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LOCAL DEVELOPMENT II PROGRAM (LD II)

**TECHNICAL ASSISTANCE PROJECT NO. 263 – 0182
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**Ministry of Local Administration
Local Administration AMANA**

AMANA

[TRANSLATION]

**LOCAL PARTICIPATION & DEVELOPMENT PROGRAM
GENERAL GUIDELINES**

(1992 - 1997)

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Chapter I

Introduction and Objectives

Introduction

The Local Participation and Development Program is a continuation of the two phases of the Local Development Program in urban and provincial governorates, implemented between 1979 and 1992. The new program will be implemented over five years with an anticipated total allocation of LE 1 billion. Each year, the sum of LE 200 million is to be distributed among all governorates and Luxor city by the Ministry of Local Administration (MLA).

The Local Participation and Development Program (LPDP) continues the activities of the Local Development Program funded by USAID and adds important new features. Under LPDP, the Government of Egypt (GOE) will assume full responsibilities for formulating overall strategy, guidelines, funds distribution among governorates and monitoring of capital and O&M funds for local development projects. Governorates will assume increased responsibilities for planning, distributing allocation within the governorates, supervising project implementation, and reporting.

Program Objectives

The LPDP relies upon the experience gained by local government units in managing block grant funds supplied by USAID to improve the quality of life of rural and urban residents through providing locally chosen basic services and infrastructure projects. The LPDP seeks to preserve and enhance the gains in decentralization and local participation successfully achieved during the last twelve years.

The local popular councils are responsible for determining the basic needs of their communities as they are familiar with the local hopes and environments.

Their role also includes supporting local units to achieve project goals and service quality through their capacity to collect service fees and capital contributions.

Local popular participation is most effective in satisfying governorate basic needs and prioritization through cooperation and consulting with technical and financial departments. Consulting with the technical departments helps popular councils formulate development objectives on the basis of definite goals for service levels, and estimating their financial requirements. Consulting with financial departments helps local councils assess available resources, formulate objectives and prioritize more precisely. Accurate and clear objectives

and priorities of local development help local technical departments in planning projects within multi-year and multi-resource development programs which are sectorially integrated, and achieve optimum economic volume of service and management which leads to maximum social benefits.

In general, the objectives of LPDP are as follows:

1. Support decentralization through increasing the capacity to plan, finance, implement, operate and maintain locally chosen infrastructure projects to improve the quality of life of urban and rural residents, especially in deprived areas.
2. Institutionalization of procedures and techniques used under LD II.
3. Consolidation of activities relating to project planning, financing, implementation, operation and maintenance in the local units at the level of village, district, city, markaz and governorate.
4. Provide technical assistance and training to the local staff at all levels, continue to support the MIS, and provide the local units with computers.
5. In the light of the prime minister's decree no. 578, 1986, encourage revolving fund systems in project operation. This will increase the capacity to operate and maintain projects which will lead to more service delivery.
6. Emphasize keeping separate accounting books for program allocation (as per LD II), taking into consideration the government general budget rules.
7. Sustain gains made by local units through LD II by continuous use of LD II systems, procedures, and tools.

Chapter II

LPDP Organizational Structure

In line with the decentralization goals of the Local Participation and Development Program (LPDP), governorates have been accorded full authority in project planning, financing, implementation, supervision, operation and maintenance. The role of the central ministries has been confined to coordination and removal of obstacles relating to project implementation and for this purpose, a supreme committee for the LPDP has been established. Figure no. 2-1 shows the LPDP organizational structure. The role and responsibilities of the organizational structure are as follows:

1. Management Committee

- The committee has been established by the ministerial decree no. 182/92 to determine general policies and regulations for the program. A technical office is established to assist the committee implement its tasks.

2. Governorates

- **Local Development Committee.**

Responsible for

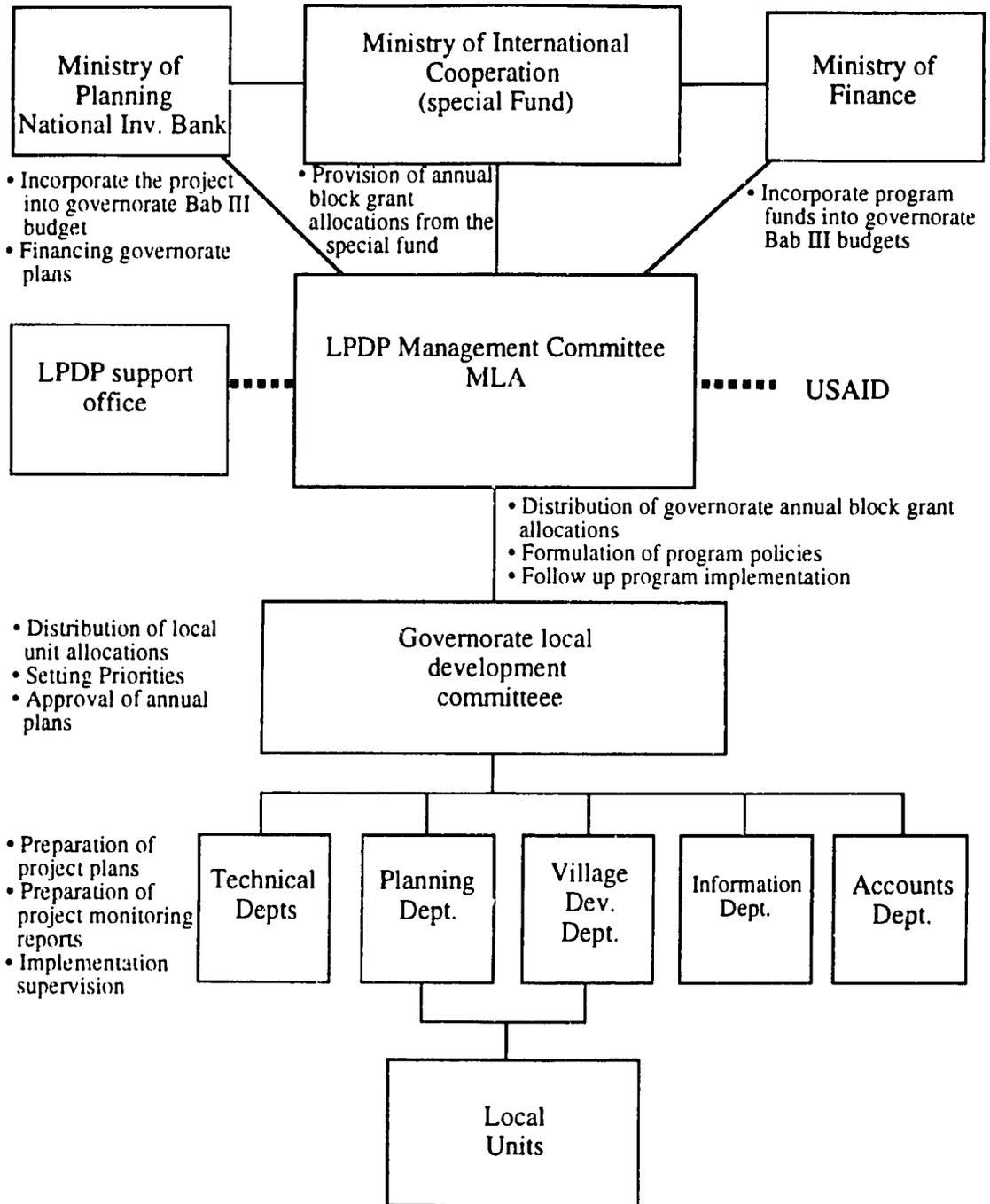
- a. Specification of criteria for funds allocation.
- b. Distribution of local unit funds.
- c. Formulation of development objectives and investment programs as a basis for prioritization of project proposals.
- d. Approval of annual plans.
- e. Supervision of project implementation and O&M.

