for "decentralization." The experience with the BVS as well

as other policy directives can affect the speed and extent of the decentralization of these services. A research project which explores decentralization outside of the BVS program, and gauges its positive and negative consequences could help shape future policies on the basis of actual experiences.

- Environmental Development and Demographic Processes in Villages and Small Towns: Emerging Demands and Responses.

One of the principal hypotheses, which is of increased importance to the rural areas when setting priorities of national development, is that the improvement of the quality of life and the opportunities for remunerative and productive employment in villages and small towns will affect people so that they will not migrate to urban areas. The actual impact of various development efforts on the movement and employment of people in old and new communities as well as on the underlying process of human fertility and population growth should be specified.

Judging from the past patterns of rural and urban development and local government strategies, there exists the need for capturing information on the conditions under which these strategies have the desired impact on "holding" the population in liveable environments. Is the relationship simple and unilinear or is it multilinear and conditioned on other factors?

- Human Resources Development and the Capacity to Manage Local Government.

A factor of critical importance to the success of the local government system is the attraction, retention and motivation of competent people in the local government apparatus, both as bureaucrats and as popular council members. Yet one of the constant and generally applicable criticisms of the Egyptian system of public administration is its lack of adequate human resources development systems. There are few incentives for dedicated workers. On the contrary, there are clear rewards to conform to existing bureaucratic empires and avoid the complications of trying to respond to the needs of the people.

In some governorates and ministerial agencies, however, new systems of personnel management could be encouraged, particularly in the area of local government. Special attention should be paid to the selection of the village chairman, his professional orientation and chances for advancement. Another problem which should be addressed is how to improve the personnel system of ORDEV at the governorate level as well as in the markaz.

- **Assessing the Management Capacity of Governorates:
The Quest for New Technologies.**

One of the frequently heard comments about the newly increased importance given to the governor and his staff is that there are widely varying management styles, energies and capacities and the confidence to further decentralize on the part of

the governor. The training and technical assistance program of the MES project will have some impact on the management systems of BVS governorates by introducing new management concepts and technologies.

A research project should be undertaken to specify the conditions under which the BVS and the associated training programs will improve the efficiency of governorate operations and the decentralization of functions to markaz and village level. The first three governorates in the BVS program could be paired with three governorates to be incorporated into the program at a later time, and data be generated on the style of management in each, the efficiency of program administration, and the degree of decentralization of function. This data could serve to compare the results of the BVS and non-BVS governorates, as well as to provide baseline data for quantifying change in management over time in these governorates.

- The Financial Viability of the Village Popular Council and its Influence on Village Autonomy and Corporate Authority.

Past experience has highlighted the difficulties for a village council in undertaking development programs within the fiscal setting of the local government budgetary process. The local revenues are minimal and used to finance only a very small portion of the annual recurrent expenditures, i.e., some limited salaries and operating expenses.

Consequently, village councils have substantively depended on the subventions made available by governorate administrations to offset the deficits in recurrent revenues. However, the computation of the annual supplement has been based on meeting the excess of expenditure over revenue rather than the requirements of rational resource management, i.e., job performance rates and productivity standards set for the service delivery systems.

This system has coincided with great village unit dependence on service directorate-designed capital investment programs which permit little prior consultation with the competent village authorities. This situation has not allowed village units to exercise their statutory authority in determining need areas, setting priorities, planning policies, organizing implementation schemes and evaluating output.

The distorted revenue structure, the confused budgetary process and the inadequate accounting procedures have resulted in depriving the village popular council of much say in planning and integrating public programs. The village councillors are frequently uninformed of the future path of development in their communities and the accounting system fails to provide them with sufficient information to monitor and evaluate service delivery systems. Moreover, there has developed a strong feeling on the part of the governorate administration that the village unit is merely an administrative offshoot of the

governorate, in that it cannot practice self-reliance in financing recurrent and capital investments. Such a situation continues to erode the autonomy of rural government and administration institutions.

It is hypothesized that the autonomy of the village council is, to a large extent, proportional to its well-designed revenue-expenditure structure. Such a structure would contribute continually to the financial viability of that corporate body. This hypothesis could be investigated in a sample of village councils which were penetrated by BVS and LDF projects as against a control group of village councils which did not contain these projects.

