

PROJECT ASSISTANCE COMPLETION REPORT

BASIC VILLAGE SERVICES GRANT NO. 263-0103 and 263-0161.02

1. Project History:

The Basic Village Services (BVS) Project was one of five AID projects supporting local development activities between 1980 and 1988. Begun as a free-standing project in 1980, BVS was upgraded in 1982 to the status of an "Activity" (263-0161.02) and grouped with several other activities under the Decentralization Sector Support Program (DSS II). It is referred to as a "project" throughout this report.

Total BVS funds of \$300 million came from two sources: \$225 million in Economic Support Fund (ESF) obligations, and \$75 million in PI-480 Title III funds. The initial Title III funds were drawn down over five years, beginning in 1979. Subsequently, in August 1980, \$70 million was obligated from ESF sources (under Project No. 263-0103) with incremental funding of \$155 million obligated in August 1982 under Project No. 263-0161.02, bringing the project total to \$300 million.

Project disbursements totalled \$74,552,216 from PI-480 Title III funds and \$224,712,220.28 from the \$225 million in ESF obligations. In December 1989, the remaining balance of \$287,779.72 of the \$225 million was deobligated. The original PACD of August 31, 1985 was amended in April 20, 1988 to fully implement the project. The following sections summarize the principal project activities. Points addressed are in accordance with AID Handbook 3, Chapter 14, Guidance for Preparing the Project Assistance Completion Report.

1. Project Purpose:

The project had two main features: construction of basic services infrastructure, and support for GOF decentralization policies, including development of a network of administrative and financial management processes and skills at the local level. The project started as a PI-480 Title III funded activity primarily to address the deficit in rural infrastructure and basic village services chosen and implemented by Village Councils (VCs). Experience under the Title III activity showed that while VCs possessed varying degrees of capacity to carry out rural infrastructure projects, there was a need to reinforce and strengthen these capacities at the local government level. To effectively undertake the actions needed to put basic services and infrastructure in place, and make them operational and sustainable, considerable training and operational experience was necessary. Accordingly, the BVS Project expanded the Title III activity and added a capacity building feature.

Technical assistance was provided to the 22 provincial governorates by Chemonics Consulting International, an American technical assistance firm. Overall, their work was rated fully acceptable by the GOE and USAID.

Many of the concepts and programs of the BVS Project are presently being continued under the Local Development II (LD II) Program addressing a number of important constraints to the long term sustainability of locally chosen and implemented small infrastructure subprojects and for the delivery of public services.

2. Summary of Contributions: (\$000s)

USAID	TITLE III (LE Equivalent)	GOE (LE Equivalent)	TOTAL
\$225,000	\$75,000	\$21,000	\$321,000

Detailed Budget by Line Item (\$000s)

LINE ITEM	USAID	TITLE III (LE Equivalent)	GOE (LE Equivalent)	TOTAL
Consulting Services	13,849			13,849
Subprojects Costs	209,625	75,000		284,625
Miscellaneous/ Contingency	207			207
Training	1,319		3,000 a/	4,319
Indirect Subprojects Costs			10,000 b/	10,000
Maintenance Fund			6,000 c/	6,000
Staffing Support			2,000 d/	2,000
Total	225,000	75,000	21,000	321,000

a/ The GOE contribution was in the form of provision of regional and other governmental training facilities and support.

b/ Represents land acquisition, engineering design, and contract administration

c/ Represents a budget contribution of up to 10% of project costs for maintenance.

d/ Represents local staff support at all levels (ORDEV, governorates and villages) for specific BVS Project functions.

3. Accomplishments:

The BVS Project delivered all of its planned inputs and exceeded most of its output targets. It produced immediate tangible results of demonstrable value to millions of villagers. The funds have gone directly into structures and equipment required for the delivery of basic public services, and for training programs.

By providing a program framework and an important source of revenue, the BVS Project provided a mechanism for activating Egypt's policies of decentralization. Beyond decentralization, BVS proved to be a viable approach to development in rural Egypt. In addition, as the vast majority of BVS funds were used to contract with local companies for construction of the actual projects, the Project promoted private sector activity directly. It also strengthened development institutions at the village level and improved institutional performance at the market and governorate levels. BVS moved provincial local government significantly in the direction of increased responsiveness to public need, expanded public participation, and improved capabilities for implementing a more decentralized government law. The Project has had the strong support of appointed and elected local government council members and of the villagers themselves.