- **Planning Department**

Responsible for

- a. Preparation of project plans for governorate headquarters and districts.
- b. Presentation of governorate plan to GLDC.
- c. Coordination with the Ministry of Planning and the National Investment Bank on funds disbursement.

**Figure 2-1
Local Participation and Development Program
Organizational Structure**



- e. Follow-up project implementation for governorate headquarters and districts.
- f. Preparation of periodic reports to be submitted to MLA, MOP and NIB.

- **Village Development Department**

Responsible for

- a. Assisting in the preparation of project plans for markaz, cities and villages.
- b. Compiling the local units plans. Markaz, city, village to be presented to GLDC for approval.
- c. Assisting in the preparation of the periodic monitoring reports to be submitted to MLA.
- d. Coordinating with the governorate agencies for the plan preparation.
- e. Coordinating with the governorate planning dept. for funding.

- **Technical Departments**

Responsible for

- a. Provision of technical assistance to local units.
- b. Technical review of proposed projects.
- c. Technical supervision and follow-up project implementation and O&M.

- **Financial Departments**

Responsible for

- a. To deposit the governorate contribution in a separate bank account.
- b. Coordination with Planning departments and Development Dept. to prepare implementation schedule.
- c. Financial monitoring of the program and preparation of financial reports.

3. Local Units at the Level of the Markaz, City, District and Village

- **Local unit executive and popular councils.**

Responsible for

- a. Identification of projects in accordance with program policy and priorities set by the governorate
- b. Follow-up project implementation
- c. Follow-up project O&M activities
- d. Presentation of regular project monitoring reports to the concerned departments.

- **District Planning Department**

Responsible for

- a. Preparation of project plans.
- b. Coordination with the governorate planning department for disbursement of funds.
- c. Follow up project implementation and prepare periodic progress reports.

- **Markaz Village Development Department**

Responsible for

- a. Preparation of village project plans, in cooperation with village local units.
- b. Coordination with the governorate development department on preparation of overall plan for the markaz.
- c. Preparation of regular project monitoring reports.

- **Local Unit Technical Department**

Responsible for

- a. Technical formulation of markaz, city, district and village projects.
- b. Provision of technical assistance to local units in project preparation.
- c. Supervision of project implementation.
- d. Follow-up project O&M activities.

- **Markaz/City District Accounting Department**

Responsible for

- a. Participation in preparing plans and implementation schedules.
- b. Participation in project contracting.
- c. Preparation of financial reports.
- d. Preparation of project final accounts.

Chapter III

LPDP Funding Procedures

1. Allocation Volume and Distribution

Annual funds allocated for Local Participation and Development Programs (for all governorates) amount to LE 200 millions. This allocation will be financed from the Ministry of International Cooperation's special account. The program will be implemented over five years.

2. Allocation Flow and Orientation

After supreme committee's distribution of funds, the Amana advises Ministry of Planning (MOP) and Ministry of Finance (MOF) of that distribution in order that they modify the budgets of the governorates accordingly. Each governorate will deposit the local participation share which is determined annually by the management committee (10% for the first year).

MOP advises the National Investment Bank (NIB) of each governorate's share of these funds, in order to deposit the sum in the governorate's account for expenditures on investment projects.

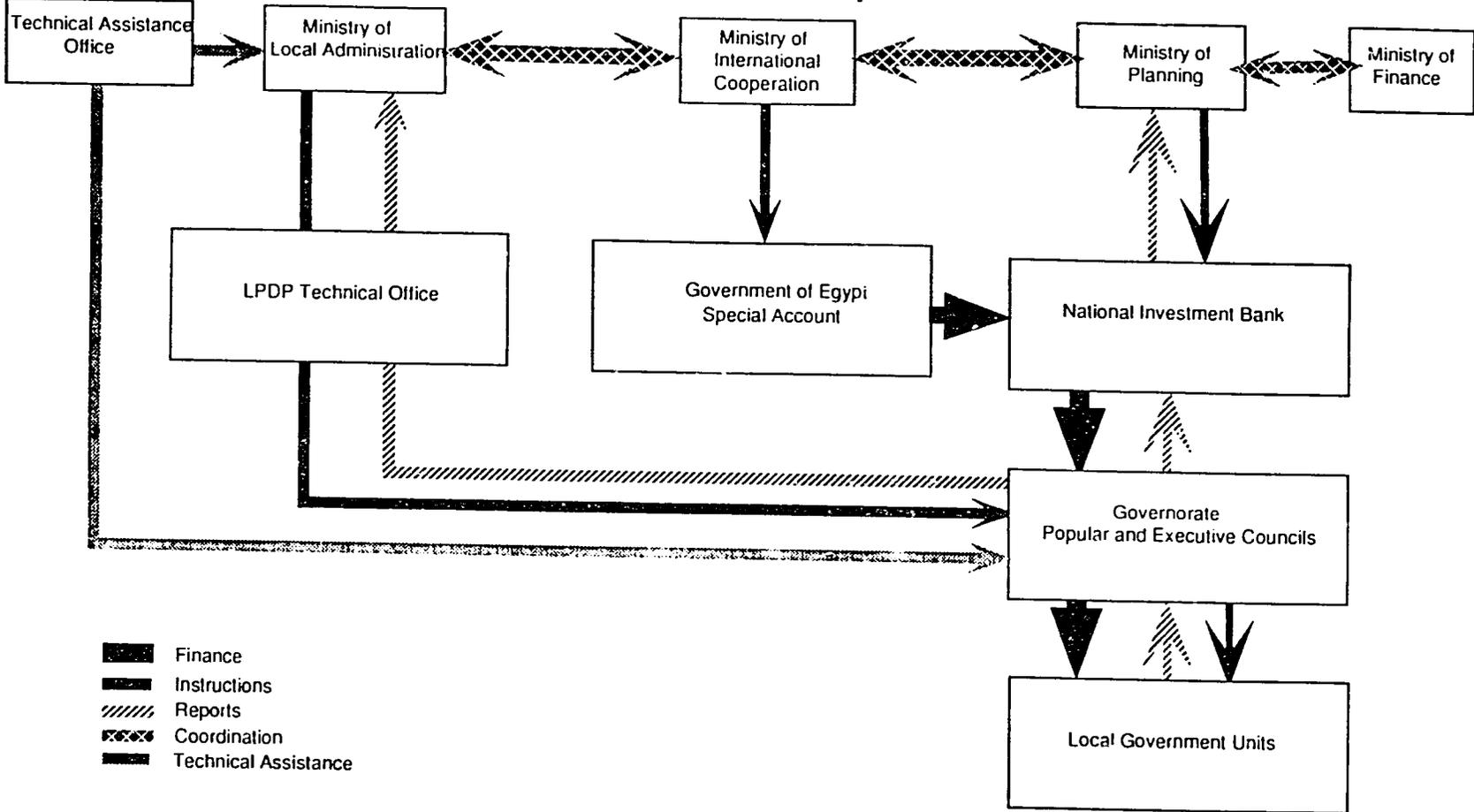
Project construction, contracting and expenditures should be according to the rules to be set by NIB. Funds should be allocated for the plan's projects as a whole, not on individual-project basis, so that a governorate will be free to transfer funds among various projects.

In cooperation with NIB, each governorate develops its projects financing schedule according to project implementation's schedule.

Governorates should use these funds in funding their projects and may not deposit them in interest-bearing accounts, with unused sums of money by the end of fiscal year returned to Ministry of International Cooperation's special account. The unspent funds for contracted progressing projects could be retained in the governorate account in the investment bank for project completion.

