

Egypt: Social Fund for Development (SFD) / Infrastructure for Employment in Poor Urban Area

Ex post evaluation report (final evaluation)

OECD sector	16020 / employment policy and labour administration	
BMZ project ID	2002 65 132	
Project executing agency	Social Fund for Development Egypt	
Consultant	---	
Year of ex post evaluation report	2009	
	Project appraisal (planned)	Ex post evaluation (actual)
Start of implementation	Q IV 2002	Q IV 2002
Period of implementation	13	62
Investment costs	EUR 3.4 million	EUR 3.4 million
Counterpart contribution	EUR 0.3 million	EUR 0.3 million
Financing, of which Financial Cooperation (FC) funds	EUR 3.1 million	EUR 3.1 million
Other institutions/donors involved	---	---
Performance rating	3	
• Relevance	3	
• Effectiveness	3	
• Efficiency	3	
• Overarching developmental impact	3	
• Sustainability	3	

Brief description, overall objective and project objectives with indicators

The development intervention conducted with the Community Infrastructure Department of the Social Fund for Development (SFD) was aimed to put in place employment and income-generating opportunities and to improve the basic social infrastructure in undersupplied urban areas in the Governorate of Cairo (project objectives). The additional funds made available within the framework of the war on terrorism in 2001/2002 (Anti-Terror Package) were intended to support crisis prevention by improving the living conditions of poor sections of the population in urban conurbations (overall objective). Also, a sum of EUR 0.6 million was made available to promote smaller non-governmental organisations (NGOs) (capacity building measures to help NGOs identify and implement small-scale projects).

The target group of the intervention was firstly the population of the district of Matariya (to whom an additional range of social services was to be made available), and secondly unemployed individuals from the beneficiary population (creation of temporary employment opportunities). For the capacity building measures, NGOs made up the target group.

The programme executing agency was the Social Fund for Development (SFD), which provided the additional funds totalling EUR 3.1 million via individual projects for the measures to be financed. The lion's share of the funding was used to lay sewage pipes with domestic connections in the Matariya district of Cairo.

The programme objective indicators specified at the start of implementation cover only the measures in the field of sanitation, since most of the funds were used to this end. The programme objective indicators were as follows:

- A minimum of 2,500 employment opportunities created by the programme (defined as person/project; employment opportunities to last a minimum of 6 months)
- Women to account for a minimum of 11% of the individuals employed
- Wages to account for a minimum of 25% of investment costs
- A minimum of 25 km sewage pipes laid
- A minimum of 4,100 homes connected to the system
- A minimum of 80% of projects experiencing no operating problems after two years of operations.

No indicators were identified for achieving the overall objective. Since the development intervention aimed to generate employment and to provide sanitation services for an undersupplied urban district, we have taken the poverty impacts (as a result of employment created and improved sanitation services) and the health impacts (as a result of improved sanitation) as the basis for assessing the achievement of the development-policy objectives.

Design of the development intervention / major deviations from the original project planning and the main reasons for these

The development intervention pursued a two-track strategy, aiming both to improve the living conditions of the target group and to prevent crises. During implementation, the focus was clearly on general poverty reduction. The focus on crisis prevention found in the original design was not further operationalised during implementation. Crisis prevention was understood in an implicit manner, with reference to the geopolitical situation at the end of 2001 and beginning of 2002.

At the time of the appraisal, the development intervention was planned as an open programme, which left open the option of co-financing measures in the field of water supply, sanitation, environment protection, roads, squares and public buildings. Since the funds from the Anti-Terror Package were to be made available swiftly in order to eliminate critical social imbalances in urban areas with a high conflict potential and in order to send a visible political signal, these funds were to be used for stand-alone projects that could be rapidly realised. In agreement with the SFD, most of these were labour-intensive measures in the field of sanitation. This appeared appropriate since the laying of sewage pipes and the across-the-board connections for new residential buildings would bring about an immediately recognisable improvement for the population. The project executing agency also had many years of experience in the field of employment-intensive sanitation measures. The SFD was also given the opportunity, in the course of the project, to use a smaller percentage of the funds for innovative projects in the social sector, in particular to fund capacity development measures for NGOs.

Thanks to the devaluation of the Egyptian pound, the programme had at its disposal significantly more funds for the sanitation measures than originally planned, which is why significantly more pipelines were laid and significantly more homes connected than originally planned. As a result, the period of implementation was longer than planned.