Following are the highlights of the Project accomplishments:

- 5,121 basic service projects were planned and implemented over the 8 years of the project. These local projects served village residents in over 850 village councils in 22 provincial governorates. Projects included 2,207 drinking water projects (46% of total projects funds), and 1,448 road projects (34% of total projects funds). Other types of BVS projects included sewage and drainage, small environmental activities such as swamp draining, canal lining, covering and filling, small bridges, bus sheds, community centers, village markets, telephone and post office facilities, ferryboats, slaughter-houses, and fire hydrants.
- Some 25,000 local government officials and technical personnel were trained in various aspects of decentralized development, project planning, design, construction, monitoring, operation and maintenance.
- Over 100 separate technical studies, manuals and handbooks in the field of engineering, planning, design, construction and information systems management were prepared and provided to local governments at various levels.

Maintenance awareness and performance remains a critical issue. Maintenance must to be made a number one priority in implementation programs, and all efforts must be mounted to ensure a balance between investment expenditures and operation and maintenance considerations.

Although small service projects proved to be a great success under the present system of village council selection, there is growing capability and popularly recognized need for a more comprehensive approach to rural basic services delivery. An approach must be directed to larger projects which individually serve larger numbers of beneficiaries. If required they should be planned and implemented over a period of years in accordance with multi-year sectoral development plans. These plans should be systematically developed to achieve governorate-wide minimum basic services levels, or, in more economically advanced governorates, to lay the infrastructural foundations for intensive economic development. One of the benefits of this recommended approach would be to concentrate local government design and supervision resources over fewer projects. This is expected to result in a higher total level of benefits.

During BVS Project implementation, the Organization for the Reconstruction and Development of the Egyptian Villages (ORDEV) was USAID's counterpart whereby BVS activities were managed by the village level unit staff. Conventional GOE development activities continued to be managed by the governorate planning directorates. Hence the sustainability of BVS decentralization initiatives depended ultimately on the creation of more coordination and synchronization between the directorates. (Under the LD II Program, USAID has addressed this necessity through the creation of the Governorate Local Development Committees (GLDCs) which includes representatives from the various governorate directorates)

5. Covenants:

All project covenants were met.

6. Post Disbursement Reporting and Residual Monitoring Requirements:

Subprojects funded under BVS are now 96% complete. Post project disbursement reporting will continue under the established (LD II Program) provincial reporting system. Quarterly Progress Reports (QPR), are provided to USAID by the GOE. In addition, implementation will continue to be monitored under the LD II Program through ORDEV, the LAD office and the TA contractor. The eligibility of governorates to receive LD II funding is conditioned on their rate of implementation drawing down remaining BVS funds granted to governorates, as well as LD II funds. All BVS Local projects should be completed by in 1990.

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Microcomputers were installed in eighteen governorates and operators selected, and trained in data entry, report generation from socioeconomic surveys, and quarterly project progress reports. In several governorates, these skills have been extended to a large number of areas in which information is needed by local government decision-makers and managers.

- A village infrastructure maintenance activity was developed and tested in three governorates. This activity was the basis for the O&M development efforts being undertaken in 22 provincial governorates under BVS's successor, the LD II/Provincial Program.
- In the area of groundwater/wastewater under the BVS Project, groundwater lowering attempts were undertaken with mixed results. Provision for wastewater collection systems followed in the project and also extended into its successor LD II Program. Also started in BVS were the construction of several types of small community wastewater treatment plants. Early indications suggest that at least one of these technologies is proving to be highly appropriate to the local environment and capable of extensive replication. Moreover, the entire design and implementation process of these projects led to the emergence of a cadre of skilled and experienced local government wastewater engineers.

4. Lessons Learned and Recommendations:

The major lesson learned during BVS was that local governments including participation of popularly elected councils can effectively implement and operate essential basic services. Wider and more secure financial resources had a great impact on stimulating the local councils towards fulfilling their responsibilities.

On the negative side, the major constraints to further development of local government effectiveness center on the insufficiency of central government transfers for capital investments and maintenance funds and the lack of discretionary power and predictability for financing at the local level. In some instances, BVS funds may have been a substitute for GOE transfers to the governorates rather than complementing them. Overall, it was a significant gain in resource flows. Efforts to institute revenue sharing and to encourage more realistic user fees should be expanded to include basic administrative efficiency in revenue collection and fiscal management.

BVS revealed the extent to which capabilities exist at the local level. Because the demand for technical assistance at all levels of local government far exceeded the level of effort of the technical assistance contractor, governorates have had to become more self-reliant and to use, with project funds as a catalyst, the technical assistance found in their own departments, local institutions and firms. These capabilities need to be strengthened and activated through training and the provision of monetary incentives or other forms of non-cash incentives.