Figure no. (3-1) shows funds flow from the special account to governorates.

Figure 3-1 Flow of LPDP Capital Funds



3. Governorate Eligibility for Funding

- a. The submission of an approved Investment Plan, complete with supporting technical documents such as studies, designs and bills of quantities, within the agreed time schedule should be a must for funding.
- b. Deposit of an amount equal to the assigned local participation rate in a special account at a commercial bank.

4. Governorate Local Participation

LPDP management committee will assign a percentage of the allocations to be provided by governorates (e.g. 10% for the first year). This participation is to be deposited in a special account at a commercial bank and may bear interest, which to be added to the same account. Separate accounting books should be dedicated for this fund.

The governorate should submit a complementary plan approved by local popular council. This plan may include training courses.

Chapter IV

LPDP Planning & Implementation

Planning is the process of making decisions that identify work steps and ways to mobilize and allocate resources needed to improve the community's status within a limited period of time. It therefore includes identification of goals and means to achieve these goals within currently available resources. Successful planning process needs:

- Accurate identification of current situation through a needs assessment program
- Accurate identification of future goals, and
- Identification of the best ways to reach set goals

The LPDP may use the decentralization planning system that was used under LD II as this gives a prominent role to executive and popular councils in plan development. Local Government units may follow same procedures and use same forms used under LD II.

1. Planning Steps

- Needs Inventory and Identification by local units (LU) executive councils, and the concerned technical departments.
- Prioritizing by LU popular councils in light of governorate's sectorial policies and program's general guidelines.
- Identification of projects by executive councils, in cooperation with relevant technical departments.
- Development of annual plan by planning, development and technical departments.
- Approval of the plan by governorate's local popular council.

Figure no. 4-1 shows the roles and responsibilities in LPDP planning process.

2. Priorities

When setting priorities, it is suggested that governorates take the following into consideration:

- Priority to completion of projects funded and/or started under the LD II.
- Renovation and upgrading projects
- Satisfying local needs for PW, WW, environment, sanitation, education, roads, equipment, etc. This means allowing local units to select projects in these areas plus medical equipment, street lighting, lab equipment, heavy equipment and family planning centers.

3. Schedule for Project Planning Cycle

Table no. 4-1 shows project planning cycle schedule, month by month.

4. Project Implementation

Implementation process includes several steps starting with the design and preparing contract documents and ending with project taking-over.

It should be noted that there is no tangible difference between the implementation process for Bab III projects and the program projects, both follow same steps and phases. Table no. 4-2 shows implementation steps of Program Projects.

5. Investment Plan Modifications

During the implementation phase the need for plan modification may occur to:

- Increase or decrease the project costs.
- Cancel, substitute or add new projects using the contingency fund.

To ensure plan flexibility and to fully utilize the available funds, the proposed modifications may be made by local units and concerned technical departments, then approved by governorate local development committee to the limit of L.E. 200,000 for each individual project. The approval of the LPDP management committee should be obtained if the modification is exceeding the mentioned amount.

In all cases the plan modification has to be in-line with program criteria and guidelines and to be reported in the QPR.

**Table 4-1
LPDP Planning Schedule**

Responsibility	Concerned Dept.	Date
Allocate LPDP funds among governorates.	MLA/LPDP manag. committee	Dec.
To inform each governorate about its allocation and guide-lines for plan preparation.	(Technical office)	Dec.
Allocate funds to local units.	GLDC	Jan.
Needs assessments & projects selection.	PL Dept.	Feb.
Preparation of PL-forms, PL review.	Technical Dept. at local units	
To submit local units plans to the governorates for review and approval by the GLDC.	PL Dept. in cooperat. with rural develop. Dept.	Mid-Feb.
To deposit the local contribution in a special account.	Financial Dept.	Mid-Feb.
To submit governorates plans to the technical office (Amana) for review and to prepare a comprehensive plan for all governorates.	GLDC LPDP manag. com. (Technical Office)	March
Preparation of funds schedule with the investment bank:	PL Dept. Financial Dept.'s at the governorate level	June
Funding	Investment Bank	July

**Table 4-2
Implementation of Program Projects**

#	Durat.*	Activity	Actions	Duration	Remarks
1	-2	Design and Preparation of Contract Documents	After project approval and budgeting, specialized engineers in the local units: governorate/markaz/city/district /village develop project's detailed designs and drawings, and conditions and specifications brochure before announcing a public tender.	1 month	Inaccurate designs lead to improper construction that does not fit for planned purposes or which includes technical faults that reduce its maximal benefits.
2	+ 1 week	Public Tendering	Once that the funds are available, contracts department announces a public tender to allow Egypt-wide contractors to bid.	1 month	Project should be re-tendered in case of no bids, just one bid, or high prices
3	+ 1	Evaluation of bids	By determination committee: Local unit chief or engineering department director as chairman; finance, and development or planning department directors, relevant local unit chief, contracts director, legal specialist as members.	1-2 weeks	It may take longer time in case of negotiating a contractor or calling the second on the list.
4	+ 2	Determination and awarding	By local unit chief approval of determination committee's decision.	1 week	
5	+ 2 weeks	Signing the contract	A contract is signed and considered an integral part of the conditions booklet after the successful bidder's payment of performance bond.	1 week	
6	+ 3	Site take-over by contractor, and issuance of work order	This is to be done by engineering and contract department through take-over minutes, a copy of work order and job timetable to the contractor	1 week	
7		Construction Supervision	The work order names supervising and job engineers, with periodic progress reports on construction. A housing department engineer may be used in case of problems or disputes between the contractor and engineering department	All the construction period	
8		Payment of Contractor's Progress Certificates	Payments are effected according to constructed works and timetable. Payments should be within 95% of actual work value.	4-5 days	The problem of Bab III quarterly funding sometimes makes the contractor stop working because of lack of sufficient funding
9		Project Take-over	Committee and project owner. Tests should be run in the committee's presence to ensure soundness of constructed work.	1-2 days	
10		Payment of Project Final Bill	Payment is approved by accounting department after auditing the final bill according to validating book.	10 days	

* Duration after receiving the grant

Chapter V

Planning & Implementation Of Maintenance Projects

First: Planning

Maintenance projects to be financed by Bab II are determined according to a pre-approved schedule. These projects include necessary improvements and correction of any defects in order to keep the unit operative. Maintenance could be either preventive maintenance or repair. Maintenance plans should not include expansions; additions; or modifications of existing units.

Maintenance plan projects for facilities and equipment could be as follows:

1. Facilities Maintenance

- Maintenance of boilers and internal water connections
- Maintenance of WC's and electric connections
- Painting, repair of floors, windows, staircases and doors.

2. Equipment and Tools Maintenance

- Spare parts and overhauls for US equipment
- Financing maintenance contracts for computers, photocopiers, air conditioners, typewriters, etc.
- Maintenance of medical instruments

Priorities

Priority I should be for projects funded by Local Development Program (Phases 1 and 2). In case these projects have no need for maintenance, other projects can be maintained.

Review Maintenance Needs

Maintenance plan should be based on annual survey of maintenance needs. These should be conducted by local unit personnel who will determine maintenance needs, list them, and then estimate costs.

Project Description Form

Maintenance plan project description forms should be filled out for all projects. Mistakes, such as assigning maintenance works to annual maintenance contractors without preparing estimates for the required works or even without filling out the project description form should be avoided in the future.

Plan Preparation Phases

- The Planning Department should draft a list of maintenance plan projects (with project description forms). Lists should then be approved by respective chiefs of local units.
- Approved plans should be collected and forwarded to the secretariat of Local Administration, with a copy of the receipt of bank account opening and depositing of the governorate's contribution.

