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**THE ROLE OF
MONITORING AND
EVALUATION IN EXPORT
PROMOTION AGENCIES**

**HALA AHMED
WAGIH HELMY
2005**

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THE AMERICAN UNIVERSITY IN CAIRO
SCHOOL OF HUMANITIES AND SOCIAL SCIENCE
DEPARTMENT OF POLITICAL SCIENCE

THE ROLE OF MONITORING AND EVALUATION
IN EXPORT PROMOTION AGENCIES

HALA AHMED WAGIH HELMY

A THESIS SUBMITTED
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THE ROLE OF MONITORING AND EVALUATION
IN EXPORT PROMOTION AGENCIES

A Thesis Submitted by
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To the Department of Political Science
September/2005

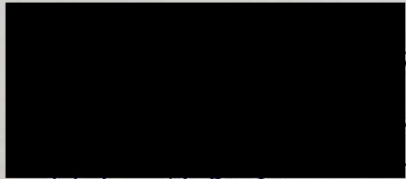
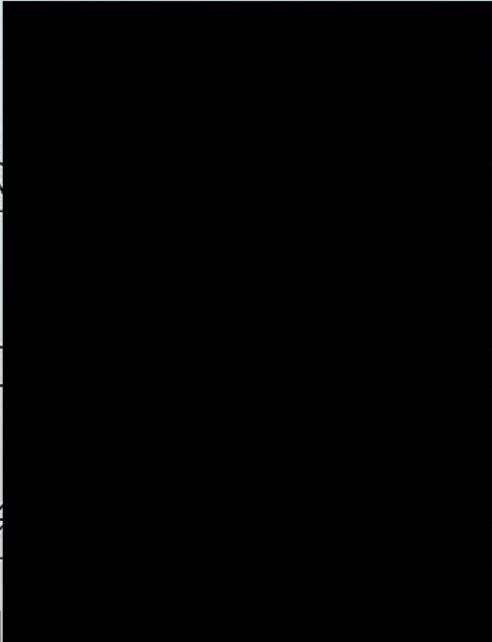
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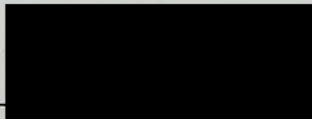
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*To my sons
Youssef and Youpy*

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LIST OF ABBREVIATIONS

AERI	Agriculture Exports and Rural Incomes
AGLINK	Agribusiness Linkages for Egypt (USAID-funded project)
AMCHAM	The American Chamber of Commerce
APRP	Agriculture Policy Reform Program
ATUT	Agriculture Technology Transfer and Utilization
BIH	Business Information Highway
BIS	Business Information Center (Component of AmCham)
CIPE	Center for International Private Enterprises
COP	Chief of Party
DAC	Donor Agency Committee
EEA	Egyptian Exporters' Association
EU	European Union
EXPOLINK	Management arm of EEA (USAID-funded project)
FEI	Federation of Egyptian Industries
GOE	Government of Egypt
GTG RP	Growth Through Globalization Results Package
HEIA	Horticulture Export Improvement Association (USAID-funded project)
IMC	Industrial Modernization Center
IMP	Industrial Modernization Programme
M&E	Monitoring and Evaluation
MIS	Management Information System

SRI	Stanford Research Institute International
TDC	Trade Development Center
UNDP	United Nation Development Program
UNIDO	United Nations International Development Organization
USAID	United States Agency for International Development
USIPO	US Investment Promotion Office

ABSTRACT

The words accountability, transparency, efficiency, and effectiveness have become increasingly common in the development field since we embarked on the twenty first century. This thesis aims to show how monitoring and evaluation has the potential to contribute in making development projects and programs more transparent, efficient, and effective. More importantly, it tries to show the correlation between monitoring and evaluation systems and the success or failure of development projects specifically those dealing with export development.

The thesis presents the problems generally facing development projects. It researches the main reasons behind the failure of such projects with particular emphasis on those dealing with export promotion in Egypt. Moreover, a presentation of monitoring and evaluation is given to better understand the concepts and see whether monitoring and evaluation can contribute to the success of such projects.

The argument presented here is that quite often the level of success of a development project, agency, or program is affected by the meagerness of the application of Monitoring and Evaluation systems. It is important to note that the scope of the suggested Monitoring and Evaluation systems presented in this thesis considers these systems as a management tool which could strengthen the management of projects, enhance the decision making process, and report in a more transparent and effective manner.

Finally, the thesis presents five cases of export development projects which have been implemented in Egypt to illustrate the impact of monitoring and evaluation on the performance of these projects.

PREFACE

It is a cliché known academically that in order to successfully embark on a thesis journey, it is important to find the topic and research questions that are appealing and convincing. For me, this thesis topic has been of great interest since I started my professional career in the development field. I am fortunate today to put my professional experience along with the valuable knowledge gained during my preparation for my Masters Degree in this study.

The motivation of this study was due to my work in the development field specifically with development projects in Egypt. It goes back to my early realization of the importance of export promotion for developing countries through my exposure to my grandfather's experience being one of the main founders of the Egyptian foreign trade representative offices for the Ministry of Economy and Foreign Trade. My fascination with the subject was also related to my father's career with the Ministry of Economy and Foreign Trade in the 80's and 90's.

During my study, I have learnt the importance of economic development to most of the developing countries. I have also come to realize the significance of increasing exports to a country's achievement of higher levels of economic development. In addition, throughout the courses I have taken, I have learnt the significant role foreign aid assistance has in the development of many of today's developed nations post World War II. From my professional experience in Egypt, I have seen the enormity of the foreign aid assistance given, in the form of development projects, to support the economic development process

But despite all these efforts, there has not been significant improvement in the economic development of many developing countries. All this brought forth important questions which I have continued to ask myself during my work: How can these development projects and programs perform their roles more efficiently and effectively? Why do some projects struggle to achieve their goals, end without achieving sustainability, or fail completely while others succeed?

In the following chapters, the common problems which most development projects face are presented in order to understand the reasons behind the weak performance of some of these projects. In addition, the theoretical framework of monitoring and evaluation is presented to illustrate how such systems if applied can contribute to the performance and progress of development projects with particular emphasis on those in the export promotion field. Finally, the selected cases of export development projects in Egypt will show the correlation between the success of some of these projects and application of monitoring and evaluation systems.

CHAPTER 1

INTRODUCTION

Background

The idea of development started during the post war period with the United States being the most powerful economy world wide. In addition, with Soviet communism being an alternative at that time and the end of the old European and Japanese empires, all had impact on the way development was professed.

The key to development was perceived as economic growth. The concept was dealt with as a process where the state would be the main actor in leading the planning of outputs and investing in new industries similarly to the experience of today's developed countries. Development was considered a modernization process in the same manner applied in the Western countries. (Pearson 1970, 28) It was a process to be achieved through economic growth by increasing productivity, increasing exports, generating employment, and accordingly bringing a better life. During the past decades, the hypothesis of increasing exports being the key factor to economic growth was the most prevailing. (Jin 2002, 64) In addition, some studies suggest that

‘an increase of one percentage point in the rate of growth of exports adds on average 0.15 to 0.27 points to the growth of a developing economy.’ (Cassen 1986, 31 – 32)

However, this was an aspiration by many of the developing countries which soon was realized to be difficult to achieve. Figures repeatedly illustrated otherwise. Accordingly, there had to be a change in the development strategy adopted by many

countries. In the following section where the problem is further discussed, the reasons will be highlighted to illustrate its origins taking Egypt as an example.

