

Egypt: Social Fund (SFD) – Job Creation Programme Rural Infrastructure III

Ex-post evaluation

OECD sector	16110 – Employment policy and labour administration	
BMZ project ID	1996 66 314	
Project-executing agency	The Social Fund for Development (SFD).	
Consultant	n.a.	
Year of ex-post evaluation	2005	
	Project appraisal (planned)	Ex-post evaluation (actual)
Start of implementation	Q 1 1998	Q 1 1998
Period of implementation	3 years	4 years
Investment costs	EUR 27.6 million	EUR 30.53 million
Counterpart contribution	EUR 2.5 million	EUR 5.48 million
Financing, of which Financial Cooperation (FC) funds	EUR 25.05 million	EUR 25.05 million
Performance rating	3	
• Significance / relevance	3	
• Effectiveness	3	
• Efficiency	3	

Brief Description, Overall Objectives and Project Objectives with Indicators

In the context of German Financial Cooperation with Egypt FC funds were made available to the “Social Fund for Development (SFD)” for the extension of the basic infrastructure in structurally weak areas outside the urban conurbations, for the protection of the natural resources and for municipal development in rural areas. The programme comprised 13 regional “sub-programmes” in 13 governorates, which were successively completed and handed over until May 2002. The overall objective of the SFD was to make a contribution to reducing poverty caused by structural and other adjustments and also to stabilize and improve the living conditions in rural areas. The overall objective was considered achieved if the programme objectives were mostly achieved. The programme objectives of the project were:

- Creation of employment and incomes in selected regions and for a limited period of time in favour of poor population groups (primary goal),
- Improved provision of under-supplied villages with basic social and physical infrastructure (subordinate goal).

The following indicators were determined for the achievement of the programme objectives: 1. Employment has been created for 113,000 man-months and the direct and indirect labour costs account for at least 30% of total costs. Regarding the type and number of infrastructure facilities created, 80% of the individual projects were to have no serious operating problems two years after their completion.

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

In accordance with the project concept envisaged at the time of the project appraisal the project was to be designed as an “open programme” and was carried out without any major deviations from this concept. The project concept and design was modelled on the two predecessor programmes SFD/PWP I and II (BMZ Nos. 1994 65 527 and 1995 65 474). The complementary measure (BMZ No. 1997 70 025) was not implemented in line with the originally planned concept and is still in the phase of implementation. The FC funds were used for 13 “sub-programmes” comprising altogether 585 individual measures in different sectors (in particular water supply and road construction). The project proposals were submitted by different groups and institutions to the governors, which handed them on to the Managing Director of the SFD. The regional offices of the SFD verified the suitability of the proposals on the basis of specific criteria such as share of labour costs and, if required, assigned consulting firms to prepare feasibility studies. A committee of the SFD then centrally authorized the projects and an agreement was concluded between the so-called sponsoring agency and the Managing Director of the SFD on the implementation of the project (altogether 13 agreements, ten of which were concluded with the governorates and three with the Ministry of Water). A project implementation unit (PIU) was then created by the SFD, which was entrusted by the sponsoring agency, which also proposed the head of the PIU, with the responsibility for the project. On principle, one PIU was set up for each governorate. For the preparation, planning and implementation of the physical measures the SFD used the regional units of the competent ministries at the level of the respective governorates (intermediary agencies), with whom detailed contractual agreements were concluded. The construction measures were carried out by local firms under the supervision of the intermediary agencies. The works were controlled by the PIU and the regional offices.

Key Results of the Impact Analysis and Performance Rating

Based on the indicators formulated, the project objectives were well achieved:

Definition at project appraisal	Actual state at the final evaluation
Creation of 113,000 man-months	Around 113,000 man-months were created.
Share of direct and indirect labour costs in total costs of at least 33%.	The share of labour costs was approx. 39% of total costs.
Two years after their completion 80% of individual projects do not have any serious operating problems.	More than 80% of the individual projects have no serious operating problems.

However, the degree of achievement of the project objectives in the area of water supply/sewage disposal (about 30% of the costs) has to be seen with some reservation as the sustainable operation – in contrast to the other components - is in most cases not ensured because operating costs are not fully covered. Due to the subsidization of water consumers by the state, however, the water supply projects financed under the programme still receive enough financing.

