

The Effectiveness of World Bank Support for Community-Based and - Driven Development

***Background Paper* Egypt Country Study**

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Abbreviations and Acronyms

AAA	Analytical and Advisory Activities
CAP	Community Action Plan
CAS	Country Assistance Strategy
CBD	Community Based Development
CD	Community Development
CDA	Community Development Association
CDD	Community-Driven Development
CDP	Community Development Program
CGIAR	Consultative Group for International Agricultural Research
ERR	Economic Rate of Return
ESW	Economic and Sector Work
ICARDA	International Center for Agricultural Research in Dry Areas
ICR	Implementation Completion Report
IDA	International Development Association
IEG	Independent Evaluation Group (formerly the Operations Evaluation Department)
LC	Local Communities
M&E	Monitoring and Evaluation
MDGs	Millennium Development Goals
MISA	Ministry of Social Affairs
MRMP	Matrouh Resource Management Project
NGO	Non Government Organization
NPV	Net Present Value
OED	Operations Evaluation Department (now the Independent Evaluation Group)
PAD	Project Appraisal Document
PPAR	Project Performance Assessment Report
PRA	Participatory Rural Appraisal
PSR	Project Status Report
PWP	Public Works Program
QAG	Quality Assurance Group
RRA	Rapid Rural Appraisal
SFD	Social Fund for Development
VPDP	Village Priority Development Plan
WBI	World Bank Institute

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Preface

This is a country case study on Egypt undertaken as an input to an Independent Evaluation Group study of the World Bank's support for community-based development (CBD) and community-driven development (CDD) efforts. The Egypt study was one of six country studies undertaken for the evaluation. The Bank's support for participatory approaches that involve communities in Egypt, as in other client countries, has been largely manifested through the design and implementation of either CBD or CDD projects.¹ These projects do not constitute a specific Bank lending instrument. Rather, through them, the Bank has been supporting a development approach that can be used across a variety of sectors. The country study is based on a desk review of documents of Bank supported projects in Egypt that involved community participation along with relevant sector work and literature. All eight World Bank-supported projects in Egypt that have involved community participation have been at least desk reviewed. The final date of review of these cases was December 2003 although much of the documentary evidence used was dated earlier than that. A Project Performance Assessment of the most intensive of the Egypt participatory projects — the Matrouh Resource Management Project—was also undertaken. While in the field for the assessment, some of the other projects that involved community participation were also discussed with Government officials in Cairo and their impact was observed in the Matrouh Governorate. Focus group meetings with groups of beneficiaries — both men and women, and, in a few cases, with a group of government officials were also organized. The assistance of the World Bank Office in Cairo, the government, and NGOs and beneficiaries consulted is gratefully acknowledged.

1. No clear distinction between CBD and CDD approaches exists either in the literature or in the Bank. In the mid-1990s the terms were used interchangeably. Though not stated anywhere, there is increasing consensus within the Bank that projects with higher levels of participation—those that give control over resources and decisions to communities (that is, those that collaborate and empower or are substantially “driven” by the community)—are now understood to be CDD and distinguished from those that are considered to be CBD, where less control over decisions and resources is given but which are nevertheless participatory. That said most CDD projects continue to include CBD components.

Executive Summary

1. The objective of this study is to assess the performance of Bank CBD/CDD interventions in Egypt and to identify the main emerging issues. It is predominantly a desk study but involved also a field visit to the Matrouh Resource Management Project in association with an IEG Project Performance Assessment Report. The study is a Working Paper and an input to the main CBD/CDD study. With a small sample of only eight projects that involved some element of community participation, there are limits to which statistical analysis of overall ratings can be taken. Considerable reliance is placed on associating the desk review findings with limited and often qualitative findings from observations and discussions in the field.

2. Egypt represents a useful country case for five main reasons. First, it has recent participatory project interventions across quite a wide range of approaches from projects of a more traditional nature, with some elements of consultation, to projects approaching, but not yet reaching community management of resources and contracting. Second, Egypt is only relatively recently moving toward making participatory approaches central to development projects. Third, Egypt is a lower-middle income country with significant capacity and implementation skills at both government and community level offering an informative contrast to, for example, the less-developed countries in Africa. Fourth, in Egypt, there is a still quite undeveloped NGO sector compared to many other countries. Fifth, in many project areas there is an extremely conservative social environment, particularly in relation to the place of women, a contrast to some other case study countries.

3. On balance, Bank performance on the participatory aspects of CBD/CDD approaches in Egypt has been largely satisfactory, but somewhat variable, and with significant and persistent concerns about sustainability of community processes and supporting institutions. There are five main findings with implications for action and one main recommendation. First, with respect to findings, some of the problems may arise from a weakness in identifying the core problem — the real underlying diagnosis — which generally seems to be weaknesses in public resource allocation and associated inefficiency in poverty impact. Second, sustainability is a major concern and with participatory interventions program sustainability substantially influences program impact since participatory processes at community level which are not sustained may even have negative long-term impacts on community attitudes to development programs. Third, the intensive focus on community level processes may, in some cases, be diverting attention from important overriding policy issues. Fourth, there could be better coordination across projects at community level. Fifth, there are different approaches to decentralization reflected in the program with some projects supporting local government capacity and decentralization and others not supporting it, even arguably undermining it through alternative resource allocation routes. While there may be some sector or location-specific reasons for these differences they are not obvious and do not seem to be explored in the design rationale².

² The region argues that the objective should not be decentralization *per se* but that may be an outcome. IEG agrees but still finds it difficult to reconcile the differences between projects in the sample which have broadly similar objectives.

4. The main recommendation is to carefully study this valuable array of participatory experience to learn more about the efficiency of poverty impact of alternative approaches leading to a more informed and focused future CDD program. This knowledge would be of service not simply to the Egypt program but to the Bank as a whole. Currently, lack of comparative project impact data does not allow a judgment about what intensity of participation is optimal for efficient poverty alleviation impact that balances coverage with depth and offers sufficient prospects of institutional and community level sustainability.

1. Introduction

Objective and Study Design

1.1 The objective of this study is to assess the performance of the recent Bank CBD/CDD interventions in Egypt and to identify the main emerging issues. It is predominantly a desk study but also involved a field visit to the Matrouh Resource Management Project in association with an IEG project performance assessment. The study is a Working Paper input to the main CBD/CDD study. With a small sample of only eight participatory³ projects in Egypt, there are limits to which statistical analysis can be taken. Considerable reliance is placed on associating the desk review findings with limited and often qualitative findings from observations and discussions in the field.

1.2 The review included discussions with government officials and interviews of Bank staff both in Cairo and at headquarters, review of IEG and Bank documents including sector work, and review of some associated literature. A main building block was the project performance assessment of the Matrouh Natural Resources Management Project, a project that appears to represent the most advanced of the participatory approaches being tried in Egypt in terms of intensity of community consultation. In the field, about 20 government staff at both the center and in Matrouh were interviewed (following an informal interview guide) to supplement the desk findings. Eight recently closed, ongoing, or appraised projects over the last decade classified as CBD/CDD were reviewed for both basic data and comparative design issues. In addition, five non-CBD/CDD project documents were reviewed less formally. The eight CBD/CDD projects were: the first and second Matrouh Resource Management Projects (1993 and 2004), the three Social Fund Projects (1991, 1996, and 1999), the Population Project (1996), the Sohag Rural Develop Project (1999), and the Social Protection Initiative Project (1999). As comparators, the five non-CBD/CDD projects reviewed were: the First and Second National Drainage Projects 1992 and 2000, the Third Pumping Stations Project 2000, the East Delta Agricultural Services Project 1997, the Schistosomiasis Project 1992, and the Health Sector Project 1998.

1.3 Egypt is a useful country case for several reasons. First, it has a number of recent participatory project interventions across quite a wide range of approaches from projects of a more traditional nature, with some elements of consultation, to projects approaching, but not yet reaching community management of resources and contracting. Second, Egypt is only relatively recently moving toward making participatory approaches central to development projects and, partly for this reason, has a relatively undeveloped NGO sector compared to many other countries and therefore represents a particular type of evolving case. Third, Egypt is a lower-middle income country with significant capacity and implementation skills, offering an informative contrast to, for example, the less-developed countries in Africa. Fourth, in many project areas there is an extremely conservative social

³ The term "participatory" in this country review is used largely synonymously with CDD simply to avoid tedium. However, given the narrower meaning of CDD within the broad participatory spectrum, it is also used when it is particularly important to stress that the discussion at that point refers to broad generic participatory aspects.

environment, particularly in relation to the place of women, a contrast to some other case study countries.

2. Country Background

2.1 Egypt's total land area is approximately 1 million square kilometers, of which about 95 percent is uninhabitable desert and about 3 percent agriculturally productive. Egypt had a population of about 68 million in January 2002 according to the latest census,⁴ and a per capita income of \$1,530.⁵ Thus, it falls into the lower-middle income category. For more than 30 years, it has been a heavily protected economy dominated by the public sector. In 1991, Egypt began a program of stabilization and structural reform. With the help of large debt reduction, Egypt achieved economic stability, but growth in the early 1990s was elusive. In 1996, structural reforms increased and growth accelerated to 5 percent in 1997 and 1998.

2.2 Poverty estimates vary from 22 percent of the population below the national poverty line to 48 percent, with about 7-10 percent ultra-poor, depending on the definition and source of information. The incidence of poverty varies across regions, governorates, and population segments. Wide disparities exist between Upper Egypt (south) and Lower Egypt (north) and between rural and urban populations. Poverty is concentrated in the rural areas and urban female-headed households, and is the highest in rural Upper Egypt. To combat poverty and better manage the country's natural resource base, the government has increased its awareness of the socio-economic and political importance of the border regions, mainly along the Northwestern Mediterranean Coastal region. Beginning in the 1960s, many rural development projects have been implemented aimed at natural resource management improvement for enhancing agricultural and livestock production.

2.3 Community development approaches in Egypt are not entirely new. Egypt was one of a number of countries in the 1950s that initiated community development programs supported by the United States Agency for International Development, the United Kingdom, the Ford Foundation, and other donors. At that time there were many conferences and exchanges of lessons on this topic. However, as noted by the region, it was a collectivist approach at that time and not a true CDD approach. In any case, globally, by the end of the 1950s, disappointment with community development, partly related to weaknesses in increasing productivity, elite capture, and the difficult institutional and political challenges, resulted in both recipient and donor shifts toward other priorities, including, in some cases, cooperatives.

4. Country Profile 2002 www.eiu.com

5. The WBG country unit staff figures September 13, 2002

The Bank's CAS, PRSP and Sector Work

2.4 The 2001 Egypt Country Assistance Strategy (CAS) is consistent with the country's own development agenda, which emphasizes poverty reduction. The alleviation of rural poverty is cited in the CAS as an important target. The strategy notes that as 63 percent of the poor and 74 percent of the ultra-poor in Egypt are in rural areas, increasing productivity of agriculture remains an important prerequisite for making a sustainable increase in the incomes of the poor.

2.5 The 1994 and 2001 CASs were reviewed to assess their content. There was evidence of progressive change from the first to the second in areas related to community participation. The main differences between the earlier and the more recent one are: government strategy itself has become more reliant on community participation; sector coverage has become broader; privatization and decentralization is emphasized more, the dissemination of information and M&E is emphasized more, and there is somewhat more emphasis on donor coordination. However, the differences are not large.

2.6 Analytical and Advisory Activities (AAA) were also reviewed for CBD/CDD content mainly by initial word search and follow-up reading. The findings suggest that AAA has not ventured much into the areas of community participation⁶. There is also evidence mainly in project documentation of a significant body of work by other donors and institutions and NGOs within the country. There is some reference to participatory approaches in five studies: the 2002 Poverty Reduction in Egypt study, the 2002 Education Sector Review, the 2002 Strategic Options for Early Childhood Education study, the 2001 Toward Agricultural Competitiveness study, and the 2001 Social and Structural Review. Most of these studies have somewhat loosely defined participatory approach references, for example, the Social and Structural Review says, "However, rather than having the government unilaterally establish priorities within a program, participation of the population, possibly through client surveys or discussions with local government councils, could be used to establish the goals for the budget." There is somewhat more substantive reference in the Education Sector Review, for example, with respect to the 1996 strategy, "encouraging communities for more participation in the education process through awareness campaigns and more active roles for PTAs and NGOs..." And, in the same paper, under objectives within the government's Education Framework, "devolve the school management responsibilities to local levels and involve parental participation in primary and secondary schools." Surprisingly, while the Early Childhood Education study quotes the government strategy as including "adopt a participatory approach to quality improvement" there seems rather little of substance thereafter about how to pursue this.

⁶ As shown in Annex B, since 1997 the following have been the main areas of study: poverty and growth, irrigation and drainage, water quality, education sector, childhood education, tariffs, environmental degradation, poverty reduction, agricultural competitiveness, rural poverty, social and structural review, transboundary environmental issues, non-farm income, wages and child labor, exports, reproductive health, food subsidy policy, banking and microfinance, the Uruguay Round, vocational education and training, economic reforms, the role of non-Bank financial intermediaries, and cooperation between the Bank and NGOs.

2.7 Overall, we conclude that, even allowing for the fact that none of the AAA was designed to directly address participatory approaches, there was room for more substantive discussion about how to go about enhancing participation within these sectors. Moreover, many of the references to participation in these documents seem to refer more to things that happened in the past with respect to shifting government policy rather than directions for the future calling for Bank support. However, this study was not able to review all the wide array of informal work by both the Bank and others and there may be important studies that were not considered to be formal sector work which have been missed.

2.8 While there has been limited direct attention to the substance of CBD/CDD approaches in CAS and Sector Work there have been a number of participatory projects which have arisen out of the CAS strategy and out of earlier project experiences in both Bank-supported and non-Bank projects. A participatory approach is thus quite well grounded in the ongoing experience of implementation notwithstanding the limited availability of ESW per se. While it would be difficult to argue against economic and sector work in areas like trade, subsidy, governance, and poverty for a lower-middle income country such as Egypt, given the potentially highly informative spread of experience from recent participatory projects there would now appear to be a case for a comparative study of this experience. Indeed, such a study is overdue. This is returned to later in the report.

Policy and Institutional Reform

2.9 Over the last decade, with Bank support, Egypt has undertaken substantial economic policy reforms with implications for growth and poverty alleviation. These have included removal of production, price, and delivery quotas and controls on marketing of agricultural commodities, removal of input subsidies, privatization of agricultural input supply and export marketing in most commodities, financial institutions reform, and privatization of public enterprises. These have been supported with significant strategic technical investments such as reclamation of new land for agricultural development. While the package of reforms has had positive economic impacts on growth and on the poor, some of them such as financial institutional reform, have had mixed results with respect to poverty impact.

2.10 Over the same period, there has been widespread institutional reform with respect to privatization of public enterprises at the higher levels and increased support for community participation at the lower levels. However, progress on parallel government decentralization has been very limited. It has been influenced by conflicting political pressures and incentives for maintaining the status quo. As discussed later, beyond some modest and narrow steps, Bank support for decentralization has been limited due to lack of ownership by government. Indeed, support for the status quo, while arguably beneficial for the poor in the short-term, has had negative implications for longer-term institutional efficiency and sustainability. The participatory projects reviewed do not appear to have made any significant institutional reform strides in the area of government decentralization and sustained public resource allocation efficiency and responsiveness at the local level. Bank operational staff are well aware of this but have found it difficult to make significant strides within the challenging political environment.

3. The Bank's CBD/CDD Portfolio in Egypt

3.1 Over the past 13 years, there have been 8 projects with CBD/CDD content (see Table 1) seven were Sector Investment Loans and one, the Social Protection Initiatives, a Learning and Innovation Loan. There have been other more traditional projects with lower levels of consultation.