The Problem

For the past decades like many other developing countries, Egypt realized that the success of a country's exports is considered one of the main pillars of its economic growth and development. Lessons learnt illustrated repeatedly the importance of a growing international trading system towards the developing countries' development. (Polk 1963; Krueger 1988) The idea was that by increasing exports, the country was promoting economic growth. With the efforts of the General Agreement on Tariffs and Trade (GATT) as well as the International Monetary Fund, and the World Bank as discussed earlier all facilitated the trade liberalization process among the major industrial countries. However, the role of the developing countries remains to be minimal within the GATT for several reasons. First, the trade policies in these countries were based on beliefs largely inconsistent with the principles of the GATT. Second, Developing countries' exports were relatively small and uncompetitive in terms of international standards. (Krueger 1988; Pearson 1970, 26 and 33) The lack of appropriate technology, research and development, and advanced marketing practices were an obstacle for the private sector to perform as per the expected levels. Failure was inevitable for the neo-liberal era of development.

Accordingly, for the past few decades many of the developing countries including Egypt have been receiving tremendous funds and assistance from various donor agencies addressing these problems (See Figure 2). (The Role of Foreign Aid in Development

1997) Development aid to Egypt was given not only based on economic rationale but in many cases for geopolitical reasons.

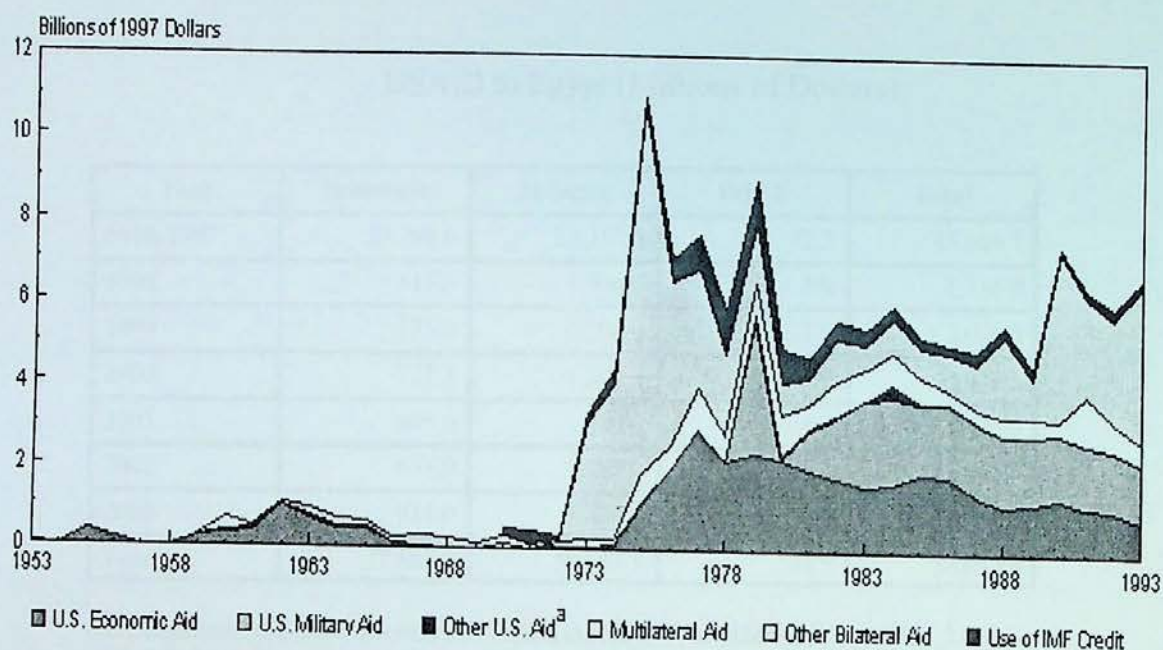
There were two forms of foreign aid: programme and projects. For decades, the most dominant form development aid has taken has been projects. (Cassen, Robert. 1986, 104) It is important though before exploring the problem addressed in this thesis to understand the definition of projects as stated in the development literature and what form it takes. According to the definition pronounced by the World Bank,

‘a project is taken to be a discrete package of investments, policy measures, and institutional and other actions designed to achieve a specific development objective (or set of objectives) within a designated period.’ (Hira and Parfitt 2004, 32)

In other words, projects are considered as a tool to efficiently organize the investments in developing countries during a set time frame. These projects are required to achieve their intended goals despite the challenges they might face during the implementation process which of course requires good management.

Looking at Egypt as the case to be presented in the thesis, the chart in the following page illustrates the amount of foreign aid given to Egypt during the period from 1953 to 1993. It also shows the enormous amounts of economic aid given to support the economic development process in Egypt.

Foreign Aid to Egypt 1953-1993



SOURCE: Congressional Budget Office based on data from the Agency for International Development, the Organization for Economic Cooperation and Development, and the World Bank.

NOTES: Data do not reflect aid from former communist countries.

IMF = International Monetary Fund.

a. Mostly loans from the Export-Import Bank.

Fig. 1. Foreign Aid to Egypt from 1953-1993 (The Role of Foreign Aid in Development 1997)

According to the statistics published by Hira and Parfitt, Egypt received during the period from 1990-95 \$136.2 million in terms of grants from multilateral donors. In addition, Egypt received during the same period \$ 2824.7 million in terms of bilateral grants. (Hira and Parfitt 2004, 5-6)

USAID as an example which is considered one of the main donors to Egypt has been giving tremendous amounts of foreign aid to Egypt during the past decades. The

table below illustrates the amounts of USAID disaggregated by type showing the enormous economic aid amounts given to Egypt.

USAID to Egypt (Millions of Dollars)

Year	Economic	Military	IMET	Total
1948-1997	23,288.6	22,353.5	27.3	45,669.4
1998	815.0	1,300.0	1.0	2,116.0
1999	775.0	1,300.0	1.0	2,076.0
2000	727.3	1,300.0	1.0	2,028.3
2001	695.0	1,300.0	1.0	1,996.0
2002	655.0	1,300.0	1.0	1,956.0
2003	911.0	1,300.0	1.2	2,212.2
Total	27,866.9	30,153.5	33.5	58,053.9

The Administration has requested \$1.3 billion in FME, \$575 million in ESF, and \$1.2 million in IMET for FY2004.

Fig. 2. US Aid to Egypt (Clyde 2003, 11)

In light of this, it is important also to highlight that even the GOE has also been supporting locally projects with the same aim. Amongst these projects there were many targeting export promotion, which is considered generally as one of the formulas to enhance the performance of the Egyptian exports and achieve economic development. (Development Economic Policy Reform Analysis Project 1998, 10-12) All of these projects were required to bring rehabilitation and reform in various and diversified areas. Furthermore, they were to accelerate the industrialization process, policy reform, empowerment of institutions, and improvement of the business environment most of which are realized as impediments to Egypt's economic development.

