



Ministero degli Affari Esteri



DGCS | Office IX
Evaluation

Debt-for-Development Swap programme in Egypt (Phase II)



2013 November

Evaluation

The report is the final result and deliverable of the joint work of DRN evaluation team coordinated by Marco Zupi (team leader) and composed of Paolo Navone (senior expert), Sara Monti and Sara Hassan (experts).

In addition to joint activities, the experts contributed directly to the following tasks:

- Marco Zupi defined the methodology and work plan and supervised the drafting and revision of the evaluation report. He is the author of chapters 2, 3, 6 and the appendix 1.
- Paolo Navone elaborated chapters 8 and 9 and is co-author of chapters 10, 11 and 12 with three case studies (ITEC project, model of sustainable food security, ITEC and support to protected areas).
- Sara Monti drafted Chapter 4 and contributed to chapters 11 and 12 as she assessed three case studies (small producers' network for advocacy of their socio-economic rights, modernization of vocational training centers with ICT and Robbiki leather district).
- Sara Hassan is the author of Chapters 5 and 7 and co-author of chapters 10 and 11 with four case studies (fishery sector development in Egypt, the Green Trade Initiative, REMEDY project and the Center for coordination, monitoring and support to Social contract).

The team worked in collaboration with local partner company North South Consultants Exchange that took care of the qualitative and proximity interviews with beneficiaries (Appendix 3).

All the team members participated to the preparation of Interviews and to the synthesis of their analysis. All of them contributed to the elaboration of the final report by drafting and commenting specific chapters and jointly elaborating synthesis chapters, conclusions, recommendations and lessons learnt.

The authors would like to thank all project partners and all the persons in Egypt and Italy that accepted to be interviewed and that participated to the meetings of the work team with valuable contribution of thoughts and stimulations. A special thank is addressed to the Italian Embassy in Egypt in the person of the ambassador Maurizio Massari as well as to the Cooperation Office (UTL) and the Technical Support Unit for their availability and interest that have greatly facilitated our work.

Ideas and opinions expressed in this report are those of the authors that are the only ones responsible for any error or incorrect information.

The present evaluation report was completed in July 2013.

TABLE OF CONTENTS

1. EXECUTIVE SUMMARY	1
2. THE PROGRAMME AND ITS EVALUATION	9
2.1 OBJECTIVE: TYPE, SCOPE AND UTILITY OF THE EVALUATION	9
3. THEORETICAL AND METHODOLOGICAL FRAMEWORK	12
3.1 EVALUATION DESIGN, COLLECTION AND STRUCTURING OF INFORMATION	12
3.2 METHODOLOGY OF ANALYSIS AND OPERATIONAL MODALITIES.....	15
4. THE CONTEXT AND PROGRAMME STAKEHOLDERS	17
4.1 THE CONTEXT	17
4.2 THE STAKEHOLDERS	21
5. THE LOGICAL FRAMEWORK OF THE PROGRAMME.....	27
6. MAIN EVIDENCE FROM THE GENERAL ANALYSIS	36
6.1 SYNTHESIS OF COMPOSITE MEASURE	36
6.2 THE EVALUATION FLOWER: A SYNTHETIC REPRESENTATION	38
7. PROGRAMME RELEVANCE, COORDINATION, COMPLEMENTARITY AND COHERENCE	41
7.1 RELEVANCE.....	41
7.2 COORDINATION, COMPLEMENTARITY AND COHERENCE	47
8. EFFICIENCY OF THE PROGRAMME	50
8.1 PROGRAMME DESIGN AND ITS CONDITIONS.....	50
8.2 PROJECT SELECTION	51
8.3 THE PROJECT IMPLEMENTATION PHASE	57
9. THE EFFECTIVENESS OF THE PROGRAMME	62
9.1 THE SELECTION OF BENEFICIARIES.....	62
9.2 THE REALIZATION	64
10. IMPACT AND SUSTAINABILITY OF THE PROGRAMME	69
10.1 IMPACT	69
10.2 SUSTAINABILITY	73
11. CASE STUDIES: 10 PROJECTS AT GLANCE	77
11.1 ACTIONS IN SUPPORT TO FISHERY DEVELOPMENT IN EGYPT	77
11.2 GREEN TRADE INITIATIVE	82
11.3 SMALL PRODUCERS NETWORK FOR THE RECOGNITION OF THEIR SOCIO-ECONOMIC RIGHTS	86
11.4 SUSTAINABLE FOOD SECURITY MODEL	91
11.5 THE REMEDY PROJECT	93
11.6 SOCIAL CONTRACT ADVISORY, MONITORING AND COORDINATION CENTER (SCC)	96
11.7 INTEGRATED POLE FOR TECHNICAL AND PROFESSIONAL TRAINING IN THE MECHANIC SECTOR .	100

11.8	MODERNIZATION OF PROFESSIONAL INSTITUTES THROUGH ICT	105
11.9	ROBBIKI TANNERY DISTRICT	108
11.10	SUPPORT TO ENVIRONMENTAL PROTECTED AREAS (SEPA).....	114
12.	COMPARATIVE ANALYSIS WITH OTHER DEBT-SWAP PROGRAMMES	116
12.1	COMPARISON WITH DEBT-SWAP IN ECUADOR	116
12.2	COMPARISON WITH OTHER DEBT-SWAP PROGRAMMES IN EGYPT	118
12.3	THE EVOLUTION FROM PHASE I TO PHASE II OF THE ITALIAN EGYPTIAN DEBT-SWAP PROGRAMME	120
13.	CONCLUSIONS	124
13.1	LOGICAL FRAMEWORK	124
13.2	RELEVANCE.....	124
13.3	EFFICIENCY	125
13.4	EFFECTIVENESS	125
13.5	IMPACT	125
13.6	SUSTAINABILITY	126
13.6	VALORISATION OF THE COMMUNITY OF ACTORS	126
13.7	LESSONS LEARNT FROM THE COMPARATIVE ANALYSIS	127
14.	RECOMMENDATIONS	128

APPENDIX:

APPENDIX 1. MACRO-ECONOMIC AND INDEBTEDNESS FRAMEWORK OF EGYPT

APPENDIX 2. ARTIGIANCASSA ODA DEBT EGYPT-ITALY AT 31 05 2013

APPENDIX 3. QUALITATIVE AND IN-DEPTH INTERVIEWS WITH BENEFICIARIES

APPENDIX 4. EVALUATION DESIGN MATRIX

APPENDIX 5. LIST OF CONSULTED DOCUMENTS

APPENDIX 6. LIST OF PERSONS MET

APPENDIX 7. AGENDA OF EVALUATION MISSION IN EGYPT

APPENDIX 8. I TERMS OF REFERENCE OF THE EVALUATION

LIST OF ACRONYMS

MIFT Ministry of Industry and Foreign Trade

APQ Community Planning Agreement (Accordo di programma Quadro)

BRAVO Building Rural Assets with Valuable Opportunities

CCA Country Common Assessment

EU European Union

COSPE Emerging Countries Cooperation for Development (Cooperazione per lo Sviluppo dei Paesi Emergenti)

CPF Counterpart Fund

NCC National Coordination Committee

DGCS Directorate General for Development Cooperation (Direzione Generale per la Cooperazione allo Sviluppo)

EDF Educational Development Fund

EQ Evaluation Question

EIECP Egyptian Italian Environment Cooperation Programme

ENP European Neighbourhood Policy

ERF Economic Research Forum

ESDF Egyptian Swiss Development Fund

EU European Union

FAO Food and Agriculture Organization

IEF Italian Ecuadorian Fund

GAFRD General Authority for Fish Resources Development

GTI Green Trade Initiative

HIPC Heavily Indebted Poor Countries

IBRD International Bank for Reconstruction and Development

ICT Information and Communication Technologies

IDSC Information & Decision Support Center

IEDS Italian Egyptian Debt Swap

ILO International Labour Organization

ISS National Health Institute (Istituto Superiore di Sanità)

ITEC Technical Education Cluster for Employment

JD Joint Declaration

LIFP Legal and Institutional Framework Project

M&E Monitoring and Evaluation

MADE Marine Aquaculture Development in Egypt

MAE Ministry of Foreign Affairs (Ministero degli Affari Esteri)

MAIS Movement for Self-development Interchange and Solidarity (Movimento per l'Autosviluppo l'Interscambio e la Solidarietà)

MC Management Committee

MCIT Ministry of Communications and Information Technology
MDRI Multilateral Debt Relief Initiative
MEF Ministry of Economy and Finance
MIFT Ministry of Industry and Foreign Trade
MIC Ministry of International Cooperation
MoU Memorandum of Understanding
NCC National Coordination Committee
NCCM National Council for Childhood and Motherhood
NWRC National Water Research Center
ODA Official Development Assistance
ODI Overseas Development Institute
IO Internazionale Organization
NGO Non Governmental Organization
OVI Objectively Identifiable Indicators
SME Small and Medium Enterpriss
PMU Project Management Unit
REMEDY Psychosocial Rehabilitation for Mental Disability
RLC Robbiki Industrial Leather and Tanneries City
SC Steering Committee
SCC Social Contract Center
ES Executive Segretariat
SEC Safer Environment for Children
SEPA Support to the Egyptian Protected Areas
ST Technical Secretariat (Segreteria Tecnica)
SWOT Strengths Weaknesses Opportunities Threats
ToR Terms of Reference
TSU Technical Support Unit
UN United Nations
UNCTAD United Nations Conference for Trade And Development
UNDP United Nations Development Programme
UNIDO United Nations Industrial Development Organization
UTL Local Technical Unit (Unità Tecnica Locale)
WB World Bank
WFP World Food Programme

1. Executive Summary

1. Information and data utilized in this evaluation have been collected by the evaluation team through a sample survey of 80 structured interviews accompanied by questionnaires, 3 focus groups and through desk analysis of 171 documents and several international internet sites and databases.
2. Based on findings arising from the qualitative analysis, a summary is presented hereafter. It shortly describes the key characteristics of the programme, its logical framework and the five common evaluation criteria (relevance, effectiveness, efficiency, impact and sustainability) with particular attention to the sustainability of the institutional settings central to the programme dimension, to the coherence in regards to the Italian and international Development Aid policies and to the development of Egyptian policies and strategies, to the socio-economic dynamics among the programme stakeholders and finally to the comparative analysis of the programme. In conclusion, some recommendations are formulated based on the evaluation results.

The Context of the Programme

3. Since the early eighties, the international community, has paid growing attention to the excessive external debt of developing countries. In this context, the international community including Italy launched initiatives to address this emergency under the aegis of the **Paris Club**.
4. In the legal framework marked by the law 209/2000 on “Measures to reduce external debt of low income countries with major debts” and by the related implementing regulation, the Decree 185/2001 of the Ministry of Treasury, Budget and Economic Planning, the Italian government adopted external debt swap programmes in **15 countries** namely Albania, Algeria, Ecuador, Egypt, Philippines, Jordan, Djibouti, Indonesia, Kenya, Morocco, Myanmar, Pakistan, Peru, Vietnam and Yemen.
5. Egypt was one of first countries to benefit from this initiative with a first **conversion agreement** signed in 2001, followed by two others in 2007 and 2012 that launched the II and III phase of the programme. The II phase, assessed in this report, envisaged the cancellation of the debt instalments owned by Egypt to Italy in the period 2007-2012 for a total amount of **100 million US\$** earmarked / committed to finance 30 initiatives in various sectors.
6. The agreement follows a previous one signed in February 19th, 2001 that launched the first phase of the programme and that allowed the implementation of 53 development projects for a total amount of 149.1 million US\$. On May 10th, 2012 a new agreement was signed to start the third phase of the programme that envisaged the additional conversion of 100 million US\$ and should lead to the extinction of the debitory situation of Egypt with Italy.
7. The importance of the programme is twofold. From the economic point of view, the debt turns from an obstacle into a development opportunity allowing the funding for initiatives promoting the socio-economic well-being of the country . From the political point of view, the programme is considered as the **main Italian initiative in the country**. The decision to confirm the Italian commitment after the 2011 revolution was perceived by Egyptian authorities as a sign of friendship and vicinity of Italy to Egypt in a crucial transition moment. Moreover it was perceived as a sign of willingness to actively support President Morsi’s efforts in front of multiple challenges arising from the continuous instability and the worsening socio-economic situation in the country (see logical framework).

Programme stakeholders

8. **Thirty eight institutional entities were involved** in the initiatives financed by the programme.

9. Among the applicants, 51% were Ministries with a lead role of the Ministry of Trade and Industry, in charge of the two main projects financed by the programme phase II, namely “The Leather District of Robbiki” and the “Green Trade Initiative”. The **central role of Egyptian Ministries** appears to be characteristic of the debt conversion programme, differently from other Italian cooperation channels (bilateral and multilateral), where interaction with institutional counterparts is present but their involvement and participation is lower. Egyptian Ministries, as eligible applicants, become themselves promoters and are called to develop and design project proposals to be submitted to the attention of the Management Committee. In addition, the programme established a **new governance model** that allows the Egyptian participants for the allocation of funds. The role of the Ministry of Planning and International Cooperation within the Management Committee is crucial, as it facilitates the effective management of the project. The **share of the Egyptian authorities is expected to increase** in the III phase of the programme, as the agreement envisages the allocation of 90% of funds to Egyptian Ministries.
10. Ministries are followed by **Egyptian Public Entities (24%)** such as the Educational Development Fund (EDF) and the *National Water Research Center* (NWRC). United Nations agencies (WFP, ILO and UNDP) are ranked on the third place (15%), followed by NGO (5%) with equal sharing between Egyptian and Italian NGOs.
11. In the category of **executing agencies**, the international organisations emerge as the main actors (45%) followed by Egyptian public entities (40%) and to a lower extent (15%) by Egyptian NGO, Italian NGO and Italian public authorities with an equal share of funds. The delegation of responsibilities for the implementation of projects from Egyptian ministries to other entities with stronger operational capacity (international organisations and public entities) represents a major change from phase I and explains the discrepancy between promoters and executing agencies.
12. The contribution to the **cohesion of institutions, civil society organisations and single persons** as promoters and carriers of the same values, objectives and culture expressed by the programme itself can be considered as a **potential asset** - possibly the most important, to be maintained and valorised, starting from strengthening the identity and relationships developed among the stakeholders participating to the common programme. However, there is the feeling that little attention was given to the network of the professional community of public, private, Egyptian, Italian and international operators.

The Logical Framework of the programme

13. The programme is essentially a political agreement and does not have a logical framework as such. It is, however, possible to reconstruct the intervention logic of the second phase (object of this evaluation) and its evolution across the three phases .
14. The global objectives are (i) to **strengthen the bilateral relations** between the two countries and (ii) to contribute to **poverty reduction**. Specific objectives are to **reduce the burden of Egyptian debt** and to finance actions **promoting sustainable socio-economic development**.
15. The above objectives are accompanied by other underlying objectives, not clearly specified in the agreements but emerging from the analysis of stakeholders’ perception and of available documents. They refer to the objective of **harmonization, alignment and coordination** with Egyptian policies and strategies and indirectly with other donors present in the country, in line with Aid effectiveness international agenda. In relation to the above, the implicit objective is to **strengthen the capacity and opportunities of Egyptian institutions**, particularly in participatory planning in poverty reduction.
16. Dialogue and consultation are the main decisional and operational instruments. Negotiation emerged as the key characteristic of the programme approach and main instrument to ensure the convergence of counterpart different expectations, in coherence with the objectives of strengthening bilateral relations and of the alignment with Egyptian policies.

17. The programme is also characterized by high level **of ownership** by Egyptian stakeholders in all the phases, differing from the typical donor-beneficiary logic, still recurrent in bilateral cooperation. To this aim, the debt-for-development mechanism helps, as it envisages the **Direct Egyptian contribution**, transferred in national currency to the Counterpart Fund, favouring the sense of ownership of the programme by Egyptian counterpart.
18. In terms of reciprocity and ownership, there has been an evolution in the programme across the different phases. After the first phase characterized by low emphasis on management aspects and relying to a large extent on the instruments of bilateral negotiation, the **second phase was more structured** reflecting an institutional framework more in line with other debt conversion programmes agreed by Italy and other countries.
19. For instance, the second phase has seen the establishment of the Technical Support Unit and the enlargement of competences of the Management Committee, later strongly reduced in the third Agreement with the exclusion of the function to jointly identify and select the projects by erasing any reference to the TSU. The programme is thus evolving towards **re-dimensioned attention to joint management support mechanisms in favour of increased Egyptian ownership**.

Programme relevance

20. The analysis of relevance of the initiative is structured on **four levels**. The first addresses the relevance in regards to **National strategy planning**; the second takes into consideration its **adherence to the poverty-related issues** in the country; the third level is the alignment of the programme to the **priorities expressed by ministries and other applicant institutions**. Finally, the fourth level tackles the **priorities identified by implementing agencies and direct beneficiaries**. The additional level of analysis refers to specific interventions from which it is possible to draw findings for the entire programme.
21. From the analysis of national planning, we can note the **adherence of the DFDP to the priorities expressed in the Five-Years Plan (2007-2012) and in the National Plan for the economic and social priority measures approved in March 2012**. The thematic areas on which the action has focused on, (described in the programming guidelines presented in the Joint Declaration signed on May 12th 2009) were clearly identified taking into account the priorities expressed in the Five-Years Plan and confirmed in the 2012 document. The stated objectives (debt reduction, promotion of socio-economic development, poverty reduction and competence transfer) are in line with national planning.
22. Based on the analysis of country documents elaborated by other donors and International actors on the situation that preceded and followed the 2011 events, we can affirm that the global and specific objectives of the programme take into due account the problematic related to development and poverty as outlined in the specific reference context.
23. It is however realistic to assume the existence of a **gap between the coherence of the interventions in relation to the National planning 2007-2012 and their effective relevance to the new and changing priorities of the ministries** and their programming (mostly due to the dynamic institutional situation). This may, to some extent, explain the numerous delays experienced by the projects during start-up phase.
24. From the assessment of the Memorandum of Understanding for a new partnership 2010-2012 and from the Declarations signed in September 2012 in conjunction to the meeting Morsi-Monti, it is possible to underline a **thematic continuity with ongoing and planned initiatives in the same sectors identified by the programme**. The degree of coordination and complementarity between the DFDP and other policies and actions of the Italian Cooperation is fairly elevated. Several other ongoing initiatives were somehow linked to the programme, working in parallel or as a part of it.

25. **A proper coordination mechanism, however, does not exist;** the agreements between the programme actions and those of the other Italian and international cooperations are mostly through informal channels

Programme effectiveness

1. The **conditions** imposed on Egyptian partners by the second phase of Debt Conversion Agreement were:
 - ✓ The establishment of a **counterpart fund** (CPF) and the conditions for the **cancellation of debt**;
 - ✓ CPF Eligibility criteria for stakeholders and activities;
 - ✓ Selection and management arrangements for projects and programme.
2. The amount foreseen in the debt conversion agreement (DCA) **was transferred** by the Egyptian Government to a counterpart fund. The cancelled debt corresponds to the transfers in given dates for the eligible activities as in the agreement. It represents an improving change from the first phase, during which the conditions for debt cancellation included the transfer of the debt installments to the CPF by the Egyptian government.
3. The programme makes specific reference to the profile of three **eligible categories** of applicants, namely **all Egyptian public institutions, Egyptian and Italian NGO and international organizations** (IO). In this sense it differs from the current guidelines and programming orientations of the Italian Cooperation for 2013-2015. It aims to form a unitary, participatory strategic vision and to identify a defined number of geographic, thematic and cross-cutting priorities. This profile, though, excludes other potential actors (first the **private sector and the sub-national governments** of the decentralized cooperation facility). Without specific reference, the programme failed to create relations and bring together the participating actors as well as stimulate their mutual cooperation.
4. Concerning **eligible activities** for funding by the CPF, the agreement allows the financing of technical assistance to the projects and actions supporting the development goals identified by the Management Committee (MC). In the following joint Declaration signed by representatives of both governments, five priority sector areas of the programme are identified in consideration of government reform agenda and the priorities of the 6th 5-years Plan 2007-2012. These are:
 - ✓ Human resources development;
 - ✓ Technology transfer and innovation
 - ✓ Promotion of primary production. Logistics and transport;
 - ✓ Environment including protection and management of natural resources;
 - ✓ Social dimensions
5. Other **implicit** conditions in the formulation of the programme included the improvement of the governance and the progress in respect of human rights. They were carried out coherently until these conditions were in accordance with the agenda agreed by the partners. With political changes occurred after the 2011 events, the application of these conditions were subject to different interpretations and represented a problem for the efficient implementation of the programme.
6. The selection and management arrangements were modified in the first phase, by presenting **procedures** at an early stage of the activities and by introducing a **bi-national TSU** with support tasks to the MC. The project approval process was structured in two phases. The first phase included the approval of a project concept and the second involved the approval of completed project document that comprised the feasibility study. The TSU often followed the

formulation of the project document and when necessary, proposed technical assistance to facilitate dialogue between partners. This was also done in order to design a project which would provide the guarantees required by the MC for a successful completion of the whole enterprise. This, in turn, allowed the MC to approve projects of a better quality, differently from the first phase when the low quality of proposed projects was identified by the second mid-term review as one cause of scarce efficiency. More precise and formalized indications by the programme on the **priority of TSU different activities** would have increased further the quality of the approved projects.

7. The criteria used by the programme for the selection of projects contributed to approve the projects more efficiently than with the development grant procedure; in particular:
 - ✓ the **proximity** of the applicant and the decision-taker, similarly to what happen in the EU delegations;
 - ✓ the flexibility of resource allocation, like in the case of allocation of balance of preceding phase or the fast inclusion of projects based on bilateral agreements afterwards.
8. As at April 2013, one year and three months to the original deadline of the programme, only 49% of the committed budget has been transferred to the projects, with a substantial improvement during the last two years. Compared to the first three years during which only 4% of CPF went to projects. In particular, in 2012 16% of CPF was transferred to projects. Out of this 49%, only 64% was actually spent (or justified) by the projects at 31 December 2012. This performance does not substantially differ from the findings of the 2nd mid-term review of the first phase when it was 64% and 61%. The most cited causes for justifying the low disbursement rate include the difficulties incurred after the 2011 events together with policy changes, the turnover of persons responsible for project administration and the resistance of taking decisions - a clear feature of fast mutating political environments. Due to the prolonged political and institutional situation, it is necessary to reconsider the economic or exceptional nature of the block and take appropriate measures.
9. In addition to economic causes there are **structural causes** in the administration to be duly addressed in the implementation of the third phase. These are:
 - ✓ The obligation by the competent authority to include the amounts to be disbursed to projects in the budget for the related financial year (that starts in July) and for every year only after authorisation by the Ministry of Planning that often delays the banks disbursements to projects;
 - ✓ The slow administrative funds disbursement process that affects the projects assigned to international organisations.
 - ✓ The difficulty for NGO because of the lengthy procedures to obtain the necessary licence to work in Egypt and implement the project. This was further impeded by the controls of the Ministries of Social Affairs, of Foreign Affairs and of Internal Affairs, as a consequence of the political turmoil that followed the Arab spring.
10. Beyond these causes, others substantially concern the **weaknesses in project formulation**, due either to the lack of participatory approach that lead to disagreements between partners or to misuse of the logical framework and technical programming skills.
11. Important is also the role that should have been covered by **technical monitoring**. The TSU should have been empowered to send regular monitoring missions to anticipate the causes of project delays and suggest solutions. This relates to poor and non-formalized indications on TSU role, with the provision of adequate means for implementing its tasks.

Efficiency of the programme

12. The criteria adopted for the selection of projects favoured the objective of strengthening bilateral relations thanks to the selection of project meetings, the priorities of DGCS and the alignment to policies and strategies of the Egyptian government. The chosen approach, i.e. the dialogue, encouraged the strengthening of bilateral relations and the ownership of the programme by the Egyptian parties. All the funded initiatives are coherent with the programme logic as they are the result of the negotiation process.
13. The coherence between the objectives of the projects and those of the programme is censured by the identification of **priority thematic areas** where action is focused and by the strict adherence to national planning.
14. The characteristics of the programme operational mechanism were not always coherent with the objective of strengthening the capacity of partners, in particular of the Egyptian institutions involved. Institutions and public administration do not find in the programme any structured and homogenous mechanisms for the transfer of know-how or capacity building. Partners refer to their own procedures in the implementation of projects and any type of (formalized or not) **coordination between projects**, not even for projects in the same thematic or priority area.
15. The **degree of achievement** of project objectives, assessed with the support of the TSU, if compared with findings of the second mid-term review of first phase, leads to the following conclusions: two projects out of thirty (less than 7%) may risk not to achieve their objectives, compared to 30% of projects in the same conditions registered at the same stage of the first phase
16. A key role in allowing project to follow the correct path for the achievement of their objectives was played by the TSU, particularly thanks to its characteristic to represent both partners of the MC. This permitted to play a role of facilitator in spurring, negotiating, clarifying and supporting project partners, but to be also an element of vulnerability of programming culture, as the only holder (except the MC) of such concept in the daily management duties.
17. The weaker **projects** requesting TSU intervention were those presented by Egyptian public entities as applicants and as implementing agencies, as well as those of some Egyptian NGO.
18. It is therefore important to **assess the opportunity** for the programme to go along in the third phase without using the TSU with current representatives of both Egyptian and Italian partners. It, in particular, should be done in the presence of a budget or sector budget support approach, as foreseen by the third phase agreement. In this scenario, there is the risk of reducing the identity and value of the programme in the absence of capitalization activities. In turn, that may, more than others, favour the principle of sustainability of the programming culture that, explicitly has been created thanks to the primary role of the TSU.
19. Based on the sample assessment of projects by the evaluation team, collected findings lead to the following judgments on the level of coherence with objectives:

General objectives

- ✓ Consolidation of bilateral relations: good
- ✓ Contribution to poverty reduction and to Egyptian development: good
- ✓ Alignment and orientation with Egyptian policies and strategies: very good

Specific objectives

- ✓ Debt reduction: from fair to good
- ✓ Financing of projects contributing to the country's socio-economic development: good

- ✓ Strengthening of the Egyptian institutional capacity in the field of participatory planning in relation to poverty issues: from fair to good (closer to good).

Impact and sustainability of the programme

20. It is difficult to make conclusions on impact and sustainability of the programme, as most projects are still ongoing and some of them are still to start. Moreover, information and data permitting a rigorous analysis are missing. Finally, the continuity between the first and second phases makes it difficult to identify the specific contribution of the second phase only. Although considerations on specific project effects on the changes are possible, **it is much more difficult to build an organic judgment on the programme**, in regards to the whole set of general and specific objectives that the intervention is expected to achieve.
21. In relation to the specific objective of debt reduction, the **entire amount object of the conversion, 100 million US\$, was transferred to the counterpart fund**. However, the situation of general instability of the country did not favour a regular implementation of the activities. This caused a slow down and required the approval of no-cost amendments for the extension of the duration for almost all the initiatives.
22. Nevertheless, to date for all the on-going projects the **committed amount exceeds 93%** of the total and **47.7% has been disbursed**. This data shows the positive progress registered during the last three years, particularly in the last period, with over 16 million US\$ disbursed in the second semester of 2012.
23. The **impact on socio-economic development and on poverty alleviation is difficult to measure**, given the diversified sectors and geographic areas. This led to a dispersion of limited resources in relation to ambitious objectives. Therefore changes and results are difficult to assess.
24. The programme sensibly contributed to **strengthening the bilateral relations**; overall, in consideration of the considerable visibility acquired by Italy in the country after the start. The notable capacity demonstrated by the programme for alignment and coordination with Egyptian policies and strategies has certainly generated benefits that are hard to quantify and measure at this stage.
25. The programme did not pay particular attention to the opportunity to valorize the wide network of relationships created and consolidated with project and programme reference persons; the programme vision and culture did not sufficiently outstand among the cross-cutting issues. As a consequence, the programme has a limited relevance at project level and higher at TSU that was able to capitalize on its own and ensure this dimension. The **achievement of the institutional capacity building objective has been limited by the lack of coordination structures between the projects and of capitalization functions** that would allow continuous contacts and the knowledge of diversified experiences.
26. Nevertheless, the interviews provide a positive judgment on capacity building actions and result at sub-ministerial and departmental levels; Moreover, the civil society has also benefitted: in particular the transfer of know-how reached the enterprises and the Egyptian NGO responsible for implementation of activities.
27. In regards to the general sustainability of the results achieved by the programme, we can affirm that it is guaranteed in part by the high degree of coherence and relevance with national policies and planning framework and to the coordination and complementarity with Italian and other cooperations. In addition, projects and actions financed by the programme are well embedded in the institutional system or in the social dynamics of the communities where they are carried out.
28. However, the diversity of interventions, motivated by justifiable but poorly linked logics, make the programme appear like a **financial instrument for the realization of scattered actions rather than an initiative with clear objectives and strategy to achieve them**. These aspects represent a

risk for the sustainability of interventions at the end of external financing, that could accentuate the pulverization.

Key recommendations

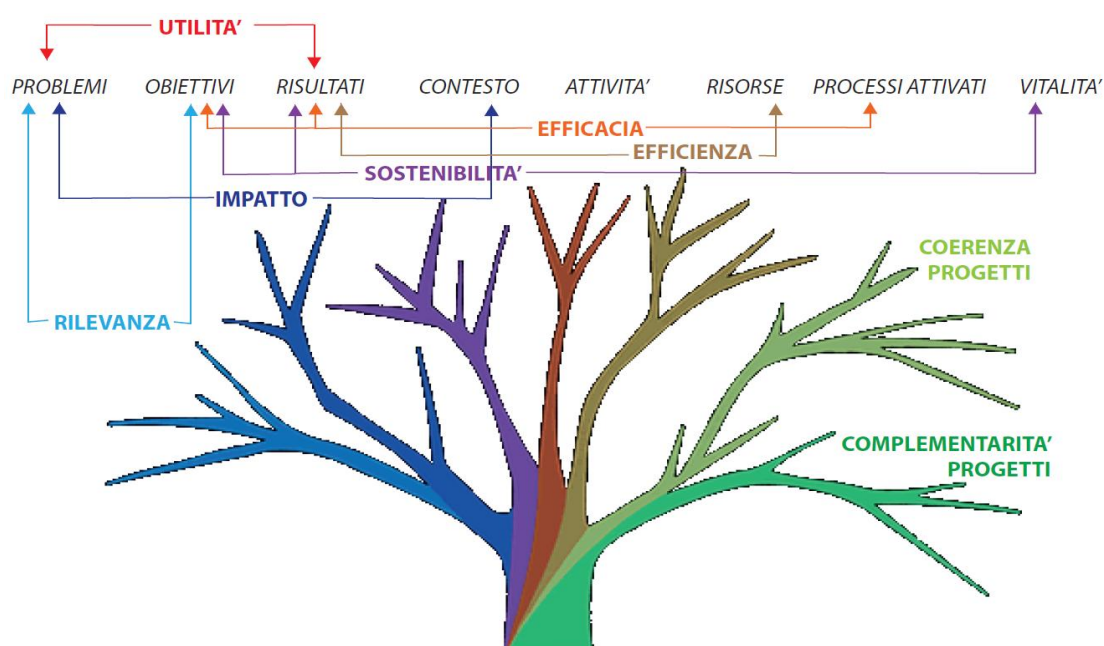
29. For the formulation of the projects not yet approved by the MC, it is necessary to reinforce the technical component and ensure a participatory approach in order to involve all the partners and beneficiaries as well in the definition and finalization of a quality project document.
30. In the light of the lessons learnt from comparable programs such as the Swiss one in Egypt and the Italian in Ecuador, it may be useful to explore the feasibility of temporary (semestral as the decisions of the MC) mechanisms and instruments for the use of resources transferred in the CPF. and not immediately disbursed to projects in favour of a secure investment that can ensure a financial benefit that may cover necessary technical assistance activities without affecting the converted capital.
31. It would be useful to set up technical monitoring and evaluation system in the form of an information system capable to anticipate problems and related delays and to suggest solutions to the management (of projects and programme) to adopt rigorous impact assessment approaches.
32. It would be useful to include in the project coordination structures (Steering Committee) representatives of the ministries on which the project depends for approvals and permits. Given they know the project and the programme and given they are familiar with the procedures in their ministries, they may facilitate the release of such authorizations and permits.
33. It might be usefull, taking stock of the lessons learnt from other programmes carried out by Italy in the APQ region in the Mediterranean and also from programmes like European Med, to capitalization actions should run alongside the programme's second phase. These should take a form of a visibility programme with production of information material, the organization of events, sharing and discussion opportunities on best practices, with particular attention to meetings and dialogue between projects.
34. An enhanced internal coherence can be underlined in the projects, particularly in relation to the overall programme goals with differences in thematic areas (and thus in the reference ministries as identified for the third phase) and in the provision of clear and shared guidelines to which all the interventions should adhere to. More specifically, general and specific objectives of the programme and related mechanisms should focus on participation of civil society and enterprises and possibly to take into account the political, administrative and financial decentralization process ongoing in Egypt, as a levee for development and democratic participation in decision-making process.
35. In order to maximize programme impact and sustainability, assessed less positively in interviews and documents (mostly due to the difficulty to forecast the evolution of context), it is important to limit the dispersion and the scattering of interventions that characterized the programme so far. For this purpose it is advised to identify in the third phase within each thematic area or ministry few thematic or priority intervention areas as well as to ensure mainstreaming capacity; for instance, the interventions should not only be included in national programming but should become carrier of changes in the country information general planning culture. At the same time, projects contributing to the same thematic areas should be coordinated through light coordination arrangements (simple consultation and exchange of progress) and allow thematic clusters for improved capitalization and enhanced coherence of a critical mass of projects. Thematic working groups may be considered for similar approved projects to introduce from the start the programme strategy and the elements of result-based monitoring and evaluation.

2. The programme and its evaluation

2.1 Objective: type, scope and utility of the evaluation

1. The evaluation of the second phase of the debt-for-development swap programme between Egypt and Italy (hereafter called the programme) may generate **expectations of different nature** that is better to clarify from the start in order to avoid misunderstandings. This should be done in line with indications contained in the terms of reference, with the collected information and data.
2. First, it is the **evaluation of the programme and not of the single projects** that it contains. The programme is not simply the sum of several projects, but rather the contrary: the projects are, in cascade, the emanations of the programme agreement, they are part of the programme framework and find their justification in its general logic. It is not a matter of evaluating the achievement of the activities foreseen in all the projects, taken individually.
3. For the specific nature of the programme, beyond the numerous and legitimate evaluation questions, the central question to consider is: to what extent was the **adoption of the chosen mechanism** an **advantage** for Italy and Egypt in terms of results (in relation to the objectives expressed by partners in the agreement) compared to other alternative arrangements such as budget support direct transfer, sector wide approach or other possible options differing by the degree of partner country ownership such as the traditional channel of grant bilateral policy?.

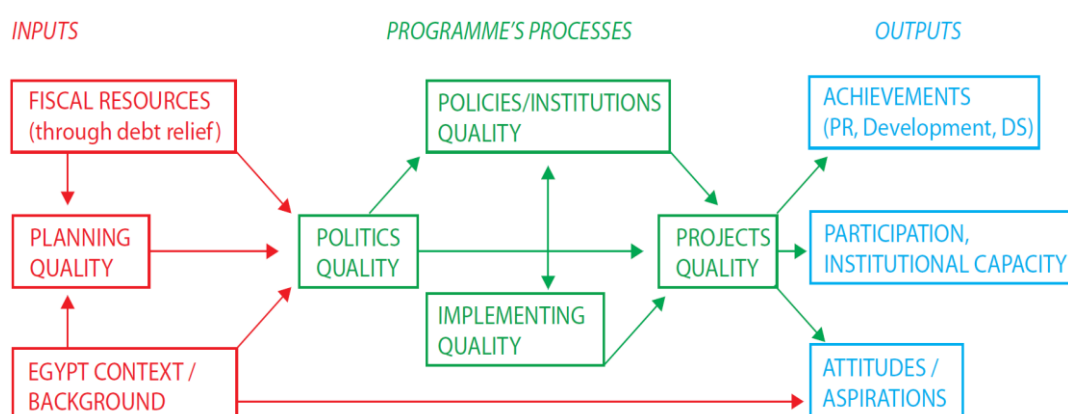
FIGURE 1: EVALUATION CRITERIA IN RELATION TO THE PROGRAMME LOGICAL STRUCTURE



4. In other terms, given the purpose to convert the amount of the payment of external debt in funds for development initiatives, the question is to choose a mechanism that has the **best cost/effectiveness ratio** (cost/effectiveness analysis) or to explicitly consider the multi-dimensional decisional problem without attempting to reach single best criteria as a result of **multi-criteria analysis**.
5. The application of pre-existing, tested and ongoing mechanisms such as grant bilateral channel or budget support might have faced lower **transaction costs**, not requiring a new institutional architecture. This justifies a specific **focus on the effectiveness of the mechanism**.

6. Effectiveness means trying to understand **how far the programme objectives have been reached**, if they were well identified (and shared between the two parties) and quantified with related project initiatives and to which extent they have been achieved.
7. It also means to analyze in depth which **mechanisms or factors have mostly influenced the achievement of the objectives**, with specific attention to institutional and organizational aspects that characterized the programme's culture.
8. For the purpose of the evaluation, only for complementarity, we deemed useful to gather information not directly linked to effectiveness criterion neither to casual relations between the programme and its results, but to **describe qualitatively and quantitatively the activities** carried out and thus assess the **efficiency** and the respect of commitments taken as a programme.
9. To understand if the use of resources was optimal for obtaining the results within the planned budget and timeframe and if there were more efficient alternatives (such as defining other conditions) implies giving attention to the capacity to meet the demand as well as the quality of goods and services (outputs) delivered by the programme.
10. It is important, but less central and feasible for the nature of the programme and for the available information, to investigate other standard evaluation criteria. First of all the **impact** criterion; the analysis of the direct or indirect effects, expected or not, on institutional context (relevance of strategic objective) and the changes observed in the communities as active actors rather than passive beneficiaries enabling them to participate to decision-making processes at programming level.
11. The other additional criterion is the **sustainability**, meaning the capacity of the programme to ensure that the positive effects last over time, with specific attention to institutional, socio-cultural and financial (related to national planning priorities) dimensions, more than technologic and economic, taking into account the continuation in the third phase.
12. The third criterion is the **relevance** in the sense of assessing to what extent the context and the development problems were taken into account and if the programme specific objectives really corresponded with the communities' needs.
13. Considering the programme articulation in project, **coherence and complementarity** are additional criteria of interest, in particular between the projects (i) within the programme, (ii) in relation to the Italian bilateral cooperation policy and (iii) in relation to the Egyptian planning.
14. All the above contributes to an evaluation focused on the dimension of **capacity building** and on **Egyptian programming opportunity oriented towards poverty reduction** through partnership and participation in decision-making process. These can be considered the strategic and underlying objectives of the initiative. With such a scope we can address the added value and the threats of the **programme design** itself.

FIGURE 2: INPUT-PROCESS-OUTPUT (IPO) MODEL OF THE PROGRAMME



15. The indicator of a programme complexity, such as the present one, in particular the complexity of the relations between the different inputs, processes and outputs related to the programme can come from the **number of evaluation questions that can be formulated** for assessing the structural complexity of the programme itself. The terms used in the above programme interrelations chart represent non-rigid theoretical concepts rather than observed specific findings.
16. Moreover, the graphic simplification does not clarify in details which indicators and variables should be taken in consideration for **measuring** for example the term “expectations”. The issue of measuring, including the reliability and validity of measures is essential for the scope of the evaluation.
17. The presence of an underlying objective may, from one side allow to appreciate the potential added value of the adoption of given nezhaniam compared to the alternatives (budget support or bilateral grant that do not ensure the full compliance with participatory decision-making logic). This poses a classic problem of **rigorous evaluation of effects**. Not all the development cooperation programmes or projects justify an evaluation of the effects. In addition to the absence of detailed information and data permitting a rigorous assessment, two other problems emerge in this specific case. The programme has a symbolic function in relation to the macro objective of contribution to the sustainability of Egyptian debt without a reasonable proportionality between the amount of the converted debt and the given objective. Moreover, the strategic dimension of the results and objectives has an immaterial nature and it is hardly measurable, similarly to the strengthening of governance and programming capacity.
18. Referring to the last point, the attempt to connect the project micro level to changes in the macro level may be problematic using only the causality nexus to link quantitative evidence to multi-criteria phenomena and variables. It is however important, apart from the problems to pay attention to the balancing of the levels at stake, as they are both fundamental. For the same reason, effectiveness and efficiency criteria, firstly in relation to macro objectives and secondly referring to fast disbursement capacity for the implementation of the projects - a very critical issue during the first phase.
19. The balanced attention to macro and micro dimensions helps to avoid the risk of excessive emphasis on systems, processes and institutional capacity building initiatives rather than on the delivery of concrete services by the projects.
20. The scope is not only to analyze potential trade-off between two important levels, but also to assess the presence of a gap between the **central level** of strategic planning and the **operational project level** with different stakeholders involved and where the programme strategic dimension is weak or missing. Such gap may generate layers between actors with different ownership of the programme’s logic, thus missing the opportunity to create a **community of actors** strongly belonging to the programme and to its values.
21. In coherence with the TOR, the evaluation aims at providing useful and operational recommendations and reporting both to the external stakeholders and to the Italian Cooperation on the activities carried out, on the results achieved, sharing the acquired experience in order to advise on future financing in the credit sector in Egypt and contribute to steer the third phase of the programme.

3. Theoretical and methodological framework

3.1 Evaluation design, collection and structuring of information

1. The principle of evaluation as a “**learning process**” is at the basis of the evaluation team work and of the report. For instance a **participatory approach** was used, where possible, with the purpose of involving the actors differently concerned by the implementation of the programme, taking in consideration the evaluation’s scope and its duration. The aim was also to enhance the level of ownership of the evaluation outcome by the main stakeholders. The mobilization of an evaluation team with diversified competences and the support provided by a pool of national experts have been qualifying assets of the adopted approach.
2. The methodological approach, the analytical instruments and the sources of information represented the “**evaluation design**” structure (appendix 4). It was elaborated based on the terms of reference (Appendix 8) and on the need to define data collection modalities. Standard evaluation methodology required **two main channels for the retrieval of data and information** useful for the analysis.
3. **Primary sources** were those collected from field surveys and observation, thus requesting the collection of information directly from the stakeholders involved in the intervention through the following means:
 - Interviews in Egypt and Italy with planners and designers of the interventions (both programme and projects) implemented under the second phase of the programme;
 - **Direct investigations** with programme planners, applicants and implementing parties by means of semi-structured questionnaires oriented to obtain interviewees personal evaluation on critical aspects and direct impacts arising from the implementation of projects and programme as a whole, trying to combine perceptions and supporting documentary sources;
 - **Visits to project outputs** to verify, together with responsible persons, the predictable impacts and effects;
 - **Interviews and focus groups** with the **beneficiaries of project interventions** that involved several well informed stakeholders.
 - Interviews with actors involved in other **bilateral or multilateral debt conversion initiatives** to appreciate their knowledge/awareness about the programme and collect comparative information on other initiatives.
4. **Secondary sources** were:
 - The programme monitoring system;
 - The official documentation prepared by the programme and by related projects;
 - Internal documents and working papers produced by the programme and project structures;
 - Official national and international statistical data for the correct assessment of socio-economic context;
 - Statistical data produced by public and private economic research entities, together with other relevant databases.
5. In practice, all the analyses required: (i) a **strong interaction with all the main actors** involved in programme implementation, as well as with the beneficiaries of relevant actions; (ii) the

valorization of specific statistical sources, although the poor standardization implied giving particular attention to verifying reliability and comparability of this data.

6. More specifically, the evaluation of the debt swap programme carried out in Egypt required the **analysis of stock, flows, weight and sustainability of debt incurred** with creditors - Italy in particular - for specific investment and development initiatives. This, in other terms has meant the analysis of the Egyptian indebtment policy from the financial and macro-economic angle, and in relation to it, the implications on institutional, political, economic and social development (appendix 1).
7. On this basis, the Italian-Egyptian debt swap programme Phase II was evaluated under its double dimension:
 - Like an **element of discontinuity compared to the unsustainable external debt accumulation phase** (object of a specific preliminary macro analysis), and
 - Like an **element of historical continuity** (*time-series analysis*), **following the first phase** (started in 2001) and **preceding a third phase** (signed in 2012). In comparative terms (*cross-sectoral analysis*) with the **wider context of renegotiation and conversion of Egyptian debt with other creditors** and from the Italian side in relation to other debtor countries comparable to Egypt to take into account.
8. The combination of temporal and cross-cutting perspectives turned to be appropriate especially to avoid the problems of applying the **principles of counterfactual logic** and for the interest to identify in the programme a possible **added value** to be qualified as best practice.
9. The evaluation focused on the analysis of **efficiency and effectiveness of the entire programme** (appendices 8 and 9), taking into consideration the micro dimension of the projects comprised in it (Chapter 11) and on the analysis of **impact and sustainability** of the programme (Ch. 10) within the referential Egyptian context (Ch. 4) and of its **relevance** (ch. 7) in order to formulate a **general judgment** (ch. 6) **on the programme achievement of stated objectives** (Ch. 5). At the same time, the evaluation aimed at providing elements of **comparative analysis** with other similar debt conversion projects carried out by other creditors in Egypt and by Italy in other countries as well as with the first phase of the programme (ch. 12).
10. The relevance of the **projects** and their impact were **fundamental for the financial evaluation of the programme** permitting a judgment on temporal sustainability of the achieved results in terms of the institutional and policy changes that a debt conversion programme aims at.
11. Data and information collection was carried out through consultation and use of different sources such as:
 - Publications, reports and databases of international financial institutions;
 - Strategic Egyptian documents (policy papers, declarations of intent and multi-annual economic plans);
 - Documentation available at the National Egyptian Statistical Institute and at the Central Bank;
 - Documentation related to debt agreements, to the conversion programme and to implemented projects (project documents and monitoring reports) as well as other Italian strategic documents (policy papers, parliamentary documents, debt conversion memoranda, etc.);
 - Semi-structured interviews with key stakeholders in Italy and in Egypt, thanks to the country mission that allowed to collect and comment the above mentioned quantitative and qualitative data. The consulted stakeholders included the representatives of: (i) Italian and Egyptian institutions (mainly at ministerial level) for a global judgment on the

programmed, (ii) NGO and multilateral organizations involved in the implementation specific projects, and (iii) beneficiaries and other stakeholders able to provide their perception of the initiatives promoted and supported by the programme;

- Experts of other cooperation agencies and academia (University and Cairo Economic Forum) were also consulted mostly on macro-economic issues.

12. In relation to projects, the evaluation considered the whole portfolio of interventions referring to the administrative information made available by the TSU and particularly useful for the criterion of efficiency, while 10 projects were selected as case studies, based on the following five criteria:

- Financial envelope. For the value of financing, the ten selected projects correspond to 61% of the total with 8 projects over 1 million Euro and 2 below;
- Involvement of the different actors. Different categories of applicants and implementing agencies have been considered (ministries and Egyptian public entities, international organizations, Egyptian and Italian NGO);
- Thematic/sectoral area. The projects were grouped in five thematic clusters, namely human resources development (technical education and training), technology transfer and innovation, promotion of primary production, environment and cultural heritage and social affairs. The intention of such criterion was to select a limited number of projects representing the priority intervention areas.
- Territorial location and concentration of projects. The selection felt on projects implemented, at least partially, in Cairo or in surrounding regions in order to facilitate the organization of the field visits.
- Relevance according to planners. This qualitative criterion was based on the perception of Italian referees (TOR, Evaluation Office, territorial Office, UTC, UTL, TSU) interviewed before the selection with the purpose of identifying most relevant projects in terms of achieved results, strategic interest, peculiarity, partnership arrangements, etc.. It is assumed that selected projects provide valuable information for the evaluation. Such criterion can also work to identify failures or problematic case studies.