Table 1. Egypt CBD/CDD Projects Reviewed

<i>Project ID</i>	<i>Project Name</i>	<i>FY Approval</i>	<i>Sector Board Classification</i>	<i>IBRD/IDA Amt</i>	<i>Project Status</i>	<i>Revised Closing Date</i>
P005158	Social Fund I	1991	Social Protection	140	Closed	6/30/1997
P005153	Matrouh Resource Management	1993	Rural Sector	22	Closed	12/31/2002
P005163	Population	1996	HNP	17.2	Active	3/31/2005
P043102	Social Fund II	1996	Social Development	120	Closed	6/30/2001
P040858	Sohag Rural Development Project	1999	Rural Sector	25	Active	6/30/2005
P066336	Social Protection Initiatives	1999	Social Protection	5	Active	12/31/2004
P052705	Social Fund III	1999	Social Protection	50	Active	12/31/2004
P077281	Second Matrouh Resource Management	2003	Rural Sector	5	Active	12/31/2009

3.2 Briefly, three of the projects, Matrouh Resource Management Project Phases I and II and the Sohag Rural Development project, are in the *agricultural and rural development sector*. While the Social Fund for Development (SFD), the parent agency for the Social Funds projects, operates within the *social protection sector*, it is also considered a central pillar in supporting the Egyptian government's Agricultural Strategy for the 1990s. In fiscal 1997, the government spent a total of \$1.4 billion (1.9 percent of GDP) on social protection programs. The SFD accounted for 13 percent of this total, equivalent to 0.3 percent of GDP or 0.95 percent of total government expenditures.

3.3 In the following section, the eight CBD/CDD projects are reviewed. More detail is in Annex A.

Social Fund Projects

3.4 **Institutional Evolution in Social Funds.** Initially there were five programs and associated departments within the semiautonomous Social Fund for Development (SFD): community development, public works, human resource development, institutional development, and small enterprise development. This eventually evolved into two main administrative groups: the public projects and special units group, and the small enterprise development group. The focus in the social fund projects is on community

investments.⁷ The first Bank-supported Social Fund project in Egypt, approved in 1991, was a large-scale effort mobilizing many donors. After a slow start, it disbursed over \$700 million in 4 years. The completion report suggests it achieved its main objective of mitigating the negative impact of adjustment. IEG's Country Assistance Evaluation of 2000 rated it satisfactory. A second phase mobilized \$775 million from the donor community and has served as a model for social funds in other countries. A smaller third phase was approved by the Bank in fiscal 1999 and is expected to close in December 2004. The three social fund projects are the most "wholesale" of the approaches taken by the different participatory interventions in Egypt. They often operate alongside several other Bank-funded projects, all with different investment rules and consultation practices. Participation is seen as important in Social Funds but, compared to some other projects, is given somewhat less emphasis relative to disbursement and numbers of beneficiaries. The original objective was to mitigate the costs of economic adjustment, so scale was important.

3.5 Target Groups and Investments. SFD's target groups include low-income families in rural and impoverished areas, new graduates, unemployed youth, displaced public enterprise workers, and female-headed households. The types of investments include feeder roads, reservoirs, lateral pipelines, schools and clinics, and personal credit through banks, including for equipment and farm implements (the latter with a high level of defaults). Intermediaries such as nongovernmental organizations are used for implementation. Demand is far greater than funding availability suggesting that prioritization is particularly important both at community and higher administrative levels. Funding allocation by district is based on total population but not on numbers of poor. Those who fall outside normal administrative boundaries have difficulty getting access⁸.

3.6 The Social Fund as a Partnership. The Social Fund is not an *implementing* agency. It depends on partners and other agencies, including local governments, NGOs, banks, cooperatives, universities, and others. Essentially, the Social Fund sets the objectives and rules, leaving it to partners to come forward with proposals that are either approved or rejected. Thus, any direct community participation happens at institutional levels below the Social Fund institution itself. Once a project document is reviewed and approved, a framework document is agreed with the community.

3.7 The Social Fund regional offices interact with some selected communities and monitor overall progress. Promotion of the program, rather than direct implementation, is their main task. At village level, a Community Development Association (CDA) is the main vehicle for community interaction although such organizations have neither the capacity to write proposals nor sufficient skills in internal community consultation techniques. In discussions, the Social Fund staff said that they would like to see their

7. Whereas projects like the Matrouh Resource Management Project focus almost entirely on investments for *individual* households, many of them directly or indirectly productive.

⁸ For example, Bedouin groups in the more remote areas in the Matrouh Governorate said they did not receive benefits from either the Social Fund or the Shorouk Programs because they did not fall within officially designated villages. Moreover, the Bedouin groups interviewed believed that collectively they had weak influence at the center in the governorate since they could be out-voted by the predominant village and city council members.

NGO partners federated into some form of cooperative NGO organization to act as interlocutors and to reduce their administrative burden. This would reduce costs and represent even greater wholesaling.

3.8 Relationship to Local Government Processes. The existing system of government funding approval is largely followed in the Social Fund, but it is a centralized management arrangement with the SFD being a national-level institution under the Prime Minister's Office. Unlike the Sohag Project, the Social Fund has not done much to strengthen local governorate public administration or fiscal capacity. With minor changes, the same system of approval has been used since the Social Fund program was initiated in 1994. A Local (Popular) Council submits a request to the District Council. This is then passed to the Governorate Council and a committee then goes to the community to review the request. The plans are then prepared and sent to SFD Cairo for approval. In the Social Fund, the contract itself is actually between the governorate and SFD at the center, it is the Governorate's responsibility to implement and the role of the community is to submit the request and play their agreed part. However, there is no governorate or district level Monitoring and Evaluation Unit. M&E is largely through the Social Fund financial and management records. Compared to more intensively participatory projects, such as MRMP, there has been relatively little impact assessment, although this has been given more focus recently. After completion, some types of investments, such as roads, are handed over to the district government, presenting challenges for longer-term maintenance.

3.9 Other Sources of Funding. Alongside the Social Funds, the governorate Planning Departments also provide public funds for infrastructure under other programs. For example, in Matrouh, in 2003, projects for electricity supply, water, roads, environmental equipment, town planning, and fire equipment, could be requested from government resources. Also, in areas with no full schools, the Ministry of Education has a number of schools where government budget support is provided but where school operation is under the control of the local community, including teacher selection. Local administrations try to coordinate programs at an aggregate level. However, this is a coordination connection being forged at a high governorate level not at the grass-roots community levels where each project appears to follow very different intensities and processes of consultation, driven partly by donor preference. These differences are evident to the communities. The potential inefficiency of this multiple overlay of consultation following different processes is an issue that is discussed again later in relation to poverty alleviation efficiency and the opportunity costs of beneficiaries' time.

3.10 Bank Knowledge Contribution. Did the World Bank bring new ideas to the table in Egypt in the process of supporting social funds? Government officials at the field level saw the Bank's contribution as somewhat more in the area of resources than knowledge, although knowledge had not been unimportant. Government officials at the center seemed more inclined to freely acknowledge the Bank's knowledge contribution.

The Social Protection Initiative Project

3.11 A five year Social Protection Initiative Project, aimed at the disadvantaged, was approved in fiscal 1999 for an IDA credit of \$5.0 million in Bank-supported funds. In this case, Bank funding supported the government's intensified efforts to address particularly

pressing social development needs, especially those of children and the “poorest of the poor,” an acknowledgment that earlier interventions had not adequately reached out to the poorest. This project supports the Ministry of Social Affairs (MISA) in piloting innovative modes of service delivery in key areas targeting disabled children and at-risk youth. The initiative involved a multi-sectoral approach, requiring the coordination of several ministries operating in social welfare, health, education, and labor.

Population Project

3.12 For more than a decade, the Bank has provided the government with financial and technical assistance in the population sector. Since fiscal year 1997, the Bank’s assistance in health (and education) has focused more on access in poorer areas and access by women and girls, and is, therefore, more relevant to the needs of the disadvantaged than in the past. Egypt’s increasing population is expected to intensify pressure on resources and impact on the country’s education, health systems, social services, employment market and labor migration, urban areas, and the natural resource base in the foreseeable future, particularly in the regions of Upper Egypt.

3.13 **Goals.** The Population Project, much of which is implemented through the Social Fund institutional mechanism, aims to reinforce and expand the goals of the national family planning program. The project director reported to us that this project has substantially increased attention to community consultation and participation in the sector. There is evidence that this is true since the ministry is now forming a department specifically for collaboration with NGOs.⁹ Embedded within the concept of family health promoted under the Health Sector Reform Program is a call for greater participation of families and communities in health promotion and preventive care. The project fosters active collaboration between the Ministry of Health and the Social Fund for Development to stimulate a demand for family planning services in low-demand areas through a variety of community development projects. In fact, four-fifths of the resources pass through the Social Fund and only one-fifth through the Ministry of Health and Family Planning. The program operates by providing grant funding to local organizations, mostly NGOs, to implement activities clearly focused on fertility and associated health issues¹⁰.

9. While no doubt appropriate to immediately increase collaboration with NGOs, such institutional structure changes linked to new strategic directions risk isolating within one department what should be a strategic redirection across all departments. Interestingly, this issue of institutionally compartmentalizing community development was raised globally in the very earliest Community Development projects in the 1950s. The tentative findings then were that it was probably a mistake to have CD departments because community development processes needed to be embedded across a range of activities. However, each country has different circumstances and this study did not have the capacity to investigate this issue in sufficient depth to make any judgment about this particular case.

10. The project initiated community assessments related to the practice of family planning using a questionnaire that could be applied by girls from the communities. This was the first time the ministry staff had worked so closely with communities and it is reported to have been an important learning experience for the ministry staff. The findings were discussed with communities and new priorities and action plans developed. As part of the survey, a list of relevant community resources was developed for the surveyed communities.

3.14 **Bank Knowledge Contribution.** A senior government official involved gave the Bank a very favorable rating for its knowledge input on this project and offered a number of examples of conceptual and technical support provided by the Bank, noting that both sides had learned and “grown up together,” a theme that was echoed with respect to several other projects.

Sohag Rural Development Project (Shorouk Fund Program)

3.15 The *Sohag Rural Development Project* was approved in fiscal 1999. It is a part of the national Shorouk Fund Program (National Program for Integrated Rural Development). This is the only Bank-funded participatory project that really aimed at supporting government decentralization and strengthening of government capacity at a decentralized level. Other projects largely strengthened centralized agencies or at least bypassed options at the governorate level for encouraging decentralization. Alongside other projects, such as Social Funds and Matrouh that did not support fiscal decentralization, the design of the Sohag project, with its greater focus on decentralized processes and capacity, appears to be an outlier. We return to this issue of consistency of approach later in the report.

3.16 The Quality Assurance Group review of the Sohag Project, rated its quality at entry marginal and Bank inputs and processes unsatisfactory. QAG concerns included the lack of linkage between project activities and objectives, policy concerns related to rural finance, lack of realism, weak indicators, a highly complex project, and inadequate contingency planning in the light of known weaknesses of the Shorouk Program, of which the project was a part.

3.17 The Shorouk Program provides support for similar investments to the Social Fund, including infrastructure such as pipelines, feeder roads, health centers and clinics, and individual loans for small projects.¹¹ There is a Shorouk Committee at each local council level, one at the District level, and one at the Governorate level. Land is seen as the beneficiaries’ 10 percent in-kind contribution¹².

3.18 The participatory approach under Sohag was initiated at preparation stage by placing the project under the Shorouk Program after an interactive design workshop that included participants at all levels: village, governorate, central government, NGOs, and donors. The Shorouk Fund Program had had a number of problems. The QAG review of Sohag raised concerns about policy and institutional issues, including the credit component. The three Sohag project components offer support for enabling environments with the emphasis on institution and capacity building at all levels, training and technical assistance, information sharing, consultation, and to a considerable degree, collaboration and empowerment. Some government staff interviewed felt that it was difficult to justify the separation of the Social Fund and programs and projects such as Shorouk, although it was acknowledged that the two had offered different approaches and therefore provided instructive lessons.

11. This requires collateral, not a problem in the Delta and Nile Valley, but a problem in places like Matrouh where there has been limited land adjudication.

¹² This seems to somewhat stretch the usual intent of such a local contribution, which is generally assumed to warrant a direct marginal (in the economic sense) cash or labor resource cost to the participant.

3.19 Links to Local Government. The institutional strengthening component in the Sohag Project focuses on support for the local administration and line ministries at governorate, district, and village levels in assisting local communities to identify, plan, operate, and maintain rural infrastructure through training and technical assistance. This is an important element since many participatory projects supported by the Bank globally have largely bypassed local government institutions. In Egypt also, support for existing local government processes was not part of most other projects, including MRMP. The village infrastructure component in the Sohag Project emphasizes improving local capacity through support to Village Priority Development Plans (VPDP), identified, prepared, and co financed (at sub-project level) through the Shorouk participatory process. The rural finance component focuses on institutional strengthening of Sohag funding institutions, NGO credit access, and capacity building of the rural poor and women in Sohag.

3.20 Bank Knowledge Contribution. While the IEG field mission was unable to visit Sohag, desk review of documents and discussions with Bank staff gives evidence of quite strong learning and transfer of Bank global knowledge on participation. Bank support of, and contribution to, workshops discussing alternative approaches to participation has been one aspect of that learning and knowledge transfer. The Sohag Project has come the closest of all the Bank participatory projects to significantly strengthening and supporting local government mechanisms as a step towards decentralization.¹³

Matrouh Resource Management Projects I and II

3.21 MRMP I. This closed project, as well as MRMP II which is about to become effective, falls in the Bank CDD Group Anchor classification as a CDD category C. This is a CDD project that involves community control but without direct management of investment funds. Under this category, community groups make decisions on planning, implementation, and O&M, but without directly managing investment funds¹⁴.

Under MRMP 2, there was strong learning from MRMP 1 and an appropriate shift toward poverty relative to environment and toward greater community responsibility.

13. The Sohag PAD is one of very few rural project PADs globally that IEG has reviewed over the past two years that includes a detailed Computerized Project Management implementation schedule that incorporates the time required for village decisions related to investment choice and procurement. Such management planning techniques are of particular relevance to a participatory approach because of the complexity of the processes at different levels and the implementation inter-linkages with government and other entities. The schedules developed show that from initial data collection to the finish of implementation for village infrastructure can be expected to take 17 months (given what appear to be rather optimistic quick approvals at several critical path points). More projects should use such readily available scheduling techniques in the pursuit of implementation realism. Unfortunately, while commendable, this promising scheduling documentation still did not go further to place the full array of higher-level project implementation steps at different government levels (as opposed to simply procurement) into a similar format (e.g., the steps for identification of NGOs, the steps for building of capacity, etc.).

¹⁴ The other categories are A, which is simply an enabling environment project aimed at policy and institutional reforms; B, which involves management of funds; and D, which involves local government partnerships with community groups.

3.22 The MRMP I appraisal report acknowledged the need to mobilize the local population largely through existing community mechanisms and revitalize the traditional resource conservation principles of Bedouin communities. The historically low level of government service in the area and the need to increase the level of trust between government officials and the local tribal population further steered project preparation toward a participatory approach. The Project Appraisal Document (PAD) described the following basic mechanisms of community participation: (i) Rapid Rural Appraisal (RRA) methods were applied in the development of the project to better understand local people and their conditions. (ii) A Participatory Rural Assessment (PRA) was used to collect accurate information at local community levels and promote popular participation in identifying development priorities at project preparation stage. (iii) Community Action Plans (CAPs) were prepared by local Community Groups to assess sustainable development possibilities.¹⁵

3.23 The implementation completion report notes that significant delays were experienced with the implementation of the participatory approach and preparation of the CAPs because of inadequate local community capacity and government and Bank pressures to disburse funds (see Box 1). As noted in IEG's Sahel CDD Study (2003), in the past, pressure for disbursement has often led to compromise on the quality of community participation. However, in its 2004 project assessment, IEG rated the project outcome satisfactory albeit with concerns about sustainability, particularly over the transition into the second phase. IEG also noted that, in the absence of the second project, the modest and rather late progress for women (since women were not covered under the original project design) would not go far enough to reach a threshold of sustainability. A QAG review rated quality of supervision satisfactory, but it is not clear how much focus there was in that review on the community process issues themselves.