To implement these projects, it is vital to have cooperation between the GOE and the foreign donor agencies funding these projects. With this realization, the GOE along

with many donor agencies have intensified their efforts to assess and set forth implementation plans addressing the problems that have long existed in Egypt and attributed to its slow economic development pace. (Osborne and Gaebler 1992)

As an example in 2002, the GOE, and the World Bank organized the Consultative Group Meeting, which was held in Egypt for the first time to discuss the plans for employment generation, export promotion, environmental issues, and poverty reduction. (Kusek and Rist 2004) Moreover, the EU – Industrial Modernization Center (IMC), which is an initiative of GOE in cooperation with the European Union, has been providing assistance to strengthen the Egyptian industry and increasing their competitiveness to enter the global markets. It generally aims at improving the workforce and the Egyptian technological skills as well as bringing the necessary reform for an adequate business environment all with the aim of export promotion to reach the required development level. (The World Bank 2002) Even recently, the Egyptian President has underline the importance of increasing the Egyptian exports to world markets in his speech to the businessmen and investors in the 6th of October City's industrial zone. (Egypt 2005)

President Mubarak highlighted that the government aims at increasing Egyptian exports during the next five years from 20 to 40 percent of the Gross Domestic Product. By doing so there will be more jobs, increase in incomes and strengthening the role of private sector which will enable Egypt to achieve the aimed for economic growth. (Egypt 2005)

The United States of America and many other countries have also been funding numerous projects such as The Egyptian Exporters' Association (ExpoLink),

Agricultural Exports and Rural Incomes (AERI), Horticulture Export Improvement Association (HEIA), Agricultural-Led Export Businesses (ALEB), Egyptian Center for Economic Studies (ECES), The American Chamber of Commerce, the German Technical Cooperation (GTZ), The Japanese External Trade Organization (JETRO), The Danish International Development Assistance Private Sector Development Program (DANIDA-PSD) etc. mostly aiming for export promotion and export related policy reforms. (PriceWaterHouseCoopers, Donor Agencies Review, 2002)

These projects were all established with the aim to help encourage and support Egypt's economy by providing assistance to export oriented private sector firms and the relevant institutions of the GOE. Such projects also respond to the growing interest by the Egyptian private sector companies to expand their exports to regional and global markets and increase their competitiveness in the global economy. To help achieve these goals, activities such as technical assistance, adoption of product improvements, introduction of new innovative technologies, enhancing the management, creating export opportunities through business matchmaking, and increasing their awareness of export markets' requirements are implemented by export promotion projects contributing to broad based, sustainable development and accordingly helping to integrate the Egyptian economy more fully into the global economic system. Accordingly, it will also contribute to changing the Egyptian economy from an inward-looking, public sector-led economy to an outward-oriented one, led by a thriving private sector. (Louis Berger International, Inc. & Checchi and Company Consulting, Inc. 2000)

Despite all these local and international efforts in Egypt, there has been a relatively poor growth in terms of exports during the past decades. (Abdel Malek

Interview 2005) Looking at the period from 1995 to 1999, Egypt's exports increased at an average rate of 0.8% annually. Since 1992 till 1999 it has experienced an export growth of 2.2 percent per annum, which does not commensurate the achievements of similar developing countries. The figures listed below from the IMF Statistics Yearbook for year 2000 illustrate the slow pace of Egyptian exports during the period from 1992 to 1999. (PriceWaterHouseCoopers, Egypt's Exports 2001, 7)

	Value (US\$ millions)	Exchange Rate (Egyptian Pound to US\$ 1)
1992	3,050	3.34
1993	3,110	3.37
1994	3,448	3.39
1995	3,450	3.39
1996	3,539	3.39
1997	3,921	3.39
1998	3,130	3.39
1999	3,559	3.41

Source: Export data. IMF. *Direction of Trade Statistics Yearbook*, 2000.
Exchange rate data. IMF. *International Financial Statistics*, 1998 and February 2001 editions.

Fig. 3. Egypt's Exports 1992-1999 (PriceWaterHouseCoopers, Egypt's Exports, 2001, 7)

During the period from 1999 to 2004, based on the Central Bank of Egypt statistics, the total of Egyptian exports increased significantly. (See Fig. 4.) (Central Bank of Egypt 2004)

Egypt's Exports by Geographical Distribution 1999-2004

(US\$ mn)

During	سنوات المالية Fiscal Years				
	1999/2000	2000/2001	2001/2002	2002/2003	2003/2004*
	<u>Total Exports **</u>	<u>6387.7</u>	<u>7078.2</u>	<u>7120.8</u>	<u>8205.4</u>
EU x	1699.7	2007.2	2099.2	2796.9	3475.1
Other European countries	343.4	322.8	378.8	377.1	573.1
Russian Federation & C.I.S.	12.2	16.5	44.4	36.9	65.5
USA	2893.8	2889.2	2621.1	3056.9	3701.5
Arab countries	444.3	816.7	942.7	934.2	1273.3
Asian countries	917.9	765.9	836.0	859.2	1077.0
African countries	37.3	41.1	64.4	73.6	215.8
Australia	5.3	3.3	3.3	3.4	20.0
Other countries and regions	33.8	215.5	130.9	67.2	51.2

* Provisional.

** Including exports of free zones .

x The EU includes the ten countries which joined its membership as of May 2004.

Fig. 4. Egypt's Exports 1999 – 2004 (Central Bank of Egypt 2004, 84)

It worth mentioning that based on a study conducted by the Center for Economic and Financial Research and Studies and Depra Project, the increase in Egyptian exports throughout the 1990s has not been totally due to manufactured exports. In fact figure 5 illustrates that

‘the ratio of merchandise exports to total exports has declined from an average of 40 percent during the 1980’s to 27 percent in 1990s, and from 28.3 percent to 26.2 percent from 1991-1993 to 1994-96. Likewise the contribution of merchandise exports to growth of the Egyptian economy has been below the 1980s level.’ (Nathan Associates 1999, 5-6)

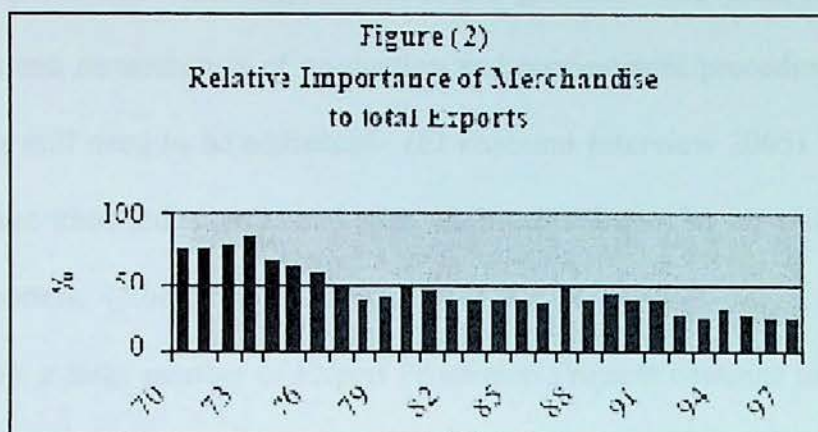


Fig. 5. Merchandise Exports to Total Exports in Egypt (Nathan Associates Inc. 1999, 6)

Figure 6 also illustrates also the fact that even the increase in the export figures recently cannot be attributed to only to an increase in merchandise exports but rather to products such as crude oil and petroleum products, metal and chemical products. In addition, the change in the exchange rate of the Egyptian Pound during the 1990s to date may also have contributed to the increase in the Export figures.

