

CLASSIFICATION
PROJECT EVALUATION SUMMARY (PES) - PART I

Report Symbol U-447

1. PROJECT TITLE Basic Village Services	2. PROJECT NUMBER 263-0161.02	3. MISSION/AID/W OFFICE USAID/Cairo
4. EVALUATION NUMBER (Enter the number maintained by the reporting unit e.g., Country or AID/W Administrative Code, Fiscal Year, Serial No. beginning with No. 1 each FY) 84-8		<input checked="" type="checkbox"/> REGULAR EVALUATION <input type="checkbox"/> SPECIAL EVALUATION

5. KEY PROJECT IMPLEMENTATION DATES A. First PRO-AG or Equivalent FY <u>80</u> B. Final Obligation Expected FY <u>84</u> C. Final Input Delivery FY <u>87</u>	6. ESTIMATED PROJECT FUNDING A. Total \$ <u>368.4 M</u> B. U.S. \$ <u>225 M</u> C. Title <u>ITT 75 M</u>	7. PERIOD COVERED BY EVALUATION From (month/yr.) <u>March 1982</u> To (month/yr.) <u>March 1984</u> Date of Evaluation Review <u>March 1984</u>
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8. ACTION DECISIONS APPROVED BY MISSION OR AID/W OFFICE DIRECTOR		
A. List decisions and/or unresolved issues; cite those items needing further study. (NOTE: Mission decisions which anticipate AID/W or regional office action should specify type of document, e.g., airgram, SPAR, PIQ, which will present detailed request.)	B. NAME OF OFFICER RESPONSIBLE FOR ACTION	C. DATE ACTION TO BE COMPLETED
1. Establish a transitional plan to enable ORDEV to take over and handle information and monitoring system activities on its own once the technical assistance contractor has left.	ORDEV/ Chemonics	June 30, 1984
2. Highlight maintenance more effectively in future training programs.	ORDEV/USAID	Dec. 30, 1984
3. Encourage more effective use of GOE financed maintenance funds for sub-projects.	ORDEV	Sept. 30, 1984
4. Develop appropriate policy guidelines for approval of such projects that relate to wastewater and groundwater drainage.	USAID/ORDEV	Dec. 30, 1984
5. Identify an appropriate strategy for addressing the special needs and problems of those governorates where performance on project goals lag.	USAID/ORDEV	Oct. 30, 1984
6. Develop non-cash incentives system to reward successful BVS performance where feasible.	ORDEV/USAID	Jan. 1985

9. INVENTORY OF DOCUMENTS TO BE REVISED PER ABOVE DECISIONS <input type="checkbox"/> Project Paper <input type="checkbox"/> Implementation Plan e.g., CPI Network <input type="checkbox"/> Other (Specify) _____ <input type="checkbox"/> Financial Plan <input type="checkbox"/> PIO/T <input type="checkbox"/> Logical Framework <input type="checkbox"/> PIO/C <input type="checkbox"/> Other (Specify) _____ <input type="checkbox"/> Project Agreement <input type="checkbox"/> PIO/P	10. ALTERNATIVE DECISIONS ON FUTURE OF PROJECT A. <input checked="" type="checkbox"/> Continue Project Without Change B. <input type="checkbox"/> Change Project Design and/or <input type="checkbox"/> Change Implementation Plan C. <input type="checkbox"/> Discontinue Project
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11. PROJECT OFFICER AND HOST COUNTRY OR OTHER RANKING PARTICIPANTS AS APPROPRIATE (Name and Title) Olivier Carduner, DRPS/LAD <i>Olivier Carduner</i> Ernest Kuhn, DRPS/LAD <i>Ernest Kuhn</i> Gerald Zarr, AD/DRPS <i>Gerald Zarr</i> George Laudato, AD/DPPE <i>George Laudato</i> Arthur Handly, DD <i>Arthur Handly</i>	12. Mission/AID/W Office Director Approval Signature <i>M.P.W. Stone</i> Typed Name <u>M.P.W. Stone, Director</u> Date <u>7-5-84</u>
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OBJECT DESCRIPTION

The purpose of this project is to "improve and expand a continuing capacity in local units to plan, organize, finance, implement and maintain locally chosen infrastructure projects."

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AUTHORIZATION DATE AND U.S. LOP FUNDING AMOUNT FY 80 \$220 million (to date)	PES NUMBER 84-8	PES DATE May, 1984	PES TYPE <input type="checkbox"/> Regular <input type="checkbox"/> Other (Specify)
ABSTRACT PREPARED BY, DATE Emily Baldwin, DPPE/PAAD May 7, 1984	ABSTRACT CLEARED BY, DATE Olivier Carduner, DRPS/LAD		<input type="checkbox"/> Special <input type="checkbox"/> Terminal

This evaluation is the fourth of this project since 1979. It comes as the original three governorates "graduate" from the project, documenting the significant achievements of BVS to date and providing substantial recommendations to enhance the project's impact in the remaining life of project.

The eight member evaluation team, comprised of Egyptians and Americans, AID direct hire staff and consultants, spent one month in Egypt evaluating the project. It is worthy of mention that the team devised an ordinal scale matrix by which to assess and compare project achievements across governorates. This proved to be a valuable tool in summarizing the project's progress and impacts to date.

The main body of the evaluation report focuses on project achievements at the purpose and goal levels as well as its progress in addressing the "four pillars" of Agency-wide priority. (A number of appendices discuss project details in greater depth.) The team reports that BVS "is well on target in meeting its basic goals and purpose. It has activated Egypt's decentralization policy and made it a vital element of rural development. Beyond decentralization, BVS appears to be a viable approach to rural development in Egypt, stimulating local private sector economic activity, including agriculture, and improving the quality of life. It is strengthening development institutions at the village level and appears to be improving institutional performance also at the markaz and governorate levels."

One of the major accomplishments of BVS is that local awareness has been raised concerning rights of elected village councils to choose and administer village projects. Inevitably, performance is highly variable across governorates and some project components lag behind others. In nearly all project areas, however, the potential for disappointment and frustration exists if the project is phased out too quickly or without adequate USAID/GOE follow-up. The report recommends several means to reward those governorates that have used the BVS concept to their benefit as well as several means to offer additional assistance to those governorates that have not performed as well under the project. Across all governorates, lack of maintenance of project-built activities is a potentially major problem that the team recommends should receive immediate attention. In addition, specific technical problems (most immediately, insufficient wastewater treatment/drainage capacity at the village level) appear across governorates and require a nation-wide solution that goes beyond the scope of the project.

Lessons Learned: (1) Achievement of meaningful decentralization is dependent upon a strategic combination of increased delegation of authority to the village from the central and governorate authorities and increased village capacity to make effective use of this authority. Achievements at the project's goal (decentralization) level, then, depend on factors that are both internal and external to the immediate project activities in the villages. (2) Project-specific training and project management experience can be effective in building critical village level institutional capacity (purpose). "Not only had skills, competence and confidence developed, but attitudes were changing." (3) Rural development projects such as BVS can stimulate private sector development directly by infrastructure construction contracts with the villages, and indirectly through benefits derived from existence of adequate public infrastructure such as water and roads.

BASIC VILLAGE SERVICES

FOURTH MID-PROJECT EVALUATION

OFFICE OF LOCAL ADMINISTRATION AND DEVELOPMENT

USAID EGYPT

MARCH 1984

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ACKNOWLEDGMENT

The team is grateful to a variety of individuals and institutions who facilitated our work. First, we are indebted to USAID Egypt and the DRPS/LAD staff and leadership which initiated and managed this evaluation, made all the appropriate arrangements, provided logistical support and information on request, and at the same time kept a proper distance.

The team is indebted to ORDEV for its many contributions to the evaluation, including many hours of interviewing, coordinating team visits with the governorates and providing liaison offices for each field visit. Likewise, it appreciated the considerable information, feedback and interview time provided by the Chemonics team. Their input was invaluable to this evaluation.

We appreciate the background material and guidance provided by NE/TECH/SARD during the preparatory stages. Those members of the EVS case studies team who did not participate in the overall evaluation were silent members of the team as the case studies became an important element of the evaluation itself.

Finally, we cannot say enough to express out great appreciation for the warm and cooperative reception the team received from the governorate, markaz and village officials and residents. Village chiefs, and village executive and popular councils gave generously of their time, without which this evaluation would not be meaningful.

EXECUTIVE SUMMARY

The Basic Village Service program (BVS) is a major U.S.-Egyptian cooperative effort whose goal is to help the Egyptian Government realize its policy of decentralizing and improving the rural development process through strengthening local capacity and basic rural infrastructure.

The key units in the program at the village level are the locally elected popular council and an executive council which together constitute the Village Council.

The concept behind the program is relatively simple. Through Egypt's national rural development authority ORDEV (Organization for Reconstruction and Development of the Egyptian Village), BVS funds are allocated through the Governorates to the village councils for local infrastructure projects selected by the village popular councils. Local institutions are strengthened through training, technical assistance and the actual experience of carrying out the village projects ("subprojects"). The process and the infrastructure the program puts into place aim at strengthening local rural institutions' capacity and accelerating rural development. The project is moving into its fourth year. It started on a pilot basis in three governorates and has expanded over the past two years to twenty governorates.

A team of eight American and Egyptian technical professionals was called upon to evaluate the EVS project, February 15 to March 15. Several members of the EVS Case Studies team (January 12-February 12) took part also in the project evaluation, which incorporates the Case Studies. The team developed a basic evaluation framework and visited ten of the twenty governorates covered by the project. A major purpose of the evaluation was to assess project impact with respect to goals, purpose and outputs. It has also addressed specific conceptual issues which had been raised about the project, namely:

Is it fundamentally a government-to-government cash transfer program?

Is it bypassing the private sector?

The results of the team's evaluation may be summarized as follows.

* On a scale and in a time frame unprecedented in rural development experience, BVS is activating the GOE's decentralization policy. It is well on target in achieving its overall goal. Six of the ten governorates

visited are performing very well to excellently on this index, with local popular councils delegated full authority in project identification and selection. Of the other four governorates, two are in the first year of the program and a third is in a seriously lagging region of Upper Egypt.

* The goal is being achieved through a combination of:

- the appropriateness of ORDEV as a coordinating body, as its mandate is coordination and policy making, not subproject implementation;
- development of good support and project understanding at the governorate and markaz levels;
- eagerness and readiness at the village level--for long the neglected stepchildren in Egypt's development;
- a very substantial flow of funds to the villages which is giving them, for the first time, real decision making and development experience;
- a massive training program to back it all up--more than 21,000 people have been trained in the past two years of the program, 400 in technical training programs and 17,000 in awareness programs; .

* Local institutional development is taking place as planned: that is, local units are exercising their authority effectively, taking full responsibility for implementing some programs and seeking to take on further responsibilities. Two of the three governorates in the program for three years have achieved the highest rating in this area; two of the three second-year governorates studied by the evaluation team are doing very well. Of the remaining governorates, three are doing moderately well and the remaining two first-year governorates are doing poorly thus far on this index.

* We sought a baseline in measuring progress towards goal and purpose achievement. Again and again, the team members were told that prior to BVS the flow of money to villages was inconsequential. Village councils had no experience in dealing with development decision making or implementation. They were not aware of their rights under existing local government laws. They reported that BVS has given them the experience, training and confidence to think and act progressively about village development.

* Popular participation through the elected popular council and various mechanisms it uses to get the views of villagers also was very much in evidence in most of the governorates visited. Also, the level of village volunteer labor and village contributions in cash and time was very high in three governorates and a factor in all but three governorates, two of which scored very low on goal and purpose ratings and who also were new to BVS (one-year involvement or less).

* Socioeconomic impact. Though difficult to measure, the quality of life improvements attributed to BVS activities by interviewees were found in most governorates visited. Roads creating access and potable water increasing cleanliness and reducing morbidity were the major subprojects and impacts cited. The generally increased level of economic activity in villages also was cited in most cases. Three governorates had very high ratings in this area, five had moderate ratings, and two had low ratings.

* BVS has been effective in promoting local private sector activity. The majority of BVS contracts in the ten governorates visited, taken together, are with private sector contractors. Three used private sector contractors exclusively for subprojects, one used private contractors for the majority of subprojects, and five used a fairly even mix. Only one governorate, a special case, used no private contractors. There is also an impressive indirect impact on the private sector in all governorates, although the impact, as expected, was judged to be higher in governorates that had been with the program for two or more years.

* After considerable difficulties in starting up such a large activity, implementation has been relatively smooth over the past two years. Projects inspected in the field showed no serious engineering or structural problems. Based on data through FY 1983 and field observations, implementation appears to be on schedule. Only two first-year governorates seemed to be lagging. The financial system developed for BVS is based on the Egyptian accounting system and appears to be adequate and reasonably well established in the governorates. However, better monitoring of financial data by ORDEV is needed and the computer system needs to be firmly established in ORDEV and the governorates.

* The training program has been extremely successful and remains a critical component of the project that must be continued. Some weaknesses need attention, but above all, a mechanism must be found for continuing the training program and further decentralizing it. Training program effectiveness was found to be greatest when closest to the problems.

* GOE technical assistance seemed to be available to the villages as needed, usually provided by the markaz and sometimes through the governorate level technicians and engineers.

* The contractor, Chemonics, after considerable start-up problems and changes in personnel, is doing a good job. Its main achievement and a critical component of the project has been its massive and largely effective training program. Chemonics now needs to change gears and think about steps leading to its scheduled contract conclusion in September 1984. The team does not feel a further extension is warranted.

* The project has overcome all but one of the problems raised in the 1982 mid-project evaluation. The question of "incentives" still is raised by Egyptians; we understand this is a problem not within the purview of AID.

There are some key issues raised by the evaluation team that require immediate attention:

* The departure of Chemonics in September 1984 will create a gap in two critical areas: training and the EVS information and monitoring system. Chemonics and ORDEV should develop a plan now to firmly establish these capabilities within ORDEV and the governorates over the last six months of the contract. We believe this transition is feasible within that time frame. However, neither Chemonics nor ORDEV have as yet made plans for such a transition.

* Maintenance is the EVS time bomb. Despite the early recognition and preparation for maintenance (i.e., the up-front 10% fund for maintenance, maintenance, maintenance manuals and training), it is not being performed except in a few isolated instances, according to the evaluation team's field observations. Maintenance accounts are not being drawn down and maintenance plans are not being prepared. Chemonics has built maintenance into training programs, but more needs to be done in this regard, and some solution to the hesitancy to use maintenance funds must be found.

* Technical problems do and will continue to emerge in a project of this magnitude. USAID should draw upon AID staff and contractor resources to help identify and to solve these problems. For example, wastewater is the current problem. Chemonics designed a treatment system

to solve this problem, but it is inappropriate for EVS resources or for rural conditions in Egypt. This problem thus remains to be solved, and it is critical.

* Performance across governorates varies. It is possible to identify "soft spots" in the program and this evaluation has served that purpose. The Mission and ORDEV should develop a strategy for addressing the problems in lagging governorates.

* There are opportunities to address the incentives issue without getting into the question of cash incentives. Certain types of training can be used as an incentive, awarded on the basis of performance. Governorate or village performance could be rewarded by extra allocations and poor performance could result in lower allocations. Cross-fertilization between governorates could be an element of an incentive program. Steps should be taken with ORDEV to develop such a program; there is receptivity there. It could start with a continuation, with ORDEV, of the governorate ratings produced through this evaluation. It would not be a difficult task to extend it to the remaining ten governorates to create a baseline.

The Mission has a major locally based rural development success story in EVS. It is not a "cash transfer" program. The Mission should exploit this success story. It deserves further study, dissemination and recognition. It could become an important rural development model in a region of the world that badly needs one.

FOURTH BASIC VILLAGE SERVICES

MID-PROJECT EVALUATION

I. Introduction

Background

Over the period February 15 to March 15, 1984, a team of Egyptian and American technical experts evaluated the BVS project at the request of USAID, Cairo. The evaluation started with case studies of three governorates which had been in the project from the beginning, and studied seven more, or a total of ten governorates--half of the twenty participating in the project--selected to achieve a representative geographic distribution. The team developed a matrix of ordinal measures scaled at values of one to five which it applied systematically across the ten governorates to determine relative status with respect to sixteen achievement variables such as goal, purpose, implementation progress, impact on private sector development, and impact on quality of life. In addition, the team conducted numerous interviews with parties involved in the project and reviewed volumes of materials produced by and about BVS, including all project documents and previous evaluations.

BVS was evaluated against the elements of the original logical framework, a copy of which is attached as Appendix VI. The project was also examined with respect to other criteria such as: a) whether BVS is functioning as a developmental, institution strengthening activity or merely as a cash transfer mechanism, and b) the degree to which it complements and stimulates the private sector. Finally, because BVS contains as basic elements most of the pillars of AID's current priorities, namely:

- Policy dialog and support
- Institution building
- Technology transfer and human resources development
- and - Private sector stimulation

performance in these areas was explicitly assessed.

How to Read this Report

The Executive Summary may already have satisfied the information needs of some readers. It contains all of the major findings and recommendations. The data base and analyses of the report are contained in the Appendices. This Summary Report is a synthesis of background, findings and recommendations contained in the Appendices. It is deliberately short to give the reader a quick assessment and grasp of the context, our overall assessment, major issues, and recommendations.

Readers interested in the data base are referred to Appendix II, Reports of Field Visits to Ten Governorates. Appendix I contains a description of local government in Egypt which may be necessary reading for a full understanding of the governorate reports.

Readers interested in the specific analyses of the project are referred to Appendices III and IV. Appendix III contains analyses of the major activities involved in the project, namely financial records, training, engineering, impact on the private sector, and quality of life. Appendix IV is reports about the implementing agencies. These are analyses of processes and institutions which take place at or are controlled at a macro level in the project and include financial records analyses, and separate analyses of the individual roles and performances of ORDEV, Chemonics and USAID. The methodology, the project logical framework and a glossary are found at the end of the report.

II. PROJECT SETTING

Physical Setting

Prior to the EVS program the rural villages of Egypt were in a severely impoverished state. Most households did not have potable water, the limited existing rural road network was in very poor condition, irrigation canals were clogged and deteriorating, and rural sanitation was practically non-existent. Egypt had been through a long series of wars and capital resources were not getting down to the villages. Village economies were relatively stagnant.

Institutional Setting

The Egyptian government policy for decentralization of rural development already was on the books. Popularly elected bodies called Popular Councils, with considerable decision making authority, had been created alongside the previously existing appointed Village Executive Councils. By and large, based on our field reports and available literature, prior to the EVS program these Village Councils (combined

Popular and Executive Councils) did not have the experience, know-how or even the initiative to take local actions. They were unaware of their rights under the new laws by which they were established and since practically no resources were channeled to the villages which they were required to serve, there was no way for them to become activated or to develop their capacities. Most decisions regarding the few types of projects reaching down to the villages were being taken by line ministries in Cairo and being implemented by governorate level representatives of those ministries.

For example, one of the few investments coming down to the villages was for schools. Ministry of Education officials at the governorate level made needs assessments for the villages and decided what schools were needed and where. The Village Council, popular and executive, was asked to approve the location of the school, but even at that, its decision was not regarded as binding. Except for a few minor examples, this constituted their only experience. For all practical purposes, the pre-BVS Popular Councils slept, and the villages stagnated.

III. Project Description

BVS was instituted to change this state of affairs—to help Egypt activate and implement its decentralized rural development policy. The BVS program was to direct resources to the village to activate, train and vitalize village councils and to provide at the same time the basic village infrastructures needed to get village development moving in Egypt.

Goal and Purpose

The stated goals and purpose of the project, taken from the project paper, are as follows:

"Goal

The goal of this project is to expand decision making capacity on the broadest possible basis, within the framework of Egyptian policy of using the decentralization process as a means for achieving its development objectives, by providing local government decision-makers with experience in the allocation and utilization of resources and in developing the financial and other mechanisms to carry out development programs...."

The rationale for this goal is that such transfer to decision making power to the village level will stimulate a self-sustaining development process.

"Purpose

The immediate purpose of this project is to improve and expand a continuing capacity in local units to plan, organize, finance, implement and maintain locally chosen infrastructure projects. While this purpose is necessarily limited to a capacity building effort with outputs characterized by physical improvements - roads, water systems, drainage structures - the infusion of a capacity for infrastructure becomes a stepping-off point by which other problems can be tackled and other solutions explored.

Capacity building viewed from this vantage is not gotten within the span of a single project nor under the urging of a single effort. But the advantage of experience in self-reliance, in participating in the setting of one's goals, gives strength and direction to other aims and efforts."

Strategy

The strategy for achieving this ambitious set of objectives was relatively simple. A BVS InterAgency Committee (IAC) was established to preside over the project on behalf of the Egyptian Government. A low-key central government institution, the Organization for the Reconstruction and Development of the Egyptian Village (ORDEV) was selected as secretariat for the IAC. BVS funds were to be channeled to the governorates on the basis of a standard allocation per governorate. The GOE was to put up a maintenance account equivalent to 10% of BVS funding to be kept by the village in an interest bearing account. The governorates in turn were to channel the funds to village councils on the basis of population size for projects selected and approved by the village popular councils. Village councils and supporting entities within the governorate were to be trained in project planning, implementation, accounting and maintenance. Village councils were to be given awareness training to inform them of their rights and potential activities. A U.S. contractor was to be hired to provide the necessary training and technical assistance and to establish an information and tracking system for BVS.

This, in combination with the actual experiences gained in project selection, planning and management as the BVS funds were channeled to village projects, would strengthen the local institutions and their capacity. Progressive development attitudes would be instilled and a self sustained development process at the village level eventually would be put in motion

IV. FINDINGS

Methodology

The findings of the team are based in part on the analysis of factor attainment matrices developed by the team developed after each governorate visit. Two references will be useful here. Table 1 (page 11) is a summary matrix of ratings by governorate for each of the project elements or impact factors rated.

The meaning of the scale for each element on the matrix is contained in the sample matrix found in the methodology discussion of Appendix V. Each element, as noted, was rated ordinally on a scale of 1 to 5.

The second reference is the conversion of those ratings to two bar charts. Figure 1 (page 12) is a simple rating of goal and purpose attainment by governorate and Figure 2 (page 13) is a bar chart that clusters and collapses the ratings by major category: Decentralization Policy and Institutional Development, Technology Transfer, Private Sector Promotion, Implementation Progress, and Quality of Life. This is simply a means of conveying visually a large amount of data produced by the evaluation which is relevant to impact assessment. Anyone wishing more detail or backup description may refer to the summary governorate reports (Appendix II).

Given the scale of the BVS activity and its scope—it covers Egypt's 869 local village units (clusters of villages) in 20 governorates—and in its relatively short duration of three years, BVS has made very impressive progress toward its goals and objectives. It has the makings of a major success story.

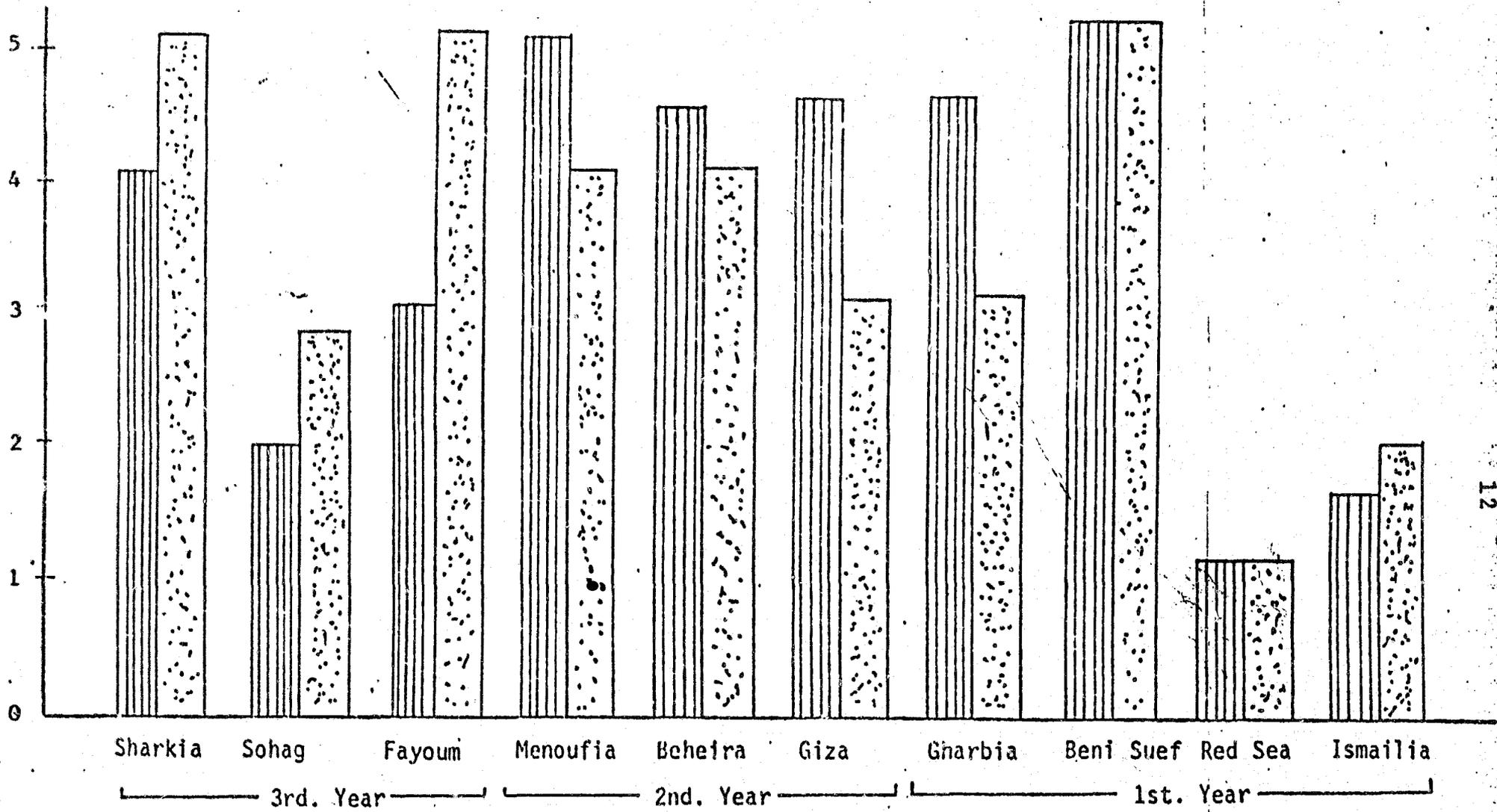
Goal

The pre-BVS conditions described in the above section have been dramatically changed in a majority of BVS governorates. Popular councils in six of the ten governorates observed had been delegated full authority in project identification and selection as shown in Figure 1. Of the remaining four, two are new to the BVS program and one, Sohag, is in a traditionally neglected region of Upper Egypt. In this latter case, it may take some three years to convince the governorate level people that village councils have the capacity to act on their own. Sohag, in this respect, is a problem governorate. Fayoum also, to a lesser extent, is

TABLE 1: GOALS ATTAINMENT MATRIX INDICATORS BY GOVERNORATES' YEARS IN THE BVS PROGRAM

CATEGORY	SUBCATEGORY	3rd Yr Governorates			2nd Yr Governorates			1st Yr Governorates			
		Sharkia	Sohag	Fayoum	Menoufia	Beheira	Giza	Gharbia	Boni Suef	Red Sea	Ismailia
A. Recent Policy and Institution Development	1. Delegation of Authority	4	2	2	5	5	4	5	5	1	2
	2. Institutional Development/Capacity Building	5	3	5	4	4	3	3	5	1	2
	3. Decision-making	4	2	4	5	4	5	4	5	1	1
	4. Local Contribution (L&D/Capital)	4	2	1	4	4	2	2	2	1	1
	10. Source of Technical Assistance	4	1	4	4	2	2	3	1	1	2
B. Technical Transfer	9. Level of Project Understanding / US Funds	4	2	4	4	4	3	4	4	2	2
	11. Level of Participation in Training	4	2	2	4	4	3	5	3	1	4
	12. Financial Records	5	1	5	5	2	4	3	4	1	3
	13. Linkage with Other AID Projects	3	2	3	3	3	3	3	3	3	1
	17. Maintenance Performance	3	1	3	5	5	3	3	1		1
C. Private Sector Promotion	6. Use of Private Sector Contribution (% of Project LE)	3	3	4	5	1	5	3	3	5	3
	14. Impact on Private Sector	4	3	4	4	3	4	4	3	2	3
D. Implementation Progress	7. Funds Expended as of 12/31/83	4	3	3	3	3	2	2	3	4	4
	8. Subprojects Completed	3	2	3	4	3	4	1	3	3	2
E. Quality of Life	15. Socioeconomic Impact/ Quality of Life	4	3	3	3	5	4	1	3	2	3

Figure 1 GOAL AND PURPOSE ATTAINMENT BY SAMPLED GOVERNORATE



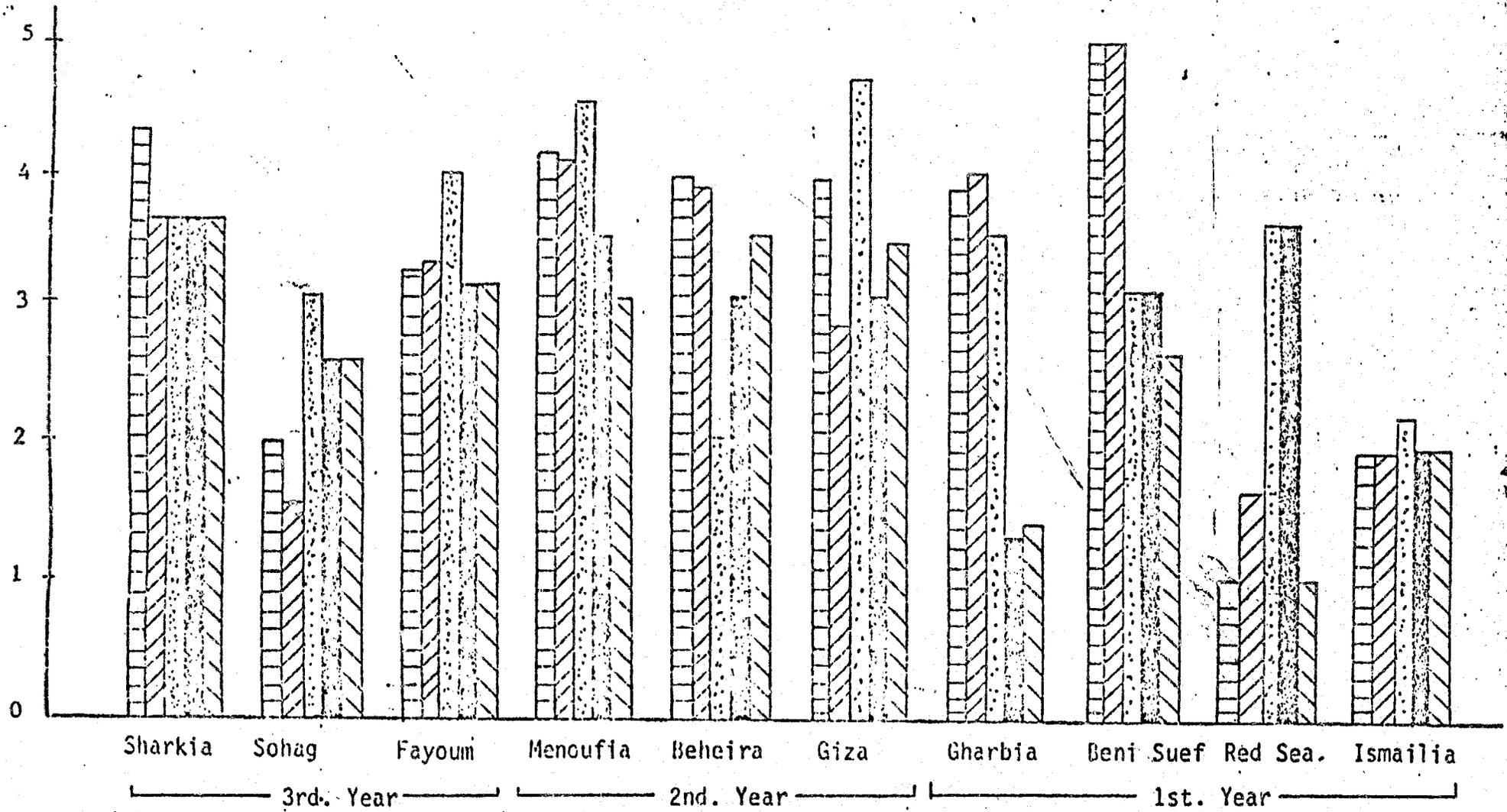
 Goal Attainment
 Purpose Achievement

(Decentralization of authority to village local units).

(Institution building ... capacity of local unit to select, manage, and implement their development projects).

Attainment ratings based on ordinal rankings using a relative scale of 1 to 5 for goal and purpose.

Figure 2. Attainment of Key BVS Project Elements by Governorates Visited in March 1984 Evaluation*



- ▨ Decentralization Policy and Institution Development
- ▧ Technology Transfer
- ▩ Private Sector Promotion
- ▦ Implementation Progress
- ▨ Quality of Life

*Attainment ratings based on ordinal rankings using a relative scale of 1 to 5. Factors scored were those contained in the BVS Evaluation Matrix (see Table 1). Fifteen factors were clustered by major category and averaged to produce this bar chart.

13

reluctant to delegate full authority to the village councils. This seems to be a characteristic of the economically more underdeveloped governorates.

Institutional Development

In examining progress in this area the team looked at the extent to which local units had full capacity to select, manage and implement subprojects. Five of the governorates had attained very good to excellent capacity, three had a moderate level of capacity in this area and two of the three newly participating governorates had developed or fostered little or no capacity at the local level. Length of participation in the BVS program was a clear factor in attainment of local institutional capacity (see Figure 1, page 12, and the Goal Attainment Matrix, page 10).

Again, commentary from the field visits at the village, markaz and governorate levels indicated beyond any doubt that the BVS training and project management experience—making things happen through local decisions and actions—had been responsible for this transition at the village level. Not only had skills, competence and confidence developed, but attitudes were changing. Popular council members maintain that the councils now thought more in terms of community improvement whereas prior to EVS they tended to be more concerned with their own personal gains. Village chiefs were saying that they now think in terms of change and development action. They want more training and more responsibility.