3.24 **MRMP 2.** Appropriately, in the view of the 2004 IEG project assessment, the Second Matrouh Project (MRMP II) objectives signaled a shift in focus toward rural poverty reduction and away from environmental objectives in household level investments but it, also appropriately, added environmental objectives in the focused areas of biodiversity and range management and in capacity building. The goal was to build upon the achievements of the first project. The appraisal document outlined the need for greater responsibility and authority to be passed on to local communities that are well prepared, trained, and provided requisite guidance for such responsibilities. When developing their CAPs, communities will now have the flexibility of choice through a menu of activities they helped to identify during project preparation.

15. The area was divided into 38 Local Communities (LC) based on geographic and social profiles. Each LC selected a number of representatives (mandoubeen) and 38 CAPs were prepared and implemented.

3.25 The adjusted CDD approach under this second project has thus emphasized the following:

- (a) An initial budget allocation among components. Budget flexibility at design stage to accommodate change made at community level. At implementation stage, all activities subject to local communities' decision and recorded under their CAP are to be financed out of one line item in the project budget whatever the component. Thus, each community knows the amount of funding available to them so that they can decide on their priorities.

However, this still does not represent the full CDD step of handing over funding and resource management decisions to communities, a step which is still probably premature in this traditional social environment with low levels of financial management skills¹⁶.

- (b) While MRMP I focused on capacity building of a technical nature for project staff, MRMP II emphasizes local community capacity building through the Community Development Component.
- (c) While acknowledging the unavoidability of the problems of political and social pressures and elite capture, project preparation has emphasized criteria for resource allocation and agreement with the communities. External independent evaluations are scheduled during implementation to monitor compliance with this.
- (d) Marketing issues are addressed through the Off-Farm Income-generating Activity component integrating the chain of functions from production to markets.

3.26 Thus, while MRMP I emphasized community capacity and the initiation of beneficiary participation, MRMP II extends this to passing on greater responsibility and authority to communities that have been trained, prepared, and given requisite guidance. Progress with women will be taken further¹⁷.

Box 1. The MRMP Community Action Plan Process

Significant delays were experienced with the implementation of the participatory approach and the preparations of the CAPs because relevant staff skills were lacking. The project document proposed that a pilot of two CAPs be undertaken first with international technical assistance to enable the staff to be trained before the remaining CAPs were prepared. Due to pressures to disburse funds, project management omitted the pilot phase and concentrated on the implementation of physical interventions, such as water harvesting, without full participatory planning. The preparation of the CAPs were thus delayed and only started in 1996. Implementation of the watershed management component was delayed due to the delay in obtaining technical assistance, which was subsequently resolved by engaging ICARDA.

Source: ICR June 3, 2003

¹⁶ The region noted that this would require a number of changes including legal registration of communities and decentralization and expressed doubts that Egypt can go that far yet.

¹⁷ As noted in the IEG project assessment for MRMP I, there has been an unfortunate delay in approval by Parliament of MRMP II. This delay has potentially serious consequences for sustainability, for community expectations, and for sustaining the fragile community-level consultative and micro-planning processes.

3.27 **Bank Knowledge Contribution.** With respect to both MRMPI and MRMPPII, government staff in the field in individual interviews and focus group meetings and at the center in individual interviews acknowledged the Bank’s knowledge contribution and noted the value of bringing to bear the Bank’s international experience with participatory approaches. Again, as with the Population Project, the main impression was of a view that the two partners had “grown up together,” referring to the higher level of the institutional partnership¹⁸.

4. Project Outcomes, Design, and Supervision

Overall Outcomes

4.1 Outcome and other post-closure ratings are only available for three of the eight projects reviewed since the others are still active or, in one case, not yet effective. The three closed projects (the first two Social Funds and the first Matrouh project) were rated “satisfactory” for outcome in the ICRs but Social Funds II was rated only Moderately Satisfactory in the IEG Evaluation Summary. Matrouh was confirmed as Satisfactory by a recent IEG project assessment. Only one of the three, Social Funds II, has less than satisfactory ratings for other ratings categories. That project is rated “unlikely” for sustainability, “modest” for institutional development impact, and “unsatisfactory” for borrower performance. The “unlikely” rating for sustainability by the project’s ICR is largely due to lack of government funding, heavy reliance on donor funding, and lack of, and even reversals of, operational autonomy. Lack of sustainability in such a large program embarking on a third phase is clearly a major concern, particularly since sustainability has been a persistent issue globally with CBD/CDD projects.

Poverty Outcomes

4.2 Poverty alleviation has always been closely associated with participatory approaches although, as noted in this study, higher level policy and institutional reforms, while less readily linked to community level poverty impact, may well have the most important poverty benefits per unit of investment. The poverty logic of participatory approaches, while often not clearly expressed in appraisal documentation, generally appears to run approximately along the following logical chain:

- the poor and women are failing to get income and welfare benefits and women in particular are a potent force for broader and longer-term community development
- resources to this group need to be increased and better directed

¹⁸ However, in MRMP, in one area related to rangeland management, there appeared to be an unmet hunger for more knowledge and ideas and there were discussions with IEG staff about possible consultants to fill that gap. In this technical area of rangeland management the loss of Bank skills over recent years seemed to be evident.

- this cannot be achieved simply through the existing public system because, for political and social reasons (not adequately reflected in the normal political process) this system does not meet their needs
- therefore an alternative process is required which incorporates community consultation and conflict resolution and provides increased knowledge and incentives to encourage communities, their elite and their leaders to address the needs of the poorer members
- this leads gradually to greater empowerment of the poor
- the best means to this end is to either strengthen and redirect existing community organizations or to form new ones (usually the choice seems to be the latter)
- this calls for community mobilization skills which many NGOs have but few public agencies have
- this shift also needs the development of complementary participatory skills in partnership public agencies
- the aim at *community* level is to have communities sufficiently skilled and empowered to make their own resource and management decisions progressively in favor of the poorer members and to manage their development with limited public assistance and to develop an effective partnership with a decentralized government (decentralized to some point of optimal resource management determined largely by information and efficiency)
- the aim at *government* level is to develop the skills, processes and capacity to service community needs with a poverty focus while maintaining an efficient balance with the broader investment, policy-related and growth-oriented responsibilities which lie largely beyond the purview of local communities.

Notwithstanding strong poverty objectives, poverty targeting and poverty impact analysis still needs more attention in CDD.

4.3 There are many variants, but the above appears to be the general poverty logic of participatory project design.

4.4 **Millennium Development Goals and Poverty.** As suggested by the above logical chain, poverty alleviation at some level is one objective of all CDD projects, although environment may also feature strongly¹⁹. Many of the poverty objectives at sectoral level have their counterparts in the Millennium Development Goals (MDGs) even if not explicitly developed from them. As discussed earlier more broadly in relation to poverty impact, the challenge in assessing the relative impact of participatory versus less participatory interventions on the achievement of MDGs is that higher-level policy

¹⁹ Interestingly, IEG has found a number of projects with predominantly environmental objectives at the first phase which, in the design of a second phase, have been redirected more towards the poverty element in the objectives. Turkey Eastern Anatolia is another example.

and institutional reforms, and larger infrastructural investments, may have at least as much impact on the achievement of MDGs, yet are less easily traceable and identifiable as poverty-focused than direct community-level investments. The development community has not yet devised methodologies for tracing poverty impact down the chain from higher level, more macro interventions to answer comparative poverty impact efficiency questions.

4.5 The Egypt CBD/CDD portfolio has insufficient project and component impact data to convincingly assess the overall impact on the achievement of the MDGs, although there is more data related to the health goals, which tend to be easier to measure. The weakness of official data is a particular problem in Egypt. However, there is some scattered and largely qualitative evidence that the CBD/CDD projects are contributing to the achievement of several key MDGs. That limited evidence is as follows. First, in the Community Development Program of the Social Fund project, a 1996 study of 5,124 beneficiaries in 62 subprojects covering both the Public Works Program and the Community Development Program components, beneficiaries were found to be largely rural with characteristics such as low education levels, large family size, and high average dependency ratio per household, all indicative of poverty status. However, no data was collected on consumption and findings were not comparable to national indicators. Second, in Social Funds Phase I and II, 37 percent of the Community Development Program beneficiaries have been women against a target of 50 percent. Fourth, in the Matrouh Project, the impact study showed evidence of poverty impact. However, in this case, partly because of the productive nature of many of the investments, resulting in correlations with landholding size, the attempts at targeting within the community still fell short of achieving a progressive, as opposed to a regressive, distribution of benefits. The Population Project is intended to have an impact on maternal and child health with impact on MDG achievements, but the scale is relatively modest.

4.6 However, it seems clear from the reviews of project appraisal and project closing documentation that the MDGs are of no great concern to either borrower or lender in the case of Egypt. For example, in the latest PAD for MRMP II there is no mention of the MDGs, even though the project benefits would clearly have an impact on achieving several of them. Also, in the ICR for MRMP I there is no mention of MDG achievement although, again, the realization of some objectives could have an impact on the achievement of MDGs.

4.7 The ICR for Social Fund I noted, “There is no rigorous quantitative data to determine whether the SFD met its (poverty) targeting objectives.” In the only case in which IEG was able to do any project-specific analysis of poverty achievement, in the MRMP I, notwithstanding a project strategy to reach the poor, the distribution of investments was still, in the end, found to be somewhat regressive based on data in the Impact Study.²⁰ This was partly because many investments were associated with land ownership, which is skewed but also because, as in many countries, many of the available

20. This Impact Study had not actually analyzed the data in a way to reveal this. But additional analysis of the data showed that the percentage of farmers in the smallest farm category was significantly greater than the percentage of main project investment benefits directed to that category.

technologies were suited to the better rainfall zone where mostly the less poor live. In the Social Funds II Project, the ICR of 2001 notes, “Targeting has been in the design for a long period of time with no tangible results. The missions carried out by the Association had reiterated [on]...different occasions the need to avoid complex systems and approaches and to adopt a simple but operational targeting approach. However, to date, the Social Fund is still reviewing proposals and has not yet started putting in place a targeting methodology.”

4.8 **Poverty and Gender.** Gender is seen by all projects as particularly important for broad-based poverty alleviation. As one might expect, those projects with more intensive consultation appear to have been the ones making the most progress on gender, but it is still slow progress due to the difficult social environment. Social Fund I achieved 38 percent of beneficiaries as women. The Community Development Component of that project achieved 66 percent. However, even in the Matrouh Project, where consultation was intensive and there had been a substantial focus on women (though it was initiated late, following changes during implementation), women in IEG focus group meetings identified a number of weaknesses. The percentage of women who felt that they had benefited from the project was highly variable, ranging across the groups from zero percent to about 60 percent. Lack of government identity cards was a major handicap to getting benefits since few women had them (at most, 10 percent had them and in some communities none had them). The seven focus groups conducted found that there were no official elected women leaders, there were no Women’s Associations, and there were substantial concerns about marketing of products produced by women. Nevertheless, some important initial progress was made in this very difficult area. However, the time to reach sustainability in improved resource allocation for the benefit of women can be expected to be much longer than for men within the same communities and it is not clear that projects and programs are allowing for this “speed of the slowest” issue in the consideration of sustainability.

4.9 In the Sohag Project, as noted in the PAD, women, landless farmers, and less influential families had very few forms of organization and representation. The PAD notes that participation and decentralization need time and patience and can succeed only with the collaboration of the more influential actors in society (members of the elected and executive councils, natural leaders, etc.). However, experience elsewhere, especially in India, Pakistan, and Bangladesh, offers some hope, suggesting that once initial steps have been achieved in involving women in community decision-making processes surprisingly rapid strides can be made even in quite conservative societies. The issue of gender is being handled thoughtfully by Bank staff, who appear to fully understand the dangers of pushing too far and the dangers of not pushing enough. Getting the balance right is the challenge.

CBD/CDD Project Design

4.10 None of the Bank projects have progressed to the point of communities managing their own funds or managing contractors themselves. However, all have shifted gradually toward greater participation. For example, the Third Social Funds Project involves relatively more NGOs and NGO training and training of trainers than the earlier projects. The relatively recent Sohag Project involves Participatory Rural Appraisals. The Matrouh Resource Management Project, effective in fiscal 1993, appears to have progressed the

furthest in the direction of decentralized prioritization processes at community level, with an expectation that greater community responsibility and more participatory community planning will emerge in the second project. Clearly the trend in the Bank's program in Egypt is toward greater participation. Lack of comparative project impact data do not yet allow a judgment about what intensity of participation is optimal for efficient poverty alleviation impact that balances coverage with depth and offers sufficient prospects of institutional and community level sustainability.

Has the Bank Used Its Comparative Advantage in CBD/CDD Project Design?

4.11 The Bank appears to have used its comparative advantage to achieve both community level participation and higher level policy shifts, although it is questionable whether the Bank has pushed hard enough, or presented a sufficiently convincing case on decentralization. One example of the use of the Bank's comparative advantage is in the Social Funds where knowledge and scale and institutional reform come into play. The Staff Appraisal Report for the Second Social Fund Project outlines the three main reasons why the government requested World Bank leadership in developing the project and in convening the donors' meeting: (i) the Bank's global experience with social funds; (ii) the Bank's technical and financial support for Phase 1; and (iii) the Bank's experience in mobilizing donor resources. Clearly, as one of the major financiers it would be surprising if the Bank were not seen as a major player in this area. No other donor has played quite that comprehensive a role, though there have been many partnerships. However, on decentralization Bank project design appears to cover a range of options with respect to support to decentralization suggesting some lack of focus on the larger, longer-term strategy.

4.12 At the level of the individual project there are examples of commendable apportioning of comparative advantage between partner donors. For example, in the National Drainage Projects, (the comparator non CBD/CDD projects) support has been apportioned between donors according to comparative advantage. The role of the Bank relative to KfW is particularly instructive. The Bank has focused predominantly on the higher-level institutional and policy enabling environment while KfW, with long and extensive community participation experience and practical technical drainage skills, has focused predominantly on fostering the farm-level drainage groups and associated productive activities. However, even in this case, the road has not always been smooth. Project documents indicate that different donors have taken different participatory approaches on the continuum from entirely bottom-up social approaches to somewhat top-down technical approaches.²¹

21. Tangentially related, there has also been important analysis about financial sustainability and cost-effectiveness in the National Drainage Project. The evidence suggests that enormous budget savings could be achieved by pushing back government responsibilities to higher system levels and increasing farmer involvement in the responsibility zone vacated by such a move. However, the opportunity cost to farmers on this economic balance sheet has not yet been fully explored and there are bureaucratic implications.

Is Borrower Ownership Evident In Project Design?

4.13 Ownership of participatory projects appears to have increased. As noted by the ICR, the biggest problem in the first Social Funds Project was lack of government ownership. However, across the sample of CBD/CDD projects reviewed, there does not appear to have been such a problematic ownership issue since then. The problems have been more of implementation.

The Social Fund initially had significant ownership problems in part because the urgency of adjustment overrode the sustained interaction with borrower stakeholders that was needed to make the mitigation program work.

4.14 Ownership problems are a common finding in IEG studies related to adjustment and associated social mitigation measures. For the first Social Fund project, Bank performance was rated “unsatisfactory” during the early years partly due to the lack of sufficient dialogue with government to ensure the necessary ownership. At the time, understandably, government attention was largely focused on the adjustment program itself. It took time for senior officials to focus on mitigation and then realize that the social funds approach offered a potentially effective delivery mechanism for longer-term social programs for the poor, not simply as a short-term emergency expedient. However, there are still serious concerns about the financial sustainability of the Social Funds program and financial sustainability and ownership are often interrelated. This experience is an instructive example of the danger that CBD/CDD associated with adjustment may become rushed and processes may become shortchanged to keep up with the urgency of the timetable of an adjustment program. Such common experiences should now no longer be surprises and should be factored into program design.