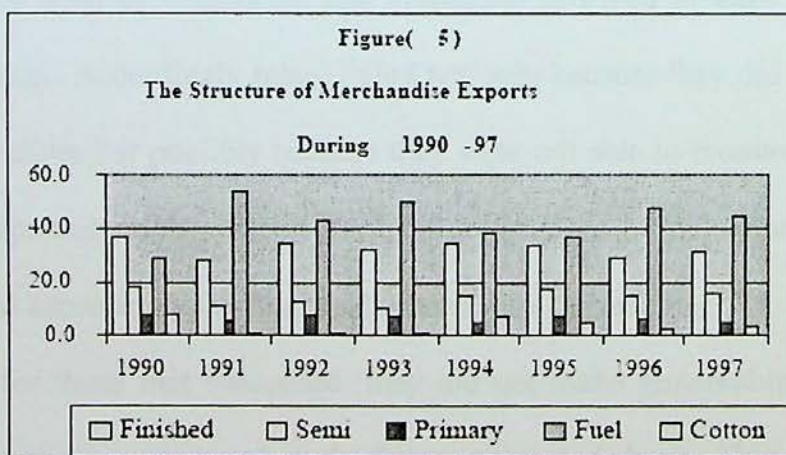


Fig. 6. The Structure of Merchandise Exports (Nathan Associates Inc. 1999, 7)

Based on the interviews conducted for this study, it was concluded that this slow pace can be attributed to the weak performance of the Egyptian exporters. Many of the problems that Egyptian exporters have been facing still remain an impediment to

increasing exports and limit Egypt's economic growth. The need for management improvement and restructuring of production and procurement procedures and the level of labor skills still need to be addressed. (El Fayoumi Interview 2005) In addition, the lack of market knowledge and marketing skills remain to be an obstacle for many Egyptian exporters. (Abdel Malek 2004, 3)

To date a large number of Export Promotion Projects continue to be funded with the aim of helping Egyptian exporters, export promotion, and policy reform in Egypt despite the slow pace of export development. Unfortunately, many of them have not been as successful as they have been expected to be despite their declared goals and aims while others were not successful in showing their impact. But since their role is important and crucial, many of these projects are still ongoing or in the pipeline.

The level of success or failure of these projects was mainly based on their degree of achieving their planned goals and objectives whether they were realistic or not. More importantly, the level of monitoring and evaluation involved in these projects was not given importance. Accordingly many failed not only because they did not achieve their goals and objectives but possibly because they were not able to monitor and report their progress appropriately, did not have pertinent evaluations at the different stages of the project life, and accordingly the final evaluations were misleading.

Even, for those that succeeded, they did not make remarkable contributions in increasing Egyptian exports based on the figures presented above. This of course leads to the questioning of several issues such as: Why have some of these projects failed? What are the most important factors that hindered their progress? How can these projects be more effective and efficient in achieving their goals, reporting their results, and

illustrating their impact? And more importantly, how can monitoring and evaluation as a management tool strengthen these projects and enhance their effectiveness in achieving the aimed for development goals and sustainability?

One of the main reasons as analyzed by various development practitioners and scholars is that the failure or the weak performance of some of these projects and their disability to show their impact could be due to the lack of clear project objectives, lack of appropriate performance monitoring, and evaluations at the different stages of these projects: project planning, development of implementation procedures, measurement of project performance, and evaluation of impact using the appropriate mechanisms. (The World Bank 1999; IFAD n.d.)

Recently, there has been growing pressures and demand on most governments and development organizations for good governance, transparency, accountability, effectiveness, and delivery of results. All stakeholders are interested in better performance, greater accountability, and real results. Accordingly, there has been an increasing demand for the application of a management tool such as monitoring and evaluation to ensure good performance feedback on programs and projects. It is considered just as important as having financial, human resources, and accountability systems. It is essential for both the donor agencies and the local governments in order to know whether their funded projects are cost-effective or not. (The World Bank 1999; IFAD n.d.; UNDP 2002)

As a result, most development agencies such USAID, UNDP, EU, World Bank, and many others have realized the importance of monitoring and evaluation as a management and reporting tool and therefore gave it priorities in their projects. On the

project level, monitoring and evaluation, if implemented correctly, will enable them to have realistic and relevant objectives and goals, highlight the challenges, constraints and problems faced, measure their progress regularly, assess their achievements, measure their impact, and make any necessary changes or amendments required to better achieve their goals during the life time of the project. On the program level, it will support the funding agencies' decisions; provide lessons learnt for future projects; and enable them to justify to their governments as well as the local governments the funds given in the form of development projects. Therefore, monitoring and evaluation in an objective manner through measurement of quantitative data and minimal allowance for qualitative data could be considered as one of the contributing factors to enhancing and strengthening of development projects. (The World Bank 1999; IFAD n.d.; UNDP 2002; European Commission 2003)

The Research Question

The questions to be discussed in the study are:

1. How can Monitoring and Evaluation systems contribute to the effectiveness and efficiency of the export development projects in assisting exporters and those ready to export?
2. Will Monitoring and Evaluation systems serve as a strong management tool for the export development projects highlighting to their management the strengths and weaknesses in their performance?
3. Can Monitoring and Evaluation systems improve the performance and results reporting of the projects and minimize their risks of failure?

4. What are the ways to overcome the challenges facing the implementation of Monitoring and Evaluation systems within export development projects?
5. Can Monitoring and Evaluations of projects provide the basis for lessons learnt to other future projects?

The hypothesis here is that having strong institutionalized Monitoring and Evaluation systems would contribute to the value added of the export development projects and accordingly to the overall development objectives. Monitoring and Evaluation systems can be used as management tools, which are needed for the project's management to achieve their project goals and objectives in a more organized and transparent manner. They can also help in the planning of activities, setting relevant indicators, measuring progress, results, impact, and reporting in a more constructed manner. Last but not least, they can provide lessons learnt for other future projects whereby problems and mistakes can be avoided or at least taken into consideration. All this responds accordingly to the increasing demand for greater accountability and real results by the donor and recipient countries as well as the beneficiaries of the export development projects.

Methodology

The study relies on both the theories relevant to project management and organizational effectiveness. It is also based on the generally accepted monitoring and evaluation framework advocated by most donor agencies working in developing countries. It examines real cases of development projects with specific emphasis on those dealing with export promotion activities in Egypt. The selection of cases was not based on a random selection. It was made in order to be as representative as possible of

the major donor agencies in Egypt such as USAID, EU, and the Danish. Moreover, the selection was based on the availability of resources related to these projects in terms of evaluations, surveys, and interviews as well as the willingness and cooperation of these projects' representatives to meet for interviews, share information concerning their performance, and more importantly explain their monitoring and evaluation procedures. Monitoring and evaluation for financial management was not part of the study. The Monitoring and Evaluation included in this research considers M&E as a management tool that can be used to improve projects and programs achieve results and measure their impact.

The Projects reviewed are the following:

1. Egyptian Exporters' Association (EEA) (ExpoLink)
2. Center for International Private Enterprise (CIPE)
3. Agriculture Exports and Rural Incomes (AERI)
4. European Union Industrial Modernization Program (EU – IMP)
5. Danish International Development Assistance (DANIDA)

For each of the projects included in this study the available documents such as project progress reports, evaluations, survey of results, and any other relevant documents were reviewed. A questionnaire was also designed to guide the interviews conducted with the project's staff. In projects where an automated M&E system was available, a hands-on demonstration was made and samples of the reports generated by the project were viewed.

The Limitations of the Study

Researching the role of monitoring and evaluation systems in export promotion projects in Egypt was not a simple task both theoretically and practically. Most of the literature dealing with monitoring and evaluation was written based on donor agencies reports and handbooks. However, the interviews conducted with selected export promotion projects as well as relevant key officials in the field who were responsible for the implementation of such systems compensated for the lack of written sources.

The Importance of the Study

The research attempts to reveal the ambiguity that encircles the weak performance of export promotion projects in Egypt. It also endeavors to highlight the reasons for such weaknesses and the role of Monitoring and Evaluation systems in strengthening and enhancing the management of such projects as well as the risks of failure. The research will also help in showing the challenges to the implementation of the Monitoring and Evaluation systems within these projects, with particular focus on projects being implemented in Egypt. Relating the theoretical framework and the cases presented adds great value to the study as it shows how monitoring and evaluation can affect the performance of development projects in Egypt and the benefits of applying them on these projects. Finally, general recommendations will be given based on the research conducted on how to overcome the challenges and constraints which face the implementation of Monitoring and Evaluation systems within export promotion projects in Egypt.