The SFD originally broke down the measures in the field of sanitation into 24 individual projects. These were joined by six more when devaluation freed up additional funds. The individual projects were identified on the basis of project applications lodged by the local authorities and the sewage utility responsible (Sponsoring Agency, SA). Once a framework agreement had been concluded, the construction plans were drawn up with the support of local engineering offices. Contracts for supplies and services were placed in line with the standard contracting procedures of the SFD, using a tendering process that addressed short-listed local businesses.

The monitoring and acceptance of the construction work was also undertaken by engineering offices contracted by the Sponsoring Agency. Once the work was completed and accepted, the infrastructure was handed over to the sanitation organisations responsible for operating the system (local authorities, later on local representatives of the sanitation authority).

The capacity building measures for NGOs conducted within the framework of the programme were of only secondary importance both in terms of the financial framework (approximately 16% of project funds) and in terms of strategic embedding. They can be seen as an attempt to provide social services at a level close to the target group on a pilot basis. Every individual measure can be seen to have a link to reducing poverty. Within the framework of the in-country mission we checked that the projects were rational in development policy terms and that they were considered helpful by the target group.

The SFD provided the overarching steering and monitoring facilities for all individual projects both in the field of sanitation and in the field of capacity building for NGOs. The planning and realisation inputs of the SFD were efficient and targeted overall.

Major findings of the results analysis and performance rating

Relevance: The development intervention was geared directly towards reducing unemployment and improving the social infrastructure and thus tackled central development constraints in Egypt, fully in line with Egypt's own sector strategy. The SFD also receives support from other donors, to help it put into practice the government's strategic approach to reducing poverty. The development intervention is also in line with the priorities of German development cooperation at the time of the programme appraisal. The overall objective of the Financial Cooperation intervention corresponds to the directives of the Federal Ministry for Economic Cooperation and Development (BMZ) and helps achieve Millennium Development Goal (MDG) 1 (reducing poverty), MDG 5 (improving health) and MDG 7 (protecting the environment).

The results chain on which the project design was based, including the creation of income-generating opportunities for unskilled labourers and the provision of basic infrastructure to improve the living conditions of the target group, is in principle plausible. The contribution made to conflict prevention was seen more at an overarching level and was not anchored in the objectives system. In view of the fact that the measures focussed on swiftly realisable infrastructure measures, and that limited funds were available, only a limited conflict-prevention impact could have been achieved within the scope of this development intervention (sub-rating 3).

Effectiveness: The project objective indicators can be seen more at the results level, but even if we take into account additional more impact-oriented aspects, they can be considered to have been largely met. Due to the devaluation of the Egyptian pound the project had significantly more funds at its disposal for the sanitation measure than originally planned. As a result, a total of 4,244 jobs were created, 104.7 km of pipeline was laid and 7,250 homes were connected, all of which are well above the originally planned figures. The impact on employment was lessened because in fact most of the workers used were already employed. The percentage of unemployed individuals gaining employment as a result of the measure was not recorded by SFD and is probably comparatively low. The pipelines are operational and are kept clean. The indicator that a minimum of 80% of the stand-alone projects operate without problems after two years of operations has thus been met. We would, however, like to point out that the indicator selected to demonstrate the sustainability of the infrastructure measure is weak, since it is improbable that sewage pipelines would develop any serious problems after only two years of use. The location in what is now an upgraded residential area and the statements made by the employees of the water authority responsible indicate that it is certain that the Governorate of Cairo and the City will provide sufficient funds for regular check-ups and maintenance of the pipelines. Women accounted for only 3.5% of those employed, falling well short of the target. This is, however, due to the fact that construction measures accounted for such a large percentage of the measures. Women are not traditionally employed in construction. When identifying measures and the project area, the SFD had recourse to the priority targeting report drawn up in previous programmes. We have the impression that the selection was appropriate. It should, however, be noted that only those residents connected to the sewage system by SFD were exempted from the connection fee of about EUR 140. This did not apply to those connected by the water supply utility or using Governorate funding. Taking into account the limited creation of additional jobs in laying the sewage pipes we would deem the effectiveness of the intervention to be satisfactory (sub-rating 3).

Efficiency: The adopted approach of focusing on the employment-intensive laying of sewage pipes was economical in that experience had already been gained in this sector from previous measures in rural areas involving the SFD, and since the SFD could be expected to realise the measures swiftly and efficiently. The individual sub-projects were well organised, managed and implemented within an appropriate time-scale by the SFD. The technical planning of the sewage pipes appears to be appropriate and the plant is currently being operated correctly. The specific costs of approximately EUR 41,200 per kilometre laid (including domestic connections) is

acceptable. In the previous programme (SFD IV) the costs were of the order of EUR 47,000. It is impossible to look at the economic efficiency of the laying of sewage pipes in individual streets since they feed into Cairo's main sewage system. It is well known that the fees collected by the water authority are too low to cover the costs of operating the sewage system. According to the sector concept it is not an explicit objective to cover costs in the field of sanitation, provided cross-subsidisation can ensure sustainable operation. This can be presumed to be the case here. Our visits to various randomly selected streets confirmed that the lines are being regularly maintained (sub-rating 3).

