

Egypt: Sohag Rural Development Project (SRDP)

Item	Assessment Remarks	Rating
Country & Project Name	Egypt - Sohag Rural Development Project (SRDP)	
Loan Number	484-EG	
Project Id.	1050	
Board Date	September 1998	
Effectiveness Date	June 2001	
Original Closing Date	June 2005	
Final Closing Date	December 2008	
Total Project Cost USD(M)	USD 93.023 million	
IFAD loan USD (M)	USD 24.830 million	
Cofinanciers (if any)	USD 24.860 from WB; USD 0.1 million from BDAC; USD 23.600 million from GoE, USD 7.1 million from the village of Sohag governorate	
Implementing Agency	The Governorate of Sohag had the overall responsibility for project implementation and coordination.	
Principal Components	The main project goal is to improve rural income and natural resource management. Project's components are: i) strengthening of local institutions; ii) village infrastructure; iii) rural finance component.	
Project Performance		
Design	SRDP was the first IFAD project to go sub-national and to be implemented in the Upper Egypt region. It was a project with an appropriate concept of local and small scale development adopting a demand-driven and gender inclusive approach . SRDP strategy was based on the participatory approach initiated by the National Programme for Rural Development (SHROUK) started in 1994. However, SRDP was a highly complex project with little explanation of the synergy between components. Inadequate attention was given to previous project lessons learned. Not enough details were given in the Project Appraisal Document (PAD) regarding important aspects such Technical Assistance Secretariat (TAS), institutional capacity, and collaboration between implementing agencies. The design of the credit component led to have three implementing agencies: the GOS, BDAC and LDF. There was also an over reliance on institutional reform of PBDAC . Moreover, project's design failed to recognize Governorate's inability to ensure adequate support and follow-up for the infrastructure component , and to provide a substantial TA programme and budget. O&M was also not adequately tackled and O&M funded by local communities was an un-realistic approach. The M&E aspects under the credit component were not adequately addressed during project preparation (where no costs initially planned for overall project M&E) and no baseline survey had been undertaken.	3
Implementation	The project was approved in 1998 and declared effective in 2001. The project went through a period of slow implementation during the first 3 years , when very little infrastructure was built and disbursement did not exceed 12.5% . In addition, the devaluation of local currency (2001-2003) and price escalation adjustment affected some contract costs and contributed to delaying works . At the 2003 MTR, the progress of the project was very limited, and there was no progress made in the credit component. The MTR recommended substantial budget revisions and reallocations of funds among the project categories. As a result, the total cost of project dropped from USD 93.8 million to USD 68.1 million. To address bottlenecks, both IFAD and the World Bank decided to amend the legal agreements (April 2004 for IDA credit, and September 2004 for IFAD loan). Additional challenges included the delays in disbursement due to unavailability of adequate GoE's counterpart funding . While the individual micro-credit was at last mobilized in 2006, it was not possible to start the community micro-credit line through NGOs due to a systematic resistance from PBDAC authorities to working with NGOs . As a result, in December 2007, the project left out the community credit line through NGOs. The project original closing date for International Development Association (IDA) credit was extended twice from 30 June 2005 to 30 April 2008; for IFAD loan, it was extended once from April 2007 to June 2008. The overall implementation of the M&E function suffered from weak capacity and supervision , and there was limited or no data regarding the credit component and beneficiaries until 2007.	2
Relevance	The project was initiated at an appropriate time and came up with a number of pertinent activities and interventions which were complementary to the SHROUK program. The adopted participatory approach helped identify infrastructure and services of first priority to the population. The project activities were in line with IFAD's priorities and GoE preoccupation to improvement of the socio-economic conditions of Sohag , in light of high demographic pressure, extensive	4