APPENDIX A
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APPENDIX B

THE CRITICAL PLANNING AND IMPLEMENTATION ACTIONS (CPIA) INDICATOR

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THE CRITICAL PLANNING AND IMPLEMENTATION ACTIONS (CPIA) INDICATOR

Formulation of CPIA^{1/}

Three propositions underlie the formulation of the CPIA. The first identifies control of decisionmaking as being in some measure a function of where the decision is made, irrespective of the quality of that decision. As decentralization implies a shift in control over resources to lower levels of government, it is possible to define the degree of decentralization, in part, by defining the locus of decisions and actions taken over those resources. By locus is meant the specific level of government (village unit, markaz, governorate, and central) from which the participating official comes.

The second concerns the quality of the decision taken. The amount of control actually conferred by a decision is heavily dependent on several things: whether it is a decision made by one person or many, the personalities involved, the type of decision required, and numerous other variables. Defining under these conditions what is the real nature of the control exercised over resources (whether it is an assumption of unilateral responsibility, a sanction of a decision taken elsewhere, or mere acquiescence to another's decision), is an exercise which can require strenuous inspection and can easily lead to an unworkable task.

^{1/} See the questionnaire included at the end of this Appendix.

One response to this problem in other work on "critical decisions" tools, has been to limit the definition of control to indicating only the locus of the last and highest level of government at which the decision is made, sanctioned, or reviewed. However, this loses much of the true quality of the decision in eliminating the contributions and weight of lower level decisions and actions.

The CPIA is a compromise between an unwieldy apparatus to carefully measure the quality of a decision, and one which only records the last and highest level of decisionmaking. It records all levels and qualities of decisionmaking according to the perception of the respondent. However, it tries to avoid total subjectivity by relating the decisionmaking to very specific acts which are easily identifiable by the respondent. The value of greater experience in implementing the CPIA is especially important in further evaluating this aspect of its measurement of decisionmaking.

The third proposition concerns the content of the critical decisions and actions examined. That they be critical (that is, significant points of choice over a set of options) is, of course, essential. In the CPIA, these points relate generally to a sequence of planning and implementation that includes as significant steps:

- needs assessment and agreement on the ranking of priorities;

- exposition of project details, technical specifications and costing;
- execution/contracting of project construction and supervision;
- accounting of funds received and expended;
- execution and monitoring of project activities; and
- repair and maintenance of project facilities and services.

The critical points derived from these steps should also be sufficiently numerous to permit some depth of variation to show up among projects, without being so comprehensive as to unnecessarily burden the evaluators with lengthy questionnaires. They should also very closely identify specific actions performed at precise moments in time, rather than more general processes so as to eliminate doubt about where the decision occurs and by whom it is taken.

Content of the CPIA

The CPIA, as it is proposed here and as has been used in the three governorates during this consultancy, will of course benefit from greater experience in its application. The number, content, and phrasing of the critical points will require periodic review and modification. The standard upon which each point should be judged for inclusion in the CPIA should continue to be an empirical one in which observed significant variation in planning and implementation procedures (indicating greater

or lesser decentralization) is, or is not, able to be seen through the existing or new points.

To Use the CPIA

For each applicable point, a response is required from a respondent most familiar with the project. The response should indicate from which level of government the executor(s) of the decision or action comes. For the village level, a point value of 4 is assigned; for markaz level, 3; governorate, 2; and for central authorities (CEN) a 1. Shared decisions for any point are given the average score of the multiple response. The total of these values for a specific project are then added and divided by the number of responses in order to give an index of decisionmaking decentralization for the project. (See Table "CPIA: An Example Over Four Projects," following the questionnaire in this Appendix, for an application of this indicator to four different types of projects.) Further experience may indicate the need to weight certain points differentially to indicate relatively more "criticality" in certain points than others.

QUESTIONNAIRE
CRITICAL PLANNING AND IMPLEMENTATION ACTIONS (CPIA)

VILLAGE UNIT _____

PROJECT NAME _____

Indicate the level of government at which the following actions took place:

1. SELECTION OF THE GENERAL TYPE OF PROJECT TO BE FUNDED IN THE VILLAGE UNIT AREA
(i.e., potable water, drainage, school repair, income-generating project, etc.): _____
2. SELECTION OF THE SPECIFIC PROJECT TO BE FUNDED IN THE VILLAGE UNIT AREA
(i.e., a road between villages X and Y; type of water delivery system;
number of classrooms repaired; etc.):
 - a. Details of project outlined: _____
 - b. Physical location of project within the village unit determined: _____
3. ALLOCATION OF FUNDS:
 - a. Who participated in the allocation of funds to the village unit area: _____
 - b. Who would be capable of shifting these funds to another project in
this village unit? (lowest level): _____
4. TECHNICAL SPECIFICATIONS AND COSTING:
 - a. First technical specifications for project construction given: _____
 - b. First costing of project construction given: _____
 - c. Later technical and/or costing modifications applied: _____
5. TYPES OF PROJECT APPROVAL NEEDED:
 - a. Review and/or approval by administrative authorities: _____
 - b. Review and/or approval of technical soundness, feasibility, cost efficiency: _____
 - c. Review and or approval for compatibility with regional plans: _____
6. CONSTRUCTION OF PROJECT:
 - a. Project funds are held at this level during implementation: _____
 - b. Permission to draw on these funds to begin implementation: _____
 - c. Preparation of tenders: _____
 - d. Approval of bid: _____
 - e. Contractor contracted by: _____
 - f. Technical oversight of contractor's work: _____
 - g. Accounting of project construction expenditures: _____
 - h. Authorization of contractor payment: _____
7. POST-CONSTRUCTION DECISIONS:
 - a. Decision on the use of savings incurred during project construction: _____
 - b. Decision on the allocation of incentives payments to project participants: _____
 - c. Location of funds used for project maintenance and upkeep: _____
 - d. Performance of project maintenance and upkeep: _____

CPIA: AN EXAMPLE OVER FOUR PROJECTS

Central Authorities = 1
 Governorate = 2
 Markaz = 3
 Village = 4

<u>Point</u>	<u>A Ministry of Roads Project (Sohag)</u>	<u>A BVS Road (Fayoum)</u>	<u>A BVS Road (Sharkeyia)</u>	<u>An LDF Chicken Project (Sharkeyia)</u>
1	1, 2	1, 4	1, 2	4
2 a	2	4	2	4
2 b	2	4	2	4
3 a	1, 2	2	1, 2	2
3 b	2	4	2	4
4 a	2	3	2	4, 3
4 b	2	3	2	4, 3
4 c	-	2	-	1, 2
5 a	2	4, 2	2	4, 2, 1
5 b	2	3, 2	2	1
5 c	2	3, 2	2	2
6 a	2	4	2	4
6 b	2	2	2	2
6 c	2	3	2	4, 3
6 d	2	4, 3	2	4
6 e	2	4	2	4, 3
6 f	2	3	2	4
6 g	2	4	2	4
6 h	2	4, 3	2	4
7 a	2	4	2	4
7 b	2	4	2	4
7 c	2	2	2	4
7 d	2	4, 2	2	4
CPIA INDEX =	$43 \div 22 =$ <u>1.95</u>	$64.5 \div 23 =$ <u>2.80</u>	$43 \div 22 =$ <u>1.95</u>	$71.83 \div 23 =$ <u>3.12</u>

APPENDIX C

QUESTIONNAIRE: APPLICATION OF LAW 43

APPENDIX C

QUESTIONNAIRE: APPLICATION OF LAW 43

Function	Application		
	Yes	What level?	No
<p><u>Craft Industries & Productive Cooperatives</u> Local Units administer, each within its jurisdiction, the following:</p> <ul style="list-style-type: none"> ● Identification & classification of craftsmen; their organization into productive cooperative societies; ● Making the necessary raw materials available & supervising their distribution to craftsmen; ● Supervision of the productive cooperative societies & marketing their products. 			
<p><u>Awqaf (Religious) Affairs</u> Local units administer, each within its jurisdiction with Awqaf Ministry the following:</p> <ul style="list-style-type: none"> ● Supervision of mosques, their maintenance and regularity of religious performance and prayers; ● Protection of Waqf money. 			
<p><u>Al-Azhar Affairs</u> Local units are to construct, prepare & administer the Azhar Preparatory & Primary Institutes as well as the Quran learning offices.</p>			
<p><u>Economic Affairs</u> Local units undertake, each within its jurisdiction:</p> <ul style="list-style-type: none"> ● Food, clothing & housing security projects; ● "Open door" economic projects by simplifying procedures for investments, private & joint venture projects, preparation of public services for them; ● Execution of local productive projects & local service projects; ● Organization of local exhibitions. 			