Technology Transfer: Training and Human Resources

A range of variables was lumped into technology transfer, including level of project understanding, level of participation in training, financial records maintenance, general maintenance performance and linkage with other AID Decentralization Sector projects. As a general indicator it suggested project performance in this area was fair to good, with only two new EVS governorates and again, Sohag, reflecting poorly. Within the indicator, maintenance was the weak reed, as will be discussed. Four of the ten governorates indicated no maintenance had been performed; significantly, three of these were new BVS governorates and the fourth was Sohag. Training participation was generally high throughout the governorates but, not surprisingly, it was low in those three governorates that scored very low on delegation of authority. These same governorates also scored low on general understanding of the EVS project. Financial records maintenance and training will be discussed in detail in later sections.

Private Sector Impact

Private sector impact was examined through two factors, direct impact through use of private sector contractors in BVS subprojects, and indirect impact, assessed through the extent that BVS subprojects appeared to be stimulating local private sector activity. The question of contracting was easy to assess and we found that in most BVS governorates a majority of private contractors is used. The smaller the subproject and the closer to the village level contracting is done, the greater the likelihood of private contractor use. Chemonics has estimated that as much as 80% of BVS subproject funding may be going through private contractors. While our observations do not conflict with this figure, neither were we able to corroborate it.

The indirect private sector impact is hard to assess but nonetheless was much in evidence. Interviewees reported fifteen categories or types of private sector activity that were, in various situations throughout the governorate, stimulated by BVS activities (see discussion and table in Appendix III.D., Private Sector Impact).

Another impact reported is the change in attitudes and increase in management skills and experiences that have come about through BVS. It is reported that there is a direct carryover of these into the private sector.

There is a strong link in rural areas between the creation of local infrastructures at the town and village level and stimulation of local economic activity. We have had reports also of BVS impact on agriculture and the agrarian structure. This too is consistent with theory and with empirical evidence, for example, from India and the Philippines. The opportunity should not be missed to study this phenomenon in some detail in Egypt. An accepted rural development model is apparently being implemented successfully in Egypt, and on a major, unprecedented scale.

Socioeconomic Impact

In general, there is no doubt that BVS has had a direct impact on improving the quality of life in the Egyptian village and has acted as a powerful catalyst in stimulating private sector growth. Villages have become more accessible through BVS roads. This has aided commerce, added to profits for exports, and reduced prices of imports in some cases. Potable water has helped cut morbidity in waterborne gastrointestinal diseases. In the opinion of many governorate and village officials interviewed, BVS has helped create a general improvement in health conditions at the rural level. In one village at which a water subproject had reached a majority of households, the doctor in charge of

the local health unit estimated a 50% decline in cases of waterborne diseases.

In three of the governorates visited, socioeconomic impact due to BVS was seen as high. In all but two of the others it was moderate. In one in which it was low, the benefits were offset by a major drainage problem. In the other, the project was in its first year and impacts had not been generated.

Although difficult to measure, the long run benefits and differences between governorates should be monitored. Again, BVS should begin to develop associated study components.

Implementation Progress

Project implementation has been relatively smooth over the past year. Based on data through FY 1983 and field observations, implementation appears to be on schedule (see Table 2, page 17). Of those visited by the evaluation team, only two first-year governorates, Gharbia and Ismailia, seemed to be lagging. The engineering aspects of implementation are discussed below.

Past Evaluation Issues

The team reviewed the issues raised during the previous evaluation*. These included: a) the question of delay in water pipes delivery; b) the lack of resolution on the issue of decentralization; c) the lack of understanding in the field on the role of the U.S. contractor; d) the absence of training and backup support, and e) the question of cash incentives to those actively involved in EVS. Of these issues, only the incentives issue remains unsolved. This, we understand, is beyond AID's purview to solve. The problem is in the Egyptian government system; it cannot pay incentives within existing GOE regulations.

The incentives issue was brought up with the present evaluation team in several different contexts. Various "non-cash" approaches to incentives for the BVS program were suggested, including: a) special training as incentive; b) overseas training as incentive; c) awards and recognition as incentive; d) differential BVS allocations based on performance as incentive. This suggests that the incentives issue should be opened up again and creative solutions sought. While individual cash incentives apparently are out of the question, there is a range of other possibilities.

*"Egypt: The Basic Village Services Program, Annual Evaluation"; George R. Gardner, Elizabeth B. Berry. USAID, Cairo, March 1982.

TABLE 1. IMPLEMENTATION STATUS OF SUBPROJECTS (\$/LE 000)

Governorate	US \$ Allocation	Actual LE Equivalent Allocations as of 2/29/84	Funds expended on implementation as of 12/31/83 (LE)				Average % Completion	LE Allocations FY1980 thru 1983 only	Actual Expense Allocat
			Water	Roads	Other	Total			
Sharkia	14,570	10,926	6,730	1,545	1,524	9,799	90	10,926	90
Fayoum	13,190	9,889	2,097	2,642	3,175	7,914	80	9,889	80
Sohag	13,850	10,381	5,705	2,587	-	8,292	80	10,381	80
Qaliubia	10,650	7,996	3,638	1,515	41	5,194	63	7,236	72
Minia	14,170	10,621	3,574	2,482	226	6,282	60	7,288	81
Menoufia	13,480	10,104	5,580	442	120	6,142	60	7,276	84
Qena	12,800	10,350	3,476	1,443	289	5,218	51	6,900	76
Beheira	13,800	10,350	2,190	3,148	348	5,685	55	6,900	82
Giza	13,720	10,284	4,898	1,046	366	6,310	61	6,900	91
Beni Suef	8,070	6,702	900	1,663	492	3,055	46	3,450	89
Gharbia	8,410	6,930	2,289	92	189	2,570	37	4,053	63
Kafr El Sheikh	7,200	5,974	1,160	860	-	2,020	34	3,840	53
Bahigia	6,435	5,341	1,608	33	329	1,970	37	2,343	52
Banietta	5,570	4,624	563	583	-	1,145	25	3,450	33
Assiut	8,315	6,900	599	422	13	1,034	15	3,450	30
Aswan	5,060	4,200	637	885	160	1,682	40	3,450	49
Ismailia	3,615	3,000	300	1,200	-	1,500	50	1,500	100
New Valley	3,040	2,523	300	40	62	402	16	1,500	27
Red Sea	3,240	2,698	576	-	100	676	25	1,500	45
Matruh	3,705	3,076	198	1,000	-	1,198	39	1,770	67
E. Sinai	1,480	1,229	-	-	-	-	-	-	-
TOTAL	185,370	144,128^{1/}	47,012	23,628	7,444	78,087^{1/}	av. 54%	105,512	av. 75%

Note 1/: Actual allocated funds of LE 144,128 millions include 1983/84 allocations of LE 38,617 millions against which no expenditures are recorded. Thus total allotments for EYS subprojects for 1980/81 through 1982/83 amount to LE 105,512 millions against which the above detailed expenditures of LE 78,087 millions are reported. This shows a 74% average expense to budget ratio over the first three years of the project.

Source: USAID and ORDEV records.

Best Available Copy

VI. OBSERVATIONS AND ISSUES

Sectoral and Overview Analyses

Detailed sectoral and overview analyses with recommendations are contained in the Appendices.-- The following summaries highlight major findings and recommendations.

Financial Records

The accounting system developed for BVS is based on the Egyptian accounting system and is sound and adequate for BVS needs. Official records tend to be kept at the markaz level but acceptable informal records were found at most villages visited. Disbursements are made at the local level through a standard GOE form (Form 50) and the local unit has sole authority over disbursements.

Records are reasonably accurate although there are discrepancies between actual records and the computerized monitoring system installed at ORDEV and several governorates by Chemonics. The computerized system needs improvement, Egyptian users need more training in it, and it should be promoted nationally by ORDEV.

Continuing training in accounting and computer monitoring and analysis is needed. Training is needed especially at the local unit level where the GOE is establishing formal accounting units. Chemonics and ORDEV need to give particular attention to this situation as part of the Chemonics phase-out over the next six months.

Engineering

Subproject engineering has been generally appropriate to the needs and conditions of rural Egyptian villages. Design and construction supervision resources tend to be concentrated at the governorate level although widespread efforts have been made to establish these functions at the markaz level. With few exceptions, local personnel are sufficiently competent to design and construct the types of water, roads, sewage and other subprojects found in the BVS program.

Maintenance is the weak link in the technical chain. Water and sewage subprojects, in particular, are prone to malfunction without constant maintenance. Local officials generally do not understand the need for routine preventive maintenance and few village councils have spent any money on maintaining BVS subprojects. The problem is compounded by a great shortage of maintenance workshops at both the village and markaz level and by the tendency of the local councils to lock up their maintenance funds in time deposits in the village bank.

For the remainder of the BVS project, it is considered necessary to strengthen technical services at the markaz level and to give project priority to the development of maintenance awareness and the delivery of maintenance services.

Technical assistance by Chemonics has been especially effective in the preparation of technical manuals and the presentation of training courses. Over 2000 engineers, technicians and operators have been trained in various aspects of subproject engineering and have been provided with reference materials for subsequent use in their work. The EVS project is the first major effort in Egypt to provide technician level training in rural public works.

The delivery of external technical assistance services in the field has been more difficult to accomplish. The demand for such services at all levels of local government far exceeds the capability of Chemonics to supply them. As a result, governorates have learned to become surprisingly self reliant and to use the technical resources found in their own departments. This has allowed the field technical assistance of Chemonics to be used for overall subproject monitoring and specific trouble shooting. For example, one problem that is becoming increasingly serious is the lack of a suitable system for removal of wastewater and sewage. Surface water is collecting in some villages due to increased water use. The design for a system developed by Chemonics is seen by the evaluation team as too expensive and complex for rural Egypt. This is a priority problem requiring early solution.

USAID has taken on a growing role in the area of technical monitoring and review. Direct-hire Egyptian engineers currently oversee all technical aspects of the contractor's work and of the subprojects. Additional technical inputs are needed, however, to review overall engineering strategy and to provide guidance on key technical issues. It is recommended that:

- Maintenance be made a number one priority in implementation programs;
- Concentrate at the markaz level first to build up a maintenance capacity;
- Provide some means of continuing technical monitoring and assistance, e.g., through AID/W TDY and contractors, spot technical monitoring by LAD engineering staff and other means, as appropriate. Solution of the wastewater problem is one example of an immediate need.

Training

Over the past two years, 22,000 people have been trained through the BVS project. Of these, 5000 were trained through technical training programs and 17,000, through various awareness programs such as village council seminars and programming and management courses.

To conclude that the numbers of people trained by Chemonics, either directly, or indirectly through the village council workshops using Chemonics-trained trainers, are very impressive is to state the obvious. Regardless of any remaining weaknesses and shortcomings, Chemonics has undoubtedly done an incredible job in a relatively short period of time. Success can be found in the almost unanimous favorable reaction of government, markaz and village officials to training programs, especially technical training and awareness seminars, and the increasing number of government officials requesting more training; for example, 12 governorates are asking Chemonics for training courses on environmental issues.

Training is seen as the most critical component in an ongoing BVS program. There has been heavy turnover in village councils and village leadership, and this will be a continuing phenomenon. Training has not yet been extended to all of the technical people who need it. Moreover, training is needed to get at serious BVS implementation weaknesses, such as maintenance and sanitation and new activities such as village level accounting. There is room for improvement in existing courses as well (see Appendix III.A., Training).

The most serious problem at the moment is that the Chemonics contract ends in September 1984. ORDEV has limited capacity to organize and administer training, yet this is an essential element of the BVS activity.

We urge that immediate action be taken by ORDEV and Chemonics to develop a plan now to transfer training administration and management capabilities to ORDEV over the next six months. The plan should contain a mechanism for the continuation of training, e.g., management of training through the Saqqara Center.

Chemonics

Chemonics has done a job of which it can be proud. Six months remain in the contract and there is an opportunity for an orderly phase-out. Chemonics, ORDEV and USAID should come up with a plan for that phase-out which will effectively transfer training and information monitoring to ORDEV and minimize shock to the activity when Chemonics leaves. (See section IV, Implementing Agencies.)

VI. Conclusions and Recommendations

General:

BVS is well on target in meeting its basic goals and purpose. It has activated Egypt's decentralization policy and made it a vital element of rural development. Beyond decentralization, BVS appears to be a viable approach to rural development in Egypt, stimulating local private sector economic activity, including agriculture, and improving the quality of life. It is strengthening development institutions at the village level and appears to be improving institutional performance also at the markaz and governorate levels.

USAID has performed well. The BVS activity has overcome major problems identified in previous evaluations and implementation appears to be moving along smoothly. This is the more noteworthy in light of the tremendous size and scope of BVS. It is the largest rural development program of its kind in the developing world.

ORDEV has performed effectively as the coordinating body and the governorate, markaz and village levels have responded very well to the program. Governorates that tend to be lagging behind the majority tend also to be new to the program, although there are exceptions that may require special attention.

Chemonics, the U.S. contractor hired to support the BVS Program with training, technical assistance and management and information systems, has done a very good job of carrying out its mandate. Its achievements in the training areas have been remarkable in terms of scale, scope and general receptivity by trainees. Chemonics also has helped BVS overcome objections to the use of asbestos-cement pipes. It has produced and distributed nineteen technical manuals, mostly in Arabic. It has made a good start in establishing a computerized information system although problems remain.

Chemonics now must move into a phaseout mode and concentrate on insuring that vital training, information and technical support functions continue after the Chemonics contract expires in September 1984. There has been insufficient attention given by ORDEV, Chemonics and AID to the Chemonics phaseout. Immediate action is needed in this area involving all three parties and the governorates. There is complementary interaction of other decentralization sector activities at the village level. They tend to be mutually supportive and often are seen as such by village heads. However, there is no effort yet at the local level to actively coordinate

these activities and we sensed that information at this level on the full range of relevant AID decentralization activities was not sufficient. The new SDS Activity should address this problem.

The questions of whether BVS should continue or what should happen in those governorates which are in their third and last year are questions that the evaluation team tried to address. With respect to the general question of continuing the BVS activity the team has no equivocation. The impact of BVS has been very strong and it has been very positive. Moreover, it seems to take some time for it to register its full impact with respect to institutional development and some governorates have been in the program for only one or two years. It is our view that BVS should continue in those governorates for at least a total of three years and that it should be extended to those rural governorates not yet in the program.

Third year governorates pose a different problem. In most of them, the decentralization and development process is activated and local institutions have been strengthened. These appears to be a keen awareness and appreciation of the U.S. role and admittedly based on limited feedback, we sensed an awareness at the village level that BVS funding had a definite beginning and ending. However, in many villages we visited that were in their second and third year we were told that BVS should continue for a time period that varied between 2 and 5 years in order to "complete" installation of basic infrastructure. While it was beyond our scope to assess basic infrastructural needs in villages visited, it was clear that much remained to be done, even in third year villages.

As a minimum, waste water removal systems should be installed in all villages where ground and surface water are seen as problems (see Engineering Sector Analysis) even if this means extension beyond three years. Further, villages not aware of ground water and surface water problems should be provided with that information, perhaps through BVS awareness training. However, design of an adequate wastewater removal system should proceed an information campaign.

There should be general phaseout strategy for BVS in which the GOE is a full partner. It probably would not be healthy to simply terminate third year governorates if there is nothing to replace the BVS resource flow. Villages will, no doubt, generate more of their own local revenues as a result of BVS development stimulation and local institution strengthening. They will have to in order to maintain their new infrastructure. However, some system for insuring a continue flow of development resources to the village through the Popular Councils should be developed. The idea of

phaseout through a program of matching grants on a sliding scale was brought up at a USAID debriefing. This idea has merit.

In addition, the Mission and ORDEV might experiment with a variety of phaseout mechanisms, including a clean and carefully monitored cutoff in one or two governorates to test the will of local institutions and the GOE to continue EVS type activity on a reduced scale.

Finally, the success story in EVS should be exploited. EVS represents a model for rural development — awakening the villages — that could be important also to other middle eastern countries. ORDEV and USAID should contemplate the possibilities.

Specific Sector and Institutional Recommendations:

The reader is referred to the Sector and overview appendixes for details sector and institutional recommendations. Specific recommendations are as follows.

Training:

1. USAID should ask Chemonics to work with ORDEV and prepare immediately a plan for transferring EVS training capacities to ORDEV within the six months - focusing on establishing a management and TOE capacity at Sakara.
2. Improve the general nature of the training program, including trainee selection, practicality, follow-up and duration.
3. Continue the ongoing process of decentralizing the training program.

Financial Records:

1. ORDEV should spearhead a coordinated effort by each governorate to review thoroughly all of its subprojects and make necessary records adjustments based on actual subproject status.
2. ORDEV should develop and apply stricter policies and procedures for subproject amendments in order to prevent confusion and to maintain accurate subproject documentation.
3. ORDEV should develop new alternative measures of subproject status that do not depend exclusively on financial data to gauge progress.

4. Additional technical assistance will be needed at ORDEV and at the governorates to develop systems and processes to correct the weaknesses of record keeping now made very salient by the computerization.

Engineering

1. Concentrate the majority of technical services at the markaz level -- this means some strengthening at that level.
2. Give project-wide priority to maintenance and the delivery of maintenance services -- this becomes especially important as the project matures.
3. Maintain appropriate levels of TA assistance after completion of the Chemonics contract. USAID should ask Chemonics and ORDEV for a plan, should make use of other Agency resources and should consider also some LAD staff training overseas.

Private Sector Impact

1. Take steps to encourage more contracting at the markaz and village level.
2. Study further the impact of BVS on private sector activities, including agriculture. There is much to be learned in this area.

USAID and ORDEV

1. USAID's LAD-BVS staff should focus on the transition requirements of the project as Chemonics phases out. There should be a clear game plan and clear individual responsibilities for this transition.
2. USAID and ORDEV should complete for other BVS governorates the type of governorate profiles developed through this evaluation for ten governorates. This will provide a good baseline for the next evaluation and a good management tool.
3. ORDEV should consider how it will respond to the differential performance of governorates under BVS. What will it do about lagging governorates?
4. Further, USAID and ORDEV should develop some system for insuring a continued flow of development resources to the villages through the GOE and the Village Popular Councils. There are a number of alternatives that might be considered. A few examples are:

- Future grant allocations could be made on a sliding scale to matching grants from the GOE.
- In-kind and cash contributions representing an increasing percentage of subproject costs could be made by recipient villages.
- Income generating subprojects through an easily accessed line of credit to the private sector conditional upon a repayment of a percentage of profits to the community's special account for BVS-type projects could be promoted: this would be a form of local income tax but earmarked for community development.

It is not necessary or even realistic to continue a village level flow of resources comparable to that achieved by BVS. However, it is crucial that a meaningful level of resources continues to flow to and generate at the local level if BVS is to be counted a success in the long term.

APPENDICES

- I. LOCAL GOVERNMENT IN EGYPT
- II. REPORTS OF FIELD VISITS TO
TEN GOVERNORATES
- III. SECTOR ANALYSES
- IV. THE IMPLEMENTING AGENCIES
- V. METHODOLOGY
- VI. ORIGINAL PROJECT LOG FRAME
- VII. GLOSSARY

APPENDIX I

LOCAL GOVERNMENT IN EGYPT

I. LOCAL GOVERNMENT IN EGYPT

Introduction

The Government of Egypt initiated a program of decentralization in the mid-1960's aimed at delegating its administrative authorities to the governorates and in turn encouraging governorates to redelegate their authorities down to the village units. This represented the beginning of local government in Egypt.

On May 15, 1971 the Law of Local Administration (No. 57/1971) was amended and two councils were established at the governorate level, a People's Council and an Executive Council. The former is to suggest policies, adopt resolutions and provide a forum for the public on local concerns such as education, culture, transport and irrigation.

In 1973 legislation was formalized under decree No. 891 to establish the Organization for Reconstruction and Development of the Egyptian Village (ORDEV).

Law No. 52, October 1975, embodied the policy of delegating to local authorities all functions of a local nature such as local utilities, town planning, etc.. More such authorities were delegated by Law No. 43 of 1979.

Actual experience gained from the application of the above decentralization effort demonstrated the need to support and develop local government in order to transfer formerly centralized authority to local government units, represented in the governorates, all powers enabling them to undertake tasks and problems of their local areas. Other laws and amendments have been promulgated to extend and to reinforce the concept and practice of decentralization of local government.

1. Units of Local Government and Their Functions

Under the umbrella of the Ministry of Local Government, which acts as coordinator and liaison for local government affairs, governorates have total freedom in administering their own affairs.

The units of local government are: the Governorate; the District ("markaz", pl. "mirakaz"; in this paper we have used the singular consistently even though sentence sense may indicate that the plural, "districts", is intended), and the Local Unit.

Egypt is divided into 26 governorates, or geographical (and often geopolitical) areas. The administrative body of each governorate is located at the principal city in each governorate. In turn, each governorate is divided into districts (markaz) with a town as the focal point of administrative authority. Within each markaz, villages are grouped into Village Local Units that administer the affairs of their satellite villages.

Of the 26 governorates, Cairo, Alexandria, Port Said and Suez (which are considered "urban governorates") have only Townships and Zones that act as Local Units. These governorates do not participate in the BVS program.

The ultimate goal of the GOE is to decentralize substantial authorities down to the Local Unit level, enabling it to administer its own developmental and community needs.

Units of local government assume responsibility for the creation and administration of all public utilities under their jurisdiction. These units also assume, each within its jurisdiction and within the state's general policy and plan, all functions which ministers of state assume according to the laws and regulations, with the exception of whatever is considered by the Prime Minister to be a national utility. Heads of governorates, Governors, report directly to the Prime Minister of Egypt.

2. The Local Unit

Each Local Unit is governed by two councils, the Executive (appointed) Council and the Popular (elected) Council.

The Executive Council is delegated the authority by the Governor to administer all public affairs and utilities as well as execute decisions taken by the Popular Council in executing developmental and community projects. In addition the Executive Council acts as an advisory body to the Popular Council, offering guidance and technical opinions and thus assisting it in reaching sound decisions.

The Chief of the Executive Council enjoys the authority and responsibility of a head of a governmental agency with jurisdiction over the Local Unit's financial and administrative affairs as they relate to public entities and the national budget. Other members of the Executive Council are the departmental heads of the various government branches active in the Local Unit. Other responsibilities of the Executive Council are:

- Studying village needs for utilities, services, and activities needed for the economic, social and physical development of the villages;
- Articulation of rules and regulations required to insure proper and effective conduct of work by governmental agencies operating in the villages;
- Supervising the collection of government revenues from the villages.

According to Articles 69 and 70 of Law No. 43 of 1979, the Executive Committee of the Village Council undertakes management of the "Special Account for Services and Development", the functions of which are:

- to finance productive projects and local services within the framework of the governorate's public service plans;
- to complete projects in the village where the appropriations in the Local Council's budget are inadequate;
- to raise the quality of delivery of local public services within the Village Council's control.

The Special Account's revenues accrue from the following:

- seventy-five percent of the proceeds of the original tax levied on cultivated land and seventy-five percent of the additional taxes, local taxes and fees decided upon by the Local Council;
- profits of council-owned projects which are executed on the basis of "revolving funds" operated by the Village Council;
- proceeds of the ownership of buildings in a village constructed through the Special Account;
- donations, gifts and endowments which the village Local Council approves, to be assigned to the village;
- allowances and contributions of international organizations.

3. The Popular Council

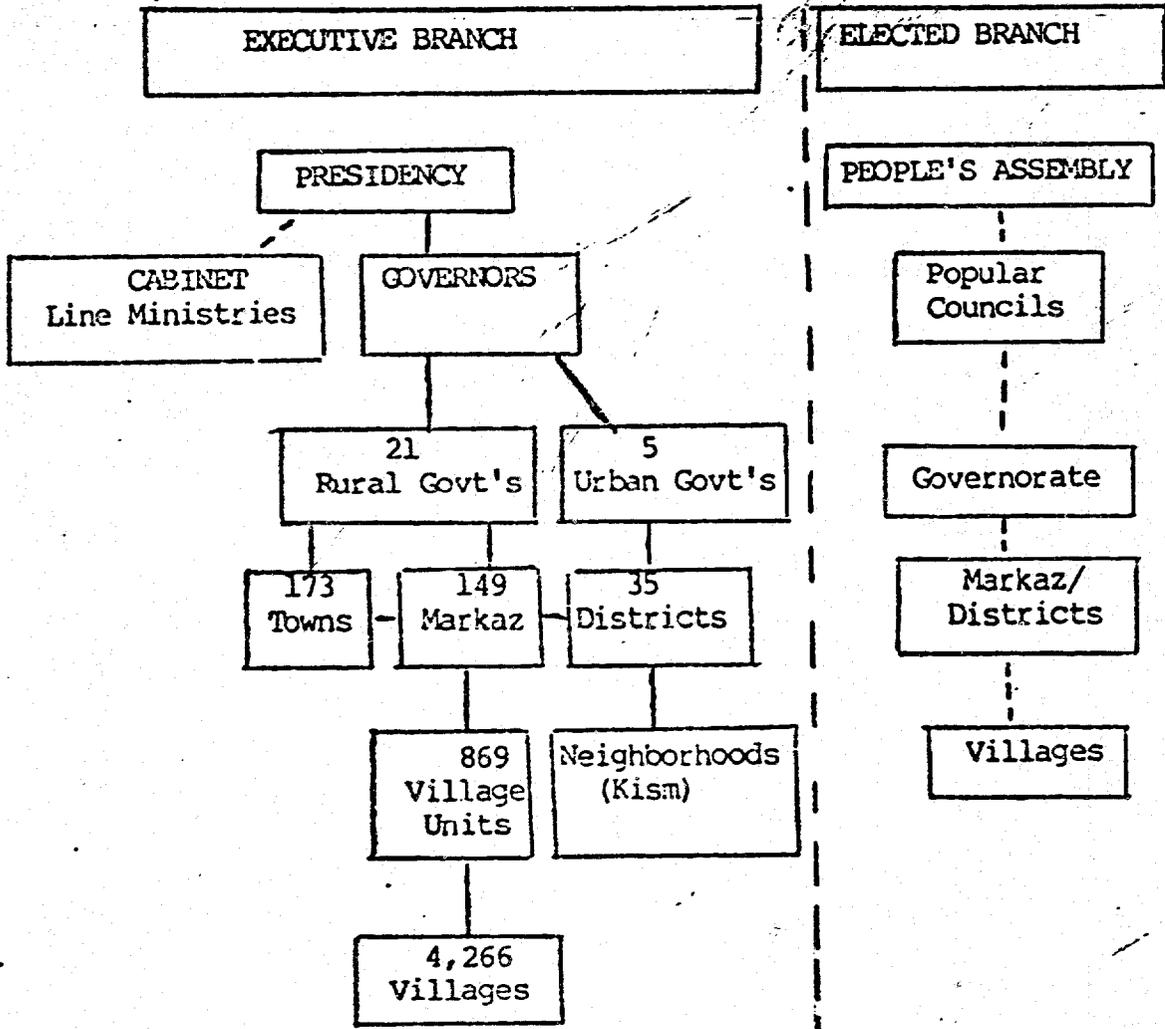
Each Local Unit has a Local Popular Council, the members of which are chosen by direct general public elections. At least half

of the members must be farmers and laborers, in accordance with the definitions of farmers and laborers adopted by the national Popular Assembly. The councils must have at least one woman member.

The Village Local Popular Council shall assume, within the scope of the district's general policy, control over the various local utilities and is especially concerned, within the limits of laws and regulations, with:

- preparing the village's economic, social and physical plan;
- proposing the draft budget, and endorsing final accounts;
- proposing means to enlist popular participation through self motivation in the village;
- extending agricultural knowhow in order to improve and diversify production and increase productivity;
- proposing the creation of public utilities in the village;
- eradication of illiteracy; family planning; youth care, and fostering moral and religious values.

LOCAL GOVERNMENT IN EGYPT



As of September 1983

APPENDIX II

GOVERNORATE REPORTS

<u>Governorate</u>	<u>Years in EVS</u>	<u>Page</u>
Sharqiya	3	1
Schag	3	10
Fayoum	3	18
Menufia	2	27
Beheira	2	36
Giza	2	42
Gharbia	1	47
Beni Suef	1	52
Red Sea	1	60
Israilia	1	63

SHARQIYA GOVERNORATE

Time in EVS: 3 Years

Introduction

Sharqiya is a large, densely populated governorate located in the eastern part of the Nile Delta. Since the advent of BVS project funding, Sharqiya has become almost a model case of decentralization. Sharqiya was one of the first three governorates to receive BVS funds, and thus it provides insights into the longer term impacts of the project.

In the first year of project funding, project planning was highly centralized. With the encouragement of the GOE, ORDEV and AID, Sharqiya shifted the locus of decision-making and project implementation responsibilities to the local units for the past two years of project funding. What makes Sharqiya a model case is not necessarily the smooth implementation of subprojects, but rather the cooperative arrangement established between the local units, markaz and governorate. Under this arrangement, the villages make project decisions, control implementation (with strong popular participation), the markaz helps coordinate activities between the local units, and the governorate provides guidance and technical assistance.

I. Decentralization: Supporting Policy Reform

A. The Decision-making Process and Project Implementation

As we have mentioned, in the first year of EVS funding, decisions were made at the governorate level. The first such decision was to concentrate BVS funds in urgently needed projects for roads, water systems and sewers. From the outset of this assistance, however, the governorate began a program of "on-the-job" training for local units by having them participate in project selection and implementation. By the end of the first year public awareness of BVS had spread throughout Sharqiya and local units had gained considerable experience. To launch the following year's program, the governorate adopted the policy that the BVS program should be implemented as a partnership between the governorate and the community. Thus, each local unit should be prepared to contribute all labor requirements for project execution in order to maximize the use of allocated funds. Local unit councils eagerly agreed with this method, on the understanding that they would have total freedom in choosing their subprojects and implementing those within their capabilities. Accordingly, the governorate began to emphasize the role of the local unit in selecting and executing its

subprojects but reserved responsibility for technical supervision, financial disbursements and accountability, all of which are carried out by the markaz authorities while the governorate itself monitors overall progress.

At present, the decision-making process is one of cooperation among the different levels of governorate, markaz and village. The governorate is involved in coordination of the program, provision of technical resources, monitoring of progress, and fills in with its financial resources when gaps in execution occur. The markaz provides technical assistance, performs accounting and financial processing, and follows up on subproject implementation. The villages declare their needs, decide on priorities, seek technical information, make the initial authorization of funds, implement most subprojects, and evaluate outcomes.

In this process, the governorate receives the authorized funds. It sets aside some 5 to 15% of these funds for central implementation of subprojects serving more than one local unit. Such projects are implemented by the markaz. The rest is divided among the local councils in proportion to their size and, in some cases, according to special needs. The allocated sum is sent to the village to be deposited in a separate account in the village bank. Authority to sign checks to withdraw money from this account is given to the head of the markaz.

The executive village council notifies the popular council of the allocation. The popular council members become active in deciding upon priorities. A lot of negotiation of diverse interests takes place. Specialists from the village executive council are invited to advise them on the feasibility and technical aspects of different subproject alternatives. In the case of major subprojects, specialists from the markaz are involved. The communication lines between the villages and the markaz are open and are used frequently. Thus, before a final decision is made, specialists from the markaz may, for example, affect the outcome of the decision.

The popular councils advise the markaz of its final decisions and the markaz gathers the decisions and reviews them. If there are misunderstandings or oversights on the part of the village council (as in a case where the village's plans exceed authorized funds), the proposals are returned for necessary changes. The Sharqiya local officials could not recall a case of interference with a choice made by a local village council. The governorate follows the same process for the markaz proposals.

When final approval of plans is granted through ORDEV, the villages are notified and the funds released to them. Execution is accomplished through private contractors, mostly through the local unit with the

cooperation of popular council leaders and other informal leaders. In the past year, 85% of the subproject funds were used through local unit implementation and 15% were spent in direct contracts.

Subprojects are thought of by this governorate in terms of equipment to be bought (e.g., pipes). Procurement is done by the local unit officials. Labor is contributed voluntarily by citizens. Simple tasks, such as earth filling, are done through subcontractors. In some cases, people donate the money used for contracting to complete the job. Overseeing of implementation of subcontracts is carried out by local leaders at no additional cost. Local unit officials consider the subcontracting to be part of their job. Other popular council members and informal leaders consider supervision of the process to be a guarantee that the job is done in accordance with specifications.

It is important to note that if a dispute arises between the head of a markaz and the village popular council, the governorate takes a supportive position on the side of the village council. The governorate is obviously dedicated to strengthening decentralization.

B. Popular Participation and Self-help

Local contribution is now firmly established as a means for expanding financial assistance which sometimes represents no more than a catalyst in the process. In one case, a village was allocated LE 2700 for a sewerage subproject. The end product was a sewage disposal system in which LE 17,400 was invested. The difference was local contributions. The governorate has succeeded in encouraging this system and villages expect to be called upon to contribute voluntarily.

In all potable water and sewerage projects EVS are used to procure raw materials only, such as pipes, fittings, tools, cement, bolts, etc. All labor required (and in some cases, miscellaneous small items) is furnished by the local unit community as their participation in the project. In general, the value of such participation is estimated by 25-30% of project costs. In some projects such as sewerage, however, community participation may equal or exceed the EVS portion.

II. Institutional Development

A. Capacity of the Local Units to Select, Design, and Implement Subprojects

Sharqiya presents an interesting case of both evolving local unit capacities to manage EVS subprojects and a growing recognition of these capabilities on the part of higher level local officials in the governorate and markaz.

The Secretary General of Sharqiya governorate was quite candid in discussing the governorate's official stand on the process of decentralization as it is experienced by the level officials. He said that when EVS came, the governorate could not believe that the villages would be able to handle such a large project. Even today, he thinks that it is premature at this time to give the village control over a project for which it has no trained staff or technical capability. He suggested that the markaz level would have been a better candidate to do the job; the markaz had accounts opened for comparable projects, had the technical equipment and expertise, and could supervise the execution of subprojects efficiently.

