

Arab Republic of Egypt

West Noubaria Rural Development Project

Project Performance Evaluation

Executive summary

Background

1. The Independent Office of Evaluation of IFAD (IOE) undertook a project performance evaluation (PPE) of the West Noubaria Rural Development Project (WNRDP) in the Arab Republic of Egypt. The objectives of the evaluation were to: (i) assess the results and impact of WNRDP and generate findings and recommendations for the design and implementation of ongoing and future operations in Egypt; and (ii) build IOE's project-level evaluative evidence for the Country Strategy and Programme Evaluation of Egypt.
2. WNRDP was an integrated rural development project which aimed to "enhance the livelihoods of the target population through increased and sustainable economic activity and greater social self-reliance". The project had five objectives: (i) attainment of social cohesion and a sense of community in the villages; (ii) reliable and equitable access to the support services essential to economic and social well-being; (iii) diversified and profitable farming based on more efficient water use; (iv) establishment of self-sustaining arrangements for the provision of accessible and effective credit services; and (v) a diversified and strengthened local economy contributing to nationwide economic advancement.
3. WNRDP covered 78 villages in the Noubaria land reclamation zones located on either side of the Cairo-Alexandria desert road. The total targeted population was 36,180 households comprising 228,000 individuals. The primary target group were newly settled smallholders in 18 villages, including landless farmers, traditional farmers and young graduates. The project's secondary target group included unemployed youth and displaced small farmers in already established villages. The primary target group received the full package of project support, which included construction and rehabilitation of basic infrastructure, technical support on cropping and irrigation systems, marketing support and credit. The secondary target group had been settled longer and thus required technical support and credit, but no infrastructure activities.
4. Project cost at design was US\$54.75 million, financed by IFAD (US\$18.48 million), a grant from the Italian Debt Swap (IDS) (US\$30.13 million), Food and Agriculture Organization of the United Nations (US\$0.40 million), the Government (US\$5.54 million) and beneficiaries (US\$0.20 million). Actual project costs at completion were US\$52.2 million.

Main evaluation findings

5. **Relevance.** WNRDP's goal was aligned with the Government's policies to reduce poverty and unemployment in the old lands of Upper Egypt by settling landless farmers and unemployed youth in the newly reclaimed lands in Lower Egypt. It was also aligned with IFAD's country strategic opportunities programme (COSOP) and the priorities of the poor. The project objectives and design were relevant and addressed the most urgent needs of the newly settled smallholders. The targeting approach was valid at design, but not sufficiently flexible to adapt to the demographic changes in the project area and the increasing socio-economic differentiation within the target population. The rating for relevance is *moderately satisfactory* (4).

6. **Effectiveness.** The combined delivery of social infrastructure, assets, training, credit and institution building concentrated in a small area was generally effective and made an important contribution to enhancing the well-being of the target population and increasing the settlement rate. WNRPD achieved good results with diversification of crops and substantial conversion to drip irrigation. The infrastructure and services provided filled an important gap in the absence of local administration. Furthermore, the project set up community-level institutions (water user associations and community development associations), but their effectiveness was limited as they are not institutionalized within the local administration framework. WNRDP improved access to credit for inputs and productive assets for beneficiaries in both primary and secondary areas, although this did not result in economic diversification as expected. This is partly due to the underperformance of the Principal Bank for Development and Agricultural Credit (PBDAC), which was characterized by onerous requirements, delays and poor follow-up on repayment, leading to very few second loans being issued to clients. Finally, the project could have performed better in targeting women beneficiaries and very poor smallholders. The rating for effectiveness is *moderately satisfactory* (4).
7. **Efficiency.** Project implementation was characterized by budget overruns, slow disbursements, high staff turnover, slow loan effectiveness and delays in implementation, which resulted in two extensions of the project completion date. Efficiency is therefore rated *moderately unsatisfactory* (3).
8. **Rural poverty impact.** Despite those challenges, the project has made a significant impact on the target group. Above all, it has significantly improved the living conditions in the new settlements, thus contributing to community cohesion and a sense of belonging. WNRDP also contributed to improved incomes as well as durable and productive assets. Agricultural production in the settlement area has become more diversified, and productivity and food security have improved. Nevertheless, malnutrition rates have remained more or less unchanged. Access to schools, nurseries and health clinics, and the formation of literacy classes and various local institutions, improved human and social capital and filled an important void left by the absence of public services. Community organizations played an important role in implementing those activities in a participatory manner. Yet the project had only partial success in linking communities and with public administration. The relevant line ministries were slow to arrive and ensure the quality of services, for example on education, health and irrigation. Rural poverty impact is rated *satisfactory* (5).
9. **Sustainability of benefits.** Overall, the various constructed and rehabilitated community assets are being well maintained and used, even if operation and maintenance is constrained by the lack of resources. The local community institutions and groups are still in place, yet the degree to which they function differs – due in part to the legitimacy issues explained above. Of all the institutions, the village cooperatives seem the most successful and resilient, and are able to access credit for their members. The various advisory and extension services provided to the soil and water laboratory have been recognized as viable and sustainable project benefits. At the same time, the two credit lines through PBDAC and the IDS Revolving Fund have proven unsustainable. For these reasons, sustainability is assessed as *moderately satisfactory* (4).
10. **Innovation and scaling up.** WNRDP was the first project to satisfy all IDS conditions and be approved for co-financing by the IDS management committee. Other innovations include: (i) the introduction of bottom-up participatory techniques in a context of centralized governance; (ii) the adoption of drip irrigation and the way it was adapted to smallholders; and (iii) the provision of artificial insemination services through private inseminators. A successful example of scaling up is the approval of the Sustainable Agriculture Investments and