Bank Performance on Preparation and Appraisal Has Probably Improved

4.15 There is arguably some evidence across this very small sample of Egypt participatory projects of some modest improvement in Bank performance in these types of intervention, although the evidence is by no means striking. First, although the earliest of the projects, the Social Fund I, appraised in 1991, was rated Satisfactory for Outcome, preparation was rated as deficient by the 1997 ICR. Document review suggests evidence of learning through the series of three SF projects. Bank performance in the Social Fund II project was rated Satisfactory by both the ICR and the IEG Evaluation Summary, although IEG rated Outcome only Moderately Satisfactory partly due to weak focus on Development Impact. There are sustainability questions with both the second and first projects. Second, more recently and more convincing, the 2004 IEG project performance assessment on the first Matrouh Natural Resources Management Project found generally satisfactory performance at appraisal and reported strong learning reflected in the follow-on project design. However, the real test in the end is outcome at closing and resilience of that outcome, which for several of these projects is still to be seen.

Quality of Supervision and Fiduciary Findings

4.16 As noted, to date, none of the participatory projects has reached the full CDD stage with funds being placed in the hands of communities themselves. For this reason,

the types of fiduciary concerns that have sometimes arisen when control of funds is passed down to the community association have not yet arisen. Nevertheless, the management of funds through government at many small dispersed locations is a potential fiduciary problem, particularly where there are remote and scattered sites.

4.17 The only projects in the sample reviewed for this case study that were the subject of a Quality of Supervision Assessment were the Matrouh Resource Management Project, the Social Funds III Project, and the Population Project. With respect to the *Matrouh Project*, in the first stage review the rating for Fiduciary Aspects was “satisfactory,” Staff Continuity was rated “highly satisfactory,” but Supervision Skills Mix was rated “marginal.” Later, in the follow-up 1999 Supervision Assessment, Fiduciary aspects were again rated “satisfactory.” Overall Assessment was “satisfactory” and QAG comments suggested that “highly satisfactory” had been a possibility. Favorable comments were made by reviewers about the richness of the experience and the importance of the lessons learned. The subsequent IEG assessment of the same project did not identify any major fiduciary issues. With respect to the *Social Funds III Project*, at the stage reviewed, overall Supervision was rated “satisfactory” and Fiduciary Aspects were also rated “satisfactory.” The reviewers rated Financial Management “highly satisfactory” on the basis of an excellent design of the financial management system and effort in getting that established. However, at that stage, the project had not been declared effective. No later Stage 2 assessment was done. With respect to the *Population Project*, overall Supervision was rated “marginally satisfactory” but Fiduciary Aspects were rated “satisfactory.” There was a very long, over two-year, delay in effectiveness. The review noted that the restructuring of the institutional capacity component had undermined the original project logic.

Safeguards Performance

4.18 While this was not a study of Bank safeguards, no obvious safeguard violations in participatory projects were encountered in the desk review and limited fieldwork. However, in IEG’s experience safeguard violations are often not readily apparent until fairly detailed field work is undertaken. In one case, the Matrouh Project, the ongoing adjudication of Bedouin rangeland ownership may possibly be resulting in loss of land use rights by the disadvantaged, notwithstanding wider clan grazing arrangements that historically have sometimes compensated the poorer households. While the adjudication is not being undertaken by the project itself, it is clearly associated and IEG recommended that this potentially far-reaching and irreversible land ownership change be reviewed partly for its equity impact.

Monitoring and Evaluation Has Been Variable

4.19 As is so often the case, M&E was found to be variable and needing some attention. Beneficiary monitoring is not practiced yet, although some monitoring elements of some projects appear to be approaching this new and quite challenging methodology. Moreover, even where data was

M&E performance has been variable. There is a need for increased focus on outcomes. The further development of borrower M&E skills is important.

available it was not always fully exploited. In the sample of eight Egypt participatory projects, three are closed and therefore offer some performance evaluation. Of the three, the ICR for the Social Funds I project raises no issues itself of concern related to M&E. However, a review of the documentation suggests that the monitoring during that phase focused largely on inputs rather than on outputs or outcomes. Based on the Social Fund II appraisal report, the intent in monitoring and evaluation appears to have been to deepen in the direction of output and outcome indicators. However, the responsibility for collecting data on outcome indicators and beneficiary profiles was left largely to the partnership agencies. The report mainly exhorts these agencies to design the performance monitoring system from the earliest stages of subproject conception and to regularly collect data. While some guidance was given on how to do this, it is not clear what proportion of partners really had the skills to undertake it. Given the uncertainties, the Bank appropriately proposed an evaluation of M&E progress during Social Fund II to ensure effective M&E implementation and to encourage the system to evolve and to reflect the changing environment. However, the PAD for Social Fund III still enumerates a number of unresolved M&E problems. While noting that methodology and quality of analytical M&E work have improved, it also makes clear that there have been weaknesses in baseline data and analysis, and there have been conclusions that are neither managerially nor operationally useful. It notes that no control group methodology has ever been used. As a result, the management information system was to be strengthened using a consultancy firm. It is claimed that this has had good results. A methodology change was also proposed that would force on implementing partners the collection of baseline data during project preparation. How effective this can be if M&E skills are lacking in partners was impossible to assess without further, more intensive, study.

4.20 In MRMP I, IEG found that more poverty performance analysis was possible than had actually been applied to the available data. In Matrouh, the PAD for MRMP II, generally a very strong document, is still somewhat disappointing in the depth to which it goes on the proposed M&E arrangements since there were M&E weaknesses in MRMP I²². While appropriately proposing the use of an institution for baseline and follow-up surveys and noting the impossibility of having a control group, it says little about how the existing Monitoring and Evaluation Unit might be improved and how the unit's monitoring findings might link to that institution's evaluation surveys. Overall, therefore, the lending program performance on M&E appears to be mixed.

The lessons in Matrouh generally have been well absorbed and adopted in the follow-on project design.

5. Learning and Skills

Bank Learning

5.1 On balance, the Bank has done a satisfactory job of assimilating the lessons learned in the Egypt participatory projects although, with more than 10 years of experience, more could have been done to study the lessons of comparative experience.

²² The region argues that there is more in the project files.

In particular, the comparison between the design of the first Matrouh project and the design of the follow-on project is instructive in terms of Bank learning. The lessons appear to have been well learned and adopted. The following were the main areas of project design adjustment from MRMP I to MRMP II:

- The appraisal report acknowledges that in the socio-economic conditions of the communities the CDD approach necessitates an incremental and gradual advance in the involvement of local communities in decisions regarding resource allocation, implementation, and monitoring and evaluation.
- The participatory approach and the Community Action Plan was adopted from the start (in MRMP I many investments went ahead in advance of completing the participatory processes).
- The criteria for the selection of beneficiaries and adjustments in their relative contributions were to be more transparent. While acknowledging the unavoidability of the problems of political and/or social pressures and elite capture, project preparation has emphasized the definition of criteria for resource allocation and agreement with the communities. External independent evaluations were to be scheduled during implementation to monitor compliance.
- Enhancing the capacity of communities and their representatives was to be given more attention.
- A strategy was to be developed to shift from informal community groups to legal community organizations able to access other public and private services.
- More would be done to enhance women's involvement in selecting activities and in targeting women's needs.
- Categorizing demands according to socioeconomic status was to be given more attention.
- All activities subject to local communities' decision and recorded under their Community Action Plan would be financed out of one line item in the project budget, Local Community Grants, whatever the component and whatever the disbursement category. Thus, each community knows the amount of funding available to them so that they can decide on their allocation priorities.

5.2 In the Matrouh Resource Management Project PPAR IEG noted the need for a study to learn what is happening with respect to the privatization of Bedouin rangeland. This is a potentially serious issue affecting both equity and range management practices and there seems to be little knowledge about the likely impact of what is happening²³. This may be an example of the Bank focusing so much on the details of participatory processes at community level that it fails to step back and see broader policy issues outside the immediate area of focus with significant longer-term impacts. It is precisely in these broader policy areas that the Bank has the more substantial comparative advantage relative to other actors. Learning in these types of area is important.

²³ The region points out correctly that the army has taken large chunks. (The IEG mission drove through one stretch of this land.) This is something that also should be assessed with respect to impact on the poor. Even if there is nothing that can be done to reverse the land acquisition itself, perhaps other action can be taken to enhance income support.

Knowledge, Skills, and the Location of Capacity

5.3 **Knowledge Contribution by the Bank.** While the levels of enthusiasm varied, there was quite widespread acknowledgment that the Bank's intellectual contribution, and in particular its international experience, had been important across a number of different projects and sectors. However, important knowledge had also been generated internally and the predominant view was that the two partners had learned together. One global hypothesis would be that knowledge from the Bank is more important for the poorer countries than for the middle-income countries.

More application of professional skills may be warranted: sociological skills were limited in some projects where one might expect them to be important but were plentiful in others.

While this single country assessment cannot demonstrate the relative importance of knowledge across countries. It does appear that the Bank knowledge contribution remains important, although perhaps less indispensable, in middle-income countries such as Egypt. The region noted that the draft report did not assess whether the Bank had played a role in raising CDD awareness. The limited resources did not allow much exploration in this area but the mission did find evidence of Bank impact on government official CDD awareness in most projects, particularly the two Matrouh projects and the Population project.

5.4 **Bank Skills Mix.** In terms of the overall *quality* or *quantity* of skills, while this is very difficult to assess in a desk study, there are some indications that there may be a case for adjusting the skills mix for certain types of project. The study looked at the percentage of identified sociological skills and institutional skills applied to the sample of CDD projects where this data was available from either an ICR or the Bank Business Warehouse.²⁴ Sociological skills seemed to have been applied strongly to the two Matrouh projects, reaching about 20 percent of staff weeks across both lending and supervision in the case of the first Matrouh Project. This substantial amount of sociological skill appears to have paid off in the careful community process design and supervision. There was surprisingly little sociological skill applied to other Egypt projects reviewed. Social Funds II had no sociologist on the Bank team during preparation and appraisal but 4 percent of supervision was by a social specialist. It is difficult to second-guess skills needs, and the specialization designation of Bank staff is not always clear and can be misleading, but one might expect substantially more application of sociological skills than was actually applied in the Social Fund Projects (a little), the Population Project (zero), and perhaps also the Health Sector Project (zero).

5.5 **Bank Training.** In 2004, the World Bank Institute completed a Country Retrospective Study to assess the impact of WBI activities on Egyptian and other participants – including some Bank operational staff – who attended training in fiscal

24. The identification of social and institutional skills from professional titles and/or roles identified in project data or ICRs is quite problematic, but more so for institutional skills, where the label institutional specialist may not always be applied to staff with strong institutional skills.

2003.²⁵ The study was based on questionnaires and interviews with 171 participants. The findings were as follows:

- Fifty-seven percent reported that the topics were highly relevant and 36 percent that they were not relevant.
- NGOs, who were six percent of participants, rated much lower than the others with only 36 percent rating the training highly relevant.
- Sixty-three percent reported that the WBI activities were as effective as similar activities offered by reputable national institutions, but about one-third thought activities of local institutions were more effective. This suggests that, on balance, participants found training by local institutions in Egypt as good as or better than Bank training.
- Less than 30 percent reported that the training was applicable to work with collective (community) initiatives. This would seem to be an area warranting increased attention given the scale of participatory interventions and the apparent government commitment to it.
- Overall, only 20 to 40 percent reported actually using the knowledge and skills from the activity in their ongoing work, raising significant concerns about relevance.

It is concluded that there are some issues to be resolved in knowledge transfer with respect to relevance to *client* work needs and to NGOs and to participatory (community) approaches.

5.6 The Benefits of Capacity in a Field Office. The key borrower staff interviewed in relation to the main CBD/CDD projects were very positive about the Bank staff input from the field office in Cairo. From the Bank's perception, perhaps the most striking example of a benefit from task management from a field office was in the Social Fund I project, when, in July 1993, to address emerging implementation problems, the task manager was moved to Cairo to directly supervise the project on a close to full-time basis with periodic assistance from headquarters. When project performance became fully satisfactory, the responsibility of task management reverted back to headquarters in 1996. Based on the borrower's perception, it seemed clear that the support at project level from the Cairo office was very much welcomed, although the important contribution from headquarters skills were also mentioned.

Borrower staff gave high marks to the capacity of the field office.

25. The evaluation also included Brazil, Russia, Sri Lanka, and Thailand

6. Costs and Efficiency

How Do the Costs To The Bank Of CBD/CDD Projects Differ From Those Of Non-CBD/CDD Projects in Egypt?

6.1 Table 2 shows the costs to the Bank of the sample of eight CBD/CDD projects compared to five non-CBD/CDD projects over the same period. This is a small sample, but CBD/CDD appears to be more costly than non-CBD/CDD notwithstanding the very large Social Fund projects with, presumably, economies of scale. Overall, in this Egypt sample, CBD/CDD was 26 percent more costly, with preparation being 45 percent more costly, and supervision, as the biggest cost, being 24 percent more costly. Note that these costs do not include the opportunity costs of time to the community, a cost invariably ignored and which is probably substantial under the more intensive consultative approaches. The lack of discussion of this issue of beneficiary time in any of participatory project appraisal reports suggests that the assumption is that the opportunity costs of the time of households in these poor communities is zero. Farm management studies over the years have generally shown this not to be so and have shown high costs at peak agricultural labor periods. The seasonal timing of project-related consultations may be very important and needs more explicit consideration in project planning.

CBD/CDD projects generally appear to have higher project operating costs than non-CBD/CDD and the more intensive the consultation the higher

6.2 Does the higher cost of CBD/CDD to the Bank (or borrower) matter? This depends on how one interprets the Bank's strategy and comparative advantage and on the relative short-term and long-term benefits, including the overall economic analysis. If CBD/CDD is delivering benefits for the objective of poverty alleviation and non-CBD/CDD projects are failing to do, or doing so inadequately, then spending more to get those results may be worthwhile. If poverty alleviation impact is not noticeably better for CBD/CDD projects, then the extra costs may not be worthwhile. At present, impact data is too weak to be able to characterize the relative poverty alleviation impacts of the different approaches and the extent to which they are competitive or complementary.

Table 2. The Costs to the Bank of Lending and Supervision of CBD/CDD Versus Non-CBD/CDD Projects as a Percentage of Commitment

	<i>Bank Preparation Costs as % of Commitment</i>	<i>CBD/CDD Preparation % over Non-CBD/CDD %</i>	<i>Bank Supervision (5 year) Costs as % of Commitment</i>	<i>CBD/CDD Supervision as % of Non-CBD/CDD</i>	<i>Lending Plus Supervision as % of Commitment</i>	<i>CBD/CDD Lending Plus Supervision as % of non-CBD/CDD</i>
CBD/CDD	0.56%	+45%	5.11%	+24%	5.68%	+26%
Non-CBD/CDD	0.39%		4.11%		4.50%	

Are Project Operational Costs Higher for CBD/CDD than Non-CBD/CDD?

6.3 Table 3 shows the operating/recurrent costs reported as a percentage of total project costs covering the sample of eight CBD/CDD projects but adding three non-CBD/CDD projects as indicative comparators.²⁶ Notwithstanding a number of important caveats, the table suggests, that the more participatory projects at the community level are much more expensive. However, the difference between the more traditional projects with less community focus and the more strongly CBD/CDD projects with more, is probably exaggerated by this table because review of the appraisal documents from which this data came suggests that in the more traditional projects with the lower operating costs a significant share of truly incremental operating costs has been covered in the normal government budget mainly in the form of existing staff who are used by the project without showing up as a direct project incremental cost.

Table 3. Project Operating Costs as a Percentage of Total Project Costs for the Sample CBD/CDD Projects and a Selection of non-CBD/CDD Projects

<i>Project</i>	<i>CBD/CDD or non-CBD/CDD</i>	<i>Total Project Cost (\$m)</i>	<i>Incremental Project Operating Costs (\$m)</i>	<i>Operating Costs as % of Total</i>
Population Project	CBD/CDD	20.7	0.19 ^a	0.9%
Second National Drainage	Non-CBD/CDD	278.4	2.9	1.0%
National Drainage	Non-CBD/CDD	290.0	7.4	2.6%
Schistosomiasis Project	Non-CBD/CDD	43.3	1.3	3.0%
Social Fund 3	CBD/CDD	65.0	2.1 ^b	3.2%
Social Fund 2	CBD/CDD	775.0	27.7	3.5%
Social Protect. Initiative (LIL)	CBD/CDD	5.3	0.3	6.0% ^c
MRMP 1	CBD/CDD	29.5	1.8	6.1%
MRMP 2	CBD/CDD	45.0	2.94	6.5%
Sohag Rural Dev.	CBD/CDD	93.8	7.0	7.5%
Social Fund 1	CBD/CDD	572.0	47.4 ^d	8.3%

a. Mostly uses existing institutions as partners.

b. Extrapolated.

c. A much smaller project.

d. Substantial start-up costs.

