

Egypt: Social Fund for Development SFD I and II

Ex-post evaluation

OECD Sector	16110 – Employment policy and labor administration	
BMZ project number	SFD I – 1994 65 527, 19094 70 261 (staff support), SFD II – 1994 70 261	
Project-executing agency	Social Fund for Development (SFD)	
Consultant	SFD I: Rizkallah & Partner, Hanover (protection of riverbanks), local consultants	
Year of evaluation	2002	
	Project appraisal (planned)	Ex-post evaluation (actual)
Start of implementation	SFD I – 1995 SFD II – 1995	SFD I – 1995 SFD II – 1995
Period of implementation	SFD I -3 years SFD II -3 years	SFD I - 3.5 years SFD II - 5 years
Investment costs	SFD I: EUR 27.6 million SFD II: EUR 22.5 million	SFD I: EUR 27.7 million SFD II: EUR 22.5 million
Counterpart contribution	SFD I - EUR 0.4 million	SFD I - EUR 0.7 million
Financing, of which FC funds	SFD I: EUR 25.56 million SFD II: EUR 15.34 million	SFD I: EUR 25.56 million SFD II: EUR 15.34 million
Other institutions/donors involved	None	SFD I: None SFD II: various donors: EUR 5.1 million
Performance rating	SFD I: 2; SFD II: 3	
• Significance / relevance	SFD I: 2; SFD II: 2	
• Effectiveness	SFD I: 1; SFD II: 3	
• Efficiency	SFD I: 2; SFD II: 3	

Brief Description, Overall Objective and Project Purposes with Indicators

Both projects aimed to absorb some of the social costs of the structural adjustment measures carried out between 1991 and 1998 in coordination with the International Monetary Fund and the World Bank as well as to support the consolidation of the Egyptian economy. The overall objectives were the temporary alleviation of poverty arising from structural and other adjustments and also the stabilization and improvement of the living conditions in rural regions via the “Social Fund for Development” (SFD) founded for this reason in 1991. The programme

goals were the creation of jobs and income for a limited period of time for poor sections of the population and the improved provision of under-supplied villages with basic social infrastructure and also the sustainable use and maintenance of such infrastructure. Additionally, SFD I was meant to protect the banks of the Nile River against erosion. The number of jobs created in terms of worker-months and the type and number of created infrastructure facilities were defined as indicators of achievement of the programme goals. Additionally, 80% of the facilities had to be free of serious problems related to operation and maintenance for 2 years after their completion.

Project conception / Major Deviations from the original Project Planning and their main Causes

Since the project-executing agency also spent funds from other donors on some components of the programme SFD II, more funds were available, which made it possible to carry out additional individual measures. Due to this expansion and also to several delays the period of implementation increased from 3 to 5 years.

Key Results of the Impact Analysis and Performance Rating

In connection with the programme SFD I four components were carried out:

- Embankments in 118 sections along 89.5 km of the Nile in 7 governorates,
- Village infrastructure with 111 measures in 21 villages with approx. 230,000 inhabitants in 7 governorates,
- Community development in these villages (complementary measure) with over 300 adult vocational training courses, literacy courses, and courses to encourage the assumption of responsibility, and
- Reconstruction of villages damaged by flooding (supplementary programme component) with 100 measures comprising the reconstruction of 1,108 residential homes, infrastructure and flooding protection in 33 villages in 3 governorates.

The programme measures under SFD II were applied in 8 governorates and covered 5 sectors:

- Water supply with 163 individual measures for the expansion of drinking water networks and for the construction of wells and high tanks,
- Sewage disposal with 25 individual measures, including 2 complex installations,
- Public buildings with the expansion or rehabilitation of 196 health care centers, schools, youth centers and other collectively owned facilities,
- Roads with the construction and improvement of 117 side roads,
- Environmental/resource protection with 28 erosion protection measures for canals and canal covers.

Overall 858 measures were carried out and 188,224 worker-months set up. The number of workers given work assignments exceeded the minimum expected (150,000 worker-months). The expected number of individual measures was also exceeded. This same applies to the complementary measure. 5,300 people were given training, two-thirds of which were women. Overall it can be said that all expected programme results were achieved in full. The indicator

according to which no serious problems related to operation and maintenance were to arise for 2 years after the completion of the facilities was also met. From today's point of view this initially absolutely positive result need to be relativized slightly: the target indicator for the sustainability of the infrastructure measures is informative only to a limited degree. For infrastructure facilities of long-term use such as roads, buildings, water supply and sewage disposal installations, canals and embankments, even if there are no serious problems – that are not specified further – for two years after completion, this is not an indication of sustainability. Based on this premise, we judge the sustainability risk from today's perspective with regard to the installation of the embankments, the reconstruction of the villages damaged by flooding and the construction of new roads to be minimal, with regard to the village infrastructure to be average and with regard to the projects on water supply and sewage disposal to be very high.