The primary addressees are program and project managers as well as relevant government institution representatives who could significantly gain from the information presented in order to improve interventions and make better decisions.

Explanation of the Thesis

The thesis is presented in five chapters. Chapter 1 is the introduction of the thesis. In Chapter 2, the background of the export promotion agencies and projects in Egypt is given. It shows how these projects emerged and their importance for export development in Egypt. In addition, it explores some of the main reasons for the weak performance of these projects and prioritizes these reasons based on the literature reviewed. Finally, it explains the role of monitoring and evaluation in strengthening their management, enhancing their performance, achieving their planned goals and results, and minimizing the risks of failure.

In Chapter 3, the conceptual framework for monitoring and evaluation is presented to explain the concepts. It starts first with the definition of the concept of *Development Projects*, its role and cycle. Following that it presents in detail the generally accepted definitions of Monitoring and Evaluation, their scope, purposes, and their various forms.

In Chapter 4, an examination is made of selected export promotion projects funded by various donor agencies as case studies. An explanation is given first of the methodology used in studying these cases. Each case is presented separately giving sufficient background information on the project, its objectives, and the role of monitoring and evaluation within these the projects.

Finally in Chapter 5, a summary of the findings from the research and the findings from the cases studied relating both the findings to the research conducted. Recommendations are brought forth based on the study, the field work, and the hands on experience.

Hopefully, this thesis will serve in highlighting and revealing the ambiguity that encircles the slow pace of export promotion projects in Egypt. Moreover, it will show how having strong monitoring and evaluation systems within these projects can serve as an effective management tool that can change the path of these export promotion projects and enable them to be more organized in choosing the appropriate activities and services, measuring their performance regularly, minimizing their risks of failure, reporting their results and progress, making corrective actions whenever necessary.

CHAPTER 2

EXPORT PROMOTION AGENCIES

In Chapter 2, the background of export promotion agencies in Egypt is presented to show how they emerged and their importance to increasing Egyptian exports. Some of the main reasons behind the weak performance of development projects are presented using examples to illustrate them. An analysis is finally made to illustrate how monitoring and evaluation systems can contribute to strengthening and enhancing these projects and accordingly overcome many of the problems, impediments, and constraints they face during implementation.

Background of Export Promotion Agencies in Egypt

During the period from 1950's to 1970's, Egypt was transformed into a state-led economy. During this period, the government nationalized foreign and wholesale trade, most sectors, and manufacturing enterprises. Stringent regulations were imposed on some private manufacturing sectors and agriculture which remained in the hands of the private sector.

During the 1970's and 1980's, Egypt started to become more open and more oriented towards the West. Since then to date, Egypt continued this tendency towards liberalizing its economy which helped in attracting unprecedented levels of development aid from the Western countries and the United States. (Louis Berger International, Inc. & Checchi and Company Consulting, Inc. 2000, 4) Today, Egypt is considered amongst the largest recipients of international donor funding and assistance. It is noteworthy that since 1975 up to 1997, Egypt has received a total of \$51.2 billion in the form of Official

Development Assistance, half of which was from the United States. This assistance was given in the form of grants, loans, and technical assistance. (Louis Berger International, Inc. 2000, 4) It was provided mainly to improve conditions that would eventually enable the government to maintain stability in most areas of the country. At the beginning in the 70s most of Egypt's development concern was focused on infrastructure development. Eventually during the 1990s the focus became on political, social and economic development. In the political context, most efforts focused on good governance and democratic participation while in the social context; efforts have been exerted aiming for improving the quality of education, health services and facilities. (Louis Berger International, Inc 2000, 1) Economically, there have been tremendous efforts in terms of economic development programs which targeted areas such as policy reform, privatization, and private sector development. This assistance enabled certain sectors of the society to develop independently. (Tschirgi 1996, 167) To date at least 38 donor agencies work in Egypt such as the US, Canadian, French, German, Dutch, Japanese, European Union, the World Bank, the United Nations Development Program, and the African Development aiming at economic development through enhancing the capabilities of the private sector. (Louis Berger International, Inc. & Checchi and Company Consulting, Inc. 2000)

Based on the research conducted and the lessons learnt from other developing countries, it can be concluded that developing the private sector in Egypt, and increasing its global competitiveness, of which increased exports is a manifestation, is surely an essential pillar in Egypt's development process. Of course the contribution of both the public and private sector to the export development in Egypt, during the past decades, has

a controversial debate among policy makers and development practitioners. (Khawaga 2001, 7 and 20) However, it is still assumed that the maturity of this exports sector will enhance domestic employment, foreign exchange earnings and generally the maintenance of sustainable economic growth. (Louis Berger International, Inc. & Checchi and Company Consulting, Inc. 2000, 6) This assumption is based on three considerations. The first is that out of the lessons learnt from other countries in the South, Socialist countries in Eastern Europe, and above all Egyptian experience with nationalization, the performance of the public sector alone has not been successful. The second consideration is based on the belief that in order to take advantage of the economic globalization, the private sector would be the best chance for countries like Egypt. The third is the belief that private enterprise systems are mostly associated with political democracy. (Khawaga 2001, 20).

Egypt has been facing four challenges, namely, an increase in unemployment and poverty as well as a decrease in investments and exports. Based on the considerations listed above, it is assumed that these challenges could be better dealt with in the presence of a dynamic private sector that leads Egypt economic progress. (Guigale and Mubarak 1996, p.3; El Fayoumi and Abdel Malek Interviews) However, despite this realization the performance of the private sector in Egypt has been very weak and still requires intense efforts in order to contribute to the export development process. (Abdel Malek Interview) Some of the small and medium size private sector companies have repeatedly stated that there is a great need for assistance in changing the mindset of many of the Egyptian private sector to become more market oriented and to understand the entry to foreign markets. (Development Economic Policy Reform Analysis Project. 1998, 3)

In support of this thought, the Government of Egypt in 1996 created the Ministry of Trade and Supply (MOTS) which placed four major export promotion units under its responsibility: The Commercial Representative Sector (CRS), the Egyptian Export Promotion Center (EEPC), the Egyptian International Trade Points (EITP), and the General Organization for International Exhibitions and Fairs (GOIEF). These projects have established promotion offices in a number of countries where there is export potential. In addition, they were to help in collecting market information, provide export information, and facilitate the participation of Egyptian exporters in international export promotion events. Since their establishment, these projects have been struggling to achieve their goals by addressing the needs of the Egyptian exporting companies despite the lack of funds and qualified staff and above all the rigid procurement policies which restrain their effectiveness, flexibility, and creativity. (Development Economic Policy Reform Analysis Project. 1998, 4-6)

The Reasons for the Weak Performance of Export Promotion Projects

Based on the evaluations conducted on these projects in the late 90's, these projects were found to be weakly designed, lacked the needed resources, and were mismanaged. First the design of these projects was not made based on a pre-project evaluation. These projects started in different eras under different policies and regulations addressing a wide range of problems in the field. As a result, they all operated with different goals and objectives which were never revised. Second, these projects had tremendous amounts of resources wasted due to the fact that most of the personnel administering and managing these projects did not receive regular and relevant training which is necessary for the implementation of activities and services in a

professional, efficient, and effective manner. In addition, there was a significant duplication of efforts in areas where coordination could have minimized the wasted resources. As an example of such duplication, all projects conducted market research, intensified their efforts to search for Egyptian companies, provided similar technical and marketing services, and served more or less the same clients. They were not designed in a manner whereby they complement one another but quite often they competed with each other in order to achieve their goals. Third, most of these projects lacked the appropriate resources and equipment to conduct their basic duties. They performed their activities and provided their services based on the available resources not on the needs of their beneficiaries i.e. Egyptian exporters. (Development Economic Policy Reform Analysis Project. 1998, 6; El Fayoumi Interview) Finally, there was no sign of any performance monitoring and evaluation activities being used by these projects as it were not considered in their design phase. The management was not aware of the importance of performance monitoring and evaluation as an important management tool. (Abdel Malek Interview)

On the other hand, looking at donor funded projects, there were other reasons which contributed to the weakness of their performance. One of the main reasons as highlighted by Dennis Goulet was the priority of needs.