Cost Effectiveness of Participatory Approaches

26. These findings need to be interpreted with considerable caution since identifying what are truly incremental operating and management costs is difficult and is interpreted differently in the cost tables of different projects. Operational and recurrent costs were defined as those labeled either operational and recurrent costs or incremental operational and recurrent costs and excluded training and technical assistance. The problem of interpretation is particularly acute because it is often unclear whether incremental government staff resources have been included or excluded from the cost calculations.

6.4 The study found insufficient truly comparable cost and impact data in the Egypt sample between projects to enable cost effectiveness analysis through the comparisons of total project costs between CBD/CDD and non-CBD/CDD approaches. However, *within* the Social Fund III Project there is some relevant partially comparative data, albeit across somewhat different types of support. The Public Works Program (PWP) under Social Fund III — which covers the small-scale public works in involving communities and local government in partnership, such as road construction, water distribution networks, water channel maintenance, and building refurbishment — provides some efficiency indications that can be compared with the more intensively participatory Community Development Program (CDP) within the same project — which includes literacy classes, vocational training, training workshops, equipping of health clinics, equipping of youth centers, and a productive family loan program. Both program use community collaboration but at different levels of intensity and geared to the different types of investment. The PWP component is reported to have achieved administrative costs of 2 to 4 percent of construction costs, which are a little below the typically accepted national average of 5 percent, so for this larger type of infrastructure there appears to be some saving from the modest element of consultation. (They have also achieved a community contribution of 10 percent and have been able to stimulate local small-scale private contracting industry – perhaps the source of some of the saving – while also being a leader in incorporating environmental review into their appraisals.) Administrative costs of the CDP component are about 8 to 10 percent of costs, which is more than double the PWP component costs, reflecting the differences in the management and consultation intensity. Significantly, however, the Community Development Program (CDP) has generated more employment than the PWP programs with approximately half the funding. Its micro-enterprise program has generated about two-thirds of the total project employment created. This evidence, though from only one project, suggests that, while intensive community participation inevitably has a cost, it may have a payoff in terms of poverty impact. However, across the whole participatory program, the cost-to-poverty-benefit ratio, incorporating some form of social adjustment analysis, remains the key efficiency question that is still not resolved owing to the limited impact data in the Egypt portfolio.

Total project cost per household in MRMP is about twice the cost per job created in the Social Fund, but deciding which is more cost effective for poverty impact would require more data on impact and sustainability.

6.5 The comparative cost effectiveness story in Egypt between projects is affected enormously by the fact that two of the Social Fund projects were huge relative to all the others presumably allowing economies of scale. Nevertheless, in understanding efficiency, it is still of some interest to compare the total project costs per beneficiary under the large, more wholesale, Social Fund projects with the most intensive, community interactive, MRMP. The total project cost *per job created* of the three Social Fund projects averaged about \$1,600. The total project cost *per household* of the much more retail MRMP was about \$3,200. The appraisal documents for the Sohag project are less clear. They do not indicate a target beneficiary number beyond the total Sohag population of 460,000 households, which, at 100 percent coverage on a total project cost of \$93.8 million would imply a cost of about \$200 per household. However, not all households were expected to benefit over the project period. The cost of the credit

component alone for income-creating projects was projected to average about \$1,400 per borrower. Looking at non-CDD comparators, the Second National Drainage Project projected approximately 400,000 beneficiary households at a total project cost of \$278 million giving a cost of about \$700 per household. But in comparing projects for efficiency of poverty impact, estimating projected costs per projected beneficiary is the easy part. Assessing actual poverty impact per beneficiary for some form of cost-benefit analysis is the challenge.

6.6 In comparing efficiency with respect to intensive versus extensive approaches, a number of factors need to be considered when looking at the intensive approach of an MRMP type of intervention compared to less intensive approaches: (i) MRMP is almost certainly doing more to establish community planning and decision-making processes than other projects, which may have high pay off in the longer-term. In fact, as suggested by IEG in the MRMP project assessment, other programs, such as the Social Fund, could build on MRMP's relatively expensive community-level processes to improve aggregate program efficiency and community-level investment prioritization; (ii) the MRMP project area has been seriously neglected in the past for infrastructure and social services and so is currently arguably in a catch-up mode; (iii) there are probably greater environmental externalities in the MRMP than in the Social Fund projects; (iv) the position of women in the MRMP project area is more problematic for development than most other areas and probably justifies an initial substantial startup investment related to women; (v) it is probable, although difficult to prove for lack of comparable impact data, that MRMP is better focused on the poor than the more wholesale Social Fund project due to its more intensive community dialogue. Nevertheless, given the need for scaling up and for efficiency, the cost per household or per job created, is an important coefficient and, in the absence of better data, it remains unclear which of these two approaches across the intensive/extensive continuum is the most efficient in terms of poverty impact per unit of investment.

Economic Analysis Is Being Too Readily Avoided

6.7 Out of the eight participatory projects reviewed, five had attempted an economic analysis and three had not. While this is a somewhat better proportion than found in a number of other case study countries, two of the five with an economic analysis were still quite cursory. The best economic analyses were the two Matrouh projects and the most recent Social Funds III project. The excuse for avoiding economic analysis is usually that predicting what investments communities will choose is too difficult. However, even with traditional projects, such as agricultural production, adoption rates of different available technologies called for assumptions. Moreover, in most cases, the analyses of participatory projects where cost-benefit quantification has been attempted appear to be of some value ex ante and even more ex post. It is not only the ex ante ERR analysis that has been avoided. The ICR of the Social Funds II project avoided doing an economic analysis ex post for unconvincing reasons.²⁷ Given the relatively high cost of

27. The reasons given in this case were the following: "The SFD Project is of a social development nature and as such, its operations are not based on profitability considerations. NPV, IRR, and FRR are not calculated given the difficulty to estimate all the social and economic benefits of most of the SFD programs. Moreover, the financial sustainability of SFD's programs is not ensured due to: (i) the absence of

participatory approaches, and the need to differentiate the efficiency of the more- and less-intensive approaches, understanding the aggregate economics is extremely important.

7. Partnerships

The Role of Other Donors

7.1 Many other donors have been involved in the three social funds, including the Arab Fund, the Kuwait Fund, the Abu Dhabi Fund, Austria, Canada, China, Denmark, the EU, France, Germany, Holland, Ireland, Norway, Sweden, Switzerland, and UNDP. The second-largest donor after the Bank has been the EU. A number of donor meetings were held both for appraisal and supervision. During the first Social Fund project, donors played a major role in supporting the Bank in putting sustained pressure on the government to resolve issues. Several donors conducted their own project appraisals before funds commitment, which helped to ensure high technical standards. Under the Second Social Fund project there was a multi-donor review in April 2000. This led to a prime ministerial decision to make the Social Fund a permanent institution and to strengthen the oversight role of donors. Whether such a decision was beneficial for longer-term poverty impact is questionable if the route to improved efficiency includes decentralization. It consolidates another central organization, which in Egypt are very hard to dismantle, seeming to be in conflict with the larger push for greater fiscal devolution to governorate level.

7.2 IEG's 2002 Social Funds Study notes that the Egypt SFD program was one of the largest in the world with as many as 17 donors providing a mix of loans, grants, technical assistance, and training. The study notes that the agency and its donors devised their own ways to improve donor coordination including: high-level donor meetings with government, division of responsibilities among donors, a Cairo Donors Advisory Group with a rotational chairmanship meeting monthly, and comprehensive joint donor reviews.

7.3 Donor coordination overall has been variable. The 1997 ICR of Social Fund I reports on the active and effective Cairo-based donor subgroup. However, the 2001 ICR of the Social Fund II found, that, notwithstanding a mid-term multi-donor task force review in 2000, donors had been inconsistent in their demands on the SFD and continued to pull in different directions despite various donor group consultation meetings. In particular, during the second project, there were differences of opinion between the EU, on the one hand, and IDA and KfW, on the other, particularly on the mechanisms to support small enterprises. This was despite agreements during the joint preparation of the Phase II project and the

clear commitment to sustainability (ii) non-payment by the government of its financial contribution." While some elements of the benefit streams are, indeed, difficult to quantify, overall such arguments are unconvincing. In particular, concerns about financial sustainability are highly relevant to both a base case ERR and a sensitivity analysis. It was noted that a quite good attempt at an economic analysis was made for the Social Funds III Project PAD, which would seem to negate the arguments for not doing it for the SF II ICR since an analysis ex ante is clearly more challenging than an analysis ex post.

related feasibility study. The ICR concluded that donor actions and interests remained uncoordinated and diverging in many respects, contributing to implementation delays.

7.4 There appears to be a significant disconnect between the donor coordination issues raised in the ICR for Social Fund II and the almost total silence about donors in the PAD for the follow-on Social Fund III. This, and the lack of specified co-financiers in the latter, leaves questions about where donor coordination reached. More recently, however, the Bank appears to be working well on coordination activities with other donors, at least with respect to community processes. There was a jointly sponsored September 2003 workshop to review experiences. In the water sector, where there has been a big push by donors on institutional reform, as noted, there has been strong donor coordination with GTZ and the Dutch supporting a Unit in the Ministry of Water Resources to support such reform — albeit not without some difficulties in implementation. Efforts at coordination across the whole spectrum of CDD activities need to continue.

7.5 At the local community level, donor coordination appears to have been less of an issue in Egypt than in other countries, where sometimes several donors are providing infrastructure in a seemingly uncoordinated manner in the same villages (as observed by IEG in Benin and Ghana). This may be partly because Egypt has better administrative capacity than most low-income countries. Where more than one donor is involved in a project, such as in the Social Funds projects, co-financing through the same agency results in a single common approach.

7.6 However, some donors have questioned the validity of a Social Fund as a mechanism to channel extra-budgetary resources to community projects. In particular, there is concern about the absence of coordination and capacity building of line ministries by the Social Fund projects. This is the long-standing CBD/CDD dilemma, debated in many other countries, of whether to support existing structures and processes or whether to bypass them and build something parallel or different.

7.7 With respect to donor knowledge and processes as comparators for Bank knowledge and processes, one senior government program manager in a Cairo ministry volunteered that, while other donors have very tight oversight and provide a lot of support, which initially he liked, the Bank provided much less oversight and left him freer to make his own decisions, which now, with more experience, he finds preferable. Based on limited interviews with government staff, there did not appear to be major concerns about Bank procurement procedures. This may be related to Egypt being a lower-middle income country with greater capacity than poorer countries.

7.8 One useful, different type, of coordination activity witnessed firsthand by IEG was with an international CGIAR research center. The International Center for Agricultural Research in Dry Areas (ICARDA) was involved with the Matrouh Project in an important piece of collaborative technical work with strong farmer participation in the design of the program — an international research center CDD-related connection.

The Role of NGOs

7.9 Compared to most other countries receiving Bank funds, there are relatively few active NGOs in development in Egypt, especially in rural development, although the numbers have been rising. In projects like Matrouh, with less densely settled areas, there has been essentially no NGO role, although the project supported the formation of two producer associations and the local cooperatives, with a peripheral role in the project, are technically NGOs. Bank staff working on Egypt are well aware of the need for increasing the role of NGOs but also are aware that such things cannot be forced.

Bank staff understand that it is necessary to expand the role of NGOs while not overshooting the limited but growing NGO capacity.

7.10 In the Social Fund Projects and the Sohag Project, NGOs are more available, and are being used more widely, and training for NGOs is an important element. The ICR of the Second Social Funds Project found that the project had played an important role in involving NGOs and other players in developing capacity and partnerships with various social development initiatives. About 110 grants were made to NGOs for capacity building. In the Third Social Funds Project Participatory Rural Appraisal (PRA) is being introduced into two governorates (Qena and Aswan) through training of NGOs and a “training the trainer” program for NGOs. It is expected that a total of 56 NGOs will receive training and four large regional NGOs will receive “train the trainer” training. Commendably, reflecting a model used in one of the Brazil urban projects, an attempt is being made to support emerging types of NGOs such as street vendors’ associations.

7.11 The Sohag Rural Development Project, as a part of the Shorouk Program, has partnerships with a number of NGOs, which serve on the Rural Development Committee. Community Development Associations, NGOs, or Private Voluntary Organizations are all potential partners in the project and have to provide guarantees to the financial intermediary for participation in the micro credit component. Potential NGOs for participation as credit intermediaries are reviewed for eligibility by a project credit steering committee.

8. Main Findings

On balance, the performance of the participatory aspects of the CBD/CDD approaches in Egypt has been generally satisfactory but somewhat variable. However, there are significant and persistent concerns about sustainability. All projects have achieved enhanced community involvement to different degrees and most have made some progress on women’s issues. Awareness among government staff about participatory approaches has improved. There are five main findings with implications for action and one main recommendation. These are listed and then elaborated. First, with respect to findings, some of the problems arise from a weakness in identifying the core problem — the real underlying diagnosis — which is usually that resources have not been reaching the poorest

households and communities efficiently for social and productive purposes²⁸. Such a diagnosis could lead towards solutions in a number of different directions not simply to community participation. Second, sustainability is a major concern and with such participatory interventions sustainability substantially overlaps with program impact since participatory processes at community level which are not sustained may even have negative long-term impacts on community attitudes to development assistance. Third, the intensive focus on community level processes may, in some cases, be diverting attention from important overriding policy issues. Fourth, there has been weak coordination across projects at community level so that some project funding calls for detailed interaction, planning and prioritizing and some does not. Fifth, there are different approaches to decentralization reflected in the program with some projects supporting local government capacity and decentralization and others not supporting it, even arguably undermining it through alternative resource allocation routes. The main recommendation is to carefully study this valuable array of participatory experience to learn more about the efficiency of poverty impact of alternative approaches leading to a more informed and focused CDD program. This would be of service not simply to the Egypt program but to the Bank as a whole. The following paragraphs expand on these findings and the main recommendation.

Identification of the Core Problem Is Often Not Evident in Project Design

8.1 The fundamental development problem underlying all the reviewed CBD/CDD projects in Egypt appears to be the *failure of existing public resource allocation systems to channel resources to where they will have the most effective and efficient poverty impact*, whether these resources be infrastructure, services, credit, or simply knowledge and information. While in some of the CBD/CDD projects reviewed there are oblique references to directing resources efficiently toward poverty alleviation, in none of the eight PADs is this a key element in the logical starting point for the strategy and associated design. The logic of project development design leaps immediately to the means — inevitably the community-level participatory processes almost as an end in itself. This leaves a broken chain in the project logic, which contributes to key resource allocation efficiency issues being omitted. Among other things, it risks missing the fundamental local government efficiency issue²⁹. This truncated logic forecloses alternative design options too soon and too readily^{30 31}.

²⁸ Rather than simply poor productivity, lack of services, poor health services, etc.

²⁹ This weakness is partly a fault of the Bank PAD structure itself which, under the key design heading “Rationale,” tends to force staff to plunge straight into the required sub-headings: “Alternatives Considered, Related Projects” (merely listed, rarely discussed) and then “Lessons.” These are not the three core elements of a logical rationale. In some PADs it is observed that the project rationale is partly covered by default under the “Sector Issues to be Addressed” heading. But here also PADs tend to gloss over the fundamental problem diagnosis and leap to a perceived solution, predictably participation.

³⁰ Sohag Rural Development Project comes close to picking up the issue by noting that “village needs and priorities are not sufficiently taken into consideration due to centralized decision-making, slow disbursement and tedious bureaucratic procedures.” However, as noted in the QAG review, the Sohag PAD did not offer evidence that credit was a binding constraint in the region other than for women and landless, noting that there was already a Bank operating there.