However, he feels that the consistent pressure from USAID, and ORDEV's Interagency Committee, brought about the change. The governorate decision makers learned that they had to lie with the movement towards decentralization. Reluctantly, at first, attempts were made to abide in form with the requirements of the program, such as having a separate account for each local council in the village bank.

Now, most governorate officials are confident that the village level is capable of execution of local projects. Markaz officials corroborate this opinion, judging from the types of demands made upon them by village representatives. Most importantly, local popular councils are savoring the new roles and insist on practicing their prerogatives. They are familiar with local government codes and many of those we met are rather outspoken in defending their rights vis-a-vis the executive council and governorate officials.

B. Project Awareness

Field visits in Sharqiya revealed that officials at all levels of local government from the villages to the governorate understand and are implementing project concepts of village participation, and transfer of project implementation and control to the village councils.

Of the three governorates funded in the first year of EVS (Sharqiya, Fayoum and Sohag), this is the only one where such vertical understanding developed. Sharqiya is also the only governorate of the three which agreed to participate in the Management and Planning Seminars (MPS). These seminars, developed by Chemonics, target project concept awareness to higher level local government officials before these new ideas are disseminated to the village councils. Neither Sohag nor Fayoum agreed to participate in the MPS and in both, the governorate and markaz level officials seemed less well informed about the project concepts than the village officials who were trained through Village Council Workshops.

III. Implementation Progress

A. Physical Outputs

Governorate officials estimate that the EVS project by the end of this year will have helped meet about 40% of the governorate's development needs at the village level...an accomplishment unprecedented in the governorate's history.

Before the beginning of the EVS project, GOE funding allocations to governorates were small and were used to enhance the development of its markaz towns. Village development funds insignificant. The total amount allotted by ORDEV to Sharqiya (from GOE allocations to ORDEV) over the past ten years amounted to LE 1,899,197, or LE 0.524 per capita (compared to Fayoum's LE 0.748 per capita in the same period).

The initiation of the EVS program in Sharqiya was received with great enthusiasm. During the three years of EVS activities, Sharqiya received a total of LE 10,268,457 with 190 subprojects in potable water costing LE 7,200,176, 106 subprojects in roads costing LE 1,544,670, 76 subprojects in sewerage costing LE 902,000 and 51 projects in slaughterhouse and communications facilities costing LE 406,784.

B. Financial Records Keeping

Sharqiya governorate still uses a centralized system of accounting as all local unit accounts are kept at the markaz level. However, each local unit keeps simplified cash flow records that provide it with funds allotted, received, disbursed, and balances on each subproject. Funds for each subproject are deposited in the local unit's bank account at the markaz. Signatory rights are vested either in the markaz or require the co-signature of the executive head of the local unit and a representative of the markaz. In any event no funds are disbursed without a disbursement request ("Form 50") signed by the executive head of the local unit. The local unit retains files on each subproject containing subproject specifications, studies, design and pertinent financial data.

In addition, the local unit maintains separate data on the 10% maintenance account deposited for its use by the governorate.

Accounting records were examined at the governorate and the markaz, as well as at the local units visited. The system, as in other governorates, follows the GOE accounting system with modifications and additional formats devised by ORDEV/Chemonics to standardize financial information reporting on BVS subprojects. Records are adequate for recording and reporting all financial transactions related to the BVS program. Quarterly reports on each BVS subproject are prepared by the local unit and forwarded to the appropriate markaz. They are reconciled and incorporated into a quarterly report for all local units under the markaz's jurisdiction, then forwarded to the governorate and in turn to ORDEV. Financial data extracted from governorate records was tested and cross-checked with records at the markaz and local units visited and found to be consistent. However, when the same data were cross-checked with the computer printout obtained from ORDEV, there were discrepancies in the 1982/83 records.

IV. Technology Transfer

A. Technical Assistance and Training

As in Schag and Fayoum, technical assistance and training did not begin in Sharqiya until the fall of 1982 and project awareness seminars (Village Council Workshops) were not introduced until mid-1983. By this time, most third-year funding decisions for BVS had already been made and a centralized mode of program management was well established at the governorate level. Nevertheless, Sharqiya dramatically changed its systems of project implementation in the direction of decentralization during this past year, and training and technical assistance appear to be a catalyst for this transformation.

The technical skills oriented training was well received and appreciated in Sharqiya. Governorate officials expressed a good deal of pride in what they called their "fully staffed dsirectorates" (of housing, roads, etc.) which supply technical assistance to the villages. Consequently, they felt that technical skills training offered through BVS primarily at the village and markaz levels complemented their already fairly sophisticated level of technical skills at the governorate level. All officials interviewed requested additional training in skills for the construction and management of water systems, roads, sewerage, drainage, etc. They would prefer to have this training conducted in the governorate, and most felt that more sophisticated training in these areas is required. Several officials defined the ideal case as an

on-going program of technical skills training, offered in the afternoons for technicians employed during the morning that would necessarily have to be offered in the governorate, possibly at the markaz level. One suggestion was made for greater governorate control of the courses.

B. Maintenance Awareness and Performance

The GOE contribution of maintenance funds equivalent to 10% of EVS allocations are deposited in a separate account and transferred to each local unit for their use. A complete financial status of this fund is not available at the governorate. We were advised that such data is kept at the local unit and may take four to five weeks to be available in order to make a complete record for all units.

Field visits indicated that all maintenance funds have been deposited in interest bearing accounts (9% per annum) and remain largely untouched. Only one village, Sanhour, had used a portion of these funds to procure tools and spare parts for a local workshop. Generally, awareness of maintenance needs and the use of this 10% fund is low.

V. Private Sector Promotion

A. Direct Impact

Approximately 50% of subproject contracts in Sharqiya were let to public sector firms. The remaining half were split in volume between small private sector firms and local unit labor contributions which should be considered a private input. Because of the volume of EVS funds entering this governorate, this stimulus of private sector contracting firms is considerable, regardless of their relatively small share of subproject contracts. Previously underemployed local labor was used substantially throughout EVS subprojects, which had a direct impact on local wages.

B. Indirect Impacts

As in all EVS cases, the improvements in roads, water systems and in the governorate sewer systems has contributed to the economic revitalization of the countryside. New stores have opened along road networks, new forms of transportation appear and trade has increased with the resultant two-way benefit in prices to the local inhabitants.

New housing starts are found everywhere in Sharqiya. It is difficult to assess what percentage of these are attributable to the repatriation of funds from Egyptians working abroad, but it is clear that improved local services have influenced the selection of relocation to villages in preference to the cities.

VI SOCIOECONOMIC IMPACT

The direct impact of the BVS project in terms of wages paid the local laborers, or incomes to local subcontractors, is less than found in other governorates such as Fayoum. The emphasis on local donation of labor to complete subprojects is partly responsible for this situation. This is more than made up for, however, considering the subprojects' effects on immediate quality of life, and even more so when we examine the long range impact.

The quality of rural life was substantially improved thanks to the project-related infrastructure built. Local contributions dramatically increased the volume of subprojects completed. The value of water subprojects increased by at least 25% due to local contributions. Sewerage systems were increased by at least 50%. In at least two specific localities, Alakma and Bahnabai, the total value of the subprojects completed was more than 400% of the initial BVS investment that served as seed money.

As a result of this investment in better roads, water supply and sewerage systems, villages (which already had electricity) were considered by inhabitants as better places to live in. Where villages were near to major towns suffering from housing shortages, it was observed that some people chose to live in the village and commute daily to their work.

Roads built facilitate movement to and from the villages, to farms and to towns and markets. Small trucks carrying produce and animals are a familiar scene on the roads, generating income for their owners and users. As in Fayoum, it is reported that property values increased 3-4-fold in areas adjacent to newly constructed roads. This trend is more noticeable where the governorate paved roads after BVS funds provided grading and graveling. The increase in property values meant small fortunes for some landowners. Such property sales were either for residential or business buildings, or for poultry and other productive projects.

Water and sewerage systems constructed helped improve village sanitation and cleanliness. This is instrumental in making villages safer places to live in, particularly for children. Sewerage systems are connected with drainage canals already in existence, which are in turn connected with a main drainage canal leading from Cairo to Manzala Lake. It is difficult to ascertain the extent to which the new sewerage systems' output would mean an increase in environmental hazards. This issue has to be studied in a comprehensive fashion.

Telephone and telegraph services are now being established in the villages. The obvious benefit of these is to facilitate communications with nearby cities. The villagers appreciate the ability to communicate with relatives working abroad.

The long-range impact of the project is expected to be dramatic indeed. Efforts to encourage local development in Egypt date back to the early 1930's. Attempts were made to engage village inhabitants in a process of identifying their problems and needs, devising solutions to these problems, and working collaboratively to implement these solutions. Though the approach was basically sound, the government was never willing or able to divert any significant funds to support the process. Now, in Sharqiya, the same sound approach is being attempted with the timely help of the BVS funds. Self-help is considered part and parcel of the effort. This tends to create a spirit of self-reliance that we expect will have far-reaching effects on the developmental potential of rural areas in this governorate.

As people participate in project activities they feel they own their products. They are expected to help maintain and keep them up. Their confidence in themselves and in the efficacy of their local government is increased. This should mean a lot in terms of the development of their localities. We were impressed by the spirit of optimism that colored the discussions with popular council members.

SOHAG GOVERNORATETime in BVS: 3 YearsIntroduction

Apart from the desert governorates, the Governorate of Sohag is one of the most disadvantaged in Egypt. It is located far from Cairo and is in the heart of Upper Egypt which traditionally has lagged behind the Delta governorates in institutional and physical development. It is not a major tourist center, has few amenities for visiting government officials, and suffers from the highest level of out-migration of all governorates in Egypt. Given this background and the consequent general lack of attention Sohag receives from the central government authorities, it is not surprising that Sohag remains one of the most underdeveloped and centralized governorates in Egypt. It is nevertheless the assessment of the BVS evaluation team that with additional funds, a longer gestation period for project input and more project supervision and awareness, greater decentralization is possible and would be productive in this governorate. BVS has had an important impact on the quality of rural life in Sohag regardless of the centralized mode of project management, and is beginning to yield positive results in the area of local capacity building.

I. Decentralization: Supporting Policy Reform

Decentralization is still a new and relatively untested concept in Sohag. Officials at the governorate level are proud of their centralized management and control of all development programs, whether BVS or GOE funded. In the justification for this approach, they point to a lack of qualified personnel at all but the governorate level, the general low level of development in the governorate, and the pressing development needs which they feel can be addressed only by governorate coordinated programs.

Conversely, several local units visited by the evaluation team demonstrated a capability to identify and address their own development needs with creative self-help mechanisms and local participation. These local initiatives are the seeds of decentralization largely encouraged by BVS.

In the first year of BVS funding to Sohag, all project processes were controlled at and by the governorate. When the BVS project agreement conditions were more enforced in the second and third year of funding,

the governorate transferred some project implementation responsibilities to the markaz, surrendered the 10% maintenance funds to the village councils, and encouraged the local units to contribute manual labor for laying water pipes.

A. Decision-making and Implementation

After the first year of absolute project control at the governorate level, a mixed system of governorate decision making and partial control of implementation at the markaz level was established. At the outset of BVS, the governorate determined that all funds would be used for the improvement and expansion of roads and water systems--both priority governorate needs. The funds have been therefore placed at the disposal of the Directorates of Roads and Housing (the latter being also responsible for potable water). Project locations are determined on the basis of population, needs and cost. These project decisions are sent to the respective village councils for approval at which point recommendations may be made on changes in the exact location of a particular road or water system. Any modifications made in the plan by the village council require approval of the markaz popular council.

The governorate-wide master plans are then ratified by the governorate popular council, after which the Directorates of Roads and Housing assume implementation responsibility, each using a different approach. The Directorate of Roads advertises bids for the whole package of road sub-projects in the governorate. When the contract is awarded, copies of the contract are sent to the markaz for follow-up. For the water subprojects, the Housing Directorate secures the necessary water pipes centrally (from Siegart Co.) and these are distributed to the markaz and villages. Funds for buying fittings are released to the markaz which supervises the installation of the pipes. The villagers dig the pipe ditches and later do the land filling as a local contribution.

When portions of the work on roads are completed, as certified by the local unit representatives, the Directorate of Roads authorizes payments to the contractor from funds deposited in the Central Bank of Sohag.

The village is basically at the receiving end of this process regardless of their opportunity to "recommend" changes in road or water systems location. Their only role is in labor contributions and the certification of work completed.

B. Popular Participation and Self-help

The only example of popular participation in Sohag has been mentioned above, i.e., the organization of village labor to dig ditches for water

pipes and later to fill them in. According to some reports this effort is often undertaken in a festive atmosphere of community cooperation, and upon notification of the arrival of the pipes, the popular council members and informal village leaders organize the digging and filling operations, often completing the job in as little as 24 hours.

Beyond this already evidenced local enthusiasm to contribute labor to village improvement projects, other villages indicated a willingness to make up to 50 percent equivalent value contributions of labor for projects for sewerage (sewerage projects have not yet been initiated).

In the case of one village, Binga, the village council raised funds equivalent to five times the BVS allotment for the village (LE 170,000 compared to LE 30,000 from BVS) for projects which they selected, contracted for, and supervised. Project management concepts taught through the BVS awareness seminars contributed in this case to the ability of the village to implement these activities.

II. Institutional Development

A. Local Unit Capacity

It is the opinion of the evaluation team that the local units and markaz in Sohag demonstrate institutional capabilities beyond the present level of authority being delegated to them by the governorate. The local units in Sohag appear neither more or less developed than those of the governorates in Egypt where decentralization has been successful. While it is true that Sohag suffers from an acute shortage of skilled technicians due to out-migration, the local units and markaz have already demonstrated an ability to handle project implementation and would like to have greater participation in project decision-making.

The Governor repeatedly stressed his opinion that most village local unit chiefs were not of a high enough caliber to execute BVS subprojects. A differentiation should be made between technical skills of the local units and their institutional capabilities. While the Governor's point is well taken that neither the villages nor the markaz have sufficient technical skills to design subprojects or supervise the engineering components, the local units and markaz have shown capability of choosing projects, choosing project sites, and generally supervising implementation with the technical assistance of the markaz, governorate and line ministries.

Both the two markaz and the four village units visited by the team felt that they had the capability to plan and execute projects with governorate technical supervision. The previously mentioned example of

the village of Binga which manages all stages of its own funded projects is a case in point.

A. Project Awareness and Understanding

The level of project awareness in Sohag is mixed. While the governorate participated in the Village Council Workshop (VCW) program designed by Chemonics to disseminate project concepts, it did not participate in the Management and Planning Seminars (MPS). These MPS's were intended to precede the VCW's and introduce the broad range of decentralization concepts at the higher levels of local government. An understandable conflict arose between many village councils which had been appraised of their rights and responsibilities under BVS through the VCW's and the governorate which remained firm in its centralized approach.

Most village officials demonstrated an awareness of their rights with regard to the projects, particularly in project selection and simply had acquiesced in governorate procedures. In at least one village, however, council members learned little more from the VCW's than that the project was American development assistance and that there would be roads and water projects. "We don't have a role", was one response.

III. Implementation Progress

A. Physical Outputs

Over the three years of the BVS program, Sohag received LE 10,380,985 and launched 78 roads subprojects and 242 potable water subprojects.

For the project fiscal year 1980-81, 45 potable water projects were completed in 45 villages for a total of LE 2,288,000. Twenty-six of 28 road construction projects undertaken were completed in 14 different villages at a total cost of LE 1,151,000. Total expenditures in Sohag during 1980-81 were LE 3,439,000.

In 1981-82 the value of work completed on 147 potable water subprojects in 49 villages was LE 2,129,000. With the addition of 9 road subprojects still under way (LE 991,176 disbursed), a total of LE 3,120,176 was spent in Sohag in 1981-82 of the LE 3,450,000 allocated.

Finally, in fiscal year 1982-83 a total of LE 1,732,976 has been disbursed from an obligation of LE 3,450,000. Fifty village water subprojects (LE 1,288,100 disbursed) are currently under way and 41 of 50 village road subprojects have begun (LE 466,867 disbursed).

B. Financial Records

All accounting functions for the BVS program are centralized at the governorate level as a data gathering point. Accountability for various funds under BVS is fragmented and responsibilities are distributed according to types of disbursements. The following illustrates the expenses accounting centers.

Road Subprojects: All accounting functions are carried out at the Roads Authority. Quarterly reports are forwarded to the governorate showing a detailed breakdown of subprojects categorized by local unit and markaz. The data reflects funds allocated, disbursements, and valuation of work completed.

Water Projects, Wells and Pumps, Procurement of Water Pipes: All accounting functions are carried out at the Housing/Water Authority. Quarterly reports are forwarded to the governorate showing a detailed breakdown of subprojects based on each local unit and markaz. The data show funds allocated, disbursements and value of work completed. They also show size and length of pipes procured and delivered to the local units.

Pipe Fittings and Installation Costs: All accounting functions are carried out at the markaz level. Quarterly reports are issued to the governorate showing allocations and disbursements for each local unit.

The governorate synthesizes all data and issues a quarterly report to ORDEV detailing all subprojects as to type, funding allocation, disbursements and valuation of work completed for each local unit, grouped by markaz. Accounting records were examined and proved to follow GOE accounting systems. Test checks between ORDEV and governorate records showed some omissions in the computer printout, e.g., in Gherizat local unit data. The formats used to report financial data are the same standardized ones developed by ORDEV and used by the governorates. It is apparent that the BVS program has had a direct effect on capacity building in the financial reporting area, as it has developed capabilities at the governorate to synthesize collected data and monitor each subproject separately as collectively by markaz and governorate.

IV. Technology Transfer

A. Human Resources Development

The development of human resources and technical training in Sohag through BVS is as centralized as the project decision-making. All participants in Chemonics' technical training were selected by the Directorates of Roads and Housing in the exclusive areas of pump set

maintenance (42 trained) and road construction (7 trained). In addition, 45 village records keepers were given a course in accounting in preparation for a planned GOE transfer of accounting unit responsibility from the markaz to the local unit.

This training, which was not implemented with the third year of project funding, arrived too late and was of insufficient magnitude to have much effect on EVS project implementation or upon the acute lack of technicians in the governorate. It is clear however that more technical training would help develop markaz and governorate capabilities. The courses offered by Chemonics were appreciated and the participants were enthusiastic.

It should be noted that neither Chemonics nor ORDEV were ever cited as sources of technical assistance in the subprojects. All technical assistance came from the governorate or markaz level.

B. Maintenance Awareness and Performance

The GOE contribution to the EVS program of 10% for maintenance of subprojects is transferred to each local unit for administration and use. Each local unit, as it chooses, contributes up to 25% of this fund to its markaz to create a central maintenance workshop. In at least two local units visited, the village has spent a portion of the fund on purchasing tools for its own workshop. All local units were using the handbook developed by Chemonics for managing and using this maintenance fund.

V. Promotion of the Private Sector

The Governorate of Sohag has used a mix of private and public sector contractors for project implementation. During the first year of funding most contracts were let to small private contractors. However, due to delays in completion, the governorate awarded all second and third year subproject contracts for roads to a public sector contractor. In the water subprojects, all pipes were procured from Siegart Co., a public sector manufacturer, and labor came from local contributions. In some cases, smaller private sector subcontractors were employed under public sector firms. In any event, the exact ratio of private to public sector involvement is difficult to determine.

Nevertheless, the direct impact on the private sector from EVS is evident. Many small contractors and local independent laborers were employed through the project.

While it is very difficult to measure, indirect effects of improved roads and water systems are considerable: new transportation services appear, the volume of goods and persons transported increases, new shops open along these transportation links.

VII. Socioeconomic Impact

A. Direct Impact

The direct impact, i.e., the flow of funds, of the BVS projects in local units of this governorate, is moderate. In the first project year small private contractors were awarded most of the contracts for completion of subprojects. However, because most of them were unable to complete them in time, the governorate decided to advertise one comprehensive bid for all road subprojects in the governorate, a policy suggested by the initial USAID consultant (see I. Asmon, Technical and Economic Aspects of the Egyptian BVS Program, USAID, Cairo, April 1979). This meant that one large contractor would be responsible for execution, a large public sector company in this case. Consequently, the project funds would not probably be spent directly in the local units. We learned, however, that the contracting company did use some local private subcontractors to implement the widely dispersed small subprojects. This must have benefited the local economy. The myriad water subprojects are implemented through the local units, meaning wages for local citizens doing the excavation and technical jobs of installation. This has resulted in stimulation of the local economy and development of entrepreneurial skills among those involved from the private sector.

B. Indirect Impact

The impact on the quality of life in the villages is substantial. The Governor felt that the project has addressed two of the most important services needed by the people in the governorate's rural areas, namely roads and water. Some fifty percent of the needed roads and water subprojects are being implemented through BVS funding...a dream come true for the villages. Some of these villages previously did not have even a dirt road leading directly to where homes are located. This is a "giant leap" for Sohag into the beginning of the 20th century at least, according to the Governor and another top official.

Executive and popular council members as well as ordinary citizens whom we interviewed felt that roads were an absolute necessity for the creation of a more "dynamic" village. Roads do improve the flow of produce and manufactured goods to and from the villages, and they have indeed contributed significantly to stimulating the private sector. The

result is better prices for farm produce and lower prices for formerly artificially high priced manufactured goods. This is expected to have a very favorable effect on the village economy. On the other hand, movement of persons to and from the village is facilitated. For those holding jobs in the small towns nearby, life has become easier. Where secondary schools are located only in the markaz towns, the roads can mean the difference between attending and not attending school: formerly, students had to stay the week with relatives in the town, or rent hard-to-find accommodations meaning financial hardship for parents, or drop out of school. With roads, many students can commute daily.

Also, recent surveys by the governorate authorities indicate that because of road access, some town dwellers who have businesses or are employed at the governorate capital are moving their residences to the surrounding villages (usually back amongst their families) and commuting to town.

Providing the villages with a reliable supply of potable water has satisfied another basic need in rural areas. Before the BVS project, the old pumps could be operated only a few hours a day. Now, with new pumps installed and in operation, and old pumps used as standbys, the villages are assured 24-hour service. Not only have old users benefited, but there are many new users. In one village, there were 1200 household connections where there are now 2000 house connections registered with the local council. This is helping generate revenue for the local council.

FAYOUM GOVERNORATE

Time in BVS: 3 Years

Introduction

The governorate of Fayoum is an extensive oasis-like area located 110 kms southwest of Cairo (its water actually comes from a major canal from the Nile) and is bordered on three sides by the Western Desert. Despite its relative proximity to the capital, Fayoum's very distinctive character differentiates it from the Nile Valley governorates. Fayoum has followed its own sense of direction in the decentralization process. In general, the picture of government in Fayoum appears to be one of partnerships between the governorate and the village councils, with the markaz level somewhat sublimated. Nevertheless, the governorate maintains substantial control over local decision making and over BVS project management.

Fayoum was one of the first three governorates to receive BVS funds at the outset of the PL480 Title III program in 1978. The pattern established, of local unit project selection (and implementation in most cases) with considerable governorate control provides an interesting alternative model of decentralization for the more traditionally centralized governorates.

The team has observed that less-developed governorates such as Fayoum tend to feel a need to maintain stronger central mechanisms over the village units until more trust is developed between the levels of local government and until the local units prove their capabilities through experience. This appears to be a common stage in the decentralization process, and is the situation in which Fayoum finds itself.

I. Decentralization: Supporting Policy Reform

A. The Decision-making Process

At the outset of BVS funding early in 1979, a USAID/Cairo consultant worked with the governorate to establish priority areas for BVS projects. A governorate-wide decision was made to channel these funds, based on village selection of subprojects, into improving water supply, drainage (many villages and homes are situated below the water table), building access roads to villages, and other related services. The local councils were subsequently advised by the governorate of the program's objectives and informed of the range of project choices eligible for funding.

The popular local council normally met several times to come to agreement on a list of subprojects that they felt represented their people's needs and which fell within the parameters of the EVS program. The list was then submitted by the head of the local executive council to the planning directorate in the governorate. The directorate considers subprojects submitted by all local units and coordinates them. The ultimate selection is made by the governorate, but is clearly based on local unit requests. The markaz, in many instances, with the participation of the governorate, collaborates with the local unit in performing the feasibility studies and design of the subprojects. The governorate sends the approved lists to ORDEV whose Interagency Committee grants final approval. The governorate releases the funds to the local units to implement the approved subprojects.

B. Implementation

The implementation process is also strongly influenced by the governorate although the local unit remains the locus of implementation. The local unit gets assistance from markaz and governorate technical staff to draw up subproject specifications, perform feasibility studies, and undertake the designs. The technical assistance fees for studies, design and technical supervision are determined by the governorate and cannot exceed 2% of the subproject costs. Bids are then reviewed by the head of the local unit if this is within its prerogatives, and the head of the markaz may be also involved if the cost of the subproject is greater than the amount handled by the local unit. Contracts are awarded to lowest bidders.

In many instances, after receiving the lowest bid, the local unit may opt to execute the project themselves, if capabilities are available. This normally is the case with simple subprojects such as canal lining and earth filling which do not require extensive technical expertise. This method of implementation was very popular during the first year of the project, but the situation changed in the second and third years, when most subprojects were awarded to private sector companies.

In any case, whether a private contractor or a local unit is awarded the contract, the popular council directly monitors and follows up the execution of actual work done. If council members are dissatisfied with an aspect of implementation, they call on the head of the local unit. If the matter is not then satisfactorily resolved, they can go to the markaz council or to the governorate. As work progresses on implementation of the subproject, payments are made by the head of the local executive council to the contractor (private contractor or local unit) upon technical certification of completion. Disbursements must however first be approved by the governorate. Accordingly, the markaz appoints an engineer who monitors the technical aspects of construction and who periodically certifies completion in accordance with specifications. Such certificates are verified by the governorate as a safety control, then forwarded to the local unit for processing and payment.

When subprojects are completed a committee composed of three governorate engineers reviews the work done and certifies final completion. Copies of all designs, plans, specifications and other subproject documents are kept in the village local unit and in the markaz and governorate for future reference.

C. Popular Participation and Self-help

Fayoum has developed a curious system of popular participation in which the value of local contributions to BVS subprojects exceeds those of any other governorate under review here. It is curious in the sense that the local unit in many cases becomes the contractor for the subproject. Although the local unit receives revenues from project funds for services rendered, the amount of work completed per expenditure surpasses that of all other governorates. The difference must be attributed to popular participation (local contributions) in the form of a discount on labor costs. The funds received by the local unit, minus direct wages paid to hired laborers, are then remitted to the local unit budget for other village expenses.

In the area of revenue generation and self-help, at least three local units in the governorate have adopted a policy of "voluntary users fees" for water. Funds collected by these villages on new potable water services are deposited in the maintenance account for use in replacing and repairing machinery and hardware.

II. Institutional Development

A. Local Unit Capacity

A pattern exists in most governorates whereby the demonstrated capacity of local units to address their development concerns is a direct function of the authority they are given, over time, to assume that responsibility. Fayoum is no exception. Specifically, Fayoum has gradually decentralized authority over the course of successive GCE legal decrees promoting this policy. This cumulative learning process which began with the establishment of the "rural social centers" of the 1940's and the "combined units" of the 1950's set the stage for the idea that the village is the appropriate locus for decision making.

With the advent of local administration in the 1960's Fayoum was among the few governorates to make use of Decree 31/1967 allowing local units to start their own "economic rejuvenation" projects. Cadres were trained through direct experience to understand the processes of planning and execution of small projects to attain specific economic goals in the village.

This process was later strengthened with the establishment of the "Services and Development Accounts" allotted to local units. With the advent of EVS, bank accounts were already open, necessary books and paperwork were ready, and more important, officials who understood these processes were in place. All the same, EVS came in volume, and was quite a test for the systems in place. It was the first time in the history of villages for them to receive "new investment funds" comparable to those of Bab III (Chapter III) of the national budget, apart from the LE 200-500 allotted annually through ORDEV for comparable activities during the years of the "combined units".

According to the Seretary General of Fayoum governorate, "the system was forced to mature quickly." And, this proved to be possible thanks to Fayoum's twelve consecutive years of consistent application of increasing levels of decentralization by the three governors holding office during that period.

Nothing is more indicative of the validity of this than the pronounced trend in this governorate to use local units as contractors to implement EVS subprojects. About 80% of the actual implementation in the first year was done by local units through the separate "Local Services and Development Accounts". This meant that local units became involved in procuring supplies, recruiting personnel, and supervising the actual execution of major projects. Technical aspects were directly managed by officials from the markaz. The governorate kept a close and watchful eye on the whole enterprise in which its influence has remained considerable. Nevertheless, it is increasingly apparent that the villages have the capability to manage their own development projects.

B. Project Awareness and Understanding

While it is clear that all levels of local government in Fayoum have a clear understanding of the project as it is now being implemented in the governorate, it is unclear whether the local units are aware of their full rights and responsibilities under the EVS grant agreement. Only 360 village council members participated in the Chemonics-sponsored village council workshops (VCW's) and the governorate as a whole declined to participate in the management and planning seminars (MPS). Missing the MPS, designed to convey EVS project concepts to higher level officials before presenting these ideas to the village councils, explains the general lack of understanding of the original EVS principles. Nonetheless, the present level of project awareness corresponds well to the governorate's own project approach. Additional seminars should be offered as the true locus of decision making and project authority becomes more decentralized.

III. Implementation Progress

A. Physical Outputs

Prior to the BVS program the GOE allotted limited funds to ORDEV which in turn allocated funds to governorates for village development activities. Fayoum received a total of LE 603,831 in the 1972-79 period and LE 415,425 in the period 1980 through June 1983. Thus the total funds allocated through ORDEV over the past ten years amounted to LE 1,019,256, or LE 0.748 per capita in ten years. A very small portion was earmarked for roads, water and sewerage projects. Accordingly, basic services infrastructures outputs were negligible, or at best very minor accomplishments in the context of rural development. The initiation of BVS activities constituted the first major effort to focus simultaneously on decentralized administrative capacity building at the village level and on developing the badly needed services.

In Fayoum a total of 404 subprojects with an estimated value of LE 9,889,000 have been undertaken in the last three years of project spending. This total includes 123 road subprojects (LE 3,317,874), 28 water subprojects (LE 2,467,149), 241 canal/sewer subprojects (LE 3,887,868), and 16 various other subprojects (LE 287,037). All first year subprojects (FY 1980-81) have been completed and roughly 90% of subprojects initiated in FY 1981-82 have been completed. Subprojects begun in FY 1982-83 are between 34 and 57% completed. An estimated population of 5,408,000 has benefited directly from these EVS subprojects in Fayoum.

IV. Technology Transfer

A. Technical Assistance

BVS began in Fayoum in 1979. The present technical assistance consultants, Chemonics & Co., began their work in April 1981, and actual training activities did not start until 1982. This meant that the governorate had established its implementation practices before the arrival of technical assistance components of the BVS program.

Thirty-seven accountants from the governorate received training in project record keeping and 38 technicians were trained in maintenance of water pump sets. The governorate officials complain of what they see as across the board types of training imposed on widely divergent governorates. They feel they should be consulted closely in the design of specific types of training tailored to their particular needs. They cite as an example the water pump sets training: these pumps are not used in Fayoum, which has a central water system covering all areas of the governorate. They believe some training

funds should be transferred directly to the governorate to help set up local training in the areas of accounting and management.

B. Maintenance Awareness and Performance

The GOE contributes an amount equivalent to 10% of subproject costs. Such amounts are deposited by the governorate in the local unit account to be used for maintenance. ORDEV does not release annual BVS allotments to the governorate until it receives evidence that the 10% amount has been deposited in a special account by the governorate.

As such funds are GOE contributions, they are deposited in interest-bearing accounts to generate more funds. Most local units have not as yet tapped the principal amount of this fund, as maintenance needs have not arisen. However, some units have used the interest generated to defray incentive payments, to procure small tools, and in a few cases, to erect small workshops with adequate spare parts.

B. Financial Records

Records were examined at the governorate and in sample local units and were found to be adequate for recording and reporting all financial transactions and data pertaining to the execution of BVS projects. The accounting system follows the GOE system with some refinements and alterations. Certain program report formats were designed by ORDEV and are in use at the governorate level. These forms are specifically designed and used to record BVS financial activities for each subproject in the governorate. This method of reporting standardizes data feedback to ORDEV, thus facilitating data synthesis and computerizing.

Each local unit has a complete financial record and file for BVS subprojects. Monthly reports are issued by the local unit and forwarded to the governorate. In turn, the governorate issues quarterly progress reports and financial data and forwards them to ORDEV. Upon subproject completion, the local unit issues a comprehensive completion report to the governorate. The local unit retains complete files on all subprojects. Such files include project studies, feasibility studies, designs, progress reports and financial data reports.

The local unit records sampled were tested and compared with financial data extracted from the governorate records and no discrepancies were found. Governorate accountants periodically review the local units' accounts and documentation. The accountants of the local units visited appeared competent and they reflected expanded knowledge in accounting as a result of attending training sessions provided by Chemonics. Some accountants had attended seminars at the governorate level as well as trainee workshops in Alexandria under Chemonics' auspices.

EVS project funds are deposited in non-interest bearing accounts at the governorate level as well as at the local unit level. Although subproject funds are controlled by the local unit officials, no disbursements are made without certification of a representative of the governorate.

V. Private Sector Promotion

A. Direct Impact

Each subproject has had a positive short-run influence on the villages. Project funds are usually partly spent in the villages themselves. In many cases this has meant the creation of jobs for a limited span of time. In one specific example, about 2000 workers were employed by the local council during a period of seven months to complete a massive canal lining subproject. More importantly, it has created technical and business skills which continue to benefit the villages long after subprojects are completed. Bricklayers and particularly those who do the lining of the canals were trained through participatin in these subprojects. Subcontractors who worked with the EVS subprojects continue to do business in the area. In one extreme example, the head of a village council whose local unit successfully completed a canal lining project as a contractor was called upon to do another job for a large joint venture in the area. It can be safely said that the project was instrumental in nourishing a businesslike attitude on the part of many local leaders and in the creation of small private businesses as well.