Based on the above criteria, the following projects were selected as case studies:

Project	Financial amount in US\$
Actions in support to fishery sector in Egypt	6,880,937
Green Trade Initiative (GTI)	9,830,315
Small producers network for the recognition of their economic and social rights	749,176
Food security sustainable model	8,309,900
Psychological rehabilitation for mental disability (REMEDY)	456,230
Center for coordination, monitoring and support to Social Contract	4,770,723
Technical and professional training district in mechanical sector	15,118,163
Modernization of professional institutes through ICT	1,477,992
Robbiki Tannery District	11,446,642
Support to protected areas	1,967,392
TOTAL	61,007,470

13. The approach adopted for the desk analysis of the evaluation comprised the following steps:

- Verification of the quality of information in terms of accuracy. Comparability, coherence, accessibility and completeness;
- Ensuring accessibility and processing of the information by means of databases allowing the analysis of available data and its quantification (as the information was mostly qualitative);

- Integration of the database, if needed, with secondary data after adequate assessment of the relations between secondary data and the evaluation components and clarification of their scope of utilization.
14. The **triangulation of qualitative and quantitative comparative analysis methods** was applied where possible. Among qualitative analysis methods, we can mention the analysis of focus groups and individual interviews carried out in the field as well as the SWOT analysis. Quantitative methods included simple descriptive analysis and application of causal models based on quantity of collected information.
 15. In general, the working method was based on the sequence of:
 - a. *Data mining* (guided by findings arising from analysis of evaluation questions);
 - b. *Scoping mission and data collection* (for discussing the collected information and collecting new information and data);
 - c. *Data analysis*;
 - d. *Meetings to discuss the findings*;
 - e. *Elaboration of final report*.
 16. During the delivery of the programme evaluation results, a **marked asymmetry** emerged between the quantity and quality of available information in reference to perceptions and quantitative and factual data (except for financial data of administrative monitoring). The **inclusion of activities of data survey in all the phases of the initiatives**, starting from diagnostic activities linked to feasibility studies would provide innovation in the programming culture enhancing the capacity to look at the strategic role of the programme in the overall cooperation policy framework and to reduce the risk of self-reference that often occurs in single initiatives and programmes.
 17. The use of perception data is not an element of methodological nor relevance weakness. However, when the difficulty in the collection of non-perception data mainly depends on the **difficulty to link perceptions to factual or narrative confirmation**, such evidence can be useful from a methodological viewpoint; the **evaluation function could be improved** with its **integration in the planning phase**. Such innovation would facilitate the collection of information bases (documentation, quantitative data, etc.) on aspects of interest, thus contributing to increased visibility and understanding of the programme range (systemic effect, role of the process, relational growth, etc.). The evaluation of complex interventions like the present multi-sectoral programme amplifies the difficulty to solve the **problem of attribution and contribution** of the initiative. It creates the problem on how to determine the causality nexus between the initiative and the changes in variable indicators in the absence of experimental data as required by the counter-factual logic. The integration of such logic in the planning phase of such programme would allow to better address the **impact evaluation** according to the same logic that in the current situation is **hardly applicable**.

3.2 Methodology of analysis and operational modalities

18. The evaluation process was developed starting from **basic evaluation questions** (EQ), as stated in the evaluation terms of reference (ToR). The proposed EQ and the related indicators underlined the nature of the programme that require to focus the evaluation on the institutional and policy strengthening process generated by the programme, rather than on the results achieved by the single interventions.
19. The translation of these EQ into **judgement criteria** and the finalization of an **appropriate set of indicators** were fundamental steps to further identify the essential methodological tools such as

the quantitative and qualitative data collection and analysis techniques. The criteria taken into consideration are described hereafter:

- i. The dimensions and related set of indicators to analyze the debt and the conversion measures should find their methodological and conceptual justification in the evaluation strategic design;
 - ii. The final evaluation structure should include:
 - a. The **predicted and unpredicted effects** (applying as far as possible the counter-factual logic and causal attribution – how far does it work? For whom?);
 - b. The **context**: in terms of institutions, market integration, political stability, geography (where does it work?);
 - c. The **underlying mechanism**, based on the theory of change, focused on the process and linked to the context, to the implementation and to the preferences (how does it work?)
 - iii. An evaluation matrix has been elaborated to help data collection and the presentation of findings. The matrix corresponds to the evaluation design, thus linking the evaluation questions, corresponding indicators and sources of information and permitting to analyze the evaluability and relevance of the EQ.
20. The finalization of EQ and indicators contributes to **focus the attention on most relevant issues**, improving the effectiveness of the evaluation exercise. During the first desk phase a long list of EQ and indicators based on preliminary information and knowledge of the debt situation and of the status of the debt conversion programme with reference to ongoing policies and processes. This long list facilitated the dialogue with stakeholders and was structured in line with the ToR in order to respond to functional to the questions. Descriptive questions took into account the context, ongoing processes and the place/role of the programme. Casual and normative questions had a strategic nature and aimed at the analysis of results. Predictive questions were functional to policy recommendations. Critical questions address the changes (see Appendix 4).
21. Following the presentation of the long list, several stakeholders were consulted to select the priority EQ/indicators, adjust the list with new ones and develop three sets of indicators for the selected short list (appendix 4) as follow:
- iv. **Evaluation of context and macro dimension;**
 - v. **Evaluation of the implementation of the programme;**
 - a. Programme preparation phase;
 - b. Beneficiaries selection phase;
 - c. Project implementation phase;
 - d. Post-project and beneficiaries reaction phase.
 - vi. **Evaluation of impact and sustainability** of the programme
22. As mentioned before, the **indirect capacity development function was embedded in the evaluation exercise** in order to activate learning processes for all the programme operational staff and for the civil servants involved in the implementation of the programme. This was done in order to provide indications for the improvement of programme effectiveness in its third phase and for similar initiatives in the future.

4. The context and programme stakeholders

4.1 The context

EVALUATION QUESTION:

How did we get to the Agreement?

1. The context of the Italian-Egyptian debt conversion programme was characterized since the early eighties by a growing attention of the international community to the excessive accumulation of external debt by the developing countries. Moreover, it was characterized by the adoption by bilateral creditors and international financial institutions of initiatives to tackle this emergency, the so called *debt swap*.
2. The referential framework for debt swap in Egypt is represented by an agreement concluded with the Paris Club, the multilateral forum that brings together 19 main creditors¹ and has been designated to re-negotiate the bilateral public debt of countries facing difficulties to fulfill the payments.
3. The mentioned agreement was signed on May 25th, 1991 following a previous agreement in 1987 and fixing four objectives²:
 - To reduce the burden of Egyptian external debt with the possibility to finance development and investment projects;
 - To support the State budget;
 - To foster investments in the country;
 - To free Egyptian authorities from the obligation to guarantee foreign currency for the repayment of the debt.
4. To date, five countries signed debt swap agreements with Egypt: beside **Italy**, **France** (1994), **Switzerland** (1995), **Germany** (first one in 2001 and a new one under negotiation) and recently **Belgium** (2012). A comparison with the experience of these countries is presented in Chapter III paragraph 12 of this report.
5. In the Italian case the legal framework is the **Law 209/2000** on "Measures for the reduction of external debt in low-income and strongly indebted countries" and the related implementing regulation, the Decree 185/2001

Debt Swap in Italian legislation

Debt swap operations are regulated by Law 209/2000 "Measures for the reduction of external debt in low-income and strongly indebted countries" and the related implementing regulation, the Decree 185/2001.

Based on the above mentioned legal basis, Italy can finalise bilateral agreements for the cancellation of part of the in Exchange of the commitment by the government of that country to invest the corresponding amount in initiatives mutually agreed and aimed at socio-economic development, poverty reduction and environmental protection.

The countries that may benefit from these programmes are those for which a Debt restructuring Agreement has been endorsed by the Paris Club.

Since 2000, Italy finalized debt swap agreements with 15 countries: Albania, Algeria, Ecuador, Egypt, Philippines, Jordan, Djibouti, Indonesia, Kenya, Morocco, Myanmar, Pakistan, Peru, Vietnam, Yemen.

¹ Austria, Australia, Belgium, Canada, Denmark, Russia, Finland, France, Germany, Ireland, Italy, Japan, Norway, Netherlands, Great Britain, Spain, Sweden, Switzerland and United States. The biggest multilateral creditors such as the International Monetary Fund, the World Bank and the regional development banks, UNCTAD and other international organizations have an observatory status when participating in the meetings of Paris Club.

² <http://www.clubdeparis.org/sections/traitements/egypte-19910525/viewLanguage/fr>.

of the Ministry of Treasury, Budget and Economic Planning. More specially, Article 1 comma 2 defined the conversion as follows:

“the new destination of financial flows related to debt reimbursement towards investments or interventions favouring development and poverty reduction and evaluated as being compatible with ecosystems and promoting participation of concerned populations either in the identification of investments or interventions to be funded or/and in the monitoring and control phases”.

6. Debt swap takes the form of a transaction through which Italy consent to cancel part of the debt of a debtor country in change of the commitment of the later to **allocate generated savings in favour of programmes with explicit social and environmental purposes**.
7. The debt object of the transaction is derived from the **past aid loans**; their conversion, managed by the General Direction for development cooperation (DGCS) in agreement with the ministry of Economy and Finance, is admissible for the debtor countries having a multilateral debt restructuring agreement with the Paris Club. Such agreement envisages that, upon request of the debtor country, every creditor country may conclude bilateral debt swap agreements for the amount object of restructuring (*“debt swap clause”*)³.
8. Looking at the Italian experience, since 2000 the Italian government signed debt swap agreements with the following 15 countries:

Albania (2011), Algeria (2002, 2011), Ecuador (2003, 2012), Egypt (2001, 2007, 2012), Philippines (2012), Jordan (2000, 2011), Djibouti (2006), Indonesia (2005), Kenya (2006), Morocco (2000, 2009, 2013), Myanmar (2012), Pakistan (2006), Peru (2001, 2007), Vietnam (2010), Yemen (2003).

9. Egypt is one of the first countries to benefit from this initiative with a first agreement signed in **2001**, followed by two others in **2007** and **2012**, that have respectively launched the second and third phase of the programme.
10. The Egyptian debt situation in regards to Italy is the following. The commercial debt (distinct from the debt deriving from aid loans), the credit of SACE at May 31st 2013 was respectively equal to 182 million US\$ and 13 million Euro. Approximately 597 million US\$ (of which 21 millions of capitalized delayed payments) and 42 million Euro (of which 0.1 millions of capitalized delayed payments) have been restructured based on the 1994 bilateral agreement.

TABLE 1: OUTSTANDING CREDIT. IN MILLIONS FOR BOTH CURRENCIES

Period	Euro	Dollars
end 1995	42	589
end 1996	41	579
end 1997	40	569
end 1998	39	557
end 1999	38	544
end 2000	37	529
end 2001	36	513
end 2002	35	495
end 2003	34	475
end 2004	32	454
end 2005	30	431
end 2006	29	405
end 2007	27	378
end 2008	25	348
end 2009	22	316
end 2010	20	281

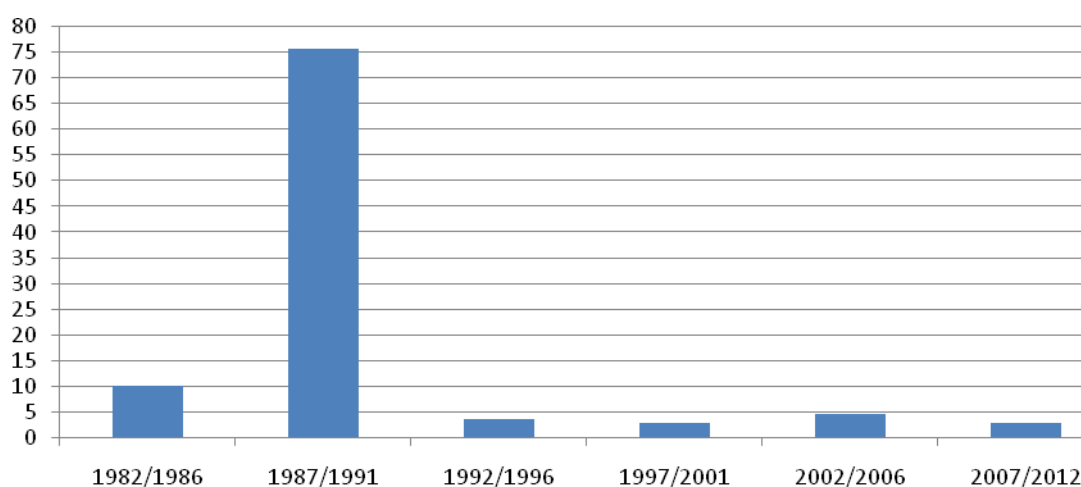
³ There are no limits to aid credits while commercial loans may not exceed 20% -30% of the credits (the percentage is lower for the so-called "higher middle income countries").

end 2011	17	244
end 2012	15	203
At 31/5/13	13	182
*- Last installment due on 1/1/2024		

Source: MEF, June 2013

11. At the same time, since 1982 Egypt benefitted of a total of 27 aid credits for financing several projects from the resources of the development cooperation revolving fund, according to Art. 26 of the Law 27/77 and Art. 6 of the law 49/1987 for a total amount of 407 million Euro. Moreover, Egypt has benefitted of two debt restructuring operations (1987 and 1991) based on multilateral agreements concluded within the Paris Club and three different bilateral debt swap agreements (2001, 2007 and 2012) related to ODA debt with Italy⁴.

FIGURE 3: DISTRIBUTION OF VALUE OF AID CREDITS RELEASED FROM 1982 (%)



Source: MEF, June 2013

12. Most of new aid credits released by Italy to Egypt are concentrated in the 1997/1991 period, while the Italian development cooperation activities started in 2001 to focus on managing debt swap programmes.
13. Consequently, continued and regular proceeds on ongoing aid credits (and suspended amounts object to debt swap agreements) led to a **decrease of the financial exposure** (considering only capital stock) of Egyptian debt to Italy, **passing from 213.76 million Euro in 2005 to 30.47 million Euro at May 31st, 2013**.
14. Overall, about 380 millions Euro of aid loans were allocated and effectively released; the funds related to two sector support programmes still have to be disbursed as the related financing agreements are in negotiation. At May 31st, 2013 Egypt still owes to Italy approximately 150 million Euro (134 in capital and 16 in interests), but only **33 million Euro** will have to be **reimbursed by 2036**, according to terms fixed in the agreed amortization plans, as the remaining part is object of the ongoing debt swap agreements and will be transferred locally. Egypt, that always honored its payment installments so far, does not have pending installments because all the debt is object of conversion until 2021.
15. The Italian-Egyptian debt swap programme is currently in its second phase and is the object of the present study. Following a first phase that converted 149.1 million US\$, the II phase has a value of 100 corresponding to payment installments due in the period 2007-2012. The current

⁴ We would like to thank the International Financial Relations Directorate of the Department of the Treasury, Ministry of Economy and Finance, especially the Manager VIII, Dr. Raffaella Di Maro, for the courtesy and kindness shown by providing detailed information and notes concerning "Egypt - Situation ODA debt" as at 31.05.2013 and "Egypt - Debt trading" as at 31.05.2013 " used herein in paragraphs 10-15.

phase is preceding a third phase launched with the agreement on May 10th, 2012 and corresponding to 100 million US\$.

16. According to the terms of the three agreements, payment installments of released credits, instead of being paid back to the revolving fund, are transferred to the local counterpart fund (CPF) and the amount utilized to finance new development projects jointly assessed and approved by the Italian and Egyptian authorities. The corresponding amounts transferred and earn marked for financing the selected programmes and projects are consequently removed and not due to Italy any longer.

The Egyptian-Italian debt-swap programme (phase II)

The Egyptian-Italian debt-swap programme started with the agreement signed between the two countries on June, 3rd 2007.

The agreement envisaged the cancellation of the debt installments due by Egypt to Italy in the period 2007-2012 and their conversion in resources allocated to the financing of development projects in the country.

The amount object of the swap is 100 million US\$ that have been allocated for the financing of 30 initiatives. The deadline for the conclusion of ongoing and planned project is 2015, expiry date of the agreement following the approval of a 12 months extension⁵.

The agreement follows a previous one signed on February 19th 2001 that launched the first phase of the programme that allowed the implementation of 53 development projects for a total amount of 149.1 million \$ (entirely transferred and cancelled). Also in this case the conclusion deadline was extended from July 2007 to December 2008⁶ to allow the conclusion of the activities, while the remaining balance (29.838.825 millions Egyptian pounds) was transferred to partially finance two initiatives of the phase II of the programme⁷.

In May 10th 2012 the agreement for the third phase was signed for a further swap of 100 millions \$, that when concluded ,should temrinate the debitory position of Egypt with Italy.

17. The value of the programme can be outlined from several perspectives. From the economic point of view, the debt, initially being an obstacle became a development opportunity, permitting the **financing** of initiatives promoting socio-economic and political well-being of the country.
18. The programme is therefore considered as the **main Italian initiative in the country** and this belief was reaffirmed by the Egyptian authorities in several occasions: eg. in the last Italian-Egyptian summit held in Rome in May 2010. The decision to confirm the Italian commitment in the aftermath of the revolution in 2011 was perceived by Egyptian authorities like a sign of friendship and vicinity of Italy to Egypt in this fragile transition moment. Moreover, it was seen as the willingness to actively support the reform efforts of the new government called to tackle numerous challenges in regards to lasting instability and worsening socio-economic situation in the country.
19. The strategic importance of the programme in terms of Italian-Egyptian relations is fundamentally linked to the solid bases established for the **effective ownership** of the

⁵ The extension of the validity of the agreement was approved by the Management Committee at its tenth meeting on 14 November 2011 in accordance with the provisions of art. 9 of the Agreement: «*The present Agreement shall remain in force for seven (7) years. Its extension shall be mutually agreed upon, in case funds allocated to specific projects and activities have not been fully spent by the expiration date*».

⁶ The initial duration, as stated in the agreement, was of six years, with a deadline set on July 8, 2007. Article. 5.2 of the same agreement provided the possibility for an extension to allow completion of the planned activities and the use of funds generated by the conversion mechanism. Based on that, during the seventeenth meeting of the MC on 22 March 2007, an extension until 30 June 2008 had been agreed, and thereafter during the twentieth meeting of 12 May 2008, the MC has approved a further extension until 31 December 2008.

⁷ Specifically, 22,000,000 Egyptian pounds were granted for the design of the tanning district of Robbiki and 7,838,825.57 to extend the program of WFP's school education in the three governorates of Bani Swaif, Minya and Fayoum until June 2014.

programme by the Egyptian authorities as confirmed in several moments, among which the main ones are: (i) the active involvement of Egyptian authorities in the management and control structures of the programme, namely the Management Committee (MC) and the Technical Support Unit (TSU); (ii) the management in the country of the financial resources corresponding to the installments of the debt cancelled by Italy that were transferred in local currency to a counterpart fund (CPF) opened in the Egyptian Central Bank; the alignment of the programme to the strategic priorities of the Egyptian government. The programme intervention sectors, agreed in the joint declaration signed during the second Italian-Egyptian summit of May 12th 2009⁸ are in line with the priorities of the sixth National Plan 2007-2012. These aspects, addressed in more depth in chapter dedicated to the intervention logic, enhanced the perception of Italy being a **real partner** of Egypt and not just a donor. This produced a positive image of Italy, that can rely on a strategic partner in the Mediterranean and Middle East⁹; this acknowledgement is confirmed by the visit of President Morsi in Italy, the first in Europe.

4.2 The stakeholders

EVALUATION QUESTIONS:

Are the Italian institutions involved different from those interested in DGCS grant or loan cooperation projects?

1. Despite its specific institutional set-up, the debt swap programme does not apparently differ from the traditional cooperation channels, in terms of stakeholders involved. The programme allowed the participation of multiple stakeholders that are or have been involved in the initiatives financed by DGCS, including Egyptian governmental and public institutions, international organizations and Italian and Egyptian civil society organizations. However, the programme has structured its project arrangements on the principle of differentiated typologies of actors (either applicants/promoters or implementing parties) and on specific thematic areas; it is therefore useful to assess ex-post the **positioning of the different actors**.
2. In particular, it is worth underlining the importance of considering the cooperation between Egypt and Italy under the programme not just as the outcome of management authorities (MC and TSU) but rather as the expression of a community of different actors like a **combination of institutions, organized civil society and persons that programme has contributed to make cohesive**, as holders of the programme values, objectives and culture.
3. From this perspective, we can talk of a **potential asset**, maybe the most important, that the programme has developed and that must be valorized and not wasted, starting from making more explicit the identity and the relation between partners that the participation to the programme should imply.
4. A limitation is noted on the poor attention paid to the network of the “professional community” of public and private, Egyptian, Italian and international actors that emerged in practice.
5. A rough but primary measure of this community is the number of actors involved in the programme: **38 institutions** involved during the II phase (compared to **41** in the I phase – see table 2) with a multiplying effect in terms of persons, plus the numerous direct and indirect beneficiaries of ongoing project initiatives.

⁸ Joint Declaration on the implementation of the Debt for Development Swap Program signed on the occasion of the Italian-Egyptian summit held in Sharm El Sheikh on 12.05.2009 by the Italian Foreign Minister Franco Frattini and the Egyptian Minister of International Cooperation Fayza Aboulnaga

⁹ Interviews with Valeria Mazzacane (Director of TSU), Nadia Fathalla (Egyptian Ministry of Planning and International Cooperation), Houssam Eldine Reda (Egyptian Ministry of Foreign Affairs).

TABLE 2: STAKEHOLDERS INVOLVED IN THE PROGRAMME

Implementing entity	I phase	II phase
Egyptian ministries	7	8
Egyptian public entities	14	9
Italian public entities	0	1
International organisations	7	7
Egyptian ONG	9	8
Italian ONG	3	5
Egyptian private sector	1	
Total	41	38

- The above figures define the typology of actors and their weight in terms of allocated funds. We can note a **prevalence of Egyptian ministries** (51%) among the applicants, with a leading position of the Ministry of Trade and Industry, the referee of the two main projects financed by the EIDS II, namely the “*Robbiki Tannery District*” and the “*Green Trade Initiative*”.
- The ministries are followed by the Egyptian public entities (24%) that include the *Educational Development Fund* (EDF), the *Medical Research Institute* of the *University of Alexandria*, the *National Council for Childhood and Motherhood* (NCCM), the *Supreme Council of Antiquities* and the *National Water Research Center* (NWRC) of the *Ministry of Water Resources*.
- The United Nations agencies (WFP, ILO, UNDP) are ranked third with 15% followed by NGO group with an equal share of funds (5%) between Egyptian and Italian NGO.

FIGURE 4: SECOND PHASE FUNDS ALLOCATION BY TYPE OF PROMOTERS

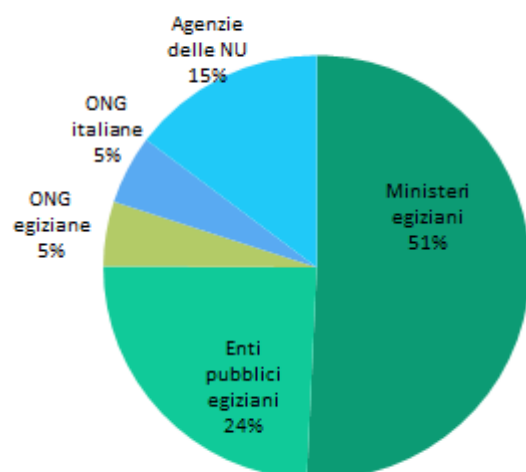
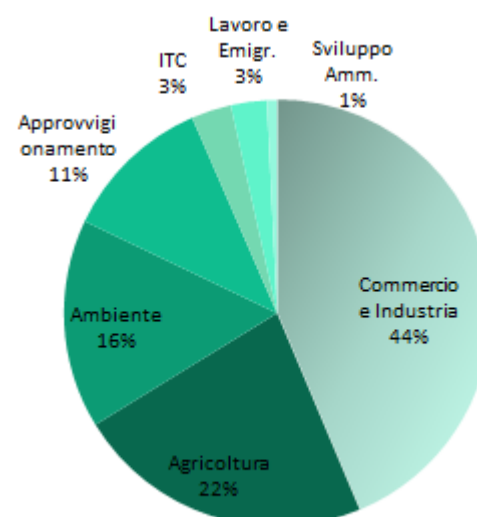


FIGURE 5: EGYPTIAN MINISTRIES INVOLVED IN THE II PHASE OF THE PROGRAMME



Source: Elaboration of TSU statistical data

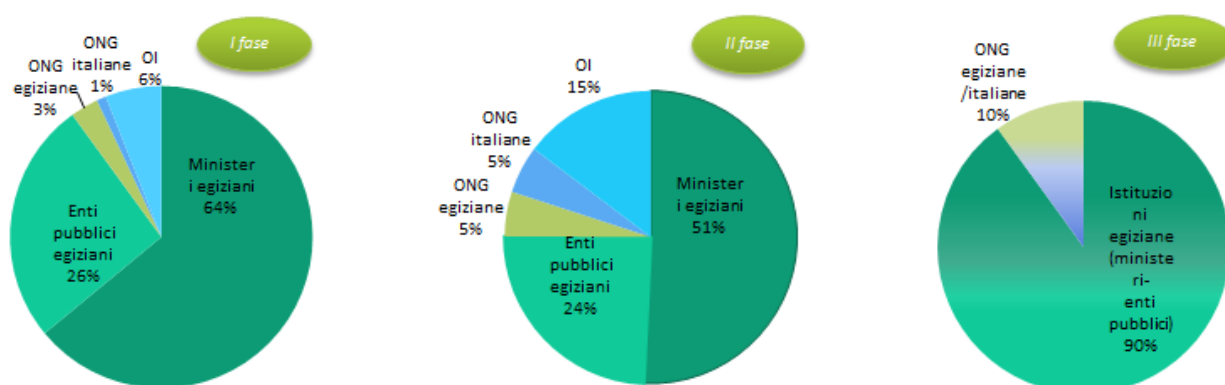
- A direct correlation between categories of promoters and thematic area of intervention does not appear, with the exception of “Technology transfer and innovation” cluster where projects¹⁰ fall under the responsibility of Egyptian public entities. For all the other sectors (environment, social dimension, primary production and human resources development), there is a substantial co-

¹⁰ The tanning district of Robbiki and the project “Use of remote sensing systems for monitoring water quality in the region of the Nile Delta”

participation of different institutions in the promotion of development initiatives without thematic specialization of applicant typology.

10. There is instead a relation between the later and the scale of project. The average value of projects presented by Egyptian entities and international organizations is 4.7 million US\$, while the projects of Egyptian and Italian NGO are worth 0.8 million US\$ in average. Only three projects by Egyptian entities are below that amount¹¹.
11. The share of Egyptian institutions is likely to increase in the third phase of the programme, where the agreement has foreseen a predefined allocation of funds. Such allocation makes official what occurred in the II phase, for instance that 90% of the 100 million US\$ programme will flow in the Egyptian ministries' budgets and that the Egyptian public entities will be the main actors in the requests for funding (Figure 6).

FIGURE 6 : TYPES OF APPLICANTS – COMPARISON BETWEEN THE THREE PHASES



Source: Elaboration of TSU project data

Source: Third phase agreement

12. In addition, as shown in figure 6, UN agencies and more in general the International organizations will not be allowed to act as project applicants anymore; their involvement will be defined by the Egyptian public entities for the implementation of specific initiatives.
13. Another consideration arising from figure 6 is that the agreement confirms the trend emerged during the second phase of the programme: 10% of funds will be devoted to NGO initiatives.
14. The central role of the **Egyptian ministries** appear to be a specific feature of the debt swap programme differently from other Italian bilateral or multilateral cooperation channels, where, although still present with Egyptian institutional counterparts, the level of involvement and participation is much lower. This can be noted in different aspects. First in the debt swap programme, Egyptian ministries can participate as applicants and become themselves **promoters of initiatives** that they need to develop and structure in the form of a project proposal to submit to the attention of the Management Committee.
15. The differences are not limited to the above. The programme established a **new model of governance** that materialize in the Management Committee, through which the Egyptian Ministry of Planning and International Cooperation shares with its Italian counterpart the responsibility of decisions on the allocation of funds. This ministry is also called to play a coordination role of the different ministries interested in projects and thus providing them with a privileged channel to advocate their positions in the decision-making.

¹¹ It concerns the projects such as: "The management of the archaeological park of Medinet Madi", "Use of remote sensing systems for monitoring water quality in the region of the Nile Delta"; "Evaluation of the policies of e-government in Egypt".

16. At project level, the role of **Steering Committees** as inter-institutional dialogue platforms guarantees the presence of Egyptian ministries in the management of projects falling in their areas of intervention. Steering committees are structured in accordance with the number of participants and the project financial value. In the case of the Robbiki Tannery District for example, the political profile of decisional and management structures emerged. Beside the steering committee where the Ministry of Trade and Industry and the Ministry of Planning and International Cooperation participate, the National Coordination Committee (NCC) was established with the role of coordination of the different ministries and Egyptian authorities involved in the project as well as facilitation for project implementation through adoption of necessary policies and authorizations (figure 7).

FIGURE 7 : MANAGEMENT OF ROBBIKI TANNERY DISTRICT PROJECT

Steering Committee (SC)

Composition: Ministry of Trade and Industry, Ministry of International Cooperation, Italian Development Cooperation Office of the Italian Embassy and a representative of the Italian Embassy.

Mandate: it is the Board in charge of conceiving the strategic orientation and guidelines of the project. It will approve the work plans, actions and budgets issued by the Project Management Unit and monitor the implementation of the project and all multi-institutional aspects related to it.

National Coordination Committee (NCC)

Composition: Ministry of Trade and Industry, Ministry of the State for Economic Development, Industrial development Authority, National Investment Bank, Ministry of Finance, Ministry of Culture, Ministry of International Cooperation, Ministry of Housing, Ministry of Local Authorities, Ministry of Environment, Chamber of Tanneries, Chamber of Leather, Governorate of Cairo, Industrial Modernization Center.

Mandate: to coordinate the different Ministries and Authorities involved in the project and play a role of facilitator of the implementation of the project by issuing the necessary policies and authorizations.

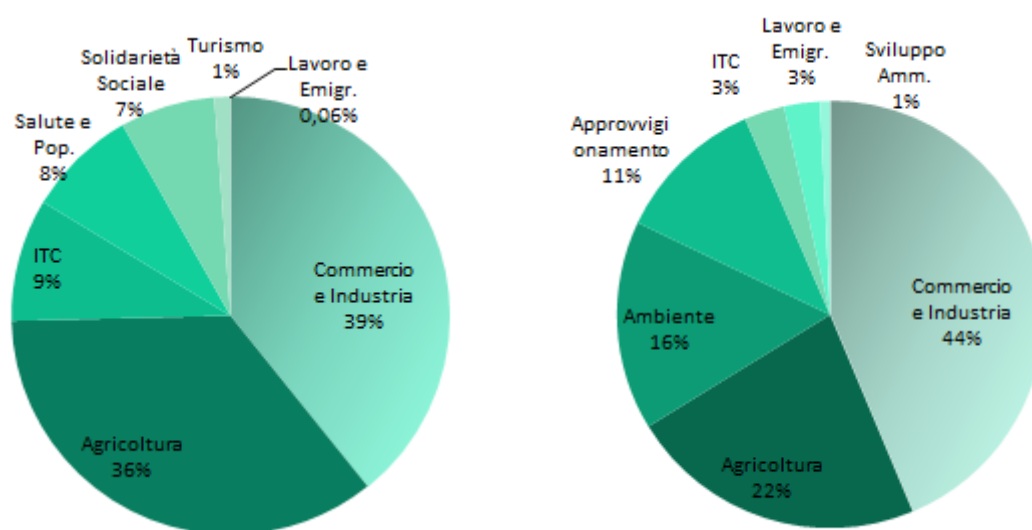
Project Management Unit (PMU)

Composition: an Italian and an Egyptian Coordinator and their staff, in charge of Italian/Egyptian co-management and an Executive Staff.

Mandate: to manage the implementation of policies and strategies approved by the Steering Committee, by contracting and supervising implementing agencies, the subcontractors and the service providers and submitting a periodical work plan and a budget (on three months basis) for approval of the Steering Committee as well as periodical progress reports

17. Regarding the role of single ministries, the passage from phase I to phase II confirmed the importance of the Ministry of Trade and Industry and the Ministry of Agriculture as the main actors at ministerial level (Figure 8). Other partners evolved with a reduced role of the Ministry of Communication and Information Technologies and the missed participation of three ministries (Health and Population, Social Welfare and Tourism). Vice versa, phase II registered the new entries as applicants of the Ministry of Environment and the Ministry of Procurement and Administrative Development.
18. Looking at implementing parties of projects approved in the II phase of the programme, International organizations rank first (45%) followed by Egyptian public entities (40%) and to lesser extend (15%) by Egyptian NGO, Italian NGO and Italian public entities with equal share of funds.

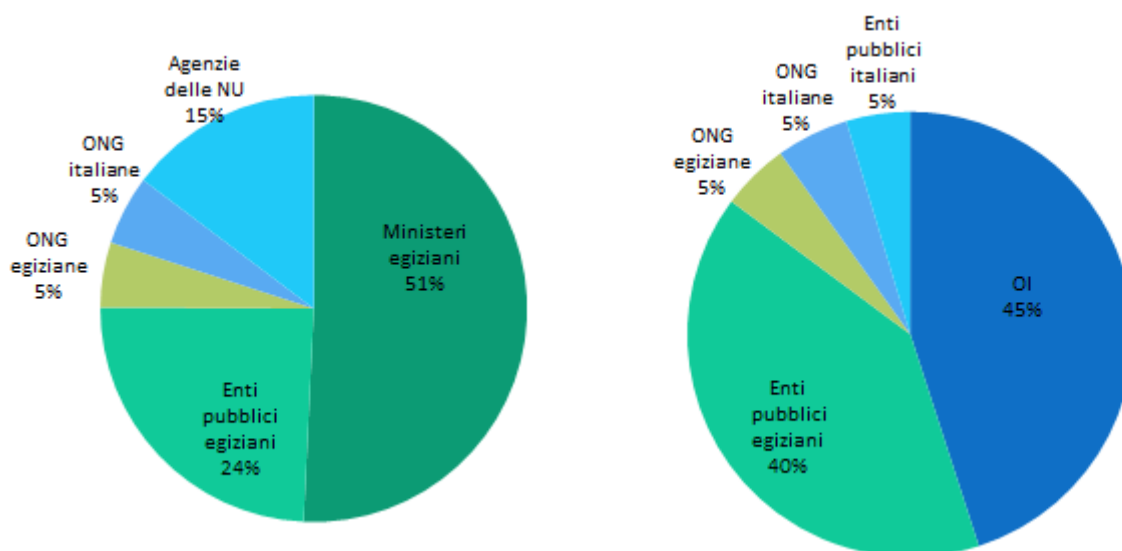
FIGURE 8 : EGYPTIAN MINISTRIES IN PHASES I AND II



Source: Elaboration of TSU project data

19. Comparing promoters and implementers (figure 9) we can underline a substantial self-reference of NGO: where they act as project promoters, they ensure the responsibility of implementing the initiatives.

FIGURE 9: APPLICANTS AND IMPLEMENTING AGENCIES OF THE PROGRAMME



Source: Elaboration of TSU project data

20. On the contrary, there is a discrepancy with data of other stakeholders; this is due to the fact that projects sponsored by Egyptian ministries have been implemented by international organizations, Egyptian and Italian public entities.
21. The delegation of responsibilities in project implementation by Egyptian ministries is the main change from phase I, as reported also in the table below. The delegation is not linked to specific areas of intervention but rather to the stronger operability and implementing capacity of international organizations and public entities compared to ministries.

TABLE 3: IMPLEMENTING ENTITIES IN THE I AND II PHASES

Implementing Entities	Phase I	Phase II
Egyptian ministries	53%	-
Egyptian public entities	18%	40%
Egyptian NGO	3%	5%
Italian NGO	1%	5%
Italian public entities	-	5%
International organisations	25%	45%

22. At the same time, it is worth noting that implementing parties are associated with Egyptian civil society organizations (i.e. collaboration of COSPE with Ayadi Masreya Foundation) or private sector actors (i.e. WFP worked with local producers in Fayoum, the intervention area of the school feeding project for the production and distribution of highly nutritive snacks in favour of children in beneficiary schools).
23. The programme tried to favour the integration of private sector, otherwise marginalized by the overall intervention strategy that from this point of view represented a traditional development cooperation approach not characterized by a territorial approach requiring multi-stakeholders and multi-level involvement in different thematic priorities. In addition, private sector development was not included in the priority intervention areas of the programme. The entry point for private sector was represented by the Calls for Proposals published according to the Egyptian legislation. The involvement of private sector is visible mainly in the projects linked to technology transfer and modernization of industrial innovative centers (Rubik) and to development of human resources (ICT and vocational training centers).

5. The logical framework of the programme

EVALUATION QUESTION:

What is the logical framework of the debt swap programme?

1. The programme is a political agreement and does not have a logical framework as such; however, the objectives of the intervention are specified in the agreement and in the joint Declaration signed in May, 12th 2009 and related to the second phase. Based on the agreement signed in June, 7th 2007, the programme has the aim to promote bilateral cooperation between the two countries and **reduce the burden of Egyptian debt**; a third objective that emerge in the agreement letter is the utilisation of the funds resulting from the debt conversion to **finance development projects** in the country. The objective to reduce debt burden and contribute to a more equilibrated balance of payments are instrumental to allow the country to keep its external currency reserves: it is a matter of high relevance given the current socio-economic situation faced by the country.
2. **Strengthening bilateral relations** is an objective mentioned several times in the joint Declaration¹², where “the importance to further strengthen the links of friendship existing between the two countries as well bilateral cooperation in the sectors of economic, social, cultural development and environmental conservation” is reiterated.
3. It is also important to consider in such context the expected progressive growth of the role of Italian cooperation that aims at promoting and facilitating the creation of a system of functional links between the two country-systems. In such perspective, the projects financed by the counterpart fund help to characterize the programme as an instrument for the consolidation of a strategic partnership in areas of particular interest including traditional intervention areas of the Italian cooperation or new fields potentially interesting for both countries.

TABLE 4: PROGRAMME OBJECTIVES: COMPARISON BETWEEN THE THREE PHASES

FIRST PHASE	SECOND PHASE	THIRD PHASE
Objectives		
<i>Agreement, premesse: with a view to promote their bilateral co-operation and relieve the Egyptian debt burden</i>	<i>Agreement, premesse: with a view to promote their bilateral co-operation and relieve the Egyptian debt burden [...]</i>	<i>Agreement, premesse: with a view to promote their bilateral co-operation and relieve the Egyptian debt burden [...]</i>
<i>Agreement, art. 3: Funds resulting from debt-swap operations collected in the CPF, including accrued interests if any, shall be used to finance jointly agreed development projects</i>	<i>The Parties agreed that funds resulting from debt-for-development swap operations shall be used to finance development projects</i>	<i>The Parties agreed that funds resulting from debt-for-development swap operations shall be used to finance development projects</i>

4. When we compare the three agreements, we can note an almost complete uniformity in the definition of programme objectives, except for the lack of explicit reference to development projects to be funded in the introduction of the agreement of the first phase (where it is stated in article 3) and for the different amount of conversion operations (indicated directly in the text only in the agreement of the III phase, while in the other two they refer to annexes). It is possible then to affirm that the second phase is strategically a continuation of the first and so is the third phase in respect of the preceding ones.

¹² Joint Declaration between the Government of the Italian Republic and the Government of the Arab Republic of Egypt on the Implementation of the Debt-for Development Swap Programme: “Recognizing the importance of further strengthening the ties of friendship existing between the two countries and the bilateral cooperation in the fields of economic, social cultural development and environmental conservation”.

5. From the interviews held with the programme key stakeholders (particularly those that participated to the I phase and represent the *historical memory* of the intervention¹³) and from the analysis of available documentation¹⁴ it is possible to extrapolate and pull alongside the objectives stated in the agreements, few underlying objectives pursued in both phases realized so far.
6. Beyond the strengthening of bilateral relations, another objective, not explicit neither in the agreement nor in the Declaration, but still arising from stakeholders perceptions and literature, is the intention to enhance harmonization, alignment and coordination of Egyptian policies and strategies, as well as indirect coordination with other donors present in the country and with the European orientations. If achieved, this objective would contribute to strengthen the Italian position in the region, thanks to relevant initiatives in innovative sectors with a significant potential impact in the area in line with the principles of international agenda on aid effectiveness.
7. The proof of such intention is the effort to focus the joint action on innovative thematic areas of priority interest for both parties, thus influencing present and future allocation of Egyptian resources¹⁵, facilitating at the same time the future contribution of other donors in the same sector and strengthening the partnership between Egyptian authorities and the international organizations present in the country. Another implicit objective is functional to the general objective. This is the strengthening of Egyptian institutional capacity and opportunities, particularly in the field of participative planning in reference to poverty reduction.
8. In respect of the above aspects and regarding the intervention logic, few considerations may help the analysis of programme implicit objectives. Dialogue and consultation become the main decisional and operative instruments; The same appears on the objectives level where project analysis and stakeholders perceptions underline the centrality of **mutuality** and **reciprocity** thinking in the consolidation of bilateral relations, with mutual advantages for the parties: The joint Declaration related to the Debt-for-development swap programme signed in May 12th 2009 makes explicit this important objective expressing the wish to strengthen friendship links existing between the two countries and bilateral cooperation in the economic, social, cultural and environmental sectors.

TABLE 5: RECONSTRUCTION OF THE PROGRAMME LOGICAL FRAMEWORK (SECOND PHASE)

GENERAL OBJECTIVES	<ul style="list-style-type: none"> • Consolidation of bilateral relations; • Contribution to poverty reduction and to Egyptian development; • Alignment and coordination to Egyptian policies and strategies.
SPECIFIC OBJECTIVES	<ul style="list-style-type: none"> • Reduction of debt burden; • Financing of projects contributing to sustainable socio-economic development of the country; • Strengthening of Egyptian institutional capacity in terms of poverty reduction participative planning
RESULTS	<ul style="list-style-type: none"> • The agreed debt amount is cancelled; • Projects in priority thematic areas are implemented
ACTIVITIES	<ul style="list-style-type: none"> • Identification, formulation and implementation of single projects; • Technical and financial assistance to projects; • Project monitoring.

¹³ Interview with Mrs. Ginevra Letizia and Mr. Nino Merola, 14/03/2013; interview with Mr Marcello Giordani, 22/04/2013.

¹⁴ In particular, S. Radwan, S. Kemal, N. El Oraby, "Partners for development – The experience of the Italian-Egyptian Debt Swap Programme (2001-2008)"; S. Radwan, G. Santariello, D. Shaban, "Nuove prospettive per la cooperazione allo sviluppo-Una storia di successo: il Programma italo-egiziano di Conversione del Debito", 2008.

¹⁵ In this regard, it should be emphasized that the program has been a lever to channel more investment by the Egyptian government in favor of measures approved for a total amount of 153 million Egyptian pounds and increased investment, respectively by 60 and 56 million Egyptian pounds, in favor of the districts with the funds directed to technical training for the tanning district of Robbiki.

9. The programme is also characterized by high level **of ownership** by Egyptian stakeholders in all the phases, differing from the typical donor-beneficiary logic, still recurrent in bilateral cooperation. To this aim the debt-for-development mechanism helps, as it envisages the **Direct Egyptian contribution**, transferred in national currency to the Counterpart Fund, favouring the sense of ownership of the programme by Egyptian counterpart
10. In terms of reciprocity and ownership, there has been an evolution in the programme across the different phases; after the first phase characterized by low emphasis on management aspects and relying to a large extent on the instruments of bilateral negotiation, the **second phase was more structured** reflecting an institutional framework more in line with other debt conversion programmes agreed by Italy and other countries.
11. For instance, the second phase has seen the establishment of the Technical Support Unit and the enlargement of competences of the Management Committee, later strongly reduced in the third agreement with the exclusion of the function to jointly identify and select the projects by erasing any reference to the TSU. The programme is thus evolving towards **re-dimensioned attention to joint management support mechanisms in favour of increased Egyptian ownership**.
12. The **negotiation** emerges as the main feature of programme mechanism and logic and the main instrument to ensure the convergence of the different counter parts expectations, in coherence with the general objectives of strengthening bilateral relations and alignment to Egyptian policies as stated in one of the objectives of the Paris Declaration on aid effectiveness (2005) related to the full empowerment of development process by beneficiary countries; However, the founding principle of Accra Agenda (2008) regarding the commitment of the governments of beneficiary countries to increasingly work with members of Parliament, local authorities and civil society, has been neglected.
13. The other programme objective is the financing of projects that contribute to sustainable socio-economic development of the country. With this aim, the funded projects have been identified thanks to the definition and application of mutually agreed programming guidelines, that took into consideration the priorities expressed in the sixth Egyptian quinquennial plan 2007-2012 and in the reform agenda launched by the Egyptian government. The intention was to tackle the changing political, social and economic situation that the country is crossing.
14. The thematic areas on which the 2nd phase of the programme fused the financing of projects are:
 - i. Human resources development with particular attention to technical and vocational training, a key characteristic of the Italian-Egyptian partnership.
 - ii. Support to the modernization of main industrial sectors with the introduction of technologies that maximize social impact and ensure environmental sustainability with specific reference to textile, clothing, leather, crafting and food sectors, as well as any relevant sector for the national economy.
 - iii. Promotion of primary sector production and related logistics and transport system.
 - iv. Protection and management of water resources, natural resources and protected areas as well as waste management.
 - v. Social dimension, particularly the creation of employment opportunities for young people, poverty reduction oriented activities especially for vulnerable groups (women and children) and women empowerment.
15. Analyzing the three agreements, we can note that the objective of promoting sustainable socio-economic development and the joint identification of priority thematic areas on which action will be focused are present in the first two agreements, but not explicit in the third one. The sectors of intervention varied from an agreement to another: in the first one there is a general reference

to rural development, poverty reduction and food security, in the second the definition of intervention areas is more accurate pointing out strategic sectors within the Egyptian planning framework; in the case of the “promotion of primary sector production” sector, there is an explicit connection to the past *green corridor project* which follow-up is envisaged in the second phase of the programme.

16. Compared to the second agreement, the third one is more generic, keeping the same macro-sectors identified in the previous one, except for interventions related to technology transfer (not imputable to the action and budget of a specific ministry) and for the return of food security (already addressed during the II phase with few interventions).