Sustainability Is a Concern

8.2 As in many countries, there are concerns about sustainability in the Egypt participatory projects. In particular, the Social Fund II was rated by the ICR “unlikely” for sustainability, which, following on Social Fund I and using the same institution, at least raises serious questions, if not entirely negates, the earlier “likely” sustainability rating for Social Fund I. These two projects together totaled \$260 million of Bank commitment and represented approximately two-thirds of the total CBD/CDD-related lending program reviewed in this country.

The Egypt participatory projects have shown more sustained commitment than most with the help of follow-on projects, but higher-level institutional sustainability is a concern and is likely to be important for ultimate community-level sustainability.

8.3 In the case of the Matrouh Resource Management Project, sustainability, while on balance rated “likely”, due partly to the expectation that the follow-on project would consolidate the participatory processes, was still found to be somewhat questionable. In particular, while the CDD processes appeared likely to continue through the second phase project, there were concerns about key institutions involved, progress with women had only just commenced, and there were some doubts whether only one further project would prove sufficient to reach sustainability of processes that would support the important women’s development element.

In Participatory Projects the Demands of Community Processes May Be Diverting Attention from Important Policy Issues

8.4 There is some evidence that in some cases important overarching policy issues are being shortchanged probably due to the burden of trying to get the community processes designed right and implemented; some form of not seeing the forest for the trees.³² Two direct examples are offered. First, the IEG assessment of the Matrouh Project found that the very important issue of what impact the ongoing adjudication of Bedouin lands is going to have on the poor and on rangeland management systems had been ignored. Although difficult to prove, this was probably partly because of the heavy project preparation and appraisal burden of getting the community processes right. Second, in the Sohag Project, while the community process elements were quite well covered, QAG noted that the larger policy issue of subsidized interest rates was inadequately addressed, related fiscal issues were not well covered, institutions had not been adequately appraised for capacity, and the risk that the project could undermine the development of alternative credit sources had not been adequately assessed. Also, partly as a result of insufficient focus on rural finance

³¹ The region suggests that there is a disconnect between the report saying that resource allocation is not efficient and favorable comments about administrative capacity. IEG argues that the two can be true, the latter compensating for the former to some extent. Improved design logic might lead project design in somewhat different directions.

³² This is not to suggest that even the community processes are yet adequately achieved. For example, MRMP had to cut short its quite well conceived community-level interactive planning processes to achieve disbursement within the project period. However, there has been a predominant focus on getting the processes right.

policy up-front, the credit component in the Sohag Project was an ongoing problem referred to frequently in the PSRs.

8.5 Less direct examples of weak or slow policy focus and action, not caused by pre-occupation with participation but probably by more technical preoccupations, are arguably the slow progress on addressing population issues in the poorer rural areas despite a long-standing population policy and the rather late focus on trade policy in agriculture. The impact of protection on the competitiveness of exports was really only brought to the fore of the dialogue by the recent 2001 sector study on agricultural competitiveness. It is important for project teams to maintain a balanced outlook at all stages of the project cycle on both the community-level and technical detail and on the larger overarching policy and institutional issues.

8.6 The region, in their comments, pointed out the importance of enabling and improving the dialogue between policy makers and the local population. This is an important point. The mission found some indications that this was happening better with the more intensive community level dialogues. However, currently there seems to be less feed-back on policy and program design between the community-level and central government than between the community and the governorate yet the majority of funds are with the center. There is a disconnect.

There Could Be Better Coordination Across Projects at Community Level

8.7 The short-term obverse of the recommendation to learn more for the future from the different approaches is to coordinate more in the present *between* the different approaches³³. Many of the Bank projects reviewed operate in the same areas. For example, in many areas, the Social Funds, Sohag, and other Bank projects overlap yet have different funding rules and different requirements for engagement and consultation.

This is confusing for the beneficiary. While most government staff interviewed believed that interagency coordination in Egypt at the higher levels had somewhat improved over the past few years, the majority agreed that there was less coordination at the community level. Each project has its own unique mechanisms for consultation, and project phasing is different, that is, resources are not necessarily available at the same time, so

Different projects have followed different practices in supporting, or even arguably undermining, local government capacity. A consistent vision for decentralization is needed in which CBD/CDD project design plays a central role.

communities cannot rank all program investment options at the same time. Under these circumstances, any community planning procedures and information flows cannot encompass the majority of investment options under the majority of available programs. This finding was particularly true of Matrouh governorate but we believe it is valid more widely. In Matrouh, it was clear that, at community level, there was limited coordination between MRMP and Social Funds. In discussions with staff at the center it appeared that

³³ The region, in their comments, asked for more recommendations on coordination at community level. While IEG is not in the business of prescribing or designing programs it would seem sensible, for example, if the community planning done by communities in Matrouh included prioritizing the use of *all* resources from all available projects including particularly the Social Fund.

there was limited coordination between the Population Project and other community-based projects. This is surprising since the Population Project documents rightly acknowledge that population issues are closely linked with the economic and social conditions and status of women to which these other projects could contribute. Also, review of the debate about targeting and efficiency for the Social Fund II Project that is outlined in project documents including the PSRs does not suggest any search for coordination of community level processes across projects. Rather it suggests the search was for project-specific mechanisms.

8.8 One problem for coordination is that, because of the different levels to which the different Bank-funded projects reach down to community level directly (as in Matrouh), or indirectly through partners (as in Social Funds), the implementing agencies have different capacities to influence coordination at that level. The former have greater capacity to influence coordination than the latter.

Are Local Government Structures Being Strengthened or Bypassed?

8.9 Egypt still has far to go toward decentralization. Different projects have followed different practices in supporting, or even arguably undermining, local government capacity. A vision for decentralization is needed in which CBD/CDD project design plays a central role³⁴. By far the largest share of resources in Egypt is still channeled through central government ministries and their departments at governorate level. So far, not a great deal of Bank project support in Egypt has contributed to changing this. Indeed, much Bank support such as the Social Funds has probably consolidated the centralized status quo. While any individual project cannot be expected to change long-entrenched government processes given the many political and legal issues, a large program like that of the Bank could be expected to contribute to a gradual transition and the analysis to support that transition. The optimal relationship between local government and the structure and role of community-level processes in linking to that, is important for Egypt and is emerging as important more broadly in the IEG CDD study.

8.10 In understanding participatory approaches in Egypt, it is of significance that, on the one hand, the MRMP, consciously avoided the existing system of approvals up the administrative chain from Popular Council to governorate because of a fear that politicization of the prioritization process might limit the options for consultative community processes. Moreover, in implementation, MRMP shifted further in that direction as a result of slow implementation by creating an autonomous Project Unit. This

³⁴ The region argues that decentralization should arise from the success of participatory approaches which follow more decentralized approaches and should not be an end in itself and that it is too ambitious to set decentralization as an ultimate goal for such projects. IEG argues that, based on the global and local experience, there may well be an argument for pursuing decentralization as the most promising route to poverty alleviation and empowerment, but that the more immediate issue in Egypt is that the projects tackle it in such different ways including some that seem to support it and some that work against it. IEG accepts that the receptivity on decentralization, for various reasons, is weak, but a coherent phased strategy would help. The region also points out the differences between administrative, fiscal, and political decentralization. IEG's focus was largely on the resource allocation and administrative side. The short mission was insufficient to go further. However, global experience suggests that strains develop when these different aspects fall too far out of step so the others cannot be ignored.

substantially improved implementation but leaves a challenging legacy for future sustainability, which MRMP II will try to address. In contrast, the Sohag Project has activity supported decentralized government institutions and processes. Different again were the Social Funds I and II which supported a centralized program but actually parallel to the existing government resource channels. At least one government official in Egypt noted that, comparing the MRMP with the Social Funds and other projects, the World Bank “seemed to have different institutional approaches to CDD under different projects.”

A Study to Compare Programs Could Improve Poverty Impact Efficiency

8.11 In Egypt, perhaps more than in any other of the six case study countries IEG has reviewed for this CDD study, there is a real opportunity to compare a range of different approaches from the more intensive, higher-cost approach to the more extensive, lower-cost approach. Such a study would complement the current sector work on the Rural Development Strategy and the Integrated Water Management study. There are even differences between components *within* projects that might offer lessons in this direction. As discussed earlier, the central question is the poverty impact per unit of investment, and, with respect to means, which process for channeling public resources toward the poor is most efficient. At least four broad approaches can be identified:

- *Traditional investment projects* but with some support for sectoral or sub-sectoral community groups, some with long histories, such as the National Drainage Project and the associated farmer drainage groups. These have been classified in the study sample as non-CDD projects, but they have some participatory elements, although of narrower focus.
- *Social Fund approaches* following a largely wholesale approach to resource transfer to community level using partners with variable skills for community interaction and seeming to offer relatively modest support for the strengthening of community processes, although such support has been increasing with progressive design changes. For example, Social Funds I, II, and III. Even *within* the Social Fund program there may be learning opportunities. For example, the Community Development Program component has been much stronger on community participation and gender than the Public Works Program with different costs and outcomes..
- *More balanced and more intensive* infrastructure and service provision approaches with greater emphasis on building decentralized local administrative capacity and the capacity of local communities, such as the Sohag Rural Development Project under the Shorouk Fund Program (National Program for Integrated Rural Development).
- The *very intensive community approaches* with high-cost community-level micro-planning and interaction with government technical staff and relatively greater focus on productivity and individual household welfare, such as MRMP 1 and 2.

Egypt offers a unique comparative CBD/CDD learning opportunity that has not yet been explored. Most other country CBD/CDD programs are more homogeneous and therefore potentially less informative.

8.12 The relative costs have been discussed earlier. By and large, as would be expected, the more wholesale interventions cost less and the more retail ones cost more. However, the poverty impact side of the equation is less readily quantifiable at present due to limited poverty impact data. Moreover, the intensive community interaction cases appear to be sub-optimally used since other programs are not building upon their (largely free) intensive consultation. Each of the above approaches probably leaves behind a different level of enhanced decision-making and management capacity at village level³⁵. Each has a different ratio of physical or social infrastructure to directly or indirectly productive investments. Each supports (or even undermines?) local government processes to different degrees. Each is likely to have different impacts on the poorest and on women. It is possible that each approach is justified for its own particular purpose. But a working hypothesis would be that one or two of these approaches, or some combination, are more efficient than others at achieving poverty alleviation at scale and sustaining it. *There is a unique comparative learning opportunity here that has not yet been exploited.* It could be exploited, especially if better impact data, hopefully now coming forward, can be combined with careful analysis of comparative cost data, including costs of community consultation itself, local administrative costs, opportunity costs of time for consultation to the communities themselves, costs of technical support, training costs, management overhead, infrastructure investment costs, productive investment costs, and others.

8.13 Each of these different programs has its own administrative home, and hence its own political support base, which makes them difficult to change. As noted, there may well be nothing wrong with several different approaches provided that they are each efficient in their own way for a relevant objective and provided they are efficient with respect to the burden on communities for consultation. However, it is more likely that careful cost-effectiveness analysis would start to point in particular directions. Part of the problem with the abandoned Community Development programs of the 1950s mentioned earlier was that they did not learn and adjust quickly enough before the disillusion of policymakers and donors set in³⁶.

³⁵ In commenting on the draft the region notes the importance of the comparative capacity building and empowerment impact. IEG agrees. This was partly the intent of this sentence noting the likely different decision-making and management impacts that could be explored.

³⁶ A main concern in those programs was lack of quick income impact. Interestingly, the region raised just this issue in their comments, asking what IEG's view was about the choice between productive and social investments at community level. While IEG does not feel the study found enough evidence to answer this question for Egypt, in the global rural sector more broadly IEG has raised concerns about productive investments being replaced by social investments with concerns about future income and therefore sustainability. Since social investments are largely community-shared and productive investments are largely private, given a choice any community decisions are likely to be skewed in the direction of social investments, they are simply easier to agree on. Project design may need to correct for this.

Annex A. The Bank's CBD/CDD Portfolio in Egypt: Project Descriptions

MATROUH RESOURCE MANAGEMENT PROJECT I

Description of the Project and Components

The Matrouh Resource Management Project (MRMP) was designed to assist the rural population of Matrouh in making the best use of the limited natural resources available. The MRMP was a pioneering effort for the Government of Egypt, being the first integrated natural resource management project involving local tribal populations in rain-fed areas. It was also one of the first efforts for the World Bank in the region focusing on key environmental and sustainability issues with strong community participation. The project aimed at implementing the government's strategy for natural resource management in dryland areas. The main objectives of the project were: (i) to conserve water, land, and vegetation resources in the project area; and (ii) to alleviate poverty and improve the quality of life of the local Bedouin population by providing support for improved natural resource management practices, coupled with agricultural and non-agricultural development. This was to be accomplished by using the existing tribal structure and encouraging maximum participation of the local population.

The project was consistent with the country assistance strategy and overall lending objectives regarding poverty reduction, rural development, agricultural export promotion, and addressing issues of water scarcity and management. The project had a high level of complexity as a result of implementing five different components that required interaction in a large project area consisting of three different agro-ecological zones and strong community participation. Additionally, institutional and implementation arrangements were designed in such a way that most activities had to be implemented through different technical departments and local authorities in the Governorates of Matrouh, with the Project Coordination Unit (PCU), which provided overall guidance and technical support, requiring a high degree of inter-sectoral coordination.

The project had five components designed to achieve the project objectives:

- (a) **Water harvesting and watershed management** (\$8.0 million) introduced several environmentally sound water harvesting interventions (cisterns, reservoirs) and small earth, stone, and cement dikes and establish a Soil and Water Management Unit as a part of the Matrouh Resource Management Center, renamed Matrouh Adaptive Research Center (MARC).
- (b) **Rangeland and grazing management** (\$1.8 million) focused on the improvement and effective utilization of rangeland and vegetative cover. This included planting of trees and shrubs on 12,000 feddans of communal lands as well as over-seeding some 2,000 feddans of deteriorated pasture lands.
- (c) **Adaptive research** (\$3.3 million) established the MARC, tested and disseminated relevant best-practice technologies designed to conserve the area's fragile natural

resources, and improved and sustained rural productivity. This demand-driven adaptive research dealt with range management and improvement, fodder plant establishment, animal husbandry, cereal (barely), fruit trees (figs, olives, etc.), and vegetable production.

- (d) **Extension and training** (\$4.4 million) provided funding for establishing an effective agricultural extension service, including a small multimedia unit, responsible for disseminating improved techniques, general extension messages, and marketing information to farmers and herders. In addition, four Sub-regional Support Centers (SRSCs) were established³⁷ within the project area and staffed by relevant subject-matter specialists.
- (e) **Rural finance** (\$3.8 million) was given special attention to promoting on-farm income-generating activities targeted to small farmers, the landless, and rural women. The proposed pilot credit program was to operate as a special loan fund administered on behalf of the government by participating banks. The total number of estimated beneficiaries was to be 3,865 rural households and enterprises.
- (f) **Project coordination unit (PCU)** (\$1.8 million, including \$0.6 million for M&E) operated through existing governmental organizations in the Matrouh Governorate, and assisted with project planning, coordination, monitoring, and financial control. The unit included an M&E component to oversee the impact on local communities and agro-ecosystems.

Revised Components

The rural finance component was cancelled during the 1997 Midterm Review. No agreement could be reached with the participating banks to manage the line of credit. Reasons cited by the various financial institutions were the existence or emergence of alternative sources of micro-credit at more favorable terms in the area as well as problems of collateral among the target group. Funding allocated for this component was reallocated to other activities in need of financing mainly the water harvesting and watershed management component. Additionally, a small revolving fund was established as part of the women-in-development (WID) activities under the extension component. The PCU became a fully autonomous implementing agency and replaced implementation through respective technical departments as a means of addressing coordination issues and slow initial implementation experienced in the first years of the project.

The project design was consistent with stated development objectives. Design innovation was evident in many aspects with its strong emphasis on local participation and community ownership in resource management. Based on the ICR, it was considered to be one of the first Bank-wide to implement such a community-based participatory development approach, reflecting many of the lessons learned in previous Bank-assisted

37. Summary of Borrower Completion Report indicates that five sub-regional support centers were established in project area. (ICR annex 8)

projects regarding the need for greater beneficiary participation and support for decentralization of services.

