Ex post evaluation – Egypt

Sector: 43030 Urban development and management
Project: CP Participatory Urban Development in Manshiet Nasser, Phase I (BMZ No. 1996 66 355) and Phase II (BMZ No. 2003 66 112)*
Programme executing agency: Cairo Governorate

Ex post evaluation report: 2014

		Phase 1 (Planned)	Phase 1 (Actual)	Phase 2 (Planned)	Phase 2 (Actual)
Investment costs (total)	EUR million	7.16	7.16	8.69	8.69
Own contribution	EUR million	0.00	0.00	0.00	0.00
Funding	EUR million	7.16	7.16	8.69	8.69
of which BMZ budget funds	EUR million	7.16	7.16	8.69	8.69

*) Random sample 2014

Description: As part of the development cooperation with Egypt, an FC/TC cooperation project was implemented between 1999 and 2013 in the field of urban development in Cairo. The project entitled "Participatory Urban Development in Manshiet Nasser" had two phases (1996 66 355 and 2003 66 112), in which basic development measures regarding water supply and waste water disposal were financed along with inner-city street and road construction as well as the living environment in the district of Manshiet Nasser in Cairo. The project-executing agency was the Cairo Governorate.

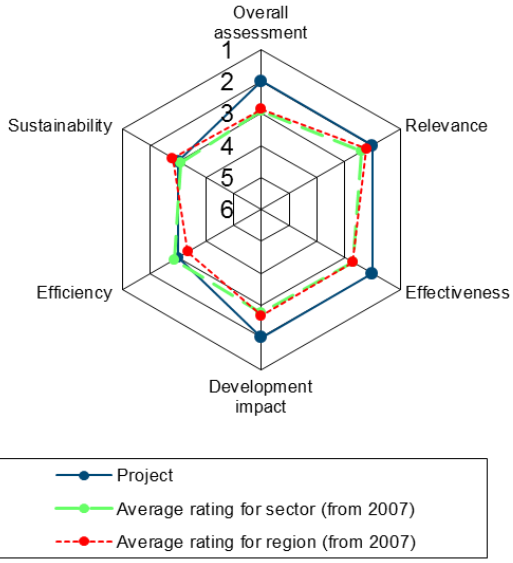
Objectives: The overall objective of both project phases was to improve the living conditions of the predominantly poor inhabitants of Manshiet Nasser with the help of the population. The project objectives were to improve the state of public infrastructure as well as access to and use of basic infrastructure (water supply, waste water disposal, inner-city roads and small participatory measures to improve the living environment, with due consideration of promoting employment).

Target group: The target group mainly comprised the poor population of Manshiet Nasser.

Overall rating: Note 2 (both phases)

Rationale: In spite of difficult general conditions in an informal settlement, the project managed to achieve positive impacts, particularly with regard to health and hygiene. There are some issues with sustainability. The main aspects of the ex post evaluation results are largely consistent with the positive results of an evaluation carried out on the programme by the Egyptian Centre for Project Evaluation & Macroeconomic Analysis (PEMA). Given that both phases have the same structure, both phases receive the same evaluation.

Highlights: The project was one of the first major projects in the area of informal settlements in Cairo, and still influences the government's planning in similar urban areas even today. The measures proved to be extremely important from a geological perspective for safeguarding the subsoil of the settlements.



Rating according to DAC criteria

Overall rating: 2 (both phases)

The projects improved the living standards of the target group. Measures taken regarding waste water disposal in particular made a positive contribution to general hygiene and probably also to safety (lit streets, reduction of landslide risks) in the district of Manshiet Nasser (MN). The project was part of the first major project in Cairo regarding informal settlements. The concept influences the government's planning in similar urban areas even today. Some sustainability requirements were lowered given the lack of cost coverage in the water and waste water sector in Cairo. The efficiency of the project is limited because of the long implementation period. The participatory approach was restricted to the selection of measures and partly to their implementation. Sustainable participatory structures were not achieved. The multi-sectoral and participatory approach classified the projects under urban development projects. The specific conditions in the project region, however, meant that some targets were lowered in comparison to typical water projects.

Relevance

The upgrading of (informal) urban areas is still a high priority for the Egyptian government. The political developments of recent years changed nothing in this respect. In fact, this topic has increased in significance lately. MN received a lot of attention in Egypt following a terrible rockfall in 2008 that claimed many lives. The cause of the rockfall was linked to seeping waste water, which prompted the Governorate to provide additional funds for water and waste water networks in parts of MN that were not covered by the projects.

This cooperative programme was not directly related to projects of any other donors. Only small-scale measures of NGOs were implemented in MN. The cooperative programme was consistent with the DC priority areas of the time in Egypt, and also fitted in with the key topics of water and employment in the current cooperation. Some requirements were lowered as early as the project appraisal relative to the conditions in the sector strategy paper for the water sector (also see Efficiency), but the project's design was in line with the German DC action areas in the field of urban development.

As outlined in the programme proposal, the project was aligned with the national development objectives, as documented in the five-year plans of 2002-2007 and 2008-2012. The upgrading of the informal urban districts is defined in these plans as a key component of the Egyptian development strategy.