B. Indirect Impact

In general, road construction had the most profound indirect impact on villages through increasing the mobility of persons and goods. This has opened the way for myriad changes in village life. Collection of local produce for sale outside local markets became easier. Local businesses benefited from better transportation facilities. Villagers' accessibility to a host of specialized services available in the larger towns was enhanced, such as visits to private physicians, hospital stays, purchases of spare parts for farm machines, etc. Another effect of roads improvement is the substantial increases in adjacent land values which may benefit the landowners involved in the short run but could be undesirable if agricultural land is encroached upon for building purposes.

Canal lining subprojects have also promoted new enterprise through giving better access to the inner village. Businesses flourish in such areas. We can cite one instance where a pharmacy was established on a newly constructed road along with a canal lining project (Fidimeen) which would otherwise have been impossible. We do not doubt that there are many similar development elsewhere.

VI. Socioeconomic Impact

The specific physical infrastructures made possible through EVS project funds have made a recognizable impact upon village life. There is no question that the types of subprojects completed in Fayoum constitute a legitimate response to felt needs.

Roads have obvious socioeconomic benefits which we have noted above. The effects of other types of subprojects are described below.

A. Canal Lining

This has special relevance in Fayoum. Streamlets passing through villages are at times so deep and steep banked that there is obvious danger to nearby homes. The soft silt banks erode quickly. Roads separating homes from these streams are quickly eaten away. Canal lining means not only walls to strengthen the banks of these streams, but also the creation of a "road" and a drainage system for subterranean water which is essential to protecting buildings. It is also said by villagers to be important for the safety of small children. The canal lining enhances the appearance of the villages, and ladies wash their pots and pans where steps are fashioned in the stones.

B. Potable Water

The importance of potable water for human health can hardly be overemphasized. In two villages studied in some detail, one had pre-EVS water facilities while the other, with the benefit of a water subproject had only two hours of running water daily. However, we found that the water subprojects in this governorate had greatly benefited a small markaz town. Though this may be an indication of the large centralized EVS potable water scheme for Fayoum, it also may be an accident of small sample size. We learned from the governorate authorities that the major effort in water subprojects was the "strengthening of the major carrier lines serving a whole area". This may mean that the benefits of the water subprojects are widely--if thinly--distributed among villages and small towns passed by these larger pipelines.

C. Long Range Effects

We have noted an attitude of confidence in the future among the many local leaders met. These villages have for long been neglected and despair as to what the government would do for them and their many problems was widespread. Now, they see that the government cares, thanks to American funding, and that something can in fact be done to alleviate their long-standing problems. On the one hand, this has created a demand for more from the government (and, possibly, from the U.S.), but on the other hand it has shown that progress is

possible. A force against apathy and acceptance of the status quo has been created among the villages and their citizens.

Another trend which has begun and is expected to show up more in the future is more integration of the village into the mainstream of governorate and national life. With roads and communications improved, the private sector is coming to life. This, coupled with local leadership, executive and popular, becoming more and more involved with markaz and governorate authorities, means the beginning of quite a new socioeconomic situation in Fayoum.

MENUFIA GOVERNORATE

Time in BVS: 2 Years

Introduction

Menufia is one of the eight Nile Delta governorates and the home of both Presidents Sadat and Mubarak. Its capital, Shibin El Kom, is approximately 78 kms northwest of Cairo. The evaluation team visited Shibin El Kom, Menuf markaz, and the villages (local units) of Barheem and Behnai.

While Menufia is a typical rural Delta governorate, agricultural and traditionally conservative, it is the home also of some important industries and a prestigious university. Cotton textile and electronics industries employ large numbers of people and the University of Menufia has contributed to social and economic change in the area. Despite this urban based activity, rural areas are still in a relatively backward state, although they seem to be more progressive than most regions visited by the team.

I. Decentralization: Supporting Policy Reform

A. The Decision-making Process

Menufia has adopted a highly decentralized approach to development under the BVS program. Full project selection and decision authority is delegated to the popular councils of the local units and the governorate assumes no authority to override them. Local unit chiefs meet periodically with markaz chiefs for guidance. Village executive and popular councils meet every one or two weeks to discuss village business. The Governor has seen a great improvement in this process year by year since the beginning of BVS. Village level people were trained to take on new responsibilities and now both know and demand their rights. Moreover, village selected projects have consistently been approved on up the line through the Interagency Committee final approval.

This was confirmed at both the markaz and village levels. The Governor said he welcomes this local initiative and tries to encourage it by adding governorate funding to BVS activities, as for example in the asphaltting of local BVS roads.

The markaz chief visited by the team stated that he also welcomes this new aggressiveness on the part of the villages. He does not see it as a loss of authority at the markaz level but rather as a chance to find optimal solutions, working together with the village. This supportive role by the markaz was also confirmed at the village level.

B. Popular Participation

There appears to be good horizontal and vertical communication between all levels in Menufia. In Barheem the popular council and executive council meet formally weekly and more often than that including social occasions. The means of encouraging popular participation may vary from village to village, but it is clear that the popular councils are the key. As one village chief put it, the people elect objective representatives who live in their village and they talk with their representative frequently and informally. The dialog is very lively these days because the popular council representatives now, through EVS, have important decisions to make that effect the whole village.

C. Self-help

In both Barheem and Behnai the village council and the villages have contributed their own cash and labor to EVS projects in order to carry out projects for which EVS funds are not sufficient. For example, villages in the satellite village of Gizae put up LE 500 for a LE 2000 slaughterhouse. The people of Barheem contributed LE 13,000 in sand, gravel and labor to have a road upgraded. This particular road segment eventually cost EVS only LE 3000. The Governor said that villagers are reacting to EVS this way everywhere in the governorate.

In Behnai village the villagers bought the pipe fittings, couplings and installation pipe-layer for the water system to stretch it further and buy more pipe through EVS funds. EVS funds were not sufficient to build a small bridge the village council wanted in the satellite village of Bershams, so the villagers contributed the substructure slab for the bridge from village funds and labor.

Interviewees consistently stated that the decentralized process was not operational before EVS. It existed in the decentralization laws of the country but not in practice. Projects formerly were chosen at the governorate and markaz levels, usually by line ministry local representatives. Through training and the opportunity to make important decisions affecting village development, the decentralization process is established and working. Village chiefs and councils, for example, have a much greater sense of responsibility than before.

In both villages visited it was clear that village councils were not going to give up the local development process begun through EVS, and would continue on a smaller scale with their own resources. It is reported that some local units already have started to go after their own revenues to augment the process. Through local fees and taxes and through profit-making projects, villages can and do raise their own development revenues. In Menufia, some local units already have as much as LE 10,000-15,000.

II. Institutional Development

A. Local Unit Capacity

Local units have full capacity to select village EVS subprojects and they have good technical support in this process from the markaz and governorate levels. The village councils also are involved to some degree in implementation, although presently this is limited. For example, contracting at the village level by village councils is limited by national law to LE 5000, though this varied informally between LE 2000 and LE 5000.

In the villages visited, and within these limits, some contracting was being done by the executive councils. In Barheem, the village contracted for the completion of the water subproject.

Some contracts cannot be managed at the village levels because it is more economical and efficient to batch jobs at the markaz or governorate level for a number of villages needing the same type of work. In these cases, village involvement sometimes takes the form of village council representation on the markaz or governorate committee for soliciting and judging bids. Village involvement in this process usually comes only at its own initiative.

On balance, village chiefs at both Barheem and Behnai felt that more contracting and project management responsibility could be delegated to the village level. This would help overcome the gap that occurs when a project is selected by the village but managed by the markaz, a situation that was common throughout Menufia. In all governorates, the ORDEV representative positions at governorate and markaz levels were created in part because of this gap.

Project Design

Subproject design is done at both the markaz and governorate levels. Markaz engineers carry out basic site locations and preliminary building

designs and make recommendations regarding water supply pumping plants. Governorate engineers are responsible for final structural design and equipment selection. All design and construction work on roads is carried out at the governorate level by the Department of Roads. When technical assistance is needed, the markaz engineers turn to the governorate departments for help. Design drawings are reportedly kept at both the markaz and governorate offices. The drawings and technical files are very incomplete at the markaz level and are inadequate for subproject review. In general, the designs appear to be appropriate for conditions in the villages.

Subproject tendering is shared between the markaz and local unit. All contract work is carried out by private contractors or by cooperative agreements. Labor sources appear to be both external contractor personnel and local village participation. The quality of construction work is structurally sound, but the finishing aspects (plastering, painting, site clean up) are generally poor. The rate of construction progress is acceptable, although work has stopped on some subprojects pending delivery of necessary pumps and fittings.

The environmental conditions of subprojects in the governorate appear to be reasonable. There are some small pools of water near EVS pumphouses, but no major problems were seen. The markaz maintenance personnel are responsible for correcting the drainage problems near the pumphouses. No specific records are maintained on environmental problems.

B. Project Awareness and Understanding

Throughout Menufia the team found a high degree of understanding and appreciation of the EVS project. Local officials were well versed in project details and it was clear that there was widespread popular participation and involvement. Facts and information tallied at the various levels at which the same or similar questions were asked.

C. Links with Other Decentralization Projects

As in other governorates, there was no deliberate linking of EVS and other USAID decentralization projects, but there was considerable complementarity.

For example, sewerage tanks constructed under EVS were being emptied by trucks purchased through DSF. Fire hydrants which were part of a EVS water subproject in Behnai would service fire trucks also purchased under DSF. EVS water would supply tile factories and other projects built with DDI loans. Profits from DDI activities were seen as a local means of continuing with EVS type service installations after EVS terminates. EVS stations and roads would serve DDI microbus projects. However, there

appears to be room for information at all levels about the various decentralization projects and how they may fit together at the local level.

III. Implementation Progress

A. Physical Outputs

According to ORDEV records, EVS subprojects in Menufia governorate for the first two years included water, roads, sewerage, filling swamps, slaughterhouse facilities, bus sheds, lining canals, a small barrage, fire hydrants, post office, and bridges. A total of 77 subprojects were implemented in the governorate during 1981-82 and another 138 in 1982-83. The increased diversity of subprojects over time is illustrated by the example of El Bagur markaz, whose local units limited their activities to water projects in 1981-82 but added a wide range of additional projects in 1982-83.

Menufia is experiencing no problems in completing planned subprojects. Project completion exceeds 90 percent, in contrast with information contained in the ORDEV computer printouts. As of the end of December 1983, about 80 percent of EVS funds were expended in the two villages visited. This figure probably can not be extrapolated to the entire governorate.

For example, as shown in the table below, El Bagur markaz has expended 94 percent of funds allocated. The table shows that allotments and expenditures of EVS funds in El Bagur markaz remained comparable over the first two years of the project, but a wider variety of activities were undertaken during the second year.

The records that made this level of analysis possible were also broken down by village by year. This kind of information did not appear to be available in other units visited by the team anywhere. The markaz level ORDEV representative who produced it had taken training in the U.S. under EVS (the Bluegrass BGADD program).

BVS Subproject Activity in El Baqur Markaz

Item	Subprojects: 1981-82	1982-83
Pipes	(24285 meters)	(27444 meters)
Diesel pumpsets	18	
Electric pumpsets	15	2
Pump houses	8	2
63 A. transformer	1	1
Fire hydrants	9	24
Water taps	9	9
Drilled wells	2	4
Ferry boat		1
Bus sheds		8
Slaughterhouses		2
Surrounding wall		1
Bridges		3
Wastewater vault		1
Canal lining		2
Workshops		3
Pump intakes/outlets		2
Roads		5000 meters
Funds allotted	LE 391,100	LE 388,500
Funds expended	LE 365,102 (93% expended)	LE 363,840 (94.4% expended)

B. Financial Records

Good financial records are available at the village level in the two villages visited. Reportedly, this is the pattern throughout the governorate. Formal records are maintained at the markaz level.

IV. Technology Transfer

A. Human Resources Development

The level of training in Menufia is particularly high in terms of the total numbers of people trained. It is heavily encourage at the governorate level. The most effective programs appeared to be the awareness seminars, which includes training of trainers, village council workshops, and planning and management seminars. Even the information systems seminar for trainers was well received, though it was suggested that it should be longer and include practical computer training.

Training aids such as charts and overhead projectors helped to clarify presentations, it was reported, and also helped to effectively train large numbers of people. For example, one participant in the TOT seminar went on to train in turn some 405 popular and executive council members and about 128 village chiefs in the village workshops.

These programs reportedly were quite effective. In five cases, village councils withdrew their EVS priority lists and plans from ORDEV. After participating in the village workshops the councils wanted to revise their plans using their new information and knowledge.

Technical training also was reported as very useful, but shortcomings were also identified:

a) not enough practical training;

b) inappropriate choice of trainees in many cases (for example, people with too much experience to benefit from the course, no relationship between the training and trainee's actual job, or not enough experience to benefit);

c) poor trainer standards, trainers less experienced than some of the trainees;

d) technical concepts presented and discussed were superficial; more specialized technical training is needed.

B. Maintenance Awareness and Performance

There is no formal maintenance plan for any markaz or local unit. For EVS-related maintenance, the local unit provides an advance payment for work performed by markaz personnel. EVS funds have reportedly been used in Menuf markaz to replace engine batteries and purchase small hand tools (LE 450) and in El Bagur markaz (Manawahla and Suk El Dahak local units) to replace ball bearings and cylinder rings (LE 50).

Maintenance staffs in the governorate are large. At Menuf markaz for example, there are seven electrical engineers, three mechanical engineers, and approximately 300 technicians. Most engineers and senior technicians and operators will have attended a Chemonics training course on subproject design, maintenance, or operation. There are workshops at the markaz level, but they generally have no facilities, equipment, and few tools. All major repair work is given to private contractors. Overall, the quality of maintenance of pumps and engines is acceptable. No pumping equipment was found to be inoperable. There are daily operational records for pumping plants which are kept at the pumping plants and at the markaz offices.

V. Private Sector Promotion

A. Direct

The local units claimed that all subprojects were done by private contractors, if the cooperative sector (village and self-help contracting) is taken into account. Most contractors came from the markaz level although considerable village labor was hired by them. There tends to be more active private sector participation in contracting when, as in the villages observed in Mepufia, the projects are relatively small and there is active village level contracting or at least participation in the contracting process.

B. Indirect

From the governorate level on down, there appeared to be clear recognition of a strong indirect link between establishing basic services through EVS projects and private sector stimulation in the villages. The Governor said that the impact goes down to the farmers. Patterns of farming are changing, largely through the impact of roads. Farmers are moving goods easier and getting better prices.

EVS water and road projects are having an impact on the housing sector, stimulating new construction and ancillary roads. Spare parts shops and plumbers have gone into business because of the greatly expanded water systems. Tile factories are being developed with the availability of steady water supply and the general increase in economic activity, partially caused by EVS projects, reportedly is producing an increase in commercial shops, workshops, restaurants, etc. The EVS slaughterhouse in Basheem has encouraged a cattle fattening operation and increased the number of cattle slaughtered in the village.

VI. Socioeconomic Impact

The Governor claims EVS projects have had a measurable impact on living conditions and health as a result of road, water and sewerage projects. In Basheem, for example, before EVS only 150 houses out of 2000 were served with potable water. Now more than 1000 households are served. Before, water was available only 10-15 hours a day; now it is available 24 hours a day. In Bahnai water was extended to the four satellite villages, increasing households served from 500 to 1500, and at full service. Also in Behnai, services along the improved road were themselves improved and upgraded. A EVS bridge increased commerce between two villages and saved three hours walking time.

These are examples that came out of interviews. Impacts such as these should be tracked under the EVS program on a regular basis to help shed more light on the local development process and the complementarity between basic local service infrastructures and stimulation of the local private sector economy.

Conclusion

The decentralization process and capacity for local self-help and development is in a relatively advanced stage in Menafia. Village chiefs feel there has been a tremendous change in local institutions and capability since EVS was introduced into their villages. They say it has given them the capacity to plan, cost, and manage projects, to judge priorities, and evaluate completed projects.

Village council members and technicians have had their skills increased through EVS training and practice, trainers have been trained to continue the training process, villagers have benefited from their involvement. One village chief said that he had gained tremendous experience through the EVS program and has changed his attitude, now thinking in ambitious terms for his village.

BEHEIRA GOVERNORATE

Time in EVS: 2 YearsIntroduction

Beheira is one of the largest Delta governorates and is located in the northwestern part of the Delta bordering on the Western Desert. It has 67 local units and village councils, all of which reportedly function quite similarly with respect to EVS project implementation. The governorate, with a population of roughly three million, is in the low to medium range on a relative scale of rural development in Egypt and at the time of the introduction of EVS subprojects was woefully deficient in decent rural roads and potable water services. Consequently, the majority of EVS subprojects are in these two categories.

The team visited the governorate seat at Damanhur, 167 kms north of Cairo, and the village of Kom El Akhdar in Hosh Eissa markaz. A number of impressive DDI (Local Development Fund) projects as well as EVS subprojects were seen.

A problem of particular concern noted at the governorate level is that of waste water and sewerage disposal. Governorate officials perceive that the extensive water program is creating a disposal problem and is thought to be posing a threat to the already dangerously high Delta water table. The fear is that water levels soon will be high enough to begin infiltrating and dissolving the mud walls of village housing. The potential health hazard of standing water is also a concern. Whether or not village water supply actually contributes significantly to the rising water table should be determined.

I. Decentralization: Supporting Policy ReformA. The Decision-making Process and Project Implementation

Decentralization policy was working well in Beheira. Popular council rights and responsibilities were well recognized from the village level up. There was good cooperation between governorate and village levels and considerable pride expressed at the governorate level about the quality and extent of village EVS subprojects. A strong argument was made for more EVS funds to continue the process.

Decision making was made in the usual way under the EVS program with funds allocated on the basis of population and the village councils deciding on priorities.

In 1981-82 Beheira began 104 subprojects in which LE 2,150,000 (62%) was allocated to roads activities and LE 1,160,300 (34%) was earmarked for potable water pipelines. According to governorate officials, these subprojects are all completed. In 1982-83, a total of 105 subprojects were authorized, in which LE 1,930,500 (56%) was for roads and LE 1,248,200 (36%) was for water, and the current completion rate is claimed to be around 95 percent. The range of subproject activity is very limited in Beheira. Roads and water account for over 90 percent of all subproject expenditures. The remainder was spent for sewage disposal and the purchase of small boats.

B. Popular Participation and Self-help

Popular participation was demonstrated by the very complete grasp and appreciation of the EVS program on the part of the popular council visited. In Kom El Akhdar, in fact, the popular council seemed to be more on top of and in charge of the program than the executive council. Popular participation was expressed also in the exceptionally high level of village self-help and labor involvement. Villagers contributed 100% of the labor for the water system and purchased technical assistance and more pipe with their own funds. An estimated LE 58,000 in labor, in-kind and cash contributions was used. More than 1000 local villagers were involved through labor contracts in the roads projects.

II. Institutional Development

A. Local Unit Capacity

In addition to selecting priorities in Kom El Akhdar, the village council supervised the water project, which was carried out wholly by the village, and it managed the contracting process for the roads project. An executive council subcommittee was established by the village for this purpose. Based on specifications developed by the governorate, it tendered and reviewed bids and made the final selection. The project implementation was overseen by the governorate roads engineers.

Subproject design is carried out at the governorate level. As is common throughout Egypt, all EVS roads are designed by the governorate roads department. Water projects in Beheira, however, are the responsibility of the Beheira Water Company, a public sector company serving the entire governorate. All public water supplies in the governorate are managed by the EHC as part of a special World Bank assisted project for Beheira Governorate. Overall engineering for the project is provided by the consulting firm Binnie Taylor, Ltd., while additional technical assistance and standards are drawn from the National Organization for Potable Water and Sanitary Drainage. EVS water projects

are generally limited to extensions of BHC pipeline networks, although in a few cases diesel-driven pumps were purchased and installed. BHC engineers assist the BVS subprojects with pipeline surveys, designs, and some construction supervision.

Roads construction is done by public contractors, while water and sewage subprojects are carried out by either the local units or by private contractors. The local units have been highly effective in mobilizing self-help contributions on water projects. Each meter of voluntary trenching, pipeline installation and backfilling saves the local council LE 1.50. In Kom El Akhdar local unit, for example, the villagers are installing over 10 kilometers of pipes for an estimated labor savings of LE 18,000. This subproject is 60 percent completed. All BVS water subprojects are using asbestos-cement pipes, manufactured in Egypt by Siegart.

Roads constitute the predominant BVS activity in Beheira. The governorate has been paving BVS roads with governorate funds and intends eventually to pave all of them. The current priority is to begin using BVS funds for paving in 1983-84.

Water subproject maintenance, including BVS pipelines, is performed by the Beheira Water Company. BVS maintenance funds have not yet been used on water subprojects, although one BHC engineer reported that the company was requesting release of BVS maintenance funds from the governorate.

Environmentally, the BVS subprojects have made noticeable improvements in the quality and conditions of life. Local officials point to the thousands of new household connections. Outpatient clinic visits formerly due to ailments connected with lack of potable water have reportedly declined, and the upgrading of village roads has encouraged greater commercial activity in the smaller villages.

As mentioned above, wastewater drainage is becoming an increasingly urgent concern. The Delta's already high groundwater levels are rising even higher through intensive irrigation made possible by the Aswan High Dam and officials fear that increased water use will add to this problem. Innovative solutions short of costly conventional sewerage must be found for the 451 villages in the governorate. Such solutions will probably involve some combination of lowering the groundwater levels, insulating house foundations from subsurface dampness, and collection and disposal of household wastewaters.

B. Project Awareness

Understanding and awareness on the part of the people as reflected and reported by the popular council was very high. The council Chairman

reported that prior to BVS, although the village council system was in place, there was very little action and practically no experience. The BVS project has made the council viable and active, "learning by doing", and basic attitudes have changed. Prior to BVS and DDI programs, council members reportedly put their own needs first. Now, they put the public interest first and take a more developmental view.

C. Links with Other AID Projects

There was a healthy interaction of DDI and BVS projects although this was not necessarily a function of deliberate planning or integration. For example, regular water supply is a key element in a DDI-loan tile factory. Moreover, the tile factory was funded out of profits from a DDI-loan woodworking shop and training center. The general atmosphere for DDI projects reportedly has been enhanced by the significant increase in basic services: water and roads and their direct and indirect benefits.

III. Implementation Progress

A. Physical Outputs

In 1981-82, Beheira began 104 subprojects of which LE 2,150,000 (62%) was allocated to roads activities and LE 1,160,300 (34%) was earmarked for potable water pipelines. According to governorate officials, these subprojects are all completed. In 1982-83, a total of 105 subprojects were authorized, of which LE 2,930,500 (56%) was for roads and LE 1,284,200 (36%) was for water, and the current completion rate is claimed to be around 95 percent. The range of subproject activity is very limited in Beheira. Roads and water account for over 90 percent of all subproject expenditures. The remainder was spent for sewage disposal and the purchase of small boats.

B. Financial Records

A full set of records is available at the governorate level. However, at the local level, informal records were poorly kept. Balances were not shown nor were budget balances carried over from one year to the next. Further, the BVS project money and maintenance funds are kept in a single account whereas they should be maintained separately. The governorate OPDEV representative agreed with this negative assessment and said he would move to correct it. The disappointing impact of the accounting course in this governorate is reflected in this poor performance at the local level.

IV. Technology Transfer

A. Human Resources Development

The training of trainers program and the Village Council Workshops seem to have helped a great deal in bringing about an understanding of the BVS project and the role of decentralization and popular participation in development. It was reported that now all decisions are taken by the village councils. Another person interviewed stated that the Village Council Workshops presented the first opportunity for popular and executive council members to discuss together the problems and needs of the village, creating unprecedented cooperation between the two local branches of government.

There were problems with the training programs. The disappointing impact of the accounting program at the local level has been mentioned. Other complaints about non-technical training included: a) the courses were too short and should be extended to 3-5 days; b) the courses were too theoretical, and should include field trips to successful projects; c) the courses were not always relevant to the trainee, apparently the result of arbitrary trainee selection with too little attention given to the trainees' background and actual responsibilities in the village.

On the whole technical training appeared to have produced better results than non-technical training.

B. Maintenance Awareness and Performance

Water project maintenance, including BVS pipelines, is performed by the Beheira Company and appeared to be acceptable. BVS maintenance funds have not yet been used on water subprojects, although one BHC engineer reported that the company was requesting release of BVS maintenance funds from the governorate for maintenance work already performed. There was initially some lack of understanding by BHC about the procedure for using maintenance funds. Maintenance funds are drawn down based on billings for actual work performed.

V. Private Sector Promotion

Road and water subprojects were not contracted out to the private sector in Beheira. Contractors are available for small projects at the markaz level, but in the villages visited, the road project bid was won by the Cooperative Society of Housing and Reconstruction, a government

sponsored organization. This village decided to do its own water project, as mentioned, a cost-effectiveness decision that resulted in extending the water supply system to hundreds more houses than would have been possible if the villagers had not decided to volunteer their labor to the project.

There was a growing indirect impact of BVS on local private economic activity. Housing and construction was stimulated by paved roads and water and by large-scale villager participation in the roads contract. Building materials shops were established and small shops and stores were opened. Water in ample and steady supply made possible some tile manufacturing shops which were modeled after a DDI-loan tile shop. The water also stimulated development of an ice factory.

There was a perceived connection in this and in other governorates between BVS and DDI type activities. Basic village services are needed, it was claimed, to support DDI type activities and the private initiatives they precipitate.

VI. Socioeconomic Impact

There was substantial evidence in Beheira that BVS had impacted positively on the quality of life. About 5000 households have new water connections in Hosh Eissa and another 3000 are about to be connected.

Widely available potable water has helped cut morbidity in water-borne gastrointestinal diseases by some 50 percent according to the MD running the outpatient clinic in Hosh Eissa. The Assistant Secretary General of the governorate said health improvements were widespread as a consequence of the water projects.

Roads are regarded as basic to local development in the governorate and the villages and it is clear that the road/water combination is contributing to some dramatic socioeconomic changes. The incidence of new businesses has been noted. Another example is the impact on land use patterns. Parts of Beheira are reclaimed land or semi-desert. In these regions, rural houses tend to be built in clusters or hamlets in the fields. With extension of water to local units, farmers are abandoning their mud houses in the fields in favor of brick houses in the newly serviced villages. This tends to add to the total-arable land as former homesites are converted back to agriculture. Also, new farmers are tending to build in the villages now rather than in the fields. If this is a widespread phenomenon in Egypt, the economic impact on agriculture could be substantial.

GIZA GOVERNORATE

Time in EVS: 2 Years

Introduction

In Giza governorate, the EVS program covers six markaz and 39 local units. Most EVS subprojects in Giza have been for gravel roadbeds, crushed stone roadbeds, potable water pipes, lining irrigation canals, and slaughterhouse facilities. The evaluation team visited the governorate seat and ORDEV office at Giza, Embaba markaz, and Shubramant, El Barageel and Kerdasa villages.

The sites visited are transitional areas, semi-rural and semi-urban in socioeconomic characteristics. For example, agricultural activities are shrinking and simultaneously commerce and small industries are expanding. Rural culture diminishes as urban values begin to dominate social and economic life. The villages visited are quite close to the Cairo cosmopolitan area. Tourism has influenced various economic activities in these villages.

I. Decentralization: Supporting Policy Reform

A. Decision-making Process

Within Giza governorate authority is delegated to the local units where popular council members tend to be involved in the assessment of needs, identification of problems, and the setting of goals, while executive council members are more involved in implementing and monitoring infrastructure projects. The markaz and governorate levels generally are active in setting priorities, project design, and follow up.

Although authority has been delegated down to the local units, governorate officials expressed a desire to concentrate EVS efforts in a few villages. They also indicated that the technical assistance needs of the project were not being met and that more was required from Chemonics. Governorate officials further claimed that 99 percent of EVS subprojects for the second year (1982-83) were completed. The evaluation team, however, saw at least three subprojects that were not yet completed.

B. Popular Participation and Self-help

Local participation in BVS subprojects seems to be very limited in the governorate. Private sector contractors do most of the work in Giza but they generally obtain their labor force outside the local area. Residents of subproject villages are neither employed nor provide self-help labor on BVS activities.

II. Institutional Development

A. Local Unit Capacity

As mentioned above, subproject selection is made by the local unit. Project design is carried out at all three levels. A number of village councils have engineers attached to their staffs who assist in the design of small subprojects and are then available to monitor construction and subsequent operation.

The planning and design of several subprojects appear to be questionable. A slaughterhouse subproject at Shubramant village (Waseem markaz) and another in Kerdassa (Embaba markaz) both ran out of funds because of inadequate site investigations. In general, the quality of construction is adequate for the work undertaken. On a water subproject in El Barageel local unit (Embaba markaz), the council held up payment to a contractor until the final 40 meters of pipe were removed and correctly reinstalled.

III. Implementation Progress

A. Physical Outputs

Giza governorate began 65 subprojects in 1981-82 and 97 subprojects in 1982-83. As of December 1984, 90 percent of the first year allocation and 82 percent of the second year allocation had been spent. During 1981-82 over 90 percent of the governorate allocation was devoted to potable water projects. This proportion dropped to 58 percent in 1982-83, with road subprojects taking an additional 26 percent. Other BVS subprojects in the governorate include sewerage, small boats, latrines, filling swamps, slaughter facilities, lining canals, post offices, covering drains, planting trees, and bridges.

B. Financial Records

Unofficial accounting units are established at the local unit level while all official accounting functions are carried out at the markaz. Records at the local units appear adequate and are reconciled with the markaz records periodically.

The local units visited had data reflecting funds allocated to each subproject as well as disbursements. Markaz records were examined and spot checked with data obtained from ORDEV. Some discrepancies were found in amounts of funds disbursed for subprojects.

Maintenance funds are kept in separate bank accounts of the local unit with separate records to account for these funds.

IV. Technology Transfer

A. Human Resources Development

BVS training programs in Giza have addressed three issues: identifying local needs, pinpointing local problems, and familiarizing local people with the decision-making process. Unfortunately, the governorate records on training are in poor order and do not correspond with those kept by Chemonics.

Participants in training courses are nominated at the governorate level, especially by the ORDEV representative and/or the heads of the branches of governorate offices (e.g., housing, roads, etc.). It appears that top officials in the governorate do not believe in the utility of the Village Council Workshops due to the short period of time (three days) over which they are conducted.

Chemonics staff visit villages once every two months to monitor progress, but there is no follow-up on the trainees after they have attended courses. Although the evaluation team was told that the training programs have succeeded in establishing cooperation between the local executive council and the popular council, there still appears to be great need for further cooperation between the two groups at the local level.

Interviews with trainees at all levels of Giza governorate resulted in the following comments:

a) There was too much theory and not enough practical instruction, especially in the technical training.

b) Some trainers lacked knowledge about the real problems of the village, such as the impact of the family and religion on the decision making process.

c) More specialized technical training is needed.

d) Training should be conducted at the markaz level, which could be done by grouping together two or three local councils.

e) All training programs, technical or non-technical, should be conducted over a longer period of time in order to be effective. For example, the VCW's should be for 10 days instead of 3. Also, these courses should be offered at least once a year.

B. Maintenance Awareness and Performance

Maintenance appears to have been neglected in the governorate. While the evaluation team saw no EVS subproject requiring immediate maintenance, some hazardous conditions were observed in a non-EVS water pumping station in Shubramant village. No EVS maintenance funds have been expended to date. Local units have deposited the funds in interest earning bank accounts.

Environmentally, the EVS subprojects have improved conditions in the governorate. The construction and general appearance of roads, water projects and canal linings are well suited for the areas in which they are located.

V. Private Sector Promotion

Being near the Cairo metropolitan area, villages in Giza have numerous opportunities to take advantage of tourism, handicrafts and other commercial activities. There are large numbers of small stores, workshops, coffee shops, and the like. Similarly, the establishment of new housing along EVS-improved roads can be readily seen. Whether these private sector structures have been directly influenced by EVS subprojects is not known. The greatest amount of developmental change appears to occur in villages that have higher incomes and active local councils. Such villages also have a high educational and occupational status and exhibit good awareness of community problems and needs.

VI. Socioeconomic Impact

Rapid change is occurring in Giza governorate and local councils are generally aware of their rights and responsibilities under decentralization and within the BVS program. The most dynamic social and economic changes are taking place in villages near metropolitan Cairo. BVS is undoubtedly contributing to these changes, but the direct relationship is obscured by the numerous factors at work in this governorate that is partly modern city and part traditional village.

GHARBIA GOVERNORATE

Time in BVS: 1 Year

Introduction

Gharbia governorate lies in the middle of the Delta with Tanta, 85 kms north of Cairo as its capital. In Gharbia governorate, the BVS program covers eight markaz and 53 local units where subprojects have included potable water, sewerage, roads, telephone offices, community halls, bus sheds, filling swamps, latrines, railway platforms, small bridges, small markets, and lining irrigation canals.

The evaluation team visited the governorate seat, Tanta markaz, and Nawag, El Hayatem, and San El Hagar villages.

I. Decentralization: Supporting Policy Reform

A. Decision-making and Implementation

Gharbia governorate is in its second year of the BVS project. The LE 3.45 million given to the governorate is divided equally among all local units, so that each of the 53 village councils receive LE 65,000 each year. Governorate officials want the BVS program to continue, claiming that three years is insufficient time to meet the needs.

Decision-making and project selection in the governorate are delegated down to the local unit level. In practice, however, authority over local issues tends to be shared between the markaz and the local units. There is some evidence that local officials do not fully understand their powers under the decentralization policy. Several village councillors complained to the evaluation team about constraints upon their decision-making powers regarding BVS subprojects. Further inquiries indicated that the dissatisfaction was probably due more to changes in local priorities and to poor maintenance of some subprojects than to actual limitations upon local authority.

Both the local unit executive council and popular council participate in making decisions on rural infrastructure services. Some local officials however do not understand well the BVS process and are uncertain as to which types of subprojects qualify for BVS funds.

Project implementation is generally undertaken by the local unit with some assistance from the markaz and governorate. Public sector contractors usually do smaller projects. Local participation in the form of voluntary labor is sometimes found on road subprojects and in the digging of trenches on water subprojects.