‘The ...economic priorities of “donor” countries cannot easily be made to match the needs of poor countries receiving assistance.’ (Goulet 1995, 157)

This of course means that quite often the development projects addressed the priorities based on the donor country’s priorities. In some cases, the donor country’s strategic objectives were not in accordance with the recipient countries overall

development goals, priorities, and needs of the people. In other words, in some cases the donor agencies prioritized their projects based its level of exposure and success. Some donor agencies favored projects that guaranteed success and fast tangible results in order to justify their spending to their governments and public. These projects were not necessarily amongst the priorities of some of the developing countries.

In addition, the design of some of these projects did not *include any plans or actions for sustainability*. This meant that these projects were seen as temporary intervention to achieve certain outcomes. (Hira and Parfitt 2004, 34-35) In most cases, as stated in an interview with the former Chief of Party of the GTG Monitoring and Evaluation Unit, Mr. Walid Salem, he stated that part of the process of monitoring and evaluation of the USAID funded projects was to review their contractual agreements and their proposals. In most cases there were no plans for the sustainability except for very few projects such as Expolink and Heia. (Salem Interview)

Another problem with development projects is *the rigidity involved in the project implementation process*. Once the project is in operation, the primary concern of the management is to achieve the objectives and targets planned by the funding agency. They are controlled by the funding agency which by nature is bureaucratic. Looking at Max Weber's theory of bureaucracy, it cannot be denied that there are advantages to the bureaucracy model in developmental situations in terms of precision, continuity, reliability, and discipline in managing the projects. However, the drawback of the bureaucratic model could be that due to the rigidity and strictness in the implementation process, innovation is ignored and replication is emphasized. (Hira and Parfitt 2004, 34-38) In a paper published in the World Politics on the dilemma of Development

Administration: Complexity and Uncertainty in control-oriented bureaucracies the author discusses the fact that the bureaucracy involved in the process of implementing development activities should direct the control they have in analyzing and planning to deal with the complexity and uncertainty of development problems. (Rondinelli 1982, 44) To a certain extent the bureaucratic model is needed in terms of its control and discipline but this does not revoke the fact that there is also a need for flexibility and alterations during the project implementation process.

The *caliber of the experts and designers of projects* is also an important factor which contributes to the weakness or strength of projects. The lack of the caliber technicians and relevant staff in developing countries allows greater reliance on foreign experts who quite often do not have the relevant experience in and knowledge of the developing country. In addition, many of the technical experts maybe relevant with the experience but lack the managerial qualifications, which is essential in the case of managing projects. This led in a number of reported cases to regrettable results. An example illustrating this was of a foreign consultant who was hired as the team leader for a project in Peru. The consultant insisted on being treated amongst the Peruvians as the leader not as an equal counterpart disallowing them to use the project's vehicles. This was very offensive in their culture and it had negative impact on the rest of team who refused to cooperate with the consultant. (Cassen 1986, 175)

In addition, the irrelevant experience of the expatriates in some cases made them design projects which fulfill the requirements of the donor agency but not to the needs of the beneficiaries. These projects were commonly known in the 1960s and 1970s where incorrect assumptions concerning the local capacities were made and accordingly led to

serious problems during the implementation process. In other cases, problems had appeared due to their misconception or unawareness of the social and cultural background of the developing country. Accordingly, these projects implemented activities which were both irrelevant and inappropriate to the development of the recipient countries. (Rondinelli 1982, 49-50)

Another important reason for the weakness of development projects is *the minimal if not lack of the beneficiaries' participation in the designing and implementation of development projects*. An example illustrating this was highlighted in an evaluation conducted on UNDP rural development projects where the technology transferred was highly sophisticated for the beneficiaries. Less complex local equipment could have served better and brought the intended results at a less cost. (Rondinelli 1982, 51) Accordingly, as some of the evaluators highlighted

‘even if there is an advantage, it is quite often nullified by lack of understanding or by resentment of a new idea ‘parachuted’ into an area without previous consultation with the users’ (Rondinelli 1982, 51)

Participation of the beneficiaries in the identification of the problem in the first place is very important and excluding them can have serious implications on the project itself. (Brett 2003, 7) The development literature of course has numerous examples of projects which either failed due to the lack of its beneficiaries’ participation.

‘In Afghanistan, a project failed to convince farmer to castrate their bulls even though the farmer knew it would make their animals easier to handle. The problem was that castration of younger animals would also inhibit growth of the hump which the animals’ yoke rested. Had project leaders been aware of the problem, they might have saved the project simply by introducing a different yoke.’ (Burkey n.d., 117)

In some other cases, *the detailed project designs and its activities did not consider the conditions under which these projects were going to be implemented.* Quite often project managers faced problems trying to adhere to the predetermined designs since it was impossible to change the conditions to make them match the planned designs. An example in Egypt was highlighted during one of the interviews with the former Chief of Party of the USAID's Monitoring and Evaluation Unit who stated that one of the problems which projects faced was that many of the export policies have not been changed. This created an obstacle for the exporters. Accordingly, the projects' export promotion efforts were useless. One of the Egyptian exporters stated to him that the project should have considered policy reform first before providing the export promotion services to the beneficiaries. Technical assistance to exporters should be accompanied with policy reform, otherwise technical assistance will not have any positive impact. (Salem Interview)

Another reason for the weak performance of development projects was *the imprecision or the complexity of the projects' goals and objectives.* In some projects, the objectives were vaguely or imprecisely stated that all stakeholders including funding agency officers, representative government officials, project managers, and beneficiaries were not clear about what they were addressing. An example illustrating this was highlighted in one of the USAID funded projects' evaluations where the contractual agreement for the project did not include the overall project targets or activity specific targets. It only mentioned that some indicators were to be reported to the funding agency. Accordingly, the project's reports did not include any indicators that reflected project impact which ideally should have been separated from the overall project activity

targets. (Salem Interview) Another example was brought forth by the evaluators of the UNDP showing that there was great confusion amongst the various stakeholders involved with the project on the immediate objectives, outputs, and the long term objectives of the project. (Rondinelli 1982, 54; Cassen 1986, 129)

The vagueness and the rigidity of the set objectives and goals of projects result in the same problems for most development projects. In many cases, this was the main reason behind the failure of many development projects. Project implementers tend to agree to the unrealistic or vague goals and objectives even though they were aware of its impracticality. However, project implementers agree to these objectives out of fear of losing the funding for their projects. (El Fayoumi Interview)

Another important problem which puts development projects at risk is *the lack of adequate understanding of the social and cultural conditions*. It is very important to have a local counterpart involved in the planning process of a project as it will save time, effort, and will minimize the risks of failure due to improper planning. To plan properly for a project, vast and reliable data and information is required but this of course is one of the main problems in developing countries. Being faced with this fact, experts draw their conclusions and make complex formulas in order to build their assumptions for projects. These could be very misleading and could cause the failure of the project itself. Therefore, having appropriate understanding of the social and cultural conditions is very important by the project planners and developers. Accordingly, a local counterpart should be involved in order to ensure proper understanding and building of realistic assumptions upon which the projects' goals and objectives are developed. (Rondinelli