Second: Funding

Funding Sources

- Maintenance funds fall under Bab II, of the Ministry of Local Administration's budget.
- Funds from the Ministry of Finance are allocated for the approved maintenance plan for each governorate included in the Program.
- Local units annually contribute with a percentage of their funds in financing the maintenance plan.

Third: Implementation

1. Bidding

Local units assign maintenance projects to annual maintenance contractors according to the Ministry of Housing pricing list (issued 15 years ago). This pricing system for maintenance works is inaccurate. The local units accept lowest bids which impose fixed increase ratio on all items included in the Ministry of Housing pricing list. This method is faulty as in the last 15 years prices of different items increased with different ratios. Consequently, difficulties arise with contractors during implementation, especially when a contractor is asked to focus on work items when local market prices are higher than the Ministry of Housing prices (even after imposing the fixed increase ratio). A new pricing system should therefore be initiated to update prices every year.

The LD II contractors supported the idea that maintenance plan items should be bid according to local market prices (as in the case with the investment plan) instead of assigning them directly to annual maintenance contractor according to fixed increase ratios on the Ministry of Housing pricing list.

2. Follow-Up

o Follow-Up Project Maintenance Works

As in the case of the investment plan, local units engineers should pay periodic field visits to follow-up project implementation. Procedure for initial handing over should be observed and quota payments to maintenance contractors should be followed-up.

o Financial Follow-Up

Maintenance funds should be deposited in a special bank account and separate accounting books should be initiated. All dealings should be recorded in these accounting books. At the end of every month, the balance in the accounting books should be checked against that in the bank account.

The Planning Dept. should prepare a monthly follow-up form for maintenance plan projects, (as in the case of the investment plan). The form should show actual disbursement as well as actual implementation ratios for each maintenance project. Contracting, Engineering and Finance departments should participate in preparing this form. Implementation of maintenance projects and final report should be finished before the month of June; i.e. the end of the financial year.

Table 5.1 shows phases of planning and implementation of maintenance and operation projects.

Table 5.1

**MAINTENANCE PLAN
BASIC TASKS & RESPONSIBILITIES**

Task	Responsible Dept.	Date
<p>A. <u>Planning</u></p> <ol style="list-style-type: none"> <li data-bbox="202 544 505 649">1. Utilize needs assessment priorities concluded through filed visits as a base for project selection. <li data-bbox="202 677 480 782">2. Prepare technical description form and estimate costs for each project. <li data-bbox="202 811 505 915">3. Collect description form; and prepare a list and get approval from local units chief. <li data-bbox="202 944 505 1068">4. Follow-up disbursement of maintenance funds - Bab II Ministry of Finance - and its distribution on local units. <li data-bbox="202 1096 473 1220">5. Deposit maintenance funds in a special bank account and initiate separate accounting books. 	<p>Planning Dept. in cooperation with Services Department</p> <p>Technical departments</p> <p>Planning Dept.</p> <p>Planning Dept. on both governorate level and local units level</p> <p>Accounting Dept. in local units</p>	<p>February</p> <p>March</p> <p>April</p> <p>July</p> <p>August</p>
<p>B. <u>Implementation</u></p> <ol style="list-style-type: none"> <li data-bbox="202 1309 492 1357">1. Bidding and awarding of contracts. <li data-bbox="202 1386 498 1471">2. Supervision and follow-up on project implementation. <li data-bbox="202 1500 486 1528">3. Review of disbursement. <li data-bbox="202 1547 385 1576">4. Final delivery. <li data-bbox="202 1595 410 1624">5. Final accounting 	<p>Contracting Dept. in coordination with other departments</p> <p>Local units engineers</p> <p>Accounting Dept.</p> <p>Local units engineers</p> <p>Accounting Dept.</p>	<p>September</p> <p>October May</p> <p>May</p> <p>May</p> <p>June</p>

Chapter VI

O&M Management System

O&M Organization & Management Structure

Provincial Governorates

1. Current Organizational Structure

- a. The LD II Agreement called for an integrated O&M system for all local-level infrastructural and equipment projects. The Agreement also provided funds for procurement of manual tools and simple equipment for village workshops and for supporting district/markaz/governorate maintenance centers by building, tools and equipment.
- b. Through LD II, an organizational structure was developed for O&M activities, which included the following:
 - A Village Local Unit (VLU) maintenance supervisor and head of its workshop.
 - Markaz maintenance coordinator (from the engineering department's engineers) to supervise all markaz/city and related VLUs O&M activities.
 - A governorate general maintenance coordinator to supervise development and implementation of various local levels and sectorial maintenance plans.
- c. Although all governorates carried out the above steps, some difficulties confronted the implementation of an integrated O&M system, including:
 1. Lack of full-time governorate maintenance general coordinator - this position's activities were assigned, as additional tasks, to the housing director or road director, or to an inexperienced junior engineer who could not properly deal with markaz heads of engineering departments or VLU chiefs.
 2. Lack of technical labor in sufficient numbers and appropriate experience in some locations.

3. In spite of availability of required buildings, labor, tools and equipment, some maintenance workshops and centers did not operate.
- d. In order to reach practical solutions to those problems, a pilot O&M program was implemented in Menia and Gharbia governorates, including:
 1. Implementation of O&M organizational structure, according to each governorate's circumstances and under its secretary general's supervision.
 2. Identification of each level's role in O&M system.
 3. Evaluation of maintenance workshops and centers with regard to technical condition, building, tools, equipment and technical staff, and providing required technical assistance for removing difficulties.
 4. Study of needs assessment and available resources, to cover existing shortages.
 5. Design of a computerized program for development and monitoring O&M plans and budgets, parts control system, and accounting system for GMMC that operates under investment system.
- e. Evaluation of above pilot system's outputs, suggests that all governorates establish and implement the following organizational structure:

2. Proposed Organizational Structure

- a. A governor's decree on setting up O&M committee under the chairmanship of the secretary general and membership of: general maintenance coordinator, housing, roads, utilities, and finance directors. This committee is to be responsible for monitoring implementation of various O&M activities, at all local levels.
- b. A governor's decree to assign qualified/experienced mechanical engineer as a full-time maintenance general coordinator reporting to the development department's director or utilities department.
- c. Markaz/City engineering departments should monitor O&M activities and report monthly to governorate's O&M committee. Periodic meetings for various sectorial maintenance engineers and village maintenance supervisors should be held.

- d. Village maintenance workshop should be instructed on performance of O&M tasks required for VLU sectors, including infrastructure projects, utilities, garbage collection, street lighting, building maintenance, etc. All personnel working in these fields should be transferred to village workshop for ideal use of its capacities. Village maintenance supervisor should report monthly on O&M activities. Figure no. 6-1 shows details of the proposed organizational structure, while Figure no. 6-2 shows the general organization for O&M system with various interrelationships indicated together with each-level O&M duties.

Urban Governorates

1. Current Organizational Structure

- a. In the early eighties, Cairo and Giza governorates established general organizations for sanitation and beautification to plan and carry out maintenance and repair programs at their districts and regions through their garage managements. Later, these organizations suggested upgrading those managements to be O&M central departments.
- b. In Alexandria governorate, a central sanitation and beautification department was established, including district and regional garages and workshops. Central workshops are directly reporting to the secretary general, who is responsible for full coordination between the sanitation central department and the central workshops. Besides, O&M subcommittee were set up for planning governorate's O&M activities and are presided over by the secretary general.
- c. Each of the remaining urban governorates, including Qaliubia (Shoubra El-Kheima City), Port Said and Suez has employed governor-wide O&M engineer as a temporary measure until receipt of the central agency for organization and administration (CAOA) approval on establishment of O&M central departments.
- d. Difficulties confronting the process of upgrading O&M performance include:
 1. Shortage of technical labor - this is partially covered by recruitment through contracts financed by sanitation and development funds.
 2. Low wages and incentives that discourage skilled labor from working for those workshops.