TABLE 6: COMPARISON OF PRIORITY AREAS AND PROJECT SELECTION CRITERIA IN THE THREE AGREEMENTS

FIRST PHASE	SECOND PHASE	THIRD PHASE
Thematic areas		
<p>Agreement, art 3.2: <i>Such projects shall aim at promoting socio-economic development and/or environmental protection and shall be identified in compliance with the principles and guidelines agreed upon by both Parties within the framework of Egyptian-Italian Development Co-operation</i>”.</p> <p>Agreement, art 3.3: <i>Priority will be accorded to projects aimed at rural development, poverty alleviation and food security in a context of sustainable resource use.</i></p> <p>Agreement, Annex 2: <i>Programs and projects shall meet most of the following criteria: – be located in rural or peri-urban areas; – be targeted towards the poor segment of the population; – enhance household food security; – be gender sensitive; – increase local institutional capacity and self-reliance particularly by promoting decentralized development; – be supported by enabling policy initiatives which would ensure effective implementation of the program and the sustainability of its impact.</i></p>	<p>Agreement, art. 4.3: <i>Eligible projects shall aim at promoting socio-economic sustainable development in Egypt and shall be identified in compliance with the principles and guidelines agreed upon by both parties within the framework of the Egyptian Italian Development Cooperation Program.”</i></p> <p><u>Joint Declaration</u>: <i>project will focus on the following areas, taking into account the Egyptian reform agenda and the priorities of the Sixth Five-Year National Plan 2007 – 2012:</i></p> <p>-<i>Human Resources Development</i>: <i>upgrading technical education and vocational training systems;</i></p> <p>-<i>Transfer of technology and upgrading Innovation Centers</i>: <i>continuing to support modernization of main industrial sectors [...]</i></p> <p>-<i>Primary Production promotion, organization, logistics and transportation</i>: <i>expanding and capitalizing the experience of the pilot project of the Green Corridor [...]</i></p> <p>-<i>Environment including Natural Resources Protection and Management</i> [...]</p> <p>-<i>Social Dimension</i>: <i>creating employment opportunities and improving living conditions with particular regard to young people, poverty alleviation activities with special emphasis on children and empowerment of women.</i></p> <p><u>MoU between the Ministry of Culture of the Arab Republic of Egypt and the Ministry of Foreign Affairs of the Italian Republic on Cultural Heritage</u>, art. 3.2: <i>the two Parties will make an effort to secure financial support through bilateral development aid, debt for swap funds and contributions from public and private</i></p>	<p>Agreement, art.3.1: <i>finance projects already identified for financing in the relevant Egyptian annual State budget approved by law by the Egyptian Parliament and will be allocated as follows:</i></p> <p>a) <i>Food and nutrition</i>: <i>45% of total funds to the Ministry of Supply and Internal Trade.</i></p> <p>b) <i>Education</i>: <i>13% of total funds to the Ministry of Education and/or to the Ministry of Higher Education;</i></p> <p>c) <i>Agriculture</i>: <i>15% of total funds to the Ministry of Agriculture;</i></p> <p>d) <i>Civil Society</i>: <i>10% of total funds to finance Egyptian and Italian NGO’s projects to be selected by the Management Committee through a call for proposals procedure, in accordance with Egyptian law and regulations;</i></p> <p>e) <i>Environment and Cultural Heritage</i>: <i>15% of total funds to finance the Ministry of Environmental affairs and the Ministry of State for Antiquities affairs follows up of the ongoing environmental and Cultural heritage programmes financed by the Italian Cooperation;</i></p>

17. In the first two phases the joint identification of areas of interest is emphasized together with the paritetical and equal participation of parties in the identification and selection of beneficiary projects. In the III agreement, these functions are entirely devoted to the Egyptian parties, thus assuming an evolution of the strategy and logic towards an **increased (almost exclusive) empowerment of the Egyptian party** in every step of the implementation process, from project selection to monitoring. This aspect can be better understood by analyzing and comparing some procedures of the three agreements.
18. The II phase agreement foresees the creation of a counterpart fund (CPF) where the value corresponding to the debt installments due for the period 2007-2012 is transferred in local currency according to a predefined calendar. In exchange, the Egyptian government takes the commitment to use the conversed funds for the financing of projects oriented in favour of sustainable socio-economic development in the country.

TABLE 7: - DIFFERENCES IN INSTITUTIONAL SETTING: MANAGEMENT COMMITTEE

FIRST PHASE	SECOND PHASE	THIRD PHASE
<p><u>Agreement, art. 4.1:</u> A Management Committee will be established with the following tasks:</p> <ol style="list-style-type: none"> 1. to select projects to be financed in accordance with the present Agreement; 2. to monitor project implementation through field visits and evaluation of progress/financial reports; 3. to verify project achievements. <p><u>Agreement, art. 4.2:</u> The Management Committee shall include representatives of the Parties: on behalf of the Italian Government, <i>H.E. the Ambassador of the Republic of Italy in Egypt, assisted by experts</i> in the sectors of finance, agriculture, health, social development and environment; on behalf of the Egyptian Government, <i>the Head of the European Co-operation Sector in the Ministry of International Co-operation assisted by the representatives of the Central Bank of Egypt and the Ministry of Finance, and the representatives of the other relevant Ministries and/or Organizations as the case may be. In the case of programs financed in connection with FAO, IFAD and WFP as per Art. 3.3., experts of such organizations will be invited to attend the meetings</i></p>	<p><u>Agreement, art 3.2:</u> The Management Committee will have the following tasks:</p> <ul style="list-style-type: none"> -to monitor the implementation of the present Agreement; - to select projects to be to be financed in accordance with the present Agreement; -to select appoint experts for technical assistance whenever needed; - to approve the Project Documents mentioned in Articles 5 and 6; - to verify and approve the amounts of funds to be transferred in biannual instalments from the CFP to the Project Accounts according to the procedure described in Article 5; - to monitor project implementation; - to inform the Parties in technical/financial progress of projects; - to verify project achievements. <p><u>Agreement, art. 3.1::</u> a Management Committee is established for the implementation of the Agreement and is composed of: on behalf of the Italian Government, <i>H.E. the Ambassador of the Republic of Italy in Egypt or his representative, assisted by members of the Italian Embassy and of the Italian Cooperation Office;</i> on behalf of the Egyptian Government, <i>H. E. the Minister of International Cooperation of the Arab Republic of Egypt or his representative, assisted by</i></p>	<p><u>Agreement, art. 5.2:</u> The Management Committee will have the following tasks:</p> <ol style="list-style-type: none"> a) to monitor the implementation of the present Agreement; b) to determine amounts to be transferred to the budget lines of relevant Ministries as in art. 3 according to the indicated repartition; c) to approve the portfolio of projects to be financed through the relevant budget lines, including the resources coming from the CPF each year; d) to endorse the six-monthly and the Annual Progress reports mentioned in article 6, paragraph 4 and article 7, paragraph 1; e) to endorse the selection procedures results from the technical assistance experts requested by the Ministry of international Cooperation, whenever needed; f) to verify projects achievements. <p><u>Agreement, art 5.1:</u> a Management Committee is established for the implementation of the Agreement and is composed of: - on behalf of the Italian Government, <i>H.E. the Ambassador of the Republic of Italy in Egypt or his/her representative., assisted by members of the Italian MFA – Directorate General for Development Cooperation, of the Italian Embassy and of the Italian Cooperation Office;</i> -on behalf of the Egyptian Government, <i>H. E. the</i></p>

	<p><i>representatives, of the Ministry of International Cooperation, of the Ministry of Finance, of the Ministry of Economic development, of the Central Bank of Egypt, and other relevant Ministries and/or organizations as the case may be. Representatives of U.N. organizations or NGOs or other institutions will be invited to attend the meetings whenever needed.</i></p> <p><i>Agreement, art 3.3: The Management Committee will meet every three months or whenever needed upon request of one of the Parties.</i></p>	<p><i>Minister of Planning and International Cooperation of the Arab Republic of Egypt or his/her representative, assisted by members of the Ministry of Planning, of the Ministry of International Cooperation, of the Ministry of Finance, of the Ministry of Social Affairs and of other relevant line Ministries and/or organizations which may be invited to attend the meetings whenever needed.</i></p> <p><i>Agreement, art. 5.3: The Management Committee will meet every six months or whenever needed upon request of one of the Parties.</i></p>
--	---	--

19. The Management Committee (MC) is established as the control and orientation structure which main tasks are to steer and monitor the implementation and the results achieved by projects. The MC is composed of representatives of both governments: for Italy the ambassador assisted by members of the embassy and the Italian cooperation; for Egypt, the Minister of International Cooperation is assisted by staff of the same Ministry and of Ministries of Finance and Economic Development and of the Egyptian Central Bank. Other ministries, international organisations and interested entities may join that group, if required.
20. There are differences in the functions and composition of the MC in the three agreements. From I to II phase the tasks of the MC widened, but they are reduced significantly in the III agreement, with the important exclusion of project selection, as indicated in Article3.1, where any reference to the joint identification of interventions no longer exists.
21. The identification and selection of interventions become the sole responsibility of Egyptian ministries competent for the intervention domains in compliance with the priorities expressed by the *Annual State Budget* approved by the Parliament. It is licit to imagine that this may lead to reduced possibility of Italian counterpart to influence, although indirectly, the Egyptian choices and strategies; such a possibility is also limited for the other actors involved in policy definition, because the decision-making process remains also restricted to the Egyptian executive in the III phase.

TABLE 8: DIFFERENCES IN INSTITUTIONAL SETTING: TECHNICAL SUPPORT

FIRST PHASE	SECOND PHASE	THIRD PHASE
<p><u>Agreement, art. 4.1.</u> A Management Committee will be established with the following tasks: [...]</p> <p>2. to monitor project implementation through field visits and evaluation of progress/financial reports;</p>	<p><u>Agreement, art 3.4:</u> A Technical Support Unit shall assist the Management Committee in the performance of his tasks. The permanent staff of the Unit shall be composed of Italian experts (costs will be covered by the Italian Government) and Egyptian experts (costs will be covered by CPF)</p> <p><u>Agreement, art. 3.5:</u> The experts of the Technical Support Unit shall also act as Management Committee Secretariat and will report directly to the management Committee.</p>	<p><u>Agreement, art 3.1:</u></p> <p>f) Operational costs: up to 2% of the total funds shall be allocated to cover the costs of technical support and assistance borne by the Ministry of Planning and International Cooperation, as described in article 5 and 6. A detailed break-down of costs, including temporary experts' contracts, will be provided yearly to the Management Committee.</p>

	<u>Agreement, art. 4.4:</u> <i>A maximum of four per cent(4%) of the funds deposited in the CPF shall be allocated to cover the costs of capacity building., technical assistance, staffing and functioning of the Technical Support Unit</i>	
--	---	--

22. The analysis of technical support mechanisms clearly demonstrates the evolution of the intervention logic. From the I phase where no specific funds to technical support were earmarked, we pass to the second phase and the establishment of the Technical Support Unit (TSU). The TSU assists the MC with permanent staff composed by Egyptian and Italian experts that provide capacity building, technical assistance, monitoring and project support services. The costs of the TSU are paid from the counterpart fund up to 4% of total available funds¹⁶. The III phase is characterized by the allocation of 2% of total funds to the benefit of the Ministry of Planning and International Cooperation for technical support to implementing ministries without envisaging a specific structure for that purpose.
23. For monitoring and evaluation, the I agreement does not foresee specific chapter; it makes a general reference to the MC monitoring functions and mentions evaluation as a pre-condition to the signature of a possible future agreement based on positive evaluation of the results of the first phase.

TABLE 9: DIFFERENCES IN INSTITUTIONAL SETTING: MONITORING AND EVALUATION

FIRST PHASE	SECOND PHASE	THIRD PHASE
<u>Agreement, art. 5.3:</u> <i>In the light of the results of the evaluation of this agreement, a new agreement could be agreed upon with the view to continuing to promote bilateral co-operation and relieving Egyptian debt burden.</i>	<u>Agreement art. 6:</u> <i>The Management Committee shall be responsible for project monitoring and evaluation. To this effect, all the projects financed should submit for approval the following documents to the Management Committee:</i> a) <i>six-monthly Project Progress Report (technical and financial)</i> b) <i>proposed next year Work Plan and relevant updated annual Financial Plan</i> c) <i>Final Report (upon conclusion of the project)</i> d) <i>Annual financial Auditing Report, upon request of the Management Committee.</i> <i>The Management Committee shall be responsible for keeping the Parties informed on technical and financial progress of approved projects, by providing at the end of every year an Annual Progress report [...]</i> <i>A joint Mid Term Review</i>	<u>Agreement, art. 7.2:</u> <i>With regard to Monitoring, a six-monthly as well as an Annual Projects Progress Report (technical and financial),related to project portfolios will be prepared in English language by the Ministry of Planning and International Cooperation on the basis of the information received from the line Ministries, to be submitted to the Management Committee for approval</i> <u>Agreement, art. 7.4:</u> <i>With regard to Midterm Review a joint Mid Term Review on the implementation of this Agreement will be carried out by the Management Committee after 36 months from its entry into force</i>

¹⁶ The costs of experts of the Italian TSU are covered by the Italian Cooperation as part of the aid. The costs of Egyptian experts, administrative staff and logistics costs are funded by the CPF, up to a maximum of 4%. The technical experts of the TSU were reduced in the second phase of the programme to the number of two, an Italian expert and one Egyptian with the functions, respectively of a Director and Deputy Director. The position of Italian Director has been vacant for a period of six months in 2010. Currently, the Technical Support Unit is composed of an Italian expert in the function of Director of the Program, supported by a staff from Egypt: a Deputy Director, three financial analysts and a junior program assistant.

	<i>Evaluation on the implementation of this Agreement will be carried out after 36 months from its entry into force [...]</i>	
--	---	--

24. Based on the above points, it is possible to illustrate the evolution of the programme that passed from a first phase characterized by limited emphasis on management aspects and mostly relying on bilateral negotiation instruments to a more structured second phase with the MC assisted by a TSU and an institutional setting more in line with debt swap programmes concluded by Italy with other countries.
25. The third phase is characterized by a reduced attention to mechanisms supporting joint management of the programme in favour of enhanced Egyptian ownership. This procedural arrangement is directly linked to changes in the intervention logic. Direct financing of ministries' budget lines and the elimination of joint project identification bring the programme closer to the *Budget Support* system, without having been the result of a rigorous evaluation based on specific indicators, on monitoring activities in regards to governance, transparency, accountability of public policy decisional process. According to the European Commission's modalities¹⁷, the adoption of global or sectoral budget support requires a well defined national policy and strategy. In other words it requires a macro-economic framework tending to stability and a credible and relevant programme to improve public finance management including the presence of result-oriented performance indicators with indication of benefits and risks in the priority sectors and keeping in mind the difficulty to evaluate impact of budget support on poverty reduction in terms of attribution of results.

TABLE 10: INSTITUTIONAL SETTING IN THE THREE PHASES: APPLICANTS

FIRST PHASE	SECOND PHASE	THIRD PHASE
<p><u>Agreement, art. 3.2:</u> <i>Funds collected in the CPF may also be used to finance local costs of relevant projects and programs undertaken by Italian Development Co-operation.</i></p> <p><u>Agreement, art. 3.3:</u> <i>Project proposals may be presented by relevant U.N. organization such as FAO, IFAD and WFP</i></p>	<p><u>Agreement, art. 4.4:</u> <i>The following institutions are entitled to apply for financing:</i></p> <ul style="list-style-type: none"> -all Egyptian public institutions; - Egyptian and Italian NGOs, registered in Egypt through the Egyptian Minister of Social Solidarity; - United Nations Agencies/ International Organizations. 	<p><u>Agreement, art.3.1:</u></p> <ul style="list-style-type: none"> a) Food and nutrition: 45% of total funds to the Ministry of Supply and Internal Trade. b) Education: 13% of total funds to the Ministry of Education and/or to the Ministry of Higher Education; c) Agriculture: 15% of total funds to the Ministry of Agriculture; d) Civil Society: 10% of total funds to finance Egyptian and Italian NGO's projects to be selected by the Management Committee through a call for proposals procedure, in accordance with Egyptian law and regulations; e) Environment and Cultural Heritage: 15% of total funds to finance the Ministry of Environmental affairs and the Ministry of State for Antiquities Affairs

26. The evolution foreseen in the third agreement underlines the opportunity to briefly pay attention to the convergence of the two counterparts in regards to logical framework objectives of phase two. In particular, strengthening institutional capacity and competence in relation to governance and poverty reduction planning. The general consensus in Egypt for a third phase

¹⁷ EC (2010), Il futuro del sostegno al bilancio dell'UE a favore dei Paesi Terzi, COM(2010) 586, Bruxelles, 19 October.

oriented on budget support¹⁸ type of modalities could suggest a partial share of the obligation to carry out an initiative in partnership with the Italian counterpart. From discussions with TSU staff on this matter, the institutional strengthening objective is fully endorsed by the counterpart¹⁹, but threatened by the lack of coordination mechanisms between the single projects. It is also possible to assume that the changing context and the consequent turn-over brought changes in the objectives of Egyptian reference persons. This was neither made explicit in documents nor in the interviews for two main reasons: the fluid political context and the poor efficiency noted in the management of projects.

¹⁸ Almost all of the Egyptian ministerial representatives interviewed (with the notable exception of the Ministry for International Cooperation) expressed a favorable view of the mechanism of budget support introduced by the Programme.

¹⁹ Interviews with Valeria Mazzacane, Director of TSU

6. Main evidence from the general analysis

6.1 Synthesis of composite measure

1. Data utilized in this chapter were collected by the evaluation through sample survey of 80 interviews (in depth interviews with 30 minutes structured questionnaire), 3 focus groups accompanied by consultation of 171 documents, several web pages and international databases. Concerning the programme dimension (phase II), not limited to macro-economic context, information sources were 77 interviews out of the total 80 and 47/171 documents.
2. Interviews were addressed in 28 cases to Italians, in 44 cases to Egyptians and the remaining 5 to persons of other nationalities. In reality, the number of interviews and distributed questionnaires differ from the number of interviewed persons. In some cases, the interview was made to two or (rarely) three persons of the same organization involving more persons. Some persons (particularly relevant and informed were interviewed more times by different members of the evaluation team.
3. From the methodological point of view, the combination of mixed methods such as the structured questionnaires and the semi-structured interviews presents differences in the collection, analysis and interpretation that is worth considering, particularly when combined with documentary analysis as carried out in this evaluation. The combination is necessary given the complexity of the programme, the instability and the immaterial nature of the specific dimension of interest (strengthening institutional capacity in regards to poverty reduction policy planning). In the elaboration of the synthesis, we underline that the convergence between the findings and the numerous collected and highly variable data is often weak, despite the attempt to take into account sensitive information, emotional answers, expectations, bias, misunderstandings and the temporal gap between interviews and documentary data (in the case of Egypt, few days of difference may represent a significative change in context and expectations). Moreover, an increased effort in the alignment of data would require excessive energies with the risk of losing the richness in complementarity of the collected data and information.
4. With this preliminary section, it is useful to define and use the concept of “synthetic value index” of the programme represented by a composite value index which value grows with the positive perceptions of the value of different dimensions and of adopted evaluation criteria. The value of this “impact strategic index” based on peoples’ judgment cannot be determined directly.
5. The fundamental question for the evaluation is: “what is the global judgment on the programme?” It is an implicit question, not directly formulated in the questionnaire because too ambiguous and unclear, requiring further specifications.
6. A synthetic (and composite) index has then been defined based on eight criteria/dimensions:
 - i. The **quality of programming**, meant as logic, structure and coherence of the objectives of the programme **logical framework** matrix that is absent for the programme. Only the logical framework of the projects included in the programme can be observed. Although the logframe can be reconstructed ex-post, its absence is a structural weakness of the programme, as it implies the **lack of milestones** (except start and end dates) related to turning points and to provision of specific deliverables, on which control procedures may help verifying the implementation status of the programme (i.e. work breakdown structure adopted by the European Commission). A proxy used to measure the quality of programming is the **sustainability of institutional setting and management arrangements** put in place by the programme, seen as adequacy of the organization to the objectives that represents a major feature of the programme.

- ii. The **relevance**, in other words the degree of correspondence between the objectives and the identified problems/needs measures how far the planned action is based on a correct and complete assessment of needs and how strategic and methodological aspects as well as resources mobilization are adequate to the stated objective.
 - iii. The **efficiency** that is the way the activities turn the available resources into desired results, in terms of quality, quantity and timing. This criterion assesses how adequate and balanced were the resources allocated for the projects for achieving the expected results and if they were utilized to ensure the best relation between costs and benefits.
 - iv. The **effectiveness** is meant as the degree of achievement of objectives and expected results of the programme. This criterion moves the attention from the implementation to the results, taking in consideration the factual nexus between delivered services or realized actions and the achievement (or not) of the objectives on the basis of changes in the behavior (capacity or opportunities) of the programme beneficiary stakeholders.
 - v. The **impact** is the degree of extension of benefits, arising from the achievement of objectives from the direct beneficiaries to the context of intervention. It is the temporal extension of benefits in the medium/long term in the concerned sector or the geographical extension to the region or country. Like for effectiveness, the causal logic of the intervention (the theory of change) must be explained (after analysis and verifications, taking into account the complex variables and the social ground). The absence of standardized and systematic factual data or perceptions is a limitation for a rigorous and coherent impact assessment, making the available indicators poorly indicative of the real impact of the programme. So, even in the presence of positive experiences, there is the risk of missing an adequate capitalization and systematization of the initiative - a serious problem stressed by the programme or by many development cooperation projects.
 - vi. **Sustainability** is, for instance the capacity of the programme to continue ensuring the flow of benefits beyond the timeframe of its planned implementation with reference to the economic, financial, political, institutional, socio-cultural, technological and environmental dimensions. It is worth noting, in final evaluations of development projects, the common and widespread perception of low sustainability in the medium-long term associated to excessive dependence on public resources availability and of constraints and risks for the future (emphasized by the current financial and economic crisis).
 - vii. The **coherence** of the programme in regards to the bilateral cooperation initiatives, the international strategies (the European Union at the first place) and the Egyptian national policy framework. In this case, the principles of alignment and harmonization with the priorities of the government of beneficiary country should also be addressed together with ownership, result-based management and common responsibility as stated in the Paris Declaration on aid effectiveness.
 - viii. The **improvement compared to the I phase** reflects the specificity of the evaluation; a complex programme developed over a long timeframe and divided in three phases with the passages between the different phases representing the key turning points mentioned above.
7. This specific conceptualization identifies 8 dimensions that express the multi-dimension of the evaluation or value attribution. These dimensions define the information basis, the group of parameters considered as relevant approximations for catching the variable in the scope of the present evaluation. The ICV index is then a function of 8 variables in which the values, for each interviewee (or document) i , are equal to X_{ik} (where $k=1,...,8$).
8. Interviews and consulted documents brought judgments on the 8 dimensions with scores on 5 levels: negative impact (-1), no effect (0), fairly positive (+1), quite positive (+2) and very positive

- (+3). The fact that these are the ordinal variables, (ie., mutually exclusive and exhaustive categories classified and defined in a hierarchical order taking into account the subjective perceptions of the respondents), implies that the different levels attributed to the various dimensions of the evaluation are implicitly read as a reference to the ICVI values of the latent variable associated with other not definit threshold values²⁰.
9. In other terms, the level perceived by interviewees or described in documents can be considered the final result of a combination of factors represented by the 8 dimensions or criteria contributing to define a global value.
10. Some dimensions are not directly associated, for their nature to the questions of the questionnaire nor to documents sections, implying an approximation based on the judgment of the evaluation team.
11. It is also important to clarify that two different sets of indicators were used:
- a. Project indicators useful for consultation with stakeholders of projects selected as sample; and
 - b. Strategic indicators (useful to measure the value at programme level) which measurement is derived from the project indicators.
12. In addition, evaluation questions and project indicators were identified in order to generate answers to strategic and immaterial dimensions from project material data for this reason, the passage from project level to programme level was made through selection of information collected in administrative sources, interviews and documentary analysis.
- The structured reflects the complexity of the programme and the evaluation design. It addressed in depth the eight dimensions assuming that multiple interactions between the dimensions will be necessary, rather than just a sum.
 - For the given dimensions further aspects have been investigated such as:
 - The causal mechanisms that may contribute to explain the ongoing change;
 - The influence of the specific reference context;
 - The underlying findings arising from the perceptions of interviewed persons.
 - Finally, in order to compare and measure, where possible, the representation and the degree of correspondence of different layers, factual proofs have been sought to complement perceptions and documentary evidence and to verify the convergence of the outcome.

6.2 The evaluation flower: a synthetic representation

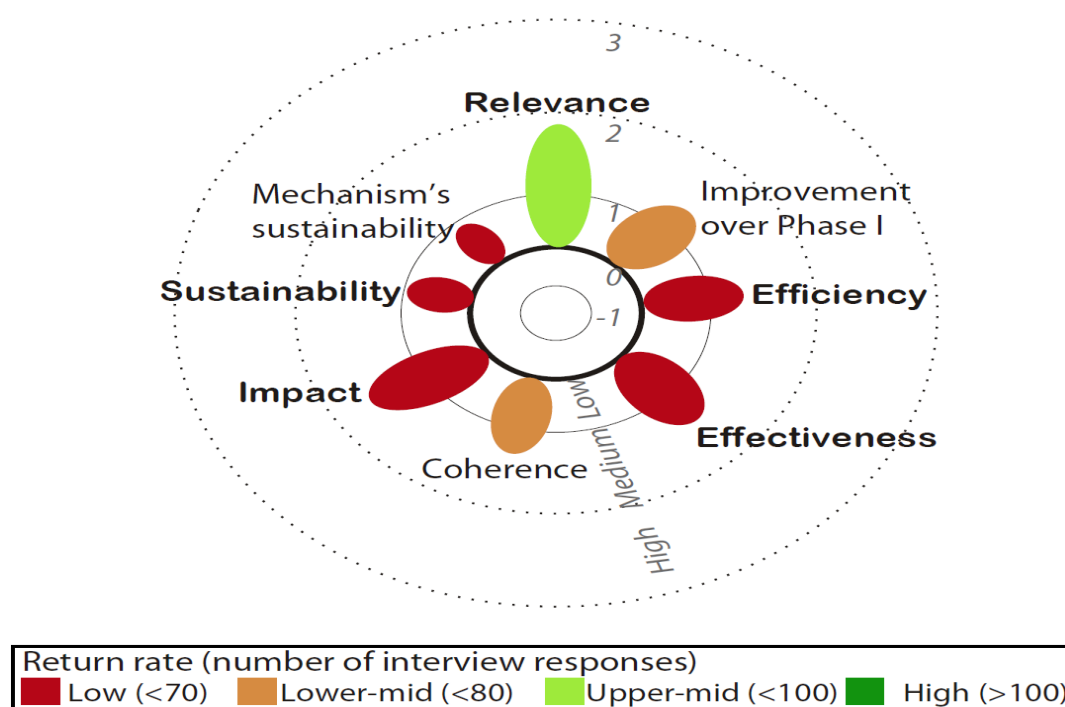
1. A graphic representation was used to visualize the overall evaluation judgment; this is the so-called “evaluation flower” (see below) where the central postil can be used to measure the change occurred in the different dimensions represented by petals where the length of petals represents the average value of indicators and the width of petals the variability (or dispersion) of

²⁰ Statistically, if you consider two cases related with an ordinal variable is possible to calculate their major or minor order. It is feasible then to calculate the median but the means that could derive from these values are not strictly useful (correlation coefficient, standard deviation, coefficient of variation etc.) because they could be estimated only considering continuous variables measured by relation and interval scale. At the same time, considering a five category ordinal scale, its distribution present a restricted variation range and having a low homogeneity tends to corrupt more the median than the mean. For this reason it has been set to calculate means and medians that could underline that variability of each feedback distributions and then test their solidity (comparing mean to median and the different results obtained from a 2/3 category ordinal scale to the one obtained from a 5 category ordinal scale analysis).

each dimension. The flower may show the overlapping of petals, the lines indicate the links and the colors the degree of relevance of the judgment (number of collected information).

2. Further evaluation analysis consisted of adapting the flower to the qualitative and quantitative analysis and providing answers to questions such as “how far does the programme work and for whom?” “How does it work?” and “When does it work?”
3. This graphic representation provides a direct picture that reflects the distribution of judgments expressed by interviewed persons on what they perceive as more successful dimensions.

FIGURE 10: SYNTHETIC REPRESENTATION - THE EVALUATION FLOWER



4. The following three indications arise from the flower:
5. First, the reliability of the scores is heterogeneous: there were more answers on relevance (89/122) than on other dimensions (impact and sustainability are those with less response, 61 answers for both of them). Statistically, higher degree of response is preferred as it reduces the sampling errors and the risk of misinterpretation of the reality.
6. A second reliability factor is linked to the average value given to each dimension, represented in the flower by the length of petals; with positive judgments the scores are higher and the petals are longer; the narrower is the petal, smaller is the dispersion from the average value making the later more reliable. The positive judgments of the dimensions are ranked as follow: (1) relevance, (2) impact, (3) effectiveness, efficiency and coherence, (6) improvement from phase I, (7) sustainability and sustainability of the mechanism (the only criteria to register scores below 1). It is worth adding that the relevance, although ranked first, does reach an average value below 2 (very positive) and a low dispersion (width of petal)
7. Overall the synthetic value index of the programme (ICV composite index) resulting from the average score of the eight dimensions²¹ is closer to “positive” than to “very positive”.

²¹ The choice of a geometric mean-based index, instead of an arithmetic one, reflect the will to produce an index sensitive to the “Balance” of the dimensions: the substitutability (for which, for example, in the case of a higher value given to the relevance we expect a very low value for the efficiency) is penalized by this index, while an aligned but moderately positive trend of all the dimensions’ values have a higher score. In technical terms, the marginal increase of the composite index is

8. It is possible to proceed with an additional descriptive analysis that may help to determine the existing relation between two or more dimensions. We can use the Spearman correlation coefficient to measure the concordance in case of variables in numerical order²².
9. The correlation matrix applied to the target dimensions is always positive, mostly moderate (from 0.25 to 0.49) and high (from 0.5 to 0.71²³) in just few cases (between effectiveness and impact and between impact and efficiency).
10. In the contrary, the correlation between relevance and any other dimension is very moderate (never above 0.49) and this is connected to the most positive and convinced judgments received with a relative low dispersion, the lowest (0.54) while for the other dimensions, the variation coefficient ranged from 0.65 to 0.97.

TABLE 11: CORRELATION MATRIX OF THE PROGRAMME

	Coherence	Relevance	Efficiency	Effectiveness	Impact	Sustainability	Improvement over Phase I	Mechanism's sustainability
Coherence	1							
Relevance	0,537091	1						
Efficiency	0,287758	0,435617	1					
Effectiveness	0,191401	0,42117	0,714355	1				
Impact	0,368065	0,491133	0,498281	0,70731	1			
Sustainability	0,309463	0,285067	0,477251	0,538131	0,579035	1		
Improvement over Phase I	0,284714	0,332813	0,279402	0,364242	0,448381	0,447971	1	
Mechanism's sustainability	0,210499	0,183883	0,537025	0,427584	0,287204	0,688024	0,346097	1

11. Positive values, visible in the correlation matrix, can be interpreted - in addition to the fact that they have a particular influence on the determinants which act separately on the various dimensions - as a proof that the sources of information have never been limited to use the same judgment for the different dimensions, but they tried to tune with the logic of the design of the proposed assessment.

reduced when a dimension's value increase, if this one is not associated to the increase of the others. Comparatively, the synthetic index built with the arithmetic mean exceeds the threshold of 1,33.

²² The Spearman coefficient is calculated with the correction factor, because of the presence of many observation (people interviewed), giving the same judgment to a given dimension. To confirm the results, the convergence between the Spearman coefficient values, those of the gamma operator and the Kendall's tau-b (which are other concordance at the ordinal scale level) measures has been observed.

²³ Moreover, the results are meaningful to a probability that, sometimes, is not high (less than 10%). This should be considered an element of pure orientation that suggests cautious in the interpretation of the data. Plus if we consider that the numerosity of the judgment on an ordinal scale is limited (from -1 to +3), statistically, the "power" of this analysis is not high.

7. Programme Relevance, coordination, complementarity and coherence

1. The **current economic, political and social context** of Egypt is characterized by **several uncertainties**. The difficult economic situation the country is living (growing external and internal debt, high levels of unemployment especially in youth sector, drastic decrease of direct foreign investments and reduction of income produced by export and tourism sectors revenues) makes always more difficult to achieve the pursued political and institutional normalization that, on the other hand, is a necessary precondition for the elaboration of a shared national strategy that could effectively contribute to the economic recovery.
2. The Egyptian economy is still interested by a **serious recession** and the government in charge has to deal with several challenges: reactivate the growth, the market and investors trust. The widespread political and institutional uncertainty together with a general perception of **growing insecurity** and the sporadic disorder continue to negatively influence the economic trend; the decrease of GDP real growth rate and of internal and external investments are accompanied by the substantial **increase of unemployment** that reached 13% at end of December 2012 with 3.5 million jobless people with worrying picks among youth. Currency reserves continued to decrease and are now sufficient to guarantee less than three months of imports²⁴.
3. In such situation, the government will need to face the challenge to combine the requirement of an **improved public spending** and the **objective of reducing the deficit** that reached 11% of GDP in the period 2011-2012. To reach this purpose the key issues are the salaries of public sector and the subsidies, which correspond to more than half of total public expenditure.

7.1 Relevance

EVALUATION QUESTIONS:

To what extent did the general and specific objectives of the debt-swap programme take into consideration the context and the development and poverty problems in Egypt?

Is the debt-swap programme perceived as useful by Egyptian institutions and beneficiaries?

4. To analyze how much the programme took into account the country development and poverty problems, **relevance analysis** should be assessed on **four levels**.
5. The first level concerns the relevance in relation to **national strategic planning** and particularly in to the policy orientation documents such as the Egyptian Five-Years Plan.
6. The second level is the relevance of the intervention in terms of **adherence to actual poverty problems in the country** based on the analysis of quantitative and statistical data elaborated by Egyptian and international institutions. This level has the purpose of assessing the programme alignment to the recommendations formulated by the donor and international community, thus taking into account the analysis and the priorities identified by other partners operating in the country.
7. The third relevance level consists in the **adherence of the programme to the priorities expressed by the ministries and by other project applicants**. This aspect is important considering the current condition of the country where the fluid institutional situation and frequent turn-over did not allow the preparation of a new national strategic plan. In the post-revolution context, the five-year plan 2007-2012 was not recognized as landmark any more. At the same time, the last two years have noted the lack of a strategic framework that should direct institutional work.

²⁴ WB's Egypt Overview, April 2013

8. The fourth level is the **relevance in relation to the priorities identified by the institutional network involved in projects implementation and by direct beneficiaries of the projects**. This requires an analysis at the individual project level from which it may be possible to draw considerations of interest for the entire programme.
9. The analysis of the **sixth 5-years plan (2007-2012)** emphasized the importance given to export development guided by progresses in leading sectors of the national economy, to the development of micro, small and medium enterprises, to employment creation, particularly for youth and to the intensification of efforts towards poverty reduction especially in the most disadvantaged areas in upper Egypt. The pillars of national planning are the **intensification of infrastructure investments, the diversification of productive structures, the growth of energy, tourism and agricultural sectors and the diffusion of ICT**.
10. The conceptual framework of the Plan is based on the identification of international competitiveness growth and on the improvement of living conditions of population considered as the bases of the development of the country, that have to be pursued through the essential **participation of the community**, in particular of the **private sector**. Actions should be implemented keeping into account the principles of **social and environmental sustainability** together with the need to carry out **policy reforms** to achieve social stability and create a positive context for investments. In such perspective, the plan was one of the pillars of long-term national strategy together with three other instruments: *The Presidential Election Program, the Third Millennium Goals for Human Development* and the *New Social Contract*²⁵. Concerning **poverty reduction** agenda, the efforts were concentrated mainly in **Upper Egypt** forecasting investments in the water and sanitation sector and actions to favor the general improvement of human and social development indicators in the region.
11. From this concise analysis of the national planning, we can note the **adherence and alignment of the debt-swap Programme to the priorities expressed in the Plan**. The thematic focal areas specified in the programming guidelines of the Joint Declaration signed on May, 12th 2009 have been clearly identified in compliance with the Sixth Egyptian plan, as specifically mentioned in the document. The objectives (reduction of the debt burden, promoting economic development and poverty reduction, transfer of skills) are in line with national planning.
12. The relevance of the programme in respect to national planning 2007-2012 was ensured by the ownership and negotiation that characterized every step of the mechanism of objectives identification, priority thematic areas and projects. In line with this development strategy, the debt-swap programme **supported the modernization of the industrial sectors characterized by major social impact** such as the textile, clothing, leather, timber, marble, plastic, machinery, furniture, pottery, craft agro-industrial and other key sectors trying to exploit the potentiality deriving from the **effective use of human and natural resources** in order to reduce the human and environmental costs of economic growth. The selected projects mainly proposed an extended **capacity building** action together with **private sector support** that aimed to improve the access to export markets.
13. However, the coherence of the programme in relation to national planning cannot be regarded as a sufficient to ensure effective relevance of the intervention in relation to development and poverty problems faced by the country, especially after the events of the “**Arab spring**” and the **consequent out-dating of present national planning** and of the worsening socio-economic situation in the country. It is therefore useful to analyze few country papers elaborated by main donors and international partners related to the situation before and after the 2011 events in order to understand the **evolution of poverty-related dynamics** in the country and the relevance of the programme in respect to the initial situation and the current one.

²⁵ *Sixth Five-Year Plan (2007/08 – 2011/12)*, Chapter 3, p.57.

14. The table 11 reports, even if not exhaustively, some priority indications emerging in some country analyses carried out in Egypt by the **World Bank, United Nations agencies and the European Union** and referring to the period immediately preceding and following the signature of the agreement and the joint Declaration that launched the second phase of the debt-swap programme. In some cases, specific reference to national planning can be found, while in others, the alignment is deducted from the analysis of the identified priority areas and actions.
15. The World Bank and African Development Bank refer directly to the 5-years Plan underlying the adherence and relevance to the country needs, while the EU and UNDP suggest among the priority areas, some themes directly traceable in the joint Declaration establishing priority intervention areas of the programme second phase with specific reference to the “**social dimension**” (health, education, access to basic services, employment creation).
16. More specifically, the programme focuses on target actions on three key aspects of national development, already identified in the UN country common assessment of 2005, namely **governance, environment and poverty**. Its relevance in respect of national planning and of other donors and international organizations ensured the programme capacity to respond and to tackle the real poverty and development challenges of the country.

TABLE 12: EGYPT, COUNTRY ANALYSIS FOR THE PERIOD 2007-2011

WB/IBRD COUNTRY ASSISTANCE STRATEGY FOR THE ARAB REPUBLIC OF EGYPT FOR THE PERIOD FY06-FY09	<i>There is a broad overlap between the thinking of the GOE and that of the Bank Group with regard to Egypt's key development challenges and reform agenda. The Bank Group proposes to help the GOE achieve its goals by aligning its support over the next four years (FY06-09) to three key strategic objectives, namely, facilitating private sector development, enhancing the provision of public services, and promoting equity (p.iii)</i>
AFRICAN DEVELOPMENT BANK ARAB REPUBLIC OF EGYPT COUNTRY STRATEGY PAPER 2007-2011	<i>The Government's agenda as articulated in its Fifth Five-Year Plan and the long-term perspective plan is both comprehensive and relevant to the development needs of Egypt. Substantial progress in implementation of the agenda was achieved since July 2004 in terms of implementation of the much-needed economic and institutional reforms (p.22) The emphasis on the private sector as the main engine of growth in the economy is a correct one, but Government needs to ensure that all major impediments to successful private sector-led growth are removed. This would entail modernization of the public service and removal of bureaucratic impediments to trade, investment and growth(p.22)</i>
EU COUNTRY STRATEGY PAPER 2007-2013	<i>According to this document, empirical analysis of poverty trends and characteristics in Egypt suggests that three sets of factors are critical for the poor: income-earning opportunities, education and social safety nets (p.6) An appropriate anti-poverty strategy should be based on macroeconomic and structural policies that promote sustained economic growth. [...] The MDG Reports note that the Egyptian Government has continued to pay attention to critical areas of development, such as health, education, access to water and sanitation, and improving the livelihoods of the most deprived segments of the population. However, the pace of progress varies between goals: fast and sustained in some areas (child and maternal mortality, water and sanitation), acceptable in others (education and poverty reduction), while somewhat slow in the rest (empowerment of women and protection of the environment) (p.7)</i>
EGYPT HUMAN DEVELOPMENT REPORT 2005 Choosing our Future: Towards a New Social Contract	<i>The EHDR in Chapter Four proposes four specific deliverables that can make operational the principles and processes suggested by the framework of the new social contract. These are: 1. quality education for all; 2. health insurance for all; 3. a targeted social insurance program; and 4. an integrated package of income transfers and service access for families in extreme poverty(P.3) The emphasis throughout the report is on promoting pro-poor initiatives [...] The vision pays special attention to the environment, land use and the provision of quality public utilities (p.4) The strategy is fivefold: 1. achieving the MDGs education targets plus eradication</i>

	<p>of illiteracy [...] 2. <i>Accelerate the decline in fertility</i> [...] 3. [...] 5 <i>employment creation by investing in three major areas of private sector activity: export oriented manufacturing, SMEs in the traditional goods and tradable services (urban and rural), formal high-tech services including information, finance, transport, tourism and personal services</i>; 4. <i>Redraw the map of Egypt so as to transfer the poles of development, urbanization, agriculture, industry and tourism to the periphery of rural Egypt, especially in Upper Egypt</i>. <i>safe drinking water and sanitation</i> (p.7-8)</p>
<p>UN COMMON COUNTRY ASSESSMENT 2005 Embracing the Spirit of the Millennium Declaration</p>	<p>CCA theme groups: <i>Governance, Environment, Poverty</i> In this vein the report concludes that Egypt continues to suffer from the three principal human development deficits identified by the 2002 Arab Human Development Report (AHDR), namely in <i>knowledge, freedom and the empowerment of women</i>. The main message which emerges is that the state needs to strengthen its capacities to <i>build the human capabilities of all citizens in an equitable way</i>, so as to ensure that all Egyptians can realize their full potential and benefit from the expansion of choices in their lives (P.8) The important point which emerges from this discourse is that policies aimed at ensuring a more equitable distribution (and in some cases straightforward re-distribution) of wealth may enhance economic efficiency and growth. <i>The emphasis on wealth distribution</i> returns the discussion and attention for public policy to the issue of <i>investments for human capital</i> addressing education, public service delivery and improved physical infrastructure(P.18)</p>

17. If the general and specific objectives of the debt-swap programme strongly take into account development and poverty related issues embedded in the reference context, it is also thanks to the **negotiation process that accompanies every phase of the agreement** identification and implementation mechanism. Such process allows **integration with non-institutional actors** operating in Egypt, favoring the participation of several international organizations to the operational phase with the presentation and then the implementation of specific funded projects.
18. In this respect, the **programme acts as catalyst**, facilitating from one side further and complementary interventions of the Italian cooperation (see hereafter), from the other side channeling other donors interest and favoring resources allocation by the Egyptian government. The programme demonstrates to a useful coordination instrument with actions carried out in the country by international organizations and by other bilateral cooperation, in conformity with aid effectiveness principles and the Paris agenda (ownership and alignment).
19. However, the current situation in the country is different from the one described in the five-year plan and in the country analyses evaluated up to here, considering the time elapsed and mostly of the events that occurred since 2011. The “**Arab Spring**” and the consequent period of instability raise the question about the relevance of the second phase of the debt-swap programme first in respect to the priorities defined by national planning and secondly in respect to the country poverty characteristics and to the actions to be taken to reduce it. In the light of the profound changes undergone in the Egyptian society in recent years, the national planning based on the sixth five-year plan, formally concluded at the end of 2012 cannot be considered as indicative from early 2011.
20. Is therefore necessary to **re-think programme relevance** considering the new situation in the country and in relation to the new strategies that are currently being processed with difficulty, considering that many funded projects are still ongoing and others, although approved, are not yet been implemented and three of them are still under formulation.
21. Following the “Arab spring”, the interim government tried to address some of the most pressing social issues maintaining the “development pillars” and the existing medium-term economic objectives, with an **increased focus to social inclusion and equitable growth**. In March 2012 the

government proposed the national plan for economic and social priority measures lasting 18 months²⁶, also characterized by a substantial acknowledgement of the agenda proposed by the five-year plan and by the other pillars of the long-term strategy towards 2022. The only distinctive feature is the strong emphasis on the “**New social contract**” with an increased attention to social protection, education, health services and inclusive growth as final objectives of the proposed actions.

22. The plan is accompanied by an *Operational Policy Matrix* that proposes measures to improve transparency and access to information, to support political **dialogue and participation** of civil society, to carry out policies pro-poor and jobless people addressing at the same time the country structural weaknesses, rationalizing public expenditure, reforming the fiscal system and creating a favorable environment for investments.
23. Table 12 reports, without being exhaustive, the priority indications emerging from some recent country analyses. This brief comparison shows the importance of acting for a balanced macro-economic framework which encourage investments and at the same time to carry out target actions to fight poverty, social exclusion and unemployment.

TABLE 13: EGYPT, COUNTRY ANALYSES FOR THE PERIOD 2012-2013

<p>WB/IBRD INTERIM STRATEGY NOTE FOR THE ARAB REPUBLIC OF EGYPT May 31, 2012</p>	<p><i>Three main areas of engagement: Helping to maintain macro-economic stability through control of the fiscal deficit; Initiating steps to improve the environment for private sector-led growth and employment creation; and Initiating steps to improve access to social services.(p.2)</i></p> <p><i>In the next 18 months, the Bank Group's interim strategy will focus on supporting the Egyptian authorities to meet these challenges, which include: (i) economic management; (ii) job creation, including through private sector development by restoring both domestic and foreign investor confidence in the short-term; and (iii) broader inclusion in access to quality infrastructure and social services and greater voice and participation in Government programs.(p7)</i></p> <p><i>In the medium-term, more fundamental institutional changes are needed in all of these areas to ensure their sustainability. These include in particular reducing energy and infrastructure bottlenecks, reducing gender disparities, improving the governance of state enterprises and private sector companies, developing financial infrastructure to facilitate a well-functioning financial sector and increase private sector efficiency, supporting investment climate reforms, and improving the effectiveness and efficiency of the educational, health and social protection systems. Bank Group support for these will be articulated in a full Country Partnership Strategy covering a three to four year period through FY17.</i></p>
<p>UE ENP Country Progress Report 2012 – Egypt</p>	<p><i>On the basis of this year's report and to sustain implementation of the ENP Action Plan in 2013, Egypt is invited to:</i></p> <p><i>Ensure an inclusive dialogue with all political parties and other actors including religious leaders [...] Organise within the set timetable fair and transparent parliamentary elections with the participation of foreign election observation missions Completely halt the use of military courts to judge civilians; Create conditions conducive to an active and independent NGO community and adopt NGO legislation in line with international standards; Pay particular attention to the protection of women's rights and gender equality; Implement the Economic Reform Programme that ensures macroeconomic stability and strengthens public finance management in line with international standards; Ensure and implement social safety net systems to protect the most vulnerable from the impact of commodities subsidy reductions; Engage in the Deep and Comprehensive Free Trade Area (DCFTA) preparatory process in line with the EU-Egypt task force conclusions,</i></p> <p><i>Sign and ratify the regional Convention on pan-Euro-Mediterranean preferential rules of origin.</i></p>

²⁶ African Development Bank – Egypt 2012-2013 Interim Strategy Paper, pp.10-11.

<p>AFRICAN DEVELOPMENT BANK EGYPT 2012-2013 INTERIM STRATEGY PAPER</p>	<p><i>The key pre-revolution challenges remain: Governance and cost of bureaucracy, Extent of innovation and sophistication, Tax collection - despite improvements-remain an issue, Education and basic public services delivery needs improvement; Poverty, regional disparities and youth unemployment.</i></p> <p><i>New challenges have emerged since the beginning of the revolution. Worsening macro-risks</i></p> <p><i>The Bank's intervention strategy in Egypt during the period 2012-2013 would be based on primarily pursuing macroeconomic stabilization to support the recovery and secondly promoting inclusive growth to reduce poverty , Improve Job Creation ; Improved Effectiveness and delivery of basic services</i></p>
--	---

24. From the analysis of National planning and country-analyses made after the “Arab Spring”, the priority scenario appears largely overlapping with the agreement and the joint declaration. The urgency of balancing the internal macro-economic situation almost replaced the need to develop export-oriented productive sectors, with renewed attention to parallel actions for mitigation of recession effects on most vulnerable groups. The attention remains elevated on human resources development sector (education and training) with the purpose of reducing unemployment rate mainly among youth, while environmental protection becomes a secondary component in the **short-term framework that is characterized by an emergency attitude justified by the socio-economic situation of the country.**
25. As already mentioned, many projects financed by the programme are the result of implementing agreements signed after the political turn-over; in such situation (**identification and formulation before the Spring and start of activities after the revolution**), it is possible that the relevance of some of the approved projects (related to national planning or to strategic orientation of single ministries involved) may suffer a reduce, also for the turn-over at management level.
26. Such potential gap between the projects coherence with national planning documents 2007-2012 and their effective relevance in respect of the new priorities of ministries and their planning may represent a driving factor to explain **many delays encountered by the projects in the start-up phase.** These considerations are only supported by discussions with the TSU, as no internal planning document for the ministries and public entities involved was available during the evaluation mission.
27. This is the case of the **Green Trade Initiative** project that did not start yet because of delays in budget allocation and funds disbursement to UNIDO by the Ministry of Industry and External Trade; such delays are most probably due to changes occurred in strategic orientations regarding the role of international organizations with priority attention to export market.
28. Another initiative to examine in this perspective is the project of **creation of a mechanized bakery in Qalyoubia Governorate**, that emerged as a priority and then became a specific joint declaration²⁷ signed by Ministers of Foreign Affairs Giulio Terzi and Kamel Amr during the visit of Prime Minister Morsi in Rome; the project is now dropped because not corresponding any more to the strategic priorities of the Ministry of Internal Trade and Supplies.
29. It is nevertheless important to point out the high relevance of analyzed projects according the **perceptions of beneficiaries** and actors differently involved in the activities (sources: interviews and focus groups).
30. The changed political situation favored the acknowledgement by the institutions of a growing relevance in relation to the real problems faced by the country. Looking at other projects, we can mention the **Social Contract Center** implemented by UNDP and the Information Decision Support Center within Prime Minister Office. This project aims at promoting actions in support of

²⁷ Joint Declaration Between the Government for the Italian Republic and the Government of the Arab Republic of Egypt on Launching the Construction of New Industrial Bakeries, Rome, 13 September 2012

“national dialogue” on themes such as new form of State and government, democratic process, reform of the constitution, election law, fight against corruption and poverty.