Livelihoods Project (SAIL) in 2014, which will scale up the successful experience of WNRDP in a different geographic area, with far greater government contribution in both proportional and absolute terms. In summary, the rating for innovation and scaling up is *satisfactory* (5).

11. **Gender equality and women's empowerment.** Gender issues were to some extent addressed in the community development and organization component, but since the project did not systematically target women, their overall participation remained low. Many of the activities focussed on women's traditional and domestic roles, mainly for domestic consumption, and to a lesser extent on income-generating activities, strategic needs and the reduction of workloads. The loan amounts provided to women were small and only few women became part of village-level institutions. At the same time, women greatly benefitted from access to health services, education, literacy classes and provision of identity cards, these latter being crucial for guaranteeing access to services and resources, such as credit, and the possibility to vote. This criterion has therefore been assessed as *moderately satisfactory* (4).
12. **Environment and natural resources management.** An important assumption is that converting from moveable sprinklers to drip irrigation would lead to water savings. However, findings on water efficiency are inconclusive because: (i) water savings figures stated in the project completion report seem to be based on projected savings, not on actual measurements; (ii) the impact survey reported that for 80 per cent of the farmers interviewed, water stress had increased over the past ten years; and (iii) water use and efficiency have not been systematically monitored over the years. At the same time, the project was able to establish reduced use of fertilizer as a result of the change in irrigation method, as well as the widespread introduction of fertigation. The rating for this criterion is *moderately satisfactory* (4).
13. **Adaptation to climate change.** Adaptation to climate change was not a specific objective of this project and as such there has been very little systematic data collection in this regard. Positive impacts on climate change resilience include: (i) the reduction in fertilizer use; and (ii) the drip irrigation and conversion of open (canals) to closed (pipes) systems. At the same time, these impacts are expected to be relatively small compared to the prominent decrease in irrigation reliability over the past ten years. The rating for adaptation to climate change is *moderately satisfactory* (4).
14. **Performance of partners.** IFAD's performance is rated as *moderately satisfactory* (4). While the quality of supervision is assessed as adequate and well-coordinated by IFAD, the PPE found that IFAD could have played a more proactive role in improving project design and the monitoring and evaluation (M&E) system. The Government was highly engaged in and supportive of WNRDP. It invested adequate time and resources in the project and fulfilled its fiduciary responsibilities, which contributed to its success in reaching the settler population. The Government fulfilled its responsibilities regarding M&E, although M&E capacities and focus on impact could have been improved. Government performance is rated as *satisfactory* (5).

Conclusions

15. WNRDP's goal was to enhance the livelihoods of the target population through increased sustainable economic activity and greater social self-reliance. The main indication that this objective has been achieved is the increase of the settlement size, which at the time of this evaluation stands at 120 per cent. This is a significant achievement, considering that at appraisal absenteeism was reportedly 50 per cent. WNRDP filled an important gap through the provision of social and productive infrastructure and services in the absence of a local administration. The

increase in the population coupled with the social infrastructure in turn attracted new settlers and triggered new social and economic activities in the villages.