II. Institutional Development

A. Local Unit Capacity

A number of village councils in Gharbia governorate have engineers on their staffs. This allows the design responsibilities for potable water and sewage subprojects to be handled at the local level. Unfortunately, this delegation of technical responsibility to relatively inexperienced individuals at the lowest governmental level sometimes results in lack of attention to details in the area of operation and maintenance.

Engineers with local units have designed pipeline networks and have supervised the replacement of both diesel and electric pump sets in water pumping stations. No technical plans or designs could be found at the village level. Such plans were claimed to be kept for safekeeping at the homes of the engineers.

III. Implementation Progress

A. Physical Outputs

In its first year of operation (1982-83), Gharbia governorate spent LE 2,403,569, or 71 percent of its EVS allocation. Of these expenditures, LE 2,182,551 were spent on water subprojects, LE 92,092 on roads subprojects, and LE 188,926 on other types of subprojects. Some delay was reported on water subprojects due to problems in delivery of pipes.

Overall EVS activities included water, roads, sewerage, small boats, filling swamps, slaughter facilities, fire hydrants, post offices, and bridges. The general impression of the evaluation team was that implementation was proceeding reasonably well with the exceptions of the problems described, notably those of maintenance (see section IV).

B. Financial Records

IV. Technology Transfer

A. Human Resources Development

The training provided to officials in Gharbia seems to have led to the improvement of knowledge and functional capabilities of the participants. This is particularly true with respect to technical training. Some participants attended more than one technical course and appear to know their work's requirements well.

In some cases the objectives of the training courses and the materials used were not consistent with the participants' backgrounds and education. This is the result of deficiencies in selection of trainees.

In Gharbia the training appears to have contributed to the establishment of good cooperation between the executive and elected members of the local councils. This cooperation dates to May 1983 when a seminar attended by members of both councils was conducted.

The technical training courses appear to be the most useful of the training program. The objectives of these courses were well stated, the materials used were consistent with the objectives, and the instructions were relevant to real-life problems. The courses, however, could have been less theoretical and run for longer periods. A training course on drainage was found particularly useful. In this program a French and a Dutch instructor presented the Jamaican experience in drainage.

It is essential that Chemonics staff follow up the training of trainers courses so that they know how the village council workshops are subsequently conducted. Awareness seminars (training of trainers, planning and management, village council workshops) have contributed to the development of public awareness regarding the importance of popular participation in the developmental process.

B. Maintenance Awareness and Performance

The housing department in the governorate is responsible for drawing up a governorate-wide maintenance plan. The local councils are required to share the 10% EVS maintenance funds with their respective markaz. During the first year, each local unit was required to send 25% of their maintenance funds to the markaz. Some local units then used one half of the remaining 75% for purchases of small tools for a village workshop while the rest was saved for future maintenance needs. During the second year (1983-84) the contribution to the markaz drops to 15% and in the third year to 10%.

The markaz use these funds for the support of heavy equipment and markaz level workshops. Some local units have established rudimentary workshops with a few tools. These facilities tend to be found in those villages fortunate to have an engineer or senior technician working with the local council.

Though construction of roads and water subprojects appeared satisfactory, there was widespread lack of maintenance. BVS roads only six months old were rough and in need of minor regrading or resurfacing. The governorate intends to pave all BVS roads eventually, but neither the governorate nor the local units have provided any road maintenance to date.

Maintenance of water and sewage subprojects is very poor. Water pumping stations in a Tanta markaz village and another in Mahalla El Kubra markaz are surrounded by pools of water from the overflow of storage tanks. The overflow pipes need repair so that leakage does not occur near the pumping stations. Furthermore, general maintenance inside the pumping stations is inadequate. Attention seems to be given only to the engines and pumps but not to the hazards of improper electrical connections and general working conditions.

Maintenance problems are also found in the sewage projects. In San El Hagar, for example, a wastewater holding tank sits amidst an expanding swamp of sewage. It is a clear case of improper use of the facility by the villagers and inadequate emptying and maintenance by the local council. (Chemonics reported this problem in October and November, 1983. They recommended to the secretary of the village council that the tank covers be changed and the tanks be emptied every day.)

The environmental problems caused by poorly maintained pumping plants and sewage subprojects need immediate correction. The health effects of such conditions undoubtedly are serious; in the development sense the existence of substandard BVS facilities poses major impediments to implementing future projects properly. If the technical officials and local councils do not attend to the operational maintenance of the projects currently in hand, it is unlikely that future developmental efforts will be performed any better.

The governorate established an environmental office in 1981 and in 1983 increased its staff with an additional eight engineers and six technicians. Attempts should be made to involve this office in correcting the environmental problems caused by poor operators and maintenance of subprojects.

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V. Private Sector Promotion

As mentioned above, the private sector is involved in the construction of water and wastewater subprojects, while the public sector companies carry out road subprojects. In general, private sector contracting involves smaller activities.

In several villages, the increase of small commercial workshops was attributed to the indirect effect of BVS subprojects.

BENI SUEF GOVERNORATE

Time in BVS: 1 Year

Introduction

Beni Suef is the first Upper Egypt governorate south of Giza. Here the BVS program covers seven markaz and thirty-eight local units. The majority of BVS projects in Beni Suef are for roads, water, irrigation canal lining and community halls, in that order. There are also some projects for markets, small boats, swamp filling, slaughterhouse facilities, bus sheds, youth centers, sewage units, and latrines.

The evaluation team visited the governorate seat, Beni Suef, Markaz Ehnassia, and El Nowaira, Barout and El Awawna villages. Based on these visits the team concluded that Beni Suef belongs in the lower-middle range of rural development conditions in Egypt. New development activities were much in evidence but general conditions, especially in the villages, were poor. The villages in the governorate are traditionally quite conservative in nature.

BVS projects and new construction of private housing and mosques represented the bulk of development activity observed by the team. Progress on BVS subprojects was good; more than 80% were completed. There was a high level of awareness of these projects among village council members. They were well aware of the nature and source of the BVS program and the rights and responsibilities of the villages in carrying them out. This is a good record especially in view of the fact that Beni Suef has been in the BVS program less than two years.

I. Decentralization: Supporting Policy Reform

A. Decision-making and Project Implementation

In Beni Suef the GOE decentralization reform has been accepted fully and through BVS and DDI projects is being institutionalized at the local unit level. The BVS program is virtually the first major capital investment program to penetrate to the villages, obliging all levels of the governorate to master the process of selecting, managing and implementing local community improvement projects. The team found the process working quite smoothly, accepted with enthusiasm at the local unit level, and supported at the governorate and markaz levels even though funds are wholly allocated to the villages in keeping with BVS project concepts.

B. Popular Participation and Self-help

Each year the governorate receives an allocation of LE 3.5 million in BVS funds from ORDEV. The governorate reallocates these funds through the markaz to local units on the basis of population size. Local unit investment priorities are made by the village unit in a joint meeting of the executive and popular councils. Within this forum, the popular council has the final word in determining priorities. The executive council serves in an advisory capacity and sometimes as an advocacy body. Popular councils are informed also of the opinions expressed by citizens. In most instances, it was found that villagers expressed their views informally to their representatives, although in one village, Ennassia, a monthly town meeting is held at which popular views are aired. In El Nowaira, members of the executive council meet in the villages with local residents to discuss village priorities.

Popular involvement is also expressed through self-help activities. While less than 20% of overall value, self-help in the villages surveyed was demonstrated in the form of villagers' contributions of labor. For example, in water supply subprojects, villagers dig and fill in the ditches, sometimes on a volunteer basis and other times under contract. Private contractors often use village labor for BVS activities.

In some cases, the village council chooses to stretch BVS funds by soliciting voluntary labor. In Barut, village youths provided volunteer labor to build a youth center. The village council of Barut also has plans to use profits from DDI projects to help expand priority basic service activities. In El Nowaira the popular council initially wanted to put all BVS money into profit-making ventures in order to assure a long term source of local revenues for basic village services.

II. Institutional Development

A. Local Unit Capacity

The decentralized decision-making process described above appears to have become reasonably well established in Beni Suef in the two years of BVS operation in the governorate. Village council decisions have been honored up through the governorate level. Their decisions have only been questioned where issues of coordination with governorate sponsored roads projects are concerned. For example, as until this year asphaltting was not authorized under the BVS program, the governorate extended its asphaltting operations to include BVS-constructed roads. The rationale was that it made no sense to build good roadbeds with BVS funds and then not protect them from wear and weather. When a village BVS road proposal exceeds the capacity of the governorate to asphalt it completely in a given year, the governorate usually

recommends that it be cut back to within their capacity to finish the road (the example given was reducing the road project from 1.5 kms to 1.0 km).

In most instances, the village council agrees to the recommended reduction to ensure that it will be completely asphalted. However, in one recent instance, the village popular council turned down the governorate's suggestion and the road was prepared as the citizens originally proposed. This is one of a growing number of examples of citizens standing up for their rights with higher levels of government and is a result, the people interviewed say, of popular council experience gained through the BVS program. To their credit, markaz and governorate level officials in Beni Suef view this village level independence as a positive development and link it with the practice, training and awareness they have experienced through BVS.

The capacity of local units to select and plan projects can best be measured against past practices. In every village visited and even at the markaz level, the story of the pre-BVS decision process was the same: the decentralization reforms were on the books and had been evolving since 1975, but since no money came to the villages, village councils and popular councils had very few decisions of any consequence to make and remained, in a real sense, inexperienced and without power. At the village level, the perception was that all decisions affecting village development were made at the governorate and markaz levels and that most money earmarked for the villages was controlled by line ministries in Cairo. For example, one of the few investments coming down to the villages was for schools. Ministry of Education officials at the governorate level made needs assessments for the villages and decided what schools were needed and where. The village council, popular and executive, was asked to approve the location. This was their only involvement in the development decision process and their deliberation was not considered as binding upon the higher levels. Except for a few minor projects, this constituted their only experience. Despite decentralization reforms and for all practical purposes, the popular councils and the villages slept, and stagnated.

BVS forced the village councils into action, requiring them to study conditions, discuss options and make decisions about how hundreds of thousands of pounds were to be spent for village projects in a given year. This was a level of activity some ten to twenty times the magnitude of anything they had ever experienced. They were told of their rights and responsibilities and were trained in how to exercise them. Today, these same villages seem to be very pleased and excited about what has happened and with what they have achieved. They make decisions, plan, and things happen as a consequence. This is a heady and confidence-building experience.

Local Unit Design and Implementation

In Beni Suef the local decision making and planning process is way out in front of local unit authority—and perhaps sometimes capacity—to design and manage projects. All subproject design is done at the governorate or central government levels. Road and water subprojects are designed by the governorate departments of roads and water respectively. Canal lining is the responsibility of the Ministry of Irrigation, while water supply standards are set by the National Organization for Potable Water and Sanitary Drainage. Even community halls and wastewater vaults are designed at the governorate level. There appears to be little technical capability for either design, construction supervision, or maintenances at the markaz level. All requests for technical assistance must be directed either to governorate engineers or to private consulting firms.

Formal engineering drawings are prepared for some subprojects and standard type designs are utilized for others. Technical drawings and plans were seen in the governorate offices but not in local unit offices. Simple village layouts (non-scale schematics) are found at the village council level. In general, the level of technology appears appropriate for conditions in the governorate.

During the first year of the project, 1982-83, all local unit requests for sewage subprojects were rejected due to the need for more technical investigation. Under the direction of the chief engineer of the governorate Directorate of Housing (and Water), a short sewer line and septic tank serving a mosque in Manshiet Asim village were recently designed and constructed.

Tendering has been closely controlled by the governorate also. In 1982-83 a single private contractor was selected to carry out all road subprojects. However, progress was very slow and thus for 1983-84 the majority of road subprojects have been awarded to a public sector firm (The Arab Contractors, "Osman Ahmed Osman"). During both years, the awards were reportedly made on the basis of lowest bids. Contractors for other types of subprojects such as water, sewage, canal lining, etc., are normally drawn from the private sector. In Manshiet Asim, however, the Barut local unit decided to construct a community hall itself rather than use a private general contractor when it was determined that the contractor's price would exceed the subproject budget.

This is consistent with views and attitudes expressed at both the village and markaz level that technical assistance capacity, project management and contractor supervision should be moved to the markaz and village levels where appropriate. Small contracts could be handled by the local unit while larger jobs requiring coordination of a number of markaz villages should be handled at the markaz level. In general, responsibility should be moved as close to the project site as possible. However, it was recognized that there will be some subprojects such as roads that still will require batching at the

governorate level in order to achieve the critical mass needed to attract qualified road contractors.

III. Implementation Progress

A. Physical Outputs and Environmental Impacts

During its first year in the BVS program, 1982-83, Beni Suef implemented 82 subprojects including water, roads, filling swamps, slaughterhouse facilities, bus sheds, canal lining, and community halls. The overall completion rate of subprojects seems acceptable and no major problems or delays were observed.

The general quality of construction appears to be good and no significant construction problems were seen. Three local roads subprojects of 1, 2 and 7 kms lengths were inspected in El Nowaira local unit. All were in acceptable condition, though additional shaping of the roadway shoulders could have been done. It was reported that the governorate intends to pave all the roads with funds from its regular budget.

No environmental problems were seen that could be attributed to BVS subprojects. Two drainage subprojects have made positive improvements in environmental conditions. The first is the sewer and septic tank in Manshiet Asim village mentioned above. The second is a subproject in El Awawna village in Ennassia markaz in which a low wet area has been filled in and a nearby mosque has been connected to a new sewage holding tank. A new house is being built at the edge of the fill and the former wet area will soon be the site of a new youth center for the village.

B. Financial Records

An orderly set of financial records on BVS subprojects was available at the local unit level. Official records are maintained at the markaz and governorate levels. However, those records that are kept at the local unit level were kept by the executive council and not shared with the popular council. The popular councils the team met with knew very little about BVS records, particularly with respect to project specifications and costs for materials used in infrastructure subprojects. While these records properly should be maintained by the executive council, they should also be available to the popular council.

IV. Technology Transfer

A. Human Resources Development

Beni Suef participated in most EVS training programs. Chemonics was cited as having done an excellent job in development managerial skills and technical capability. The effort included monitoring and evaluation of training courses, the results of which suggest that the Chemonics courses were a) too superficial and should be longer; b) pertinent to trainees' needs but could be more practical, especially in accounting; c) were taught by enthusiastic, knowledgeable instructors.

Training records were not kept at village councils but good records were available at the governorate and presumably also in the markaz since trainees are selected by the ORDEV representative at that level. There were complaints about the selection process being more subjective than objective.

Local unit chiefs had a keen interest in training and suggested that to make it more beneficial and practical, it should be carried out exclusively at the local unit and markaz levels, making use of local trainers and local situations. One village chief expressed a particular need for more training in maintenance, planning and accounting. It appears that perhaps training should be concentrated at the markaz level, with strong local unit involvement.

B. Maintenance Awareness and Performance

The main problem in subproject implementation in Beni Suef is in the area of maintenance. Below the governorate level there is little capability for delivering maintenance services. Indeed, few officials express any concern over maintenance. Several indicated that no maintenance was expected this year because all of the EVS subprojects were new. There are no maintenance plans at either the markaz or local unit levels. As is common throughout EVS governorates, the local units tend to keep their 10% maintenance funds in a bank in order to collect interest. Unfortunately, the practice of placing the funds in time deposits makes them unavailable for emergency needs. The Barut local unit placed its funds in a one-year deposit, while the El Awawna local unit locked up its funds in a five-year time deposit! The results are as expected: in the areas visited by the evaluation team, there had been no expenditure of EVS maintenance funds.

Though it was claimed that the local units could do small maintenance jobs, in practice only the governorate has the technical capability and the authority to do so. The secretary general of the governorate stated that he hopes to develop a centralized road maintenance unit with USAID/DSF (Decentralization Support Fund) assistance to serve the entire governorate.

Maintenance appears to be needed on several EVS subprojects. In El Nowaira village, the new masonry lining along a canal had been broken away to install an interesting culvert pipe but had not been repaired to prevent further damage. The EVS roads in El Nowaira were rough and consequently limited driving to a maximum of 15-20 mph. Attention is needed to greater compaction or regrading of the roadbed. Many governorates realize the limitations of unpaved roads and use non-EVS funds for paving them. Unfortunately, asphalt paving can add 50 percent to the cost of unpaved road construction.

Chemonics' training programs do not appear to have had a great influence on Beni Suef. Technical officials at all levels claimed to have had little contact with Chemonics training programs or field technical assistance.

Overall, existing maintenance practices appear to be deficient and may lead to problems if ignored in the future. Attention should be given to building up maintenance capabilities at the markaz level with emphasis on awareness, technical training, and record keeping.

V. Private Sector Promotion

There are emerging direct and indirect impacts of EVS on private sector development and activities in Beni Suef. The increase in construction and development through EVS was estimated to have doubled contracting activity in the area, though still only about half of the EVS contracts go to private sector contractors. One constraint has been the mixed feeling among village chiefs about local small contractor capability to produce a decent product on time. Another may be the tendency on the part of the governorate to batch jobs at that level. This precludes local small contractors and tends to attract large public contractors. Pushing contracting responsibility down to the markaz and village level seems to be a concept whose time has come in Beni Suef, however. It has worked well in other governorates and seems to be a factor in high levels of private sector contracting for EVS projects. Not by accident, contracting at these levels seems also to result in higher local labor participation in contract work and greater economic benefit to the villages.

With respect to indirect impact of EVS on the private sector, while cause and effect relationships are difficult to establish, many examples were cited locally. These included a) plumbers and spare parts stores to service water systems appeared; b) quarries opened up for roadbuilding materials; c) taxi and microbus services developed in response to new and improved roads; d) bakeries opened in response to availability of water connections; e) stores

and vendors took advantage of roads, transport and increased economic activity in general; f) an approximate 20% increase in economic activity was cited in Beirut since BVS, due mainly to roads and water projects; g) slaughterhouse facilities resulted in butcher shops; h) DDI loans were designed taking advantage of new roads and water services.

VI. Socioeconomic Impact

EVS programs in Beni Suef are less than two years into their implementation stages. Thus it is too early to discuss their impact on quality of life and socioeconomic conditions quantitatively. However, according to village council members, there are visible improvements in personal cleanliness, type of housing facilities and furnishings, and public health. Also, housing and commercial activities are escalating, aided by the new roads in villages. The conditions of old roads have been improved as well.

Another factor affecting quality of life is the opportunity taken by many villagers to emigrate for work in oil-rich Arab countries. The influence of their remittances is seen in new housing and mosque construction.

RED SEA GOVERNORATE

Time in EVS: 1 Year

Introduction

This is a desert governorate located some 400 kilometers southeast of Cairo, stretching some 1000 kms along the littoral of the Red Sea and extending inland to include the Eastern Desert "Red Sea" mountains, south to the border of Sudan. It is sparsely populated and mostly arid desert land. The total population is estimated at 140,000 people, mostly Bedouin tribes. The two most prominent of these are the Bishara and the Ababda tribes who reside in the southern half of the governorate where most of the EVS project funds are being invested. These tribal groups live mainly in isolated mountain communities lacking all basic services including water. Outside of the few established towns, no schools exist and illiteracy is thus almost universal. Communication with the outside world in the form of radio, TV, newspapers, telephones, etc., is non-existent.

The governorate is in its infancy stage of development and has just begun to create settlements and to develop villages. At present it has five main local village units that will increase to ten by July 1984 and reach 20 by the end of 1985. Its main industries are fishing, charcoal manufacture, goat and camel herding. In addition, it produces some modest quantities of oil (exploration and production of oil, onshore and offshore, has thus far been concentrated in the eastern Gulf of Suez area), phosphates, and other minerals. The town of Safaga has experienced some growth due to an AID-assisted port improvement project for the offloading of large grain carriers, import of bauxite for the Naga Hamadi aluminium complex in Qena governorate, and export of phosphates from the nearby Hamrawein quarries and in the future, from the Abu Tartur phosphates (near Dakhla Oasis).

Due to its geographic location and arid desert environment, progress in development is slow and very costly. Construction work, for example, can cost two or three times what similar works cost in governorates in the Nile Valley.

I. Decentralization: Supporting Policy Reform

A. The Decision-making Process and Project Implementation

The Red Sea governorate joined the EVS project in FY 1982-83 and its participation is thus only one year old.

Decisions on all governorate matters are centralized at the governorate level due to the fact that its local units are still in a very early stage of development. There are no village councils appointed or elected as yet. The governorate thus far has appointed a chief executive officer to each of its five local units to commence development in the areas targeted.

Consequently, subproject selection, design and implementation are made at the governorate level with governorate popular council participation.

B. Popular Participation and Self-help

No participation from the village population has taken place, as all projects are awarded to private sector contractors who are headquartered at the governorate seat, Al Ghardaga.

II. Institutional Development

There is no capacity development at the local units, as they are not as yet fully formed.

Conversations with villagers and tribe members revealed some degree of awareness of the EVS project, but no real understanding of the process. Most of the people contacted stated that they expressed their desire, through their chief of unit, to have water projects as a top priority need in their communities.

III. Implementation Progress

A. Physical Outputs

During the first year of implementation, the governorate has started the execution of five water projects, three village markets, four community halls and community stores. As of February 1984 construction is about 80% completed on these subprojects, though actual disbursements of funds are lagging behind.

B. Financial Records

All records are kept at the governorate, according to GOE procedures.

IV. Technology Transfer

A. Human Resources Development

The level of participation in training in the Red Sea governorate is very low. According to Chemonics records, the total number of people trained is 69: 3 technicians were trained in the maintenance of pump sets; 39 attended a Management and Planning course; 22 received accounting training; 2 ORDEV officials participated in a follow-up and monitoring course, and 3 governorate officials had overseas training.

There were no training of trainers or village council workshops, since there are no popular or executive councils.

No doubt due to the very low level of participation in training, there are no records of training available in the governorate.

B. Maintenance Awareness and Performance

BVS subprojects are too young to require any maintenance works. However, the governorate undertakes all maintenance requirements, particularly on its roads projects throughout the governorate.

V. Private Sector Promotion

BVS subprojects are too young and incompletely developed to have had any impact on the private sector. It is worthy of mention that the governorate has adopted the policy of encouraging private sector initiative. This effort began at Al Ghardaqa (usually called "Hurghada"), the governorate seat, where outside capital is being invited to develop tourism, capitalizing on the climate and marine recreation attractions. Some 50 new small private businesses were initiated over the past two years. All contractors used to implement BVS projects are private sector contractors who formed a cooperative to compete in bidding on BVS subprojects. Thus far, they have been awarded all of the subprojects during the past year.

It is too early to gauge any socioeconomic impacts attributable to the BVS subprojects.

ISMAILIA GOVERNORATE

Introduction

The governorate of Ismailia is situated along the Suez Canal between the city of Suez and Port Said and has a relatively small population and territory. It also includes the eastern bank of the Canal from Suez to Port Said (Sinai Peninsula), which is virtually unpopulated.

Strong contrasts are seen between the attractive city of Ismailia with its well developed community, and the somewhat forgotten countryside that surrounds it. The obviously large investment made in this city, the operational headquarters of the Suez Canal, compared to the benign neglect of adjacent rural areas, indicates the general status of decentralization in the governorate. Ismailia has adopted one of the most centralized approaches to development in Egypt and the basic project concept of local unit control through EVS project activities has been largely ignored.

In defense of the governorate and its development methods, however, several important factors must be considered. First, Ismailia is still recovering from the physical, economic and social damage suffered during a 25-year period of four separate wars with Israel. The GCE apparently concentrated its limited reconstruction funds after each of these wars in the city of Ismailia. Secondly, technically qualified people are a scarce resource in the public sector and are therefore only available at the governorate and markaz levels. Ironically, Ismailia is the home base for Egypt's largest and most successful public sector construction company, The Arab Contractors (also referred to as "Osman Ahmed Osman", after its founder), which provides its extensive technical expertise to the governorate by contract. Third, the economic and psychological importance of this governorate, encompassing most of the Suez Canal, has led to a GOE policy of appointing young, dynamic leaders to the important governorate posts. This enthusiastic leadership has tended to concentrate resources and control around itself, and is more involved in local decisions than less dynamically staffed governorates.

Given the capabilities that exist at the governorate level, this approach is not surprising. Nevertheless, the result is disappointing from the standpoint of decentralization and EVS project aims. Fourth, this is the first year of EVS funding in Ismailia. As other governorates, Ismailia has failed to decentralize project activities in the first year of project activities.

I. Decentralization: Supporting Policy Reform

In a curious twist of perspective, the Secretary General of the governorate noted that Ismailia has established a system of "perfect local autonomy" with complimentary governorate technical assistance. The twist comes in the definition of "local". In broad terms, the governorate executive council of markaz chiefs coordinate local development plans after soliciting "wish lists" from the individual markaz and villages. The executive council of markaz chiefs is in fact a governorate-appointed body of district level representatives convened at the governorate. The suggestions from the village level are considered just that—suggestions—and are largely ignored in subproject selection.

The Decision-making Process

Village units, both popular and executive councils, are asked by the governorate to set development project priorities for their local unit. These combined village "wish lists" are sent to a committee established at the markaz level specifically for the purposes of BVS. This markaz level committee is chaired by the chief of the markaz and includes all village executive chiefs and heads of village popular councils within the markaz. The committee then establishes subproject recommendations for its markaz. The combined package of markaz subproject requests are then transmitted to a BVS committee at the governorate. Members of this committee include the Directors General of Housing and Roads, the markaz chiefs and governorate Director of Rural Development.

The governorate BVS committee has the ultimate decision-making authority on subproject selection. Subprojects are selected from proposed markaz lists on the basis of predetermined governorate development plans. No village executive or popular council member participates in this committee nor has recourse if the projects for his village are turned down or ignored.

B. Project Implementation

The governorate of Ismailia has established separate procedures for road and water subproject implementation. All road subprojects are managed by the Directorate of Roads at the governorate. The total contract for these roads subprojects was given to the public sector construction firm "The Arab Contractors" which then subcontracts individual subprojects to private sector companies. Water subprojects are managed directly at the individual markaz with the supervision of the governorate Director of Housing. All of these subproject contracts were let to private sector firms.

At no stage of project implementation does the village get involved. Popular participation is non-existent.

II. Institutional Development

A. Local Capacity

It is obvious that the governorate and markaz levels of government in Ismailia have developed substantial capacity to address governorate-wide development concerns. The directorates of housing and roads have been strengthened in their project design and implementation capabilities through EVS experience and training. To a more limited degree, the local unit executive chiefs have also benefited from the experience of participating in the markaz level project selection committees. Nonetheless, the local unit itself--popular and executive councils--have not been given the opportunity to participate in either real project decision-making or implementation. It is impossible to address the issue of their capacity, given this situation.

B. Project Awareness and Understanding

EVS project awareness exists only at the governorate and markaz levels. Project understanding, at least in terms of the EVS tenets as embodied in the Project Grant Agreement, is somewhat distorted at these same levels of local government. The governorate is convinced that it is addressing the most pressing needs for basic services through the EVS project. Furthermore, the governorate takes great pride in its extensive committee system to determine EVS priority subprojects and to implement the subprojects. What is missing is comprehension of either the goal of or benefit from decentralization which was intended to be extended to the village unit level.

In theory, and according to Chemonics' records, almost all of the village council members in the entire governorate attended the village council workshops (VCW) sponsored by Chemonics. Thirty-seven senior members of local government were briefed in the project concepts through Chemonics Management and Planning Seminars which preceded the VCW's as part of the overall project awareness campaign. Three governorate level ORDEV representatives were sent to the U.S. for specialized rural development training.

We were astonished to find that no one we met in this governorate saw anything wrong or inappropriate in their approach to EVS project decision making and implementation. Village executive council members interviewed knew little more about EVS than that it is U.S. government assistance.

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III. Implementation Progress

In the first year of project funding, three water subprojects were undertaken valued at LE 291,000 and nine road projects, for LE 1,200,000. All subprojects are reported as being 100% completed.

Financial Records

Financial records are available only at the governorate and markaz levels. When subprojects are completed these records are supposed to be transferred to the local units.

IV. Technology Transfer

A. Technical Training

In addition to the project awareness seminars mentioned above, Ismailia participated in a number of technical training courses offered by Chamonic. Seventy-three technicians were trained in maintenance of pump sets, 18 engineers participated in a road construction seminar, two technicians were trained in drainage, and 20 local record keepers received training in accounting.

Officials at the governorate level felt that technical training should continue in expanded form if possible. Recommendations for improvements included offering more courses at the governorate level in specific areas of project concern that have arisen through implementation experience, such as maintenance awareness.

B. Maintenance Awareness and Performance

All 10% maintenance funds are retained at the governorate for the first year, along with the interest, and are then disbursed to the local units.

The team's interviews indicated that only the village executive chiefs were aware of these funds. No maintenance has been conducted to date.

V. Private Sector Promotion

It is too early to evaluate the impact of BVS on private sector promotion. However, all subprojects have been implemented by private sector companies even in the case where road projects were contracted en masse to a public sector firm.

VI. Socioeconomic Impact

Regardless of the mode and locus of decision-making and project implementation in Ismailia, it is clear that BVS subprojects address pressing development requirements for infrastructure.

A distinction needs to be made here between governorate and village development needs. While these subprojects service large segments of the population, several subprojects clearly ignore specific village needs.

A case in point is the local unit of Sarabium (Serapeum). ORDEV and governorate records show an allocation of LE 900,000 to this village. The village executive council members, with the exception of the village chief, were unaware of the availability of these funds. The governorate level BVS committee determined that these funds would be used to build a regional road connecting the completed section of the Ismailia highway with the most distant markaz, Fayed. The new road, just completed and being asphalted at governorate expense, presents tremendous potential to stimulate intra-governorate trade and commerce. New village businesses, primarily services, are being established along this road which will effect the economic welfare of the adjacent villages. The point is, however, that this road should have been built at governorate or central ministry expense. BVS funds might have been better used to provide access roads from this road to the villages lying off of it. As it is now, no consideration has been given to access roads or bridges from this road over canals to the villages, so connections remain inadequate. Village welfare would have been better served if the villages made their own project selections.

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APPENDIX III

SECTOR ANALYSES

- A. TRAINING
- B. FINANCIAL RECORDS
- C. SUBPROJECT ENGINEERING
- D. PRIVATE SECTOR IMPACT
- E. SOCIOECONOMIC IMPACT/QUALITY OF LIFE

APPENDIX III.A

TRAINING

The principal objectives of EVS are to help put into practice the GOE long-standing policy of promoting governmental decentralization and to upgrade the country's rural infrastructure. This can be achieved by utilizing popularly elected village councils as the basic institutional locus for identifying local needs and problems on the one hand and planning, implementing, managing, and maintaining projects set up to meet these needs on the other.

Designed and implemented in support of these objectives, Chemonics' training activities, begun in December 1981 with the assistance of ORDEV and the governorates, are aimed at: a) introducing EVS activities to local people, thus spreading awareness of the project; b) equipping local personnel with the necessary knowledge and skills for successful and smooth execution and operation of EVS subprojects, and c) familiarizing local people with the importance of popular participation and self-help in raising their living standards.

The purpose of this section is two fold: first, to describe and analyze what has been attempted to realize the aims of training, what went right, what went wrong, and most importantly, why; and second, to make recommendations on the most appropriate course of action to follow in the future.

Analysis is based on observation of two training seminars (in Gharbia and Alexandria) and discussions with participants and instructors, as well as visits to ten governorates where two types of questionnaires were administered, the first designed to assess the opinion of governorate, markaz officials and village chiefs about training and the second to assess the trainees' reactions to the training programs they attended and the impact of training on their knowledge, skills, and capabilities. In addition, some of the issues presented in this section for consideration by all involved in EVS activities are based on discussions held with ORDEV and Chemonics staff with a view to assessing their achievement, opinions, and plans.

1. Chemonics Training Activities

Between December 1981 and the end of February 1984, Chemonics trained approximately 22,000 people in 20 governorates. Training programs have been designed to have an impact on upgrading the knowledge and skills of those engaged in the planning, implementation, maintenance, and monitoring of local infrastructure projects. The programs developed,

selected and offered by Chemonics can be divided into three categories.

a) Technical programs: These programs are designed to provide local people with the skills required for the implementation and maintenance of village projects. Maintenance of water pump sets, construction and maintenance of roads, drainage, sewerage, and accounting programs fall in this category. By the end of February 1984, nearly 1200 operators, 750 technicians, and 275 engineers have been trained in the maintenance of water pump sets. Approximately 230 technicians have been trained in the maintenance and construction of roads, 54 engineers in drainage, 26 engineers in sewage, nearly 800 persons in accounting (i.e., one accountant for nearly each one of Egypt's 869 village local units). Also, 140 persons received training in computer programming and information systems.

b) Non-technical training: These programs are varied, and have included "awareness seminars"--training of trainers (to conduct) village council workshops, planning and management, and follow-up and monitoring. The largest portion of people receiving training, about 75%, are those involved in the awareness seminars. A training-of-trainers program (TOT) is an intensive two weeks' course for governorate and markaz officers and village chiefs in the concepts of planning, decentralization, EVS project aims, feasibility studies, etc. These people then conduct three-day workshops for each village council in their district, conveying the concepts learned in the TOT program to village council members. Supplementing the TOT programs and the village council workshops (VCW) are the village level introductory planning and management seminars in which over 1150 village executive and popular council chiefs across 16 governorates participated. The objectives of these seminars are to explain and clarify the role of different levels of local government (governorate, markaz, village) in EVS planning and management, to create public awareness of the importance of local participation and self-help, and to develop villagers' abilities to identify and solve EVS subproject implementation problems. Table A on the following page shows a breakdown of the number of trainees and types of courses delivered by Chemonics from the inception of their effort to the end of February 1984.