The results chains were plausible. The needs-driven measures selected in participatory processes for various sectors were designed to make a contribution to improving living conditions. The participatory approach was restricted to the selection of measures and partly to their implementation. The multi-sectoral and participatory approach classified the projects under urban development projects.

Relevance rating: 2 (both phases)

Effectiveness

The project objective was to improve access to and use of basic infrastructure (water supply, waste water disposal, inner-city roads and small participatory measures to improve the living environment, also connected to boosting employment by renovating schools for instance and holding workshops on marketing skills and business development for example).

The achievement of the project objectives is as follows:

Indicator	Status PA	Ex post evaluation
90 % of target group receives water from house-branch connections.	83.6 %	Partially met. The system was designed to achieve a 100 % connection rate in 2017. The planning data required for this was recorded by GIZ in a baseline study during the first phase of the project. In its Final Report

		from 2012, the implementation consultant came to the conclusion that a connection rate of roughly 98 % was achieved. A Social Economic Study commissioned by the consultant in 2009 concluded that a connection rate of 100 % was achieved (compared to 83.6 % before the project). A survey conducted by PEMA 2013 is not able to confirm these figures, and merely states that the majority of the target group are supplied by house-branch connections. Demographic growth in MN raises doubts regarding the complete fulfilment of the indicator. According to the consultant, the total population of MN is forecast to be roughly 490,000 in 2017. Projections based on statements from UN-Habitat suggested that around 1 million people live in MN. It is not clear how the extra people are spread throughout the various areas in MN, but given the uncontrolled growth we cannot assume that the indicator was completely fulfilled as at the ex-post evaluation.
Some 90% of those connected to the water network dispose of their waste water via house-branch connections into the sewer network.	60 %	Partially met. The Socio Economic Survey from 2009 also found that a connection rate of 100 % was achieved. However, the same restrictions as described above apply.
The programme area was supplied with clean drinking water according to Egyptian standards.	No data available.	Met. MN is supplied with the same drinking water as the rest of Cairo. A random sample performed by PEMA in 2013 confirmed the adequate quality in accordance with Egyptian standards, which are not exactly the same as WHO standards.
The programme area was supplied with drinking water 24 hours a day.	Not met.	Met. According to information from the water companies, drinking water is available in the area 24 hours a day. The PEMA study reports of brief interruptions to the supply on account of power cuts, but the indicator can largely be considered fulfilled.
Inner-city streets are maintained in a functional condition.	-/-	Partially met. The roads were reviewed during both the final inspection and the ex post evaluation. They are in an acceptable state. Minor improvements have been made.
Small participatory measures were carried out to improve the living environment, with due consideration of boosting employment, while the established and rehabilitated infrastructure etc. is used by the target group.	-/-	Met. These components of the project were implemented by the GIZ. A PEMA evaluation was also carried out on the sub-components of the project in 2009. There are no signs that the results of the measures, such as the rehabilitation of schools and health centres, were not used. Employment was specifically promoted via individual construction measures, such as the rehabilitation of schools and holding workshops on marketing skills and business development for example.

Over and above the participatory selection of project measures, no permanent participatory structures were established in MN, either by FC or by TC. Temporary employment effects were achieved by all the construction measures. Efforts were focused in Phase II on stimulating employment as much as possible by asking local building firms to recruit the majority of their workers from MN. Some 50% of the work was carried out by people from MN. In terms of indicators 1 and 2 it should be highlighted that not only the number of connections was increased, but the quality of the whole network was also improved (higher water pressure, reduction in water losses, avoidance of burst pipes etc.).

The target group was mainly involved through GIZ. All of the measures were selected together with the various user groups and the chairman of the district administration. According to the 2009 PEMA study, the target group was very much mobilised at the start of the project, but this involvement faded somewhat as the construction measures were carried out.

Effectiveness rating: 2 (both phases)

Efficiency

The total project duration of MN I was estimated at three years during the project appraisal (07/1997 to 06/2000). The actual implementation period came to 7.5 years (08/1999 until 01/2007). For MN II the planned implementation period totalled four years (10/2003 until 06/2007) in contrast to the actual implementation time of 8.2 years (05/2004 until 07/2013). There were severe delays with two construction contracts particularly during the implementation of MN II, both of which were performed by one construction company. The limited capacity of the contractor could have been anticipated during the planning of the second phase, as a conscious decision was made to award the contracts to smaller, local building companies. Experiences from MN I should also have resulted in more realistic planning for MN II. One further delay with MN II that could not have been anticipated was the outbreak of the revolution in 2011, which resulted in greater turnover in the employees of the Egyptian partner.

The construction measures were put out to national tender based on FC procedures. Four companies submitted a bid in the first phase, and the construction work was awarded to a large firm from Egypt. In the second phase, the measures were split between a total of eight contracts, for which four different companies qualified. Accordingly, there was sufficient competition.

