

Project Assistance Completion ReportSinai Planning Studies Grant No. 263-0113

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This Grant was originally obligated in September, 1979 (\$2,500,000) with an incremental funding (\$2,500,000) obligated in December, 1979. Subsequently \$2,298,000 was deobligated in September, 1983, leaving a current obligation total of \$2,702,000. The original PACD of September 30, 1982 was extended once to September 30, 1983. The following summarizes the project activities. Points addressed are in the order of AID Handbook 3, Appendix 14A, Guidance for Preparing the Project Assistance Completion Report.

1. The Sinai Project is essentially completed now. The original project purpose was "to assist the GOE to identify, investigate and evaluate priority reconstruction and development projects in Sinai for the purpose of providing a sound basis for project investment decisions by the GOE and financing institutions." The project description called for the financing of foreign exchange costs and certain local costs (up to LE equivalent of \$500,000) of technical assistance, planning and feasibility studies and other consulting services, plus commodities directly related to these services. The project, as it ended up, provided financing for a Sinai Planning Study, Phase I, conducted in whole by Dames and Moore, a U.S. consultant, in association with Industrial Development

Programs (IDP), an Egyptian firm. The implementing agency on behalf of the GOE was the Advisory Committee for Reconstruction (ACR) in the Ministry of Development. The Dames and Moore study activity has been substantially completed since June, 1982. Since that time Dames and Moore has submitted two draft final reports, the ACR having requested numerous revisions. The latest schedule calls for the Final Report to be delivered in July, 1984, at which time outstanding invoices due Dames and Moore would be paid and the study accepted. No new billings are being accepted for the current period of "remedial" work requested by the ACR, except for an amount of \$32,000 being financed from Project No. 263-0042, Technical Feasibility Studies Grant. This \$32,000 has been provided to cover expenses incurred by Dames and Moore under its Contract Amendment No. 2, the \$32,000 having been deobligated in error in September, 1983. No other activities are being initiated under the Sinai Planning Project.

2. Summary of Contributions

	(\$000 equivalent)		
	<u>AID</u>	<u>GOE</u>	<u>Total</u>
Actual: Dames and Moore Contract	\$2,734*	\$687	\$3,421
Planned: LOP	\$5,000	\$2,000	\$7,000

\* Includes \$32,000 funded from Project No. 263-0042.

3. Project Accomplishments:

- a. The establishment of a generally accepted strategy for the development of Sinai over the next twenty years.

Given the diversity of opinion and often unrealistic goals of the various GOE entities which Dames and Moore needed to bring on board for its strategy development, this is a major accomplishment.

- b. Preparation of phased 20-year project portfolio and investment schedule to achieve the abovementioned strategy, many of such projects already having been added to Egypt's Five-Year Plan. In conjunction with this, Dames and Moore analyzed the current management and administration of Sinai Development activities, and recommended modifications necessary to achieve the proposed development program.
- c. Compilation of the most comprehensive water supply and cost analysis available for Sinai. The Dames and Moore water investigation team comprised some of the world's leading groundwater experts. Not just relying on their reputation and prior knowledge, the long hours and voluminous data researched and collected over several years by this water team sets this study out as a first class reference.
- d. Preparation of thirty-six working papers, with consolidated final report text, on specific recommendations for development of agriculture, minerals, tourism, roads and ports, fisheries, energy and industries in Sinai. Of particular note were the tourism recommendations which have already generated significant improvements in tourist facilities on Sinai.

- e. The compilation of a complete soils analysis for all of Sinai. Compiled by Dames and Moore subcontractors IADS and the Egyptian Desert Institute, this effort involved over twenty man-years of field research and testing to not only classify soils, but to relate this to drainage, groundwater, population growth, grazing and other variables to determine the most promising and cost-effective areas for agricultural development and settlement in Sinai.
4. Extent to which the project has resolved or is resolving the original problem:

The greatest shortfall of the Project has been the lack of feasibility studies conducted leading directly to project investment. The Dames and Moore study was referred to in the PP as "Planning Study", a part but not all of the intended effort. The principal reason for lack of any other studies having been performed was the insistence of ACR to have a complete "master plan" in hand before any actions were taken. In ACR's view, the "plan" will not be final until the Dames and Moore final report is approved and sent up the line to higher authorities. This was never the intent of the project designers. It also belies the fact that 1) all the useful information Dames and Moore collected has been in place for over two years and is not affected by final report massaging, and 2) the Dames and Moore strategies and recommendations were purposely designed, reviewed and modified to meet the stated objectives of GOE policies, thus providing sufficient consistency to allow individual recommendations to stand on their own and be forwarded for funding consideration.

Overall the ACR, and Ministry of Development in general, has appeared to be very academic and study-oriented, with very little interest or ability in project implementation. When assessing the extent to which the project is resolving the original problem, one thing is clear -- a tremendous amount of development work generally consistent with Dames and Moore's recommendations is now completed, underway or planned. Most of this work the "Project" cannot take credit for, since feasibilities intended were never conducted. There is no question, however, that the exhaustive research discussion, review and analysis performed by Dames and Moore has had tremendous influence on GOE plans, and on the actions of the Sinai Development Authority, Sinai Governorates and private sector institutions involved in Sinai activities.

5. Recommendations for final adjustments in project design - Since the Project is now closing, design changes are no longer relevant.
  
6. Post-project AID monitoring - A very close liaison has developed with the Office of Local Administration Development (LAD) in USAID on proposed and ongoing activities. In particular, Mr. Ernest Kuhn, LAD, has gone over in depth with Gordon West, Sinai Project Officer, all recommendations, plans, data and documentation available from the Dames and Moore Study. Both Basic Village Services (BVS) and Development Decentralization activities now being planned for Sinai are being reviewed against the Dames and Moore recommendations. This is, in fact, a most appropriate follow-on, taking the study to the governorate

level where it probably belonged in the first place. The LAD activity will therefore serve as an ideal monitoring procedure to ensure that the study results are used as a reference for further development.

7. Lessons learned:

- a. I would put the Ministry of Development right at the top of the list with GASC of GOE organizations to avoid in further project work. (This opinion does not reflect on Minister Kafrawi's other portfolio of Housing and Land Reclamation, which is staffed and managed much better.)
- b. What may have appeared to USAID project designers to be a flexible and broad PP design, allowing freedom to adapt as the studies progressed, was translated by others, most GOE participants included, as an undirected grant for whom no one had clear responsibility. Added to the fact that USAID never proposed to finance any follow-on Sinai activities which were studied, the result was generally ho-hum. Even within USAID management the project was generally met with little concern given the comparatively nominal funding involved. The only time the project appeared to take on momentum was very early on when Dames and Moore proposed a water drilling program for Sinai. This was actually called for in the PP and allowable under the Dames and Moore contract as an add-on, but the ACR did not like Dames and Moore's price tag. After that there was little serious ACR review of any Dames and Moore study proposals.

(Proposals made to the ACR but never acted on included drilling, tourism development, El Arish Port development, a U.S. Fish and Wildlife Environmental proposal, improvement of the Suez Canal ferry crossings, a study of building materials sites, a site development proposal for Abu Rudeis/Abu Zenima, a groundwater improvement program for El Arish, and meteorological studies for Sinai.)

- c. The contractual affairs of the ACR, TAMS (ACR's in-house Consultant) and Dames and Moore all reconfirm the folly of host-country cost reimbursable contracting in Egypt. I strongly feel only direct AID contracts in Egypt should be considered for CPF financing. I also feel the Dames and Moore contract would better have been a direct AID contract.

Distribution

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