7.2 Coordination, Complementarity and Coherence

EVALUATION QUESTION:

What is the degree of coordination, complementarity and coherence between the objectives of the debt-swap programme, those of the Italian cooperation policies and the priorities of the Egyptian government?

31. The degree of **coordination and complementarity between the debt-swap programme and the other Italian development cooperation policies and actions is high**. In particular, the project selection criteria, as emerged during interviews, included the thematic areas but also the continuation of existing projects and the complementarity with bilateral cooperation²⁸. There were/are other ongoing initiatives in the country whose relationship with the programme was created working in parallel or inside of the programme²⁹.
32. From the analysis of the **Memorandum of Understanding for a new partnership 2010-2012**³⁰ and of the **declarations signed in September 2012**³¹ in conjunction with the meeting Morsi-Monti, it is possible to underline a thematic continuation with ongoing or planned initiatives operating in the same sectors identified by the programme.
33. Following the definition of a new cooperation framework agreement³², a **Memorandum of Understanding was elaborated and signed and included an indicative list of proposed grant projects**. The thematic areas of these projects are largely overlap with those listed in the joint declaration related to the programme second phase (May 2009) and with the specific sectors of intervention of projects financed under the programme: promotion of children health, environmental cooperation, promotion and protection of children rights, family empowerment, socio-economic development of north-west coast, development of education and scientific research.

BOX 1 – Ongoing and planned initiatives in support of maternity and childhood

Debt-swap programme (phase II) – Child-friendly Egypt – A National Observatory for children rights was created within the Council for childhood and maternity (NCCM). It will represent the main reference point in Egypt on childhood theme, collecting and managing regularly and reliably information on childhood conditions in Egypt to be made available to the police, strategies and actions in support to minors.

Debt-swap programme (phase II) – Actions for vulnerable children. Actions were focused on capacity strengthening of 15 Egyptian working with street and/or disable children in the Governorates of Cairo, Helwan and Giza.

²⁸ Interview with Nadia Fathalla, Ministry of International Cooperation, 12/05/2013.

²⁹ Interview with Mrs. Ginevra Ietizia and Mr. Nino Merola, 14/03/2013; interview with Mr. Marcello Giordani, 22/04/2013.

³⁰ Memorandum of Understanding between the Government of the Italian Republic and the Government of the Arab Republic of Egypt for a new partnership for development, signed in Rome, 19 May 2010.

³¹ These are the *Joint Declaration Between The Government of the Italian Republic And The Government of the Arab Republic of Egypt On Strengthening the Cooperation in the Sector of Technical and Vocational Education and Training*; *Joint Declaration Between the Government of the Italian Republic and the Government of the Arab Republic of Egypt on Launching the Construction of New Industrial Bakeries*; *Joint Declaration Between the Government of the Italian Republic and the Government of the Arab Republic of Egypt on Enhancing the Development of Egyptian Small and Medium Enterprises*; *Agreement Between the Government of the Italian Republic and the Government of the Arab Republic of Egypt Relative to the Second Phase of the “Support to Egyptian National Railways Restructuring a Development Plan” Project*, all signed 13/09/2012.

³² Framework Agreement on Development Cooperation between the Government of the Italian Republic and the Government of the Arab Republic of Egypt, signed in Cairo, 17/01/ 2010, which replaces the previous agreement of 1975.

34. In addition, in **May 2012 three other agreements have been signed between the two governments** namely: the third phase of the debt-swap programme, an initiative for food security to be realized by the WFP in collaboration with the Egyptian Ministry of Internal Trade and Supplies, and last a credit line for SME of an amount of 13 million Euro in collaboration with the *Egyptian Fund for Social Development*. In relation to the last two agreements, we can also underline the thematic continuity with the programme (a similar food security intervention was carried out in phase I) and the complementarity of the actions in support to Egyptian SME which need has emerged in context studies elaborated within projects of the second phase like *Green Trade Initiative* and *Marine Aquaculture Development in Egypt*.

BOX 2 – Ongoing and planned Initiatives in the food security and nutrition sector

Debt-swap programme (second phase): “Sustainable food security model”. The initiative is implementing a pilot school feeding system for the distribution of enriched and highly nutritive snacks to children and rice to their poor families in 3 risky governorates of Upper Egypt: Minya, Beni Swef e Fayoum. Awareness campaigns on nutrition and hygiene with specific attention to the prevention of intestinal infections have been organized. Specific project targets are girls in primary communal schools for girls, in support of the national programme "Girls Education Initiative".

In May 10th 2012, an agreement was signed with the UN World Food Programme (WFP), for the **Food security for vulnerable population in Egypt** initiative worth 2 million Euro, that supplied sugar and oil through the National basic food distribution system “Ration Card System”, addressed to the most disadvantaged social groups of the Governorate of Beni Suef, one of the poorest of the country.

In May 28th 2012, thanks to a 3M\$ Italian contribution, Food and Agriculture Orfanusation of the UN (FAO) signed a programme agreement with the Egyptian Ministry of Agriculture for the **promotion of children health and nutrition in Egypt**. The project wish to improve food security and quality of nutrition among poor population through income-generating actions, awareness campaigns and capacity building at central and local levels.

35. In September 13th 2012, during the meeting in Rome between Italian PM Mario Monti and Egyptian President Mohamed Morsi, seven documents have been co-signed: a joint declaration of wide political perspective covering the whole spectrum of bilateral cooperation. The Minister of foreign affairs Giulio Terzi and the Ministry of economic development Passera signed with their Egyptian counterparts a **plan of action on economic bilateral cooperation for the period 2012-2015** that defines areas and modalities of the partnership between the two countries. The two Foreign Affairs ministries, Gulio Terzi and Kamel Amr signed four joint declarations that opened important development opportunities in strategic cooperation sectors: professional and vocational training, construction of new mechanized bakeries, support to SME development and support to the modernization of railways network.

36. This is another case of **thematic coherence** with actions promoted by the programme (i.e. continuous interest to employment-oriented technical education) and also of **complementarity** (i.e. modernization of national transport system is functional to the increase of primary production for domestic and export markets that require fast and efficient transport structures). It is not a case that the Ministry of Transport is a partner of the Green Trade Initiative (GTI).

BOX 3 – Ongoing and planned initiatives in the field of technical education and vocational training

Debt-swap programme (second phase): Modernization of professional institutes through ICT. This initiative aim to improve the quality of technical training including ICT in administrative and teaching management. Beneficiaries are teachers and students of 10 technical-professional institutes in different governorates. This project will facilitate the access of ICT to the neighboring communities planning courses outside the school hours.

Debt-swap programme (second phase): Integrated district for technical and professional training:

The project supports the reform plan for technical and professional education of the Egyptian government with the creation of a district devoted to the mechanical and industrial sectors that are located in Demo, Governorate of Fayoum. It aims at connecting the education system with labor market and enterprises needs, through a training programme that will produce specialized technicians and highly qualified trainers filling the gaps between labor market demand and the skills of graduates from secondary and post-secondary schools.

Debt-swap programme (second phase): Support to youth employment. Extension of **Job orientation programme for youth employment** funded with 700,000 Euro by DGCS and implemented by ILO in collaboration with the Egyptian Ministry of Labor and Migration in 5 pilot governorates.

Cooperation programme for the development of education and for scientific research (grant worth 675,000 Euro). Project built on positive results of 2009 Italian-Egyptian Year of science and technology and aims at promoting cooperation between universities and research centers.

Nursing school in Port Said: Development of technical school and center of excellence for nursing education.

Job Orientation Program for Youth Employment, funded by the Italian Ministry of Foreign Affairs for a value of € 700,000, and executed by the International Labor Office in collaboration with the Egyptian Ministry of Manpower and Migration, in five pilot Governorates.

37. The above analysis shows the programme coherence and in many cases the complementarity and coordination in regards to the other Italian cooperation. For example, the “support to youth employment” project follow-up on the “Job orientation programmed for youth employment” project funded by DGCS as well as the “support to protected areas” project that represents a bridge intervention between two phases of the Italian-Egyptian programme on environmental cooperation.

38. However, a proper coordination mechanism does not exist; the connection between the programme activities and other interventions of the Italian cooperation mainly occurs through informal channels; the same happens with activities implemented by other cooperations.

BOX 4 – Ongoing and planned initiatives in the environmental sector

Debt-swap programme (second phase): Eco-tourism for sustainable development of the New Valley governorate. The project concluded in December 2012 achieved excellent results with interventions in the oasis of El Kharga, Dakhla and Farafra with the aim of protect, promote and valorize the outstanding archeological, cultural and environmental heritage of the governorate.

Debt-swap programme (second phase): Support to protected areas. The project (3 m€) can be considered as bridging phase between the second phase of EIECP and the third phase that will start in 2013. The project will contribute to the sustainability of the activities carried out to improve the protected areas system in Egypt with focus in the protected areas of Siwa, Salloum and Wadi el Rayan and in the National parks of Gilf Kebir and Wadi Gamal in the eastern desert.

The **Egyptian Italian Environmental Cooperation programme (EIECP)**, financed by MAE-DGCS with a contribution of 12 m€ and implemented in collaboration with UNDP provided a continuous and qualified support to the Egyptian ministry of environment in the fields of environmental protection, management of protected areas, sustainable agriculture, tourism, conservation of cultural heritage, environmental legislation, water resources and solid waste management.

8. Efficiency of the Programme

1. In analyzing the efficiency of the programme, the implementation status of programme activities and their costs were assessed to verify if and how the commitments of the programme were fulfilled.
2. The implementation mechanism and its functioning were also analyzed, particularly regarding the conditions imposed to partners, their respect and their contribution for the achievement of expected results.

8.1 Programme design and its conditions

EVALUATION QUESTION:

What are the obligations and conditions imposed to Egyptian partners?

3. At International level, the debt reduction instruments in place since the eighties have introduced the concept of macro-economic conditionalities. The debt-swap programme falls in the category of so-called third conditionality (after the first generation centered on the adoption of structural macro-economic and financial stability reforms oriented towards a market economy and the second one centered on the respect of human rights, democratic principles and good governance). The third generation started in 2000 and aim at ensuring through its implementation the poverty reduction objective.
4. The programme represents a classical case of swap-for-poverty reduction in the definition of its general objectives.
5. In addition, to ensure increased efficiency, the destination of the credit subject of the agreement and the management modalities of the CPF are clearly indicated.
6. At the installments deadline, the credit must be converted in local currency and transferred by the Egyptian government in given dates (June 30th and December 31st) to a counterpart fund (CPF) that can be used to finance development projects, institutional strengthening and technical assistance activities and other development-oriented activities. The cancelled debt corresponds to the amounts transferred from the CPF for the implementation of the activities indicated in the debt-swap agreement. This is a change compared to the first phase where the debt was cancelled after the transfer of the installments to the CPF by the Egyptian government. This modification was recommended by the second mid-term review of the first phase of the programme in order to improve disbursement efficiency.
7. The system chosen for CPF managing provides the co-responsibility of both governments through their representatives in the MC. This system, unavoidably requiring a consensus to be implemented, filled the absence of explicit conditions until the parties could share a common vision on necessary reforms to favor sustainable development. According to interviews with Italian cooperation officials³³, the programme approach has consisted in actively collaborating with Egyptian government counterparts to boost reforms related to governance³⁴, respect of human rights and women empowerment. These may be considered the implicit conditions, strongly negotiated and shared with Egyptian government³⁵.

³³ Interview with Mr. Nino Merola and Mrs. Ginevra Letizia, Rome 15 March 2013.

³⁴ For example, through such projects as "Social Contract Advisory, Monitoring and Coordination Center" and "Peer Review of E-Government in Egypt".

³⁵ Second phase evaluation program April 26, 2006 p. "(...) The projects were strongly placed in the Egyptian ministries and central institutions which in some cases have formed an excellent opportunity to propose and support institutional reforms

8. Several projects implemented by international organizations³⁶ have contributed to the governance reform. The involvement of Italian institutions contributed to make productive projects pilot actions that practically show the use of innovative procedures and European standards³⁷.
9. Following the 2011 events and the political changes, an increased awareness emerged and in some cases the suspect in regards of objectives of specific projects and of NGO³⁸ operations. At the same time, the period of institutional instability characterized by frequent turn-over that brought new actors in the concerned institutions, often inexperienced and at least poorly informed, affected the programme slowing down the approval process by the national authorities. It is worth mentioning a new attitude in public administration officials characterized by lagging behind and reluctance to take decisions in a climate of general insecurity and distrust.
10. The existence of implicit and non explicit conditions reduced the capacity of the Italian parties to tackle the project implementation constrains as originally foreseen and to resist the demand to change the actors. We can mention the difficulties faced by some Italian NGO in obtaining or renewing their registration and license from the Ministry of Social Affairs³⁹ or the authorization to implement new projects as part of the license⁴⁰. There are also indications on complications that the programme may face to work with Egyptian NGO in the future⁴¹.

8.2 Project selection

11. Eligibility criteria are the key feature of the programme. While it is common practice in development cooperation (reference to Italian development cooperation guidelines for 2013-2015⁴²) to elaborate a common and shared strategic vision and to identify a defined number of geographic, thematic and cross-cutting priorities, the programme makes explicit reference (Art. 4.4 of the agreement) to the profile of three typologies of eligible applicants for funding.
12. Such choice can be seen as part of a programme design that proposes to systematize the different institutional competences and profiles, including those traditionally involved in development cooperation (NGO, UN agencies and international organizations) and in national development policies (Egyptian public institutions) and thus reflecting the specific and composite nature of consultation and dialogue in complementary national and international policy settings, a key feature of the programme. On the other side, these choices do not consider the whole range of actors that could potentially be involved in national public policies or in international cooperation (first of all the private sector). The programme logic appears to be inspired by rigid clustering and by the lack of interaction relations between the above mentioned actors that without proper sharing and capitalization events are not stimulated to cooperate. Finally, the profile of eligible entities can be use to assess the efficiency of results according to who is involved or not.
13. The programme agreement is detailed in the indication of the project selection process that occurs in two phases: (i) the approval of the project identification document by the MC; and (ii)

³⁶ For Example, the Center for the Coordination, Monitoring and Support to the Social Contract, implemented by the UNDP / Information and Decision Support Centre IDSC-policy evaluation of e-government in Egypt, carried out with the Ministry of Administrative Development at the OECD

³⁷ For example, actions for the development of the fishing sector in Egypt implemented by the General Authority for Fish Resources Development-GAFRD with the participation of IAM, Bari or even the project "Technical Education Cluster for employment" with the cooperation of the Department of Education of the Emilia Romagna Region and the Italian Ministry for Education, University and Research. For further reference concerning innovative practices see the project "Health Governance Unit" with the participation of the Higher Institute of Health in Rome.

³⁸ For example, the projects that pursue the respect for human rights and the promotion of the role of women.

³⁹ For example, NGO Progetto Sud.

⁴⁰ For example, NGO MAIS.

⁴¹ Interview with Nadia Fathalla (Ministry of Planning and International Cooperation).

⁴² Presented by DGDC during the Inter-Institutional at December 14, 2012.

the approval of the complete project document by the MC that concludes the selection procedure. The TSU is involved in such process through verification of conformity of submitted documents. Other responsibilities were assigned to the TSU in the selection, evaluation and assistance to project design in coherence with its role of assisting the MC. The agreement foresees the use of technical assistance that was partially used to assist candidates in project formulation. Formally, the candidate makes a request of assistance for project formulation. In practice, the TSU assists the candidate in obtaining the technical assistance⁴³ if doubts and puzzles emerged in the evaluation of project proposal in terms of coherence and applicant capacity to improve project design. Of the total amount of 1.8 millions Egyptian pounds used for technical assistance, 7% was used for assisting Egyptian NGO in project formulation 36.5% for government agencies and the remaining 56.5% for ministries⁴⁴. International organizations and international NGO did not need any assistance. The TSU was generally very active in the formulation process as to ensure that the project design would reach the required standards⁴⁵.

14. A consideration can be made regarding the absence of clear and formalized indications on the priorities of TSU different tasks (selection, monitoring, project design and technical assistance and administrative control) neither on further verifications that could suggest the appropriate allocation of resources (human, financial and time) to specific activities.
15. The overall process, thanks to TSU support and to technical assistance represents, according to TSU Staff and factual response⁴⁶, an improvement compared to the first phase, when the approval was often based on heterogeneous, incomplete and poor quality documents. The improvement⁴⁷ of the approval process was recommended in the second mid-term review of the first phase and brought the programme⁴⁸ to strengthen technical assistance and adopt tailored procedures.
16. The agreement envisages in Art. 4.3 The possibility to finance local costs of Italian cooperation programmes⁴⁹. This did not happen but the programme took into consideration the priorities of Italian cooperation financing the continuation of initiatives realized under bilateral cooperation or through international organizations using experienced structures able to implement projects according to required procedures.

EVALUATION QUESTION:

Are the criteria, timing and costs associated to selection of beneficiary projects better than those applicable to the selection of bilateral cooperation grant projects?

17. In regards to the criteria, timing and costs associated to project selection, the differences between the mechanism utilized by the debt-swap programme and the one applicable to the bilateral cooperation grant projects are not proper to indicate which one is better⁵⁰.

⁴³ Interview with Italian Director of TSU, Mrs. Valeria Mazzacane.

⁴⁴ Based on TSU data.

⁴⁵ Interview with Italian Director of TSU, Mrs. Valeria Mazzacane.

⁴⁶ During the first phase, the 2nd Mid-Term Review starting from TSU evaluations have estimated that only the 44% of the projects could realistically achieve provided results and that for the rest 56% the possibilities to success were medium-low. The main explanation for such situation has identified in the low quality of the projects design and in the lack of technical assistance of the Programme during the selection and appraisal phase. TSU increase the rate to more than 90% of the projects in the second phase thanks to the support of technical assistance during appraisal period.

⁴⁷ First phase of the Programme, 2nd Evaluation on 26th of April 2006: It is reported that low quality of the project is due to lack of technical assistance

⁴⁸ Recommendation number 1 p. 31: "Reinforcing the identification and selection process of the project proposals, establishing more specific and clear criteria and methodologies" The second MTR included also ToR for the second phase of the programme.

⁴⁹ "Funds collected in CPF may also be used to finance local costs of relevant projects and programmes of the Italian Development Cooperation" Agreement on Debt for Development Swap, 3 June 2007, Art. 4.3

⁵⁰ Interview with Mr. Marco Platzer, Director of the Local Technical Unit (UTL), Cairo.

18. The duration of the selection under the programme mechanism is generally shorter than the time necessary to select a project under the bilateral mechanism, although it may depend on the capacity of the candidate partner. As indicated above, the approval is a two-steps procedure: after the first approval in principle, the candidate partner must elaborate and submit a project document with technical and financial annexes to demonstrate its capacity to implement the project. The reasons of an extended duration could be the poor capacity of the candidate partner to formulate the project (in this case it can rely on technical assistance offered by the programme) or problems of cohesion and understanding among the involved partners (applicant, implementer, associated partners).
19. The interaction between programme managers (MC through the TSU) and the candidates played an important role in the positive conclusion of the formulation process. The project formulation phase is therefore the best moment for interaction between the persons in charge of the selection and those responsible for the implementation; this makes the process smoother than the one applicable to grant projects⁵¹.
20. The flexibility in the application of the criteria laid down in the agreement and in the joint declaration permitted to integrate sectors not originally envisaged that became relevant to the development of bilateral relations, after new agreements or to ensure continuity with bilateral initiatives. Examples are the approval of project in the health⁵² and cultural heritage sectors⁵³, not initially included in the eligible sectors. Not having to make always reference to DGCS headquarters is saving time and costs. In addition the programme applies simpler and more direct procedures such as the possibility to re-allocate first phase residual balance following a fast negotiation or the proximity with decision-takers.

EVALUATION QUESTION:

How far the conditions laid down in the preparation and decision-making process were respected (taking into account the role of project selection mechanism for the respect of conditions imposed to Egyptian partners) and how much this contributed to the achievement of results?

21. As reported above, some candidates did not have the capacity to turn the project concept approved by the MC into a project document formulated in compliance with the programme procedures. Sometimes the reason stood on the insufficient technical capacity or on the lack of familiarity with the logical framework method; in other cases they could not ensure the participation of stakeholders and obtain their agreement on project strategy. In these cases, the formulation/approval process may be longer than one year. To formulate an acceptable project document compliant with the programme standards, the intervention the TSU was necessary sometimes with technical assistance⁵⁴. Within these projects that represented over 50% of the resources allocated by the programme, over 80% were presented by Egyptian public institutions or NGO. This correlation justifies the statement that efficiency results depend on the profile of the candidate and its high (international organizations, Italian NGO) or low (Egyptian public institutions and NGO) familiarity with the logical framework approach for project cycle, adopted by the programme as the guideline for project design.
22. Assigning the projects to different macro-sectors, with some flexibility due the inter-sectoral nature of some of them, we can note that the almost totality of approved projects (90%) belong

⁵¹ Interview with Mr. Marco Platzer, Director of the Local Technical Unit (UTL), and the Director of the Italian TSU, Mrs. Valeria Mazzacane

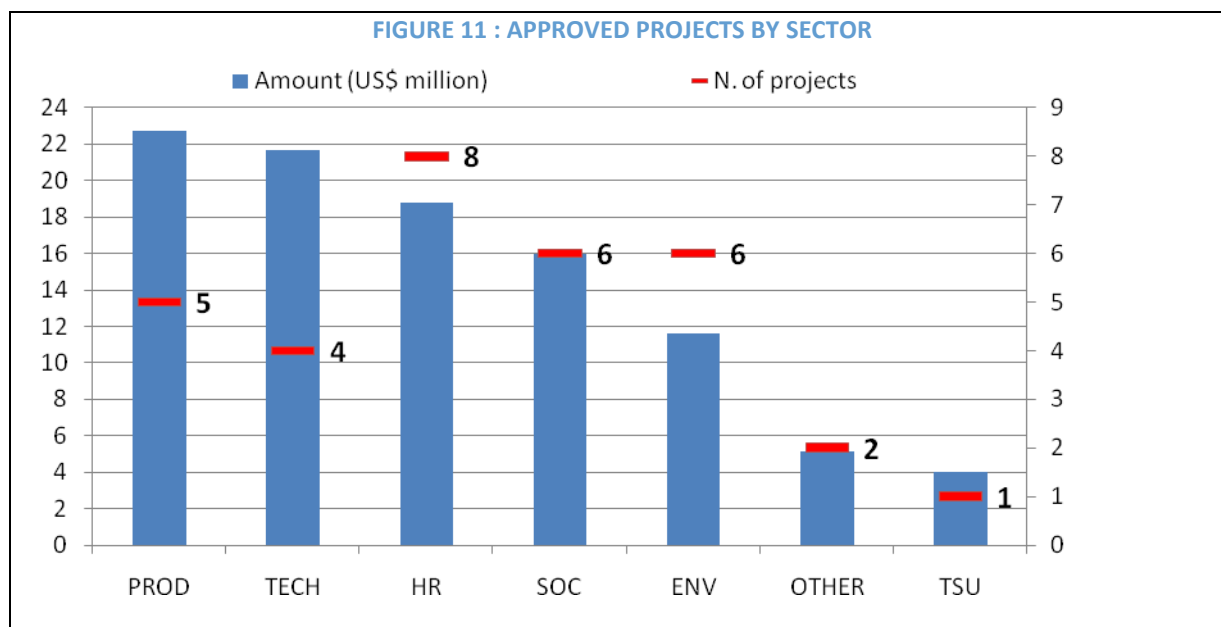
⁵² Cooperation between Italy and Egypt in this sector has a long tradition.

⁵³ For example, MoU between the Egyptian Ministry of Antiquities and the Italian Ministry of Foreign Affairs on the conservation of cultural heritage, Cairo October 26, 2008.

⁵⁴ Technical Education Cluster for employment in the sector of Mechanics, Actions for vulnerable children, Solid Waste Management in Minya Governorate, Robbiki Industrial Leather and Tanneries City (RLC) – Stage 1, Health Governance Unit, Safer Environment for Children (SEC), Psychosocial Rehabilitation for Mental Disability (REMEDY), Green Trade Initiative.

to the five sectors indicated in the joint declaration of May 12th, 2009. The remaining 10% belong for related topics⁵⁵ to sectors where the Italian cooperation is present for long time.

23. Comparing the project balance by sector, we can note a difference between the indications contained in the JD of 2009 and in the budget composition of approved projects. The number (more than the total budget) of projects falling in the three sectors *social dimension*, *human resources development* and *environment* are much more than the other two sectors (*support to primary production*, *technology transfer and innovation* that have a larger average value (Figure 11).



24. An explanation is provided by the concentration of projects proposed by NGO in the social and environmental sectors. To the allocation of funds for these sectors correspond a more than proportioned number of approved projects that implies smaller average size that characterize NGO projects, at least in this programme. In the social dimension sector we find projects in the health sector⁵⁶, while in the environmental sector there is a project for the conservation of antiquities⁵⁷. The inclusion of projects not belonging to the sectors identified in the official documents may favor the scattering of activities reducing the possibility to evaluate the real impact on poverty, considering also the small amount allocated per sector. In the "other" category there are two institutional strengthening projects⁵⁸ formally included in the "human resources development" group. These have an indirect impact on poverty reduction, but they brought prestige to the work of Italian cooperation. The conclusions of the second mid-term review underlined the excessive dispersion of projects in diversified sectors making the impact assessment difficult, but recognizing the flexibility to respond to the requests from Egyptian

⁵⁵ Two projects in the health sector (ascribable to the social field, in the broad meaning of psycho-socio-medical field), one with the Ministry of Health set up by an Egyptian NGO "Psychological rehabilitation for the mentally disabled" and one with the University of Alexandria "Unity for the governance of health care," and the project "Management of the archaeological park of Medinet Madi" with the Ministry of Antiquities (ascribable to the field of Cultural Heritage, associated by convention prevalent in some cases, improperly, to the environment theme).

⁵⁶ Unit for the health governance, a training project of the Italian Institute of Health, the University of Alexandria specialized in the health and psychological rehabilitation for the mentally disabled and the Ministry of Health to be implemented by the Egyptian NGO.

⁵⁷ Management of MedinetMadi Archeological Park.

⁵⁸ Centre for Coordination, Monitoring and Support to the Social Contract "and" Evaluation of e-Government policies in Egypt

administration and from the Italian cooperation. We can then affirm that the allocation of projects in the sectors indicated in the agreements was substantially respected.

25. The conditions established to Egyptian partners and mentioned above concern the use of funds, the selection of projects, the implementation procedures and the sectors of project intervention. The presence of Italian institutions in the projects with the functions of technical assistance or partnership is in agreement with the objective of improving bilateral relations and favoring Italian investments as indicated in the joint declaration of 2009; the scope is to promote the transfer of know-how and the development of products with high commercial and social value. In some projects considered in the present evaluation⁵⁹, the presence of Italian consultants and institutions represented an added value for the achievement of expected results. Some of these projects were at risk for serious deficiencies in the formulation phase but their performance were improved thanks to the support of qualified consultants.
26. The programme **procedures** requests the submission by the applicant of a project identification document composed of:
 - i. A short description of the objectives;
 - ii. A general work plan;
 - iii. The institutional framework and the implantation method;
 - iv. A provisional budget.
27. The project approval signed in the MC meetings is preceded by the verification of eligibility. It never happened that projects presented to the MC were not approved.
28. After the first agreement, the candidate must prepare:
 - i. A complete project document with the elements of the logical frame work;
 - ii. General work plan and detailed work plan for the first year;
 - iii. The institutional framework and the implementation method;
 - iv. The financial plan and the provisional budget with detailed costs per year;
 - v. The technical annexes including the feasibility study.
29. The TSU supports the MC in the selection process and its action is not limited to the verification of completeness and compliance of the documentation, but also to follow and assist the candidates during project formulation and feasibility studies, when required.
30. The financial guidelines prepared by the TSU include the format of the documents to be presented in the second step of the selection, the technical documents⁶⁰ and those of financial monitoring⁶¹.
31. Logical framework and the work plan are the necessary documents to carry out the technical monitoring. The evaluation team analyzed in details few of them and found their quality very variable; that is good for the projects formulated directly by international organizations and international (Italian)⁶² NGO, less satisfactory for those implemented by national and local

⁵⁹ Robbiki Industrial Leather and Tanneries City (RLC)", "Technical Education Cluster for employment", "Marine Aquaculture Development in Egypt (MADE)".

⁶⁰ Project document, QL, Workplan

⁶¹ Cash book, List of accrued interest, New budget, Reconciliation statements, Updated financial situation.

⁶² Project to Support National Protected Areas in Egypt (SEPA UNDP), model of sustainable food security implemented by WFP, A network of small producers for the recognition of social and economic rights achieved by Cospe.

administrations.⁶³

32. One of the most frequent misunderstandings is the identification of objectively verifiable indicators (OVI) with the outputs of activities and the means of verification with the progress reports. This shows a poor mastering of the logframe instrument as well as the insufficient quality of indicators to allow the establishment of an effective monitoring system to assess project implementation and prevent delays.
33. The general work plan is presented in the form of simplified GANTT diagram, but often the activities are too generic with no reference to critical activities whose delay may have consequences on the entire project generating delays for the overall implementation.
34. The most important aspect is the current lack of staff in TSU to carry out an accurate technical monitoring; the only experts with adequate technical skills are the Italian director and the Egyptian deputy-director, but they cannot work on these tasks as much as this would require because of other functions they have to cover in their positions⁶⁴ and because of missing allocation of priority duties in the TSU.
35. Monitoring would ideally require a full-time commitment and in any case the setting up of a data base on the implementation of all the projects to be regularly updated with routine activities and regular visits with questionnaire. In alternative to the latter, each project could be requested to set up a monitoring unit in charge of collecting and transferring harmonized data with standard codes to support management. This data would be transmitted to a monitoring expert in TSU/MC responsible for data collection and analysis and for the delivery of recommendations to MC and project management.
36. In the absence of such structure or standard procedure, monitoring is currently delegated to the financial experts in order to determine implementation status and respect of road map through the control of cash flows and administrative compliance.
37. For this purpose they use the annual and half-year financial plan where the planned costs per activity are reported. In this table, the activities include different inputs; the cost of each input is distributed in percentage to the related activities. It is however difficult to track the delay of a given activity based on costs incurred because of the difficult attribution of the percentage of inputs actually used for such activity. The complexity of the exercise was raised by all the consulted projects and the TSU is aware of it⁶⁵.
38. Despite the weakness, these controls are often the only control measure on projects⁶⁶ and at the same time an effective training instrument⁶⁷.
39. The quality of financial monitoring is good and allows keeping under control project financial data. The excellent competence of the financial team is acknowledged by both Italian⁶⁸ and Egyptian parties⁶⁹. Its role was important as it ensured the advantages of a specific and unique administrative mechanism composed of an auditing unit and the development of tailored and standardized tools and formats according to a manual of administrative and accounting procedures. The controls are regular and accurate thanks to the experience and competence of

⁶³ For example Fisher-GAFRD project but also Robbiki or Green Trade Initiative (implemented by UNIDO but formulated by Minister of Industry) and "Technical education clusters" project formulated by EDF show several gaps within the project document before the initiation of TSU.

⁶⁴ Interview with the Italian Director of TSU, Mrs. V. Mazzacane.

⁶⁵ Interview with the Italian Director of TSU, Mrs. V. Mazzacane.

⁶⁶ Interview with the Head of Financial Unit of TSU, Heshman Kotb.

⁶⁷ The adequacy of the methodology used for financial control on the ability to execute and monitor the activities, has been recognized by the projects.

⁶⁸ Interview with the UTL's Director, Mr Marco Platzer and the Director of the Italian TSU, Mrs. V. Mazzacane.

⁶⁹ The Ministry for International Cooperation, although identified as responsible for the management of the third stage of the Program Agreement, has expressed its intention to maintain the TSU for the appreciation on its efficiency in following the program (interview with Dr. V. Mazzacane).

the team. The technical support to projects is therefore positive considering the limitations in terms of human resources experienced during the last three years. The long and solid experience of the director and deputy director and their excellent relations with institutional counterparts facilitated the achievements of these results.

8.3 The Project Implementation phase

EVALUATION QUESTION:

Overall, did the time and costs of project implementation correspond to what was expected by the debt-swap programme?

40. At one year and three months to the deadline originally foreseen for the programme only 49% of the allocated budget has been transferred to beneficiary projects of which 64% was actually spent or justified by the projects as at December 31st 2012. During phase 1 in the same period the figures were respectively 64% and 61%⁷⁰.
41. The programme was consequently extended for one year (June 2015⁷¹), but it will probably need further extension in order to conclude projects that are supposed to last 3 years and which activities did not start yet⁷².
42. Of 27 projects that obtained the approval at both levels during phase II, 8(29.6%) are concluded and 19 (70.4%) are ongoing or did not start yet while other initiated projects are experiencing a serious delay⁷³.
43. The causes of delays are diversified, but the main cause mentioned in interviews was the general slow down due to the 2011 events.
44. The following graphs analyze the progress in project implementation using the transfers to the project accounts as proxy. The projects were divided in three groups according to their starting date. The first group includes the projects that started in 2009 (with 2 sub-groups for the first and second semester, respectively); the second group comprises the projects initiated in 2010 and the third group those started in 2011 and 2012.

⁷⁰ Report "Second Mid-Term Review", 26 April 2006, p. 5

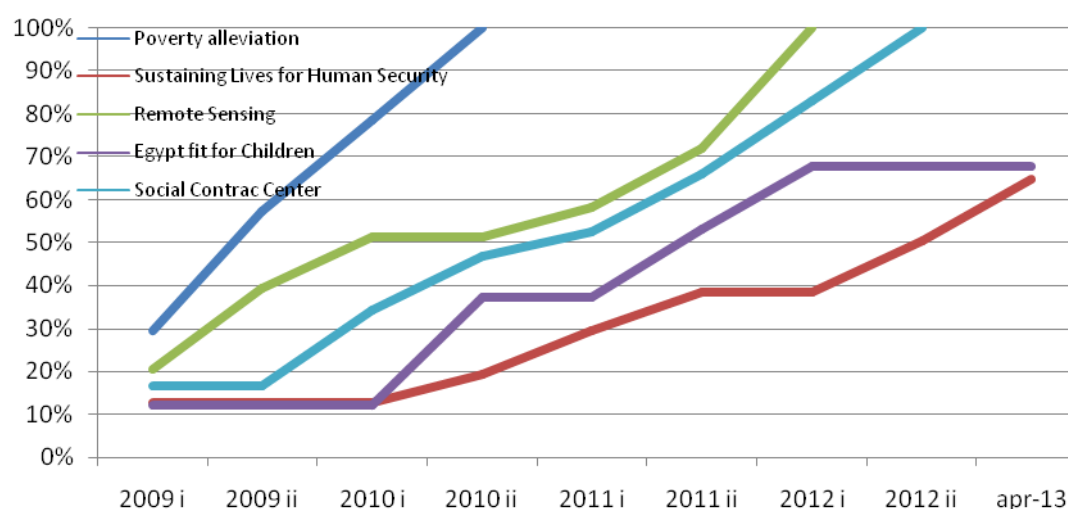
⁷¹ Agreed during the X reunion of the Management Committee, 14 November 2011.

⁷² The project is considered started the first day of the month following the first transfer from CPF to the project account. However, there are projects (for example Psycho-social Rehabilitation for Mental Disability (REMEDY), Support to the Egyptian Protected Areas (SEPA), Green Trade Initiative (GTI)) for which the first installment have been paid to the account indicated by the beneficiary ministries, but these have still not transferred these shares to the executing agency. In addition to this there are three projects that are still in the formulation stage: the first one is titled "Towards sustainable use: vocational training in the construction sector", while the second concerns the management of the archaeological site of Medinet Madi; a third project, yet not identified, it is intended to replace a project recently fallen for the creation of a mechanized bakery.

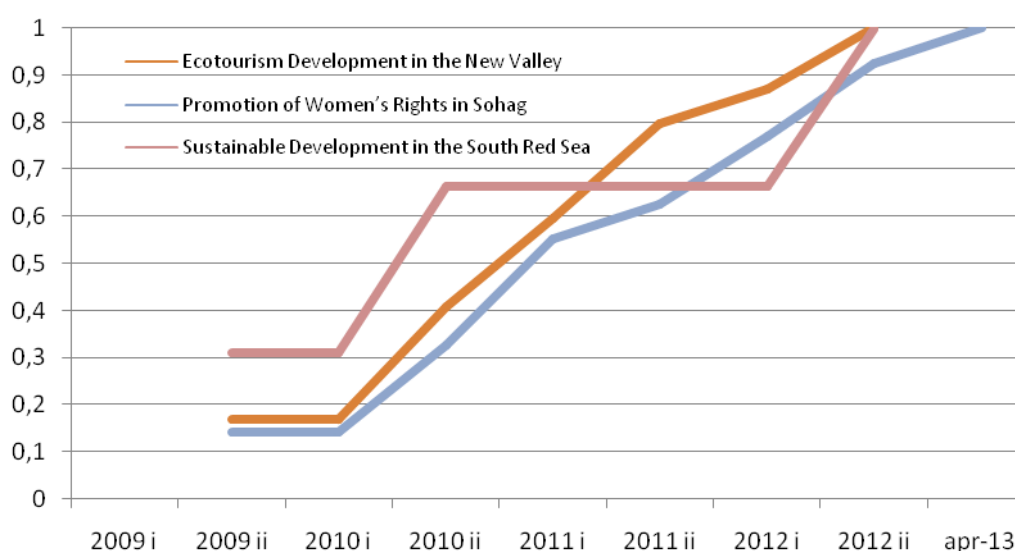
⁷³ For example, Technical Education Cluster for employment in the sector of Mechanics sponsored by EDF and Health Governance Unit implemented by ISS.

FIGURE 12 : PROGRESS OF PROJECTS INITIATED IN 2009

(i) launched during first half-year



(ii) launched during second half-year



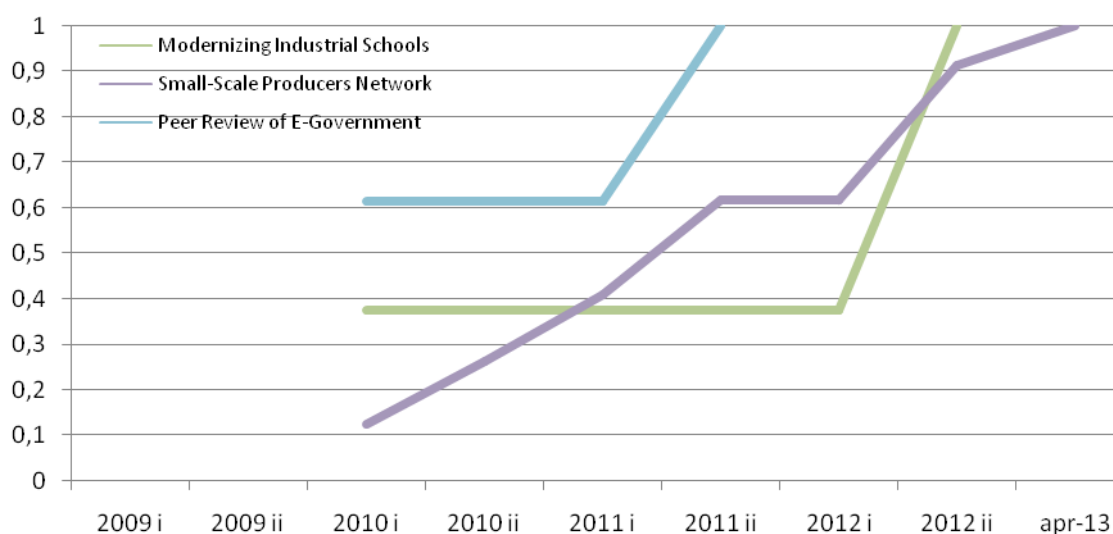
Source: Elaboration of TSU data

45. As we can see, most of the projects are concluded, except two⁷⁴. No major delays are noted during 2011, except for two projects “modernizing industrial schools” and “HEPCA sustainable development in the south Red Sea” for which the non-utilization of funds during this period is linked to the structure of the financial plan more than to external causes.

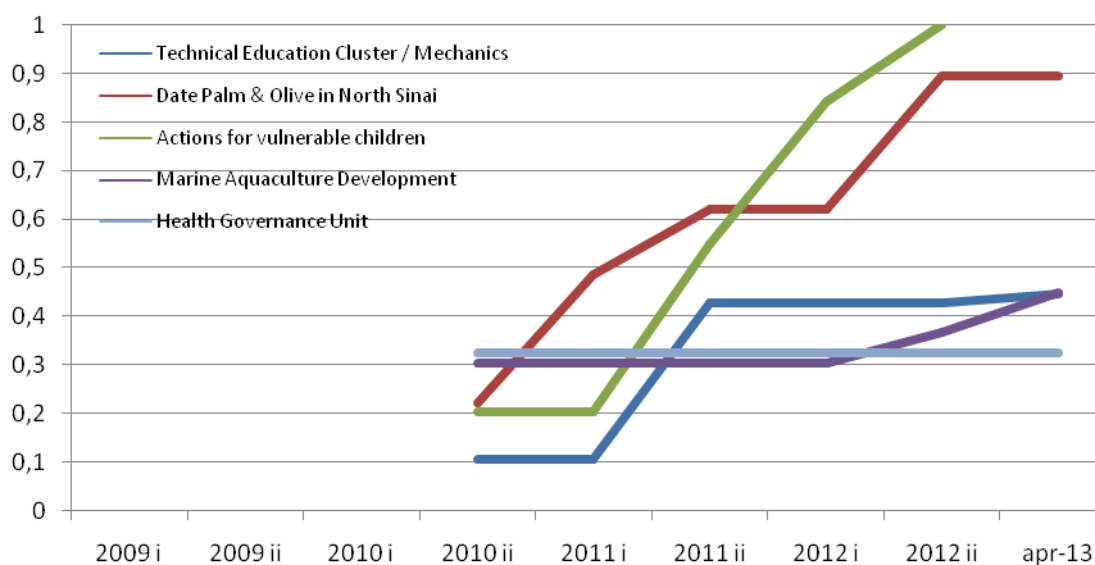
⁷⁴ It concerns “Sustaining Lives for Human Security” project implemented by WFP and “Egypt fit for Children” implemented by Childhood and Motherhood Council. For the first one mentioned, signing two additions document, \$ 1,3 million remaining from the first phase of the program have been added to their financial resources

FIGURE 13 : PROGRESS OF PROJECTS STARTED IN 2010

(i) launched during first half-year



(ii) launched during second half-year



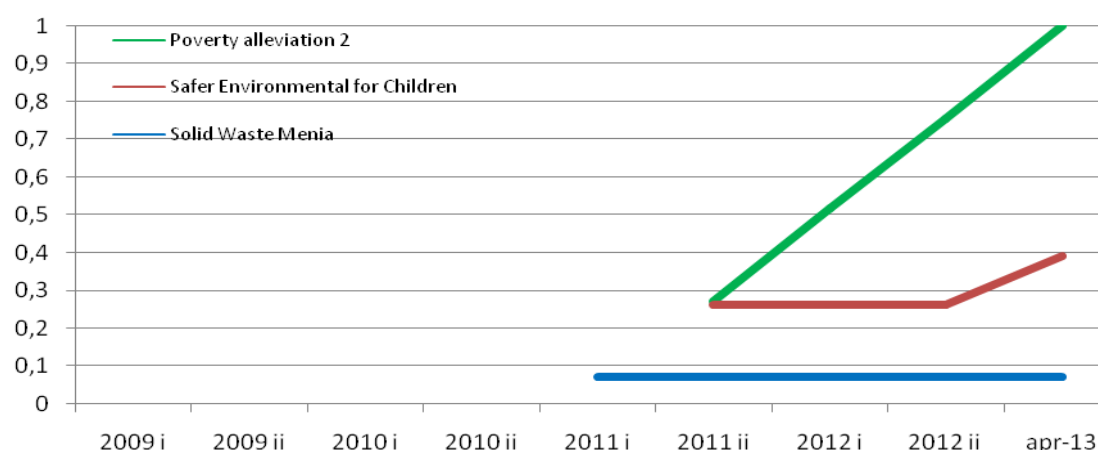
Source: Elaboration of TSU data

46. Only one project of those initiated in 2010 is concluded⁷⁵. The others encountered problems mostly related to the quality of project formulation and/or problems of inter-institutional coordination rather than to the changes occurred after the 2011 events.

⁷⁵ "Actions for Vulnerable Children" Project

FIGURE 14 : PROGRESS OF PROJECTS STARTED IN 2011 E AND 2012

(i) launched in 2011



(ii) launched in 2012



Source: Elaboration of TSU data

47. Most of the projects started in 2011 and 2012 show serious difficulties in respecting the defined planning.
48. Also in this case we can mention inter-institutional coordination problems⁷⁶ and weaknesses in the formulation of project document⁷⁷. Among others, two complex projects have serious delays. These are the *Robbiki tannery district* and the *Green Trade Initiative*; they belong to the productive and technology group and have the largest amount of budget (jointly over 21 millions \$, one fifth of the overall programme). In addition to the problems related to the Arab Spring, the causes are mostly due to weaknesses in the formulation phase especially on institutional aspects and on beneficiaries' agreement⁷⁸ as well as poor technical programming and formulation of work plans. There are also causes of delays that are becoming structural and must be taken into account for the implementation of the third phase. These are: the inclusion in budget by the competent administration of the amounts for projects in the reference financial year (starting in July) after authorization by the ministry of Planning that often delays the disbursement by the

⁷⁶ For example, the Green Trade Initiative (GTI), Support to the Egyptian Protected Areas (SEPA) and Psycho-social Rehabilitation for Mental Disability (REMEDY), Integrated Migration Information System (IMIS).

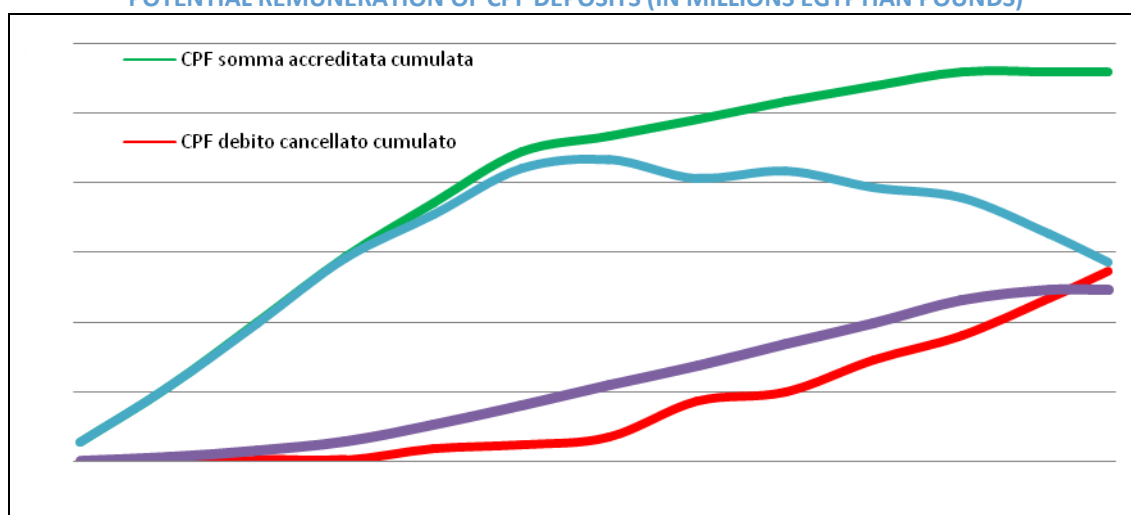
⁷⁷ For example, "Safer Environmental for Children" Project had to be reformulated.