Weaknesses in GCE planning and management for EVS subprojects at the markaz, and sometimes at the governorate, level led Chemonics to develop a new "planning and management" course aiming at clarifying the role of markaz officials vis-a-vis the villages and governorate, improving the participants' skills and knowledge in project planning and management, and developing their decision-making and problem-solving capabilities. Two such seminars were held so far, the first in Minya in January 1984 where 56 markaz and governorate senior officials, markaz engineers and planning directors, and a number of village chiefs participated, and the

BVS Training Programs and Trainees Between 1982 and February 29, 1984

	Course	Type of Trainee	Number
TECHNICAL TRAINING	Maintenance of pump sets	Operators	1188
		Technicians	746
		Engineers	273
	Construction & maintenance of roads	Technicians	229
	Drainage	Engineers	54
	Sewage	Engineers	26
	Accounting	Accountants	876
	Computer Programming	Governorate, ORDEV persons	10
	Information System Seminar (Trainers')	ORDEV markaz reps.	130
	TOTAL TECHNICAL:		1532
NON-TECHNICAL TRAINING	Awareness Seminar: Training of Trainers	Trainers	156
		Village Council Workshops	Popular & Executive Council Members
	Follow-up and Monitoring	ORDEV officials	51
	Markaz/Governorate Planning & Management Seminars	Markaz & Governorate Senior officials	122
	Markaz/Governorate Financial Management Seminars	Markaz & Governorate officials	46
	TOTAL NON-TECHNICAL:		17522
OVERSEAS TRAINING	Training of Trainers		10
	Training of Engineers		10
	Training of Senior Officials		13
	ORDEV Officials		3
	TOTAL OVERSEAS:		36
	GRAND TOTAL:		21090

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second in Gharbia in February with 66 participants including heads of technical departments at the markaz, ORDEV representatives at the markaz and governorate, and a village chief from each markaz. We understand that Chemonics is scheduling a third such seminar in Qena during the second half of March 1984.

c) BVS overseas training: This was a 12-week program offered to 36 Egyptian officials including a senior manager, engineer, and trainer from the eleven governorates who joined BVS in 1982, and three officials from ORDEV headquarters in Cairo. The program included classroom training in the U.S. in rural development management, rural development training methods, and skills application laboratory. Complementing the classroom training for senior managers were field trips to South Korea, India, and Saudi Arabia. The rationale for this training was that it offered very useful exposure to other development technologies applied in different cultural settings, thus expanding awareness, knowledge, and furnishing implementation ideas to be tried in the participants' rural areas. In addition, the training was a motivating factor for rewarding and reinforcing leadership behavior in a critical area of development. Overseas training was also considered the most effective way to enhance teamwork and to transfer technology from one culture to another.

The three categories of local government personnel upon whom the success of decentralization policy is largely dependent and who were intended to be strengthened by this type of training are a) the training specialist, who is responsible for assessing training needs and determining types of training required; b) the engineers and technicians whose function is to design, implement and maintain local projects, and c) the senior officials responsible for the creation, support maintenance and coordination of viable local institutions.

2. Course Selection and Development

Course selection and development have been the exclusive responsibility of Chemonics. Courses designed and conducted in the initial stages of the project were selected on the basis of a fairly obvious need to provide the basic knowledge and skills required to operate BVS subprojects. This has been the case in the awareness seminars and the technical training courses. Once courses were selected, curriculum committees were formed to design the contents. In the case of the maintenance of water pump set, for example, a five-man committee (four engineers from the Ministry of Agriculture and an engineer from the Ministry of Industry) was formed with the primary task of determining what course materials and manuals have already been developed and used by the GOE and its related institutions for the same skill areas. These materials were examined, reviewed and tested. As a result, new modified

manuals were prepared. Chemonics then selected the instructors, invited the trainees to test the new manuals, and introduced necessary modifications. Finally, these manuals were printed and used in delivering courses. Instructors were authorized to make minor changes in the training materials based on local conditions without referring back to Chemonics.

3. Course Locations

Existing training institutes and centers run by the GOE and its agencies have been selected as training sites. Each center has been re-equipped through BVS funds and provided with the facilities required for the delivery of the new training programs. Governorates were then notified of the location of each course and the number of trainees to be nominated for each program. Additional courses were held at the governorate seats.

4. Observations and Trainees' Reactions

a) Course visits: Members of the evaluation team observed two training sessions, an information systems seminar for trainers at Alexandria and a markaz/governorate planning and management seminar at Gharbia. The first was designed and conducted to prepare selected markaz and governorate officials to train village councils in technical data collection and the installation and/or improvement of maintenance of project records. Chemonics instructors and ORDEV representatives assisted in the delivery of this seminar. The 30 participants were mainly markaz and governorate development officers, some of whom previously attended a TOT course.

It was observed that the participants who seem to have comprehended the concepts taught in the seminar were those who had attended the TOT course. Others appeared to have had difficulty in understanding some issues discussed, such as use of maintenance funds and the importance of record keeping. It is doubtful whether they will be successful trainers. Yet, it is only fair to comment that the seminar was lively and interesting, discussions were open and useful, and both participants and instructors were enthusiastic and dynamic.

Discussions held with participants revealed the following:

a) there were too many participants for effective discussions;

b) the seminar should have included a visit to one of the BVS subprojects where each participant could apply as an observer what was learned in the classroom;

c) there should be continuous follow-up of participants after they return to their stations;

d) examples of success in other countries should have been discussed in the seminar, and

e) the seminar should have been conducted over a longer period of time.

Apart from the above shortcomings, the seminar was reported by participants to be very useful in strengthening their data collection and record keeping skills and in preparing them to spread these concepts to village units.

The markaz/governorate planning and management seminar at Gharbia was particularly interesting and useful, considering the variety of subjects discussed: data analysis, feasibility studies, decision-making and problem-solving, coordination of BVS activities with other GOE and AID programs, and the relationship between officials at different local government levels. Discussions were interesting, especially the one with the Governor, which focused on the issues of popular participation and voluntary local financial support to supplement EVS funds. All participants' reactions to the seminar were favorable.

b) Governorate reviews: These were based on visits to ten governorates. Our observations, by governorate, were as follows:

Giza: Top officials do not appear to believe in the utility of the 3-day village council workshops; more training is needed to strengthen cooperation between the executive and elected members of local unit councils; all programs should be longer; familiarity on the part of trainers with local problems is necessary for the success of training programs; there is a need for more specialized technical training; technical training is the most useful type of training.

Beni Suef: Participating in most training programs; Chemonics did a good job in developing managerial skills and technical capacity; one of the few governorates in which Chemonics has successfully monitored and evaluated training programs; more practical training is needed; training can be more useful if concentrated at the markaz; local unit chiefs perceive the need for additional EVS related training.

Behaira: Training has had disappointing impact; courses were too short to be effective; training tended to be theoretical; some participants were selected arbitrarily; however, technical courses were more successful than non-technical courses.

Menufia: Very high level of participation in training; the awareness seminars (TOT, VOW, P&M) were the most effective programs; very useful technical training also; more practical and specialized technical training is needed; governorate top officials are enthusiastic about training; Chemonics has made an excellent effort in this governorate.

Gharbia: Good technical training provided; the impact of training on cooperation between executive and elected members of village councils is notable; was some inappropriate selection of participants whose experience proved incompatible with course contents; the most useful technical course was one on drainage; visits by Chemonics staff are needed to insure the effects of courses on upgrading capabilities.

Ismailia: There is need for more awareness seminars; technical training should continue and be more specialized.

Red Sea: Governorate has not as yet formed local unit councils; very low level of participation in training; no awareness seminars were conducted; no records on training available; extensive and intensive training is needed in all areas after development of local unit administrative bodies occurs.

Fayoum: Reluctant to participate in training programs offered by Chemonics; low level of participation; only 38 persons received technical training in the whole governorate, on pump sets; no one attended construction and maintenance of roads course.

Sharqiya: Training contributed significantly to decentralization; high level of participation in training; more training in maintenance of water pump sets, construction and maintenance of roads, sewage and drainage is needed; Chemonics training programs had an outstanding impact.

Sohag: Training is insufficient to have impact; more technical training is badly needed; training courses aimed at developing markaz and governorate capabilities in project management are a must.

c) Overseas training: Evaluations made by the USDA Graduate School and the ORDEV Chairman revealed the following areas of strengths and weaknesses.

- Training of Trainers: Excellent program; English language difficulties hindered effectiveness; more attention should be given to development in rural areas.
- Training of Engineers and Technicians: Extremely useful; the program was of great professional value; highly qualified instructors; exposure to new technologies and methods was

particularly useful; more hands-on training is needed; more time should be devoted to English language training; the period was too short; there should be more concentration on problems of rural areas.

- Training of Senior Officials: Field trips were highly appreciated; returned trainees said that of the four countries visited, only the USA and South Korea showed something relevant to their interests in rural development.

5. Conclusions

To conclude that the numbers of people trained by Chemonics, either directly, or indirectly through the village council workshops, are very impressive, is to state the obvious. Regardless of any weaknesses and shortcomings, Chemonics has undoubtedly done an incredible job in a relatively short period of time. Success can be found in the almost unanimously favorable reaction of the government, markaz and village officials to training programs, especially technical training and awareness seminars, and the increasing number of governorates requesting more training. Twelve governorates are asking Chemonics for training courses on environment.

However, based on course visits, discussions with people concerned, and trainee reactions, the following areas require special attention.

a) Selection of participants: In some governorates it was observed that some participants were selected at random, with little consideration of background, experience or role in rural development activities. This has resulted in these cases in offering training to people who did not benefit from it.

b) Quality of programs: In almost all governorates visited it was reported that most training programs tend to include more theoretical than practical activities.

c) Course duration: It is apparent that the awareness seminars represent one of the major successes of the entire decentralization process. Yet, the time period over which these seminars were conducted was too short to realize their objectives to the fullest.

d) Follow-up: No more than 20% of all training courses are currently monitored by Chemonics' own staff. It is important to recognize that favorable reaction to a program does not necessarily measure learning. This is one of the most important aspects in TOT programs where participants are prepared to teach others.

e) Decentralization of training: The concept of conducting programs to train selected people on certain concepts who in turn convey these concepts to the villagers is a clear indication that the decentralization process is going in the right direction. However, a great number of training courses are conducted at central urban locations rather than at the local level; the markaz local level might be most practical.

f) Overseas training: It was reported that overseas training is, on the whole, useful and should continue. Without the language barrier, this training could have been a major success.

g) Chemonics phase-out: Perhaps the most serious problem in the immediate future is the end of the Chemonics contract in September 1984 and ORDEV's still limited capacity to organize and administer training. It is absolutely necessary that training continue in order to strengthen institution development at the local level and in order to ensure the continued success of the BVS activity.

RECOMMENDATIONS

1. Clearly-defined criteria for the selection of participants have to be established.
2. Practical training should constitute the larger portion of the instruction, especially in the case of technical training.
3. The awareness seminars should be conducted over a longer period of time. Consideration may be given to grouping several local units into a markaz group for one-week workshops. Extended course duration may also be beneficial for all other training courses.
4. A follow-up system, especially for TOT programs, should be established.
5. Training should be even further decentralized. The majority of, if not all, training programs should be carried down to the governorates, markaz, or villages wherever possible.
6. Overseas training must be carefully chosen. They should either have good English language skills, or be given intensive language courses before departure.
7. It is strongly recommended that immediate action be taken by ORDEV and Chemonics to develop a plan to transfer training capabilities to ORDEV within the next six months, as well as to formalize a mechanism for the continuation of training delivery under ORDEV after the departure of Chemonics.

APPENDIX III.B.

FINANCIAL RECORDS

1. Accounting Systems

Records examined at all selected governorates are based on the GOE accounting system. All financial transactions are recorded in detail for each subproject showing funds allocated, disbursements and remaining balances. In addition, the records reflect a valuation of works completed as certified by the inspecting engineers.

In general, detailed records are officially kept at the markaz level for all local units under its jurisdiction. However, most local units do keep duplicate "unofficial" records that produce the same data. These "unofficial" records are checked and reviewed periodically by the markaz officials.

A monthly report is prepared by each markaz reporting on all its subprojects, for each local unit, and forwarded to the governorate. These reports are recorded in summary form and correlated to show the financial status of all BVS projects in the governorate. A quarterly report is then prepared by the governorate and forwarded to ORDEV.

In order to standardize reporting and transmission of financial data, ORDEV has introduced a standard format to record extracted financial data as well as results of follow up activities on all subprojects. These formats are used by all governorates and show:

- Governorate, Markaz, Type of subproject
- Local Unit
- Detailed description of subproject
- Satellite villages serviced by subproject
- Number of beneficiaries
- Funding in LE; Amendments in funding
- Actual disbursements
- % disbursements/allotment
- Execution progress (for each component of the subproject, e.g., land, buildings, fixed assets, equipment: amount allocated, disbursed, value of work completed)
- Total value of work completed
- Percentage of value/work completed of allotment
- Details of completed work (technical data)
- Problems in implementation
- Action taken/recommended to resolve such problems
- Observations

The above report is then summarized in the following format before transmittal to the governorate:

Number of local units
 Number of villages served
 Total funds allocated
 Total funds disbursed
 % disbursements of allotment
 Value of work completed
 % work completed of allotment
 Work completed (e.g., length of water pipes, roads, etc.; size of buildings, etc.)

At the governorate, all such data is recorded and categorized by markaz, local unit and type of project. A quarterly report is extracted and forwarded to ORDEV showing:

Type of subprojects (water, roads, sewerage, canal lining, etc.)
 Funds allocated
 Disbursements
 Value of work completed
 Number of beneficiary villages

A more detailed report is also prepared reflecting the same information for each local unit. All such data is then synthesized at ORDEV and entered on the computer. Quarterly printouts produce three basic types of reports by financial year and by governorate:

a) Summary Report

Type of projects
 Number of subprojects
 Number of local units
 Number of beneficiaries
 Funds allocated
 Actual disbursements
 % disbursements of allocation
 Value of work completed
 % value of work completed of allotment
 Status of project (completed, under way, not begun, stopped)

b) Detailed report (financial), categorized by markaz and local unit for each governorate:

Local unit
 Project type

BVS fund allocation
 Funds disbursed
 % funds disbursed
 Value of work completed
 % value of work
 Project status

- c) Technical Report: This report is also categorized by governorate, markaz and local unit, and shows local unit, villages served, and a summary description of project(s) undertaken.

2. Location of Financial Records

Based on the degree of decentralization, the official records for BVS may be found at the governorate or the markaz level. Unofficial records showing BVS financial data are kept at the local unit. This was the case in all governorates visited except Sohag, Ismailia, and Red Sea governorates.

Sohag and Ismailia use a centralized mode of project implementation. Financial data is recorded at various locations of project management and synthesized at the governorate level. Correlated data is then finalized in the form-standardized quarterly reports sent to ORDEV.

In the Red Sea governorate, all records are kept at the governorate as there are no markaz units and the local units are not as yet fully developed.

The inability of governorates to officially locate accounting units at the local unit level is due to existing GOE regulations by the Ministry of Finance requiring such units to be located at the markaz.

After having trained an average of one accountant for each of 800 village units involved in the BVS program, ORDEV and Chemonics have formed a working group with the Ministry of Finance concerning official GOE certification for these accountants and the establishment of village accounting units.

Under the present system, village secretaries (as they are called) are capable and in many cases do fulfill the function of accountants without having authority to do so. Chemonics argues that what has become a de facto transfer of record keeping from the markaz to the village level should be endorsed by governmental decree.

3. Administration of Subproject Funds

In most sampled governorates the local unit represents the focal point for disbursement authorization of funds. Although accounting units are usually located at the markaz level no disbursements are made without an authorization ("Form 50") signed by the chief of the local unit. Most subproject funds are kept in separate bank accounts in the local unit's name. Signatory rights are vested either in the markaz or co-signatories of the chief of the local unit and a representative of the markaz.

The exception to the above are those governorates which have not as yet achieved decentralization of all development activities or which are implementing subprojects through a central service authority such as Ismailia, Schag and Red Sea governorates. In such cases subproject funds are actually administered by the service authority or the governorate itself and disbursements are charged to the pertinent local unit account.

4. Maintenance Fund

The GOE contributes maintenance funds equal to 10% of the USAID grant. This maintenance fund is deposited by the governorate in a special bank account prior to receipt of EVS project funds from ORDEV.

As local units begin to implement their subprojects, the governorate transfers the 10% maintenance funds to local unit special accounts. From then on, local units have full control of such funds and can use them to defray any needed maintenance costs.

As these funds are GOE contributions, they are deposited in interest bearing accounts to generate more revenue. Most local units visited have not as yet tapped the principal amount as maintenance needs have not arisen. However, in some cases local units have used portions of the fund to procure small tools or to erect small workshops stocked with most spare parts needed.

During field visits, the team reviewed the 10% maintenance account at each local unit. Separate records are kept to reflect the amounts received for maintenance, expenditures and balances on hand.

5. Adequacy of Records

Records were examined at all governorates and local units in the evaluation sample and were found to be reasonably adequate for recording and reporting all financial transactions pertaining to the EVS project.

Data extracted from such records is inconsistent from one quarter to the next. However, in many cases where such records were test checked against computer printouts furnished to the team by ORDEV most figures corresponded as of a particular cut-off date (December 31, 1983). Major discrepancies were in subproject implementation status where original budgeted amounts were not adjusted and still reflect an undisbursed balance while the subproject has been completed and is in use. The reversal of that situation also occurs: budgeted allotments were exhausted yet the subproject is still underway but reported as completed.

In order for ORDEV to keep up with the flow of data from governorates, it had to computerize its management information system.

Thus, ORDEV started the computerization of subproject records in July 1983. The first computerized Quarterly Progress Report (QPR) was issued two and a half months later in October using the June 1983 data. The computerized September QPR which should have been released immediately after the June QPR never appeared. Numerous inconsistencies were found in the subproject data supplied by the governorates from one quarter to the next. Reported expenditures for some subprojects for the current quarter were lower than for the previous one, projects reported previously as "completed" were still "underway", figures on the value of work performed did not match previous statements, etc.

A major data rescue operation was organized at ORDEV and personnel were sent to the governorates to correct the reported data during December and January and obtain data as of December 31, 1983.

The December QPR had not been released completely as of early March 1984 and only preliminary printouts were made available from ORDEV to be used by the team in spot checking field records. Although this data proved to be relatively consistent in many cases, there were discrepancies. Areas of differences were primarily as follows:

- Funds disbursed for each subproject reflected in some cases minor differences between ORDEV and governorate records (found in Beni Suef, Giza, Red Sea and Sharkia)
- Some subprojects that are completed but still have an undisbursed balance of funds are shown in the ORDEV printout as "under way";
- Transfer of savings from one BVS subproject to another appear in the local unit records as marginal notations, yet these are not reported in governorate records nor in the printout. Thus, the subproject actual costs may not be shown accurately;

- Subprojects that show significant disbursements of funds (reaching 97% of allotment) do not show value of work completed, neither are we sure that this measure is understood or applied uniformly in all instances;
- The number of subprojects and their types are subject to constant change. These changes are often presumably unreported and/or fail to show in the printouts.

Thus, the much needed computerization of subproject records completed only recently at ORDEV has laid bare some of the weaknesses of the reporting system. Although substantial steps have been taken, considering the fact that information systems assistance was not part of the initial project design, much remains to be done to make the data more accurate and dependable.

6. Source and Use of Funds

a) Project Funding and Disbursement

The table on the following page summarizes the sources and use of funds financing the EVS project activities. The data is taken from the Project Agreement Amendment (6/30/83), USAID disbursement records, Chemonics' estimates of GOE expenditures on subprojects, and ORDEV records.

b) Subproject Implementation Status

EVS financial records were examined at USAID and ORDEV. Extracted financial data was cross-checked between USAID's actual disbursements and ORDEV's recordings of disbursements.

It was noted that grant disbursements actually remitted by USAID in FY 1982-83 were greater than the standard budgeted allocations of LE3.450 million for rural governorates and LE 1.5 million for desert governorates. The increase in amounts of disbursements was made for special additional subprojects in accordance with the Interagency Committee's decisions as documented in the minutes of their meetings.

The ORDEV computer printouts reflect only the original standard allotments rather than actual funds received by each governorate, though such funds are recorded by ORDEV in their accounting records as receipts from USAID for distribution to the recipient governorates.

Discussions with pertinent officials leads us to believe that there is a communications gap within ORDEV. IAC decisions on funding allocations either are not conveyed or if conveyed, are ignored by the computer department. Furthermore, it appears that there are no

Table III.B-I -

	AID Grant \$000	AID Title III \$000	GOE Cont. =\$000	Total \$000	Disburse- ments (to 2/29/84) \$000	Balance \$000
Subproject con- struction	130,000			130,000	127,370 ^{1/}	2,630
Subproject con- struction		75,000*		75,000	58,000	17,000*
Indirect subpro- jects			20,000	20,000	19,316 ^{2/}	684
Maintenance fund			19,500	19,500	18,500	1,000
Tech. Assistance & U.S. training	13,900			13,900	6,448	7,452
In-country train- ing (GOE)			3,000	3,000	2,000 ^{3/}	1,000
Local staff support			4,000	4,000	3,000	1,000
Contingency	500			500		500
Inflation/ evaluation	600			600	70	530
TOTAL	145,000	75,000	46,500	266,500	234,704	31,796

^{1/} Includes US\$ 10 million for direct procurement of PVC pipes from U.S.

^{2/} Estimates are based on valuation of work undertaken by GOE to supplement EVS subprojects: asphaltting EVS roads, canal lining and potable water subprojects \$11,447 million; design and tender documents \$1.844 million; land for water subprojects and rights of way \$6.025 million)

^{3/} Estimated expenditures in local training and staff support for 2780 staff members involved in EVS activities at ORDEV head office as well as at all governorates.

* Based on estimated amount of wheat and actual landed value, is less.

reconciliations or cross checks made between the accounting records and the computer printouts. The result is inaccurate portrayal of subproject funding and of implementation status.

Utilizing available data at USAID and ORDEV, the tables at the end of this section were developed.

Table III.B-I (page 15) shows US\$ disbursements from grant funds as well as Title III for allocations to governorates. The amounts cover complete funding for 1980 through 1983 and partial funding for 1984. Equivalent LE allocations were converted at average exchange rates for the first nine governorates whose source of funds included both grant and Title III. The balance of governorate funds were calculated at the current prevailing rate of exchange of US\$ 1.00 = LE 0.83. Expenditures for water, roads and other subprojects were extracted from ORDEV financial data reports as of December 31, 1983. Due to certain discrepancies noted during field visits, we do not believe that the data is totally accurate.

However, based on the data obtained, the average actual expenditures of funds against budgeted allocations for all the BVS subprojects amounts to 74% of total funding from BVS inception through FY 1982-83, as of December 31, 1983. Funding allocations for 1983-84 are only partial and no expenditures are as yet reported.

Table III.B-II (page 17) is a tabulation of expenditures for FY (GOE) as reflected in ORDEV's data transmittal reports, extracted from the manual system.

TABLE II. BASIC VILLAGE SERVICES (BVS) EXPENDITURES STATUS AS OF DEC. 31, 1983 (LE 000)

	WATER					ROADS					OTHER					Grand Total
	80/81	81/82	82/83	83/84*	Total	80/81	81/82	82/83	83/84*	Total	80/81	81/82	82/83	83/84*	Total	
Arqiya	2534	2635	1581		6730	835	366	344		1545		449	1075		1524	9799
Boum	513	1087	497		2097	1192	817	633		2642	1284	1396	495		3175	7914
Mag	2288	2129	1288		5705	1151	997	445		2587						8292
Mubliya		1848	1790		3638		1406	109		1515			47		47	5194
Nia		2185	1389		3574		1040	1442		2482		186	40		226	6282
Nuffa		2991	2589		5580		317	105		442		24	96		120	6142
Na		2250	1226		3476		1000	443		1443		200	99		294	5218
Nejra		1140	1050		2190		1990	1158		3148		139	204		348	5686
Ra		3175	1723		4898		267	779		1046		8	358		366	6310
Si Suf			900		900			1663		1663			492		492	3055
Arbia			2284		2284			92		92			189		189	2570
Fr D Sheikh			1160		1160			850		850						2020
Kahlia			1608		1608			33		33			329		329	1970
Majetta			563		563			583		583						1146
Slut			599		599			422		422			13		13	1034
Wan			637		637			885		885			160		160	1682
Mallia			300		300			1200		1200						1500
W Valley			300		300			40		40			62		62	402
D Sea			576		576								100		100	676
Truh			198		198			1000		1000						1184
Sinal																
Sinal																
TOTAL	5335	19440	22149		47,018	3178	9310	12236		23,628	1284	2412	3759		7,444	78,081

* Data on disbursements against 1983/84 allocations has not as yet been reported to ORDEV by the governorates. USAID began the release of allocated funds to the governorates on October 11, 1983. Thus, data on disbursements by governorates for subproject implementation have not yet been transmitted from the governorates. The total allocations released thus far (Feb. 29, 1984) amount to LE 38,617,000, against which no expenditure data is as yet recorded.

Source: ORDEV manual records.

CONCLUSIONS

The initial computerization of subproject records has been successfully achieved at ORDEV. Chemonics has trained operators to perform data entry, editing, processing and printing. This is the beginning. Substantial technical assistance is still needed to develop a dependable computerized system.

The ORDEV current manual accounting system follows closely the traditional GOE financial practices. Though sound in design it is overburdened by the volume of BVS activities in keeping track of 4000 subprojects. Establishing an effective computerized system is of paramount importance at this juncture in record-keeping. Exclusive reliance on a manual system will only produce outdated information that cannot accurately reflect project status.

The computerized system established at ORDEV is only six months old. The first three months were mostly devoted to data entry for subproject records and production of the first Quarterly Progress Report based on the new system. No additional reports have been officially released since the computerized system uncovered substantial flaws in the reporting process. ORDEV needs to take urgent steps to address these weaknesses both at the governorates and within itself.

In most cases, the computerization of records requires the maintenance of the old parallel manual system for as long as necessary in order to insure a smooth transition from the manual to the automated system. Given the problems uncovered by the computerization, however, there should be little reliance on the manual system as an accurate portrayal of project status. ORDEV needs to move as swiftly as possible to the computerized system.

Besides examining and assisting governorates with their data transmittal and collection, some fundamental management processes will have to be reviewed at ORDEV in order to succeed in this task. There is reason to believe, for example, that little coordination takes place among departments or sections at ORDEV. There are divergences in the financial data supplied by different departments at ORDEV. This situation cannot continue. There should be unified and internally consistent recording and reporting systems.

Yet this system cannot operate in a void. To a large extent, these problems are indicative of larger management issues that need to be addressed. Internal flows, roles and responsibilities need to be defined concerning the emerging new system. While the first task is to achieve a

reasonably accurate automated subproject record keeping system, the potential exists to make use of the computers to support a better management information system (MIS). More general background planning data need to be collected by ORDEV to help guide rural development activities.

RECOMMENDATIONS

1. ORDEV should spearhead a coordinated effort by each governorate to review thoroughly all of its subprojects and make necessary records adjustments based on actual subproject status.
2. ORDEV should develop and apply stricter policies and procedures for subproject amendments in order to prevent unwarranted changes and maintain accurate subproject documentation.
3. ORDEV should develop new alternative measures of subproject status that do not depend exclusively on financial data to gauge progress.
4. Additional technical assistance will be needed at ORDEV and at the governorates to develop systems and processes to correct the weaknesses of record keeping now made very salient by the computerization.

APPENDIX III.C

SUBPROJECT ENGINEERING

1. Types of Subprojects

BVS subprojects include a wide range of village infrastructure facilities. The criteria for such subprojects are that they be public in ownership, benefit all or nearly all the people in the local unit, and that they are visible.

A total of 24 types of subprojects are identified in the overall BVS effort, as follows:

<u>Project Type</u>	<u>Project Type</u>
Water	Small Barrage
Roads	Fire Hydrants
Sewerage	Post Office
Small boats	Electrical Connections
Markets	Stores
Youth Center	Irrigation Canals
Latrines	Water Tanks
Filling Swamps	Clearing Drains
Slaughter Facilities	Covering Drains
Bus Sheds	Planting Trees
Lining Canals	Bridges
Community Hall	

Over the two year period 1981-82 and 1982-83, more than 2000 BVS subprojects were authorized in the participating governorates. The BVS program consisted of nine governorates in 1981-82, but was expanded to a total of twenty governorates in 1982-83. As can be seen in the table below, potable water and road subprojects constituted the vast majority of BVS activities.

BVS Subprojects by Type, 1981-1983

Subproject Type	1981-82		1982-83	
	No. of Subprojects	% of Funds	No. of Subprojects	% of Funds
Water	425	63.5	487	50.0
Roads	273	28.3	328	33.3
Others	188	8.2	368	16.7
Total	886	100.0%	1183	100.0%

If there has been any pattern to subproject selection since the start of the BVS project in 1980, it is that local councils initially concentrate on water and roads but tend to shift to a greater diversity of activities in the second and third years of the project.

2. Design

Design is defined as the process by which subproject concepts are translated into specific technical instructions for field implementation. It may include field surveys, analytical calculations, technical drawings, and tender specifications.

Subproject design may occur at any level of the governorate that has qualified engineering personnel. In most cases, however, design is concentrated at the governorate level where there are usually large technical staffs within the Departments of Housing and Roads and the Ministry of Irrigation. At present, most governorates are making efforts to strengthen their technical capabilities at the markaz level, especially within the engineering and irrigation departments. In addition, a few engineers can be found working with markaz councils in the local units.

Except where specific administrative limitations apply, the registered engineer at the lowest level will normally perform the design and assume ultimate responsibility for its implementation. Once signed by a registered engineer, a design is not normally subject to technical review by higher authorities. In the case of roads and irrigation related activities, however, design responsibilities are retained by the

governorate department of roads and the Ministry of Irrigation, respectively. To illustrate the differing governorate approaches, all BVS designs in Beheira, Beni Suef and Red Sea are carried out at the governorate or central government levels, while Menufia allows some design to take place at the markaz level and Gharbia and Giza have limited design capabilities at the local unit level.

The quality of designs is generally good and appropriate for conditions in rural Egypt. BVS subprojects employ conventional technologies that are found throughout Egypt and much of the developing world. With few exceptions, the basic design level is well-proven within Egypt and is consistent with the training and (to a lesser extent) the experience of local engineers and technicians. Subprojects designs which have promoted drastically different concepts (e.g., biogas facilities, some sewerage systems) have tended to be either discontinued or returned for further investigation.

Having said the above, it must be recognized that the quality of subproject designs tends to diminish as one goes to lower governmental levels and meets younger, less experienced engineers. Engineers at the markaz and village levels sometimes overemphasize the narrow technical aspects of their responsibilities and thereby overlook the associated issues of operations, maintenance and environmental impacts. Such people often have little support--few or no staff, no technical literature, and poor subproject documentation. Technical project files are non-existent at the local unit level and only occasionally are found in an up to date manner at the markaz level. It is common practice for engineers working with markaz and village councils to keep whatever technical designs and drawings that may exist at their homes for safekeeping. In the majority of cases, one must turn to the governorate to find a complete file of subproject design information.

Some attempts have been made by Chemonics to encourage technical records keeping at the village level, but given the growing importance of the markaz as the center for technical resources, it would be better to concentrate on establishing and maintaining design files within the markaz technical offices.

3. Construction

Construction tendering is carried by all three levels of local government. Where tendering is the responsibility of the village council, the technical specifications are usually prepared at the markaz or governorate levels. Contracts for BVS subprojects are awarded to both public and private sector firms and, in some cases, local councils themselves become their own general contractor. There appears to be no clear pattern of contracting, other than that large public sector firms

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tend to win road contracts because of the requirement for heavy construction equipment, while private sector firms carry out most other subprojects. In some cases, local councils undertake the work themselves, but the considerable cost savings that result are sometimes offset by the bureaucratic problems involved.

Cost and efficiency seem to be major concerns in the selection of contractors. Beni Suef governorate, for example, awarded all of its road subprojects to a single private contractor in 1982-83, but because of poor progress the governorate gave most of its 1983-84 road contracts to a new low bidder, which happened to be a public sector firm (The Arab Contractors). Another version of contracting can be found in Ismailia governorate where all road projects have been awarded to The Arab Contractors, but all water projects have been let to a variety of private sector firms.

Labor for subproject construction is drawn from a variety of sources. Large contractors, private or public, tend to bring in their own labor force from outside the local community. In some cases, most notably in Giza governorate, it was stated that outside labor was a necessity because local residents were either not available or were not interested in working (for pay) on the EVS subprojects. Occasionally, local labor is used at reduced wage rates, whereby the workers agree to accept less than standard wages.

The greatest use of local labor, however, appears to be on a voluntary, community self-help basis. The practice varies greatly throughout Egypt and is probably related to the type of leadership found in the village councils. Most self-help efforts occur on potable water subprojects (trench digging and backfilling) and road subprojects (collecting sand and gravel, moving telephone poles, etc.). The evaluation team found extensive self-help labor contributions in Gharbia, Beheira, Sohag, Sharqiya, Beni Suef and Menufia governorates, but little or no voluntary contributions in Ismailia, Red Sea or Giza governorates. The effect of local contributions can significantly reduce the cost and/or extend the scope of some subprojects. In Beheira, for example,

villagers of Kom El Akhdar local unit installed over 10 kilometers of water pipe at an estimated labor savings of LE 18,000. Similarly, the people of Basheem village in Menufia governorate contributed LE 13,000 in sand, gravel and labor to a road subproject that required only LE 3000 of EVS funds.

The quality of construction is generally acceptable for the types of subprojects being implemented. Given the large number of contracting operations and the difficulties in maintaining high standards of construction supervision with limited field staffs, it is not surprising that some subprojects suffer delays, contractor bankruptcies, and inadequate construction practices.

The Chemonics field trip reports document numerous problems ranging from material shortages to improper design and construction methods. Yet, these problems seem to be resolved in the course of subproject implementation. Local councils as a whole are very concerned with resolving these problems as quickly as possible and several instances were found where councils withheld payments until contractors corrected construction errors. For example, the El Parageel local unit in Giza governorate held up payment to a contractor on a water subproject until the final 40 meters of pipe were removed and correctly installed.

A minor complaint is warranted regarding the completion of subproject construction. Final finishing work is often sloppy and sometimes left uncompleted. Road shoulders, for example, are rarely shaped smoothly according to standard cross-sectional designs. Moreover, final plastering of buildings is sometimes poorly done, and the removal of construction rubble and final site clear up are almost always left unfinished. While these basically cosmetic aspects have little effect on the integrity or functioning of the subprojects, they belie an attitude of carelessness that probably carries over into the subsequent maintenance of the subprojects.