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	illiteracy, unemployment and a limited natural resource base. The supported demand-driven village infrastructure enhanced appropriateness for the region and the priorities of the local population. Credit access was also correctly identified as an absolute need for developing income generation activities for the poor. However, the choice of PBDAC and its Sohag BDAC was not appropriate at the time , and the conditionality related to institutional reform of PBDAC was vague and not enforceable .	
Effectiveness	The long time to become effective negatively affected the project implementation, resulting in delays of benefits and beneficiaries' scepticism. The project failed to provide medium and long-term resources to improve technologies, increase productivity and support rural-based investments. Likewise, the project also failed to implement the community-based micro-credit through NGOs and Community Development Associations (CDAs) as development partners. Only about 7,500 loans (averaging USD 700 per loan) have been provided under the individual micro-credit project subcomponent. The project failed to create the level of employment and the enabling conditions to improve the expected income generation opportunities for the rural poor.	2
Efficiency	Project's efficiency was negatively affected by SRDP twenty-two months to become effective . In addition, SRDP timely implementation progress was hampered by disbursement delays due to lack of counterpart funds . Project's efficiency was also negatively affected by the financial (mis)management of the credit component . At this regard, PBDAC's performance involved frequent financial management issues: fund flows did not run smoothly; reporting was delayed; audit reports were submitted late. Reporting lines between Sohag BDAC and village banks was also not clearly defined. With regard to LDF, the flow of funds from IDA/IFAD to the LDF units in Sohag was not smooth due to the channelling of funds from the World Bank through the NIB then to the LDF head office and finally to Sohag LDF units, resulting in a lengthy process and occasional bottlenecks. For the infrastructure component, there were frequent delays in paying contractors due to lack of funds and insufficient follow up which contributed to increase in cost of construction . In addition, as different sectors (Economic and municipal, human development and social) were involved in implementing the contract package, inconsistencies arose concerning the level of quality of procurement as well as contract documents used for bidding, evaluation reports, etc.	2
Partner Performance		
IFAD	IFAD has actively participated with the World Bank in a number of key supervision missions, in addition to its close follow up. Furthermore, IFAD also employed, for a certain period of time, a Monitoring and Evaluation Consultant to help shape the project's monitoring system. During the project identification/preparation process IFAD (together with the World Bank) developed a good understanding and knowledge of the main constraints to development in Sohag and comprehensive ways to deal with the solutions. However, IFAD (like the WB) is accountable for some critical design flaws . During implementation, some of these flaws could have been reversed through a formal restructuring of the project rather than just reallocating funds and reducing the GOE contribution . The World Bank successive supervision and IFAD follow up missions, as well as MTR, provided erratic advice and follow up.	3
Cooperating Institution	The World Bank was the CI. At MTR, the Bank was flexible and proactive by making substantial budget revisions and reallocating funds from the credit component to the other 2 components. However, the Bank should have responded earlier regarding committed funds and by looking for more imaginative alternative ways for improving the rural finance bottleneck. SRDP has benefited from about 23 WB's supervision missions conducted over the project life, with an average of 2-3 missions per year consisting of teams of 6-7 Bank staff with a complementary set of skills including an ad-hoc involvement of rural finance expert. However, with the difficulties involved with credit component, a rural finance expert ought to have been more consistently part of the supervision mission teams. The quality of WB's SRDP supervision is considered moderately unsatisfactory due to: (i) the overly optimistic and inadequate attention to the credit component and insufficient management input into supervision efforts; (ii) during implementation, the M&E aspects of the SRDP were not adequately addressed by the CI and this may be considered as a lost opportunity to anticipate problems to improve project performance; (iii) the key performance indicators, project goals and expected outcomes were not changed to reflect the restructuring of the project; and (iv) the re-allocation of credit proceeds to the rural infrastructure component was not accompanied by adequate attention to the institutional capacity to execute the additional work.	3