The project's objectives were also consistent with government strategy of reform in the agricultural sector in the late 1980s and findings of the World Bank's Agricultural Sector Study of Egypt for the 1990s emphasizing environmental sustainability and poverty alleviation. The project also responded to the priority investment areas included in the Environmental Action Plan prepared by the GOE in 1992. The project design benefited from lessons learned from a number of other donor projects in the region that had been ongoing at the time of appraisal, notably through WFP, GTZ, and FAO/UNDP.

Project Financing & Costs

The financing plan at appraisal stage indicated a total project cost of \$29.5 million. IDA funded 75 percent of the project costs through a credit of \$22.0 million, the government provided \$5.1 million and beneficiaries were to contribute \$2.4 million. According to the ICR, the final cost of the project was estimated at \$33 million. IDA provided \$21.9 million (66.5 percent), the government \$5.7 million (17.3 percent), and beneficiaries \$5.3 million (16.3 percent). Beneficiaries contributed 2.2 times more than the appraisal cost estimates mainly due to the actual construction of many more cisterns than anticipated at appraisal. An independent survey of cistern construction costs for purposes of preparation of MRMP II indicated that market rates on the construction cost figure for cisterns were lower than the estimate used by the project. This may have contributed to the increased demand on cisterns and the overall cost of the sub-component. A bidding process with local contractors was proposed for use in the first year of implementation of the Second Matrouh Resource Management Project (MRMP II) to ensure that a fair market price is used for possible subsequent construction by beneficiaries.

Project Implementation

The project was appraised in November 1992 and became effective on February 2, 1994. A seven-year implementation period was envisaged with a closing date of December 31, 2001. Two Midterm Reviews were conducted in 1997 and 2000. The project was given a one-year extension and closed on December 31, 2002.

The ICR noted several factors that affected implementation and outcome. At the start of the project, the major responsibility with implementation of technical activities was with the respective technical departments of the Governorate of Matrouh and other national authorities. Although the PCU provided overall guidance, it could not fully direct the management of the project because it had no authority over the implementing agencies. Government intervention half way through the project helped to transform the PCU into an autonomous implementing agency and speed up implementation.³⁸ The particularly harsh weather during the eight years of the project had a significant effect on project outcome and

38. At appraisal stage, the role of the PCU was to be temporary and by the end of the implementation period, the interface between the local communities and the implementing agencies was to be strong enough to eliminate the PCU (MOP Report No. P-6012-EGT)

ERR. Significant delays were experienced with the implementation of the participatory approach and the preparations of the Community Action Plans because of lack of relevant staff skills.³⁹ The project document proposed that a pilot of two CAPs be undertaken first with international technical assistance to enable the staff to be trained before the remaining CAPs were prepared. Due to pressures to disburse funds, project management omitted the pilot phase and concentrated on the implementation of physical interventions, such as water harvesting without full participatory planning. The preparation of the CAPs were thus delayed and only started in 1996. Implementation of the watershed management component was delayed due to the delay in obtaining technical assistance, which was subsequently resolved by engaging ICARDA.

The IEG PPAR gave the project a satisfactory rating but raised concerns about sustainability due partly to the delay in the follow-on project. The need to review the impact on the poor of the privatization of rangelands was noted.

MRMP II - PROJECT DESCRIPTION, COMPONENTS, AND SUBCOMPONENTS

While the goal of the first project was to break the cycle of natural resource degradation and poverty, the appraisal document indicated that the overarching objective of the follow-on Second Matrouh Project was rural poverty reduction through sustainable community-driven development. MRMP I made the efforts at pioneering the participatory approach by combining technical innovations with socio-economic and institutional development needs of the local community, making significant inroads into the traditionally patriarchal, patrilineal social system and gaining the confidence of the Bedouin people.

MRMP II, not yet effective at the time of writing, aims to build upon the successes of the first project and to further the participatory process and empower the local communities to achieve sustainable development. The PAD notes the need for passing on greater responsibility and authority to local communities that have been prepared, trained and given requisite guidance for such responsibilities. The follow-on project aims to move toward a community-driven development (CDD) approach tailored to fit the socio-economic conditions of the communities, through incremental implementation of the CDD approach. A greater degree of involvement by local communities in decision making regarding resource allocation and involvement in implementation, monitoring and evaluation of all project activities.

Project Financing/Costs

Total project costs are \$39.8 million, including an IBRD commitment of \$12.4 million.

MRMP II has six components that will be implemented over a six-year period from 2003 to 2008:

39. Borrower Completion Report indicates indigenous traditions and culture of the dispersed Bedouin communities restricted communication channels especially of the Bedouin women, which added to the delays in CAP's preparation.

1. **Community Development:** (i) capacity building of communities, (ii) strengthening of women's development capacity.
2. **Integrated Natural Resource Management:** (i) water harvesting and watershed management, (ii) range management, (iii) biodiversity conservation and environmental management plan implementation.
3. **Productive Activities Development:** (i) agricultural and livestock services (ii) off-farm productive activities.
4. **Rural Roads.**
5. **Revolving Fund/Rural Micro-Finance.**
6. **Project Management.**

Community Development (\$8.2 million)

Capacity building of communities. The objective of this sub-component is to further the participatory approach initiated under MRMP I. To achieve this objective the project will provide support to local community representatives (*mandoubeen*) at the level of the clan (*aila*) for the design of Community Action Plans (CAPs), including: (i) an initial training focusing on the roles and responsibilities of the *mandoubeen*; (ii) the criteria and processes for identifying disadvantaged households; and (iii) the process for establishing development priorities and prioritizing resource allocation. Following the initial training, further training and facilitation will be provided for the local communities. This component will also support local community initiatives, not foreseen at the time of project preparation.

Strengthening of women's development capacity. The WID focus is another emphasis of this project by promoting a two-pronged approach to strengthening women's development capacity:

- (a) Ensuring that women take part in the overall participatory planning process (albeit through separate meetings) and that they have the same access to information as men, to allow them to influence processes through their informal channels.
- (b) Soliciting their views on such aspects as: (a) the criteria for defining the disadvantaged households, (b) the selection of beneficiary households, and (c) the allocation of resources for different activities, particularly communal facilities, while also separately addressing the special needs and interests of women.

Integrated Natural Resource Management (\$21.1 million)

Water harvesting and watershed management. The lack of water will be addressed through a major program for water harvesting and storage and watershed management. Implementation will be carried out using the proven successful water harvesting and storage techniques and infrastructure (underground cisterns/reservoirs and various types of dikes for water and soil retention in the *wadis*) integrated within an overall strategy of watershed management. Watershed management may require the involvement of several communities having rights over the same watershed, to assist in the design and

implementation of sustainable watershed management plans, taking into consideration the different land use systems, the communities' diverse needs for water, and reducing, or eliminating potential conflicts among users. Protection of the upper catchment areas will continue to be promoted with GEF contribution, through micro-catchment water harvesting measures, shelterbelts against wind erosion and re-seeding of range areas. GEF funds will also support adaptive research to establish water run-off coefficients and to investigate improved water harvesting techniques.

Productive Activities Development (\$5.0 million)

Agricultural and livestock services. The principal focus of the sub-component is the dissemination of those technologies already developed under MRMP I that offer the best promise of improvement of existing farming systems at minimal cost and risk. There will be more farmer involvement and a new community-based extension outreach effort through the training of Community Technical Contact Persons (*wakil/wukala*), one per Local Community. These facilitators, chosen by community members, will serve as resource persons to handle the most common farming advisory demands and contact their Sub-Regional Support Center for technical support. Extension will be accompanied by a tailoring of the adaptive research program to meet farmer needs through contractual arrangements with the Matrouh Adaptive Research Center. The agronomic research will be complemented by farm financial and economic evaluation of adaptive research findings.

Rural Roads (\$4.0 million)

The project will surface unpaved feeder roads (for a total of about 135 kilometers). Six dirt roads have already been identified as part of an overall program of 300 kilometers of feeder roads, 200 kilometers of which have been implemented with the World Food Program. It will also give advice on the alignment of new roads and their protection against erosion (use of techniques to bind the soil and prevent drifting). As under the World Food Program, the communities will participate in road construction through the gathering and stockpiling of stones along the side of the road, for the contractor to use. The purpose is to provide the communities with an additional source of income and build a sense of ownership for later maintenance. The local communities will be trained for basic and simple maintenance. The roads will be handed over to the Road Works Department after completion.

Revolving Fund/Rural Micro-Finance (\$3.6 million)

The present project has been managing a small revolving fund. For sustainability, the ministry agreed that an independent pilot micro-finance scheme should be tested with mobile credit retailers initially based in the Sub-Regional Support Centers, and local traders, to deliver credit in kind. The project will provide:

- A revolving fund to initiate the lending process.
- Funding to support training and establishment of professional credit retailers in the project area.

Project Management (\$2.9 million)

The project will fund the necessary equipment, vehicles, staff development, technical assistance, and monitoring and evaluation system for efficient and effective management of the project. A line item in the budget will be used to explore the scope and feasibility for extending the participatory approach to other areas in the Governorate (Siwa) or other rain-fed areas in Egypt through commissioning special studies and assessment visits to these areas by key project staff for interaction with the local government, communities, and others.

SOHAG RURAL DEVELOPMENT PROJECT

Project Financing and Costs

Total project costs \$93.8 million with an IDA credit of \$25 million. GOE \$23.6 million; IFAD \$25 million; co-financing \$3 million; villages of Sohag Governorate \$17.1 million; Sohag BDAC \$0.1 million.

Project Description and Components

The project is being implemented over a period of six years from 1999 to 2005. The primary project objective is to support the sustainable development of Sohag rural villages through the participatory approach initiated by the National Program for Integrated Rural Development (Shorouk). The project aims to (i) promote sustainable rural development in Sohag; (ii) improve income and quality of life of rural communities; and (iii) improve equitable access to credit for the rural poor, unemployed youth, and women.

The project consists of three components:

- (a) **Local Institutions Strengthening** (\$6.4 million) aims to strengthen the governorate's capacity to coordinate rural development in Sohag and support village participatory planning process, through training and technical assistance;
- (b) strengthen the districts' capacity to support decentralization and participation at the village level, on technical, managerial, and financial matters; (c) support line ministries involved in rural development in Sohag, to enable them to interact more efficiently in the village participatory process. Project financing would include equipment, training, and technical assistance.
- (b) **Village Infrastructure** (\$60.6 million) supports Village Priority Development Plans identified and prepared through a participatory process using the Shorouk methodology and co-financed by the Sohag Villages, in interaction and with the support of the local administration and technical services. The project's financial contribution is matched with up front villagers' participation of about 15 percent in labor or cash or in kind. In particular, the project supports (a) economic and municipal infrastructure (potable water supply, small irrigation and drainage systems, rehabilitation of rural roads, etc.); and (b) social infrastructure (youth centers, women's clubs, etc).

- (c) **Rural Finance** (\$26.7 million) (a) finances rural credit for on-farm technology, improvement and rural-based investment through a line of credit, and institutional strengthening of the Sohag BDAC; and (b) promotes micro-credit for income generation for the rural poor and women through lines of credit to Sohag BDAC and LDF in Sohag for: (i) community-based micro-credit; (ii) individual micro-credit; and (iii) institutional strengthening of LDF.

POPULATION PROJECT

Background

Egypt's population is estimated at 67.89 million and is projected to reach 73 million by 2010 and 86 million by 2025. Population pressures are expected to intensify and have an impact on the country's education and health systems, social services, employment market and labor migration, urban areas, and the natural resource base in the foreseeable future. In addition, poverty is a serious problem in Egypt particularly in the regions of Upper Egypt. In recognition of these problems, the Government of Egypt has made population a national priority, and has set targets for raising contraceptive prevalence to 65 percent by 2007, with the expectation of bringing down the total fertility to 2.7 and population growth to 1.8 percent. The population project aims to reinforce and expand the goals of the national family planning program.

Project Description

The project objectives are: (i) to better manage population growth and prevent avoidable population growth by giving the Ministry of Health & Population (MOHP) the institutional capacity to play lead role in the population sector and (ii) improve the conditions and status of women and children in areas where fertility remains high, mainly in rural areas of Upper Egypt, by stimulating additional demand for smaller family size and family planning services.

Project Costs

Total project costs are estimated at \$20.7 million (IDA commitment \$17.2), including \$2.6 million for its Capacity Building Component and \$18.1 for the Population Activities Program component. The two components are outlined as follows:

1. **Capacity Building** helps install capacity in the population and Family Planning Sector of MOHP for a set of key functions, including policy and program development, business planning, sectoral manpower development and training, research programming, planning, resource mobilization, supervision, monitoring and evaluation, and public/nongovernmental organizations/local community program coordination.
2. **Population Activities** includes projects to increase awareness of population issues, to strengthen motivation for couples to plan their families, to facilitate access to and use of reproductive health services, and to educate and motivate people in such related areas as child nutrition, safe motherhood, male awareness, and delayed age of marriage. The

capacity building component helps install capacity in the Population and Family Planning Sector of MOHP for a set of key functions, including policy and program development, business planning, sectoral manpower development and training, research programming, planning, resource mobilization, supervision, monitoring and evaluation, and public/NGO/local community program coordination, all based on a “functional matrix” agreed with the government. The project complements support being provided under an ongoing UNFPA-funded Management Development Project, which was to be completed in 1997. A Three Year Strategic Business Plan provides the overall framework, a set of organizing principles and objectives, indicators against which to monitor progress, and resource requirements for the installation of this capacity. The project finances project management costs, technical assistance for the priority functions, policy studies, and training for Sector managers and staff. By project completion, the ministry would have capacities in the population sector to: (a) conduct high-level Population Project 9 advocacy and research; (b) undertake strategic leadership of planning, management, and interdepartmental coordination for population growth; (c) monitor and evaluate the overall progress of population programs; (d) mobilize and allocate resources for population programs in an efficient way; and (e) support NGO and local community initiatives.

The Population Activities Program (PAP) is designed to stimulate demand for family planning and smaller family size where fertility remains high and demand low, mainly in rural areas of Upper Egypt. This component supports grants to NGOs, local community organizations, and relevant public sector agencies for small, decentralized proposals. These include projects to increase awareness of population issues, to strengthen motivation for couples to plan their families, to facilitate access to and use of reproductive health services, and to educate and motivate people in such related areas as child nutrition, safe motherhood, male awareness, and delayed age of marriage. It also includes projects to extend and improve the quality of social change agents, development of capacity to produce local informational material, rural internships for urban youth and professionals, counseling and referral programs for youth, and youth-to-youth campaigns/programs. To ensure that activities are well targeted, proposals are evaluated using a strategic framework and a typology of interventions with clear, simple criteria, transparently applied. The activities are monitored and evaluated against specified outcome indicators. By project completion, a series of population activities and interventions would have been carried out, which would contribute to attitudinal and behavioral change in the population of targeted areas toward some of the key determinants of fertility. A project implementation period of five years was expected to be required to achieve results. To the extent possible, promotion and outreach for the PAP program was to cover all eight governorates of Upper Egypt. The initial focus was on the capitals of each governorate, in order to obtain official sanction for the program within the governorate and because some of the possible activities were to be carried out at the governorate level. Subsequently, the focus has shifted to rural areas in these governorates. The priority areas to reach are those where officials are most receptive and contraceptive use is particularly low.³ To a large extent, the program is meant to be demand-driven, so that, once initial promotion is completed, program focus should depend on the volume and quality of proposals approved, as assessed against the criteria given below.

SOCIAL PROTECTION INITIATIVES PROJECT

Background

The economic reform program the GOE has pursued has produced positive results, however, benefits have been unequally distributed across the population, resulting in the development of previously unknown social concerns. Major sector issues are: street children and juvenile delinquency caused by rapid urbanization; new social strains affecting traditional family framework of village life; this requires the coordination of ministries operating in social welfare, health, education & labor; regulations and service standards out of date; although the government and non-profit sector have responded, there is no comprehensive framework into which these services fit.