Function	Application		
	Yes	What level?	No
<p><u>Cooperation</u></p> <p>Local units, each within its jurisdiction, implements the laws & regulations related to:</p> <ul style="list-style-type: none"> ● The activities of unions, societies & cooperative agencies. 			
<p><u>Reconstruction & Development of Villages</u></p> <p>The governorate, the markaz and the village, each within its jurisdiction, & according to its capabilities on the basis of the plan drawn up by ORDEV will carry out the following:</p> <ul style="list-style-type: none"> ● Preparation, execution, & monitoring of ORDEV projects within the budgetary limits of the plan; ● Participation in the studies and research related to these projects from the economic, social & spatial planning points of view; ● Participation in preparation of the necessary training programs for those working in the field of village development; ● Execution of development projects included in the agreements between ORDEV & foreign international organizations. 			
<p><u>Education</u></p> <p>Local units, each within its jurisdiction & according to the plan of the Ministry of Education, must build, equip and administer all schools except experimental schools & central training centers, in the following manner:</p> <ul style="list-style-type: none"> ● Select the location of new schools and the distribution and number of new classes in the area; ● Request permission for construction of new private schools & class rooms according to the lines of the present educational policy; ● Fix school fees and allot each level the amount due as aid. Nursery schools attached to the above schools are considered private; 			

Function	Application		
	Yes	What level?	No
<ul style="list-style-type: none"> ● Supervision of school syllabus, and suggestions for necessary changes as a result of the characteristics and needs of the local environment; ● Fix school schedules & dates so that they do not conflict with the requirements of the general educational plan; ● Fix school vacations according to local circumstances, taking into account the required length of the school year; ● Construction, equipping & administration of school libraries & school sports clubs; ● Study preparation & implementation of plans & programs for the eradication of illiteracy and adult education. ● Supervision of school examinations, the times of which are fixed by the governorate. The governorate will supervise the Primary & Preparatory Certificate examinations; ● Organization of pupil nutrition programs. 			
<p><u>Health Affairs</u></p> <p>Local units, each within its jurisdiction, will manage the health & medical affairs, build, equip & administer the medical units within the general policy & the plan of the Ministry of Health. This applies to the following units:</p> <ul style="list-style-type: none"> ● Health associations & rural units; ● Mother & Child Care units; ● Family Planning units. 			
<p><u>Housing Affairs, Spatial Affairs & Municipal Utilities</u></p> <p>Local units, each within its jurisdiction, will carry out the following functions:</p> <ul style="list-style-type: none"> ● Determine needs for building materials, make them available & put rules on their distribution; 			

Function	Application		
	Yes	What level?	No
<ul style="list-style-type: none"> ● Establish, administer, run & maintain water projects, maintenance centers, sewage treatment centers, and natural fertilizer production projects; ● Planning & establishment of public parks, new roads & streets, their pavement & maintenance; execution of environment improvement works, general cleanliness, and control over refuse collection & removal ● Execution of laws & conditions related to general market places, slaughter house & cemeteries; ● Supervision of housing cooperative societies; ● Application & execution of laws & regulations related to amusement places, shops, industry, trade, and environment and public health; ● Supervision of state & private property, its administration, use & disposition; ● Examination, review & approval of zoning for land valued at less than ₦ 5,000. When it exceeds this amount it must be sanctioned by the governorate. 			
<p><u>Social Affairs</u></p> <p>Local units, each within its jurisdiction, will establish & equip social units, administer social institutions that the governorate places under its supervision and execute social control over wards of these institutions. Each local unit will also be responsible for the following, subject to the general policy of the Ministry of Social Affairs:</p> <ul style="list-style-type: none"> ● Making all arrangements for sheltering citizens who lost their homes as a result of a general disaster, giving them aid & money; 			

Function	Application		
	Yes	What level?	No
<ul style="list-style-type: none"> ● Assistance & care for the families of conscripts, martyrs, veterans & disabled; ● Initiate & execute family planning programs. Decisions on the establishment of family advisory offices, refugee institutions, nurseries, and alternative care institutes; ● Training of government & private sector employees, field research & social surveys needed, preparation of necessary statistics related to all social activities; ● Application & execution of the Public Service Law; ● Development of insurance awareness among citizens; ● Support & encourage efforts for a productive society, by creating facilities for productive & social loans to limited income groups; ● Technical & financial inspection of all institutions, government & private social units, & coordination between their projects. 			
<p><u>Supply & Internal Trade Affairs</u></p> <p>The local units carry out everything related to supply & internal trade affairs in the following manner:</p> <ul style="list-style-type: none"> ● Distribution and supply of popular commodities, except those specified on the rationing cards, according to fixed quotas for each unit, as specified by the governorate; ● Establishment & administration of slaughter houses, bakeries, granaries & cold storages; establish & sanction similar private sector projects, provide permits for flour mills & coffee grinders according to the principles set by the governorate & within the limits of the overall plan; ● Provision and supply of all commodities and their correct distribution. 			