With regard to allocation efficiency, according to estimates by the consultant roughly 40,000 people were reached during the first phase of the project and about 156,000 during the second phase. In light of population growth, the actual number of those benefiting directly or indirectly from the measures is probably even higher. This corresponds to a total use of funds amounting to EUR 15.85 million and therefore EUR 80 per recipient. Since the impacts outlined below on the target group are relatively significant, the use of funds correlates positively to the results of the project. The allocation efficiency looks worse based on figures common for the water sector:

According to representatives of the water companies, the average water tariff in MN is roughly EGP 0.5 (about EUR 0.05) per cubic metre of water. A tariff of roughly EGP 1.5 (around EUR 0.15) per cubic metre would be necessary to cover operating costs. The difference is currently offset by a direct grant from the state budget. All of the grants for the operating costs of the water utilities involved add up to EGP 750 million (roughly EUR 78 million) per year for the whole of Egypt. Subsidies to maintain infrastructure are then added to this sum, which means it is barely sustainable in the long run. The water tariff was raised in 2013 for the first time in many years, and further adjustments are planned for the coming years. That said, costs are not expected to be covered in full for the foreseeable future. The collection rate of the water utilities sits at a mere 69% at the same time. This further limits the ability to cover costs in full.

In light of the high poverty rates in the project area, the reliable subsidies from the state budget so far and the lack of information regarding any wastage of water resources, the efficiency is rated as still satisfactory.

Efficiency rating: 2 (both phases)

Impact

The overall development policy objective was to improve the living conditions of the largely poor population in MN (poverty rate of 60-75 %) employing a participatory approach. It can be assumed that this objective was achieved with the project measures.

The Socio Economic Report, commissioned by the implementation consultant in 2009, lists a number of positive impacts on the target group triggered by the project. For example, some 82 % of the surveyed inhabitants revealed that the project had significantly reduced the sewers overflowing onto the streets. 60.8 % of those surveyed indicated that the road investments had resulted in increased safety for children and the elderly, while 14.4 % of the households revealed there had been a reduction in the incidence of diseases after the project was completed. A PEMA survey in the 2013 evaluation report arrived at the same, positive conclusions.

The project also had impacts on other projects that were designed to upgrade urban areas. For example, the FC-funded project was the first in Cairo to take the installation of fire hydrants into account during the planning phase. As confirmed by both the Cairo and Giza Governorates, fire hydrants are now standard in urban water supply projects.

Experiences from implementing the FC/TC cooperation project are incorporated into implementing the National Strategy for Upgrading the Unsafe Areas. Personnel from the TC components are currently employed at the Cairo Governorate for this purpose, and are advising decision-makers in planning the measures. The project in MN was the first significant measure that tackled the topic of informal settlements and made a significant contribution to raising awareness of the problem.

It is assumed that the rockfall which claimed many lives in MN in 2008 was caused by the seeping of waste water into the soil. If this really was the reason for the tragic accident, it can be presumed that – as a further impact of the project – investing in MN's sewerage system has improved the safety of the inhabitants by stabilising geological conditions.

Impact rating: 2 (both phases)

Sustainability

The expanded and rehabilitated water and waste water networks, including the pumping stations, were handed over to the water and waste water companies in Cairo that are responsible for running and maintaining the infrastructure. According to representatives of the Cairo Water Company, several maintenance projects have already been carried out. In the case of pumping station 3, which was funded in the first phase and was in a relatively poor state at the time of the final inspection in 2013, the evaluation determined that the maintenance work had indeed been carried out.

Sustainability is hindered by the low tariffs for water and waste water as well as the low collection rate of water and waste water companies (see allocation efficiency). The financial means for maintenance work depends on ongoing subsidies from the state. On the one hand this is beset with risks given the political and economic developments in the country, while on the other hand (see Relevance) work in the water/waste water sector enjoys a high priority in informal areas.

Sustainability rating: 3 (both phases)

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

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

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

Ratings level 1-3 denote a positive assessment or successful project while ratings level 4-6 denote a negative assessment.

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

Sustainability level 1 (very good sustainability): The developmental efficacy of the project (positive to date) is very likely to continue undiminished or even increase.

Sustainability level 2 (good sustainability): The developmental efficacy of the project (positive to date) is very likely to decline only minimally but remain positive overall. (This is what can normally be expected).

Sustainability level 3 (satisfactory sustainability): The developmental efficacy of the project (positive to date) is very likely to decline significantly but remain positive overall. This rating is also assigned if the sustainability of a project is considered inadequate up to the time of the ex post evaluation but is very likely to evolve positively so that the project will ultimately achieve positive developmental efficacy.

Sustainability level 4 (inadequate sustainability): The developmental efficacy of the project is inadequate up to the time of the ex post evaluation and is very unlikely to improve. This rating is also assigned if the sustainability that has been positively evaluated to date is very likely to deteriorate severely and no longer meet the level 3 criteria.

The **overall rating** on the six-point scale is compiled from a weighting of all five individual criteria as appropriate to the project in question. Ratings 1-3 of the overall rating denote a "successful" project while ratings 4-6 denote an "unsuccessful" project. It should be noted that a project can generally be considered developmentally "successful" only if the achievement of the project objective ("effectiveness"), the impact on the overall objective ("overarching developmental impact") and the sustainability are rated at least "satisfactory" (rating 3).