Protecting the banks of the Nile as a key component of SFD I aimed to protect the scarce resource land. The environmental damage caused by construction measures was minimal. The same holds true for the additional programme components involving embankments in connection with the component of the reconstruction of villages damaged by flooding. In contrast, the project SFD II comprises the partial component 'environmental measures', but it is not important for the programme as a whole. Its positive ecological results are invalidated in part by negative results of some water supply projects.

The target groups often make great efforts to participate in the realization and maintenance of the projects, as a result of which the projects contribute to self-help-oriented poverty reduction.

The job creation measures hardly affect women at all, but women also use the constructed facilities (G0).

The participation of the target groups, particularly in implementation, operation and maintenance, should be significantly improved. The inclusion of the target groups in the prioritization and selection process is, for Egyptian standards, already a step towards more participation. The inclusion of NGOs in SFD I also requires approaches to more democratic self-organization. At the same time, the projects strengthen the population's confidence in the state's sociopolitical responsibility. The projects' contribution to democratic development is having a noticeable effect. We classify the projects into category **PD/GG 1**.

Overall our assessment of the projects' developmental effectiveness is as follows:

SFD I:

The objectives of the project have been achieved. The sustainability risk is between average and minimal. Therefore, we classify the project's effectiveness as good (partial evaluation: rating 1). The overall objectives have been met. The poor population benefited the most from the measures. However, women who were particularly affected by unemployment following the privatizations required by the adjustment measures have not been reached by the employment component (exception complementary measure). Especially for poor unskilled workers the temporary income they earned did not last very long. There were structural improvements in the economic situation only for the skilled workers and their companies. Altogether, the overall objective was achieved, however. Therefore, we classify the programme's significance / relevance as satisfactory (partial evaluation: rating 2).

The measures were carried out cost-efficiently, and the microeconomic results are satisfactory. Therefore, we classify the programme's efficiency as satisfactory overall (partial evaluation: rating 2).

In general we assign the programme a satisfactory degree of developmental effectiveness (rating 2).

SFD II:

The goals were met, but there are substantial sustainability risks above all in the area of water supply/sewage disposal. Thus the programme's effectiveness is only rated as adequate (partial evaluation: rating 3).

With regard to significance/relevance the comments are the same as for SFD I (partial evaluation: rating 2). The programme was implemented cost-efficiently. In view of the unsatisfactory economic situation of the water supply/sewage disposal, overall the efficiency is only adequate (partial evaluation: rating 3).

In general we assign the programme an adequate degree of developmental effectiveness (rating 3).

General Conclusions applicable to all Projects

In light of the sustainability problems in the field of water supply/sewage disposal, the conclusion has already been drawn that, for ensuing projects, facilities with complex operating requirements will no longer be built under the SFD programme in the future. Furthermore, in the future simple expansions of existing water supply installations will only be approved if the existing local sewage disposal installations (cesspools) neither cause ecological or health risks nor do they indicate that such risks could arise.

The experiences made with both programmes confirm the conclusion of the development-policy discussion, namely that income-related and non-income-related poverty are equally important aspects of poverty. The provision of infrastructure facilities to combat non-income-related poverty has a much longer and usually also a broader effect than the creation of temporary jobs. Thus, the creation of sustainable social infrastructure facilities should not be considered a secondary goal, as is the case with the projects at hand, but instead at least as an equal goal in poverty reduction.

Legend

Developmentally successful: Ratings 1 to 3

rating 1 Very high or high degree of developmental effectiveness
rating 2 Satisfactory degree of developmental effectiveness
rating 3 Overall sufficient degree of developmental effectiveness

Developmental failures: Ratings 4 to 6

rating 4 Overall, no longer sufficient degree of developmental effectiveness
rating 5 Clearly insufficient degree of developmental effectiveness
rating 6 The project is a total failure

Criteria for the Evaluation of Project Success

The evaluation of a project's "developmental effectiveness" and its classification into one of the various levels of success described in more detail below during the final evaluation concentrate on the following fundamental questions:

- Are the **project objectives** reached to a sufficient degree (aspect of project **effectiveness**)?

- Does the project generate sufficient **significant developmental effects** (project **relevance** and **significance** measured by the achievement of the overall development-policy objective defined beforehand and its effects in political, institutional, socio-economic and socio-cultural as well as ecological terms)?
- Are the **funds/expenses** that were and are being employed/incurred to reach the objectives **appropriate** and how can the project's microeconomic and macroeconomic impact be measured (aspect of **efficiency** of the project concept)?
- To the extent that undesired **(side) effects** occur, are these tolerable?

We do not treat **sustainability**, a key aspect to consider for project evaluation, as a separate category of evaluation but instead as a cross-cutting element of all four fundamental questions on project success. A project is sustainable if the project-executing agency and/or the target group is able to continue to use the project facilities that have been built for a period of time that is, overall, adequate in economic terms or to carry on with the project activities on its own and generate positive results after the financial, organizational and/or technical support has come to an end.