Overall, approx. 1.5 million persons benefited directly or indirectly from the programme measures. Against the background of the regional focus of the programme the majority of these persons belonged to the poorer population. In this respect the project had a direct poverty relevance. The living conditions of people in villages that had hitherto been under-supplied with basic infrastructure were improved through the extension and rehabilitation of the existing infrastructure. Through this and the creation of temporary employment opportunities the project contributed to alleviating poverty in disadvantaged regions in Egypt.

The participation of the target groups, particularly in the phases of selection, implementation, operation and maintenance, should be significantly improved. However, the comparatively restricted inclusion of the target group in the prioritisation and selection process is, by Egyptian standards, already an important step towards more participation.

In summary, we have arrived at the following assessment of the developmental effectiveness of the project:

Effectiveness: The programme goals were largely achieved. However, without substantial state subsidies it would not be possible to maintain these results, especially in the area of water supply / sewage disposal, to which 30% of the FC funds went. Against this background, a critical look has to be taken at the re-orientation of the complementary measure, which was made in the course of the project implementation. A positive reform of the water sector has been introduced by the Egyptian government. However, we see substantial sustainability risks in this area as well as a great need for improvements in order to ensure proper operation and maintenance. Overall, the project's effectiveness is considered as slightly insufficient (**sub-rating 3**).

Significance / relevance: The poor population benefited the most from the measures. Due to the temporary employment effects of the structural adjustment measures implemented the project implementation was very labour intensive. As had been expected, the direct income-generating effect (especially on poor unskilled workers) was only of a temporary nature in terms of alleviating social hardship. Structural improvements in the economic situation occurred in some instances for skilled workers and their companies. But the individual projects also contribute to improving the living conditions of the target group of the poor in that they allow the use of the social infrastructure established. Participatory approaches to promote local development were not sufficiently included. Overall, however, it can be stated that the overall objectives of the SFD were achieved also due to the joint efforts made under the different donor programmes. Still, there are considerable sustainability risks regarding the impacts of some of the measures, among others, because a convincing maintenance concept does not exist. Thus, we classify the programme's significance/relevance as just sufficient (**sub-rating 3**).

Efficiency: Also in comparison with other institutions in Egypt it can be said that the implementation of the project was cost-efficient and satisfactory. The technical design of the infrastructure measures was adequate. However, the choice of the individual projects was in some cases not transparent. Overall, there is some need for improvement in terms of the targeting in order to better reach the poor population. We judge the production efficiency as satisfactory. Due to insufficient selection criteria we rate the allocation efficiency in certain areas (water supply) as unsatisfactory, but on the whole it is considered as satisfactory. Overall the project's efficiency is adequate (sub-rating 3).

In general we assign the project an **adequate degree of developmental efficacy (overall rating 3)**.

General Conclusions and Recommendations

In a poverty-oriented programme, the regional distribution of funds has to take the respective poverty maps into consideration. The project-executing agencies must have a corresponding targeting system at their disposal.

Sectoral minimum criteria have to be taken into consideration when it comes to financing water supply systems in rural areas in the context of social and municipal development funds. At the same time the financing of water supply systems should be combined with the financing of sewage disposal systems in order to reduce the negative impacts of increased volumes of sewage.

The inclusion of participatory elements is important in programmes that serve local and communal development in order to (i) take sufficient account of the needs and necessities existing at the local level, (ii) contribute to creating or strengthening a democratic culture and (iii) through the direct involvement of the users in the project cycle to create a sense of responsibility on the part of the users and, thus, to improve the sustainability of the projects.

Legend

Developmentally successful: Ratings 1 to 3	
Rating 1	Very high or high degree of developmental effectiveness
Rating 2	Satisfactory developmental effectiveness
Rating 3	Overall sufficient degree of developmental effectiveness
Developmental failures: Ratings 4 to 6	
Rating 4	Overall slightly insufficient 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 the "developmental effectiveness" of a project and its classification during the ex-post evaluation into one of the various levels of success described in more detail below 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 conception)?
- 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 are 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 their own and generate positive results after the financial, organisational and/or technical support has come to an end.