Overarching developmental impact: For the assessment of the extent to which the intervention has achieved the overall goal, indicators must be identified for the overall objective from the current perspective of the focus on employment and sanitation, in order to make it possible to ascertain impacts on poverty and health. An impact evaluation conducted by the World Bank, which takes into account all SFD measures in the field of HCDG, published in July 2009, concludes that the SFD's measures in the sanitation sector have significantly contributed to reducing spending on health and to a drop in the incidence of kidney complaints. The impact on poverty can be seen to be particularly significant when the SFD measures built on previous interventions of other donors. In terms of conflict prevention, the impact of the intervention must be seen to be marginal. Firstly, the additional employment generated was limited; and secondly, in retrospect the approach, was not clearly enough based on existing conflict profiles and mechanisms. In conclusion we consider the overarching results to be satisfactory (sub-rating 3).

Sustainability: The open programme was not geared towards sustainability from the outset, since the employment opportunities generated were intended to be of a temporary nature. In the field of sanitation and employment, (limited) positive impacts were achieved. The SFD has appropriate organisational and procedural approaches for the targeted and efficient identification, management and implementation of projects, and will continue to use this in future. They serve primarily to channel donor funds and are not designed for the long-term operation of the built plant. The responsibility for operation lies with the sector ministry responsible or the sectoral authority in question. The sewage system in the Governorate of Cairo currently operates on a non-cost-covering basis. Hitherto operation and maintenance have, however, been ensured by inputs of public funding. In Egypt we gained the impression that these subsidies will continue to be provided, although the dependence on public funding is a risk for the water supply utilities (sub-rating 3).

In conclusion we rate the development intervention as satisfactory (Rating 3).

Notes on the methods used to evaluate project success (project rating)

Projects are evaluated on a six-point scale, the criteria being relevance, effectiveness (outcome), “overarching developmental impact” and efficiency. The ratings are also used to arrive at a final assessment of a project’s overall developmental efficacy. The scale is as follows:

- 1 Very good rating that clearly exceeds expectations
- 2 Good rating fully in line with expectations and without any significant shortcomings
- 3 Satisfactory rating – project falls short of expectations but the positive results dominate
- 4 Unsatisfactory rating – significantly below expectations, with negative results dominating despite discernible positive results
- 5 Clearly inadequate rating – despite some positive partial results the negative results clearly dominate
- 6 The project has no positive results or the situation has actually deteriorated

A rating of 1 to 3 is a positive assessment and indicates a successful project while a rating of 4 to 6 is a negative assessment and indicates a project which has no sufficiently positive results.

Sustainability is evaluated according to the following four-point scale:

Sustainability level 1 (very good sustainability)

The developmental efficacy of the project (positive to date) is very likely to continue undiminished or even increase.

Sustainability level 2 (good sustainability)

The developmental efficacy of the project (positive to date) is very likely to decline only minimally but remain positive overall. (This is what can normally be expected.)

Sustainability level 3 (satisfactory sustainability)

The developmental efficacy of the project (positive to date) is very likely to decline significantly but remain positive overall. This rating is also assigned if the sustainability of a project is considered inadequate up to the time of the ex post evaluation but is very likely to evolve positively so that the project will ultimately achieve positive developmental efficacy.

Sustainability level 4 (inadequate sustainability)

The developmental efficacy of the project is inadequate up to the time of the ex post evaluation and an improvement is very unlikely. This rating is also assigned if the sustainability that has been positively evaluated to date is very likely to deteriorate severely and no longer meet the level 3 criteria.

The overall rating on the six-point scale is compiled from a weighting of all five individual criteria as appropriate to the project in question. A rating of 1 to 3 indicates a “successful” project while a rating of 4 to 6 indicates an “unsuccessful” project. In using (with a project-specific weighting) the five key factors to form an overall rating, it should be noted that a project can generally only be considered developmentally “successful” if the achievement of the project objective (“effectiveness”), the impact on the overall objective (“overarching developmental impact”) and the sustainability are considered at least “satisfactory” (rating 3).