The evaluation team was not able to determine the actual completion rate of subprojects other than that given by the financial records. Informal observations in the field, however, indicated that the vast majority of current EVS subprojects are being implemented in a reasonably timely manner. In the few cases where subprojects had come to a premature halt, the local unit was generally awaiting shipment of additional pipes or pumps. In rare cases, improper planning and design were at fault, as was found in Giza governorate where two slaughterhouse subprojects ran out of funds because of inadequate site investigations.

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3. Maintenance

Maintenance is the key to long-term subproject performance. Without an effective maintenance capability attuned to local needs, BVS subprojects will quickly deteriorate and in many cases (water pumps, roads, sewage tanks, etc.) become inoperable. Unfortunately, maintenance is the most neglected aspect of the BVS program.

Chemonics has attempted to work with governorate and markaz officials on the preparation of maintenance plans and the establishment of maintenance workshops, but little actual institutional change has occurred. No formal maintenance plans exist at the village level and although claims were made for such plans at the markaz level, the evaluation team was unable to physically inspect any such documents.

Where maintenance facilities exist, they generally are found at the governorate level. In theory, maintenance workshops also exist at each markaz, but such centers tend to be poorly equipped. The maintenance workshop for housing and water projects in El Shohada markaz of Menufia governorate, for example, has no equipment or vehicles and few tools. Although the workshop has a staff of 42, almost all work of any consequence must be contracted to private workshops.

The best maintenance facilities are found in the roads department at the governorate and sometimes the markaz levels. Maintenance on irrigation systems is also generally strong at both governorate and markaz levels. The level of maintenance for water projects is highly variable. In Beheira governorate, the public sector Beheira Water Company provides maintenance down to the village level. On the other hand, water project maintenance is often non-existent or negligent, as in Beni Suef and Gharbia, respectively.

No effective maintenance plans seem to have been drawn up anywhere in Egypt. Chemonics has reported that maintenance guidelines have been distributed to all levels of governorates and that Qena, Qaliubiya and Gharbiya have completed governorate-wide maintenance plans, but the results are difficult to perceive. Some equipment and tools have been purchased for maintenance centers at markaz and even some village units. The chief of the maintenance section of Mahalla El Kubra (Gharbia) markaz, for example, has prepared a list of small tools for small workshops in each associated village unit. In some instances, tools have been purchased by local councils with BVS maintenance funds, but overall village capabilities to provide maintenance service remains woefully weak. There appears to be growing efforts to establish maintenance facilities at the village level. Qena governorate reportedly intends to develop workshops in all 47 of its local units.

Given the lack of trained technical personnel at the village level and the shortage of tools and equipment at the markaz level, it would appear to be better to strengthen maintenance capabilities at the markaz level for the present, letting the markaz serve the local units by providing consistent monitoring, supervision, repairs, and record keeping.

Several types of maintenance improvements are needed. Water pumping plants are often dirty and pose hazards to the operators. Accumulations of grease, pools of water, dangerous electrical connections, and piles of rubbish are characteristic features of many plants. Operators seem to be concerned only with maintaining the actual engines and pumps, and this they accomplish reasonably well, but not the pumphouses or the surrounding area. In Gharbia governorate, for example, several pumphouses were standing in the midst of swampy pools of water caused by leakage from broken storage tank overflow pipes. Road maintenance is sometimes deficient also. Local officials often complain about the damage caused by seasonal rains to unpaved EVS roads, but no evidence could be found of routine maintenance to deal with the effects of rainwater erosion or heavy traffic.

In summary, overall maintenance of EVS subprojects is generally minimal, and the lower the delegation of responsibility, the weaker is the capability to deliver proper services. The problem does not appear to be one of training. Chemonics has trained over 2000 engineers, technicians, and operators in water project maintenance. Even the ineffective maintenance workshop at El Shohada markaz had sent most of its technical staff to EVS maintenance training courses. Instead, the problem seems to be a combination of lack of awareness that maintenance is important, failure to use the 10 percent EVS maintenance funds, insufficient tools and equipment, and a lack of leadership to promote maintenance activities.

The possibility of earning interest on maintenance funds deposited in the local bank discourages local councils from using the funds for their intended purpose. Probably the single most effective way to encourage local councils to use the maintenance funds is to require that all interest earned on those funds be remitted to the governorate.

A final comment on maintenance must be directed to monitoring and record keeping. As in the case of other types of documentation, there are very few records at the village level. The only major exception is provided by pump operators, who keep operational logs of pumping times, fuel consumed, and less frequently, maintenance performed. Copies of monthly operational logs are sent to the markaz for review and (presumably) follow up. Markaz personnel keep trip records of visits to water plants under their jurisdiction. In general, however, the records are not adequate for the overall monitoring of EVS facilities in the

markaz. Greater attention should be given to the need for high quality records that operators and supervisors can point to with pride as a measure of their job performance.

5. Environmental Impact

One would normally expect that the overall environmental impact of 4000 BVS subprojects distributed over 20 rural governorates would be quite large. On the contrary, the environmental effects have been minor, which is probably due to the relatively small size of the subprojects. In some cases, most notably roads and water pumping plants, BVS subprojects may involve the improvement or upgrading of already existing facilities rather than the imposition of new ones. Well constructed and properly maintained subprojects generally provide environmental amenities that were not previously available, such as potable water systems, all-weather roads, wastewater disposal facilities, bus shelters, etc. Where design has been inappropriate or maintenance inadequate, environmental problems often occur.

Over the life of the BVS project, a number of environmental issues have arisen. Some issues, such as the use of asbestos-cement pipes and methods of water treatment, have been resolved. Others, such as the problems of wastewater disposal and high groundwater levels, continue to cause concern. The status of these key issues is as follows:

a) Use of asbestos-cement pipes: Over a two year period, 1981-1983, various concerns were expressed over the possible carcinogenic effects of asbestos fibers in the water delivered through asbestos-cement pipes used in BVS subprojects. Despite disclaimers from a variety of reputable sources, including the U.S. Environmental Protection Agency, that there was no available evidence to show a link between water-borne asbestos fibers and cancer, the concerns remained and cast doubt over the advisability of continuing to use A-C pipes in the BVS program. Chemonics responded by carrying out studies on A-C pipes and the chemical aggressiveness of waters in several BVS subprojects. All studies affirmed the general acceptability of A-C pipes, but the issue was not definitely closed until November 1983 when the American Water Works Association formally stated that: "The AWWA believes that there is no demonstrated risk associated with the ingestion of asbestos in drinking water." It also added that unless definite causal links between asbestos in drinking water and adverse health effects could be established, standards and regulations for asbestos in drinking water supplies should not be promulgated.

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Although the issue is now closed, it should be stated for the record, first, that there is no evidence showing harmful health effects from the use of A-C pipe and, second, that A-C pipe is fully accepted for water supply purposes by the engineering profession.

b) Water supply treatment methods: Most BVS water subprojects deliver untreated groundwater to village water systems. Numerous governorate inquiries regarding the treatment of both groundwater and surface water sources led Chemonics and USAID to develop technical specifications for the construction of compact water treatment plants. These are relatively small "package" plants that perform all treatment processes, including flocculation, filtration, and chlorination, while under pressure. These specifications have been approved by ORDEV/IAC.

c) Wastewater disposal in areas of high groundwater levels: Throughout the Delta and in many parts of Upper Egypt, the groundwater level lies close to the ground surface, often within a meter or less. Groundwater levels have tended to rise over the past 10 to 20 years because the the Aswan High Dam has allowed irrigation throughout the year instead of only seasonally as in former times. The rising groundwater levels are causing the formation of wet areas in villages resulting in damp floors and weakened foundations in houses built of unfired mud bricks. Further aggravating this wetness problem is the lack of proper sewage and wastewater disposal facilities in most villages. Where the soil is nearly saturated with groundwater, little infiltration of household wastewaters occurs and the low, wet areas soon become permanent pools of sewage. The high groundwater / wastewater disposal problem becomes even more actue with the introduction of piped water supply systems. As potable water use increases, the amount of wastewater discharged to the surrounding area also increases and the general soil saturation, dampness, and standing pools of sewage grow worse.

Many governorates have expressed concern over the high groundwater levels and have asked AID and Chemonics for solutions to the problem. Potential solutions are constrained by Irrigation Law No. 82 which prohibits untreated wastewaters to be discharged into the Nile or its tributaries. Chemonics responded by bringing in a sanitary engineering consultant to investigate alternative methods of wastewater treatment and disposal in BVS villages. He recommended the development of combined sewerage systems for both groundwater and sanitary wastes coupled with secondary treatment (e.g., oxidation-ditches or oxidation ponds) and eventual discharge into surface drains. These recommendations have been formalized in two manuals, Planning and Design Manual on Wastewater Collection, Treatment and Disposal, and Technical Manual: Alternative Wastewater Treatment Systems, that have been approved by USAID and the IAC and currently are the basic training documents in wastewater treatment and disposal.

Although these manuals provide a sound engineering solution involving sewerage, treatment and disposal, it is questionable whether they represent the most appropriate answer to the urgent problems of high groundwater levels and increasing wastewater discharges that characterize rural Egyptian villages. Chemonics estimates that a full village collection, treatment and disposal system would cost LE 1 million or more. The question therefore is, how many systems can be built in the foreseeable future at these costs? Even by using BVS and DSF (Decentralization Support Fund) funds jointly for these systems, it will be generations before the bulk of Egypt's 4000+ villages and hamlets can be served with sewage systems. What is needed is a series of interim measures and low-cost alternatives that will provide some widespread measure of improvement in the near future, instead of costly sewerage systems that will be available to only a few lucky villages. Such alternatives may involve manual cartage of wastes, communal wastewater holding tanks, or even limitations on the types of potable water systems that can be allowed. AID should reopen the entire question of village wastewater disposal with the objective of identifying low cost, interim solutions that can be widely implemented in the near future.

d) Maintenance of water supply and wastewater facilities: Improper maintenance of water and wastewater facilities often results in unhealthy pools of water and sewage. The foul-smelling swamp surrounding the waste water holding tank in San El Hagar in Gharbiya governorate clearly illustrates the health and environmental consequences of inadequate maintenance coupled with improper public use of the facility. Within BVS, water and sewage subprojects have the greatest potential for causing serious environmental damage. Maintenance of these systems needs to be emphasized and ways must be found to provide the necessary resources to support maintenance efforts.

6. Constraints on Subproject Engineering

Constraints upon design, construction, and maintenance include a shortage of materials, tools, vehicles, and technical manuals. There also is a need for greater availability of standard designs for typical water, road, sewage, and other types of common subprojects. Priority should be given to subproject maintenance during the remainder of the BVS program. This priority should be manifested by training programs on maintenance awareness, by the provision of necessary tools and spare parts, by the effective use of the 10% maintenance fund, and by the development of official leadership within the maintenance field.

It appears that current efforts to develop project implementation capabilities at the village level are ignoring the key function that the markaz level should play in the technical sphere. Given the current state of technical capabilities below the governorate level, it is recommended that the markaz be considered the focal point for the development of technical design, construction, and maintenance functions. The markaz is the lowest possible level at the present of Egyptian rural development at which technical resources can be concentrated in sufficient quantity to provide the necessary outreach services to villages. Unless absolutely necessary, the establishment of village workshops should be discouraged and those resources be concentrated at the markaz. Without adequate backstopping from the markaz, the village technicians will soon become discouraged and ineffective. There is a valid role for village-level workshops, but a realistic strategy is to defer them for the present and to emphasize the establishment of a higher level of workshops at the markaz to serve all the markaz villages.

7. Chemonics Performance

The technical assistance services of Chemonics appear to be particularly weak with regard to ORDEV. There are no engineering counterparts in ORDEV to interact with the Chemonics technical staff, although one Chemonics engineer is working on secondment from ORDEV. As a result, there is no technical assistance capability being established in ORDEV to continue the work of Chemonics after the termination of its contract. The Chemonics contract does not call for the development of counterpart capabilities in ORDEV, and ORDEV reportedly does not intend to take on a technical assistance role in the future. This being the case, the evaluation team believes that an orderly phase-out of Chemonics' technical assistance services to ORDEV, USAID and the field should be planned and implemented over the remaining period of the contract.

8. USAID Performance

Under the initial Title III funding for EVS, USAID provided very limited technical assistance from a personal services contractor. The addition of EFS grant funding in June 1980 expanded the EVS program from three to nine governorates and placed USAID in the midst of an activity of growing technical complexity. Starting in May 1981 Chemonics was brought into the activity to provide technical assistance and training. Also beginning in May 1981, USAID used the services of a direct hire Egyptian engineer to help administer the Chemonics contract and from July 1982 onwards, USAID direct hire staff assigned to the EVS program included two Egyptian engineers.

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One of the USAID engineers monitors the progress of the Chemonics contract and insures that the contractor's vouchers are processed. The other engineer monitors the progress of BVS subprojects and coordinates the technical activities of Chemonics and ORDEV. Both engineers are expected to spend over half their time in the field monitoring subproject activities and following up on implementation problems that may arise. Monthly reports are prepared for USAID by Chemonics on subproject progress and the status of follow-up actions. In addition, the engineers are expected to provide technical review of the manuals and training courses prepared by Chemonics. Because of the magnitude of the project, the engineers are able to monitor only a small number of the products and activities of the contractor. USAID has not carried out any higher level review of engineering activities in BVS and no TDY engineering expertise has been drawn from the central bureaus in AID/Washington.

There are two engineering functions that need to be performed within USAID. The first is the monitoring and review of contractor performance with specific concern over the technical nature of the work. On this task the USAID engineers have performed quite well. The subprojects have been monitored and the Chemonics engineers have had a professional review of their technical work. The necessity of having engineering expertise within USAID was highlighted by the differences of opinion that arose over the design of a pilot drainage project in Sniba el Nakkaria in Sharqiya Governorate and the preparation of a draft manual on cost estimating for earthworks and distribution networks. Because of USAID criticism, Chemonics eventually revised the design of the drainage project and decided to suspend further work on the manual.

The second task is a broader one of guiding the overall engineering directions of the BVS activity. This involves questions of appropriate technologies and the role of technical assistance. Broad development experience is required for this task, rather than specific engineering expertise. In this area, USAID has been deficient and it has left the shaping of the technological nature of the project essentially in the hands of the contractor. More critical review of project functions by senior USAID engineering personnel is called for. The issue of possible alternative methods of wastewater collection, treatment, and disposal, which was discussed above, is one area requiring urgent attention by USAID. It is recommended that the Mission draw more heavily upon the technical expertise available in the Near East and the Science and Technology bureaus in AID/Washington.

RECOMMENDATIONS

There are three main recommendations relevant to the engineering functions of the BVS activity.

1. Concentrate the majority of technical services at the markaz level.

The markaz is the logical center for delivering design, construction supervision and maintenance services to BVS subprojects. Personnel and equipment resources are inadequate now and for the foreseeable future to maintain such services at the village level. Village personnel should receive training in basic maintenance operations, but they should draw all backup support from markaz level workshops. During the remainder of its contract, Chemonics should direct its efforts to strengthening markaz level technical services.

2. Give project-wide priority to maintenance and the deliver of maintenance services.

Maintenance is woefully inadequate in BVS subprojects and the continued neglect of these activities will eventually undo all of the progress gained in both the infrastructure and institutional sectors. Several aspects of maintenance should be stressed. First, an increased awareness of the need both for routine and major maintenance must be fostered in local officials. Second, additional tools, equipment and vehicles must be made available to markaz level workshops. Third, the 10% maintenance funds must be used and not be allowed to merely sit in banks earning interest. And fourth, local leadership interested in promoting maintenance issues must be identified and supported. As in the case of recommendation 1. above, Chemonics should emphasize the issue during the remainder of the contract.

3. Maintain appropriate levels of technical assistance after the completion of the Chemonics contract.

Following completion of Chemonics' contract in September 1984, there will continue to be a need for various types of technical assistance within the BVS activity. The most important type will involve the guidance and coordination of technical training. This could be done either through a contractor or by hiring personal service contractors. A second type of technical assistance required will be USAID monitoring and review of the engineering aspects of BVS subprojects. USAID can continue to carry this out through direct hire Egyptian engineers, but the completion of the Chemonics contract may warrant an increase in USAID

staff. Last, there will be a need for periodic high level USAID engineering review and for specialized expertise to address major technical questions as they arise over time. This last need can be met by utilizing on a TDY basis the technical resources found in the Near East and the Science and Technology bureaus of AID/Washington.

APPENDIX III.D

PRIVATE SECTOR IMPACT

1. Introduction

BVS is having an important impact on private sector activity in the governorates. It is one of those indicators on which there is least differentiation between governorates and seems to bear little relationship to performance on other elements of the project, such as decentralization, institutional development, or project completion rate. All governorates did reasonably well on this indicator; the average of the ordinal rankings across the ten governorates was just under 3.5 on a scale of 5 (see Figure 1, p. 10 in the Report).

2. How Measured

Private sector impact was broken down into two elements, direct impact, assessed through the degree to which contracting was done through the private sector, and indirect impact, assessed through the extent BVS subprojects appeared to be stimulating local private sector activity.

The question of contracting was easy to assess. A BVS subproject either was or was not contracted with the private sector. The only ambiguity we encountered was the question of what to call contracts with local units. In a few instances, village units decided to take on a project completely themselves, such as in the laying of a local water pipe network using paid village labor and local supervision. In these cases we called the activity private sector, since the stated reason for this contracting mode was cost effectiveness and the impact on the local economy was significant, and direct. Most private contractors were at the markaz and governorate levels.

Indirect stimulation of the private sector was difficult to assess. We did not have a baseline nor did we have the time or resources to study the evolution of the many new enterprises reported in the villages. Our technique for gaining some insight into this issue was to ask village chiefs and popular council members if they could cite examples of private sector activities which, in their judgment, were stimulated by BVS activities. We asked them, where possible, to explain this relationship. Governorates were ranked on the basis of the extent of new activity that could be associated judgmentally with BVS activity.

Our judgment in these matters, and theirs, was clouded to some degree by the general level of economic activity that is taking place in some

villages as a result of reflows from village workers employed in other Middle Eastern countries. However, even in these cases, in which investments go principally into housing, mosques and small shops, the complementarity between BVS infrastructure and these activities was evident.

Another factor at work in the villages which was noted but could not possibly be measured in this evaluation was the "businesslike attitude" reported explicitly in one village as a direct result of BVS training and experience. Through BVS, villagers and village leaders have gained tremendous new experience in development--in "making things happen". They have been exposed to project development and management on an unprecedented scale and are being held accountable. They have received training in a variety of management skills. All of this has considerable carryover into village economic life since many of those gaining this direct experience also are village entrepreneurs.

3. Private Sector Contracting

Private sector contracting has been a major factor in BVS subprojects. Based on observations in ten governorates, four used a fairly even mix of public and private sector contractors. One used a majority, and three used exclusively private sector contractors. One, Beheira, used only public sector contractors (see Table segment below).

To get a sense of the overall impact of private contracting in the BVS activity, we asked Chemonics Engineering Section to give us an estimate of the degree of total project funding that has gone into private sector contracting, by activity. Based on extensive field experience in all aspects of the project, the team estimated that slightly more than 80% of total contract funding through FY 1983 has gone to private sector contractors. This translates into a figure of approximately 120 million Egyptian Pounds. Overall, the estimated breakdown for twenty governorates is as follows:

<u>Activity</u>	<u>% of Total BVS Funding</u>	<u>% of Funding Estimated Done by Private Sector</u>
Roads	32.5	60
Water	55.5	92
Sanitation	2.5	92
Other	9.5	97

As expected, the sector with the least private sector funding is roads. This sector has been traditionally a public sector activity in Egypt. Moreover, road subprojects tend to be batched into large jobs to attract the larger, more competent contractors into the bidding process. This practice tends to give the upper hand to the large public sector companies.

There is probably not much scope for changing this pattern without getting into fairly major restructuring of the overall roads sector in Egypt. Leaving this sector alone may be the most prudent approach. The road projects appear to be moving ahead with relatively good speed and efficiency. We might ask Chemonics for an assessment of prospects for assigning more roads activity to private sector contractors, but this is not a high priority concern.

The other sectors, which account for almost 70% of BVS funding to date, are doing very well with respect to private sector involvement. All are using better than 90% private contracting, according to Chemonics estimates.

One truism that emerged from the team's field investigations is that the farther down the government hierarchy the contracting process is pushed, the greater the degree of private sector participation in the process. This is corroborated by Chemonics' figures. Roads tend to be batched and contracted at the governorate level. Water and sewerage often are done on a batched basis at the markaz level. Other projects, which frequently are too few in number and small in scope to be batched, often are contracted at the village level.

The significance of this observation is that many villages we visited expressed a strong desire for, and seemed to be ready for, more contracting responsibility. More contracting at the village level would definitely result in smaller projects and greater participation by small scale private contractors, probably located mostly at the markaz level. It seemed also that markaz level firms tended to use considerable village labor in their local operations.

BVS should give some attention to encouraging more contracting at the village and markaz levels. This will require a careful assessment of local capabilities and additional training at this level keyed to contracting and contract management. This should include the development of a clear understanding of what contracting limits are imposed at the village level. Local perceptions ranged from a ceiling of LE 200 to LE 5000. Our understanding of current Egyptian law is that the ceiling recently has been raised to LE 50,000, which clearly is sufficient for BVS activities.

4. Indirect Impact on the Private Sector

The pace of business activity in a large number of Egyptian villages has been picking up in recent years. This is reported by long-time observers of the Egyptian scene and was observed also by the BVS evaluation field team during visits. This activity is relatively recent, but as noted, cannot be accredited fully to EVS activities. There are many factors influencing economic activity in rural Egypt. However, it is true that those governorates which had been in the BVS program for two to three years received higher scores on the indicator called "indirect impact on private sector" than those in the first year of BVS activity, as shown in the private sector impact segment of Table 1 of the Report, page 10.

As in urban settings, there is a strong link in rural areas between the creation of local infrastructure at the town and village level and stimulation of local economic and agricultural productivity. Empirical studies have been done in India and elsewhere that support this observation and a large body of rural and agricultural development theory lies behind it.

What is happening in rural Egypt through EVS and related activities is the implementation of this concept on a major scale. The opportunity to study this phenomenon should not be neglected; an important contribution might be made to rural and agricultural development knowledge.

Even our crude analysis suggests that some important changes are being introduced into rural Egypt through improvement and extension of the rural road network, provision of potable water, improvement of irrigation canals and attendant improvement of canalside roads, and other smaller scale activities.

The Governorate Reports contain a variety of examples of perceived links between EVS projects and new or invigorated local economic activity. The links suggested through specific examples derived from our interviews are set out in the Table on the next page. The vertical axis lists the type of economic activity that village chiefs have indicated are occurring in response to EVS subprojects. The horizontal axis shows the sectors which interviewees linked with these developments.

As mentioned previously, we found more of these linked activities reported in governorates in their second or third year of EVS subprojects. Unfortunately, we did not have time to check local indicators in the agricultural areas surrounding villages, such as commodity prices, agricultural productivity, or crop diversification. However, a related phenomenon reported to us is the new tendency of rural

Table III.D.1 Relationship between BVS sector activities and recent stimulation of rural private sector economic activity based on interviews in 3-5 villages in 10 BVS governorates.

<u>BVS Sector Activity</u>	<u>Roads</u>	<u>Water</u>	<u>Sewage</u>	<u>Canal Lining</u>	<u>Slaughter Facilities</u>
<u>Economic Activity Stimulated</u>					
Housing/building materials	*	*	*	*	
Commercial shops, restaurants	*	*	*		
Quarries	*				
Transport Services	*			*	
Reduced village import prices	*				*
Increased village export profits	*				*
Mechanic shops		*			
Spare parts shops		*			
Plumbers		*			
Bakeries		*			
Tile factories		*			
Maintenance jobs, contracts		*		*	*
Butcher shops		*			*
Cattle fattening	*				*
Reduced rural land use for housing	*	*	*		

people to concentrate their new housing construction in existing villages that have been provided with roads and water rather than building, as in the past, on unserviced agricultural lands. If this phenomenon is widespread, it could result in conservation of agricultural lands.

RECOMMENDATIONS

1. More BVS contracting should be encouraged at the markaz and village levels to increase the percentage of contracts made with small private firms and to increase local benefits. This may require an information campaign and additional training, e.g., in contracting procedures.
2. The impact of BVS on private sector activities is an important phenomenon about which too little is known. Research should be undertaken to study it and use the results to achieve greater impact on the village local private sector, including agriculture.

APPENDIX III.E

SOCIOECONOMIC IMPACT/QUALITY OF LIFE

To say that the installation of basic infrastructure services in rural villages previously lacking has had a "definite socioeconomic impact" upon these villages and their inhabitants is the ultimate truism. Other sections of this EVS Evaluation Report deal with impacts that are also partially social and economic, such as stimulation of private sector in businesses and services and local participation in community development through interaction of citizens and local elected and appointed government bodies. Without vigorous, controlled studies, however, it is not possible to show conclusive evidence of socioeconomic impacts.

Nevertheless, the team's personal observations of EVS subproject activities in ten EVS program governorates produced a wealth of visible evidence of some ramifications of these socioeconomic impacts, many of which may suggest further investigations.

Only hints of these observations and anecdotes appear in the governorate case study reports, but when gathered together, they infer that changes have occurred and will continue to occur. There is no consistent corpus of data showing the implications of bringing first-time-ever elementary realities of potable water, all-weather roads, sanitation, etc. to long-neglected rural communities. The future direction and continuation of the program, however, may merit a more intensive study of these consequences. A few mundane but thought provoking examples of these include the following.

Once village households have private water taps, a whole host of changes occur, especially in the daily lives of women. The inordinate amounts of time and caloric energy formerly spent in fetching and carrying (impure, nonpotable) water by women and girls now can be spent in more productive activities, perhaps even in small cottage industries at home. Young girls whose tasks in the home have largely consisted of water carrying may see their younger sisters, relieved of this task, begin to go to school. Other girls who still must make dung cakes for fuel for breadbaking will be able to wash up properly and not be embarrassed to attend school after this chore. A whole new level of personal cleanliness starts to make sense, and is eagerly practiced, when the doctors' and social workers' lessons about cleanliness and hygiene are easily carried out in the home, with ample water. Those who have taps invite their neighbors in who do not, and the visitors come to yearn for the same facilities. Even outdoor public taps, closer to the home and cleaner than the river or canal waters, fulfill nearly the same

saving of time and energy, and avoidance of disease. The list of changes is endless, but perhaps the bottom line is that the first to suffer from and complain about improper maintenance and breakdowns in the new water system will be the women!

Where a village has no school beyond primary level and its access roads are inadequate for even a bicycle, there are few youngsters who will make the effort to walk hours to a distant school in another village or who will be able to afford to stay in the other village with relatives. With an improved road, with local purchases of taxis or farm trucks from overseas remittances, and with a low-fare transportation source such as an LDF-loan microbus, socioeconomic impacts begin to spread across the village. More boys may find it easier to remain in the preparatory and secondary schools system. The schools, in turn, may have to add more classrooms and teachers. Young people may begin for the first time to see a future in the village. Each school graduate who remains in the village represents an educated citizen aware of the development possibilities of his community.

One local unit visited by the team offered the following intriguing statistic: since the widespread installation of potable water connections, the incidence of outpatient clinic visits related to water borne diseases (primarily gastrointestinal) fell to half their former level. While the implications of such beneficial results of potable water need no elaboration, the possibility that failures in maintenance and environmental monitoring may create new health hazards raises questions that the new beneficiaries and the project's sponsors must deal with.

Regarding the degree to which a program such as EVS is designed to work itself out of a job, the field visits showed that governorates varied considerably in their capacity to develop at the local level the resources and responsibilities that will continue and sustain project activities. In one case, EVS subproject funding was extended five-fold by local contributions. In another case, there was no evidence of any contributions either in money or in labor to EVS subprojects.

It is noteworthy that there is a definite link between the development of local capabilities and the socioeconomic standards at the village level. The more capable villages become in developing infrastructural services--and income-producing projects--the higher is their socioeconomic growth. To apply these criteria to the governorates sampled in the field visits, the following table illustrates the linkage.

	Local Development Capabilities		
	High	Moderate	Low
<u>Socioeconomic Characteristics including private sector stimulation</u>			
HIGH (Menufia, Sharqiya, Giza, Beheira, Fayoum, Beni Suef)	60%	-	-
MODERATE (Sohag, Gharbia)	-	20%	-
LOW (Red Sea, Ismailia)	-	-	20%

The readiness of villagers to participate in local development activities tends to increase among local units having a longer period of participation in the EVS program.

It is apparent that the more educated community members have a greater participatory role in development projects than those with lesser education and income. Lower income groups show more interest in participating in activities that have a direct and immediate benefit rather than long term activities with long range payoffs.

In many popular councils, opinions were strongly voiced on the need for developing more income-generating projects which could rapidly stimulate economic growth and upgrade living standards. Villagers with high socioeconomic status have more economic resources for participation than low-income villagers and are thus able to have greater commitment to rural community involvement in terms of willingness to give time and/or money than are villagers of lower socioeconomic status.

Impact

In discussing the impact of the EVS project, three issues are relevant:

- a) Direct impact;
- b) Impact on a selected list of quality of life variables, and
- c) Long-run effects of the project on rural living.

Each EVS subproject has had a positive short-run influence on the villages. Project funds are usually spent, in part, in the villages

themselves. In many cases, this has meant the creation of jobs for a limited period of time. In one village, for example, about 2000 workers were employed by the local council over a period of seven months to complete a massive canal lining subproject. More importantly, the subproject has created technical and business skills which continue to benefit the villages long after the work is completed. Bricklayers and stonemasons were trained through participation in such subprojects. Subcontractors who worked with the subproject continue to do business in the area. In another example, the head of a village council, whose local unit successfully completed a canal lining project as a contractor, was recently called upon to do another job for a large joint venture in the area. It can be safely said that this EVS subproject was instrumental in nourishing a business-like attitude on the part of many local leaders and in the creation of small private enterprises as well.

The evaluation team was repeatedly told by people in the local units that the flow of funds to the villages and the interest generated among the general public is attributed to the interest of the Americans in their welfare. There is a feeling of appreciation among executive and popular council leaders of the role played by the American people through USAID in providing their villages with needed basic services.

b) Impact on the Quality of Life

In dealing with the impact of the project on the quality of life in the villages it is useful to consider several major categories of subprojects.

Road Construction : In general, road construction has had a profound impact on villages, by increasing the mobility of persons and goods. This has opened the way for myriad changes in village life. For example, the collection of local produce for sale outside local markets became easier; local businesses benefited from better transportation facilities, and villagers' accessibility to a host of specialized services available mainly in towns was enhanced. Through road improvements, the villages became more fully integrated into the social and economic fabric of the governorate.

Canal lining: Canal lining has special relevance in Fayoum. Small canals passing through villages are at times so deep and steep banked that there is obvious structural danger to nearby homes. The soft silt banks erode quickly and roads separating homes from the canal are quickly eaten up. Canal lining means not only the construction of walls to strengthen the banks of these streams, but also the creation of a "road" and a drainage system for subterranean water which is absolutely essential in protecting buildings. Moreover, canal lining is important

for the safety of small children, and enhance the overall appearance of the village.

Normally, canal lining allows better accessibility of vehicles to the inner village. Businesses flourish in such areas. The evaluation team documented one instance where a pharmacy was established on a newly constructed road which was associated with an adjacent canal lining project. Doubtlessly, there are many similar developments elsewhere.

Potable water: The importance of potable water for human health can hardly be overemphasized. The health benefits resulting from clean water are well known, and were addressed earlier in this section. In addition, having piped water available encouraged the development of small enterprises such as bakeries, tile manufacturing, stone and alabaster cutting, slaughterhouses, etc.

Long-range Effects

There is an attitude of hope in the future and among the many local leaders met by the evaluation team. Their villages have long been neglected. Despair, regarding what the government would do "for" them in terms of the many problems they faced, was widespread. But now they see that the government cares for them and that something can in fact be done to alleviate their long-standing problems. On the one hand, this has created a demand for more from the government (and possibly, from the Americans). But on the other hand, it has also shown that nothing is impossible, that a canal can be lined, a road constructed, and potable water brought to the village. This new attitude has generated a force against apathy and against acceptance of the status quo that will not soon be lost in the villages.

Another trend which has begun and is expected to show up more in the future is greater integration of the village into the mainstream of governorate and national life. With upgraded roads constructed and improved communications, the private sector businesses are coming to life. Coupled with the local leadership (executive and popular) becoming more and more involved with markaz and governorate authorities, this means that nothing can ever be quite the same as before. However, this trend needs to be nurtured and positively reinforced if the benefits of the investments in BVS are to be fully realized.

APPENDIX IV

OVERVIEW ANALYSES: IMPLEMENTING AGENCIES

- A. ORDEV ROLE AND PERFORMANCE
- B. CHEMONICS ROLE AND PERFORMANCE
- C. USAID ROLE AND PERFORMANCE

OVERVIEW: THE IMPLEMENTING AGENCIES

Four organizations have been responsible for the implementation of the BVS activity: USAID, ORDEV, Chemonics, and the Egyptian villages. In broad terms, Chemonics has provided the technical assistance to the various levels of local government, ORDEV has distributed the project funds to the governorates, and AID has designed, planned and supervised the process. The actual implementation of subproject activities has been the responsibility of the governorates themselves. The following section outlines and roles and functions of each of these important actors in the BVS story.

A. ORDEV: Functions and Capabilities

In 1973 the Organization for Reconstructin and Development of the Egyptian Village (ORDEV) was established by the Government of Egypt in the Ministry of Local Government for the purpose of planning and coordinating rural development. In a little over a decade, ORDEV has become the focal point for the administration of a broad range of decentralization policies and programs, many of which are sponsored by USAID.