Function	Application		
	Yes	What level?	No
<ul style="list-style-type: none"> ● Establish & administer trade registration office, assaying office & public scales. 			
<p><u>Agricultural Affairs</u></p> <p>Local units administer, each within its jurisdiction, according to the agricultural policy and the Ministry of Agriculture, the following matters:</p> <ul style="list-style-type: none"> ● Organization of new agricultural & veterinary services; ● Land holdings & the agricultural cropping rotation according to the government's general policy; ● Execution & use of the agricultural cooperative accounting/checking card system; ● Execution of programs for combating agricultural pests; ● Making agricultural machinery available to agricultural cooperative units; ● Supervision of local plant nurseries; ● Supervision of seed trade; ● Execution of internal agricultural quarantine; ● Development of timber wealth; ● Gathering of agricultural & animal statistics; ● Distribution of animal fodder according to the circumstances of each unit & within the limits specified; ● Technical matters related to slaughter & examination of meat; ● Development of animal wealth, production and marketing; and ● Development of water systems (production, marketing & use of water). 			

Function	Application		
	Yes	What level?	No
<p><u>Establishment, equipment & administration of:</u></p> <ul style="list-style-type: none"> ● Agricultural & veterinary museums & exhibitions; ● Regional veterinary hospitals & laboratories; and ● Productive units for animal & poultry wealth. 			
<p><u>Culture & Information</u></p> <p>Local units, each within its jurisdiction, must make cultural events and items (museums, public libraries, cinema, stage, issuing of permits & supervision of these activities) available to the citizens in order to inform them of the cultural, spiritual & moral values of the society.</p>			
<p><u>Youth & Sports</u></p> <p>Local units, each within its jurisdiction, are to perform the activities related to Youth & Sports in the following way:</p> <ul style="list-style-type: none"> ● Supervision over the execution of the investment plan, follow-up on execution of construction aid to clubs, youth centres, & private associations; ● Supervision over private associations, sports clubs, & youth hostels; ● Preparation of youth and sports leadership in these institutions; ● Organization & execution of celebrations, festivals, youth & sports exhibitions, celebration of national feasts & coordination with central & local specialized agencies; ● Organization of popular & self-financing youth & sports services in the governorate; ● Establishment, equipment & supervision of youth centres & teen-age clubs. ● Establishment, equipment & supervision of rural & popular clubs; and 			

Function	Application		
	Yes	What level?	No
<ul style="list-style-type: none"> ● Execution of youth, sports & experimental programs approved by the National Council for Youth & Sports. <p><u>Tourism</u></p> <p>Local units, each within its jurisdiction, should encourage internal tourism in the following way:</p> <ul style="list-style-type: none"> ● To make possible the optimum usage of that part of Egypt's cultural heritage which is of touristic interest, by supervising archaeological areas, organizing visits and securing its protection; ● Supervise tourists & make facilities available for sight-seeing, information, & data. Look into and solve complaints submitted by tourists regarding tourist agencies, hotels, etc.; ● Encourage the establishment of hotels & other tourist establishments to support tourist services & profit from local experience. ● Educational programs for students to be trained & educated for work in the hotel sector; ● Development & exhibition of local products; and ● Training & instructing the citizens on how to act with tourists. <p><u>Communication Affairs</u></p> <p>Each local unit is to be responsible for commenting on work progress in telephone, wireless & post offices to raise the level of service of these agencies.</p> <p><u>Electricity</u></p> <p>Local units, each within its jurisdiction, & within the framework of the general policy, are responsible for electric power in the following manner:</p> <ul style="list-style-type: none"> ● Agreement on the distribution plan of electricity; 			

Function	Application		
	Yes	What level?	No
<ul style="list-style-type: none"> ● Agreement on the construction plan & maintenance of electric power distribution; ● Construction & maintenance of public illumination networks; and ● Strict control over collection of price of electric consumption, inspection & assurance of its legal & correct fixture. 			

APPENDIX D
BIBLIOGRAPHY

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