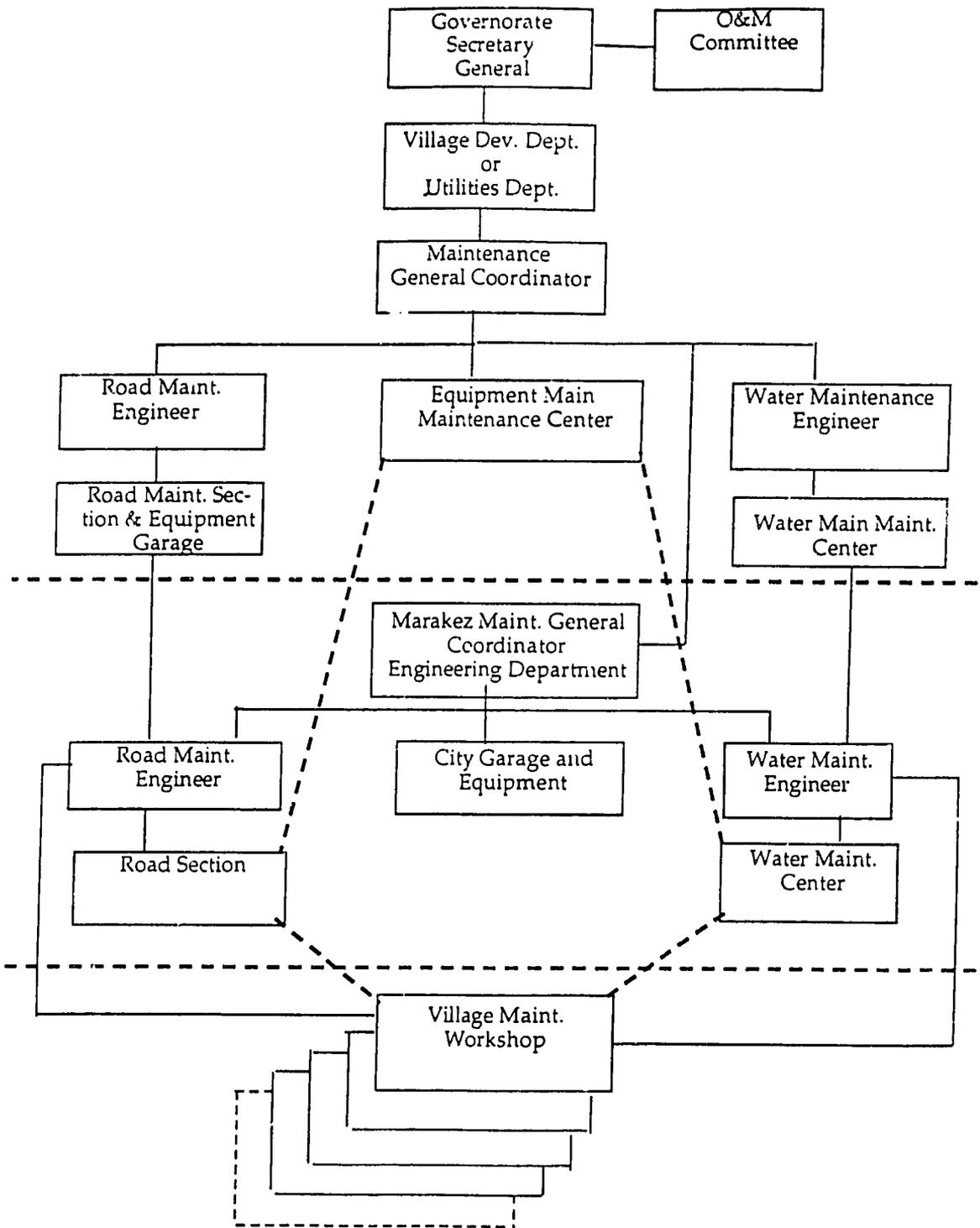


Figure 6-1

Proposed O&M Organizational Structure

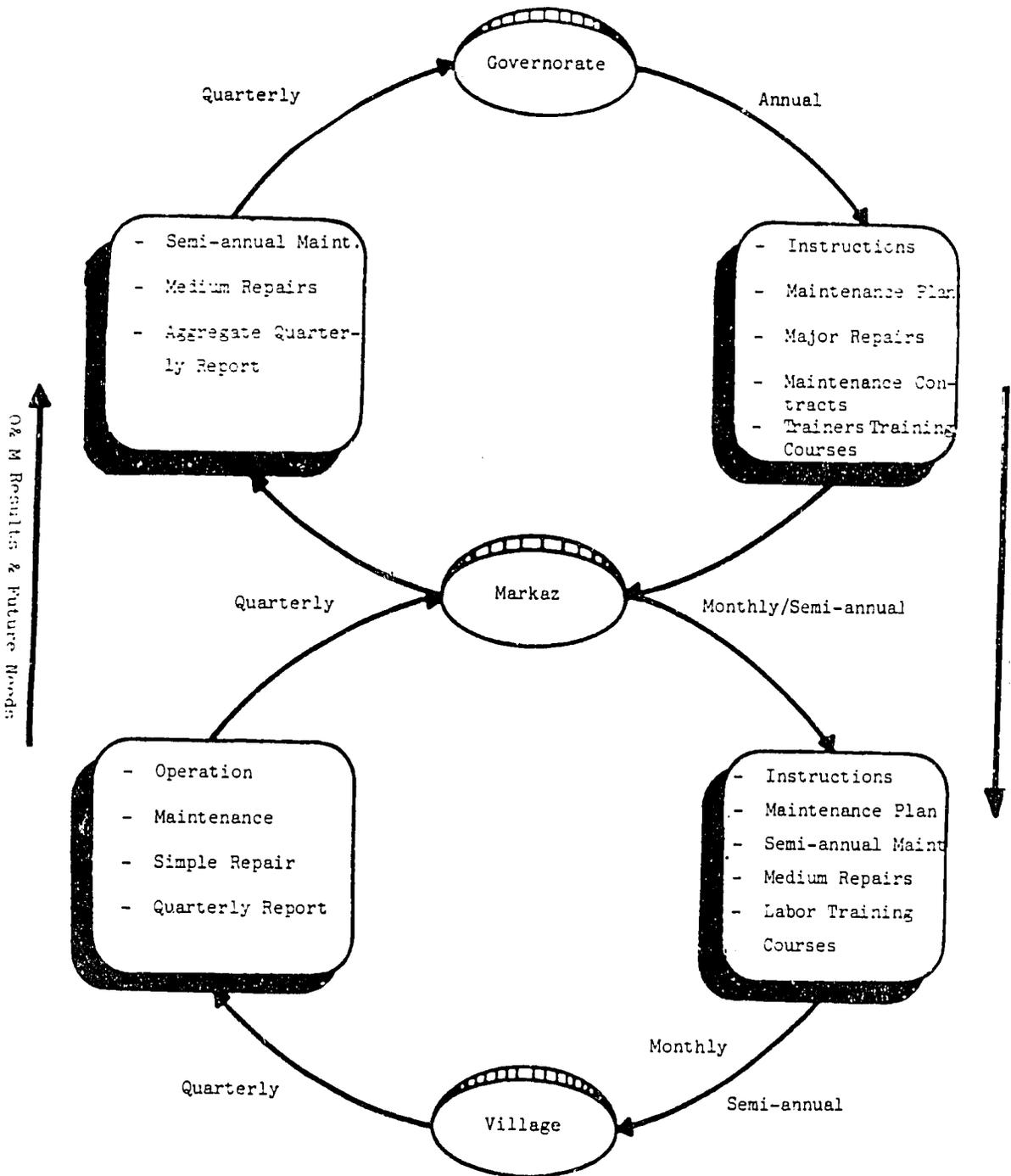


Figure (6-2)
General Organization for O&M System Management

3. Non-receipt of CAO A approval of proposed organizational structures capable of recruiting needed O&M technicians.

Roads Maintenance

Districts road sections, and roads directorate's road maintenance departments, are responsible for road maintenance activities that are either performed through self-efforts or annual service contracts. Maintenance departments review road maintenance plans in districts and at governorate level and arrange for required funds. LD II-P provided for supporting roads maintenance units by necessary equipment and funding part of maintenance activities, beside providing technical assistance to road directorates, departments and sections in the governorates and districts. Figure no. 6-4 shows organizational structure of road maintenance sections in Cairo governorate.