⁷⁸ For example, Technical Education Cluster for employment in the sector of Mechanics sponsored by EDF and Health Governance Unit implemented by ISS.

project financing banks; the slow administrative process for projects assigned to public entities and implemented by international organizations; the difficulty for NGO and the length of procedures to obtain the necessary license to work in Egypt and implement a project because of the controls by the ministries of Social Affairs, Foreign Affairs and Internal Affairs.

49. The CPF is by definition a transit fund of financial resources supposed to be addressed to projects. For such resources we cannot speak of opportunity cost, in the sense of what we have to give up (revenues generated by alternative investments) to save this deposit. Nevertheless, still maintaining the capital safe (avoiding risks and losses, it is worth considering the convenience to exploit the temporal gap between the accreditation on CPF and the transfer to projects to protect the capital from unfavorable inflation trends that characterized Egypt, in that direction we can assume the profile of CPF as a fund oriented to use the deposited resources in risk-free short-term investments (ideally obligations of the Egyptian Central Bank of the duration of 6 months or at least with possibility to turn them liquid in the market within 6 months, with deadline corresponding to the dates when the CPF proceed to transfer the needed funds reaching a perfect matching. The fund then is able to guarantee the highest levels of secure revenues and protect the capital in the short term, as it cannot risk a shortfall in respect to the amounts due every 6 months. We could speak of opportunity cost of the deposited capital to quantify the level of (temporal) inefficiency of the CPF mechanism.

FIGURE 15 : CUMULATED PROGRESS OF ACCREDITED AND TRANSFERRED FUNDS, NET BALANCE AND POTENTIAL REMUNERATION OF CPF DEPOSITS (IN MILLIONS EGYPTIAN POUNDS)



Source: Elaboration of TSU data

50. The difference between the net aggregate of the amounts credited to the CPF and those transferred from this project to the others represents the efficiency of the program in relation to the time of expenditure and it correspond to the net available. The performance of the potential cumulative value of the financial investment of capital in inventory Fund, using the criteria overexposed and not far from the practice adopted by the person who filed the CPF in a commercial bank⁷⁹, showed an additional net value significant. This value at the end of the first quarter 2013 was supposed to be up to 246 million Egyptian pounds (i.e. \$ 44 million that represent the 44% of the total amount canceled in the second phase of the Programme) and it would be more than sufficient to provide support for the continuation and development of projects through complementary actions (as well as to cover all the expenses of management and control of the conversion mechanism such as: TSU and MC, technical assistance measures - including the establishment of rigorous feasibility studies - M & E and audit, plus capitalization activities across projects).

⁷⁹ The method adopted, for example by the Swiss Debt Conversion Programme

9. The effectiveness of the programme

1. This section treat how the programme, thorough its organization and implementation contributed with its results to the achievement of proposed objectives.

9.1 The selection of beneficiaries

EVALUATION QUESTION:

Were the selection criteria well defined and quantified?

2. The selection criteria, as described above, define the sectors for which it is possible to present a project and the organizations eligible to be candidate for the financing. The projects have been generally selected in conformity with these sectors, with some exceptions linked to cooperation activities between the two countries⁸⁰. The mechanism does not envisage a competitive selection system based on marks attributed by means of evaluation grids⁸¹ such as those utilized by the EU, but the priorities of the Egyptian government are taken into account⁸². This mechanism is coherent with the objective of consolidation of the bilateral relations, thanks to the negotiation process set up, while there is no direct relation with poverty reduction objective. In fact a competitive mechanism would allow to select projects that, with equal invested resources, contribute to a higher degree to poverty reduction. Moreover, the attribution of marks through the grid used by TSU require a relation between the marks and the elements of the logical framework, valorizing the quality of project formulation. In this way, the coherence with the programme would have been looked at putting the bases for a different relation between the programme and the projects, for example through a stronger and timely technical control to implement with the monitoring.
3. Some project referees consulted by the evaluation team⁸³ declared not having informations on what and how other programme's projects are implemented. The impression of the team is that in general the projects are **considering the programme as a financing source rather than as a development instrument with which they share the vision**. This significantly reduces the use of the opportunity (in term of added value) associated to this type of debt-swap mechanism. The relation established between the project selection and the national planning, particularly the sixth plan 2007-2012 and the reform agenda of the Egyptian government⁸⁴ favours anyway the ownership of the programme and gives priority to initiatives oriented towards poverty reduction, objective of the national planning.

EVALUATION QUESTION:

What are the main factors that influenced the project selection process?

⁸⁰ For example. MoU between the Egyptian Ministry of Antiquities and the Italian Ministry of Foreign Affairs on the conservation of cultural heritage, Cairo, 26 October 2008.

⁸¹ This mechanism was used instead for the call for proposals launched to replace two projects submitted by NGOs, an Italian one (Movimondo, that has received the approval for the project "BRAVO: Building Rural Assets with Valuable Opportunities" but that later renounced to run) and an Egyptian one (El Rowad Association, that has received approval for the project "Improvement of Operational Capacities and Health Care Services Delivery for Disabled Community" and who later failed to receive accreditation by the competent Egyptian authorities). Projects selected by the calls were "Community action to reduce poverty in Upper Egypt - Fayoum Governorate" of the Italian NGO MAIS and "Psycho-social Rehabilitation for Mental Disability (REMEDY)" of the Alex Work Shop Centre.

⁸² Interview with the Italian TSU's Director, Valeria Mazzacane.

⁸³ Support to Protected Areas, Sustaining Lives for Human Security, ITEC, Modernization of vocational schools through information and communication technologies, a network of small producers for the recognition of social and economic rights, District of tanning Robbiki, SCC. MADE, GTI and REMEDY.

⁸⁴ Joint statement, 12 May 2009.

4. The decision to follow-up on some projects financed during the first phase⁸⁵, as stated in the joint declaration of 2009 (JD) had an influence on the selection process. In the case of the green Corridor project, there is a specific indication in the JD. In other cases, the continuation of projects in the bilateral channel or in partnership with international organizations⁸⁶ was financed. This allowed the harmonization of actions supporting the Egyptian priority policies with the priorities of the Italian cooperation in Egypt. At the same time, the willingness of the Egyptian partners to favour Italian investments in Egypt and promote the transfer of know-how and technologies to develop industrial and social products with high potentialities, as stated in the JD, had a role in the selection of projects.

EVALUATION QUESTION:

Is the project selection mechanism coherent with programme objectives?

5. In selecting projects, the Egyptian government took into consideration the poverty reduction objective, its main challenge. This is demonstrated by the theme of the first approved projects⁸⁷. The selection took also into account the capacity building and transfer of know-how to Egyptian institutions and the reform agenda established by the government itself⁸⁸. This selection was facilitated by the negotiation process put in place; the partners identified few ongoing Italian cooperation activities and they explored competences in the Italian system that could respond to these needs offering their services⁸⁹.

EVALUATION QUESTION:

Is the beneficiary selection mechanism favouring ownership and Egyptian prioritization?

6. During the interviews of the evaluation team with Egyptian institutional partners, the appreciation for the ownership developed by the programme in project selection was underlined.
7. In one case⁹⁰, preference was expressed for direct budget support as for the past German debt-swap programme⁹¹. The German cooperation, later consulted, expressed its intention not to continue this approach. The next German debt-swap programme will use the entire CPF to finance development projects in the sectors of education and job creation selected through call for proposals⁹².
8. The programme procedures formulated by TSU allow the Egyptian institutions to implement the projects using national procedures and standards. All the candidates are requested to open a bank account in the name of the project and exclusively dedicated to the programme funds. Egyptian institutions follow the rules established by the Ministry of Finance. This created problems for the international organizations that generally have a central account that distribute the funds to all the projects. In one case⁹³, UNDP obtained the transfer of the funds to the central

⁸⁵ Interview with Mr Nino Merola and with Mrs. Ginevra Letizia, Rome 15 March 2013.

⁸⁶ For example: Solid Waste Management in Minya Governorate; Health Governance Unit; Psycho-social Rehabilitation for Mental Disability (REMEDY); Support to the Egyptian Protected Areas (SEPA); Green Trade Initiative for projects that follow the initiatives of the Italian Cooperation on bilateral, Transition to Employment; Career Guidance for Youth and Job Creation; Integrated Migration Information System (IMIS) III follow projects that Italian Cooperation have funded by OOII.

⁸⁷ The first two approved projects included "Poverty alleviation through creating low-cost jobs in the solid waste system in the Greater Cairo region" and "Sustaining Lives for Human Security" for the total amount of over 8 mln \$.

⁸⁸ Joint Statement, 12 May 2009.

⁸⁹ Interview with the Italian Director of TSU, Valeria Mazzacane.

⁹⁰ Ministry of Finance

⁹¹ In this case, indeed, there was no real budget support programme in place. The amount of 50% in realtà in questo caso non fu un vero programma di budget support. A share of 50% was directly deleted and the remaining 50% was converted into development projects.

⁹² Interview with Hans Ch. Hamman, Embassy of Germany in Egypt, and Jens Mackensen, KFW.

⁹³ UNDP "Social Contract Advisory, Monitoring and Coordination Center". See also, chapter 11 on depth analysis on projects: "From the possibility by UNDP to receive funds directly on his account, as foreseen by an agreement preceding the

account. Representatives of international organizations told the evaluation team that no derogation for opening a dedicated account will be possible for future projects⁹⁴.

9. After obtaining the approval by the MC, the candidate partner must nominate a project director with attorney power and a financial manager. Any project official communication must be signed by the director. The projects implemented by Egyptian institutions must apply the national laws and norms. This includes the procurement of goods and services, the contracts of staff, control norms, etc.

9.2 The realization

EVALUATION QUESTION:

Are the project characteristics coherent with the programme general and specific objectives?

10. As already described, the projects were identified and selected in accordance with the principles and guidelines agreed by both parties in the Italian-Egyptian cooperation framework. The project formulation and selection phase was characterized by a negotiation process that involved the programme and project stakeholders making the share of opinions and points of view possible, in relation to objectives, results and activities of single interventions.
11. All the funded initiatives are therefore coherent with the programme logic since their formulation, as they are the result of the negotiation process that represent the main instrument for the achievement of some of the programme objectives, in particular the consolidation of bilateral relations and the alignment to national policies and strategies. The coherence between project and programme objectives is also ensured by the identification of priority thematic areas on which to concentrate the actions and to the close adherence to national planning.
12. However, the operational mechanism (also referring to the more structured second phase) is not always coherent with the objective of strengthening the partner capacities and particularly those of the involved institutions. The institutions and the public administration do not benefit of continuous contact with structured and consistent mechanisms that favour the transfer of know-how and capacity building, and continue to use their procedures in the implementation of projects. No coherent and shared system was developed to carry out participative activities or to develop relations with civil society organizations and private sector, ensuring the improvement of competences that represent necessary requirement for the success of the third phase of the programme, where the Egyptian empowerment is emphasized in all the phases of the intervention.
13. Moreover, the programme do not foresee any type of coordination between the projects, not even within the same thematic priority area; such lack of contacts and exchange is not coherent with the institutional capacity objective, neither with the specific nature of projects.
14. Consequently, despite a good coherence at global level, the programme vision is not sufficiently perceived at project level. During interviews in ministries and Egyptian institutions⁹⁵, the need of increased dissemination of programme information has raised together with more opportunities of meeting and discussion between project managers for dissemination of identified best practices.

implementation of the second Phase of the Programme and signed by UNDP and Egyptian Minister of Foreign Affairs. According to this agreement, for every project co-managed by UNDP and the Egyptian Government, all the finance resources activated must be steered on UNDP account, according to its rules and regulations.

⁹⁴ Meeting between evaluation team and WFP. One of the reasons why the project team has signed two appendices of high amount instead to sign new contracts was to continue using the waiver obtained by the project towards WFP to use a dedicated bank account; it is unlikely that the waiver will be renewed.

⁹⁵ Interviews with the officers of the Ministry of Environment, EDF, COSPE.

15. When starting implementation, the projects already went through the selection process with the presentation of a concept note and the formulation of project document assisted by the TSU and during which the logical framework is defined and the feasibility is assessed. This process facilitates the compliance of the projects with the programme, thanks to the TSU. However, approaches, implementation, arrangements and methodologies are not uniform and consequently it is possible to identify different levels of adherence to different objectives in relation to specific interventions.
16. From the assessment of the degree of coherence of projects with the programme, we can note that food security, environmental and social projects are strongly coherent with poverty reduction objective, while projects in the economic and human resources sectors are perceived as more coherent with policy alignment and bilateral relations objectives.

TABLE 14: JUDGMENT ON DEGREES OF COHERENCE BETWEEN PROJECTS AND PROGRAMME OBJECTIVES

Project	Overall Objective/Objectives	Specific Objectives	Coherence degree (a) (b)
Sustainable model of food safety (WFP)	Reduction of the “hidden hunger” which prevails among school-age children and their families in the poorest areas of the country	Local capacity building with demo of effective methods of food security webs, introducing high nutritive enriched snacks, good igienic practices. Improved efficiency in the procurement chain management.	1) Good 2) Very good 3) Very good 4) Sufficient 5) Sufficient 6) Good
Center for technical and vocational training	Contribute to the development of an advanced technical education system in the Egyptian educational system	Establish an integrated district for technical and vocational training in the field, providing advanced technological education, training and address the highest level of quality that meets the needs of the labor market and society.	1) Very Good 2) Good 3) Very Good 4) Good 5) Good 6) Sufficient
Support for protected areas (SEPA) UNDP	Consolidate the results achieved by the Egypt-Italy-UNDP partnership in the framework of EIECP II and ensure the sustainability of the activities undertaken by the program in Protected Areas; Building on the experiences and lessons learned; Foster synergy and complementarity with other similar initiatives conducted in the field.	Improve the management capacity in the five selected areas; Contributing to the protection of the environment and cultural heritage, as well as the sustainable development of local communities; Strengthen the host of the five protected areas, bringing them to the level of first-class facilities	1) Good 2) Good 3) Good 4) Good 5) Very Good 6) Very Good
GREEN TRADE INITIATIVE	improve the competitiveness of Egyptian exports of agricultural products to the EU countries, thanks to the development of cooperation with the public/privat sector	support for the creation of an integrated system to improve the production and export chain of vegetables	1) Very Good 2) Sufficient 3) Very Good 4) Good 5) Very good 6) Good
SOCIAL CONTRACT CENTER	support the participation of civil society in decision-making and the achievement of human development in Egypt	The specific objective is to build a shared consensus about the meaning and implications of a new social contract; monitor progress in achieving the Millennium Development Goals and the 55 socio-economic programs promoted dall'EHDR 2005	1) Sufficient 2) Very Good 3) Very Good 4) Sufficient 5) Good 6) Very Good
REMEDY	improve the quality of life and psychosocial resources of people with psychiatric disorders in the governorate of Behera	improving the ability of self-help, self-sufficiency, autonomy and dignity; the creation of opportunities for self-fulfillment and social inclusion encouragement to strengthen individual	1) Good 2) Very Good 3) Very Good 4) Sufficient 5) Sufficient

		skills through the use and occupation; increased awareness in the community	6) Good
MADE	develop fisheries and aquaculture in the Mediterranean Egypt through synergistic actions involving the public and private sectors.	implement a sector leading the action, supporting dialogue between private and public, both thanks to a work of technical assistance to businesses and through the implementation of productive assets (Fry fish unit and cage unit) in accordance with the guiding principles of accountability and sustainability .	1) Good 2) Sufficient 3) Good 4) Good 5) Very Good 6) Very Good
Tannery district of Robbiki	Improve the quality and productivity of Egyptian leather industry and the environmental conditions in the city of Cairo	Contributing to the creation of a facility for the treatment of wastewater	1) Very Good 2) Sufficient 3) Very Good 4) Good 5) Good 6) Poor
A network of small producers for the recognition of social and economic rights	Contribute to the improvement of the living conditions of small producers through the principles of fair trade and an organizational approach	Create a national network of small businesses in agriculture and crafts to encourage the recognition of socio-economic rights of these categories, strengthening the capacity of representation and negotiation in social security and health care, as well as marketing and sale of food products and local handicrafts to increase its sales in the domestic market and abroad.	1) Sufficient 2) Very Good 3) Very Good 4) Sufficient 5) Very Good 6) Good
Modernization of vocational schools through the technologies of information and communication	Support the process of reform of education in professional schools using ICT technologies to reduce youth unemployment	Improve the quality of technical and vocational training through the introduction of the use of information technology in administrative and curricula. Encourage cooperation between the educational system and the private sector to share experiences and best practices.	1) Sufficient 2) Good 3) Very Good 4) Sufficient 5) Good 6) Poor

(a) General Objectives**(b) Specific Objectives**

1) Consolidation of bilateral relations

4) Reduction of the debt burden;

2) Contribution to poverty reduction and development of Egypt;

5) Funding for projects that contribute to the socio-economic development of the country;

3) Alignment and orientation to policies and strategies in Egypt.

6) Institutional capacity building in the field of Egyptian concerted planning and with particular reference to the issue of poverty

(b) Very Good, Good, Sufficient, Poor

EVALUATION QUESTION:

To what extent the objectives of selected and implemented projects have been or are being achieved?

17. Differently from the first phase, where an great number of projects⁹⁶ had low performance mostly due to serious deficiencies in the formulation⁹⁷, in the second phase only two projects

⁹⁶ According to the Mid-term Evaluation of the Debt-for-Development Swap Programme, 26 April 2006, p 7. Please note that the projects with the low level of performance are these with 30%.

were in a difficult situation⁹⁸, caused by modifications of activities requested by the new persons in charge in the competent ministries that changed the nature of the projects requiring important additional investments. It is worth noting that these responsible persons were the last appointed after a frequent turn-over.

18. The projects implemented by Italian NGO are concluded or close to completion and have achieved their objectives. The Egyptian NGO projects have also achieved their objectives, except the project on psychological rehabilitation of mental diseases where the new project reference person is in partial disagreement with project approach. Parts of the projects implemented by the international organizations achieved or are achieving their objectives. Other projects implemented by international organizations but requested by Egyptian institutions are experiencing delays⁹⁹ caused by the difficulty to redefine the norms affected by the political changes. The projects implemented directly the Egyptian institutions are rapidly restructuring their organization to achieve their objectives after a period characterized by delays and wrong choices, requiring TSU intervention, sometimes to reformulate or extend the project, others to re-arrange the activities.

EVALUATION QUESTION:

What are the best practices and the lessons learnt specific to the programme according to different stakeholders and beneficiaries?

19. Among the good practices arising from the programme, the most recurrent in the meetings between the evaluation team and institutional partners¹⁰⁰ is the increased opportunity of ownership offered by this programme. This attention to ownership permits to propose the activities perceived as priorities for being financed by the programme, thus ensuring a motivation to achieve the objectives that represent the projects' strength. The period that followed the 2011 events brought several policy changes and frequent turn-over within the responsible administrations, questioning the effectiveness of such approach. The policy agenda, pursued by the new administration reference persons, do not always correspond to the agenda in place during the negotiation phase. Consequently, what was perceived as strength can become a weakness in the light of policy changes of the government. This lesson arises from other debt-swap programmes (such the Ecuador case study described in Chapter 12). A tight relation of the programme with the policies of the country enhances its effectiveness as stated in the Paris Declaration, but at the same time it makes the programme very sensitive to changes in the national policies/politics.
20. Another positive lesson learnt is the role of the TSU in the management of the Programme. Several benefits can be attributed to the presence of the TSU. The improvement of the programme effectiveness was already underlined in the second mid-term evaluation of phase I and is confirmed in the present evaluation of phase II. Although the programme was carried out across a difficult political period, during which maintaining regular relations with institutional counterparts was complicated, with difficult security situations, the almost totality of projects is implemented on schedule and sufficiently under control. TSU was able to carry out the activities despite a lack of technical staff. The reason is mostly in the financial department that was able to ensure the control, the strong relations with projects and the presence of a database that,

⁹⁷ According to the Mid-term Evaluation of the Egypt-Italy Debt-for-Development Swap Programme, 26 April 2006, p. 6, "the wide range of performance is due to many factors but mainly to insufficient preliminary assessment of the context".

⁹⁸ Solid waste management projects in the governorate of Minya and the Project of Psychological Rehabilitation for the Mentally Disabled.

⁹⁹ For example, Solid Waste Management in Minya Governorate; Support to the Egyptian Protected Areas (SEPA); Green Trade Initiative; Integrated Migration Information System (IMIS) III are following the projects which were financed by the Italian Cooperation with OOIII.

¹⁰⁰ Ministry of Antiquities, Ministry of Environment, Ministry of International Cooperation.

although limited to carry out a proper technical monitoring, has ensured a good management of the programme.

21. An important aspect was the bilateral character of TSU that facilitated the participation of partners to the management of the programme and the involvement in solving the problems encountered both at project and Programme levels..

10. Impact and sustainability of the programme

10.1 Impact

EVALUATION QUESTIONS:

what are the real changes that the programme has contributed to achieve?

How did the programme contribute to the creation of a catalyser to improve planning, governance, coordination and responsibility?

1. In relation to impact and sustainability of the programme, **it is difficult to draw conclusions and results**, as the majority of the interventions are ongoing and some of them still have to start. The data and information for a rigorous analysis are missing. If it is nevertheless possible to make considerations on the changes induced by single projects concluded or close to completion, it is more difficult to make a comprehensive and scientifically sound analysis at programme level in relation to all the objectives, general and specific, explicit and implicit.
2. It is also important to consider that **the second phase is a continuation of the first one** with shared goals and objectives, despite the differences in the organization, procedures and structure. Therefore, many of the changes brought by the programme are not easily imputable to the only actions carried out during the second phase. This is an additional obstacle to the definition of impact of this specific phase of the intervention.
3. It is nevertheless possible to outline **interesting analytical indications** on results and induced changes imputable to the contribution of the programme in relation to the programme objectives and the sectors of intervention, as well as the effects generated by the projects on final beneficiaries.
4. The first consideration on results obtained in relation to the specific objective of debt reduction is the following: the entire amount object of the swap (**100 m\$**) has been transferred to the counterpart fund on the account opened in the Egyptian Central Bank in the name of the project for a counter value of 559,115,926 Egyptian pounds¹⁰¹.
5. As known, the amount is destined to the implementation of projects contributing to socio-economic development and poverty reduction in the country. In reference to the utilization of CPF and to the realization of projects, the general instability of the country did not favour a regular implementation of the activities, slowing down and requiring the approval of no-cost extensions for almost the totality of initiatives. However, to date, the ongoing projects go ahead and few of them are close to completion. The committed amount is over 93% of total, 27 initiatives have been approved and the disbursed funds reached 47.7% of total. These figures show the positive progress registered during the last three years (4 m\$ disbursed in at the end of 2009) particularly in the last period with 16 m\$ disbursed in the second semester of 2012, as a result of the effort of both parties to accelerate the progress of the programme towards its planned completion¹⁰².

TABLE 15: SITUATION OF THE AMOUNT OBJECT OF THE SWAP IN THE II PHASE AT 31/01/2013

	Egyptian pounds	Dollars	%
Total amount of the Programme	559.115.926	100.000.000	100.00%
Disbursed amount	263.480.475	47.715.723	47.72%
Committed amount	257.460.451	45.456.533	45.46%
Allocated amount	38.175.000	6.827.743	6.83%

Source: TSU, Progress report, January 2013

¹⁰¹ Italy-Egypt Debt Conversion Programme – The Progress Report, January 2013, p.2

¹⁰² Italy-Egypt Debt Conversion Programme – The Progress Report, January 2013, p. 4.

6. There is a **wide variability in the results achieved and in the expected impact and sustainability** in relation with projects. The reasons that can explain the differences in the results¹⁰³ are linked to the structure of the programme itself, characterized by the variety of thematic areas, sectors, approaches, implementing actors, financial scale, location and extension of geographic areas. To this variability we must add the role played by the external context factors that contributed and continue to contribute to changes and effects neither always programmable nor predictable.
7. Despite the limitations, it is possible to elaborate some considerations particularly looking at few outstanding interventions that we can qualify as success stories in order to draw more general indications in view also of the upcoming third phase. It is interesting to underline that one of the crucial factor for the success of these initiatives is the priority assigned by the competent ministry (often the applicant) responsible of the decision for an immediate implementation, as well as the capacity of the implementing partner, regardless of the institutional (or not) status.

Box 5 – The programme second phase: few success stories

Center for Coordination, Monitoring and Support to Social Contract (UNDP / Information Decision Support Center)

The Social Contract Center gained great relevance and visibility considering the particular socio-political situation in the country and valorized and strengthened the role of advisor on very relevant questions for the country, also thanks to the participation in the elaboration of some articles of the new Constitution and providing specific consultancies on legislative agenda. The activities of the center have been updated according to new requirements and re-oriented to support “National Dialogue” on crucial thematic such as democratization, good governance and the fight against corruption. The conclusion is foreseen for June 2013.

Creation of a National network for the recognition of socio-economic rights of small producers (Italian NGO COSPE in collaboration with Ayadi Masreya Foundation)

The project contributed to the creation of a national network of producers that operate in the fair trade and to strengthen the capacities of the Foundation in supporting and favouring the recognition of socio-economic rights of most marginalized groups of producers, strengthening their capacities of representation and negotiation on social security and health assistance as well as marketing and commercialization of agro-food products and local handicrafts for increasing the sales on internal and external markets..

Actions for the development of fishery sector in Egypt (Ministry of Agriculture / General Authority for Fish Resources Development - GAFRD)

An existing fish production plant, property of GAFRD was restructured and re-launched and today 3 species are produced. 3 international tenders are being awarded for the supply and installation of pilot units regarding 4 floating cages in Bardawill lagoon and the design and construction of productive fish nurseries in Alexandria.

District for technical and vocational training (Education Development Fund – EDF)

After inauguration, in October 1st 2012 of Italian section of electrical school in Demo, El Fayoum governorate, a collaboration was started with Salesian institute Don Bosco in Cairo for Italian language courses in Demo and Cairo for students and teachers. 10 teachers went for training in Emilia Romagna, Italy on a competence certification course that included visits to technical and vocational training schools for girls of great interest for El Fayoun region. The Italian education system was promoted by EDF to other donors interested in the same sector like Germany for the ICT project in Assiut.

Children friendly Egypt – National Observatory for Children rights

¹⁰³ Italian Egyptian Debt-for development SWAP Program, Second Mid Term Evaluation, p. 7.

The project created within the National Council for Children and Motherhood (NCCM) the National observatory for children rights. The observatory will represent the main reference point on childhood issues, useful for policies, strategies and actions in this field. After the problems encountered the first year due to institutional changes in NCCM, the council was placed under the Ministry of Health. After obtaining 1 year extension, the national strategy for the formulation of the national plan for minors was finalized together with monitoring indicators and action plan. The procedure for the institutionalization of the observatory within the council is ongoing.

Source: TSU, Progress report, January 2013

8. In reference to the general objectives of the programme, it is important to underline that, given the wide range of implemented activities, the impact on socio-economic development can hardly be measured because scattered in diversified sectors; the different thematic areas and the different geographic zones where the projects were implemented lead to the dispersion of the **limited resources compared to the ambitious objectives and so the changes and the results are hardly traceable and measurable**.
9. For example, the project implemented by the NGO COSPE (already mentioned in Box 1) certainly had encouraging outcome on the empowerment of small producers, however the impact is limited to the group of direct beneficiaries and not likely to reach a national scale because of limited resources (749,176 \$) and the scale of intervention that interested areas in 14 governorates (Aswan, Qena, Sohag, Assiut, Minia, Fayoum, Cairo, Giza, Sharkya, Beheira, North Sinai, South Sinai, Matrouh and Red Sea).
10. In the same way, it is difficult to characterize a specific contribution of the programme to poverty reduction, either considering the debt relief or considering the whole set of interventions, the significative value of financing, in a large and densely populated country like Egypt is not sufficient to produce sustainable changes at aggregated level that could be measured with conventional macro-economic indicators.
11. It is worth mentioning that only few projects have objectives and intervention logic directly coherent with poverty reduction objective, while others focus on economic development of sectors that privilege large investments and large producers¹⁰⁴.
12. The programme is also structured like a **functional instrument for strengthening bilateral relations between Italy and Egypt** in a perspective of partnership, negotiation and consultation with the aim to favour balanced development of political and socio-economic relations between the two countries. In that direction the programme had a great contribution¹⁰⁵, in the light of the considerable visibility that Italy gained in the country after the start of the programme. The diffuse presence of the projects in the territory favoured the wide recognition of the positive action carried out by the Italian cooperation¹⁰⁶, in consideration of its capacity of integration and coordination with other Italian cooperation projects in the country, favouring continuity in sectors of excellence of strategic importance for both countries. In such perspective, the initiative on training districts for a mutual and effective management of supply and demand of employment on the two sides of the Mediterranean and the collaborations in strategic industrial sectors such as the fruits and vegetable production (to avoid seasonal overlapping and envisage

¹⁰⁴ The reference is made, for example, to Green Trade Initiative or Robbiki Project.

¹⁰⁵ Interview with Iman Radwan, Swiss Agency for Development and Cooperation, 09/05/2013; interview with Houssam Eldine Reda, Ministry of Foreign Affairs, 07/05/2013; interview with Nadia Fathalla, Ministry of International Cooperation, 12/05/2013.

¹⁰⁶ This aspect was mentioned by almost all respondents, in particular, the topic has been discussed in detail in the course of interviews and discussions with: Valeria Mazzacane and Yassin Mubarak, director and deputy director of the TSU; interview with Houssam Eldine Reda, Ministry of Foreign Affairs, 05/07/2013; interview with Nadia Fathalla, Ministry of International Cooperation, 12/05/2013; interview with Eng. Magdy Shabaka, Director General of the Office for Foreign Relations, Ministry of Agriculture, 08/05/2013.

an entry hub in Italy for the Egyptian export-oriented production in Europe), represent synergies and integration of strategic relevance, ensured by the negotiation and decisional process established by the Programme.

13. The support to the tannery district in Robbiki is also perfectly in line with this vision of promoting mutual interests and benefits; from one side, the creation of productive links between industrial realities in both countries opened the road to investments in a key country of the Mediterranean region and an important commercial partner, supply market of primary materials for Italy; on the other hand, favouring the transfer of know-how, technology and services for the upgrading of the leather sector with the objective of improving the quality of end products and their competitiveness on global market.
14. In addition, the role of the Italian cooperation is strengthened in regards to its capacity to act as catalyzer and aggregator of interventions carried out by other donors present in the country¹⁰⁷ and of governmental investments in strategic sectors¹⁰⁸. The **increased visibility of Italian cooperation**, the progressive proximity with the Egyptian authorities and its contribution to the socio-economic development process are acknowledged by the other bilateral and multilateral partners but remain difficult to measure in the light of current instability and programmatic insecurity that characterize Egypt nowadays.
15. From 2011, after the political changes that involved the government and the Egyptian administration, the inter-institutional relations became complicated, the turn-over moved the reference persons familiar with the programme with whom the programme established mutual trust relations. The projects started to face management and operational constraints. The TSU made increasing efforts, sometimes involving the Italian cooperation, to overcome the obstacles to the regular implementation of the Programme.
16. The Programme however **did not pay particular attention to the opportunity of valorizing the wide network of established and consolidated relations** with programme and projects referees, particularly on the Egyptian side. A network that the turn-over would have requested to boost in its identity of values, visions and communication in order to generate multiplying positive effects and to spread in institutional settings not reached yet.
17. The **Programme culture and vision did not sufficiently emerge in a cross-cutting manner** among the interested stakeholders. Despite few attempts of the TSU to favour the emergency of the programme dimension, for example facilitating the dialogue between the two major vocational training projects¹⁰⁹ with synergetic purposes, the initiative was concluded for the lack of concrete follow-up from the projects. The reasons are in the tendency of each project to focus on own tasks and on the achievement of their own objectives, and for an important part in the lack of dedicated instruments in the programme. The TSU did not associate to the technical and financial monitoring functions a constant coordination action that would enable the contacts between the actors of different interventions.
18. Consequently, **the programme dimension was poorly relevant among the projects**, while it was high in the TSU that capitalized internally this dimension. The relations are consolidated vertically, between projects and TSU, but the horizontal aspect between the projects was missing; this aspect is essential to confirm and validate the programme approach. It is important to remember that beside the relation TSU-project, the project often has a complex network of relations with the line institutions, the project partnership and the whole set of actors that participate in the project.

¹⁰⁷ For further information, see Chapter 7 on the Relevance.

¹⁰⁸ For this purpose, it is important to remember that, for the major financial interventions a quota of funding from the Egyptian Ministries involved in the initiative has almost always been available

¹⁰⁹ Projects such as ITEC e ITC

19. However, while the objective of strengthening the institutional capacity was shared by both parties, its effective implementation was limited by the **lack of coordination between the projects and capitalization functions** that would enable the constant contacts and the knowledge of different experiences carried out together with the dissemination of a programme vision, thus missing the opportunity by project actors to valorize the strategic aspects.
20. In relation to the contribution to the **planning and management capacity of the institutions**, the response from the interviews is positive concerning the actions and the results at sub-ministerial level, particularly at **department level**¹¹⁰ where the added value of the programme is strongly perceived compared to a *budget support* type of operation.
21. The capacity building action was promoted and carried out mainly inside the ministries and institutions that had the opportunity to **work in partnership** with other actors (Egyptian and Italian NGO, International organizations) and had the chance to learn and experiment the **new methods and procedures of TSU**.
22. Also the **civil society has benefitted from capacity building actions**; in particular, the transfer of know-how has reached the enterprises and even more the Egyptian NGO responsible for the implementation of activities. For example, the Ayadi Masreya Foundation was constantly supported by the Italian NGO COSPE with actions to fully empower them in the implementation of the SER project and to achieve the necessary organizational autonomy as a condition to run the project financed by the debt-swap programme.
23. Some **civil society actors expressed doubts in regards to direct funding to institutions and governmental agencies**¹¹¹ as a limitation to the real capacity of these institutions to effectively interact with civil society organizations, aspect that would have been ensured better favouring direct financing of these categories of actors.
24. However, even if the impact in each sector is always unclear and hardly measurable because of the thematic and geographic dispersion and for the lack of tailored and appropriate information database, we can consider a potential added value in the **creation of a wide network of relations and actors** in sectors often divided but altogether characterized by being key sectors for the development of the country according to national planning.

10.2 Sustainability

EVALUATION QUESTIONS:

What amendments could be recommended to improve the impact and achieve programme sustainability during the third phase?

To what extent can the mechanism (approach, financing, institutional framework, procedures, implementation) activated with the programme continue over time?

25. In relation to the overall sustainability of results achieved by the programme, we can affirm that this is ensured by the **high degree of relevance and coherence** with national policies and planning and from one side and by the **coordination and complementarity** with the actions of the Italian cooperation and other donors¹¹² from the other side. Moreover, the actions and projects financed by the programme are in general **well anchored in the institutional system** or in the social reality of the target communities where they are implemented¹¹³. This is an important aspect that suggests the **potential** sustainability of the intervention beyond the financial and management support of the programme.

¹¹⁰ Interview with Yassin Mubarak, Vice Director of TSU, 07/05/2013.

¹¹¹ Interview with Bassem Saroufim, Deputy Country Rep. COSPE, 14/05/2013

¹¹² For further information, see chapter 7 on Relevance.

¹¹³ This is for instance the case of two projects of Social Contract Center and the project "Egypt fit for children", which strengths are briefly described in the boxes that integrate this paragraph

26. One of the strength of the strategy allowing the achievement of the results has been the specific **bi-national character of the programme**, where the Management Committee and the Technical Support Unit supporting it represent a discussion, sharing and cooperation place in which partners bring their vision and ideas, discuss them and operate jointly to obtain the defined objectives. The achieved results are now under discussion for the policy changes that followed the “Arab Spring”, but the approach established by the programme, if continued, will probably allow to adapt the actions and the results to the indications arising from continuous dialogue between partners in the framework of the objectives of this instrument. **The dialogue, the cooperation and the debate** between the two country systems are innovative aspects of the programme and represent elements of sustainability that can, in the short term, increase their importance as a basis for socio-economic development and good relations between the two countries.

Box 6 – Sustainability factors: le lessons learnt from projects

Robbiki Project: The relevance for the National authorities

The strong willingness of Egyptian political authorities, the relations established with Italian enterprises and the consensus reached with tannery companies of Magra El-Eoiu, requested to transfer 50 km away from Cairo, represent an important basis for the future of the industrial district of Robbiki. The socio-economic relations at local level are another factor of sustainability with the possibility to offer not only employment opportunities but also basic services for all the workers that move to Robbiki with their families. The governorate of Cairo started to build housing (10,000 apartments) to be sold or rented and a bus connection with Cairo that will be increased with the start of district productive activities.

The Social Contract Center: Institutionalization of created/consolidated entities

The SCC has been integrated in the IDSC official organogram in order to ensure coordination with the other IDSC units and departments; this represents a strong sign of the commitment to support the center even after the closure of the project; many of the instruments elaborated by SCC are being institutionalized and will object of annual surveys (social policy index and a set of governance indicators. Given the relevance of the work done and the achieved results, the center could be progressively institutionalized and become the secretariat of the National Economic and Social Council created with its contribution.

SER - COSPE Project: Creation and strengthening of civil society associations

The project put important bases for the future of the initiative: the presence of an Egyptian foundation leader of a network of small agricultural and craft enterprises; strong empowerment/ownership by beneficiaries and positive relations with project staff.

SEPA project: Coordination and complementarity with other Italian initiatives

Sustainability of project actions will be possible with funding from the third phase of the Italian-Egyptian environmental programme funded by the Italian cooperation. The possibility of self-financing of protected areas, objective of the UNDP/GEF project is likely to happen after the conclusion of the SEPA project.

ICT Trust Fund project: Possible involvement of private sector financing

A positive aspect is the dynamic nature of ICT Trust Fund with good relations at ministerial and governorate levels as well as with ICT private sector that may favour diversified fund raising for project continuation.

MADE project: Importance of capacity building for sustainability

Training and capacity building actions represent one of the most important instruments ensuring sustainability tank to training of qualified technicians working in both public and private sectors

27. The programme presents some innovative aspects with potential continuity in the production of positive results. The support to institutional reforms was an implicit objective and in that sense the programme played an important **role of patronage and recommendations to policy decision-makers for the implementation of necessary institutional reforms in the fields of human rights, environmental legislation and productive development** facilitated by institutional strengthening actions for the benefit of ministries and governmental agencies.
28. Examples of such support are the Social Contract Advisory, Monitoring and Coordination Center that is actively contributing to new national legislation, the MADE project with a road map for a new strategy in the aquaculture sector, the SEPA project with its support to the EEAA for the Legal and Institutional Framework Project (LIFP) and the Nature Conservation Sector. On a smaller scale, COSPE project promoted, in consultation with local authorities, the creation of insurance schemes for small producers excluded from national social safety nets, while the “child-friendly Egypt” project is contributing to refine the national strategy, the indicators and the action plan for the formulation of the national plan for minors¹¹⁴.
29. However, the unclear objectives and willingness to achieve them, together with the lack of a “community of projects” replaced by a list of projects, justifiable but poorly linked, give the impression of the **programme as a financial instrument for the implementation of activities** more than an initiative with clear objectives and a strategy to achieve them. These characteristics represent a risk for the sustainability of the programme at the end of external financing that may lead to a fragmentation of projects with variable sustainability.
30. While the relational network can potentially ensure the sustainability of actions carried out by the projects, the weakness of the programme dimension may reduce it without an external financial and organizational intervention. This trend is confirmed with the signature of the agreement of the third phase where we can note two types of intervention modalities (reference to the logical framework):
 - i. **Budget support in four ministries** (External Trade, Education, Agriculture and Heritage);
 - ii. A more traditional approach of **NGO project financing through Calls for Proposals** (10% of total funds). In such perspective the sustainability during the phase III may be ensured only by the conformity of the programme objectives with the plans and priorities of the concerned ministries.
31. During the **third phase**, the programme should invert the above described trend and strengthen the programme dimension, in order to justify the use of the instrument, **capitalize the results and replicate them**. It is however essential to verify and re-define the objectives and the expected results, as well as the implementation, monitoring and evaluation modalities.
32. The **verification of the objectives necessitates the construction of a new programme logical framework**. The implementation phase must ensure the coherence of the projects to this logframe, strengthening formulation, monitoring and evaluation activities and their connection. The project formulation must take into account the programme objective in the definition of their own; monitoring and evaluation must rely on indicators functional to determine the coherence of project implementation with project and programme planning through the definition of a set of result-oriented programme and meta indicators not included in the programme logic.
33. A specific consideration can be made in relation to the recommendations on a future role of TSU in the third phase of the programme, in order to strengthen the structure to become non only

¹¹⁴ For further information, please see Chapter 11

devoted to financial control and monitoring, but also an effective technical support unit **favouring the coordination between the different projects**, exchanges with institutions and non-institutional actors and contributing to build governance and planning capacity. The coordination actions should be developed vertically (project-TSU) and horizontally (between the projects).

34. **Capitalization, not foreseen in the present phase, could become a key component for the sustainability itself.** The projects seem to act in isolation in relation to the intervention logic; it becomes then difficult to assess if and how the projects improve the development of the programme. Capitalization meant as systematization, analysis and dissemination of knowledge (good and bad practices) related to projects is a process that aim to make cooperation results visible and to share the experiences; it is a collective exercise that generate acquired experience, good and bad practices, innovations (approaches, instruments, methodologies) to stimulate positive changes at the levels of projects, programme and related policies. Only this way the project experiences can become shared experience on them and heritage (for example grouped by thematic clusters) of the programme. A formalized, available, accessible and disseminated knowledge is a fundamental condition for the sustainability of the interventions in a programme logic.
35. The relational network established by each project with its partners can then be valorized and extended thanks to the relations between different projects, favouring the dissemination of results and good practices experienced by each project. This should become a common practice that goes beyond the **visibility aspect of the intervention of the Egyptian and Italian partner** (still important) developing a system of relations, contact habits, willingness to share and willingness to learn from others experience in a real programme logic.

11. Case studies: 10 projects at glance

11.1 Actions in support to fishery development in Egypt

1. In Egypt the fish production is 1.4 tons per year of which 72% coming from aquaculture. The national legislation does not permit the use of pure water for aquaculture, but only water coming from agriculture; in such conditions, it is impossible to satisfy the quality standards requested at international level and so increased attention has been given to marine aquaculture.
2. The national strategy aims in particular at increasing the production intended, primarily, to satisfy the internal demand and only in the second place oriented to export; such increase can be obtained through the strengthening of human and technological resources with the scope of improving the quality of products and increasing the profitability of the sector¹¹⁵.
3. The project MADE entered in such context; its general objective is to develop Mediterranean fisheries and aquaculture in Egypt through synergetic actions involving public and private sectors. The specific objective of the intervention is to implement a sector leading action that supports the dialogue between public and private sectors by means of technical assistance to enterprises and productive activities (fish nurseries and cage units) in agreement with responsibility and sustainability principles.
4. Through such actions, the project aims to favour the growth and consolidation of Egyptian enterprises located along the Mediterranean coast, promoting at the same time the strategic approach of responsible development. The expected results are the consolidation of the sustainable and responsible productive approach, the improvement of the technical and management capacity of GAFRD Fish Unit and the acquisition by its personnel of know-how on fish nurseries and cage units.
5. The project applicant is the General Authority for Fish Resources Development (GAFRD) that operates within the Ministry of Agriculture and is responsible for managing and planning of fishery activities at national level. This authority, created in 1983 with the mandate to develop fisheries and marine and sweet water aquaculture, manages the release of permits for fishing and aquaculture activities.
6. GAFRD is also the project implementing agency and benefits of the support of Italian organizations (IAMB, Aquaculture Ionic, Legapesca and Confcooperativa Pesca) for the activities of training in Italy and technical assistance in Egypt. This double role of the authority is a particular case in the programme, due to the specific feature of GAFRD that is a technical entity but it is also mandated with the sector strategic planning. For the project, GAFRD is the institutional reference and at the same the direct responsible of the whole technical and financial aspects of the intervention. This configuration allows smoother procedures as no delays are registered in the transfer of funds from applicant to implementer.

Relevance

7. The analysis of project documents and of interviews¹¹⁶ and focus groups¹¹⁷ carried out with stakeholders and beneficiaries confirmed project relevance at different levels¹¹⁸. In particular,

¹¹⁵ Interview with Mohammed El Sayed El Arabi, GAFRD, Chairman Office, 14/05/2013.

¹¹⁶ In depth interview with Mohammed El Araby, Technical Coordinator of the project and in charge for the development of marine aquaculture - GAFRD-Chairman Office; in-depth interview with [...],owner of a fish farm and K21 fish hatchery buyer; in-depth interview with Mohamed Fathy Oman, former president of GAFRD and promoter of development of K21 fish hatchery.

¹¹⁷ Focus Group Discussion with some of the engineers who benefited from the training in the fish hatchery of Alessandria K21: Ahmed Abdel Aziz El Sawy, Mohamed Saad Arafa, Mahmoud Ibrahim El Sayed .

the relevance at national programming level, as the project responds to specific strategic needs identified in the sixth 5-years plan (improvement and growth of primary production).

8. Of particular interest is the project action oriented to favour the elaboration of future sector strategies; a draft of the “Road map for the development of marine aquaculture in Egypt” was elaborated and presented at the national conference on development of marine aquaculture in Egypt that saw the participation of Egyptian institutions, representatives of civil society and other interested parties (private sector, EU delegation, Italian operators). The expectations are multiple. The governmental authorities wish to increase fish production for internal market at low prices, while enterprises are increasingly oriented to improving the quality and consequently increase the prices and the products export opportunities¹¹⁹. Therefore the project is relevant in its attempt to define a shared strategy taking into account the interests of concerned actors.

RELEVANCE: STAKEHOLDERS CONTRASTING OPINIONS¹²⁰

- *The project is very relevant for national policies and priorities and contribute to a long term perspective that could influence the national income and making Egypt a major aquaculture producer and exporter.*
- *GAFRD does not pay sufficient attention to fish farmers that leads to a lack of interest to the project from their side. A reduction of prices of fish fries would be necessary to boost their participation.*

9. At the same time, focus groups and in-depth interviews underlined the project contribution to improving capacity and technical resources in the aquaculture sector.

RELEVANCE: OPINIONS OF DIRECT BENEFICIARIES¹²¹

- *The project provided comprehensive training of different production aspects with visits to similar Italian structures, responding to beneficiaries needs of enhancing their technical competences.*
- *The project improved the quality and quantity of fish production stimulating the enterprises to make good use of fish fries that was not the case before, given the poor production results.*
- *The project succeeded to involve the operators grateful to the project for the acquisition of new skills and to the 10% incentive on production incomes..*

Effectiveness

10. The objectives and the characteristics of the intervention are coherent with the objectives of the programme second phase; in particular, the project strategy favours the consolidation of bilateral relations, the country socio-economic development and the adherence to national planning with a focus on improvement of primary production and on capacity development and transfer of know-how as fundamental factors for Egyptian ownership and sustainability of results.
11. However, despite the project coherence with programme explicit and implicit objectives (reinforcement of bilateral relations, capacity building, institutional strengthening, promotion of socio-economic development based on national planning), it is interesting to note that this intervention, like other CPF projects, was not designed to favour the most vulnerable groups of

¹¹⁸ Interview with Mohammed El Sayed El Araby, GAFRD, Chairman Office, 14 e 15/05/2013; interview with Roberto Ugolini, MADE project manager, 14 e 15/05/2013; interview with the technical staff of the fish hatchery K21, 15/05/2013.

¹¹⁹ Interview with Mohammed El Sayed El Araby, GAFRD, Chairman Office, 14 e 15/05/2013; interview with Roberto Ugolini, MADE project manager, 14 e 15/05/2013.

¹²⁰ Referring to the in-depth interviews

¹²¹ Opinions emerged during the focus group.

the population stimulating pro-poor growth process, thus effectively contributing to the programme poverty reduction and development promotion general objective.