Project Financing & Costs

Total project costs are estimated at \$5.33 million (IDA commitment \$5.0 million) including \$2.7 million for nursery-based services and outreach services for disabled children and their families (in three governorates), and \$1.9 million for the youth at risk and street children in urban and rural areas. The second component will include \$0.7 million in support of a Project Management Unit in the Ministry of Insurance and Social Affairs.

Project Description

The project covers four areas: Greater Cairo and three governorates in Upper Egypt. Key objectives on Social Protection Initiatives is to develop and test integrated programs for children with disabilities and youth at risk, through a range of providers, and to inform the development of a new strategy for improving services.

The project has two components: (i) Support for services for children with disabilities and their families (ii) Initiative for youth at risk. The project components are designed as integrated packages. Each component contains a needs assessment and information sharing (Phase 1), projects incorporating inter-agency collaboration (Phase II), the development of prototype standards and rules (Phase III), leading to changes in national programs (Phase IV or follow-on). The project implementation manual contains a detailed plan of action for implementation. Funded projects, implemented by a variety of providers in selected governorates, will be implemented on a rolling basis throughout the project period. Results will be compared to similar, already existing programs in other governorates.

SOCIAL FUNDS I, II, AND III

The first phase of the Social Fund project focused on addressing the negative effects of structural adjustment on the vulnerable populations in Egypt through job creation and poverty alleviation, while the second phase project had a more direct objective of job creation and addressing poverty. The third phase extended the goals further through its objectives of helping create employment opportunities and providing community infrastructure and services through labor intensive works. The Social Fund III project consists of two components: a Public Works Program comprising labor-intensive public

works and a Community Development Program consisting of community support infrastructure and services. It also provided additional funding to the Social Fund's community infrastructure program for an extension of the second phase from 2000 to 2002.

SOCIAL FUND I

Project Funding & Costs

A total of \$572.0 million, with an IDA credit of \$140 million. (BW sources indicate total costs as \$650.30 million.) Co-financers included the European Community, \$140 million; GOE/USAID, \$55 million; Arab Fund, \$50 million; Kuwait Fund, \$50 million; Switzerland, \$30 million; Germany, \$30 million; Abu Dhabi Fund, \$25 million; Denmark, \$10 million; Canada, \$10 million; France, \$10 million; Sweden, \$10 million; Netherlands, \$6 million; UNDP, \$4 million; Norway, \$2 million.

Project Description

The project's main objective was to reinforce the prospects of success of the reforms to be undertaken and supported by the government's ERSAP, through measures that (i) initiate, stimulate, and enable a program of actions that will help soften both the initial adverse effects of the reform process and the negative impacts of the Gulf crisis on Egypt; and (ii) establish mechanisms to protect selected target population groups (e.g., displaced public enterprise workers, households headed by females, and unskilled and semi-skilled unemployed workers) in Egypt from the likely longer-term adverse effects of adjustment.

In line with this objective, the project supported a set of core programs, comprising numerous small subprojects, that would (i) in the short term, address the immediate and pressing needs of target groups, and (ii) in the medium term, strengthen the government's capacity to design and monitor poverty alleviation policies, and help promote the institutional capacity to develop and/or modify new or existing social programs, including safety net programs. This was to serve as a first step toward the emergence of a modern and efficient social security system, to be supported by future interventions, including a possible follow-up social fund operation. The proposed project had thus been explicitly designed, in the first instance, around income and employment-generating activities rather than as a major expansion of existing poorly targeted and less efficient direct assistance schemes. The core programs were selected and appraised based on their ability to respond quickly and substantially to the demonstrated and anticipated income, employment, and essential public service needs of disadvantaged Egyptians.

The project comprised the six core programs described below:

- (a) **Provision of Essential Municipal Services program** which helped improve and maintain essential public services at the local level in the face of budgetary contractions and provide employment opportunities for disadvantaged Egyptian workers. The program entailed numerous small, labor-intensive public works subprojects carried out by local, private contractors with local labor, including

- investment activities (construction and rehabilitation of water supply and sewerage systems, streets and roads, etc.) and maintenance activities (cleaning of canals and buildings, solid waste collection, etc.). Priority was to be given to areas with high poverty incidence and unemployment rates, thus creating income earning opportunities and providing basic services for many of the poor who are most vulnerable to the negative impacts of the adjustment process (\$255 million).
- (b) **Improvements to Essential Public Transport Services program** financed the purchase of spare parts and vehicles for the two existing metropolitan bus companies (Greater Cairo and Alexandria) in order to improve the crucial role of public mass transportation in bringing together, especially for unskilled low wage workers, locationally mismatched demand and supply for labor (\$53 million).
 - (c) **Community Development program** included improvements in basic and primary health care provision, immunization programs, mother and child nutrition programs, child care center upgrading, short-term literacy and practical **training** programs, and a variety of self-help productive activities implemented by participating local community groups, thus ensuring extended coverage of these essential services among the poorest and most vulnerable groups (\$42 million).
 - (d) **Enterprise Development program** funded the delivery of integrated packages of technical assistance, training, and credit to assist (i) returning workers in establishing small enterprises, (ii) unemployed people in starting up productive activities, and (iii) existing small enterprises in expanding/extending their businesses and creating new jobs. Loans were to be at market rates and to use existing financial intermediaries (\$120 million);
 - (e) **Labor Mobility program** established mechanisms to facilitate redeployment of workers displaced by public enterprise reform. Assistance provided was to include appropriate selections of the following: counseling, (re)training, placement, compensation, and technical and other support to promote the redeployment of such workers to growing industries and the development by them of productive, income-generating activities (\$91 million).
 - (f) **Institutional Development program** financed the administrative and operating costs of SFD, training and technical assistance for project implementation, and surveys and studies to strengthen SFD's targeting, monitoring and evaluation systems, including the development of enhanced mechanisms for (i) better targeting of subsidies, (ii) protecting essential public services used by the poor, and (iii) improving the efficiency of various direct transfer schemes, as a first step in assisting the government to rationalize its social assistance programs (\$11 million).

SOCIAL FUND II

Project Funding & Costs

Total project costs were \$775.0 million, with an IDA commitment of \$120.0 million. The EU contributed \$200 million; Arab Funds, \$170 million; UNDP/ADB, \$14.0 million; bilateral donors, \$97 million; GOE and beneficiaries, \$174 million.

Project Description

The Bank's Country Assistance Strategy for Egypt discussed by the Board on March 24, 1994, recommended a strong emphasis on poverty reduction through development of human resources (see paragraphs 37- 42 of Report No. P-6263-EGT) and using the contribution of Egypt's small entrepreneurs. The World Bank had taken a broad-based approach in the social sectors and had supported projects in basic health and education. The support to SFD provided a vehicle to help reduce poverty and improve living conditions by creating employment and supporting community development. The project supported activities designed to reduce unemployment and increase growth by harnessing the productive capacity of Egypt's small entrepreneurs and community groups. It also provided an important vehicle to support World Bank/NGO partnership. The Government of Egypt asked the World Bank to lead the development of the project and convene the donors meeting because of the Bank's (i) global experience with social funds, (ii) technical and financial support for the first phase; and (iii) experience in mobilizing donor resources. The donors meeting was held April 16-17, 1996, and raised \$775 million for Phase II, including \$174 million from Egyptian sources. The IDA credit has been a catalyst for raising \$481 million from other donors.

The project objectives were to help: (a) create jobs through support of small enterprises and labor-intensive works, and (b) support community infrastructure and services in partnership with NGOs and local groups. These objectives were to be accomplished through building on the strengths of the first phase of the SFD. The issues identified during Phase I were to be addressed to ensure that the SFD was more sustainable, more highly targeted, and more efficient during Phase II.

The second phase of the SFD included the following programs:

- (a) **Small-scale Labor-Intensive Works Program:** The SLWP built on the public works program, with an increased focus on community partnership and targeting. Subprojects continued to be executed in close cooperation with governorates, the local branches of the relevant technical ministries, and the concerned community.
- (b) **Community Development Program:** The CDP built on the previous program and continued to focus on (i) community and NGO participation, (ii) capacity building, and (iii) targeting of women, the poor, and the unemployed. CDP subprojects continued to be executed in partnership with NGOs and the beneficiary communities, with involvement of local authorities at the planning stage.

- (c) **Enterprise Development Program:** The EDP evolved into a credit program providing loans to banks for on-lending to entrepreneurs and a technical assistance program for entrepreneurs through NGOs. During implementation of Phase II, the EDP was restructured according to a business plan (agreed with the World Bank) designed to ensure long-term sustainability.
- (d) **Human Resource Development Program:** The HRDP built on the public enterprise labor mobility program, but extended its mandate to support labor mobility in private sector companies affected by trade liberalization. The program also provided support on a matching grant basis to small enterprises that wished to train their workers. Grants were transparent and largely for skills with higher mobility. The labor mobility program was executed in partnership with the enterprise concerned, while training services were provided under contract by the private sector.
- (e) **Institutional Development Program:** The IDP supported SFD management as well as poverty monitoring and other studies linked to poverty and social safety nets. During Phase II, decentralization of functions were increased through transfer of responsibility for programs to SFD's regional offices where feasible. This was to allow even closer association with local governments than had been the case.

SOCIAL FUND III

Funding for the project was approved in June 1999 with an original closing date of December 31, 2002. The closing has been extended to December 31, 2004.

Project Funding & Costs

Total projects costs are \$65.0 million, with an IDA credit of \$50.0 million. The GOE contributed \$10 million; beneficiaries and NGOs, \$5 million.

Project Description

The project consists of two components: (i) a Public Works Program consisting of labor-intensive public works, and (ii) a Community Development Program consisting of community support infrastructure and services. The main objective of the project is to help create employment opportunities and provide community infrastructure and services. It is expected to create about 20,000 temporary and 2,500 permanent jobs.

Public Works Program (PWP) \$45.9 million (total cost of component)

This component was a continuation of the ongoing Public Works Program (PWP) of the Social Fund for Development. The PWP funds small-scale public works programs in partnership with communities and local government, which are executed by small local private contractors. Projects funded include construction, rehabilitation, and repair of irrigation and drainage canals, water supply and sewerage systems, rural roads and streets, and public buildings, and maintenance including canal cleaning, public buildings,

solid waste collection, and disposal. The \$46 million component funded about 14 percent of the \$355.0 million pipeline of identified but unfunded projects in the PWP. This compared with a funded program of \$95.0 million under the Second Project (1997-2000) supported partly by IDA credit.

Targeting and Resource Allocation. The PWP targeting and resource allocation system was based on a social and economic study carried out in 1991. The allocation of funds was based on population and size and ranking of rural areas using a combined poverty and unemployment index. This targeting system, which had methodological and data shortcomings, and was amended from time to time, was also found to be not very practical as a management tool. As a result, PWP programs have tended to be overly concentrated both in poor (Aswan) and wealthier (Suez) governorates, although focused on poorer communities within all governorates. The targeting system is now being revised in two ways. At the overall level, the Social Fund is conducting a Retargeting of Programs study between March and September 1999. This will update the combined poverty and unemployment index by incorporating the results of the Priority II, Integrated II, and Community Needs II surveys, conducted over the past three years, into the SFD targeting system. At the program level, PWP (and CDP) are piloting a new targeting system that uses the UNDP Human Resource Index (HRI). This targeting system maps multiple HRI indicators down to the governorate and some district levels currently. This work will be continued until all districts are covered. The SFD is designing a matrix that matches clusters of HRI indicators with a specific project intervention or set of interventions to help improve those indicators. This is an operationally based system, which will provide a quick reference check on the combined index system and helps sharpen that system. PWP (and CDP) managers and staff, including those in the 20 regional and 6 satellite offices, will be trained in the use of the new system over the next year, as it is expanded from pilot to general use.

Phase I and II Results and Issues. In general, PWP programs have been fairly successful in medium intensity, with labor costs averaging about 30 percent and varying from less than 20 percent for water supply and sewage networks to 50 percent for canals. This average compares favorably with PWP's labor cost target of 25 percent for its programs. The average man-month cost has been about \$220 (\$230 in Upper Egypt, \$210 in Lower Egypt, and \$255 in the border governorates). With an average cost of labor of approximately 30 percent, monthly salaries paid under PWP programs have been in the range of \$65-72. This compares favorably with the average monthly salary of unskilled and semi-skilled labor (\$60-74) in Egypt. PWP contractors pay prevailing local market wage rates.

PWP has also achieved an average voluntary community contribution of 10 percent to project costs, has stimulated the local small-scale private contracting industry, and has been a leader in incorporating environmental review into its appraisals. Its administrative costs have been 2-4 percent of construction costs, a little below the typically accepted national average of 5 percent. The principal issues affecting PWP are operations and maintenance (O&M), targeting, and extent of community participation in project selection and design. These issues have been highlighted in several evaluations of the PWP. Originally, PWP tried to ensure that O&M was carried out by including it as a covenant in the Framework Agreement with the "Sponsoring Agency" and beneficiaries.

Often these would be the governorate-level department of the relevant line ministry. This did not work. Various other approaches such as voluntary contributions from beneficiary communities for O&M and efforts to introduce cost-recovery mechanisms also ran into practical and legal problems. It also became clear that the O&M problem was due in part to weak beneficiary involvement. The situation was rectified under Phase II. In addition, it has introduced a program under which it finances the management costs of projects, and contracts qualified managers for communities that are willing to provide most of the project funds themselves, but which lack contract management and O&M know-how as well as full financing. PWP has also focused on the type of infrastructure created, and has placed greater emphasis on repair and rehabilitation than maintenance as this was often the most effective way of meeting community needs.

Community Development Program (CDP) \$19.1 million (total cost of component).

The main objective of this component was to support the development of community support infrastructure and services, in partnership with local groups, to reduce poverty and improve the quality of life, and to promote community and NGO participation. The most important of these was education and training (about 25 percent), micro-enterprise (30 percent), and health (45 percent) programs and projects. The project did not finance the micro-enterprise program as that had adequate funding from other donors. The \$19.1 million component was to fund about 15 percent of the \$132 million pipeline of identified but unfunded projects in the CDP. These numbers exclude micro-enterprise. This compares with a funded program of \$180.0 million under the ongoing Second Project (1997-2000).

Targeting and Resource Allocation. The CDP targeting and resource allocation system with its previously noted shortcomings was the same as that used for the PWP. As a result, there is some evidence that CDP programs have tended to underspend in the poorer governorates, although they have been well targeted on poorer communities within all governorates. A 1996 study of 5,124 beneficiaries in 62 projects covering both PWP and CDP showed that beneficiaries were largely rural with characteristics such as low education levels, large family size, and high average dependency ratio per household, which are indicative of poverty status. However, there was no data collected on consumption and the findings were not compared with national indicators, so it was difficult to determine the comparative picture.

Phase I and II Results and Issues. While employment generation was not an explicit objective of CDP programs, it in fact generated more employment — with approximately half the funding of PWP. This is because the micro-enterprise program generated about two-thirds of the employment created. Absent this program, the CDP and PWP were quite comparable. Thirty-seven percent of CDP beneficiaries were women, versus a target of 50 percent. Under the micro-enterprise program, 38 percent were women. Overall, administrative costs of CDP run at about 8-10 percent of costs. Although this is higher than PWP, reflecting the differences in the management intensity of the two programs, it compared favorably with international experience. CDP took the following actions to improve participation of primary beneficiaries and other affected groups. It introduced Participatory Rapid Appraisal (PRA) techniques into two Upper Egypt Governorates (Qena and Aswan) through a training program for its own staff and NGOs

as well as a “train the trainer” program for NGOs. CDP also introduced as a standard practice consultations with Village Popular Councils in the project area of each project proposed. CDP addressed links with ministries by encouraging consultation between NGOs and the district offices of the Ministry of Social Affairs (MOSA) during project preparation as well as the inclusion of a local MOSA representative on project steering committees. However, the decisive element in good coordination between SFD, its implementing partners and ministries at the local level was leadership by the governors. CDP local capacity building programs were limited by resources. However, CDP included funds for training of all doctors and nurses operating rural health clinics in project areas. Likewise, it funded training of all teachers in its illiteracy programs.

Annex B. Egypt: List of ESW/AAA

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