Utilities and Facilities Maintenance

This is the responsibility of governorate's housing directorate and district's utility departments and is performed either by self-efforts or annual maintenance contracts.

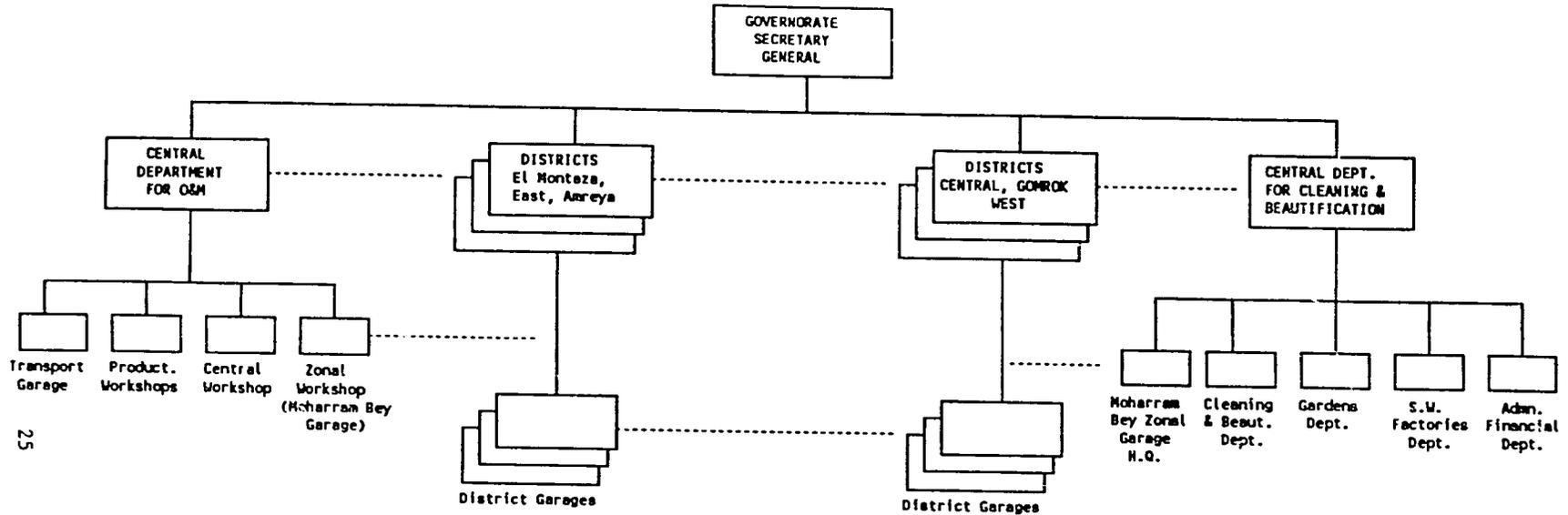
Governorates form operation rooms, at governorate and district level, where various levels of road and utility departments are represented and where emergencies are dealt with.

2. Proposed Organizational Structure

The proposed organizational structure does not differ from the current one that is shown on Figure no 6-3 and 6-4.

Figure no. 6-5 shows general organization of O&M system management for urban governorates vehicles and rolling stock, including channels of communication and information exchange among governorate's information centers, O&M central departments, sanitation and beautification organizations, and garages and workshops in governorate, regions and districts.

Figure 6-3
PROPOSED ORGANIZATION FOR
THE O&M HIERARCHY



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CENTRAL WORKSHOP RESPONSIBILITIES:

1. Develop P.M. and repair plans for all the Governorate vehicles and equipment in coordination with the Central Department for O&M, Moharram Bey Zonal Workshop, districts in the Governorate.
2. Provide needed spare parts for level 2 & 3 (medium and major) repairs for all districts vehicles and equipment.
3. Procure needed spare parts for all P.M. and repair levels for vehicles and equipment for other Governorate agencies.
4. Do all major repairs for all districts vehicles and equipment either in the Central Workshop or in specialized workshops.
5. Do all P.M. and repair levels for all vehicles and equipment in agencies other than districts.
6. Inform districts and Moharram bey Zonal Workshop on repair time schedule.
7. Prepare monthly reports on status, P.M., repair activities and needs. Submit to Central Dept. for O&M.

gov-hq-o/sy

MOHARRAM BEY ZONAL GARAGE H.Q. RESPONSIBILITIES:

1. Supervise and execute guarding and security measures in the Zonal Garage.
2. Manage refueling station to provide vehicles/equipment in Moharram Bey with fuels.
3. Do P.M. for all constructions in the facility.
4. Develop a fire fighting plan and do periodic inspection of fire fighting equipment and teams.