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Government	The unsatisfactory performance of GOS negatively affected project overall performance . GOS contributed significantly to the project's twenty-two months delay to become effective , and it only provided in total less than USD 9.0 million in the extended eight years against a foreseen contribution of USD 23.6 million in six years. In addition, even after the MTR amendments which reduced the counterpart funds from 50% to 15%, payments by line ministers continued to be late . This in turn delayed the payment of the funds provided by IDA/IFAD and led to cash flow problems for the contractors. The GOS had the overall responsibility for project implementation and coordination and direct executive responsibility for the village infrastructure and local institution. The GOS created a Technical Assistance Secretariat (TAS), which managed to coordinate the infrastructure component adequately. However, GOS failed to provide committed financial counterparts for the TAS, thus jeopardizing the sustainability of project management system . At MTR, the Project Management Unit (PMU) was deemed small compared to the size of the large and decentralized SRDP . The technical assistance team that was there could only provide a limited level of guidance and oversight compared to the project financial and geographical scope and also given the difficulty of working in rural areas of a poor governorate. In response to this constraining factor, GOS allocated more staff to technical supervision, social monitoring programme and general programme oversight. The performance of Sohag BDAC was considered unsatisfactory due to its weak capacity , and this has in turn negatively affected overall performance of SRDP. Sohag BDAC did not manage to disburse the reduced amounts of funds even after the MTR reallocation. Therefore, it was not possible to implement a sustainable micro-credit window and NGOs involvement was systematically resisted . Despite the poor performance, towards the end of the project, Sohag BDAC managed to slightly diversify loans and promote better involvement of women. With regard to LDF , the frequent changes in its management as well as political interference were the main cause of its failures and delays. As result during the first 5 years following effectiveness, no commitment was shown and no disbursements were made. Only during the last 2 years of the project life, LDF managed to disburse its fund allocation.	2
NGO/Other	NGOs had an active role in implementing project activities. They acted as a mediator in enhancing, activating and supporting the participation of rural communities by identifying and selecting projects to be implemented inside villages.	4
Cofinancier(s)		
Combined Partner Performance		3
Rural Poverty Impact		
Physical Assets	In terms of physical assets the project gave a positive contribution by constructing roads, canals, sanitation, water supply, schools, youth centres and social centres . The SRDP implemented 96 wells and water supply networks. Some beneficiaries stated that the value of adjacent land has increased after the road was paved by around 30 per cent.	4
Financial Assets	As described under the effectiveness section, SRDP failed to increase beneficiaries' income . With regard to the provision of loan, micro-credit loans were used to finance micro enterprise such as poultry , small bakeries, broidery, and to purchase small ruminants especially goats and sheep.	3
Food Security	The PCR does not provide any information.	NA
Environment	Environmental impact of SRDP is considered mostly positive. SRDP largely contributed to improving environment by reducing water pollution through canal covering and contributed to waste water treatment . It also increased awareness among the population regarding environment issues through organization of training sessions .	4
Human Assets	In terms of human assets, the project gave a contribution to beneficiaries' livelihoods. Sanitary infrastructure, canal covering, adequate irrigation, water supply have reduced water borne diseases and other health hazards . Additionally, each benefited family saves nearly 35 minutes of women's time per day from collecting water for family needs.	4
Social Capital and Empowerment	As far as this impact domain, little information is given. The PCR only mentions that through the progressive adoption of the participatory planning and implementation methods in adaptive research, the project has contributed to improving the relationships between the communities and government officials (extension agents, credit local officers, researchers, etc.) in the development process.	3
Ag. Productivity	Within this domain, the PCR only mentions that as a result of the adequate treatment (vaccination, artificial insemination, etc.), cows and buffalos increased their production of milk, and their calf sales.	3

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Institutions and Services	Not assessed.	NA
Markets	Not assessed.	NA
Rural Poverty Impact		3
Overarching Factors		
Innovation	The PCR defines the SRDP approach as unique in Egypt's project portfolio and contextually innovative in its design. However, in the PCR no reasons are provided to explain this feature. The only reference made is that within the SRDP, IFAD and the World Bank pioneered the decentralization concept into the administrative structure of the country.	3
Replicability and Scaling-up	The PCR's analysis of the replicability and scaling up of the project is very weak. The PCR only makes reference to practices related to road pavement that can be repeated in the villages based on the experience acquired by villagers through SRDP activities.	2
Innovation, Replicability and Scaling-up		2
Sustainability and Ownership	With regard to infrastructure, sustainability of investments made under the infrastructure component depends on establishing proper maintenance arrangements with adequate resources and funding. At this regard, the appraisal assumed that O&M could be fully paid for by the beneficiaries or local communities. However, current O&M (operations and maintenance) arrangements and allocations are not adequate for a number of sectors such as roads, water, irrigation and post offices. Institutional strengthening is unlikely to be sustainable , as the GoE failed to provide committed counterparts for the TAS and thus missed an opportunity. In addition, no specific attempts were made to put governorate people in tandem with TAS to transmit the methods, and perspective applied to the project, specifically with regard to contracting, planning, participatory methods, monitoring and evaluation. This raises the issue of the sustainability of the project within the governorate, due to lack of incentives and expertise among governorate staff.	2
Targeting	The targeting approach of the project was appropriate to the country context as it was designed for an area of very poor rural population in Upper Egypt with very poor landless small farms , unemployed youth, and illiterate people particularly women lacking basic economic and social infrastructure. The entire population of Sohag was considered as the project target group.	5
Gender	Sohag Project adopted a gender inclusive approach . The results reached at the end of project show that: (a) women represented 33% of SHROUK committees members and 27% of general board members of the participating NGOs; (b) the percentage of women from the waiting lists having ID cards was 57% and the percentage that had been issued voting cards is 47%; (c) women represented 27% of the participants who attended training sessions organized by the project; and (d) proportion of loans extended to women was respectively 33% from BDAC and 53% from LDF.	4
Overall Performance		3
Estimated number of beneficiaries	The project was designed to concern all 51 local administrative units in Sohag including 268 villages and 1217 hamlets	
PCR Quality		
Scope	Overall, PCR in compliance with guidelines.	4
Quality	The PCR lacks of both in-depth qualitative and quantitative analysis.	3
Lessons	Given the several problems encountered by the project during its implementation, the lessons learned should have deserved a more in-depth reflection and analysis.	3