12. Moreover, the mechanism for the selection of beneficiary companies requested a minimum size as a warrantee of investment capacity, not oriented to directly benefit vulnerable groups mainly for a banking system that precluded access to credit and for the Italian visa procedures requiring a bank account.
13. In respect to project effectiveness, the results, partially measurable, tend to be in line with expectations. First year activities were focused on training oriented to consolidate staff capacity in fry farming in view of ensuring project sustainability: later, the project modernized the fry farm K21 located in Agadi (Alexandria), built 25 years ago by the USA cooperation and abandoned after one year for lack of funds and trained staff. Next activities will concentrate on building a fry farm and cage unit and on technical assistance to small and medium enterprises of the sector.

EFFECTIVENESS: BENEFICIARIES AND STAKEHOLDERS OPINIONS

- *All interviewed people agreed on project usefulness and effectiveness, based on increased production and incomes from fry farming compared to the past.*
- *In that sense, the results were over the expectations with productivity levels higher than other fry farms (Ismailia) with introduction of effective tests and protocols to reduce deformity rates.*
- *The general opinion is that expected results will be achieved thanks to the seriousness of all the operators involved in the activities, in identifying weaknesses and solving the problems.*
- *It would be necessary to improve the transport system that still generate losses and to solve problems related to fish diseases with quality standards comparable to other fry farms*

Impact and sustainability

14. The sustainability of the initiative is ensured by several factors: first the participation to the elaboration of new national strategy and the intention to continue the activities expressed by the Ministry of Agriculture and by GAFRD¹²². The relative autonomy of the authority and its double role of applicant and implementing agency may assume a follow-up action based on project results and strongly coordinated and complementary to it.
15. Training and capacity building actions carried out by MADE project represent important instruments ensuring sustainability of the intervention, thanks to training of technicians of both public and private sectors.
16. Moreover, a project proposal is under preparation for funding under the third phase of the debt-swap programme. The new intervention, starting from results achieved by MADE, suggests an increased focus on private sector support, in particular through the creation of a veterinary center and extension service for the enterprises in order to assist them in the process of intensified and export-oriented production.

IMPACT: STAKEHOLDERS AND BENEFICIARIES OPINIONS¹²³

- *The project had positive effects on beneficiaries professional activity tank to acquisition of new skills and more professional approach to fry farming*
- *Current improvements and performance in fry farming would not have been possible without the project support with a likely decrease in production.*

¹²² In addition to Mr. El Araby, in this sense, important recommendations have been conveyed by the Director General of the Office for Foreign Relations, Ministry of Agriculture, eng. Magdy Shabaka, who's been interviewed on 08/05/2013

¹²³ Opinions emerged during the focus group and during the in-depth interviews.

- *The project will also have an impact on most vulnerable groups; such effects will be visible after the creation of a cage unit in northern Sina that will allow the start a substantial aquaculture development in Egypt mostly oriented to domestic consumption, with consequent reduction of costs. The project will also need to address the producer's interests; therefore the direct sale to consumers is currently being considered as a possible direction after the project conclusion.*

SUSTAINABILITY - STAKEHOLDERS AND BENEFICIARIES OPINIONS

- *The relevance of the intervention in relation to governmental strategies will favour sustainability, as national authorities wish to continue; in particular GAFRD dedicated great attention to the project.*
- *The acquisition of competence and skills provided by the Italian experts should allow the development of efficient and self-relying fry farming sector.*
- *The project is well integrated from a socio-cultural point of view and succeeded to involve fish producers and traders enhancing their relations with GAFRD.*
- *Future actions within the project will increase production and financial incomes, offering economic sustainability also thanks to a possible private sector take-over of fry farming and other structures.*

Efficiency

17. The activities started in early December 2010 and should have been concluded in May 2012; the conclusion date was then extended at no-cost until November 2013. To date, approximately 2.5 million US\$ were transferred to the project from the total amount (6,880,937 US\$) and 792,000 US\$ were spent with 31.4% of the activities foreseen in the work plan implemented. A new no-cost extension will probably be requested for the duration of 6 months or 1 year¹²⁴.
18. The delays in the implementation of activities, also in this case are partially due to the national situation that followed the "Arab Spring" events: in addition to institutional blockage, the missions of Italian experts were postponed for security reasons. Other context causes can be found in the cumbersome procedures of Egyptian legislation in relation to opening a local currency account: IAMB, contracted to provide training and technical assistance to the project, had to anticipate the needed amount to start the activities without further delays¹²⁵.

TABLE 16: DURATION AND FINANCIAL DATA OF MADE PROJECT

<i>Date of Project Agreement</i>	<i>Date of project beginning (when different from the one of Agreement)</i>	<i>Planned date of conclusion according to the Agreement</i>	<i>Actual estimated date of conclusion</i>	<i>Total project budget</i>	<i>Date of transfer of the first instalment to Implementing Agency</i>	<i>Total amount transferred to the project at 31/12/2012</i>	<i>Total amount justified by the project at 31/12/2012</i>	<i>% of the work plan implemented at 31/12/2012</i>
2-Nov-10	1-Dec-10	30-Nov-13	?	\$6.880.937,42	21-Nov-10	\$2.523.933,11	\$791.916,34	31,38%

Source: Technical Support Unit

¹²⁴ Interview with Mohammed El Sayed El Araby, GAFRD, Chairman Office, 14 e 15/05/2013; interview with Roberto Ugolini, MADE project manager, 14 e 15/05/2013

¹²⁵ Interview with Mr. Antonio Prisciantelli, CIHEAM-IAMB, 29/04/2013

19. The differences between foreseen activities and effectively implemented and consequently between allocated budget and funds effectively disbursed are attributable to the nature of the project¹²⁶ that aims to build a complex network of partnerships and that necessitates the launching of national and international tenders in accordance with the Egyptian regulations. From interviews with project operators, it emerges that this requires cumbersome procedures that take considerable time to be concluded (approximately 6 months).
20. Technical and financial monitoring and evaluation of the project is the responsibility of the TSU that requires for this function of detailed project documents, progress and financial reports, work plans and financial estimations, in order to ensure a solid quantitative and qualitative data base. The MADE project and its activities are also subject of control mechanisms by different actors and institutions involved in the project and in the programme in addition to TSU monitoring and audit. These include GAFRD internal control and financial controls by the Ministry of Finance through the Central Auditing System. In the perception of project stakeholders, it appears as an often unclear and undefined distribution of competences with overlapping responsibilities between TSU and GAFRD¹²⁷ perceived as the causes of delays encountered during the implementation of activities¹²⁸.
21. Anyway, the TSU is considered by stakeholders as a fundamental body, which operation is highly appreciated for the assistance provided to the project to make the necessary amendments to ensure a dynamic intervention¹²⁹. There are however understandable disagreements on the level of flexibility in managing unpredictable situations affecting the interventions on one side and on the other side the need of TSU to acquire all the necessary elements for implementing the technical and financial monitoring in compliance with rules and procedures established by the Programme¹³⁰.
22. The Italian operators of the project underlined the difficulty related to payments in Egyptian Pounds¹³¹ by the programme. This arrangement is justified by the need of the Egyptian partners to keep valued currency in a difficult economic situation and represents a key feature and added value of the programme, compared to traditional bilateral cooperation initiatives. However, such peculiarity, in a situation characterized by high inflation rates and consequent drop of local currency value to Euro, generates negative effects on project deserving attention¹³².
23. The payments of Italian staff and of Italian contracted in local currency parties in local currency creates problems that undermine the possibility of continued collaboration. Such programme feature discourages the participation of Italian companies to the project activities for the

¹²⁶ Interview with Mohammed El Sayed El Araby, GAFRD, Chairman Office, 14 e 15/05/2013; interview with Roberto Ugolini, MADE project manager, 14 e 15/05/2013

¹²⁷ Interview with Mohammed El Sayed El Araby, GAFRD, Chairman Office, 14 e 15/05/2013; interview with Roberto Ugolini, MADE *project manager*, 14 e 15/05/2013; the cited example refers to the creation of the PMU, in accordance with the GAFRD procedures for each intervention which has been initially perceived as not accepted by the TSU.

¹²⁸ It is interesting to note that this perception is found not only in the statements of project workers interviewed directly by the evaluation team, but also between some of the findings emerged during the focus groups and in-depth interviews with people not directly involved (and so not much informed) in the mechanisms of technical and financial management of the intervention.

¹²⁹ Interview with Mohammed El Sayed El Araby, GAFRD, Chairman Office, 14 and 15/05/2013; interview with Roberto Ugolini, MADE project manager, 14 and 15/05/2013: specifically, most of the difficulties in the relations between TSU and the project are attributable to the unexpected high inflation rate in the country, after the revolution and the consequent request for higher incentives plus a personal insurance for Egyptian staff.

¹³⁰ This necessity has been often repeated by Valeria Mazzacane and other members of TSU, as a result of the interviews which took place in Cairo as well as mail exchanges and phone calls.

¹³¹ Interview with Mohammed El Sayed El Araby, GAFRD, Chairman Office, 14 e 15/05/2013; interview with Roberto Ugolini, MADE *project manager*, 14 e 15/05/2013; interview with Antonio Prisciantelli, CIHEAM-IAMB, 29/04/2013.

¹³² The need to identify mechanisms to cope with the sharp fluctuations in the exchange rate is also confirmed by Valeria Mazzacane which, however, does not locate in the increase incentives for project participants and increasing contingency the solution of the problem, as well as rather proposed by the operators.

obligation to open a bank account in an Egyptian bank or in an international bank controlled by the Central Bank in addition to the general bad investment climate in the country.

24. Among the recommendations and suggestion expressed by the operators in view of the third phase of the programme we can mention the inclusion of a 20% contingency on project budget to cover the inflation related costs, the introduction of simplified visa procedures for Egyptian beneficiaries visiting Italy¹³³ and most of all some strategic indications such as the creation of an intermediate coordination group between TSU and MC, and finally the willingness to see a more proactive Italian role in the promotion of Italian companies and more generally the Italian country system within the programme.

11.2 Green Trade Initiative

1. The Green Trade Initiative (GTI) project has the objective of strengthening the Egyptian position in the international market of fresh fruits and vegetables, thanks to the creation of a national integrated system and the establishment of quality standards based on defined and reliable norms.
2. The intervention intends to consolidate and expand the experience gained with the implementation of past initiatives supported by Italy since 2001 together with UNIDO such as the “*Green Corridor*” pilot project and the E-Trace “traceability of agro-industrial products for European market” (both financed by the Debt-swap programme phase I) as well as the SPIIE project “Activation of Egypt-Italy integrated productive systems” implemented by 7 Italian regions in collaboration with the Mediterranean Agronomic Institute of Bari (IAMB) in the framework of the Mediterranean Basin Decentralized Cooperation facility.
3. The logical framework analysis allows the reconstruction of the project intervention logic, starting from the definition of the objectives as follows:
 - General objective: improve the competitiveness of Egyptian export of agricultural products towards the EU countries through the development of collaboration with Italian public and private sectors.
 - Specific objective: support to the creation of an integrated system for the improvement of production and export chain of fruits and vegetables.
4. The expected results include the improvement of the quality of products, of logistics and transport system, a facilitated access of companies to financial instruments (subsidies, incentives and credit) and the creation of a stable connection with European markets and their operators.
5. The expectation of Egyptian institutional actors¹³⁴ from this initiative that follows two pilot projects implemented during the first phase of the programme, was to initiate a large scale production, mainly oriented to export. According to their perception¹³⁵, the main obstacle was the logistical re-organization, in terms of efficiency of the transport system in consideration of the fresh and highly perishable nature of products.
6. The project applicant is the Ministry of Industry and Foreign Trade (MIFT) that is implementing the project with the involvement of UNIDO with whom collaboration was active in similar initiatives since 2004. The focal point within MIFT responsible for project management is the

¹³³ Regarding the visas, there's a preferential procedure for those who go to Italy for cooperation projects in full compliance with the Italian relevant legislation, which is not possible to be modified by the Programme

¹³⁴ In particular, the reference is made to the interview with Magdy Shabaka, Director General of the International Office, Ministry of Agriculture, 08 /05/2013.

¹³⁵ The problem of transport of fresh products emerged as a priority issue not only from the discussion with the engineer. Shabaka, but also from the interviews with the referents of MADE project that focuses on marine aquaculture.

Agribusiness Technology Center (ATC). Other co-management partners are the Ministry of Agriculture, the Ministry of Transport and the Governorate and Port AUTHORITY of Alexandria.

7. The institutional setting includes three ministries with the Ministry of International Cooperation (MIC) with a control function. The reference ministry is the MIFT given the strong trade aspect of the project, which primary objective is the increase of exports to the European Union.

THE IMPLEMENTING AGENCY: UNIDO

The United Nations Industrial Development Organization (UNIDO) is a UN specialized agency. Its mandate is to promote and boost sustainable industrial development in developing countries and transition economies working for the improvement of living conditions of the populations in these countries.

In latest years, UNIDO participated to several initiatives in Egypt to favour the development of the agro-industrial sector in line with GTI objectives.

*Between 2004 and 2008, UNIDO and MIFT worked together in the implementation of “**Traceability of Agro- Industrial Products for the European Market (UNIDO/ETRACE)**” project, financed by Italy through the first phase of the debt-swap programme. The initiative had the objectives to improve competitiveness, exports, the products quality in order to build a solid position of Egyptian agro-industrial sector on the global market.*

*UNIDO is also involved in the UN programme “**Pro-poor Horticulture Value Chains in Upper Egypt**”, a programme that aims to develop agri-business in a particularly marginalized region of the country. The scope of the intervention is to promote fair and sustainable partnerships between small agricultural producers and investors interested to support the development of an efficient value-chain based on horticulture*

*UNIDO recently concluded the preliminary phase of “**Upgrading the Medicinal and Aromatic Plants Value Chain – Access to Export Markets**” project which objective is to improve competitiveness of Egyptian production and export of medicinal and aromatic plants promoting at the same time the domestic consumption*

Source: GTI project document

8. The first draft of the GTI project was developed during the Green Corridor project in collaboration with UNIDO; then the negotiation for final project formulation has continued through bilateral channels involving Egyptian institutions and Italian counterparts in the framework of the identification and selection process for the second phase of the debt-swap programme. UNIDO came later on board of the project partnership as implementing agency, as suggested by MIFT.

Relevance

9. The need to modernize the agricultural sector emerged as focal area of bilateral cooperation in recent years: as witnesses the two projects, the first financed by the debt-swap programme and the second carried out within the decentralized cooperation, but also the Green Corridor and its likely follow-up directly mentioned in the 2009 Joint Declaration. Its relevance is further emphasized by the fact that it was the only project which continuation under the second phase of the programme was explicitly indicated instead of general thematic priorities.
10. However, delays in the transfer of funds make the start of the activities impossible (see below) and could be perceived as a sign of changed perception of the relevance of the project at ministerial level caused by continuous turn-over that characterize the institutional context in Egypt. It is worth underlining that the project agreement was signed in April 2012, after the revolution but before the presidential elections and the creation of the government, successively object of several reshuffles.

Efficiency

11. To date, the activities foreseen by the project have not started yet. This situation can be attributed to the long process to the signature of the agreement (April 2012) and the subsequent delays in the start-up for problems in the inter-ministerial process and funds transfer.

TABELLA 17: DURATION AND FINANCIAL DATA – GTI PROJECT

Date of Project Agreement	Date of project beginning (when different from the one of Agreement)	Planned date of conclusion according to the Agreement	Actual estimated date of conclusion	Total project budget	Date of transfer of the first instalment to Implementing Agency	Total amount transferred to the project at 31/12/2012	% of amount transferred out of the total project budget
19/04/2012	01/02/2013	31/01/2016	?	\$9.830.314,51	?	\$0,00	0%

Source: Technical Support Unit

12. The difficult political, social and economic situation faced by the country from 2011 was an influencing factor in the project formulation and in the negotiation of the agreement. Before the “Arab Spring”, the national authorities were strongly interested in the project and in its rapid implementation, but after the revolution begun a period of institutional instability and frequent turn-over. To this situation that slowed down the process we have to add a different attitude of institutions generally reluctant to take decisions in a climate of general insecurity and mistrust. The lack of experience among the new institutional actors did not help in consideration of the project complexity that envisaged the involvement of different ministries without, in many cases, a clear allocation of competences¹³⁶.
13. We can add the long inter-ministerial process involving MIFT and the Ministry of Planning required by the procedure of inclusion of the approved project in the national budget; such process took more than one year jeopardizing the respect of the planned timetable (three years duration).
14. The programme financial procedures state that the transfer of funds should be arranged after the approval of budget to the account of the applicant ministry that in turn will transfer the same funds on the account of the implementing agency to allow project activities to be carried out. In the case of GTI, the transfer of the first tranche of funds from CPF in Central Bank to the project account was made on January 30th, 2013 and according to Article 9 of the implementing agreement, the start-up date of the project activities is February 1st, 2013, the first day of the month following the accreditation of the funds first tranche by the Central Bank.
15. However, no funds were transferred to date from MIFT to UNIDO despite the project is operational from more than 3 months. UNIDO is hopeful that the situation can be rapidly solved and the technical assistance positions have been advertised on their home page¹³⁷.
16. Perplexities were however expressed by UNIDO on MIFT operations, defined as being a “complicated partner” for its diffuse “stand-by attitude” and its inexperienced referees¹³⁸. This

¹³⁶ Interview with Mrs. Giovanna Ceglie, UNIDO Representative and Director, Regional Office, May the 5th 2013.

¹³⁷ Interview with Mrs. Giovanna Ceglie, UNIDO Representative and Director, Regional Office, May the 5th 2013

¹³⁸ Ibid.

statement is based on project documents and interviews with selected stakeholders¹³⁹, but no interviews with MIFT representatives were possible during the evaluation team mission in Cairo.

Effectiveness

17. As previously indicated, UNIDO joined after the formulation and approval of project document, developed from a first draft elaborated within the Green Corridor project during the programme first phase and deeply amended in its final version. For this reason, UNIDO intends to propose few modifications to project document after the transfer of the first tranche of funds as foreseen by programme procedures.
18. The proposed amendments respond to the implementing agency perception to make the project more adherent to the country context and institutional framework and keeping into deeper consideration the results and lessons learnt from previous experiences. In particular, the controversial aspects regard the focus on logistics and incentives to the enterprises.
19. The particular attention attributed to transport and logistical aspects (linked to perishable products) but insufficiently assessed in the project document may, according to UNIDO¹⁴⁰, pose problems in the management of the initiative. It is a complex thematic area with high associated costs requiring specific interventions in the “cold chain”, where the country has scarce experience.
20. UNIDO also thinks that the foreseen subsidies to producers to stimulate quality control measures do not favour the sustainability of results; it would be preferable to orientate the support to entrepreneurship incentives in order to boost the responsibility and direct action of the involved producers. Based on this agreeable setting, the new quality standards should be adopted on a voluntary basis, rather than imposed by regulations in a highly unfavorable reference context.
21. The later amendments would enhance the coherence of project intervention logic in relation to programme general and specific objectives, in particular stimulating the responsibility and initiative of private sector and contributing to strengthening institutional and economic actors capacity in regards to planning, programming and governance of the processes of production and commercialization of fruit and vegetable through the development of integrated platforms favouring dialogue and participation of all the actors concerned.
22. Considering the complexity of ministries’ internal procedures that adds on the MC/TSU own procedures, other delays in starting up the activities that such amendments may generate must be considered.
23. UNIDO made also other interesting considerations in respect of the programme added value with the valorization of the positive effects in the forthcoming phase. Such as the catalyzing role of the programme in the consolidation of bilateral relations not limited to institutional actors but open to economic relations. In this perspective, an increased involvement of the Italian counterpart would be welcome on two fronts: stronger positions in the negotiation process with Egyptian counterparts; secondly, more active support to Italian private sector participation in programme activities¹⁴¹.
24. Such different approach on private sector integration should also be visible in a revision of the Steering Committee (SC) structure and functions, today limited to financial control and management, while the proposeful strategic-oriented instrument supposed to favour the

¹³⁹ In addition to the already mentioned interview with Dr. Ceglie, here is also referred to the interview with Eng. Magdy Shabaka, General Director of the Office for Foreign Relations, Ministry of Agriculture (who preferred not to express any opinion on the work of other ministries involved in the program) and to discussions with the members of the TSU.

¹⁴⁰ Interview with Mrs. Giovanna Ceglie, UNIDO Representative and Director, Regional Office , 16/05/2013

¹⁴¹ Ibid.

involvement of concerned partners. Such revision should necessarily open to other non-State actors¹⁴².

25. With reference to the Italian involvement in the orientation of the programme, it is evident that an inflexible and excessively favouring Italian interests would appear as contrasting the ownership principle that represents one of the strengths of the programme, mostly when compared with other traditional bilateral cooperation in the country. It is important to favour private enterprises participation to make the programme an effective catalyzer of dialogue and exchange structures and processes, economic and not.

11.3 Small producers network for the recognition of their socio-economic rights

Relevance

1. The project promoted the creation of a National network of small enterprises in the agricultural and crafting sectors to recognize the socio-economic rights of these categories strengthening their advocacy and negotiation capacities on social security, health assistance, as well as marketing and trade of agro-food and artisanal products for improving their sales on the domestic and export markets.
2. This initiative was designed to address problems occurred in Egypt among farmers and craftsmen, principally linked to:
 - Growing poverty and marginalization.
 - the absence of social security mechanisms able to protect them
 - low literacy rate and awareness on rights with consequent incapacity of making any claim to the institutions
3. The project, promoted by the Italian NGO COSPE, is the continuation of a project implemented by the same NGO from 1998 “*Marketing Link Program*”. The project was articulated in three successive phases (see box) and had the main objective of contributing to reduce poverty among Egyptian craftsmen through two channels: (i) supporting and strengthening productive and entrepreneurial capacity by valorizing traditional techniques and products in the intention to preserve the national cultural heritage and (ii) providing a marketing channel for promotion and sales in Egypt and abroad along the fair and ethical trade principles.

TABLE 18 - THE THREE PHASES OF *MARKETING LINK PROGRAM*

<i>“Commercial and institutional support to Producers’ Associations in Egypt”</i>	Period: October 1998 - September 2001 Financing source: Italian Ministry of Foreign Affairs
<i>“Linking Craft Producers in Marginal Communities to Fair National and International Markets”</i>	Period: April 2003 - July 2004 Financing source: Italian Egyptian Debt Swap Programme (I fase)
<i>“Community, Crafts Producers & Markets”</i>	Period: December 2003 – November 2007 Financing source: Italian Ministry of Foreign Affairs

4. Although in a continuity logic, the SER project was innovative to Marketing Link as it introduced new elements such as: the attention to rights dimension, larger target groups (including farmers), the recognition of individualities (beneficiaries from associations to individuals).
5. The project objectives are well aligned with:
 - The first axis of the sixth National Plan 2007-2012 “Developing the Egyptian individual” with the following objectives: (i) “*raising income and living standards*; (ii) *improving the quality of life*; (iii) *realizing a qualitative leap in education and providing a comprehensive health*

¹⁴² Ibid.

insurance coverage; (iv) developing abilities and productive capabilities, training and facilitation; (v) preserving the cultural identity and confirming the national belonging”;

- One of the five priority sectors identified for the debt-swap programme “the social dimension” that involves actions aimed at poverty alleviation among most vulnerable groups and create new employment opportunities.
6. In the country context, the right for all to access social services finds its confirmation in the Constitution text, in specific Egyptian laws (law N. 112 of 1980 on social insurance and Law N. 139 on education) as well as in international Conventions on socio-economic rights that Egypt is signatory, but these legal references were not sufficient to ensure effective access to basic services by all the population. A national or local programme aimed to promote forms of assistance, insurance, pension and social security for most vulnerable categories such as the workers of the informal sector is still missing. Some services are offered by NGO to producers associations, but the coverage is very limited when compared to existing needs.

Efficiency (of project and programme)

7. SER is among the projects with a budget below 1 million US\$ (749,176 US\$).
8. The project was approved by the MC on May 14th, 2009 and the implementation agreement was signed by COSPE, by the Italian Ambassador in Egypt and by the Ministry of International Cooperation (now Ministry of Planning and International Cooperation) on December 24th, 2009.
9. To end of December 2012, 91% of the total allocated amount was disbursed showing a substantial respect of activities timetable. The approved extension of project conclusion from end of January to end of July 2013¹⁴³ was justified by the need to complete a new activity identified during project implementation: dates drying in the oasis of Siwa.

TABLE 19 SER PROJECT: DURATION AND FINANCIAL DATA

Date of Project Agreement	Date of project beginning (when different from the one of Agreement)	Planned date of conclusion according to the Agreement	Actual estimated date of conclusion	Total project budget	Date of transfer of the first instalment to Implementing Agency	Total amount transferred to the project at 31/12/2012	% of amount transferred out of the total project budget
24-Dec-09	1-Feb-10	31-Jan-13	31-Jul-13	\$749.176,48	13-Jan-10	\$685.115,81	91%

Source: Technical Support Unit

10. The NGO COSPE was affected by difficulties faced by other Italian NGO regarding the registration in the country (or the renewal of registration which is valid three years) and the release of the license needed to implement any project, both subordinated to the approval by the Ministry of Social Solidarity¹⁴⁴. From this point of view, three NGO encountered major constraints during the second phase of the debt-swap programme, as reported below.

NGO MAIS for project “BRAVO: Building Rural Assets with Valuable Opportunities”

This project was selected by MC in 2011 following a call for proposals in favour of Italian NGO launched to replace a an initiative previously approved but cancelled for the interruption of activities by the applicant Movimondo¹⁴⁵. To date the project did not start because the NGO MAIS

¹⁴³ The extension (not onerous) has been approved by the Management Committee in the meeting of 17/02/2013.

¹⁴⁴ The license for the project is granted by Ministry of Social Solidarity, after hearing the opinion of the Ministry involved directly.

¹⁴⁵ The project in question was entitled "Community Based Actions to Reduce Poverty and Promote Social Inclusion in Tel El Kibir District - Ismailia Governorate." In the sixth meeting, CdG approved the launch of a call on the same topic (community

although regularly registered, just obtained the authorization of the Ministry of Social Solidarity to implement the project (May 2013).

NGO Progetto Sud for the project “Towards sustainable employment: Professional training in the building sector”

The project is formally in the formulation phase, but is idle, because the promoter, the NGO Progetto Sud is still waiting, 5 years after the request for the registration to operate in the country¹⁴⁶. The TSU is searching alternative solutions, such as assigning the training initiative to ILO initiative “Support to youth employment” started in 2012¹⁴⁷.

NGO CIERA for project “School of arts and professions”

The project is aimed at creating a school of Arts and Professions in the field of conservation and restoration located in the Mevlevi Dervish complex, where for 20 years is operating the Italian-Egyptian Center for Architecture and RESTORATION (CIERA). It is one of the first project to have obtained the MC approval in the preliminary identification phase (March 29th 2008). However, the non-accreditation of the NGO in the country generates serious doubts about the feasibility of the initiative.¹⁴⁸

11. This is a problem that affected not only the Italian NGO, but also the Egyptian ones. We can remember the case of the “*Improvement of Operational Capacities and Health Care Services Delivery for Disabled Community*” project. Despite its approval by the MC in March 29th, 2010, the project was suspended for more than one year, because of non-accreditation of the project proponent, El Rowad Association that did not allow the conclusion of the implementing agreement. This brought the MC to launch a call for Proposals to select an Egyptian NGO able to implement the initiative on behalf of El Rowad Association¹⁴⁹.

12. From a wider programme perspective, it is possible to underline positive aspects on programme management, according to the NGO COSPE:

Financing typology and delivery of funds

The financing offered by the programme consents to obtain 100% of eligible costs, meaning that the NGO do not have to contribute with own resources¹⁵⁰. Moreover, the funds local management with direct transfer from the CPF to project accounts without going through the NGO accounts in Italy, facilitate the payment operations¹⁵¹. In this regard an improvement from the first to the second phase is acknowledged: in the second phase, the request of transfer to NGO accounts is no more subject of approval by the Ministry of Finance; the cancellation of this passage improve considerably the performance and timeliness of payments in accordant with predefined deadlines¹⁵².

Monitoring and relations with TSU

measures for the reduction of poverty), but addressed to another geographical area (the higher Egypt). Two NGOs: CISS and MAIS participated in the call for proposal organized by UST. The MAIS project proposal was selected by CdG at the 8th meeting held on 11/APR/2011. Later, during the 11th meeting on December 2011, the Court of Justice approved the project document.

¹⁴⁶This situation leaded CdG to ask for assistance to the Ministry of Planning and International Cooperation to accord the Italian NGO registration (CdG meeting in March the 3rd 2012).

¹⁴⁷Interview with Valeria Mazzacane, UST Director.

¹⁴⁸After the meeting occurred in 14 November 2011, the CdG didn't declare one's opinion, though the finalization of the initiative has been stressed.

¹⁴⁹The decision has been taken during the CdG meeting which took place in April 2011. Following the UST call for proposal three project proposals have been presented and the “Psychosocial Rehabilitation for Mental Disability (REMEDY)” project (edit by Alex Work Shop Centre) has been selected.

¹⁵⁰Interview with Maria Donata Rinaldi, COSPE Director, and with Daniela Palermo, Egypt referent at COSPE.

¹⁵¹Interview with Valeria Mazzacane, UST Director and with the SER project manager (NGO COSPE), Bassem Saroufim.

¹⁵²Interview with Valeria Mazzacane, UST Director.

The elaboration of six-monthly progress reports represents an instrument facilitating project management, allowing to timely tackle problems arising during project implementation but it is also a formative instrument for Italian NGO and for their Egyptian counterparts¹⁵³. The relations with TSU are established on a fruitful collaboration basis that permitted to jointly and constructively solve the emerging problems¹⁵⁴. La the schedule of meetings was semestral in line with the presentation of technical progress reports with other meetings organized in case of needs.

Comparison with other debt-swap programmes

COSPE observed a positive experience compared with other Italian debt-swap programmes in Morocco and Albania¹⁵⁵. In the first case, COSPE implemented a project within the poverty reduction debt-swap programme (2009-2012)¹⁵⁶ where interactions with Moroccan authorities, the only responsible for the management of funds, were difficult. In the case of Albania, the only eligible entities were the Albanian public institutions that precluded the participation as applicants of Italian and Albanian NGO.

13. Beyond positive assessments, other aspects¹⁵⁷ should deserve increased attention in view of the third phase of the programme as follows:

- The opportunity to publicly announce the publication of Calls for Proposals with clear guidelines for all (NGO and public institutions) to ensure transparency in the selection process.
- Enhance the programme visibility and the exchange of experiences between the approved projects.

Effectiveness

14. In the SER project, the outcomes are in line with the expected results. In particular, the project strengthened Ayadi Masreya, the Egyptian fair and ethical trade foundation with whom COSPE collaborates in the implementation of the project.

Ayadi Masreya Foundation

The Ayadi Masreya Foundation, previously known as “Fair Trade Egypt Foundation” is born within the initiatives carried out by the NGO COSPE to introduce fair trade and social responsibility principles in Egypt.

Its registration by the Ministry of Social Solidarity took place in January 3rd, 2007 during the implementation of the III phase of Marketing Link Program when the support become necessary because of the growing number of producers organizations reached by the project. In 1998, year of launch the Marketing Link project, there were 8 organizations involved, while in 2007 the organizations grew to 40, covering 3500 craftsmen.

Ayadi Masreya mission is to serve as “umbrella organization” for small agricultural and crafting producers, offering them a platform where they can express their needs and requests and benefit of support for capacity building, awareness activities and advocacy on fair trade ([HTTP://WWW.AMFEGYPT.ORG/](http://www.amfegypt.org/)).

15. Strengthening of Ayadi Masreya Foundation was carried out through training and capacity building actions including the activation of the following units:

¹⁵³ Interview with Maria Donata Rinaldi and Daniela Palermo, see above.

¹⁵⁴ Interview with Bassem Saroufim, see above.

¹⁵⁵ Interview with Maria Donata Rinaldi and Daniela Palermo, see above.

¹⁵⁶ The project refers to the promotion of cultural and environmental heritage of Tangeri and Medina

¹⁵⁷ Interview with Bassem Saroufim, see above.

- The “*Membership and representation*” unit; the foundation has 241 members¹⁵⁸ (single producers and associations) registered in a specific database; a mechanism for representation was set up to channel their needs using a participative approach.
- The “*social welfare services*” unit; 64 member producer’s benefit of a unitary insurance to cover the medicine and visit costs in change of a symbolic amount by each member¹⁵⁹. Awareness raising seminars on social rights were also organized.
- The “*business development services*” unit; the micro-enterprises were promoted through different channels: (i) training courses to improve the quality of products, (ii) marketing courses to improve the sales and design courses to introduce new products, (iii) micro-credit for a total amount of 520,000 Egyptian Pounds; (iv) initiatives to widen marketing opportunities by means of showrooms, exhibitions for the internal market (i.e. exhibitions in Fahr El Baher, Alessandria and Wadu Degla Club Exhibition in Madei in October 2012) agreements with local tour operators (visits to Siwa showroom) and contacts with Italy and USA to favour export; (vi) the setting up of an internet site with database of products and a catalogue for internet sales; (vii) the elaboration of manuals such as the “Export readiness audit report” a study aimed to assess export capacity of a company or a sector¹⁶⁰.

Impact and sustainability

16. The project had an important effect on beneficiary’s empowerment (3500 craftsmen and 500 farmers). The main findings are:
- Improved working and living conditions for economically disadvantaged producers with an attention that goes beyond the strictly economic approaches and include the wider socio-economic rights sphere, not yet addressed in national or local programmes.
 - The involvement of beneficiaries as active subjects of the intervention, able to express their needs and claim their rights through the Ayadi Masreya Foundation.
 - Enhanced economic opportunities thanks to training, marketing and micro-credit initiatives with extension to internal and external markets, generating sales and incomes for beneficiaries.
17. The project established important bases for the future of the initiative; first of all the presence of an Egyptian foundation leader of a network of small agricultural and crafting enterprises; in addition, the high level of ownership by the beneficiaries, the positive relations with project staff and the strong motivation gained with project results are altogether contributing to its sustainability¹⁶¹.
18. Beside the above, several challenges may undermine the continuation of some activities such as¹⁶²:
- The need to find sources of financial support as many ongoing activities depend on external funding;
 - The wide range of action of the initiative, for the type of actions as well as for the geographic coverage; several areas in different governorates (Aswan, Qena, Sohag, Assiut, Minia, Fayoum, Cairo, Giza, Sharkya, Beheira, North Sinai, South Sinai, Matrouh and Red Sea) were involved that pose logistic problems.

¹⁵⁸ NGO COSPE, Technical Report for January 2013, p. 2.

¹⁵⁹ Ibid., p. 3.

¹⁶⁰ ExpoFront (2013), Export Readiness Audit Report on Hand-Made Blankets and Bed covers.

¹⁶¹ Data from focus group with three beneficiaries groups of the Cairo and Fayoum, managed by North South Consultants Exchange consulting behalf of DRN

¹⁶² These following considerations emerge from focus group findings and from the interview to the project manager Bassem Saroufim of the SER project (NGO COSPE).

- The uncertain situation of the country with negative effects on economic situation and tourism;
- The low appreciation of handicrafts by Egyptians (internal market) coupled with a continuous decline of the purchasing power.

11.4 Sustainable food security model

1. The project focuses on the reduction of food shortage and on the school attendance through the supply of highly-nutritive (enriched) snacks to children of nurseries and informal schools. The snacks provide nutrition values needed by the children of target regions; the project allow the children to take home ratios for their families, contributing to the families' food safety and motivating them to send children to school.
2. The target population is approximately 185,000 persons in the Fayoum, Beni Suef and Menia governorates divided in 67,300 boys and girls of pre-school (ECE), 19,700 girls of informal schools "Girls Education Initiative (GEI)" and 98,500 persons among families in need.
3. The project aims at increasing and extending school attendance among girls frequenting the schools managed by the "Girls education initiative". The girls attending informal schools are mainly the poorest, as these schools accept girls without birth certificate (a common situation in rural families, especially for girls). For these families maintaining girls at school is considered an unsustainable cost and they prefer to keep them at home for houseworks. There are also cultural motivation concurring to keep the girls at home. In these cases school feeding (conditioned cash transfer in the form of food support) represent an education incentive.
4. The project aims at strengthening the capacity of the Ministry of Education assisting it in the revision of its school feeding strategy, introducing innovative models of public-private partnerships.
5. Among the expected results, there is the contribution to adopt healthy nutrition and lifestyles through educational food information and programmes in order to improve teachers and families knowledge on nutritional, health and hygiene aspects.
6. Moreover, the project is monitoring the nutritional status of children and implementing parasite-elimination programmes in order to eradicate acute malnutrition worsened by intestinal infections, in collaboration with Italian Ministry of Health and World Health Organization (WHO).

Relevance

7. This project is part of a WFP support policy to the Egyptian government. The Egyptian school-feeding programme concerns around 44% of children in school age. In a period in which the families' socio-economic situation is worsening¹⁶³, the programme guaranteed school attendance for a good part of the boys and mainly girls frequenting the GEI schools¹⁶⁴.
8. The project also intends to contribute to training of functionaries of the Ministry of Education and Public Administration to improve the beneficiaries' identification of safety nets. It is estimated that of 64 millions Egyptians benefitting of some form of subsidies, between 15 and 20% do not

¹⁶³ The malnutrition rate arose from 29% to 31% in the period from 2009-10 to 2010-11; 25% of the families are under the poverty line and 45% are close to. In his conditions poor families cannot give a formal instruction to the children. Data collected during the meeting with Giampiero Bordinon, WFP Country Director, Amani Gamal El Din, Head of Food for Education Unit, Rukia Yacoub, Deputy Director Egypt Country office, Shereen Nasef, Monitoring and Evaluation Officer, Food for Education Unit.

¹⁶⁴ WFP, Programme Monitoring Report: Egypt, Food for Education Unit, 2010-2011 e 2011-2012.

need them, while 20% of those who need do not receive them¹⁶⁵. The food subsidies rate on the government total budget raised from 5.5% in 1996/97¹⁶⁶ to 9.5% in 2006/07¹⁶⁷.

Efficiency

TABLE 20 - PROJECT DURATION AND FINANCIAL DATA

Date of Project Agreement	Date of project beginning (when different from the one of Agreement)	Planned date of conclusion according to the Agreement	Actual estimated date of conclusion	Total project budget ⁽¹⁾	Date of transfer of the first instalment to Implementing Agency	Total amount transferred to the project at 31/12/2012	% of amount transferred out of the total project budget
11-Mar-09	1-Apr-09	31-Dec-10	31-Jan-14	\$8.309.900,48	31-Mar-09	\$4.908.152,45	74,81%

Source: Technical Support Unit

(1): The original amount of the project was 20,8 million of egyptian pounds to which have to be added, through 2 several addendum, almost 7,8 million of egyptian pounds, that are taken from the first phase implementation and almost 25,6 millions taken from the extension to a second phase. The total amount of the project reached then almost 54,3 million.

9. The project was only partially affected by the Arab spring events despite the institutional turn-over that followed¹⁶⁸. The programme internal monitoring report shows the lowest rates on punctuality of distribution for snacks and take-home ratios¹⁶⁹ in 2011. Thanks to WFP optimal organization, the constraints remained substantially limited.
10. The project operational structure is well geared and there are no signs of possible problems to conclude the project within the deadline of March 2014 as indicated in the second addendum¹⁷⁰.
11. The project did not open a separate account in the name of the EIDS programme, but adapted however the financial reports to the programme format. The functionaries met by the evaluation team have doubts that in the future WFP financial offices will continue to agree to provide data in a format that is different from the WFP standards¹⁷¹. The TSU staff is aware of the problem and declared that addendums are justified by the fact that the approval of a new project would require a derogation to procedures, allowing WFP to apply its own financial procedures.

Effectiveness

12. The project is contracting NGO for the distribution of school food. WFP organizes training courses for NGO members involved in such activity and ensures a regular monitoring.
13. According to WFP monitoring data for the period 2010/2011, there is a slight difference between children of public schools and those of GEI informal schools. For the majority of public schools teachers, pupils bring food from home to complement dates-bars distributed by the programme, while in GEI schools, only half of teachers reported such behavior. The rate goes down to 30% in the poorest areas of Beni Suef. The full dependence on distributed bars is an indicator of extreme

¹⁶⁵ Meeting with Giampiero Bordignon, WFP Country Director, Amani Gamal El Din, Head of Food for Education Unit, Rukia Yacoub, Deputy Director Egypt Country office, Shereen Nasef, Monitoring and Evaluation Officer, Food for Education Unit.

¹⁶⁶ Lofgren, H. and M. El-Said (2001). Food Subsidies in Egypt: Reform Options, Distribution and Welfare. Elsevier Science.

¹⁶⁷ Central Bank of Egypt (2008). Monthly Statistical Bulletin (October). WWW.CBE.ORG.EG

¹⁶⁸ Within a few months 5 agriculture ministers and 4 ministers of education have changed

¹⁶⁹ This is partly due to the problems caused by the institutional situation of the country and partly by a deterioration of services provided by the NGO responsible for the distribution of rations to Fayoum, which has been substituted. (WFP, Programme Monitoring Report: Egypt, Food for Education Unit, 2010-2011 e 2011-2012. Amani Gamal El Din, Head of Food for Education Unit, communication).

¹⁷⁰ Meeting with Giampiero Bordignon, WFP Country Director, Amani Gamal El Din, Head of Food for Education Unit, Rukia Yacoub, Deputy Director Egypt Country office, Shereen Nasef, Monitoring and Evaluation Officer, Food for Education Unit.

¹⁷¹ Amani Gamal El Din, Head of Food for Education Unit.

poverty. The majority of teachers indicate the children appreciation of the snacks distributed by WFP and half of them noted an increased concentration after eating the bars for breakfast. In GEI schools, the percentage is lower, but a strongly increased concentration among girls is registered by many teachers.

	<i>Do students bring other food from home?</i>	<i>Students like WFP date bars?</i>	<i>Do student better concentrate in class after eating date bars for breakfast?</i>
<i>Formal School</i>	>60% ⁽¹⁾	>90%	50% ⁽²⁾
<i>GEI</i>	>50% ⁽³⁾	85%	40% ⁽⁴⁾
<p>(1) In poor areas, e.g. Beni Suef, 30% of surveyed teachers report they bring food from home sometimes, 2% reported they rarely do it.</p> <p>(2) 28% of surveyed teachers noticed students have better concentration to a great extent, 8% respond either do not notice or they did not notice a great difference;</p> <p>(3) 43% reported they do sometime, 22% reported they rarely do</p> <p>(4) To some or great extent, 31% don't know, 20% do no notice difference</p>			

14. The project is facing difficulties in exploring new models of public-private partnerships, because of the resistance of private sector to enter in partnership with public administration¹⁷². This is due to long bureaucratic practices required when dealing with State institutions, as well as long payment delays and other causes that undermine motivation of providers/suppliers. Private sector prefers to work with international organisations.

Impact and sustainability

15. WFP monitoring data confirm the positive impact of enriched snacks distribution. The take-home ratios demonstrated to be a valuable incentive to send children to school¹⁷³, confirmed by the comparison between subsidized schools and not¹⁷⁴.
16. The government declared that in the future the distribution of food ratios will not be supported in schools other than the GEI managed ones. Such support to pre-schools belonging to the formal system could be accepted¹⁷⁵.
17. The sustainability of project actions will be ensured in the absence of donors. WFP will explore new systems to reduce logistic costs, replacing food distribution with vouchers, as already experimented with Syrian refugees¹⁷⁶.

11.5 The REMEDY project

- The objective of the project is to promote psycho-social rehabilitation of persons with mental disorders through art and work, as these are important empowerment and socialization vehicles, in their double function of favouring psycho-social rehabilitation and promoting awareness on the theme in order to effectively fight against social bias and discrimination still present in Egypt in regards to mentally ill persons.

¹⁷² Meeting with Giampiero Bordinon, WFP Country Director, Amani Gamal El Din, Head of Food for Education Unit, Rukia Yacoub, Deputy Director Egypt Country office, Shereen Nasef, Monitoring and Evaluation Officer, Food for Education Unit.

¹⁷³ For 88% of the teachers interviewed this rate increases very significantly, and 7% only significantly

¹⁷⁴ This is partly due to the problems caused by the institutional situation of the country and partly by a deterioration of services provided by the NGO responsible for the distribution of rations to Fayoum, which has been substituted. (WFP, Programme Monitoring Report: Egypt, Food for Education Unit, 2010-2011 e 2011-2012. Amani Gamal El Din, Head of Food for Education Unit, communication).

¹⁷⁵ Meeting with Giampiero Bordinon, WFP Country Director, Amani Gamal El Din, Head of Food for Education Unit, Rukia Yacoub, Deputy Director Egypt Country office, Shereen Nasef, Monitoring and Evaluation Officer, Food for Education Unit.

¹⁷⁶ Giampiero Bordinon, WFP Country Director.

2. The initiative intends to consolidate the positive results achieved in the period 2011-2012 by the project Mehenet (Mental Health Network) that aimed at favouring the development of community's mental health services in the rural district of Kafr El Dawar. The project funded by the Italian Ministry of Foreign Affairs and by the regions of Lazio and Puglia was implemented by LazioSanità-ASP and ARES Puglia in partnership with Egyptian Ministry of Health Mental Health Secretariat (MHS), the ministerial division in charge of mental health, with the Primary Health Care department and the WHO regional office (WHO/EMRO).
3. The Mehenet project carried out a demonstration experience based on the Italian experience in the psychiatric reform field with the creation of the first community mental health center dedicated to Franco Basaglia that represents one of the places where Remedy actions will be developed.

Relevance

4. Remedy like Mehenet are particularly relevant when it appears as a useful instrument for the application and operationalization of new mental health legislation in Egypt, in a period when the demand for improvement of psychiatric care services is very high in all the Arab world and emerges as a new priority¹⁷⁷; in such perspective, the two projects aim at assisting the country in the adaptation of the system, currently based on hospital care to a community-based assistance.
5. The project partners were all involved in Mehenet activities either as implementers or as beneficiaries. The applicant is the Egyptian NGO Alex Work Shop Center (AWSC), previously involved in Mehenet training activities and that applied to a Call organized to finance projects in the social inclusion sector within the debt-swap programme. AWSC partners in Remedy are the Mental Health Secretariat (MHS), an autonomous entity of the Ministry of Health responding directly to the Minister, LazioSanità and ARES Puglia, all previously involved in Mehenet implementation.

MENTAL HEALTH REFORM IN EGYPT

In Egypt like in other eastern Mediterranean countries, mental health represents a neglected priority and the treatment gap between the occurrence of mental diseases and the available resources is very high. 17% of the population is affected by mental problems while the spending for mental health is approx. 0.1 US\$/person and below 2% of total health expenditure (World Health Organization, 2006).

The assistance is mainly provided in large psychiatric hospitals, mostly public, in the absence of territorial services, of rehabilitation platforms and social protection systems. Staff employed in primary health centers do not receive adequate information on how to effectively address psycho-social problems especially in rural areas where families still rely on traditional or religious healers that act as private frontline operators.

Nevertheless, Egypt initiated a legal reform process on mental health with release of a new law for the protection of psychiatric patients (law N. 71 of MaY 2009) that recognized the rights of mentally-disturbed persons and established the national and regional commissions for supervising hospitalizations including non-voluntary ones.

The law does not tackle the reorganization of mental health assistance services, but will avoid extreme cases like the case of a Sudanese patient segregated for twenty years for a wrong HIV diagnosis and without family assistance, or those of young women that wished to marry men of other religions and were segregated upon request of their families.

Source: Enrico Materia and the Italian team of Mehenet project 2012

Efficiency and effectiveness

¹⁷⁷ Interview with Mr. Enrico Materia and Emanuela Forcella, Laziosanità, 24/04/2013; Interview with Mrs Iman Sorur, 16/05/2013.