Figure 6-4
**CURRENT ORGANIZATION CHART
 ROAD DIRECTORATE AND ROAD SECTIONS IN DISTRICTS**

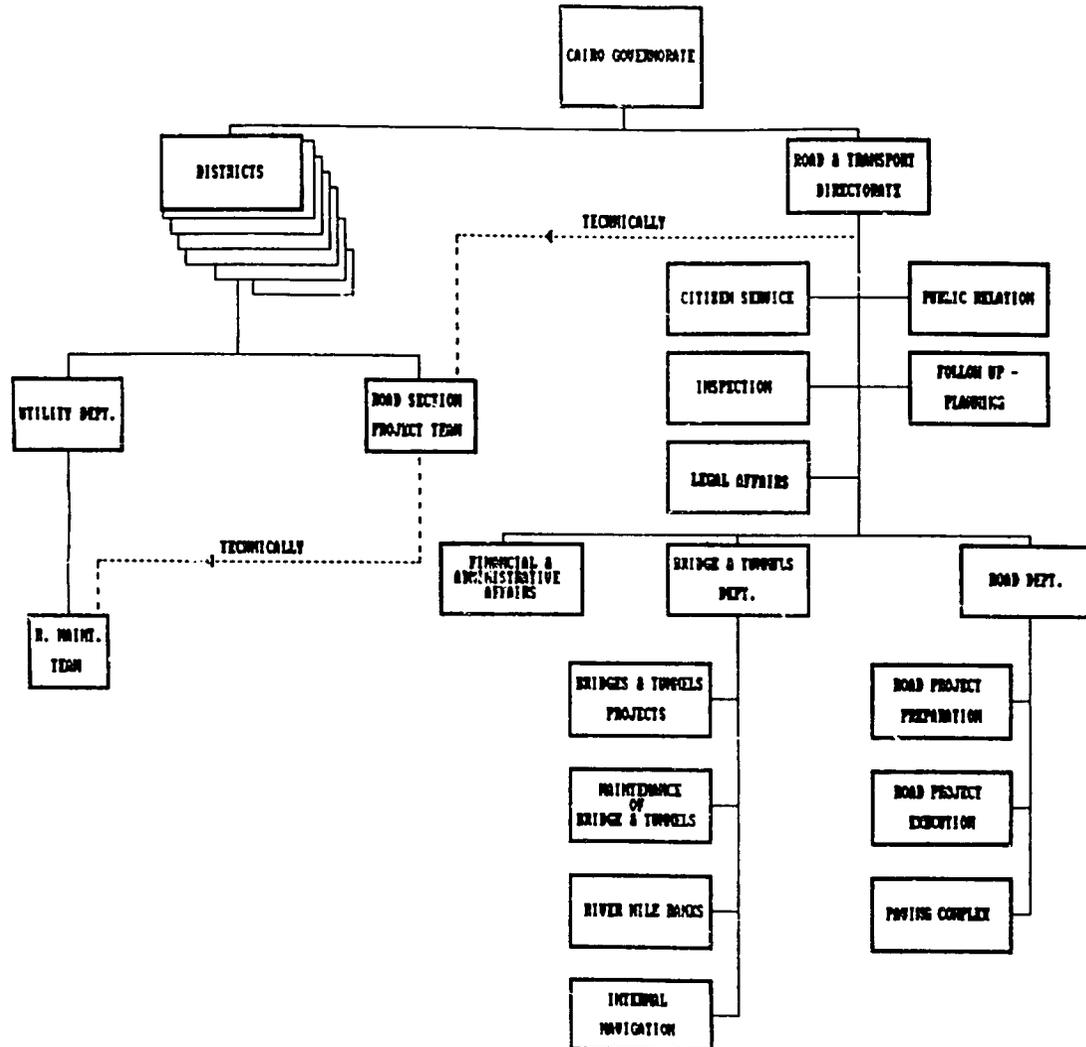
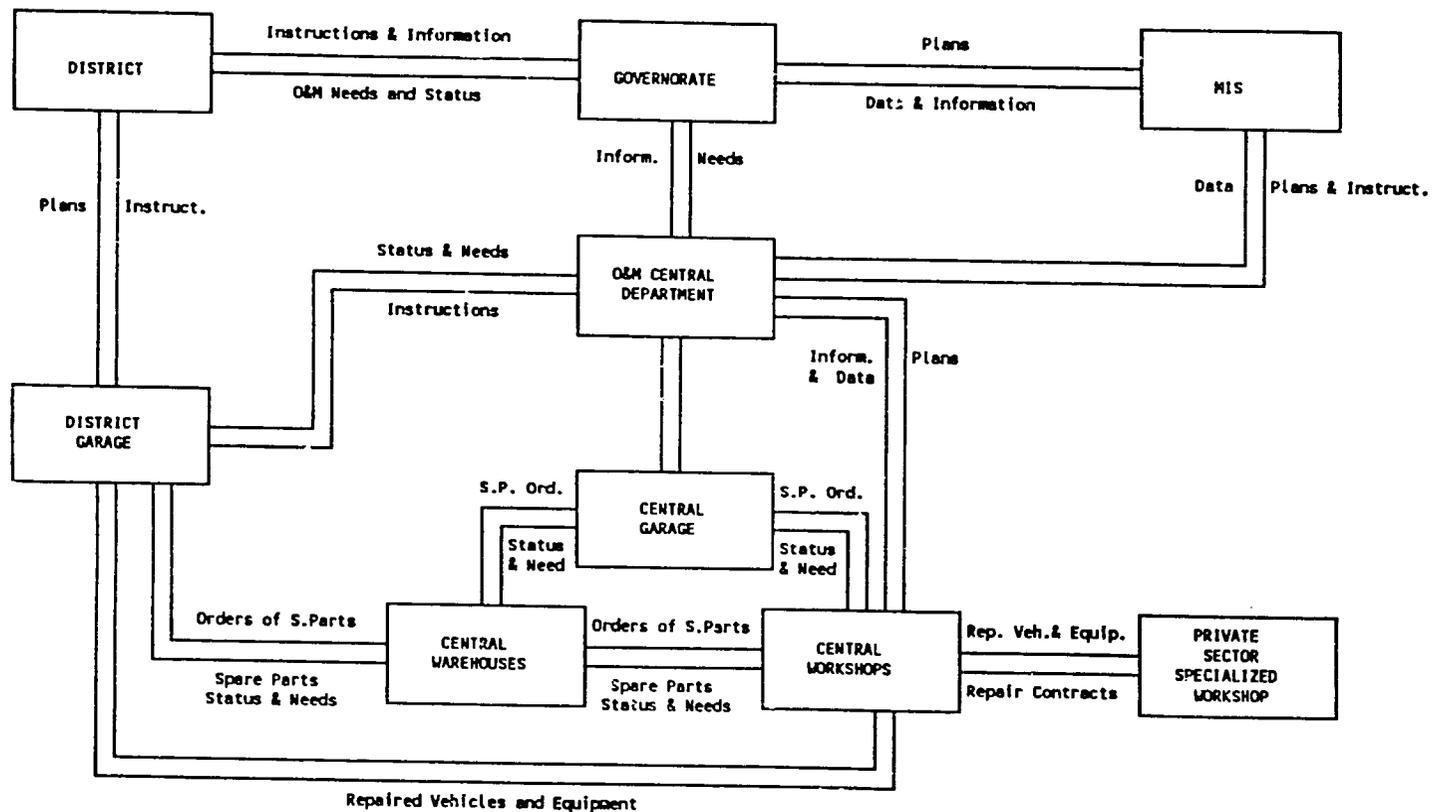


Figure 6-5
O&M COMMUNICATION AND REPORTING SYSTEM



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Preparation of O&M Plans and Budgets

Starting from the second year of LD II, governorates developed annual O&M plans and budgets to utilize the Agreement's Bab II allocations. A record and follow-up system was established at various local levels, including QPR on maintenance plans implementation status and QPR report on equipment operation and efficiency. These were sent to LA Amana's follow-up department.

In order to enhance the integrated O&M system, governorates should

- o Update the maintenance plan and budget by using forms that were used in previous years.
- o Implement periodic maintenance schedules and orient personnel, at all levels, with regard to importance of such implementation under set recommendations.
- o Follow-up on recording of activities, according training courses held in all governorates.
- o Set a plan for recruitment of staff needed for LD II funded workshops, and a training plan for upgrading existing technicians efficiency (take into consideration transfer training for labor surplus in some areas).
- o Set an equipment operation plan that observes the use of each piece of equipment for its designed purpose.
- o Operation distances/hours should be recorded on related forms in order that officials be able to evaluate the situation before ordering new equipment.
- o Commit to planned maintenance levels for each local level (markaz - governorate)
- o Employ local agents and private sector in equipment overhauls, in order that local maintenance centers would be able to perform preventive maintenance and repairs according to maintenance plans.
- o Sign equipment maintenance and repair agreements with local agents, since GMMCs do not have the required capabilities for performing semi-annual preventive maintenance. Such M&R agreements should ensure the agent's commitment to provide spare parts at prices that should be valid for at least six months. Local units technical labor should be trained in maintenance works through presence during the agent's performance of such works.

- o Prepare proper conditions and specifications booklets for spare parts required under maintenance plan, and make them available immediately after receipt of Bab II allocations to make the best use of those funds before the fiscal year's end.
- o Educate O&M personnel on use of Law no. 9 (on tenders and auctions) particularly the part that allows direct contracting with the equipment and spare parts sole agents. They should also be informed of the possibility of reinforcing and transferring Bab II allocations from one item to other items.

Table no. 6-1 shows the O&M planning cycle schedule.