1982, 57; Cassen 1986, 129 and 173). In Sri Lanka, one of the peasants told the development agency,

‘Please tell your workers to come and work here quietly first for six months. Only then will we consider talking to them.’ (Burkey n.d., 116)

Of course what he meant was that it is essential for the funding agency to fully understand the social and cultural context where they are going to operate. Another example also showing this problem was illustrated

‘in the Kenya production of pyrethrum actually dropped because of major effort designed to boost production by organizing village men into marketing co-ops. Project organizers simply had not realized that village women, who grew most crops, would cut production once their profits were diverted to the men’s co-operatives.’ (Burkey n.d., 117)

Last but not least, *the lack of strong and appropriate monitoring and evaluation systems* is one of the main reasons that were highlighted in many writings concerning the effectiveness of development projects in general. Performance monitoring and activity evaluation were mandated by many donor agencies until recently. In many cases there was little attention paid to collecting baseline data before the beginning of a project in order to measure progress during the implementation. A UNDP evaluation of almost 200 projects revealed that they were all missing baseline data. Accordingly, the success of many of these projects was not based on the quality and quantity of outputs or on the impact of the services and activities provided to their beneficiaries. It was based on the inputs and resources used. (Rondinelli 1982, 53) It was also mentioned in one of the USAID evaluations on funded export promotion projects that many project suffered improper reporting due to the lack of strong monitoring and evaluation systems. Even those that had a system, they used it simply for reporting purposes.

(PriceWaterHouseCoopers, M&E Systems Review 2001) The management of some of the projects was not aware of the usefulness of collecting, processing, and analyzing information. Accordingly, they were not even asking the right questions. (Cassen, 1986, 176) Dr. Abdel Malek also mentioned during the interview conducted with him that many of the projects do not understand properly the meaning and the benefits of monitoring and evaluation. They do not see the importance of having an institutionalized system. He also added that many of the projects feel that monitoring and evaluation is a way for the funding agency to micromanage the project. Most projects, unfortunately, do not see the benefits of having such systems which will allow them to justify their results even if these results were not as impressive as they should have been. Monitoring and evaluation allows enables projects to work smoothly and effectively throughout their existence. (Abdel Malek Interview)

The Role and Benefits of M&E in Export Promotion Projects

The aforementioned shed the light on some of the main reasons behind the weak performance of many of the locally supported projects as well as the donor funded projects in many developing countries, including Egypt. Accordingly, there has been growing pressures by the development stakeholders including governments, donor agencies and the public for greater development effectiveness, accountability, and delivery of tangible results. Based on the literature reviewed and the cases examined in the thesis, it has become essential for development projects to monitor and track their performance and to evaluate their impact and results at various stages. Pressures as stated in the World Bank annual review of development effectiveness include but are not limited to citizen demands for more accountability, the growing global competitiveness,

the market perceptions of national economic competitiveness, and the realization of the importance of learning from experience by local capacities. (The World Bank 1999, 61) Moreover due to the complexity of projects, monitoring and evaluation has become necessary and essential to ensure their effectiveness. There is a great need for having a results based approach up front. Evaluations should take place, in the first place, during the project design stage to ensure that the project is designed in the most appropriate manner addressing the identified problem. It should include all stakeholders and encourage their participation in identifying the problem. This could ensure to a great extent that the project, if managed appropriately, can be successful in performing its activities and achieving its objectives. However, it is important to note that this evaluation does not guarantee achievement of results, it only guarantees that the project is addressing the problem in the most effective and efficient manner.

Project management teams develop performance indicators, subject to the approval of the funding agency and the local government. These indicators should be assessed and the selection of the best and most appropriate ones is made. These indicators are considered very critical since they are the method of measuring the progress of and tracking the outcomes and evaluating the impact of such projects. Part of the assessment of the indicators is ensuring they are sufficient and measurable. Once these indicators are set and documented, monitoring the progress of the project can take place. They are used to monitor the progress being achieved and to measure the actual results compared to the expected and planned. (USAID n.d, p.19)

There are numerous benefits to project monitoring. First it continuously shows the progress of the project in achieving its outcomes. In other words, it answers the

question of whether the project is achieving its results or not while showing the associated cost and benefit. (The World Bank 1999, 36) More importantly, it helps in alerting the management, local government, and the funding agencies should there be any kind of constraints or impediments facing the project. It highlights external and internal factors that might affect the implementation of the planned activities. The table below includes the major benefits of project monitoring as stated in a report published by the Project Management Institute

<i>Identifies flaws in the design and execution plan</i>
<i>Establishes whether the project is carried out according to plan</i>
<i>Continually reviews the project assumptions thereby assessing the risk</i>
<i>Establishes the likelihood of output achievement as planned</i>
<i>Verifies that project outputs continue to support the project purpose</i>
<i>Identifies recurrent problems that need attention</i>
<i>Recommends changes to the project implementation plan</i>
<i>Helps identify solution to problems</i>
<i>Identifies supplements to project required to enhance its effectiveness</i>
<i>Provides a basis for projecting the completion schedule and costs based on current performance.</i>
<i>Supports the use of Earned Value Analysis</i>
<i>Identifies the situations necessary for activating contingency plans.</i>
<i>Establishes links between the performance of operations in progress and future needs and requirements</i>
<i>Provides performance information within projects, across complementary projects, across programme, across ministries and even across sectors</i>

(Hosein n.d., 5-6)

On the other hand, the benefits of project evaluations such as ex-ante, mid-term, and post evaluations are numerous for projects. Amongst the major benefits are the following:

<i>Improve the economic performance of new and on-going programs</i>
<i>Choose among various development alternatives</i>
<i>Learn about best practices in a given field</i>
<i>Determine the extent to which the project justification was achieved</i>
<i>Enhance the sustainability of the program deliverables</i>
<i>Make decisions on the identification and implementation of supplementary and complementary programs</i>

(Hosein n.d., 10)

Based on investigations made by some of the World Bank staff which illustrates the benefits of evaluations, the results of project evaluations prior implementation were striking. They stated that if the evaluation of

‘a project had been poorly done prior to its approval, the probability that it would perform unsatisfactorily by the third year after implementation is seven times higher than that of a project with good economic analysis... By the fourth year the probability of failure is 16 times higher than the corresponding probability for one subject to a good economic evaluation.’ (Jenkins 1997, 40)

This of course helps in minimizing the possibility of funding or supporting projects which may be with high risk or inappropriately designed in advance before the project progresses.

As for mid-term evaluations, which take place during the life of the project, they have great benefits as they highlight issues that may be affecting the performance of the project during implementation. It also helps in explaining why the project’s performance is lagging or even running more smoothly than planned. Accordingly, solutions and

correction actions are made to minimize the risk of project failure. More importantly, it helps in justifying extension of projects which are successful and needs to be extended.

The end-of-term evaluations are also very beneficial if used properly. They help in the assessment of the project's impact and provide lessons learnt for future projects. In some cases where projects are not very successful, evaluations are vague and ambiguous, accordingly not very useful. In other cases where projects seem to be a success, lots of people are enthusiastic about the evaluations to claim the credit.