6. The project general objective is to improve the quality of life and the psycho-social resources of persons affected by mental diseases in the Behera governorate. The specific objectives are:
 - To improve self-help capacity, self-sufficiency, autonomy and dignity;
 - The creation of self-realization and social inclusion opportunities through art-therapy;
 - To boost individual abilities to prevent and contrast mental disability through employment and working activity;
 - To raise community awareness to fight discrimination against mentally-ill persons.
7. The expected results are the creation of art laboratories inside the Franco Basaglia Center, the creation of a mobile laboratory for community awareness actions, the establishment of self-help groups and the strengthening of working and employment capacity of psychiatric patients of the center.
8. The project logic and the identified objectives are coherent with the programme general and specific objectives. In particular, we can mention the continuous work of capacity building and assistance to institutions in the process of reform of national mental health system that became urgent after the adoption in 2009 of the new Mental Health Bill; as well as the creation of a wide partnership that involves Italian entities, Egyptian institutions and an Egyptian NGO in the role of applicant and that could have positive effects in the search for new forms of collaboration between institutions and civil society, thus contributing to cooperation growth between territorial actors.
9. However, the project suffered and still suffers from the particular period the country is experiencing¹⁷⁸; the revolution brought a general institutional slow-down, accompanied by a new political and ideological approach less centered on human rights respect and less aware of mental health issues. Consequently, delays in starting the project activities can be attributed to the unfavorable context that influenced the relations between partners more than to efficiency of Egyptian institutional procedures or programme procedures, in a situation that has badly influenced the relations between the Programme partners.

TABLE 21 – REMEDY PROJECT: DURATION AND FINANCIAL DATA

Date of Project Agreement	Date of project beginning (when different from the one of Agreement)	Planned date of conclusion according to the Agreement	Actual estimated date of conclusion	Total project budget	Date of transfer of the first instalment to Implementing Agency	Total amount transferred to the project at 31/12/2012	% of the work plan implemented at 31/12/2012
19/06/2012	01/08/2012	31/07/2014		\$456.229,89	17/07/2012	\$179.049,09	1,58%

Source: Technical Support Unit

10. The project received in July 2012 the first tranche of funds for the amount of EGP 1,000,000 of which only EGP 15,000 (1.58% of total budget) have been spent for running expenses (personnel and energy costs). Delays in the start-up of activities are due to new activities suggested by MHS additional to those envisaged in project document; the Ministry claimed an increased involvement and a specific role in the activities, requesting and obtaining changes in the project document in view of introducing a research activity aimed to evaluate real effectiveness of art

¹⁷⁸ Interview with Mr Enrico Materia and Mrs Emanuela Forcella (Iaziosanità), 26/04/2013; interview with Mrs. Ginevra Letizia (MAE – DGCS), 15/03/2013; discussion with TSU members during the mission to Egypt (7-17/05/2013)

vocational training in order to collect data and evidence for a possible extension of the same approach to other mental health centers.

11. TSU and MC approved the project changes with the introduction of the research activity but not authorizing the purchase of necessary equipment before the signature of the new Protocol Agreement.
12. The negotiation and definition of the new activity took several months and was concluded in March 2013 with the delivery of the new Agreement to MHS. However, the institutional internal turn-over and the appointment of a new secretary General delayed the signature of the Agreement.
13. Today the new Agreement of March 2013 is not signed yet. Moreover, further perplexities on the project were raised by the new MHS reference official, with the request of other important modifications to project document that would make project implementation by AWSC difficult because of the different approach.
14. To the institutional and political-strategic problems met by the project, we can also foresee personal misunderstandings that brought MHS referent for Mehenet to abandon her position within the ministry and to continue the active collaboration with the NGO AWSC, applicant of REMEDY project. Three different dialectical levels can be observed: individual, institutional (allocation of competences) and of vision (divergent care models) that concur to make the start-up difficult.
15. Actually, the proposed modifications underline the MHS willingness to make the intervention more in line with their priorities, questioning the project relevance, despite its coherence with Mehenet and the objective need to elaborate accompanying instruments for the introduction of 2009 new legislation. However, in a situation of extreme institutional fluidity and continuous turn-over, the definition of consensual and shared strategies remains a difficult process in the short term. At the moment the MHS priority seems to be the replication of the experience of mental care services integration within the community basic services (proposed by the Franco Basaglia Center) in others areas of the country, rather than proceeding with experimentation of innovative approaches (like the art laboratories¹⁷⁹) for the care of mental disorders, that may not be the most adapted to Egyptian rural reality.¹⁷⁹.
16. To these queries on the intervention logic, we can add others regarding the budget considered to be too high for the planned activities and the share of resources (35% of total) allocated to finance the Italian partnership.

11.6 Social Contract Advisory, Monitoring and Coordination Center (SCC)

1. The *Social Contract Advisory, Monitoring and Coordination Center* (SCC), was created in 2007 following the recommendation of the Egypt Human Development report (EHDR) 2005 in order to promote ideas and vision included in the report and to ensure monitoring of the implementation of its recommendations. The SCC is located within the *Information and Decision Support Center* (IDSC) that is part of the Prime Minister Office. SCC works in synergy with other ISSC units with the scope of providing policy advice to institutions at different levels and to monitor the implementation of the Poverty reduction Action Plan and the achievement of the Millennium Development Goals (MDG) proposed by UNDP in the EHDR 2005 and adopted by the Egyptian government as national development plan.

¹⁷⁹ Interview with Mr. Yasser A. Elsayed (Mental Health Secretariat, May the 13th 2013)

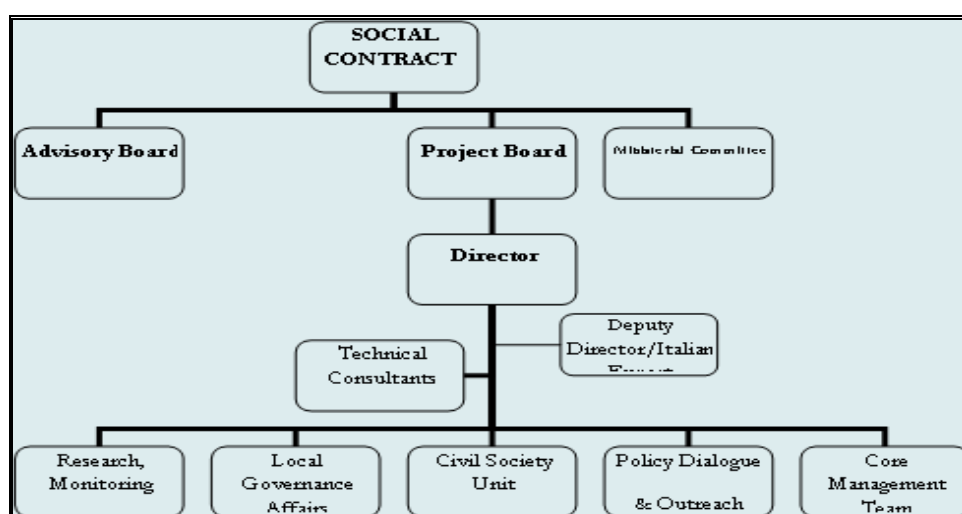
THE IMPLEMENTING AGENCY: IDSC

The Information and Decision Support Center is the think tank of the Egyptian government; its mission is to support impartially the government action through the provision of analytical research and indications aimed to improve the overall socio-economic conditions of Egyptian society. IDSC main objectives are:

- To identify opportunities and relevant strategic challenges faced by the Egyptian government in the implementation of plans and agenda;
- To develop regional and international partnerships and networks to exchange know-how and research in order to integrate international best practices in government planning.
- To assist political decision-makers by conducting research activities and suggesting solutions to the development challenges the country is confronted with;
- To disseminate research results through regular flow of publications and public events.

2. During the period 2007-2009, the center was financed by the Egyptian government and by UNDP and from 2009 it became one of the interventions financed by the second phase of the Italian-Egyptian debt-swap programme. The project general objective is to support civil society participation to decision-making processes and human development in Egypt; the specific objective is to build a shared consensus on meaning and implications of a new social contract, rebuilding trust between citizen and institutions and supporting civil society empowerment and the poverty reduction oriented actions, as well as monitoring the progress in the achievement of MDG and of the 55 socio-economic programmes promoted by the EHDR in 2005¹⁸⁰.
3. More specifically, the center aims to coordinate the different stakeholders to define, develop and articulate a new social contract vision that contribute to define the relations between State and citizen based on democratic governance principles and on a modern and inclusive citizenship concept. Two are the intervention areas: fight against poverty and fight against corruption, by promoting inter-change and filling the gap between civil society and institutional actors thanks to a research activity, communication and capacity building of SCC and its institutional partners staff. In such perspective, the direct beneficiaries are governmental authorities and the whole Egyptian society in its multiple forms (research, private sector, media, civil society organizations) and international donors operating in the country.

FIGURE16: The structure of the SOCIAL CONTRACT CENTER



Source: SCC project document

¹⁸⁰ Egypt Human Development Report 2005 "Choosing our Future: Towards a New Social Contract"

Relevance

4. Already in 2005, the Egypt Human Development Report identified and brought to the attention of Egyptian institutions some of the main weaknesses faced by institutions, pointing out the possibility of popular uprising¹⁸¹. On these very relevant National issues the SCC focused its action during the period preceding the revolution; in the aftermath of the so-called “Arab spring”, the SCC agenda was modified, acquiring relevance at National level, in the light of the particular social, economic and institutional situation the country is going through.
5. Indeed, for the analysis of relevance, it is important to underline that some important Egyptian institutions and organs required the direct support of SCC to confirm the importance and prestige acquired by this institution in the common national perception.

Effectiveness

6. From the analysis of project objectives and intervention logic, it is possible to presume a high level of coherence of the project in regards to the programme explicit and implicit overall objectives¹⁸², in particular for the extended capacity building action carried out with an emphasis on civil society participatory process at all levels.
7. The analysis of project general and specific objectives, of conducted actions, of expected and achieved results can allow to affirm that the contribution to the creation of a new social contract between the State and the citizen has been largely achieved.
8. In general, the project seems to have reached more substantial results than those initially foreseen by implementers and beneficiaries¹⁸³, creating a platform of dialogue between social parties and carrying out studies and research which validity is recognized by national and international partners. We can mention as examples the elaboration of a monitoring and evaluation system for the largest nationally-funded poverty reduction intervention (*the Government Initiative to Develop the Poorest 1000 villages*) and the elaboration of a *Need Assessment Map* to favour the dissemination of social responsibility and the financing also by private sector of relevant national projects. Moreover, an important institutional capacity building action, which acknowledgement came also from macro-regional level, is carried out with people sent for training from other neighboring countries.

Impact and sustainability

9. The project had an important outcome on the orientation of National legislation and planning, with effects that can be evaluated only in the medium-long term. The SCC was initially contacted by the Constitutional Assembly and actively participated to the drafting of two articles of the New Constitution that are not controversial and have been unanimously accepted. These are the Article 204 on the establishment of the anti-corruption Commission and article 207 on the national economic and social Council.
10. After the 2012 referendum, SCC was contacted once again by the Ministry of justice and involved in the preparation process of a new legal framework necessary to make the Economic and Social Council and the reforms introduced by the Constitution operational. This is composed by eight bills, among which the most important are those related to information rights, the conflict of interests and to non-governmental organizations.

¹⁸¹ Egypt Human Development Report 2005 “Choosing our Future: Towards a New Social Contract”, p.5.

¹⁸² We have to notice that, at the beginning of the second Phase of the programme, SCC project was operative yet and the activities and the scopes was already outlined by UNDP and IDSC, without any Programme contribution to the phase of intervention and activities’ formulation.

¹⁸³ Interview with Mr Marcello Giordani (Consultant UNDP responsible of the Project), 22/04/2013; interview with Mrs. Sahar El Tawila, Director of SCC, 12/05/2013.

11. Moreover, SCC was involved by the Ministry of Planning in the elaboration of the National Plan for the period 2013-2014 with the task to address part of social justice agenda and more specifically of the organization and management of consultations with different stakeholders and civil society to gather their contributions to the draft. SCC has also launched and managed consultations with private sector, unions and NGO for integration of the law on the implementation of the Economic and Social Council.
12. SCC was integrated in the IDSC official organograms in order to ensure coordination with other units and departments of IDSC. This is a strong signal of the commitment to support the center after the project closure. Many of the instruments elaborated by SCC are being institutionalized and will become object of annual data collection (for example, the social policy index and a set of governance indicators). Given the high relevance of the work done and the positive results achieved, the future sustainability of the center can be assumed thanks to its progressive institutionalization that may become the Secretariat of the Economic and Social Council that it contributed to create¹⁸⁴.

Efficiency

13. Today the project is in its final phase. The full amount of allocated funds has been transferred, while the work plan is implemented at 90%. The end of activities is envisaged by end of June 2013. The project, as others in the programme, experienced a delay caused by the institutional stand-by situation brought by the Arab Spring and further developments. Two no-cost extensions were requested to postpone the end of activities to December 2012 and later to June 2013.

TABLE22: SCC DURATION AND FINANCIAL DATA

Date of Project Agreement	Date of project beginning (when different from the one of Agreement)	Planned date of conclusion according to the Agreement	Actual estimated date of conclusion	Total project budget	Date of transfer of the first instalment to Implementing Agency	Total amount transferred to the project at 31/12/2012	% of the work plan implemented at 31/12/2012
11/03/2009	01/07/2009	30/06/2012	30/06/2013	\$4.770.723,34	29/06/2009	\$4.770.723,34	88,85%

Source: Technical Support Unit

14. As already mentioned, the project applicant is UNDP that works in partnership with IDSC, the project's implementing agency. The specific nature of international organization of the applicant required exceptions to the programme financial procedures; in particular, the financial management was facilitated by the possibility for UNDP to receive the funds directly on their account as previously agreed by UNDP and the Egyptian Ministry of foreign Affairs. Based on this agreement, all the mobilized financial resources must be channeled on a UNDP account in accordance with their norms and regulations. The project has however adapted its own financial reports to the indicated format¹⁸⁵. The possibility to adopt a more flexible accounting system, compared to the programme one, allowed to overcome delays in the disbursement of the funds in different tranches thanks to the possibility to draw a correspondent amount from the UNDP account to be reimbursed after receipt of funds.

¹⁸⁴ Interview with Mrs. Sahar El Tawila, SCC Director, May the 12rd 2013.

¹⁸⁵ Interview to Sameh Samir, Senior Financial Officer of SCC, 12/05/2013. In particular from the interview with the chief executive officer of the project, emerged the proposal to provide a system of accountability within the TSU in the future, making use of specific software, in order to simplify administrative procedures.

15. In consideration of the possibility to use simplified financial procedures, from the interviews¹⁸⁶, the initial phase has been the most demanding in relation to the elaboration and presentation of project proposal. Potential applicants were requested to submit detailed budget and specific work plan. For the nature of the project the articulation of concrete actions and budget items was difficult for a project that appears as a contribution to the center's activities with wide objectives and not easily connected to the establishment of a social contract between citizen and State based on good governance, democracy and participation.
16. The preparation of the work plan was complicated by the elements of complexity and inter-relations with the institutional reality and other contextual aspects not always predictable, given the political and socio-economic situation in the country¹⁸⁷. A continuous effort was necessary by project's operators (assisted by TSU) to adapt the intervention to the changes brought by the revolution to this complex project. The center had to adapt its own activities and expenditure to the new context and to new requirements. A proposal was raised by the center operators to foresee an increased participative mechanism involving the actors that contribute to the strategic orientation of the project. Without the possibility to participate to the MC meetings, this need (expressed by other projects stakeholders), could be materialized in an intermediate structure devoted to coordination and planning shared by all the actors at programme and project levels.
17. From the interview with the operators of the Centre finally emerged the proposal to provide a mechanism for more participatory, involving actors operating at the project level, even at the stage of strategic direction of the program. Unable to attend the meetings of the MC, this request can be traced to the need, felt even by interlocutors of other projects, a coordinating body for planning and shared between all actors at Programme level and the project level, which might serve as an intermediate structure between the projects and the Management Committee

11.7 Integrated pole for technical and professional training in the mechanic sector

1. Unemployment, particularly for young people, is one of the major causes of poverty in Egypt. Young people have little possibility to find occupation at the end of their education cycle. About two million students attend technical and professional training courses, considered an instrument for a rapid integration in the labor market and accounts for approximately 30% of students of the secondary schools.
2. Despite this numerically important labor offer, the quality of education is low and do not satisfy the employers requirements. The search for qualified manpower represents a problem for national and international companies in Egypt. According to the enterprise survey carried out in 2007, 31% of enterprises identified the level of competence of the workers as the major limitation for investing in Egypt.
3. The project was identified in 2008. Before its formulation, the feasibility study was carried out by Formaper, consulting company of the Milan Chamber of Commerce, Industry, Crafting and Agriculture.

The feasibility study aimed at capitalizing on the Italian experience in the field of technical and professional training at adapting it to Egypt in consideration of the similarities of Italian and Egyptian industrial structures, both having the mechanic and textile as leading sectors. The study analyzed the demand for qualified work in Egyptian and Italian companies present in Egypt. The study includes

¹⁸⁶ Interview with Sahar el Tawila, Director of SCC; Interview with Valeria Mazzacane, Director of the Technical Support Unit.

¹⁸⁷ The issue was highlighted during the interview with Mrs. Sahar El Tawila: thanks to highly positive results in training, SCC could rely less and less on external experts, though their contributions were included in workplan and financial plan during the formulation of the intervention. Therefore SCC could officially ask to reallocate funds supposed to be for external experts to others activities implemented in the last semester of the project.

proposals for the organization of courses in the mechanic and textile sectors and the formulation of an instrument for establishing a strict connection with the requests coming from the labour market and a business plan to ensure the sustainability of the structure realized by the project.

4. The candidate institution is the Education Development Fund (EDF), an independent authority created within the Council of Ministers depending to the Prime Minister with the scope to improve secondary and pre-university education providing educational pilot models to satisfy the labour market demand with recognized human resources.

The Education Development Fund (EDF) was created in 2005. Its mission is to promote projects and develop school institutions not foreseen in the planning of reference ministries and turn them into models for ministries, institutions and civil society. The objectives are to provide excellence schooling models and favour development and transfer of advanced technologies. EDF envisages the participation and involvement of partners and international cooperation to reach these objectives. Among the promoted projects the e-learning university, universities development funding and the Integrated Technical education clusters (ITEC).

5. The objective is to contribute to the development of a district for technical and professional training (clusters) in the fields of mechanics and provide advanced technology education, training and orientation with a quality level that can satisfy the labour market and society requirements.
6. The project was approved on July 15th, 2010, but its effective start occurred in November of the same year. Early 2012, TSU was informed that the direct project beneficiary, the University of Beni Swaif refused to establish an integrated technical education group (ITEC) in its own campus. The project team identified an alternative site for the ITEC complex in Demo, El Fayoum governorate.
7. The first 3-years professional training course started in September 2012 with five classes of electro-techniques. The team can rely on three Italian full-time experts plus a part-time expert, professor in the Don Bosco Institute in Cairo, a center of excellence in the field of professional education. The valuable work of these experts permitted in a short time to start the courses, to define an educational model and curricula and to establish a system of quality management.
8. In the same period, the project defined an accreditation system of the diploma by the education department of the Emilia Romagna region (professional technician – 3 years) and started the accreditation process with the Ministry of Education, university and Research for the diploma obtained at the end of the secondary technical institute (6 years) and for the technical higher education (2 years of higher education).
9. The MC approved the project extension until October the 30th 2013.

Relevance

10. After the formulation and approval phase, the project discovered that the main partner and beneficiary (University of Beni Swaif) disagreed with the project design. The feasibility study resulted insufficient, despite it was the most expensive among those financed by the CPF technical assistance. At the project start, the changes in the location as well as the institutional modifications in Egypt and Italy (where the reform of the educational sector entered in force) made the proposals of the study outdated, including the creation of courses for the textile, not coherent with the industrial characteristic of Fayoum.
11. The project duration of two years is not realistic. Even in the event of a start on schedule, the planned activities would have required a longer period.
12. Despite the above, the project responds to a real need of the country. The state of education, particularly of technical and professional education is a source of worries for politicians, entrepreneurs and families. It is generally recognized that for improving this sector it needs to improve curricula, teachers training and infrastructures, particularly regarding the laboratories.

The lack of qualified technicians and manpower represents a constrain for investments and creation of new jobs. The President of the Republic himself recommended the politicians to put the resolution of the problem as a priority.

13. The project is coherent with the objective of the programme to finance projects contributing to sustainable socio-economic development of the country. Moreover, it fully matches with one of the five areas indicated in the Joint Declaration, namely human development. The same document affirms that technical and professional training is a milestone of the Italian-Egyptian partnership.

Efficiency

TABLE 23 – ITEC PROJECT: DURATION AND FINANCIAL DATA

Date of Project Agreement	Date of project beginning (when different from the one of Agreement)	Planned date of conclusion according to the Agreement	Actual estimated date of conclusion	Total project budget	Date of transfer of the first instalment to Implementing Agency	Total amount transferred to the project at 31/12/2012	% of amount transferred out of the total project budget
15-Jul-2010	01-nov-2010	31-Oct-2012	31-Oct-2013	\$15.118.163,02	05-Oct-2010	\$6.462.855,22	17,56%

Source: Technical Support Unit

14. The project is strongly delayed, if we consider that it was approved in July 2010 for a duration of two years. The causes of such delay are due to institutional changes occurred after the 2011 events. EDF is highly positioned in the institutional framework and was therefore affected by the turn-over in political referents. Further delay was due to the refusal of the beneficiary University of Beni Swaif and the consequent research of an alternative. In this case the prompt intervention of TSU and the proactive attitude of UTL¹⁸⁸ reduced the delay.
15. At the end of the fourth trimester, the project spent 7.69% of estimated budget¹⁸⁹. The expenditure trend should increase in the next two trimesters after the award of tenders for the supply of laboratories, not yet concluded at the time of the evaluation mission.
16. After a first extension to October 2013, the project intends to request another extension to October 2015 to complete the first cycle of the triennium¹⁹⁰. This could lead to amendments between the budget lines with increased technical assistance financed with savings from infrastructure rehabilitation.
17. Curricula development and teachers training are carried out regularly according to work plan. Technical assistance services were appreciated by both EDF and TSU¹⁹¹.

Effectiveness

18. Inconsistency between the costs estimated in the feasibility studies and the funds available generated substantial changes not envisaged in the project document. There are still differences between expected results and available resources. The work plan must be updated like the activities and the results of the logical framework. The project proposed to install production lines using the funds initially planned for the restructuring of Beni Swaif university infrastructures, considering that this would have ensured the financial sustainability of the project¹⁹². This

¹⁸⁸ Interview with the Italian Director of TSU, Valeria Mazzacane.

¹⁸⁹ TSU: Financial Review Report, 11 February 2013, Hesham Kotb, Administrative Sector Chief.

¹⁹⁰ Interview with Prof. Abdel Latif Elshafei, Secretary General of EDF and Dr. Mohamed Megahed, Project Manager

¹⁹¹ Interview with prof. Abdel Latif Elshafei, General Secretary of EDF e with Mr. Mohamed Megahed, Project Manager; Interview with Valeria Mazzacane, UST Director.

¹⁹² Project Progress Report, May 2012.

proposal is not supported by any feasibility analysis. This situation makes difficult the project technical monitoring by TSU¹⁹³.

19. The selection of students was influenced by the hurry to launch the first course. Main difficulties are related to the knowledge of the Italian language¹⁹⁴. The technological kit could represent a problem for the certification by Emilia Romagna region, as the construction and equipment of the laboratories are not concluded yet¹⁹⁵.
20. ITEC teachers have better working conditions than their colleagues in public institutes but a bigger commitment is requested from their side and they receive an economic incentive for this. The teachers met by the evaluation team on their work place expressed satisfaction for a work that provide them more motivation, but also some concerns for the transparent allocation of bonus and the sustainability of such income¹⁹⁶. These concerns could undermine the continuity and quality of teaching.
21. The teaching system is assessed by consulted stakeholders as being of higher quality than those of other similar schools. The curriculum is more modern and adapted to labour market, the teaching methods are more in line with modern educational approaches, the technological tools available to classes are the most updated and teaching in foreign languages makes the learning process more interesting and increase students motivation.
22. Through direct consultation with students, families and teachers, a change of perception emerges. Technical and professional schools were traditionally perceived as lower status compared to those allowing access to higher education. Being able to study in foreign languages (Italian and English), receiving international consultants integrated to teachers, having access to technological didactic instruments not available in other traditional schools represent factors increasing the status and attractiveness of the school.

Students, families and teachers replies in focus groups

- Demo ITEC is a better educational system compared to other schools;
- The results are larger than expectations; we thought to improve the current system but we discovered a completely new and integrated one;
- The perception of technical students associated to low capacity level has rapidly changed attracting more skilled students;
- The project was successful in introducing new technologies in a more effective teaching system accepted by teachers and students.

23. The project established agreements with enterprises in the region to ensure internships to students that are confronted with real work and can put into practice what they learnt at school¹⁹⁷. Interviewed entrepreneurs expressed appreciation for the organization of internships that allow them to rely on qualified labour offer familiar with the companies work.

¹⁹³ The technical implementation of the project is possible thanks to Italian technical assistance; interview with Valeria Mazzacane, UST Director.

¹⁹⁴ Phone interview with Mrs. Patrizia Vaccari, Assessorato Formazione, Emilia Romagna Region. Interview with Mr Enzo Sciolla, Co-team leader AT and Mr Carlo Russo, Educational Expert, Demo.

¹⁹⁵ Interview with Mrs. Patrizia Vaccari, Training Department, Emilia Romagna Region.

¹⁹⁶ Evaluation mission, field mission in Demo, 13-14 May and the meeting with the focus group of North South Exchange NGO.

¹⁹⁷ For example the United Nails from Fayoum company.

Effects and impact

24. ITEC is just concluding the first year of the triennium and it is too early to assess the impact of the project. Nevertheless, consultations with local companies¹⁹⁸, student's parents and teachers confirmed the appreciation and opportunity of the initiative.
25. The response from beneficiary's focus groups (students, families and teachers) emphasized that the students of these courses represent the poorest groups without aspirations to continue their studies. The good reputation acquired by this educational district will probably allow them to find better paid jobs and will represent a boost for their social growth.

Sustainability

26. The sustainability of project activities in the short period depends on the possibility to extend technical assistance. The persons interviewed in Demo¹⁹⁹ think that the activities are still largely dependent on the Italian technical assistance. It is important to strengthen the capacity transfer mechanism from the Italian technical assistance to the EDF counterparts.
27. Financial sustainability depends on EDF capacity to ensure the necessary resources for the continuation of ITEC functioning through governmental funds.
28. Another aspect that can ensure sustainability is the interesting link that the project is consolidating with local entrepreneurs committed to ensure the sustainability of project and services.

Initiatives by local private sector: the owner of UnitedNails, a nail factory located in the area where part of ITEC students are doing their internship, being satisfied by the project services, is currently verifying with the Ministry of Industry the possibility of future financial support by the ministry. He also contacted MasterHead, an NGO that sends deserving students to Calabria to complete their studies, with intention to promote an agreement to allow the students to complete their studies at ITEC Demo.

29. Sustainability is a major concern expressed by focus group participants. The identified weaknesses are related to the capacity to maintain financial support and interest created around the school.

Response from students, families and teachers in focus groups (weaknesses)

- There is concern over the availability of necessary funds to continue the district after the end of the project;
- There is no financial plan for the maintenance of equipment;
- Lack of capacity/interest by Egyptian institutions to maintain and continue implemented projects;
- There is the risk to return to the level of other technical institutes if the positive reputation of the project is not kept.

30. On the other side, the same focus group participants indicated the enthusiasm and ownership rose by the project as the main resources for the sustainability of the District.

Response from students, families and teachers in focus groups (strengths)

- The project topic is very relevant for the political agenda of the country;
- It strengthen the capacity of teachers in public sector;
- Students enthusiasm and ownership;
- Possibility to involve different institutions and governmental agencies;

¹⁹⁸ For example the United Nails from Fayoum company.

¹⁹⁹ Professors, parents of the pupils, involved in the project.

- Project flexibility to emerging needs;
- Recognition by local society as an instrument of social promotion and motivation to send more skilled students that increase the school reputation.

11.8 Modernization of professional institutes through ICT

Relevance

1. The initiative, implemented between February 2010 and January 2013, was designed to improve the quality of technical and professional training through the introduction and use of information technology in the administrative management and in development of didactic curricula. The beneficiaries were the teachers and students of eight technical/professional institutes located in different Egyptian governorates (Kafr El Sheikh, Menufeya, Dakahleya, Sharkeya, Minya, Qena, Aswan, Kalyubeya, Alexandria, Suez). The selected institutes had also the function of vocational community Learning Centers organizing technical/professional training courses outside the school hours for the benefit of neighboring communities.
2. The project is in line with the country priorities in accordance with the *Egyptian Educational Initiative*²⁰⁰, launched with the scope to reform the Egyptian educational system and that considers the use of information and communication technologies (ICT) as one of the main instruments to improve the quality of education and the employment opportunities for the students. The main objective is to address one of the main emergencies of the country: youth unemployment, characterized by the gap between demand and offer of the labour market. In the past, government efforts were oriented to strengthen the opportunities to access university studies without equal incentive in favour of technical and professional training. This led to an excessive offer of young graduates and to a deficit of specialized manpower, a situation that the new government orientations intend to solve.
3. Valorization of human resources is an undisputed priority of the Italian-Egyptian debt-swap programme which Joint Declaration of May. 12th 2009 states: «*The Parties agree that technical education and vocational training will constitute the cornerstone of the Italian-Egyptian partnership, to be enhanced through the 2nd Debt Swap Programme*» (art.2).
4. In such context, Italy is considered in Egypt as a leading country thanks to a partnership that pay particular attention to the development of human capital with an integrated education and training programme articulated in activities providing support to Egyptian reforms in the secondary and university education and training sectors. The Italian commitment was recently reiterated with the signature in 13/09/2012 of the Joint Declaration “*Strengthening the Cooperation in the Sector of Technical and Vocational Education and Training*”. The initiatives financed by MAE_DGCS include:
 - The “cooperation programme for the development of education and scientific research” (grant of 675,000 Euro), originated from the positive response of the 2009 Italian-Egyptian Year of Sciences and Technology aimed at promoting cooperation between universities and research centers;
 - The “nursing school of Port Said” aimed to create a technical school center of excellence in nursing education.
 - The structural revamping and educational system update of the Fayoum Advanced Tourism School implemented by the International Organization for Migrations (IOM) with Italian government contribution (2.4 million Euros from the Ministry of Work and Social Policies).

²⁰⁰ <http://www.eei.gov.eg/default.aspx>

- The “work orientation programme for youth employment” financed by MAE for an amount of 700,000 Euro and implemented by the International Labour Organization (ILO) in collaboration with the Egyptian Ministry of Work and Migration in five pilot governorates.
 - At the beginning of 2012 the Italian NGO VIS launched a new initiative that follows a first intervention concluded in 2011 and implemented by the same NGO in collaboration with Salesian Institute Don Bosco recognized for its consolidated experience in technical and professional training. The “promotion of employability and skills development for youth – phase I” worth 580,000 Euro, intends to promote employability and social inclusion of youth, devolving specific attention to most vulnerable groups, at risk of social exclusion or belonging to ethnic or religious minorities. The intervention proposes to increase the quality of training offer, to favour cooperation in the field of technical and professional training between the two countries and to strengthen the links between technical-professional training and the labour market through specific networking actions between schools and enterprises.
5. In addition to the projects promoted by the bilateral cooperation, other initiatives enter in the financial framework of the debt-swap programme , beside the modernization of professional institutes through ICT project, as follows:
- The creation in collaboration with the Educational Development Fund (EDF) of the “integrated pole for technical training in the industrial mechanical sector” in Fayoum governorate (*Technical Educational Clusters for Employment – ITEC*) that aims to transfer the Italian best practices in the connection between schools and labour market; it is the project most important financially with a commitment of about 15 million US\$.
 - The “support to youth employment” project implemented by ILO for 1 million US\$ amount. This is an extension of the “work orientation programme for youth employment” project financed by DGCS (700,000 Euro) and implemented but the same ILO in collaboration with the Egyptian Ministry of Work and Migration in five governorates. The intervention assist public employment office providing them with adequate instruments for adapting the services to youth and connecting schools, technical institutes, media and other ongoing or planned initiatives. The project is not only supporting the Ministry of Work and Migration but also collaborates with other key stakeholders like the Ministry of Education, and with workers and private sector associations.
6. The “modernization of professional institutes through ICT” project is not a continuation of the previous initiative; however, the project implementing agency, the ICT Trust Fund benefitted from funds of the first phase of the programme in the ICT sector, as summarized in the box below.

ITC TRUST FUND: MANDATE AND EXPERIENCE DURING THE ITALIAN EGYPTIAN DEBT FOR DEVELOPMENT SWAP –PHASE 1

In 2002, Egypt ICT Trust Fund was established as a partnership between the Ministry of Communication and Information Technology (MCIT) and the UNDP to assist Egypt in its socio-economic development program through a) establishing public-private partnerships, b) using ICT to further development, (c) increasing awareness of the developmental potential of ICT; and, (d) making ICT more accessible and affordable to all citizens.

Under the umbrella of the ICT Trust Fund and through the collaboration with the Italian government, the “ICT to foster Egypt’s sustainable human development program” was formulated and funded by the Italian Debt for Development Swap Program, covering 5% of the total debt swap agreement between Egypt and Italy with a total value of 48.5 million Egyptian pounds. The program has a triple motto: “Awareness, Access, Affordability,” and it includes a set of projects that demonstrates the commitment of the Italian government to support Egypt in promoting multi-sector development.

The ICT Trust Fund to foster Egypt’s sustainable human development program is a structured initiative aimed at fighting poverty through the use of ICT. The program consists of five interrelated and complementary projects

that are divided into two main categories. The first category comprises two projects and provides ICT access points to the local communities; the *Smart Schools Network Project (SSNP)* and the *Mobile IT Clubs project (MITC)*. The second category comprises three projects and provides applications support to the beneficiaries; the *Community Knowledge Generation and Electronic Library project (CKGeL)*, the *Illiteracy Eradication project (IE)* and the *Community Portal Development project (CDP)*.

The five projects have a common objective: to use ICT to foster Egypt's sustainable human development program. All projects complement each other with a supply chain of services and activities that, combined together, provide added value to the community of beneficiaries. For example, in the case of the ICT for illiteracy eradication, mobile IT clubs and the community learning centers (CLC) of the SSN provide the CDROMs in an electronic library available to the community

All five projects of the program are formulated to provide a set of benefits to the community and to contribute to the socio-economic development of Egypt. The goals are: a) exposure to emerging ICT, b) community development, c) documentation and dissemination of local knowledge, d) development of research capacities, and e) illiteracy eradication. These benefits are intended to reach a wide variety of stakeholders in rural areas to help minimize and close the digital gap within Egypt's societal structure. Such stakeholders and beneficiaries are students, youth groups accessing IT clubs, local entrepreneurs, community groups, and illiterate citizens.

source: abstract from "Exchanging Debt for Development: Lessons from the Egyptian Debt-for-Development Swap Experience", Sherif Kamel and Eskandar A.Tooma, Economic Research Forum (ERF) with support from The Ministry of Communications and Information Technology (MCIT) and the Ministry of International Cooperation (MIC), 2005, p. 28-29, 31

Efficiency

7. The executive project agreement was signed on December. 24th 2009 by the Italian Ambassador in Egypt, by the Egyptian Ministry for International Cooperation (now Ministry for Planning and International Cooperation), by the Minister of Communications and Information Technology (the applicant) and by the UNDP/ITC Trust Fund (implementing agency) following the endorsement of project document by the Managing Committee in the meeting of May, 14th 2009.
8. The total cost of the project amounted to 16,527,058 Egyptian pounds, partly funded by the Debt Swap (8.26369 million) and partly by the Ministry of Communications and Information Technology (8263368).
9. The activities started in February 2010 and the financial installments were regularly paid, starting from the first tranche in January 2010 until the end of the project as scheduled in three years.

TABLE 24 - ITC PROJECT: DURATION AND FINANCIAL DATA

Date of Project Agreement	Date of project beginning (when different from the one of Agreement)	Planned date of conclusion according to the Agreement	Actual estimated date of conclusion	Total project budget	Date of transfer of the first instalment to Implementing Agency	Total amount transferred to the project at 31/12/2012	% of amount transferred out of the total project budget
24-Dec-09	1-Feb-10	31-Jan-13	31-Jan-13	\$1.477.992,24	11-Jan-10	\$1.477.992,24	100%

Source: Technical Support Unit

Effectiveness

10. The project satisfactorily achieved the expected results: (i) to innovate the beneficiary professional institutes; (ii) to enable the teachers and the administrators to use the information technologies, (iii) to provide the Institute Don Bosco, partner of the ICT Trust Fund with e-

learning support services and (iv) to promote vocational community learning centers through the same Don Bosco Institute.

11. The following activities contributed to the above results:

- Each selected school was provided with IT equipment (computers, programmes, AutoCAD and AutoDesk software for 3D project design, training material and virtual laboratories);
- Training courses were carried out for teachers and supervisors of the Ministry of Education with whom the Ministry of Communications and Information Technologies cooperates in curricula revision with the objective to turn the project into a transferable model in order to improve the whole technical and professional training system.
- A e-learning center was established in the Ministry of Education for the collection and dissemination of data on curricula and ICT;
- Professional training courses were organized for 110 teachers at the Don Bosco Center and e-curricula were developed on mechanics and electronics;
- The first digital channel in Arab language was created on “YouTube” platform with presentation of professional training courses and lessons.

Impact and sustainability

12. Through the use of ICT, the project intends to train the students with professional skills that allow them to increase their qualifications for the labour market, and thus to reduce the gap between educational system and the working environment, increasing employment opportunities for youth. Other objectives are (i) to favour excellence that can be replicated on a national scale promoting government political commitment; (ii) to support partnership between Egyptian authorities and private sector; (iii) improve the competitiveness of enterprises and the incomes of youth.
13. The project was concluded according to trimming, activities and expected results. The impact of a macro level is however difficult to evaluate as no surveys were yet made of the 10 beneficiary schools and on occupational effects on the trained students.
14. A positive aspect is certainly the dynamism of the ICT Trust Fund, an entity with very positive relations at governmental level (both in ministries and in involved governorates) and with private companies in the ICT sector and can favour the search of further funds and the continuation/extension of project in the future.

11.9 Robbiki Tannery District

Relevance

1. The project “Robbiki tannery district – waste water treatment plant”²⁰¹ is one of the most relevant project of the second phase of the Italian-Egyptian debt-swap programme. In financial terms, it is second only to the “technical and professional training pole” (15,118,163 US\$ compared to the 11,446, 642 US\$ allocated to Robbiki).
2. The project contributes to the creation of a waste water treatment plant and is part of a wider project for the establishment of an industrial district specialized in the tanning of leather equipped with innovative and environmental-friendly production systems.

²⁰¹ In English word “Robbiki Industrial Leather and Tanneries Cyty (RLC) - General Effluent Treatment Plan and Solid Waste Selection and Disposal System” (GETP&SWSDS).

3. Robbiki, the chosen area for the district is located at approximately 50 km from Cairo²⁰² will host about 484 tanneries currently located in old Cairo (Magra El-Eion) an area that suffers from lack of adequate infrastructure and high pollution rate with serious effects on the health of inhabitants and neighboring environment.
4. The transfer idea responds to a logic of improvement of social well-being with the elimination of one of the main pollution sources of Cairo, ensuring to the workers of Magra El-Eion and their families adequate living conditions and also economic opportunities because Robbiki will become the basis of a productive system articulated in small and medium enterprises, integrated by other entrepreneurial activities that will generate a consistent occupational dimension from satellite activities: production of chemicals, tanning machinery, transports, logistics, engineering, etc.
5. For the logic mentioned above, the project is supported by a strong political will by Egyptian authorities that consider it a priority of the industrial modernization programme of the country²⁰³.
6. Italy had an important role in the start and in the implementation of the project. Italy interest to work with Egypt on this project is confirmed in the "Action Plan 2009-2012" the programming instrument of the Italian-Egyptian economic and financial cooperation signed in March 2009 by the Italian Minister of Economic Development Claudio Scajola and his Egyptian homologue Rachid Mohammed Rachid²⁰⁴. In this document and in its operational follow-up, the "Joint Declaration on support and development of trade and industrial cooperation"²⁰⁵, the collaboration between Italian and Egyptian companies is promoted for the development of technological centers and logistical poles in support to the commercialization, transport and management of goods. In the same document Italy engages to continue its assistance to the requalification and technological modernization of Egyptian industrial districts including the Robbiki District and to stimulate further investments in this sense²⁰⁶.
7. Strengthening the links between Italian enterprises and the Egyptian market is motivated by the investment opportunities that positioned Egypt among the top countries in the Mediterranean region. Particularly in regards to the tanning industry, Egypt represents a supply market for raw materials for the Italian companies. Moreover, the creation and requalification of technological centers promoted by the Ministry of Industry and Trade opened the road for the involvement of companies and professional associations for the transfer of know-how, consultancies and technology finalized to the upgrade of leather sector, as well as other local industrial sectors (timber, marble, plastic and agro-food industries). It is therefore a favorable scenario for developing new synergies between Italian and Egyptian enterprises permitting a consolidation of the economic integration process between the two productive systems.
8. The first steps for the Italian-Egyptian collaboration in the Robbiki project initiated in 1997 when the *Industrial and Mining Centre* (IMC) of the Ministry of Industry and Trade signed an

²⁰² The area is situated on the Cairo-Suez Road, 54 km away from Cairo, 60 km from Suez, and 5 km respectively from Badr City and 10th-Ramadan-City.

²⁰³ Interviews with Valeria Mazzacane (UST Director), Nadia Fathalla (Ministry of Planning and International Cooperation), Said Abdel-Latif Othman (Robbiki, Project Coordinator for Ministry of Industry and Trade), Kamal Naguib Aziz (Consultant of IDA President), Carlo Milone (PISIE expert and PMU member of Robbiki project). Interviews confirmed Robbiki district inclusion into policy documents of the government.

²⁰⁴ The 2009-2012 Action Plan renew the one signed in 2005.

²⁰⁵ The Declaration has been signed during the third Italian-Egyptian Summit (19 May 2009) by Adolfo Urso, Deputy Minister of Economic Development with responsibilities for Foreign Trade, and by Rachid Mohammed, Minister of Industry and Trade

²⁰⁶ Both SIMEST and Cooperation have expressed their willingness to support and catalyze further investments in Italian area. The creation of Robbiki District has outlined the way for Cooperation agreements with Santa Croce, Arzignano, and Solfora Districts. Bank of Alex-Intesa San Paolo, another important institution, being attracted to the nascent clusters has provided its expertise for the promotion of new industrial investments by Italian companies in Egypt for the development of new financial district.

agreement with ASSOMAC, the Association of Italian producers of machinery and technology for leather to obtain technical assistance for the realization of the project.

9. In such context, ASSOMAC adopted in 1998 a feasibility study that marked the start of the creation of the tannery district²⁰⁷. From 2004 the Italian government contributed financially. In the same year the Managing Committee of the debt-swap programme allocated 162 million EGP for the “*Relocation and Development of Old Cairo Tanneries to Robbiki area*” project, later renamed “*Robbiki Industrial Leather and Tanneries City*”²⁰⁸.
10. The project, implemented in the period 2004-2008²⁰⁹ was structured around three themes: (i) the construction of necessary infrastructures (roads and electrical, gas, water and telephone connections); (ii) the creation of the Ownership Management Company; and (iii) the elaboration of a plan for the transfer of tanneries from old Cairo to Robbiki.
11. At the end of 2008, the waste water²¹⁰ treatment plant, initially foreseen, was still not completed and the launch of the II phase of debt-swap programme is an opportunity for its financing. The new project can be framed in the second priority of the programme: “transfer of technology and modernization of the industry in sectors with high social impact”.

Efficiency

12. The project was approved by the MC in the seventh meeting held in August, 13th 2010, although already in the second mission of August, 27th 2008 the MC earmarked for the project the amount of 22 million EGP corresponding to 72% of residual balance from the first phase²¹¹.
13. The implementation agreement was signed on November, 23rd 2010 by the Italian Ambassador in Egypt, by the Egyptian Minister of International Cooperation, by the Ministry of Industry and Trade (the applicant) and by the General Organization for Industrial Development (implementing agency)²¹².
14. In addition to the 86 million EGP financing (64 million from the agreement plus 22 million from the balance of the first phase), the Egyptian Ministry of Industry and Trade (MIT) committed 59.9 million EGP for a total value of 145.5 million.
15. The initial financial flow was affected by the delay²¹³ in the realization of the environmental impact assessment (EIA) which approval by the Egyptian Environmental Affairs Agency (EEAA) of the Ministry of Environment was conditional to the delivery of the second tranche of the financing (art.6.1 of the implementing agreement). The EIA was finalized in June 2012, two years after project start (01/01/2011) and therefore the payment of the 2nd tranche and the work progress were severely affected as the construction of the plant was suspended in the meantime²¹⁴.

²⁰⁷ The study analyzed the socio-economic consequences of transfer of the entrepreneurs of Magra El-Eouin and their families to Robbiki.

²⁰⁸ Amendment n. 1 to: Project Implementing Agreement signed in Cairo in August the 3rd 2004 between the Management Committee of the Debt-for-Development-Swap and Ministry of Industry and Trade (as Applicant). It concerns project n.39 included in the first phase of conversion of Italian-Egyptian Debt Program.

²⁰⁹ Initially for the first 3 years 2004-2007, the first phase of the project was extended until 2008.

²¹⁰ The main reason is related to the lack of funding that have been absorbed in the implementation of infrastructure projects in the district.

²¹¹ Remaining amount on the Phase 1 account was 29.838.825,57, in addition to Robbiki, part of the amount (EGP 7.838.825,57), have been disbursed to extent to extend the school feeding program, implemented by WFP in the governorates of Minya and Bani Swaif in Fayoum Governorat

²¹² General Organization for the Industrial and Mining Projects (IMC). During the implementation of the project the Industry Development Authority (IDA) of the Ministry of Industry took charge of the entire project through a presidential decree.

²¹³ Delay is partly due to the institutional changes that have affected the Ministry of Trade and Industry and the IDA.

²¹⁴ Concern about the negative repercussions for the purposes of the second tranche disbursement and the performance of the project are clearly expressed in a letter addressed by UST to the attention of the engineer Ismail Nagdy, President of IDA, on 16/11 / 2011.

16. Afterwards, the transfers followed a regular flow. In January 2013, the fourth tranche was transferred reaching 98% of the total allocated budget disbursed²¹⁵.
17. The construction of the plant was further delayed and its finalization passed from December 2012 to June 2013. The inauguration of the district planned for the end of 2013 should conclude the project²¹⁶.

Effectiveness

18. The objectives, as conceived in the project implementing agreement, are very ambitious and have a range wider than the specific action of the project, as they relate to the improvement of the quality and productivity of Egyptian tannery industry, of the living and working conditions of Magra El Eion workers, offering them adequate and income-generating opportunities and to the environmental situation of Cairo through the urban requalification of the most pollutes area of the town²¹⁷. In the light of the current evolution of the project it is impossible to express any judgment on these results.
19. Beside the activities linked to the construction of the waste water treatment plant, it is worth to point out few news introduced after the signature of the implementing agreement²¹⁸ and regarding the management structure and the definition of a new strategy intended to ensure a win-win approach with all the parties involved.
20. On the first point, the Steering Committee established:
- The setting up (by Prime Minister Decree) of a national coordination Committee (NCC) with the role of coordinator of all the involved ministries and Egyptian authorities and of facilitator of the project implementation through the adoption of necessary policies and authorizations.
 - The re-establishment of the mixed structure of the Project Management Unit (PMU) initially conceived as a joint structure but replaced during the period 2006-2009 by IMC for the control and management functions. To guarantee the independence of the same, it was decided to return to the initial concept of Egyptian-Italian co-management with an expert specialized in training and technical assistance in the leather sector coming from the International Polytechnics for industrial and Economic Development (PISIE).
 - The setting up of a Technical Office (TO) to assist the PMU in the coordination of SC, NCC and PMU.

The project management structure is summarized in the figure below.

²¹⁵ Italian-Egyptian Debt Swap Programme, Trimestral progress report, January 2013.

²¹⁶ Interview with Said Abdel-Latif Othman (Robbiki Project Coordinator for the Ministry of Industry and Trade) and with Kamal Naguib Aziz (Advisor to the IDA president).