16. **Institutionalization of community organizations.** Under WNRDP, a participatory process was initiated that helped the project to formulate its executive plan and to some extent rationalize the allocation of its investment resources through the creation and strengthening of various community organizations. However, there are concerns about the sustainability of these organizations, and there is little evidence that the community-driven development approach has empowered the local communities to demand better services from local government. This is in part due to the fact that the communities are not integrated into the national administrative systems.
17. **Self-sustaining mechanisms for rural finance.** Egypt has a challenging rural finance environment characterized by a limited number of providers and high collateral and guarantee requirements to secure loans, thus limiting access to savings options or bank financing. IFAD has endeavored to accompany many of its rural and agricultural development initiatives in Egypt with financial services components to promote more sustainable access to investment capital and to ensure affordable, locally available alternatives. The two mechanisms used by WNRDP have served the purpose of channeling loans to small farmers, but are not viable. The PBDAC is currently being restructured and the IDS revolving fund operates outside the financial system, raising issues about its institutional sustainability.
18. **Gender equality.** Strengthening the gender impact of IFAD interventions in Egypt has consistently been raised in project design reports, at quality assurance and in COSOPs, yet progress on gender was slow and only partially achieved in the project. While women benefitted greatly from general infrastructure and some specific activities, their overall participation was low.
19. **Pressure on water resources.** The agro-ecological sustainability of reclaiming the desert remains an issue of debate. In WNRDP, despite introducing water-saving measures such as drip irrigation, farmers experienced increased pressure on access to allocated water. It seems likely that the increased scarcity of water is linked to the natural expansion of the population and the subsequent pressure on available water resources. There are also problems with drainage and salinization in several villages. Nevertheless, desert reclamation continues. For IFAD to continue to play a role in this development, it is important that appropriate safeguards are followed, such as the recently approved Social, Environmental and Climate Assessment Procedures, which will apply to future projects.
20. **Monitoring and evaluation.** Considerable effort went into establishing the M&E system, yet key impact data were lacking at the time of this evaluation. A main reason was that the M&E system was overly focused on outputs, with little analysis of outcomes. Moreover, an opportunity was missed to complement the participatory implementation with participatory M&E.

Recommendations

21. The PPE offers the following five recommendations for IFAD to consider during the preparation of the forthcoming COSOP and for future operations:
22. **Recommendation 1: Institutionalize the role of community organizations and associations.** In order for the community-driven development approach to be more than merely a transitional instrument for service delivery, future projects must identify strategies to ensure that community-level organizations will be linked to formal public administration structures beyond the projects' lifetime.
23. **Recommendation 2: Undertake a financial sector assessment.** IFAD should conduct a financial sector assessment to inform the development of future IFAD projects in Egypt and provide clear technical advice for existing projects. The study

should identify policy constraints, rural finance opportunities, and potential institutional partners and provide strategic guidance to the IFAD country office regarding engagement in the rural finance sector. This study would also help to position IFAD as a key partner at the policy level and contribute to dialogue with regulators, and other partners working with rural financial services and financial institutions.

24. **Recommendation 3: Devote adequate attention to gender issues throughout the project cycle.** Future projects should devote more attention to gender issues and adopt a more proactive role in monitoring women's participation in project activities. This should be achieved by ensuring that: (i) dedicated and qualified gender experts are part of the project management unit and supervision missions; (ii) resources are allocated to gender activities; (iii) specific gender targets are formulated; and (vi) M&E systems track and report on the impact of project activities on women's empowerment and gender equality using the Women's Empowerment Index and other relevant indicators.
25. **Recommendation 4: Ensure that environmental impact assessments are undertaken.** For ongoing projects, such as SAIL, rigorous environmental impact assessments should be conducted, as recommended during the implementation of WNRDP. Assessments should focus on the long-term sustainability of water supply.
26. **Recommendation 5: Provide appropriate guidance on M&E.** IFAD should consider providing additional support to the Government by addressing project management competencies in all processes related to M&E (e.g. data collection and quality, analysis, reporting). In addition, in projects with an emphasis on community development, a participatory approach to M&E at community level should be considered. Sampling methods for all studies should be carefully selected and consistently adopted in follow-up studies.