Following the letter and spirit of the drafters of Egypt's decentralization decrees, ORDEV has never developed any technical or administrative capabilities beyond its limited role as coordinator. Ironically, ORDEV's weaknesses as a government agency may be one of the greatest strengths of the decentralization movement in Egypt. The decision to limit the authority and mandate of this organization was intentional. Consequently, the governorates, markaz and village units are increasingly becoming the locus for rural development decision making and project implementation.

ORDEV distributes guidelines for programs, channels funding to the recipient local governments and in a limited fasion monitors a stifling number of GOE and USAID subproject activities. Measured by its mandate, ORDEV must be congratulated for the part it plays in Egypt's large, successful decentralization program.

1. Technical Assistance Requirements

The weaknesses of such an intentionally constrained organization cannot, therefore, be considered as liabilities. Sized against the mammoth bureaucracies of almost every other government agency in Egypt, ORDEV's total staff of 260 employees is small and they perform their functions with a minimum of red tape or "routine", a common problem throughout the Egyptian public sector.

Nevertheless, ORDEV officials freely admit that a number of deficiencies exist within the organization. Primary among these are the establishment of an accurate information system on project activities, crucial to its monitoring function, and the creation of an effective training mechanism, equally important for the dissemination of rural development programs. At present, while a computer system is being introduced, ORDEV continues to rely on cumbersome manually tabulated data to monitor project activities. Chemonics, the U.S. consulting contractor for EVS, has installed new computers at ORDEV and is training its staff in their use. However, technical assistance will be required for some time before ORDEV can move beyond the simple mastery of input and output functions into the more advanced realms of programming and data analysis.

The data base generated in the villages is another problem. As cross checked by AID, Chemonics and ORDEV, the existing information is imperfect. Additional training in data collection will be required at the governorate and markaz levels to improve it.

This raises the second concern over training. ORDEV has a small training division which administers a limited number of project management oriented courses, principally by contract. AID-sponsored project training in the decentralization activities has been managed to date through U.S. contractor assistance. A mechanism needs to be established to transfer this function or at least the supervision of this function to ORDEV. This problem too requires technical assistance. Interesting possibilities exist for the Saqqara Training Center to be used as ORDEV's base for the training of trainers. This and other options should be explored jointly by Chemonics, ORDEV and USAID.

It is important to mention here that none of the ORDEV officials interviewed requested technical assistance in their agency in the areas of subproject design or implementation, an issue raised over and over again by all levels of officials of local government. ORDEV was never intended to provide technical services to the governorates in this regard. That function, in the overall Egyptian plan for decentralization, rests with the markaz and governorate technical departments. ORDEV may develop the capacity to organize training in these technical skill areas, but it will never be the technical assistance arm of rural development.

2. Organizational Structure

ORDEV has a relatively small office located within the Ministry of Local Government. The agency is divided into three divisions: Follow up and Planning; Finance and Administration, and Training and Foreign Assistance. The Follow up and Planning Division has the largest cadre of employees and is responsible for all project planning and monitoring

functions, including the information system. The Finance and Administration Division controls financial records, internal administration functions and conducts research. The Training and Foreign Assistance Division is responsible for conducting limited GOE-funded training, administering the AID-funded LDF training, and has separate project divisions for each AID-funded activity.

In addition to the central office, each governorate and most markaz designate a number of rural development officers as ORDEV "representatives" who remain on the governorate, markaz, or village payroll. ORDEV has invested a lot of training in this core field group, primarily through the LDF and EVS programs, with very positive results. These rural development officers disseminate information on ORDEV programs and projects, advertise training opportunities, often select trainees, and organize the task of information collection in the governorates. Without such a system of "seconded" field personnel, ORDEV could never manage or monitor its programs, given its current staff size.

3. Budget and Programs

In comparison to the size of the AID-sponsored projects which are coordinated through ORDEV, its own annual budget of between LE 4 and 5 million is modest. Nevertheless, ORDEV takes great pride in the programs it is able to offer to many of Egypt's 870 village units with these funds.

ORDEV officials make a distinction between what they see as AID's purely economic development package and what they call their "integrated rural development approach". Both AID and ORDEV are heavily involved in income-generating activities. The difference, according to these officials, is that ORDEV combines more social development criteria in their analysis of project viability and places a strong emphasis on social returns.

The differences in actual programming results are less evident than this philosophical distinction might indicate. Sixty-five percent of ORDEV's independent project activities are in economic production projects, 25 percent of its funds are invested in village infrastructure, and only 10 percent is used in social programs.

ORDEV's strongest intergovernmental link is with the Ministry of Agriculture. Many of its programs in rural economic development are in fact projectized agricultural extension services whereby the introduction of new farm inputs (seeds, fertilizers, equipment, egg and poultry production techniques, etc.) are subsidized through the experimental introductory phases.

4. EVS Project Coordination

ORDEV is the implementing agency for EVS. The program began in 1979 with the introduction of local infrastructure projects in the governorates of Sharqiya, Fayoum and Sohag. Over a five year period this program has grown from \$15 million in the first year to its present total of \$186 million (including PL 480 Title III), which has been spread over twenty governorates and 870 village units. The strain of his expansion on ORDEV's project supervision and monitoring role has been tremendous. Only ORDEV's lack of direct subproject involvement makes it possible.

In its role of implementing agency, ORDEV delivers a set of project guidelines to each new governorate in the program and solicits their needs assessment based on village council subproject selection. The governorate package of village subprojects is then reviewed by the InterAgency Committee (IAC) chaired by ORDEV and including representatives from the Ministries of Planning, Agriculture, Investment and Finance, as well as the water authorities and AID. The IAC approves or disapproves subproject packages on the basis of EVS project guidelines. Once the projects are approved, funds are released to the governorates in the form of checks made out to the village units. Any change in subprojects must in theory be reviewed again by the IAC.

B. Chemonics Performance

a) Scope of work: On April 6th, 1981, Chemonics signed a cost reimbursement contract with USAID/Cairo for a three-year duration, 1,329-person-month effort, in support of the EVS project in nine governorates. In May 1983 the contract was extended by six months to September 30, 1984, the man-months of effort were increased to total 1,954, and the number of governorates in the project were increased to twenty. Except for the increase in effort, the Chemonics scope of work has remained unchanged in its six main elements:

- Identification, design, and manualization (in Arabic and English) of the major EVS processes and systems;

- Devising a series of training programs in Arabic which covers the systems in the above tasks;

- Provision of technical assistance in management, administration, and organization;

- Provision of technical assistance in all phases of engineering design, specifications, contract administration, environmental analyses, local planning, and project feasibility studies;
- Monitoring progress of the project and subprojects;
- Long range policy guidance on decentralization and other institutional matters.

In carrying out the above tasks, the engineering staff of Chemonics consisted of three Egyptian and one U.S. engineer plus one U.S. environmental advisor, over the period June 1981 to August 1983. Under the contract amendment, the staff was expanded in August 1983 to include twelve Egyptian and one U.S. engineer plus one Egyptian environmental advisor.

b) Engineering Manuals: Chemonics has produced 19 technical manuals, guidelines, and technical reports, as follows:

Manuals

Water

1. Operator Manual on Maintenance and Operation of Pump Sets, June 1982 (Arabic)
2. Technicians Manual on Construction, Repair and Maintenance of Water Networks and Pump Sets, December 1982 (Arabic)
3. Organization and Management of Maintenance Centers and Maintenance of Water Systems, July 1983 (Arabic)

Roads

1. Technicians Manual on Construction and Maintenance of Dirt Roads, June 1982 (Arabic)
2. Road Design Manual for Engineers

Sewage

1. Planning and Design Manual on Wastewater Collection, Treatment and Disposal, March 1983 (Arabic & English)
2. Technical Manual: Alternative Wastewater Treatment System (English)

Drainage

1. Manual for Planning and Implementing Village Drainage Projects, January 1983 (Arabic)

Environmental

1. Water Quality Manual
2. Environmental Assessment Manual

Guidelines

1. Guidelines for Design and Maintenance of Dirt Roads
2. Guidelines for the Management of the EVS maintenance Fund, June 1982 (Arabic and English)

Technical Reports

1. Technical Specifications for the Supply of Compact Unit Water Treatment Plants
2. Paved Surfaces Versus Non-paved Surfaces
3. Environmental Awareness and Water Quality Management
4. Environmental Awareness and Environmental Impact of EVS Roads, November 1982
5. Environmental Awareness and Sanitation Wastewater: Characteristics, Collection, Treatment and Disposal, June 1983
6. Egyptian Resources and Activities in Environmental Management, November 1982
7. Review on Health Effects of Asbestos Pipe

4. Field Technical Assistance

During the first year of its contract, the engineering section of Chemonics concentrated on data collection, the preparation of manuals, and the development of training courses. The emphasis soon shifted to the provision of field technical assistance as a result of a growing awareness of field problems and an increasing number of requests from the governorates for technical advice and assistance. By mid-1982, Chemonics had established a strategy of routine visits to governorates every two to three months.

A typical field visit to a governorate lasted one week and would involve two of three Chemonics personnel. Meetings were held with the

ORDEV representative and governorate departments of housing, roads and irrigation as needed to discuss project progress and problems. Visits were then paid to one or more markaz and meetings were held with representatives of the technical departments there. Finally, the Chemonics personnel accompanied by the markaz engineer and often by the chairman of the markaz executive visited the local units, and met with the local village chief to review BVS activities. A minimum of four to six subprojects were inspected in the field and Chemonics personnel provided on-the-spot advice and suggestions as circumstances required.

Over time, a formal monitoring and reporting procedure was established. Chemonics engineers gave verbal advice in the field but they have no authority to implement or to require local follow-up. Upon returning to Cairo, Chemonics engineers prepare a "field trip report" for USAID documenting dates, places, persons met, problems observed, and recommended follow-up. Chemonics also prepares a more detailed "follow up field report" for their internal files indicating specific actions Chemonics or ORDEV or USAID personnel should take. When problems warrant further action, Chemonics verbally informs the ORDEV representative in the governorate concerned and, in extreme cases, will send a formal letter to the ORDEV representative or the Secretary General of the governorate. Occasionally, the governorates send requests for special technical assistance to Chemonics in writing.

Since August 1983, Chemonics has had twelve Egyptian engineers available for technical duties. Their scope of work requires them to spend 55 percent of their time in the field, 20 percent on development of manuals, 5 percent on training courses, 10 percent on special technical studies, and 5 percent on reporting of BVS activities. Monthly reports submitted to USAID showed the following percentages of time spent in the field.

<u>1983</u>		<u>1984</u>	
July	26%	January	51%
August	46	February	55
September	18		
October	24		
November	33		
December	27		

The substantial increase in 1984 is a direct result of an improved system of AID monitoring introduced in late 1983. This included close monitoring and follow-up of technical assistance field trip reports by USAID.

The evaluation team heard a number of comments from the field indicating that more technical assistance was needed from Chemonics. In some cases, dissatisfaction was expressed over the quantity and quality of Chemonics' technical assistance.

While it was not possible to evaluate the true extent of the field technical assistance provided by Chemonics, it is useful to keep in mind the constraints that the contractor operates under in the field. Chemonics has no direct responsibility for subproject design, construction, or maintenance, nor does it have any direct authority to impose any technical suggestions that arise during field visits. Moreover, its engineering staff is limited and return visits to specific subprojects must be scheduled in the context of routine field visits. The contractor appears to have tried within the limits of its resources to respond to requests for field technical assistance. That it has been unable to fully satisfy the demand is more a reflection of the perceived need for external technical assistance in the field at all levels of local government than an assessment of the basic capacities of the contractor.

The need for contractor-supplied technical assistance has been justified by the role Chemonics has played in dealing with and resolving a number of crucial technical issues. Special studies and investigations by Chemonics have led to either the affirmation or modification of several BVS policies, among them the continued use of asbestos-cement pipes, the removal of prohibitions upon the paving of BVS roads, the construction of elevated water storage tanks, and the approval of compact water treatment plants. Thus, external technical assistance for the resolution of special problems has been clearly demonstrated to have been necessary for the successful evolution of the BVS project. It is highly likely that such technical assistance will continue to be required into the foreseeable future.

C. USAID Project Management

The overall success of BVS is a credit to the entire USAID Cairo DRPS/LAD (Development Resources Program Support/Local Administration Development) staff. Over the past year four American project officers, including the Office Director, have been directly involved in BVS project management. The group is enthusiastic about the program into which they have invested their creative ideas and considerable amounts of time and energy (in extra-office hours as well). These officers have responsibility for other projects, but strong linkages have developed across the entire decentralization portfolio through this exposure.

At present the BVS staff includes a U.S. direct hire project officer, an Egyptian Project Assistant, two Egyptian engineers, and a secretary. The principal functions of the Egyptian personnel on this staff are to oversee the activities of Chemonics, ORDEV and the governorates. The tremendous size of the Chemonics contract alone requires constant follow-up on the rather mundane components of contract management, e.g., vouchers. Field trips are conducted regularly to spot check training programs, delivery of contractor technical assistance, check ORDEV subproject financial records and to troubleshoot with local officials. The Egyptian Project Assistant officer maintains regular contact with ORDEV in Cairo and attends BVS InterAgency Committee (IAC) meetings.

The LAD staff are gearing up for the project transition period they are about to enter. This is essential for continued BVS success. The first part of that transition is the phase-out of the U.S. Technical Assistance contract with Chemonics. Considerable coordinating will have to take place between the contractor, ORDEV and the Mission to determine the best mechanisms for transferring present contractor functions to ORDEV. The second phase of the transition will be in the mode of Mission management. At present a considerable amount of staff time is being invested in monitoring the contractor. Once the contract has expired, new systems of support will be necessary to strengthen ORDEV's project monitoring capabilities. These new systems may include additional technical assistance components in support of ORDEV's information system development and the assumption of BVS project training. As the mode of assistance changes, so must the management. The main recommendations of the evaluation team are:

BVS USAID/Cairo mission staff job descriptions should be revised to clarify each team member's responsibilities in the period of contractor phase-out.

USAID/Cairo should coordinate and develop a program with ORDEV to complete the portfolio of profiles on the governorates participating in the BVS program who were not covered by this evaluation.

APPENDIX V

METHODOLOGY

Methodology

An important objective of this fourth mid-project evaluation was to assess impact at the stated purpose and goal levels. The process of decentralized village level decision making and development, based on popular participation, in entering its fourth year and many subprojects have been completed and are functioning.

The BVS activity began in three governorates in 1979. It was increased by six governorates, and in 1982 it was extended again to include all twenty of the rural Egyptian governorates. It was crucial, therefore, not only to determine progress towards project purpose and goal across a range of governorates but to take account of the length of time different governorates had been in the program.

The basic approach to this evaluation was to use an extensive series of field trips, several in-depth case studies, and a matrix of key indicators to evaluate the project. During January 1984 field visits were made to the governorates of Fayoum, Sohag and Sharqiya and in-depth case studies were prepared regarding the operation and progress of the activity at all levels of local government. The insights developed in the case studies were used to carry out a second set of field visits to the governorates of Beheira, Giza, Menufia, Beni Suef, Gharbiya, Ismailia, and the Red Sea. The evaluation team split up into two field teams, each with a leader and expertise in engineering, training, local administration and socio-economic analysis. On site, the field team members covered these.

On the basis of the case studies, the evaluation team developed a matrix of fifteen indicator factors to assess project outputs and impacts. This matrix was formulated by the full team over a series of meetings in which all aspects of the project were reviewed. Input to the sessions included the previous project evaluations, project files, case studies, and the on-going governorate field trips. By involving all team members in the construction of the evaluation matrix, a thorough understanding of the particular concepts and issues relevant to this report was achieved.

The evaluation matrix contains fifteen indicator factors drawn from the log frame, the current development objectives of AID, and discussions with USAID/Cairo officials. These factors range from the broad goal, "decentralization" and purpose, "capacity building", concepts to specific operational aspects such as financial records and maintenance performance. Each factor has a five-point ordinal scale ranging from very low or absent (1) to very high or complete (5). Following each field trip the evaluation team members visiting the governorate assessed it in terms of the fifteen factors and then used the completed matrix in preparing the governorate report. The matrix scores for the ten governorates are shown in Table 1 and the associated field reports are attached as Appendix II.

It must be kept in mind that the matrix factors represent nominal categories while the individual factor scales represent ordinal rankings. As such, the scores cannot be added to obtain a mathematical comparison between

governorates. A given factor can be ordinarily compared against the same element across the governorates, but it cannot be added to the scores of other factors.

Recognizing these constraints, a compromise was reached between the limitations of the data and the need to compare project progress across the governorates. Figure 1 compares the attainment of project goal and purpose for the governorates included in the field trips. To account for differential project maturity, the governorates are clustered into groups on the basis of the year in which they entered the BVS project.

Figure 2 is an attempt to sum up the matrix data and to present in the form of clustered bar charts a visual overview of the findings from the field. The elements were collapsed into five major categories (Decentralization Policy and Institutional Development, Technology Transfer, Private Sector Promotion, Implementation Progress, and Quality of Life. The resulting governorate clusters were further divided into years of involvement in the project. In short, Figure 2 is a summary presentation of relative governorate progress in achieving the major project elements, based upon documentary data, verbal information, and impressions gained during the field trips.

Criteria of Matrix Factors and Ratings (see BVS Project Evaluation Matrix)

1. Factor: Delegation of Authority - degree of transferring responsibility and authority from Central Government to various Governorate levels.
Rating:
 1. Authority was not delegated beyond Governorate seat.
 2. Local Unit has consultation role yet Governorate retains all authority.
 3. Delegation reached Markaz level.
 4. Local Unit was delegated partial authority.
 5. Local Unit was delegated full authority.

2. Factor: Decision making: Determine focal point where final decisions are made on sub-projects.
Rating:
 1. Governorate retains full rights.
 2. Decisions are made at Governorate seat with participation of Markaz.
 3. Decisions are made at Markaz level with participation of Local Unit.
 4. Decisions are made at Local Unit with equal participation of both Councils.
 5. Decisions are made at L.U. by Popular Council only.

3. Factor: Institutional development/Capacity Building: This factor gauges the capability of the local village unit (L.U.) to select, manage and implement sub-projects.
Rating:
 1. L.U. has no capability or role in selecting sub-projects,
 2. L.U. has capability and limited role in selection and management of sub-projects.

3. L.U. has capability and does assume the role of selection and implementation.
4. L.U. has capability in selecting and managing sub-projects but limited capability in implementation.
5. L.U. has full capability in selecting, managing and implementing projects.

4. Factor: Local Contribution: Extent of contributions made (in Labor and Capital) by village people to the execution of BVS sub-projects. Contributions are measured in terms of approximate percentage of sub-project costs.
Rating:
 1. No contributions made.
 2. Contributions amounted to less than 20% of sub-project costs.
 3. Contributions were between 20 to 40% of sub-project costs.
 4. Contributions were between 40 to 60% of sub-project costs.
 5. Contributions were over 60%.
5. Factor: Use of private sector contractors: Direct impact on private sector through awarding implementation contracts to private contractors.
Rating:
 1. No private contractors used.
 2. A low percentage of sub-projects were awarded to private contractors.
 3. Sub projects were closely distributed between public and private sector contractors.
 4. The Majority of sub-projects were executed by private sector contractors.
 5. All sub-projects were awarded to private sector contractors.
6. Factor: Funds expended as of 12/31/83 - Indicates speed of sub-project implementation through disbursements of allotted funding. This is a direct percentage of disbursements to budgetted/funded project costs based on available records.
Rating:
 1. 60% of allotments were disbursed.
 2. 70% of allotments were disbursed.
 3. 80% of allotments were disbursed.
 4. 90% of allotments were disbursed.
 5. 100% of allotments were disbursed.
7. Factor: Projects Completed - This represents percentage of value of work completed to total estimated costs as allotted. This indicator was added because fund disbursements alone may not constitute degree of sub-project completion.
Rating:
 1. Value of work completed represents 60% of sub-project costs.
 2. Value of work completed represents 70% of sub-project costs.
 3. Value of work completed represents 80% of sub-project costs.
 4. Value of work completed represents 90% of sub-project costs.
 5. Value of work completed represents 100% of sub-project costs.
8. Factor: Level of project understanding - Indicates degree of understanding of BVS project concepts by Local Unit popular council as well as their awareness of their rights and responsibilities under the project.

- Rating:
1. No understanding at L.U. level.
 2. Limited awareness of the BVS program.
 3. A fair degree of awareness of rights and responsibilities under BVS.
 4. High level of awareness.
 5. Complete understanding of project and all its components.

9. Factor: Source of Tech. Assistance - To measure availability of local resources for technical assistance requirements by local units in the research, design, and implementation monitoring of sub-projects.

- Rating:
1. Available at central government.
 2. Available at Governorate and Markaz.
 3. Available at Markaz.
 4. Available at Markaz and Local Unit.
 5. Available in Local Unit.

10. Factor: Level of Participation in Training - Indicates degree of participation in training programs and in turn degree of potential technology transfer to all levels of Governorate.

- Rating:
1. Limited participation.
 2. Participation in Village Council workshops and some technical courses.
 3. Participation in most training programs.
 4. Full range participation in all courses and Workshops.
 5. Participation in first and second (advanced) level training.

11. Factor: Financial records - Indicates location and accessibility as a management tool.

- Rating:
1. Only at Governorate.
 2. Only at Governorate but available to Markaz.
 3. Only at Markaz.
 4. Available at Markaz and to a certain degree unofficial records at Local Unit.
 5. Complete records at Local Unit.

12. Factor: Linkage with other AID projects - Reflects degree of coordination and integration of the various AID projects in the decentralization sector affecting rural development. The three major components are the BVS, DDI (Decentralization Development I, income producing projects) and the DSF (Development services fund, provision of heavy equipment).

- Rating:
1. No coordination within the Governorate.
 2. Limited coordination.
 3. Some use of DSF equipment in BVS sub-projects (construction and/or maintenance).
 4. A significant degree of coordination between the three projects.
 5. Fully integrated. Equipment under DSF is used in BVS and DDI projects. BVS sub-projects serve DDI sub-projects. DDI projects revenue help finance BVS type sub-projects.

13. Factor: Indirect impact on Private Sector - To the extent possible gauge private sector stimulation as a result of BVS sub-projects. Examples: New small businesses and enterprises using BVS facilities, new shops for commodities and services, new transporters and increased number of vehicles, new local contractors and sub-contractors, new housing (single and multiple units). - - - etc.
- Rating:
1. Negative impact (where public contractors adversely effected existing private sector contractors, or where small businesses were forced out of the market due to BVS sub-projects e.g. potable water transporters). Information obtained by asking villages Chiefs and other village representatives to identify linkages between private sector initiatives and BVS sub-projects and programs.
 2. No discernable effect on private sector.
 3. Low effect on private sector. Some indication of limited growth and link with BVS sub-projects.
 4. Visible positive impact on private sector.
 5. Highly visible impact and growth of private sector. Link with BVS demonstrated by many strong cases cited.
14. Factor: Socioeconomic impact - Degree of apparent social and economic improvements in the quality of life at the Local Unit level linked with BVS activities. Assessment was based on interviews with popular council members, businessmen, and lay persons in the villages.
- Rating:
1. Very little improvement on quality of life.
 2. Significant improvement on quality of life.
 3. Great improvement on quality of life.
15. Factor: Maintenance performed - Assess whether or not maintenance is being performed on BVS projects and if there are plans to do so including preventive maintenance.
- Rating:
1. No. maintenance is performed nor plans to do so. Maintenance fund not understood.
 3. Some maintenance is performed but not enough. Maintenance fund understood.
 5. Acceptable level of maintenance is performed and plans are drawn for continued preventive maintenance. Maintenance funding being used.

CATEGORY	1	2	3	4	5		
Delegation of authority	Governorate	Governorate level w/ LU consultation	Markaz level	Partial Local Unit level	Full		
Decision making	G	G/M	M/ LU	LU/Exec.&Pop.	LU/Pop.		
Institution development/capacity bldg	LU has no role in project selection	LU has role in selection	LU has role in selection & mgmt.	LU has full capacity in selection, management and implementation			
Local contribution (labor/capital)	0	under 20%	20-40%	40-60%	over 60%		
* Revenue generating	None	Low	Medium	Medium+	High		
Use of private sector contractors (% LE/project)	None	Low	Close mix	Majority	All		
Funds expended as of Dec. 31, 1983	60%	70%	80%	90%	100%		
Projects completed	60%	70%	80%	90%	100%		
Level of project understanding	None	Limited awareness	Awareness of rts & responsibilities	High level of awareness	Complete understanding		
Source of technical assistance	Ministry/	Gov./Markaz	Markaz	Markaz/ LU	Local Unit		
Level of participation in training	Very limited	VOH's, some technical	Participate in most programs	Full range of participation	Second-level courses		
Financial records	Governorate	Governorate	Markaz	Local Unit	Local Unit		
Linkage with other AID projects	None	Limited	Associated	Coordinated	Fully integrated		
Indirect impact on private sector	Negative	None	Low	Visible	Highly visible		
Socioeconomic and Qual. Life improvement	--	"LOW"	--	"MEDIUM"	--	"HIGH"	--
* General impression of gov. development level	--	"LOW"	--	"MEDIUM"	--	"HIGH"	--
Maintenance performed	None	--	Minor	--	Acceptable		

*These two factors were not included as indicators affecting the project logframe. The first was used to show whether or not the governorates have put into effect or have planned schemes for revenue generation. The second was used to show a general trend of economic development in each governorate, but the team was then unable to differentiate sufficiently among levels of performance to use them as ordinal indicators.

CATEGORY	1	2	3	4	5
1. Delegation of Authority					Local unit delegat full decision, and appropriate, imple tation authority
2. Institutional Development/ Capacity Building				LU selects priorities, did water project and supervised roads contracting process	
3. Decision-making				Popular council makes decisions in joint meetings with executive council	
4. Local Contribution (Labor/Capital)				Village contributed all labor for water system; paid for TA, more pipes hookups and meters	
5. Revenue Generating		Water users' fees (no other BVS, but CDI projects doing well)			
6. Use of Private Sector Contribution (% of project LE)	No private contractors used the LU did all work on water project				
7. Funds Expended as of 12/31/83			Close to 90% of funds expended; pipe purchased		
8. Subprojects Completed			80% or more complete (roads complete, water 60%)		
9. Level of Project Understanding/US Funds				High level understanding in popular council; village chiefs not so well informed	

CATEGORY	1	2	3	4	5
0. Source of Technical Assistance		From gov. & mar- kaz level; World Bank sponsored subsector co. runs gov. water			
1. Level of Participation in Training				Good participation in training at all levels training lacked vill- age level practicality	
2. Financial Records		Records at LU level very poor; full records at gov.			
3. Linkage with Other AID Projects			Other AID activities much in evidence; BVS roads/water sup- port DDI		
4. Impact on Private Sector			Many examples but much more impact from DDI than BVS reported		
5. Socioeconomic Impact/Quality of Life					Clear impact on health stated reliably by outpatient clinic MD
6. General Impression of Level of Development of the Governorate			Lower-medium range; gov. has desert and frontier areas; makes most of what it has		
7. Maintenance Performance					Things running, main- tenance performed but no drawdowns

APPENDIX VI

PROJECT LOGICAL FRAMEWORK

Project Title & No. Basic Village Services Phase I
(263-0103)

Project Logical Framework Annex B

I. Program or Sector Goal

Achievement of GOE policy objectives in economic and administrative decentralization.

II. Project Purpose

Improve and expand a continuing capacity in local units to plan, organize, finance, implement and maintain locally chosen infrastructure projects.

III. Outputs

1. Institute management system for BVS, other projects in gov./villages.
2. Completed rural infrastructure projects serving needs of village people, especially poor.
3. Training of gov./village staff in entire system of project conception, management.
4. Production of series of working manuals for training and operations.

Objectively Verifiable Indicators

1. Decrease in central government oversight of local government.
2. Increased authority in use of resources by local governments, particularly in fiscal matters.
3. Process for decentralized administration and governance.

Conditions: End of Project Status

1. Governorate/villages undertaking coordinated projects with less reliance on central government initiative, assistance.
2. Demonstrated increase in project completions over pre/BVS experience with quicker action between approval and completion.
3. Project planning reflecting local choice based on need, finance, future growth.
4. Rising level of maintenance of completed projects.

Magnitude of Outputs

1. Org. patterns in 9 govt./449 villages reflect BVS management, operation standards.
2. Construction of some 1000 intra, inter village development projects.
3. Training of 1200 ORDEV, gov/village development, BVS staff.
4. Use of 7 BVS project operation guides and manuals, doubling as in-service training texts.

I. Program or Sectoral Goal (Objectively Verifiable Indicators).

1. Authority of governors has significantly increased in recent years, with the President having delegated much of his authority to them. Most departments at the governorate level, including the Rural Development Department, are now directly under the authority of the governor. Prime Minister meets regularly and directly with governors to discuss problems of governorates.

Governors have in turn delegated some of their authority to district and village chiefs.

2. Law No. 9 of 1983 covering contracting and procurement regulations and procedures increased the financial authority level of governorates, districts and villages in choosing contractors and in signing contracts.

Ministry of Finance agreed in the second half of 1983 to officially establish village accounting units and to certify accountants units and to certify accountants trained by project so that checks covering project expenditures can be signed at village level instead of having to be signed by the financial officer at the district level. A committee to follow-up the implementation of this scheme has been established with the participation of ORDEV officials and project advisors.

In most governorates BVS funds are kept in special accounts in village banks under control of village units. In most governorates maintenance funds have also been distributed to village units.

Increased allocation in GOE development budget in 1983/84 for projects identified and implemented by the governorates.

Governorates can now directly take loans from the Investment Bank to finance locally chosen economic or services projects.

3. Some governorates have decided to organize monthly meeting attended by village, markaz and governorate officials to solve existing problems and to improve communication among the three levels of local government. Similar meetings at the markaz level, attended by markaz and village officials are also being held in many places. Generally speaking communication between governorates and villages has improved since the beginning of the project. Significant increase in decentralization below the governorate level in BVS planning and implementation has occurred in a number of governorates since the beginning of the project.

II. Project Purpose/Conditions: End of Project Status

1. Governorates/villages planning and implementing BVS sub-projects largely on their own with very limited assistance from the central government. The only exception is that they depend on central

government agencies for the procurement of certain types of equipment such as electrical transformers. Most of the contractors, with few exceptions, are chosen by local governments to execute BVS sub-projects are local to the governorate or from neighboring governorates.

2. Rates of disbursement, expenditure and sub-project implementation are satisfactory and improving. They compare favorably with most USAID projects in Egypt.
3. In most governorates BVS project planning reflects the choices of popular village councils. Degree of participation in initiation and selection of sub-projects by village councils increased significantly over the life of the project in a number of governorates such as Sharqiya, Menoufiya, Giza, and Beheira. Others which joined the project later and received technical assistance from the beginning developed relatively decentralized systems of project planning from the start, such as Gharbiya and Beni-Suef. BVS annual plans have also become more diversified over the life of the project in terms of the variety of the types of subprojects chosen, reflecting the fact that subprojects selected are increasingly based on locally-specific felt needs and preferences. Choices of sub-projects by village councils in most cases were rational and based on urgently felt needs. BVS sub-projects have significant linkages to and support of the growth of the agricultural, commercial and industrial sectors in rural areas. Sub-project planning/request forms were introduced and used from 1983/84 by villages. Most villages were able to fill forms satisfactorily indicating improvement in planning practices and increase in capacities.
4. In general, maintenance is poor in most Governorates. This is an issue that requires extensive efforts in educating Local Units in the importance of preventive maintenance. However, reportedly there are fewer engine troubles and breakdowns of water pump-sets and maintenance plans on use of 10% maintenance funds reportedly have been.

III. Magnitude of Outputs

1. A number of instruments such as the BVS sub-project planning form, the summary planning form at the markaz level, the quarterly and monthly monitoring/reporting forms have been prepared and are being used. Quarterly monitoring/reporting forms have been computerized at ORDEV. Additionally, minicomputers were installed in two governorates. A management information system including a village profile, the sub-project planning form, subproject appraisal, scheduling and evaluation forms, and improved monthly monitoring/reporting form, a maintenance schedule, and a village filing system encompassing all these instruments has been developed and is being introduced. Problems remain to be overcome and the system is far from being institutionalized in ORDEV and the governorates.

2. About 3,500 projects in 869 local units are being implemented or have been completed. Over 1,000 projects completed to date.
3. Training: Over 4,800 officials and staff at governorate/district/-village levels participated in training programs aimed at increasing capacity of local government units to plan, design, finance, implement, manage, monitor and maintain rural infrastructure programs and subprojects. Breakdown of number of participants as follows:

- Maintenance of pumpsets:	
Operators	1,134
Technicians	665
Engineers	281
- Roads construction and maintenance:	221
- Drainage design and execution:	54
- Water treatment and disposal:	26
- Planning/Management seminars for village chiefs:	1,150
- Markaz/Governorate planning and management seminars:	122
- Training of Trainers:	156
- Village accountants training:	824
- Financial management seminars:	45
- Information systems seminars for trainers:	100
- Follow-up and monitoring seminars:	51
- Computer programming:	10
	<u>4,839</u>

In addition over 17,000 village council members participated in awareness workshops. Thirty-four governorate and district officials participated in the overseas training program in the fields of management, engineering and training methodology.

4. Manuals

- a) Eighteen guidelines and manuals were completed and widely distributed. These are in the fields of general project guidelines and procedures; planning; local government administration and laws; project maintenance; construction, repair, and maintenance of water and road subprojects; design and implementation of drainage subprojects; financial regulations and government accounting; and training methodology and trainers guidelines. For the more general type of guidelines and manuals 1,500 to 3,000 Arabic copies distributed to all governorates, markaz and village units. For the more specialized manuals 150 to 500 copies distributed to the specialized departments at the governorate and markaz levels and to participate in training programs. There is evidence that these guidelines have been received, read and are being referred to by concerned officials and staff at the governorate, district and village unit levels.
- b) Another 8 manuals are under preparation or processing. These are in the fields of financial procedures, project planning and appraisal, contracting, design of wastewater treatment systems,

road design, water quality analysis, environmental assessment, and project monitoring and evaluation. Of these, 5 are at an advanced stage of processing (e.g. being printed, awaiting approval by IAC, or being translated), and 3 are under preparation.