²¹⁷ The objectives set out in Annex I of the project document, p. 5) are as follows: (i) Improvement of the environmental, health and social conditions of Cairo Governorate (ii) Improvement of the quality and the INCREASE of the production of tanned leather with the target of 250 million sq ft / year in 2017, for the export market, (iii) Allowing the Egyptian leather industry to become competitive in the world market, (iv) of the polluting effluent treatment and reuse of treated waters for irrigation purposes.

²¹⁸ Reunion of SC of 30 November 2010.

FIGURE 17 – MANAGEMENT OF ROBBIKI TANNERY DISTRICT PROJECT



21. On the second aspect, the parties involved, IDA in the first place, adopted an approach compliant with the new socio-economic study carried out in 2006 by the joint team ASSOMAC-IMC to update and adjust the considerations and financial estimations of the first ASSOMAC report of 1998²¹⁹. The new approach pays particular attention to the workers transfer from Magra El-Eion to Robbiki that in the period 2007-2010 was reduced in the scale of priorities to collateral activity of the Robbiki industrial zone construction plan²²⁰.
22. As from 2011, the transfer takes a more significative dimension and IDA decided to promote the active participation of Magra El-Eion workers with the scope to sensitize them on the project and stimulate a voluntary transfer in order to adequately satisfy their needs.
23. The active involvement of enterprises takes the form of “One Stop Shop”, an information office within the PMU in charge of the relations with the workers in regards to their transfer with the activation of an incentive mechanism to push them to leave Magra El-Eion.
24. The reward mechanism, approved by ministerial decree was defined on the response of a questionnaire addressed to workers, foresees different options and incentives among which monetary compensations, the right to acquire land and new machinery, facilitations for housing and transport.

²¹⁹Project of Relocation and Development of Tanneries in Robbiki Area”, Authors: Joint Technical Team (JTT) Team of Experts of ASSOMAC SERVIZI SRL & IMC (tech.), May 2006

²²⁰Assessment Report “Robbiki Industrial Leather & Tanneries City”, August 08, 2011, PISIE Ref. 11018, Report Code n° 1108081600/11018/cm, p. 8, edit by Carlo Milone.

25. The PMU recently distributed and received the application forms for the transfer in order to identify those that will move to Robbiki. A manual is currently prepared to define rules and procedures for the transfer²²¹.

Impact and sustainability

26. The Robbiki tannery district is a very ambitious project for the overall activities and for the global financial amount of 5.5 billion Egyptian Pounds.
27. The district is not active yet and this makes impossible the evaluation its impact on economic growth and social well-being of the country.
28. Independently from its future outcomes, we can affirm that the project, for its strategic dimension represented an opportunity to consolidate the institutional partnership between Italy and Egypt. The decision to support it is perfectly in line with debt-swap programme founding principles that from one side intend to support the development priorities of Egyptian government and from the other side wish to strengthen the relations between the two countries in a perspective of mutual benefits and reciprocity of interests.
29. For Egypt it means the possibility to learn from the Italian successful experience on industrial district model, made available by the transfer of technology and know-how (technical assistance by SDDOMA, PISIE and the cooperation agreements with Italian industrial districts). In the next months, the Cairo office of the Italian Foreign Trade Institute (ICE) envisages to organize seminars to promote contacts between Italian professional associations and Egyptian tannery enterprises and facilitate the purchase of modern equipment and technology (insurance, loans with SACE and Alex Bank of SanPaolo group) and exchange of competences. To these seminars will be invited Italian experts of the sector to disseminate Italian best practices in the field of environmental management technologies with specific reference to waste water disposal and management. Moreover, there will be the opportunity to benefit from Italy comparative advantage; the Robbiki district is attracting other investors such as the Alex Bank, Intesa SanPaolo that made available to the development of the district its financial expertise for the promotion of new industrial investments by Italian companies in Egypt.
30. From the Italian side, the initiatives took into account the interests and potential returns for the Italian system. The creation of productive links between the two systems can generate economic and political opportunities, as recognized in several Italian-Egyptian inter-ministerial meetings (as reported in paragraph 6).
31. The Robbiki district will represent, when completed, an application of industrial ecology and an example of productive area sustainable management. The strong will of the Egyptian political authorities, the established relations with Italian counterparts and the consensus achieved with Magra El-Eoin enterprises are a solid basis for the new district. Another important role for its sustainability is played by the socio-economic relations at local level. In this respect, the capacity to provide employment opportunities and basic services to all the workers and their families that will move to Robbiki. The Governorate of Cairo started to build housing with 10,000 apartments to be sold or rented, and a bus line between Cairo and Robbiki to be strengthened with start of production, foreseen in January 2014.

²²¹ "A Handbook for the relocation of tanneries from Megra Eloioun to the new site at Robbiki Leather City is being prepared to help tanners during the relocation process. The manual answers the most common questions of tanners. It gives them information about their needs and how to satisfy the demands of moving to new place. It points also to responsible persons to help. The manual concerns with the following items: 1- Credits for machinery and credits for operation. 2- Housing: new apartments for workers. 3- Public Transportation. 4- Technical Assistance. 5- Feasibility Studies for new tanners. 6- Business plans. 7- Suggested Layout for new tanneries. 8- Training: for trainers as well as for workers. 9- List of Machines and updated price list. 10- List of Manufacturers and suppliers", p.7, see above

11.10 Support to environmental protected areas (SEPA)

1. The project is the continuation of a complex programme financed by the Italian bilateral cooperation, the Egyptian-Italian Environmental Cooperation Programme (EIECP) phase 1 and phase 2 to ensure the sustainability of the results in view of a phase 3. In this respect, it can be considered as a bridging project with defined objectives but limited and strictly connected to the preceding and forthcoming phases of EIECP.
2. The SEPA project is designed to work in synergy with UNDP/GEF “strengthening financing and management of protected areas” project. The later project started in 2011; therefore SEPA will have to verify in its initial phase, the alignment with complementary activities.
3. UNDP SEPA project will provide the means to the Egyptian Environmental Affairs Agency (EEAA) of the Ministry of Environment for the effective management of the following protected areas (PA) : Siwa, Salloum, Wadi el Rayan and the National parks of Gilf Kebire Wadi Gamal. The strategy of the project is based on assisting these five areas in their adequate management. The general objectives are (i) to consolidate the results achieved in the first and second phases of EIECP; (ii) to build on lessons learnt; (iii) to promote complementarity and synergy with other experiences carried out in the same sector. The specific objectives are: to improve management capacities in the selected areas, to contribute to the protection of the environment and cultural heritage and to sustainable development of local communities, and to strengthen the hosting structures upgrading them to first class structures.

Relevance, efficiency, effectiveness and sustainability

TABLE 25 – SEPA PROJECT: DURATION AND FINANCIAL DATA

Date of Project Agreement	Date of project beginning (when different from the one of Agreement)	Planned date of conclusion according to the Agreement	Actual estimated date of conclusion	Total project budget	Date of transfer of the first instalment to Implementing Agency	Total amount transferred to the project at 31/12/2012	% of amount transferred out of the total project budget
1-Sep-12	1-Dec-12	30-Nov-14	30-Nov-14	\$1.967.391,64	12-Nov-12 ⁽¹⁾	\$264.044,35 ⁽¹⁾	17,56% ⁽¹⁾

Source: Technical Support Unit

(1): The first instalment was transferred to EEAA of the Ministry of Environment (Applicant) but as at 17 May 2013 it was not yet received by the Implementing Agency (UNDP)

4. The environmental sector has a great importance for the Egyptian government and for the country development. The Italian-funded EIECP addressed several aspects: legislation, organization, administration, cultural heritage management, environmental management capacity building. In particular, adopting the capacity development for environment (CDE) principles promoted internationally by UNDP and British cooperation in the 90's, Italy made a commitment to assist the EEAA and particularly its Nature Conservation sector (NCS)²²². From 2005, UNDP in partnership with EIECP assisted EEAA in the creation of several protected areas preparing and enforcing the management plans. Is therefore timely and appropriate to ensure the sustainability of results of the preceding bilateral initiatives with the purpose to assist Egyptian efforts to develop a National sustainable development strategy (as requested in chapter 8 of Agenda 21 agreed in Rio in 1992 to be reached by 2005).

²²² Nature Conservation Sector is one of the five institutions of EEAA and it is responsible for the management of Protected Areas (PA), dealing with the implementation of measures for the preservation and enforcement of environmental law in PA.

5. This project was approved in September 1st, 2012 and was due to start in December, 1st 2012 following the transfer of the first tranche occurred in November 12th on the account opened by the Ministry of Environment.
6. Despite six months elapsed from the transfer, the Ministry of Environment did not transfer the amount to UNDP as foreseen in the agreement. Contradictory information was given to the evaluation team for the missed transfer. The Ministry of Environment indicated the cause in the wrong account on which EIDS²²³ made the transfer, which is puzzling because the later operates the transfer only after obtaining the account number from the beneficiary. UNDP assumed that the delay is due to the complex institutional and security situation in the protected areas, for which several agencies and ministries are responsible and where access requires the agreement of National Security²²⁴. The frequent turn-over of ministerial referees after the 2011 events is partially responsible for delayed transfers of funds from ministries²²⁵, a common situation in the projects implemented by international organizations²²⁶.
7. Such delays question the efficiency of the system when the applicant is a ministry and the implementing agency²²⁷ is an international organization and highlight the problem of the feasibility of such mechanism in the implementation of the third phase of the programme.
8. After having been in the condition to start the activities, UNDP will have to revise the work plan and adapt the activities that envisage synergies and complementarity with GEF-funded project, started already in 2011.
9. The sustainability of project actions remains dependent on funding from the third phase of EIECP. The possibility of self-financing of protected areas management, the objective of the UNDP/GEF, remains a distant possibility, then after the end of SEPA project.

²²³ Interview with Gen. Hany, Head of Central Department for International Cooperation.

²²⁴ Interview with Amany Nakhla, UNDP Program Analyst.

²²⁵ Interview with Italian Director of TSU, Valeria Mazzacane. During the mission the ministers have changed.

²²⁶ Other Projects are: "IMIS: Managing Migration" implemented by OIM; "Green Trade Initiative" implemented by UNIDO; "Craft Skills Development and Improvement of Economic Condition of Women in Upper Egypt" implemented by IAM (Bari).

²²⁷ Green Trade Initiative (implementing agency: UNIDO), Integrated Migration Information System (IMIS) III (implementing agency: IOM).

12. Comparative analysis with other debt-swap programmes

12.1 Comparison with debt-swap in Ecuador

EVALUATION QUESTIONS:

In terms of effectiveness, impact and sustainability of debt-swap mechanism (financial and institutional architecture, procedures, implementation arrangements, results), what lessons can be learnt from Italian experience in other countries (the case of Ecuador)?

What indications can be drawn from the experience of other creditors (France, Germany, Switzerland) in Egypt?

1. Box 7 describes an example of debt-swap programme (the **Italian-Ecuadorian Fund (IEF)** implemented by DGCS. In this case the comparison with the Egyptian programme is difficult, mainly because the amount of the Ecuadorian one is less than one tenth of the one in Egypt.
2. IEF objectives are explicit in the agreement; projects are selected by Calls for Proposals and their compliance with IEF objectives and on criteria of efficiency, effectiveness, impact and sustainability. Monitoring was very effective, based on a Technical Secretariat structure similar to the TSU but relying at best on eight technical experts and adequate logistic support.
3. A major difference is the fact that in Ecuador the eligible beneficiaries were the local governments, the communities, local NGO and foundations, international NGO and international organizations, in coherence with the government decentralization policy pursued during the formulation of IEF that came in support to it. So, the Ecuadorian central administration institutions were not eligible to the financing, giving a strong sign of support to decentralization process. In Egypt, despite a development cooperation and economic internationalization programme was already in place and focused on development of local governance and involving regional administration and local authorities in the Balkans and the Mediterranean region, the process of decentralization is not well advanced compared to Morocco. In practice, it is a deconcentration form where local governments – governorates, districts (Markaz), villages, cities and in the case of big towns like Cairo, Giza and Alexandria, the quarters – are administrative units expression of central government and of single ministries with intervention capacity limited by insufficient financial resources²²⁸.
4. The fundamental role of the decentralized or “territorial” in recent years cooperation in support of policies contrasting social disparities is a specific approach promoted by Italy in recent years as stated in the programming guidelines of Italian development Cooperation for the period 2013-2015²²⁹ and recently reminded by deputy-Minister for cooperation Lapo Pistelli in the UN economic and social Council held in Geneva in July 2013: “*Democratic decentralization must be a powerful instrument to fight against poverty and promote local development*”. On the strategic plan, the absence in the first and second phases of the programme of specific reference to supporting or involving regional administrations and Italian local authorities must be underlined.
5. On the operational plan, in Ecuador, the projects implemented by local governments, local communities, NGO and foundations had to establish steering and management structures where final beneficiaries were represented.
6. IEF strategy, initially marked by the strong support to decentralization, was later affected by a new government that conducted a strong centralization policy. This policy and procedural

²²⁸B. Cugusi e A. Stocchiero (2004), “Decentralization and democratic governance at local level in the neighborhood policy”, CeSPI, Rome; J. Boex (2011), “Democratization in Egypt: The Potential Role of Decentralization”, *Policy Brief*, Urban Institute Center on International Development and Governance, Washington D.C., February.

²²⁹ DGCS-MAE (2012), Programming guidelines of the Italian Development Cooperation in the three years from 2013 to 2015, Rome, Italy, in December.

divergence ended with freezing the balance and the last call for proposals²³⁰ and reducing the project relevance for the Ecuadorian government.

7. IEF has however created capacity at local level for the planning, the work eighth result-based approach and the project monitoring, but at the moment there are no indications that these capacities have been assumed by the government as tool for the activity management. IEF strategy and methodology are very similar to those of Government Prior Programmes as for example Plan Ecuador, but this does not favour the sharing of good practices because of the political criticism against IEF.
8. Sustainability of the Programme actions is considered to be high, because of the strong entrenchment and the sense of belonging to the programme, which is common to the project partners. The sustainability of the Programme approach in the context of the national programming could not be insured by the government (that is showing a very low interest about).
9. A comparative analysis between IEF and IEDS shows the sensitivity of this tool to the partner government policies and the need to root the actions in the country's social and administrative structure to ensure its sustainability.

Box 7 – the Italian Ecuadorian Fund (IEF)

The agreement for the IEF was signed on March, 22nd 2003. The agreement established the amount of the fund in 30 million US\$, its objectives, the managing structure, the type of projects and the financial control.

The IEF general objective is the **reduction of poverty**. Its specific objective is to **allow poor population to participate to productive development and to access basic services in a sustainable manner**.

The projects were co-financed up to 700,000 US\$.

The cancellation of debt is made when the debt installments (including interests) are deposited on a counterpart fund (CPF) in an international commercial bank. The procedures are defined in the IEF regulation signed on May, 20th 2005.

The Direction is represented by a Committee with the Ecuadorian Minister for Foreign Affairs and the Italian ambassador while the management structure is composed of a Technical Committee (TC) in which participate the Director of the Ecuadorian cooperation agency, the representative of DGCS, of four ministries, of the local governments organization and of two civil society organizations including one representing the indigenous communities.

The TC is assisted by a secretariat led by an Ecuadorian Director and by an Italian one. The secretariat is composed by two units; a technical one and a financial one. The costs of the national staff and logistics are paid by the CPF. The Italian director and experts are paid by DGCS with a grant. The secretariat costs represented in 2012 11% of CPF paid with the interests earned by the CPF. The project selection is made through Call for Proposals.

Technical, financial and management procedures are regulated by a manual that also defines the project management structures. The beneficiaries are local governments, communities, NGO and foundations and international organizations although the later did not submit any project. The project concepts are evaluated by independent experts, confronted with a priority list and ranked. Best ranking projects are selected up to allocated funds utilization.

²³⁰ Ecuador's government demanded that the balance of the fund went to a project submitted by Ecuador Plan for the area near the Northern Frontier with Colombia, that is a political sensitive zone, which its development was a priority for the government, without organizing a fourth call for proposal. Italia Cooperation opposed because Plan Ecuador was a central governmental organization, thus inadmissible; moreover the project budget exceed the financing maximum threshold of 700.000 \$

Selected projects have then six months to prepare and submit a final project document inclusive of socio-economic and feasibility studies. In the fourth call project formulation can also be financed for those applicants not having the capacity to comply with the project quality requirements to assist them in the necessary participative approach in the identification of beneficiaries, in the technical and socio-economic studies and in the identification of indicators.

The TC secretariat controls the quality of consultants requested for such tasks. The project documents are again evaluated by independent experts based on standard evaluation criteria.

At the end of the selection process, the technical and financial managers of selected projects participate to a seminar organized by the secretariat to illustrate the programme and the technical and financial procedures,

The Secretariat experts are responsible for technical and financial monitoring for which the technical experts have to visit the projects at least every three months for compilation of questionnaires for assessing the progress in the work plan, the quality of works, the effects on beneficiaries. The problems arising and the solution to overcome them. The formats for financial monitoring are very similar to those applied in the debt-swap programme in Egypt.

Capitalization meetings for the exchange of experiences were promoted by thematic areas (cocoa and coffee producers, fair trade, micro-credit, etc.) and IEF organized events in neighboring provinces where projects can present their experiences and display their products. Such sharing events, missing in the debt-swap programme in Egypt, represent important coordination mechanisms between projects of the same programme.

12.2 Comparison with other debt-swap programmes in Egypt

10. Beyond the experience of Italian debt-swap programmes, it is useful to compare the Italian-Egyptian debt-swap model with those implemented by other European countries creditors that also addressed the debt-swap in Egypt. In particular, as mentioned in section 4.1, four countries concluded bilateral agreements in that direction: **Belgium, France, Germany and Switzerland**. The Belgium experience is currently being negotiated with Egyptian authorities, and is not possible to draw any useful indications for a comparative analysis.

11. In the case of France, two agreements were concluded. The first one was signed on 30/3/1994 for the amount of 58 million French francs (FF) that represented the debt due for the period from 1/4/1994 to 1/1/1998. This amount in local currency was transferred in a social development fund (SDF) for the financing of development projects. The second agreement was signed on 1/5/1999 for the amount of 300 million FF (45 million Euros). This agreement was used by the French Ministry of Economy and Finance to launch a call for proposals for the realization of investment projects previously approved by the Egyptian authorities. The total allocated is 39.8 million Euros²³¹.

12. Germany signed a debt-swap bilateral agreement with Egypt on 15/11/2001 for a total amount of 204.5 million Euro corresponding to the debt installments due for the years 2002-2016²³². 50% of this amount has been used to finance poverty reduction projects and the other 50% as **budget support**, therefore transferred directly to the Ministry of Finance account. The agreement was implemented through 8 successive agreements between 2002 and 2011. In the last one, for example 3.3 million Euros were allocated to the Global Fund for the fight against AIDS, Malaria and Tuberculosis. In 2011 Germany announced the intention to finance a new debt-swap different from the previous one, without budget support component²³³. To date, the agreement has not been signed yet.

²³¹ <http://www.tresor.economie.gouv.fr/File/382669>

²³² Ministry of Finance of Egypt website.

²³³ Interview with Hans Hammann (Head of Cooperation at the German Embassy in Cairo) and with Jens Mackensen (Director of KfW, German Development Bank at the Ohio headquarters).

13. The Swiss experience²³⁴ started in 1996 and ended in 2009. The cancelled debt has been 150 million Swiss francs (SF) (121 million Euro and 155 million US\$ at the current exchange), comparable to the second phase of the programme. Such amounts have been destined for 40% to budget support to the **Ministry of Finance** and for **60% to the Egyptian Swiss Development Fund**. For the later, the funds, 90 million SF or 265 million EGP, were accredited in a commercial bank maturing interests and bringing the capital from 265 to 665 million EGP.
14. Among the mentioned experiences, the Swiss has similarities with the Italian debt-swap; for example, the **opening of a counterpart fund** and the **setting up of a fund management and supervisory structure**. This was composed by a bilateral committee and a technical committee, assisted by an **executive secretariat (ES)** of the fund acting as a coordination unit for the projects. The bilateral committee, like the Italian one, is the main decision-making organ with the ministry of international cooperation for the Egyptian part and the Ambassador for the Swiss government. The technical committee is a consultative organ which members represent 7 entities: the Egyptian ministry of international cooperation, the Swiss Embassy, as well as organizations selected according to the thematic area of intervention: the National Council for Childhood and Motherhood, the Social Development Fund, the Egyptian Environment Federation and Alexandria Business Association.
15. Beside these organs, the ES had similar tasks to the TSU assisting the bilateral committee in the preparation, selection and monitoring of the approved projects including in the technical assistance to promoters. Operational costs represented 12.5% of the CPF, partially devoted to evaluation and audit. Each project had to include in their budget the costs of mid-term and final evaluations. ES staff, initially limited to eight was incremented to 42 persons during projects implementation (15 project managers, 7 financial analysts and 20 administrative officers) with 37 total staff by the end of the programme²³⁵.
16. Another difference concerns the actors that in the case of the Swiss programme were limited to **representatives of civil society, the only eligible candidates** to receive funding. In such context, the programme promoted the creation of groups of organizations with an NGO or civil society organization acting as umbrella organization and around which other smaller gathered and benefitted of on-the-job training. The role recognized to NGO justified the presence of civil society organizations in the consultative organs mentioned above.
17. The Egyptian Swiss Development fund (ESDF) financed 91 projects in 21 governorates benefitting more than 2700 individuals and 265 families in four thematic areas: (i) environment (51%) – including water and sanitation, water supply, solid waste management, environmental awareness, (ii) job creation and income-generating activities (24%). (iii) basic education (12%), (iv) basic health (10%) and capacity development of NGO and CSO as a cross-cutting sector (3%).
18. The table below provides a synthetic picture on shared elements and main differences between the Italian and the Swiss debt-swap programmes.

TABLE 26: COMPARISON BETWEEN SWISS AND ITALIAN DEBT-SWAP PROGRAMMES

Common elements	Differences
	Budget support component Switzerland: 40% of funds object of the debt-swap agreement were transferred directly in the account of the Egyptian Ministry of Finance to support public budget.

²³⁴ Information was taken from the following texts: S. Kamel and E. A. Tooma (2005), Exchanging Debt for Development: Lessons from the Egyptian Debt-for-Development Swap Experience, Economic Research Forum (ERF) with support from The Ministry of Communications and Information Technology (MCIT) and the Ministry of International Cooperation (MIC); ESDF (2010), Change is Possible, Egyptian Swiss Development Fund, 1996-2009, and also from the interview with Iman Radwan, Senior Programme Officer among the Swiss Agency for Development & Cooperation

²³⁵ ESDF (2010), Change is Possible, Egyptian Swiss Development Fund, 1996-2009,

Opening of a counterpart fund (CPF) where the installments of the debt object of the bilateral agreement with Egypt were accredited in local currency.	Reference bank: Switzerland: the CPF was opened in a commercial bank (Commercial International Bank) that allowed to increase the initial amount from 265 to 665 million EGP tank to earned interests. Italy: The fund was opened in the Egyptian Central Bank to guarantee government supervision and the security of funds allocated to projects.
Establishment of ad hoc structures for the management and supervision of the fund with a joint bilateral committee (main decisional organ) and support organ - the Executive Secretariat (ES) in the case of the Swiss programme and the Technical support unit (TSU) for the Italian one.	Presence of a consultative organ Switzerland: beside the bilateral committee, a technical committee was created with consultative and facilitation (between BC and ES) functions and with the participation of Egyptian civil society organizations. The support unit Switzerland: The ES. initially composed of 8 units was strengthened to 42 staff during the execution of projects with a budget of 12.5% of CPF (larger than the Italian-Egyptian one)
Selection process in two phases: identification of project proposals and approval of project documents.	Eligible entities Switzerland: NGO (Egyptian and not). Italy: public institutions, International organizations, Egyptian and Italian NGO (III phase)
Destination of transfers from CPF to development projects in defined thematic areas	

19. Lessons learnt from the Swiss programme include: the effectiveness of the debt-swap instrument to finance development activities; the necessity to keep flexibility and to include technical assistance and to invest on it; the importance of beneficiary and implementing partners participation in the identification and formulation phase; the adaptation of technologies and approaches to the specific context of concerned communities; the importance of co-financing and the attribution of a cost to the services provided by the projects to favour beneficiary ownership; the identification of micro-credit and professional training to promote income-generation and the importance of technical assistance to maximize the impact: the opportunity to add value to the local currency deposit in a commercial bank to pay for technical assistance costs of the ES. And last the choice to target, in the Swiss case, projects directly linked to poverty reduction that facilitated the impact evaluation.

20. In the contrary, the Italian-Egyptian programme showed stronger empowerment and ownership of the partner, a positive impact on bilateral relations, better repeatability of actions within the Egyptian administration for the project budgets and for their integration in the Egyptian ministerial strategies.

12.3 The evolution from phase I to phase II of the Italian Egyptian debt-swap programme

EVALUATION QUESTIONS:

What indications come from the first phase?

Is the second phase better than the first one and for what and why?

21. Together with indications arising from the comparable debt-swap experiences of Italy elsewhere or of other creditors in Egypt, the comparison with the previous phase can bring evaluation findings. In its first phase, the programme established the basis for an innovative development assistance approach that allowed the intensification of relations between Egypt and Italy. Beside the direct results and benefits linked to the reduction of debt and the implementation of

development initiatives, the first phase generated meaningful positive externalities at political, institutional and technical levels²³⁶.

22. Among political and institutional externalities, we can remember:

- A strong sense of ownership of the programme by Egyptian partners ensured by the active participation expressed on two levels: (i) the direct contribution to programme financing (the financial resources corresponding to cancelled debt come from the Egyptian Central Bank and are deposited in a local currency counterpart fund fully dedicated to the programme; (ii) the involvement of the management and control organs: the Management Committee (MC) and the Technical Support Unit (TSU).
- The programme raised the Egyptian government attention on issues not previously considered, such as the role of ICT in rural development, the emphasis on environmental affairs and particularly on water resources.
- The programme tried to favour inter-institutional dialogue, the organization of contacts between Italian and Egyptian NGO, the instrumental dialogue for boosting potential partnerships among different actors (governmental and international agencies, NGO, Italian institutions and non-State actors).
- The success of some initiatives enhanced the participation of other donors and government investments.
- Public Administration and civil society benefitted from know-how transfer, through capacity building actions and private sector was marginally advantaged in terms of improved opportunities and access to export market.
- The joint management of projects was a real Egyptian-Italian partnership.
- The Italian cooperation role is increased, proposing itself as a catalyst and facilitator of Italian initiatives coherent with the principles stated in the international Heavily Indebted Poor Countries -HIPC initiative of 1996 and 1999 and the Multilateral Debt Relief Initiative -MDRI- of 2005 on additionality of debt relief financial resources.

23. The most relevant technical externalities are:

- The flexibility of the programme, where dialogue and participation in negotiation are enhanced in project selection phase where MC and TSU discuss the most interesting proposals in order to improve and steer them towards their approval and their implementation, overcoming problems in a constructive effort. Flexible is also the administration of CPF its local management is smoother than through the bilateral cooperation channel.
- The programme provided an important contribution to build the capacities of implementing agencies, at ministerial, governmental institutions and NGO levels; improvements were registered on training of project managers, in the project procedures and in the application of result-based management.

24. Beside the positive effects in the first phase, critical points also emerged as follows²³⁷:

- Weaknesses in project design, in the elaboration of logical frameworks and in the identification of SMART indicators. In the initial phase of the programme, the selection of projects was made in a hurry with insufficient quality assessment creating problems

²³⁶ Considerations taken from: "New perspectives for the Development Co-operation, a success story: the program of the Italian-Egyptian Debt Conversion", Samir Radwan and Giovanna Santaniello, Dina Shaaban, 2008; "Italian-Egyptian Debt for Development Swap Program", Second Mid-Term Review, Final Report, 26 April 2006.

²³⁷ Italian-Egyptian Debt for Development Swap Program, Second Mid-Term Review, Final Report, 26 April 2006, p. 13.

afterwards during their implementation for the need to keep the coherence with the initial proposal.

- The absence of guidelines able to provide strategic vision to the programme and an orientation on eligibility and selection criteria of projects.
 - The presence of mismanagement and bottlenecks in the transfer of funds from the CPF to the projects because of long administrative procedures in the approval by the Ministry of Finance and/or Planning.
 - Frequent delays in project activities compared to the established timetable.
 - The debt cancellation procedure that negatively affected the programme overall efficiency because the cancellation is formalized when the Egyptian Central Bank allocate the funds to the CPF and not when the funds are effectively transferred to project accounts and spent for project beneficiaries.
 - Another limitation in terms of effectiveness was the thematic and geographic diversification leading to a situation of fragmentation and dispersion of resources that did not allow to reach a sufficient critical mass to generate a meaningful impact on the country general conditions in reference to specific thematic intervention area.
25. Already during the implementation of phase I, there has been a net improvement thanks to the setting up of TSU foreseen in the bilateral agreement to assist the Managing Committee and made operational from July 2003. With TSU technical assistance to projects was activated and project preparation rules and procedures as well as technical and financial monitoring were defined.
26. The second phase agreement maintains substantially unchanged the design, the logic and the objectives of the intervention but addressing few critical points emerged during the first phase.
27. In the first place, it introduced improvements in programme management: the formal recognition of TSU role (art. 3), the articulation of procedures in regards to project selection, progress and financial control (art. 5), the possibility to mobilize expertise for technical assistance and capacity building in project formulation (art. 4.2) altogether helped in making the programme more structured²³⁸.
28. The control and monitoring role of TSU evolved in the project accompanying function improving the overall programme effectiveness and efficiency despite recurrent delays often the consequence of external factors or weaknesses in the formulation.
29. The programme structuring process had a sudden stop between the end of 2009 and 2010 in correspondence with the spending review and management cuts in DGCS. A systematic monitoring plan for the programme formulated by TSU and a communication strategy were not financed and the TSU Italian director position was not renewed for six months.
30. Other modifications were introduced in the transition from the first to the second phase and concerned the cancellation of debt and the funds delivery mechanism. In the second phase, the mandate for the disbursement to projects was assigned to the MC without the prior approval by the Ministry of Finance; deleting this passage has greatly improved performance and timeliness of payments more in line with planned schedule²³⁹. Moreover, the agreement fixed a deadline for the disbursement of the first tranche within 30 days from the signature of the implementing agreement (art. 5.5).

²³⁸ As mentioned in the Chapter on the logic of the Programme

²³⁹ Interview with Valeria Mazzacane, UST Director. Considerations shared also during many others interviews with several projects manager as with Bassem Saroufim, SER project manager for COSPE NGO.

31. For the cancellation mechanism, debt is suspended by the Ministry of Economy and Finance when the funds are transferred to the CPF and cancelled when they are effectively transferred to the projects accounts.

13. Conclusions

1. Based on the results of the evaluation analysis, a conclusive synthesis is proposed hereafter to briefly describe the programme main features and present in a matrix the strengths and the weaknesses specific to the programme referring to adopted evaluation criteria.
2. In particular, we refer to the programme level logical framework, to the five standard criteria (efficiency, effectiveness, impact, sustainability and relevance), to the sustainability of the programme institutional setting, to the coherence with the Italian development cooperation policy and with the Egyptian policies and strategies and with the community of actors involved and with the comparative analysis.
3. Such conclusions aim at strengthening the programme pointing out strengths and weaknesses on which to build the future strategy and ensure the programme to meet the requirements of the context with its design, organization and competences. The conclusions translate the results of the second phase in terms of learning and orientation of the programme itself and of other initiatives elsewhere (external validity).

13.1 Logical framework

Strengths	Weaknesses
<ul style="list-style-type: none"> • The coherence of the programme internal logic at the level of general and specific objectives; • Continuity of objectives over the three phases; • Negotiation and reciprocity as founding basis of logic and operational mechanisms • Increased structuring and complexity of the institutional frame in the second phase with the TSU. • Primary attention to Egyptian ownership in all the phases; • Further emphasized in the agreement for the third phase. 	<ul style="list-style-type: none"> • Not every project is fully coherent with the programme logic and objectives; • Lack of structure in charge of technical monitoring and capitalization; • Lack of coordination, exchange and information between projects with effects on internal coherence of intervention; • No agreement nor participation of elected assemblies and civil society in decision-making; • The programme evolves in the phase III towards a reduced institutional setting quitting joint management in favour of Egyptian ownership.

13.2 Relevance

Strengths	Weaknesses
<ul style="list-style-type: none"> • The joint negotiation process favoured the alignment of the programme with national planning strategic priorities; • The general and specific objectives take into consideration the development and poverty scenarios as a reference context of the intervention; • The programme demonstrated good adaptability to the difficult current national context, maintaining high relevance at national level; • The degree of coherence, coordination and complementarity with other Italian cooperation initiatives is high as many ongoing projects worked along or inside the programme, consolidating synergies. 	<ul style="list-style-type: none"> • In some cases we can point out a reduction of relevance due to the changing economic and institutional situation to which the programme cannot respond with adequate means; • A proper project coordination mechanism is not in place; the links and relations are mostly through informal channels; the same occurs with other donors with risks of vulnerability and non-sustainability.

13.3 Efficiency

Strengths	Weaknesses
<ul style="list-style-type: none"> • The MC internal negotiation process allowing the Egyptian government to approve its priority projects and the Italian cooperation to take into account its priority thematic areas; • The Egyptian ownership of the selection process; • The flexibility in the selection of projects; • The contribution to bilateral relations; • The potential adaptation capacity to changed requirements of the Egyptian government and of the Italian cooperation; • The programme has the capacity to mobilize technical assistance, through TSU to assist the candidates to formulate the project documents; • The TSU capacity to support candidates during the project formulation and implementation • Technical monitoring and financial control of projects. 	<ul style="list-style-type: none"> • Project selection is not based on competitive ranking based on their contribution to the programme objectives, on proposed innovation, efficiency, effectiveness and sustainability and neither on predefined criteria; • Insufficient formulation capacity by Egyptian institutions and administration; • The formulation does not foresee the obligation of using a participatory approach with final beneficiaries and partners; • The lack of partners involvement in the formulation lead to misunderstandings and lack of interest causing delays; • The indispensable role of TSU in project formulation to assist candidates, mainly ministries and public entities; • The project dispersion makes the impact evaluation difficult; • Delays in project implementation and thus on funds disbursements (at April 2013 it was 49%); • Missing technical monitoring system able to warn and prevent problems and delays. • Long administrative procedures involving other ministries (Finance, Social Security) that delay the transfer of funds from programme to projects causing implementation delays.

13.4 Effectiveness

Strengths	Weaknesses
<ul style="list-style-type: none"> • The programme identifies its objectives with those of the sixth Plan 2007-2012 and with the government reform agenda strengthening ownership of Egyptian institutions; • Over 90% of initiated projects do not have problems to totally achieve the objectives; • The TSU was effective in assisting projects in , requesting extensions, reformulating activities and integrating technical assistance; • The TSU is well acquainted with the programme dimension, with its objectives and provides a target support to projects for their success; • Improvement of the relations and cooperation among public and private Egyptian and Italian partners. 	<ul style="list-style-type: none"> • Some of the programme objectives were not explicitly specified to all the partners; • Strong dependence on policy changes and turn-over among ministerial referees; • Difficulty to establish links between project and programme objectives; • Two projects have problems that put at risk their objectives; three projects are not yet approved and need reformulation; • Projects often requested TSU assistance to overcome problems, request extensions or partially modify the activities; • The programme dimension is weak; the projects don't feel involved in the programme and have relations only with TSU. Project networking activities were not followed for the lack of interest by projects themselves.

13.5 Impact

Strengths	Weaknesses
<ul style="list-style-type: none"> • Meaningful contribution to strengthening of bilateral relations, strong visibility for Italy and opportunity to enhance coherence, alignment 	<ul style="list-style-type: none"> • Thematic and geographic dispersion of the interventions with consequent poor visibility and measurability of impact/changes in regards

<p>and coordination with Egyptian and other donors policies and strategies;</p> <ul style="list-style-type: none"> • Positive capacity building actions with good results at departmental level, in the public institutions, in civil society, implementing NGO and economic actors involved in the interventions. 	<p>to sustainable socio-economic development and poverty reduction;</p> <ul style="list-style-type: none"> • The programme did not valorize the wide network of relations built and consolidated with programme and project stakeholders; • The empowerment of programme vision and culture was not favoured among project stakeholders; • The objective of strengthening institutional capacities was limited by the lack of coordination and capitalization between projects.
--	---

13.6 Sustainability

Strengths	Weaknesses
<ul style="list-style-type: none"> • Sustainability is favoured by the high degree of coherence and relevance with respect of National policies and planning from one side, and from the other side by the coherence coordination and complementarity with the rest of the Italian cooperation in the country and with actions financed or managed by other cooperations; • Another sustainability factor is the frequent integration of the financed projects in the Egyptian administration and in the communities; • The general appreciation of the programme by the partners. 	<ul style="list-style-type: none"> • The poor programme dimension widely perceived as a financing instrument rather than a programme with its own objectives; • Sustainability risk for the interventions at the end of external funding with possible pulverization; • The strong dependence of the programme on the changes in the national policies in terms of political-institutional, socio-economic and technological sustainability; • The low sustainability of the institutional set up on which the programme rely.

13.7 Valorisation of the community of actors

Strengths	Weaknesses
<ul style="list-style-type: none"> • The programme created a complex and articulated system of institutions, organized civil society and single persons that became, consciously and often unconsciously holders of the values, of the objectives and of the culture of the programme; • The Egyptian ownership guaranteed by the role of Egyptian authorities as project promoters (51%), of the participation of the Ministry of International Cooperation on the allocation of funds (through the MC) and the participation of other concerned ministries in the management of specific projects through the project steering committees. • The role ensured by the implementing partners (international organizations and Egyptian public entities) in the implementation of projects promoted by Egyptian ministries; • The opening to civil society representations (Egyptian and Italian NGO). 	<ul style="list-style-type: none"> • Poor attention to systemize and network the “professional community” of actors that was created without developing a real cohesion system.

13.8 Lessons learnt from the comparative analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> • The high level of empowerment and ownership censure by: (i) the participation of beneficiaries and associate partners in the identification and formulation phase of the projects; (ii) the presence of a joint decisional and management structure; (iii) co-financing and the attribution of a financial cost to the services provided by the project to ensure beneficiaries ownership. • The management of financial resources in the country favouring flexibility of procedures; • The importance of technical assistance; • Good replication capacity of project actions within the Egyptian administration (for the value of budget and the integration in the ministerial strategies) 	<ul style="list-style-type: none"> • The opportunity to increase the deposited counterpart capital earning interests through a commercial bank (Swiss programme and Italian programme in Ecuador) • Limited attention to territorial representations (i.e. Ecuador); • Lack of consultative organ with representatives of Egyptian civil society (i.e. Swiss programme) • The limited human resources allocated in the TSU (compared to 42 units in the Swiss programme)

14. Recommendations

1. The assessment by the evaluation team of the second phase of the programme is concluded by the formulation of few final recommendations arising from the presented analysis and the synthetic conclusions, taking into consideration comparable experiences. These recommendations aim to consolidate the strengths and to correct weaknesses of the programme, providing indications for its continuation with, of course, the creation of a legitimate and fully operational Egyptian government.
2. To improve **efficiency**, assessed as fairly positive by consulted stakeholders and document, it is suggested to carry out target actions as follows:
 - i. For the formulation of the three projects not yet approved by the MC, TSU should recommend the candidate institutions to rely on experts for speeding the project design, possibly using a participative approach in order to involve all the partners and final beneficiaries in the project definition. Particular attention should be given to the elaboration of the logical framework and the identification of objectively verifiable indicators (OVI) and sources of verification of such indicators. These indicators should allow the establishment of a results monitoring system.
 - ii. It would be useful, in the light of lessons learnt from comparable experiences such as the Swiss programme in Egypt and the Italian programme in Ecuador, to explore the feasibility of mechanisms and instruments of temporary use (on semiannual base, in line with MC decision deadlines) of the resources transferred in the CPF and not immediately transferred to projects in favour of a secure investment (linked for example to State bonds) ensuring financial earnings that could cover the technical assistance costs without using the converted capital. In this way it would be possible to act directly on one of the noticed problems, linked to the efficiency on meeting deadlines of preparation, execution and completion of the financed initiatives (an improvement of the cost-effectiveness ratio).
 - iii. The TSU must activate a technical monitoring system which permit to anticipate problems and related delays and to provide management (of the programme and of the project) with valuable suggestions to overcome them. The monitoring plan proposed by TSU in 2010 can be adopted but it is suggested to extend the data collection based on questionnaire to all the ongoing projects, at least until the end of the second phase and the conclusion of all the approved projects. It is even suggested to create a database to gather all monitoring data of all the projects in order to carry out programme level analysis.
 - iv. To include in each project's steering committees representative of the ministries on which the projects depend for approvals and authorizations in order to facilitate their release.
 - v. To envisage a further extension, with a realistic but final date, to motivate project managers to respect project deadlines and to discuss and agree within the MC possible actions in case of non-respect of agreed deadlines (transfer of funds to other projects or to technical assistance action, capacity building of interested institutions, capitalization events, etc.)
3. To improve programme **effectiveness**, it is suggested to promote actions for passing from the project dimension to the programme dimension. The project partners must associate the attention on project results with the awareness of being part of a broader programme with its own objectives, implementing strategies and partners.
 - i. In this sense, drawing lessons from other experiences, like the decentralized cooperation in the Mediterranean and other Euro-Med programmes, it is possible to associate **capitalization** actions of the second phase to a visibility programme already formulated by

TSU with elaboration of information materials, the organization of events and seminars with particular attention to sharing, exchange and dialogue opportunities between the projects.

- ii. Events can be organized, as shown in the Ecuadorian experience, where every project organizes stands and presents its activities to interested partners or other events accompanied by prior perception analysis at central level among the community of actors in regards to strengths and weaknesses of the implemented actions in order to draw lessons and share them.
 - iii. The capitalization action intends at the same time to consolidate the membership and cohesion of the community of actors of the programme, a potential asset strengthening the sustainability of the programme itself and spreading over policy areas not directly interested by the programme but confronted with stakeholders involved in it.
 - iv. The systematic collection, analysis and dissemination of knowledge on practices, successes and failures are a crucial factor for creating a common heritage of experience and providing indications for the national policies and for the Italian cooperation.
 - v. It is necessary to favour a collective exercise to generate lessons learnt, best practices and process' innovation (approaches, working methodologies and tools, organizational structures) able to generate positive changes for Egyptian and Italian projects, programmes and policies.
4. Regarding the **continuation of the programme** in a **third phase** for which an agreement was signed in May, 10th 2012, we can underline that an increased internal coherence of the programme could be identified in the differentiation of thematic areas (and consequently in the reference ministries), in the elaboration of clear and shared guidelines with which each intervention should comply, keeping the focus on poverty reduction goals and with mechanisms oriented to the principles of participation of civil society and private sector and paying due attention to political, administrative and financial decentralization process ongoing in Egypt as development and democratic participation levee in decisional processes.
 5. **Technical and financial monitoring mechanisms** should be strengthened and associated to coordination instruments favouring knowledge and information sharing in order to valorize the programme dimension and to further enhance the capacity of institutions involved in the formulation and implementation of the activities. In other terms, it is necessary to explicit the underlying objective of capacity development oriented towards participative planning of development and poverty reduction strategies guided by participative, multi-stakeholders, multi-level and multi-sectorial approaches.
 6. Improving monitoring mechanisms is functional to the implementation of more comprehensive and systemic **evaluations** providing valuable indications on performance and impact. The evaluation of complex interventions amplifies the problem of attribution and contribution to measurable changes in the absence of experimental data. This aspect is a central topic in the current international debate on evaluation of quality, reliability and completeness of data to ensure effectiveness of evaluation since the early stage of project formulation. In particular:
 - i. It is essential to collect data comprising a preceding period and a sufficiently distant period from the implemented activities against which we intend to measure the attribution in the variation of variables and data related to the same variables measured on populations, systems, institutions or territories that benefitted differently or in different times of such actions. In the choice of variables of interest, we should distinguish the impact indicators related to the objectives of the evaluation design and the control indicators associated to the impact indicators. The ideal situation is represented by the availability of historical/chronological series of indicators on the reality affected by the intervention and the reality used as a control area.

- ii. The inclusion of survey actions in the activities of the programme is an opportunity to decrease the evaluation costs reducing the need of ad hoc surveys and avoiding ex-post retrieval of baseline data.
 - iii. Data collection through control groups is also recommended. It is advised to foresee, already at the stage of pre-feasibility, the inclusion of control groups in the reference context.
 - iv. For a programme with capacity building components, there are interesting opportunities to link the evaluation with institutional capacity building initiatives, involving statistical offices present in Egypt. In the same way we could add value connecting to other technical assistance and capacity building initiatives in the same sectors in order to create a network of consultancy and exchange of information and data.
 - v. Mapping and traceability of the short and long term professional itinerary of the staff involved in the programme would bring important elements for the strategic evaluation of the programme. At the same time, the introduction/creation of new services and innovations within the national/local institutions regarding the programme lines and the Egyptian-Italian partnerships that the programme supported.
7. In order to keep the continuity of intentions and the positive results achieved by the programme, it is important to valorize the important contribution to the **consolidation of bilateral relations** between Italy and Egypt. Not taking into account the unpredictable changes in Egypt and a likely increased commitment of Italy in Egypt on the bilateral cooperation front, dialogue mechanisms between the parties should continue even in a restructured third phase, as they demonstrated to be useful in the indirect orientation of Italian action in the country with positive effects in terms of effectiveness and alignment to the Egyptian strategies.
8. To maximize the programme **impact and sustainability** on which the political-institutional and economic-financial situation is pending, it is important to limit dispersion and pulverization of the interventions that characterized the programme so far with this purpose:
- i. It would be advisable to identify in the third phase, within each thematic/ministerial area few priority sectors or areas that will become intervention areas.
 - ii. It would be important to ensure the mainstreaming capacity: initiatives should become a flywheel of change in the country's programming culture.
 - iii. Linked to the above point, it is necessary that all the projects of the third phase should be approved based on their contribution to the achievement of the Programme general and specific objectives.
 - iv. In consideration of the thematic profile of the projects, a light coordination mechanism (in the form of consultation and information exchange on project progress) should be ensured between projects falling in the same thematic area, defining a sort of clustering of the programme in order to increase the critical mass and the **coherence** between the projects and with the national priorities, as well as to consolidate the sense of membership to the programme community. The real actions induced by the programme in the communities depend of the scale and fragmentation of intervention; similarly, the Programme capacity to produce and reproduce benefits over time is negatively influenced by the dispersion of the interventions at micro level and by the risk of a gap between projects and programme.
 - v. A soft balance is thus recommended in terms of institutional architecture in the **programme management mechanism**, between a budget-support oriented assistance (adopted by the third phase) and the opportunity to keep the bilateral character of the TSU, a condition that demonstrated its effectiveness in building bilateral relations and in maintaining the

Programme's effectiveness and efficiency. This is particularly true in the case if a majority of projects will be proposed and implemented by Egyptian ministries and public entities.

9. In relation with **relevance** criterion, the ongoing modifications in the reference context are evident, and are so deep and unsettled to refrain from giving indications on possible policy orientations such as increased integration with the European Union policies.
10. Overall, beyond the specific recommendations linked to standard evaluation criteria, we can agree on the opportunity to:
 - i. Ensure the quality of project documents, imposing partners and beneficiaries to participate in the formulation process, the implementation of socio-economic, environmental and technological studies together with technical feasibility studies, the utilization of experts with good logical framework skills, favouring mixed Egyptian-Italian teams;
 - ii. Organize within TSU a technical monitoring unit and mobilize/train Egyptian M&E experts for this purpose;
 - iii. Organize a seminar, just after the approval of a group of projects, during which the programme, its objective, results and strategy are presented and the monitoring tools and procedures are explained;
 - iv. In case the form of financing is confirmed with budget support to ministries of education, agriculture, trade and cultural heritage, establish the necessary indicators and independent audits, as well as monitoring systems and joint strategic evaluation;
 - v. Organize events allowing the programme dimension to take the lead in the perception among project partners and concerned institutions; organize a database with all the partners and actors involved in all the projects in order to establish a network.