O&M Funding Sources

Responsibility of local administration units does not end at a project selection and implementation according to set plans, but goes on to cover the most difficult part which is the sustainment of these projects through efficient O&M.

Operation needs continuous and different types of maintenance, which in turn need sufficient funds to ensure maximum project efficiency and service-delivery through its lifetime. Shortage of these funds necessarily lead to suspension of its service delivery, thus losing all funds spent on its establishment.

The number of LD II funded projects amounted to 15899. O&M for these projects was funded through the Agreement Bab II annual allocations (since the public budget's Bab II allocations are not sufficient to cover this growing burden).

The prime minister's decree no. 578/1986, and letter dated 5/2/92 to the governors, require governorates to take necessary measures for opening branch accounts of Services and Local Development Account (SLDA) for cities, districts, and villages according to the details in decree no. 578/86. These branch accounts include popular contributions to O&M of infrastructural projects and equipment, together with collected user-fees, and should not be used in other purposes than those for which they were established.

Enforcement of this decree will provide governorates with considerable O&M sums of money that will relieve the governmental public budget's burdens, and support governorate budgets Bab II allocations and LD II additional contributions to O&M.

Table (6-1)
O&M Planning Cycle Schedule

Month	Task	Action
Feb	MLA Technical/Financial Committee prepares guidelines	Guidelines forwarded to Govn't maintenance coordinators
Mar	Govn't Maintenance Coordinator prepares plan instructions. O&M plan guidelines presented to markaz/district maintenance supervisors. Village, plans prepared.	Village plans forwarded to markaz or integration and review
Apr	Integration and review of village O&M plans. Markaz and district plans prepared.	Markaz and district plans and budgets forwarded to gov'n't coordinator for review and integration.
May	Overall governorate O&M plan and budget prepared by Maint. coordinator and budget dir.	Govn't O&M plan & budget forward. to secretary general, governor, and O&M commit. for review & approval.
Jun	MLA technical/financial office review gov'n't plans and prepares consolidated plan.	Approval by MLA for fund disbursement
Jul	Funding governorate maintenance plans.	Issue cheques for governorate allocations.
Jul	Implementation of O&M plan begins.	Tendering and contracting.

A. O&M Accounts

Under the prime minister's decree no. 578/1986, it is proposed that governorates open an O&M accounts to be fed by the following sources:

1. Starting from fiscal year 92/93, governorates deposited 10 percent of Bab II O&M allocations for LPDP projects. As O&M needs increase (projects and equipment age and prices increase), local contribution should be increased by 5 percent each year (15 percent for 93/94; 20 percent for 94/95; 25 percent for 95/96, and 30 percent for 96/97).
2. The balance of BVS maintenance allocations (10%) that are still kept in village bank accounts.
3. Amounts produced by O&M cost recovery programs for some projects, such as PW, WW and equipment.
4. Any popular participation or cash donation to O&M activities.

B. Other Sources

There is a wide gap between O&M needs and resources to meet those needs. This is due to action of new projects and increasing prices of O&M requirements. Additional O&M resources include:

1. Governmental Budget's Bab II Allocations

Current allocations do not fully cover O&M costs. Governorates should ask Ministry of Finance to increase Bab II allocations to match actual needs according to O&M plans developed by governorates.

2. Agreement's Bab II Allocations

Talks are being held with USAID with regard the possibility of contribution of O&M allocations as was the case through LD II, since these allocations are important and vital resources for confronting O&M burdens.

3. Gas Fund

This fund is a main source for funding governorates road maintenance. Nevertheless, governorates use their share in this fund in building new roads, not in maintaining existing ones. Therefore, governorates should secure sufficient allocations from this Gas Fund for roads maintenance.

4. Cleaning, Services and Local Development Fund in Governorates and Districts

There is a need to increase revenues of this fund to support O&M activities in maintenance workshops of governorates and districts.

5. Economical Operation of Maintenance Workshops

Governorates should fully use the available capacity of existing maintenance workshops to ensure continuous service-delivery, proper incentives for their staff, and favorable circumstances for attracting technical skilled labor.

O&M support resources may also be available from commissioning maintenance workshop management to private companies, or for renting the workshops to specialized companies.

Chapter VII

LPDP Implementation Monitoring System

All implementation projects should be followed up regularly by the engineers and accountants of the local units (initially using LD II follow-up method and forms).

Engineers should follow-up the construction process. Construction and finishing works should accord with the contractor's claims for payment. The specifications for procured equipment should be checked. Accountants should control auditing and disbursement procedures.

1. Engineering Follow-Up

- The engineers who are responsible for supervising the implemented projects should arrange regular field visits to follow-up the construction process, beginning from site delivery until receiving the project. They have to be sure that all the works are in accordance with the project specifications. Periodic reports should be submitted to the chiefs of local units explaining the work progress on the level of implementation and problems during the implementation process. Proposed solutions should be given.
- The engineering department should be responsible for notifying the planning department at the local unit of the actual implementation percentage of each individual project for inclusion in the monthly progress report.

2. Financial Follow-Up and the Expense Procedures

- The responsible accounting manager should check all accounting books monthly.
- All expenditure documents should be checked carefully and recorded in the accounting books.
- The suspended amounts (fees, taxes, etc) should be identified monthly.

- A monthly financial report should be prepared to identify the actual expenditure per project and this should be submitted to the planning and follow-up department for inclusion in the monthly progress report.
- The bank balance should be reviewed monthly against the book balance. Needed reconciliation should be done.

3. Periodic Progress Reports

- The planning department at the local unit should prepare a monthly progress report in cooperation with the engineering department, the contract and purchasing department and the accounting department.
- The report should be submitted to the governorate planning, and development departments after being signed by the responsible engineer, the accounting manager, the planning and follow-up manager, and approved by the chief of local unit.
- Governorates should continue to use the automated QPR system for regular progress reporting. The current QPR database should be maintained at all 26 governorates and Luxor city. The urban and provincial systems will be brought into compliance.

Governorate reporting responsibilities should be as follows:

Report	Due Date
<p>1. <u>Annual Capital Plan Projection</u></p> <p>A list of projects approved at the governorate level and planned for implementation during the upcoming fiscal year. The report is generated after data entry to the computer. Printed and approved copies to the MLA and MOP, disk copy to the MLA Project Office where a national and comprehensive summary may be prepared.</p>	April 1
<p>2. <u>Annual O&M Plan and Budget Projection</u></p> <p>The operations and maintenance plan and budget for the upcoming fiscal year including governorate contributions. Printed and approved copy and disk copy to MLA and approved copy to MOF. Program Technical Office for preparation of a national summary.</p>	April 1
<p>3. <u>Quarterly Progress Report and MOP</u></p> <p>Showing the financial status of current cycle sub-projects. Similar to current quarterly reports except that projected quarter funding will be shown as well as actual expenditure. Printed detailed (by project) report to the MLA, and MOP; disk with quarterly updated database to the MLA Program Technical Office.</p>	15 days after the end of Quarter
<p>4. <u>Quarterly O&M Report</u></p> <p>Report showing O&M expenditures and rate of implementation. Printed copy to MLA; disk copy to MLA Program Technical Office.</p>	15 days after the end of Quarter
<p>5. <u>Quarterly Report on the Progress of Work from the Local Participation</u></p> <p>Shows the financial and physical follow-up of the local participation share, which is determined annually by the program management committee (was determined at 10% for LPDP first year).</p>	15 days after the end of Quarter
<p>6. <u>Annual Project Status Summary</u></p> <p>This annual report will indicate the completion, operational status and service delivery status of projects. This annual summary will indicate the status of each project and what is required to complete it, expand it to service additional users, or to bring it to fully satisfactory operation.</p>	June 30