'it is always easy to get funding to evaluate "successful" project!' (Mayne and Zapico-Goni 1997, 2)

It can be concluded from the benefits listed above that monitoring and evaluation of development projects enforces transparency which minimizes the risks of failure, corruption, and fraud. It would lead also to recognition of successful projects and enable distinguishing between very successful project and less satisfactory one. Over and above these benefits, monitoring and evaluation encourages participation of the beneficiaries and empowers them in taking role in the designing and implementation of programs and projects. In reality, management of complex projects such as the export development projects requires participation of their beneficiaries. Beneficiaries, in this context the Egyptian exporter, will need to participate to a great extent and help in identifying and prioritizing their needs, making use of the available resources, taking responsibility to plan, manage, and evaluate what is being implemented for them. (Brett 2003, 5)

In conclusion, for the donor programs, monitoring and evaluation will provide them with the necessary information and data on a timely basis to ensure proper decision making concerning their funded projects. On the project level, it will help the management track the activities being implemented based on the schedule and budget

allocated. It will also explain the results achieved, anticipate change, measure impact of the project outputs, and provide lessons to be learnt for other future projects

More importantly, for governments monitoring and evaluation will provide them with valuable information which will enable them to properly formulate policies and coordinate programs based on facts. (UNIDO n.d., 36)

Challenges to the development of Monitoring and Evaluation systems

‘Building an effective M&E system is easier said than done. There are a number of systems that function well in developed countries and fewer in developing countries. It is not that governments are not trying –many of them are. But creating such a system takes time, resources and a stable political environment – and strong champions who do not become faint of heart’ (Kusek and Rist 2004, 27)

As mentioned in the above quote by the World Bank, there are numerous challenges to Monitoring and Evaluation systems which the developed countries have faced and likewise the developing are currently facing. One of the most significant challenges is the *lack of awareness of the need for performance measurement* amongst the beneficiaries. In many of the developing countries, the lack of demand for monitoring and evaluation comes from the absence of the concept in the national political culture itself. Moreover, the absence of strategic planning as a mean for setting long term economic planning amongst the local governments can definitely hinder monitoring and evaluation. (Kusek and Rist 2004, 32) Naturally, strategic plans are interpreted in terms of work plans which include activities and services. These activities should serve in achieving the set strategic plans. Based on these plans monitoring and evaluation systems are developed and implemented. Accordingly, if there is no awareness of the importance of such plans, it will lead to weak if not absence of M&E systems.

The availability of reliable data and information in the first place to establish *baselines* before establishing monitoring and evaluation systems may also be a challenge. In many cases, even when evaluation of projects takes place, a relatively small number of them attempt to quantify results due to the lack of data before the project intervention. (Cassen 1986, 110)

Based on the reviews of USAID-funded export promotion projects, carried out by the M&E Unit the *lack of management support* to enforce monitoring and evaluation activities within these projects is a major challenge. There is a great need to make these systems mandatory within development projects. In many cases where monitoring and evaluation activities are not mandated in these projects' contracts, such activities were not taken seriously and quite often were not implemented by the project staff. (PriceWaterHouseCoopers 2001, M&E systems Review and Salem Interview)

Challenges to the implementation of M&E systems

Based on the research and the fieldwork conducted there are also various challenges which face the implementation of Monitoring and Evaluation systems within development projects. The *quality and compatibility of monitoring and evaluation systems* is one of the main challenges which hinder its proper implementation and usage. In many cases due to the lack of project management standards and procedures and baseline plans, weak monitoring and evaluation systems are implemented. Quite often the projects and organizations confuse project coordination with project monitoring. (Hosein n.d., 5) The Guide for Project M&E issued by IFAD, highlights that having monitoring and evaluation is not the only challenge but rather having the appropriate monitoring and evaluation systems, ensuring their quality, keeping them updated and

maintained to accommodate the changes in the needs for information, circumstances, strategies, and activities are other fundamental challenges.. (IFAD n.d., 420) To address this challenge there is a need to continuously assess the existing monitoring and evaluation system within the projects. It is essential to review the monitoring and evaluation systems to see whether they are actually serving the needs of the intended users or not. It is also important to review M&E systems' feasibility, checking the appropriateness of the tools used, reasonableness of the data collection frequency and timing. In addition, M&E systems have to be reviewed in terms of its accuracy and propriety to ensure they are collecting and providing the adequate information, in an ethical and proper manner.

Another major challenge to the implementation of proper monitoring and evaluation systems is the *lack of well trained specialized Monitoring and Evaluation staff*. In many cases, Monitoring and Evaluation activities are implemented by administrative staff who collect the data required for reporting purposes only. In other cases where management considers Monitoring and Evaluation seriously, they allocate dedicated staff for monitoring and evaluation. They also provide them with the necessary training. It is important though to ensure that this

‘training goes beyond a mechanical understanding of tools to include analytical skills reinforcement. In particular,...they should be trained on gap analysis, causal analysis, and drawing policy and program implications.’ (Lariviere, Martin, Mellali, and Sanogo 2003, 15)

Another challenge to the implementation of Monitoring and Evaluation systems is the *complacency problem*. In many cases where evaluations are needed, they are conducted in such short period in order to justify certain donor programs or projects.

More importantly, they are made in a way where problems are stated in a diplomatic manner in order to continue the allocation of the fund to the implementing agencies. It is important in these cases to avoid the conflict of interest while conducting such assessments and evaluations. (Lariviere, Martin, Mellali, and Sanogo 2003, 16)

Finally, the *meager demand for and use of assessment results to contribute to the decision making process* is considered also a major challenge. Many of the managerial level staff does not encourage impact assessments and evaluations which highlight the weaknesses of projects and programs. In other cases, many decision makers do not realize the importance of such assessments and evaluations and accordingly do not use them appropriately in the decision making process. (Lariviere, Martin, Mellali, and Sanogo 2003, 16)

These were a few of the major challenges that may affect the implementation of effective monitoring and evaluation systems in development projects. It can be concluded from the above that merely as projects need recurrent adjustment, monitoring and evaluation systems also need to be continuously enforced, attuned and enhanced during the implementation of development projects. (IFAD n.d., 420) It can be concluded also from the above that it is essential to raise awareness amongst all stakeholders of the importance of results-based monitoring and evaluation in order to overcome the challenges currently faced.

CHAPTER 3

THEORETICAL OVERVIEW

In Chapter 3, a presentation of the main theoretical framework concerning Monitoring and Evaluation (M&E) will be made. The chapter is divided into two parts. It begins with an introduction followed by a definition of a project, its purpose, benefits, detriments, and its cycle. Subsequently, a generally accepted definition of M&E amongst donor agencies and the types of M&E is brought forth showing the link between M&E and development projects theoretically. This is based on a review of the literature covering the relationship between both, the reasons for the emergence of M&E in the development field, and the advocates for the concept.

The second part of the chapter presents the theoretical framework of the study. In order to explain M&E, I use some of the main development organizations and institutions such as the World Bank, United States Agency for International Development (USAID), the European Union (EU), and the United Nations Development Program (UNDP) explanation of the concept and its importance as well as the methodology used to apply it in their projects. More importantly, in this part a presentation of the limitations of the study and its importance will be presented for the reader in order to better understand the subject and its value.

'Monitoring and Evaluation (M&E) systems are an integral component of project management. Some GTG RP funded projects have had valid M&E systems, while others had weak and/or nascent systems in place. As a result, these projects could not describe their clients and their needs in the aggregate, and experience difficulty in reporting impact. The incomplete M&E systems which some of the projects had became a constraint that seriously hindered projects by misdirecting them and under-

representing their successes. Therefore, it was our recommendation that all GTG RP projects should develop better M&E systems and use them to inform their strategies and action plans.' (Walid Salem Interview)

During the past decades, there has been a growing demand for development effectiveness. It was based largely on the realization that the production of good deliverables is not sufficient. Simply reaching the objectives of the donor agencies and their funded projects is not enough to prove success. (UNDP 2002)

With this growing demand, Kusek and Rist discuss that many development agencies have been putting great emphasis on the Monitoring and Evaluation systems in their funded development projects. Recently, there has been a shift towards Monitoring and Evaluation systems being implemented not only on the level of development projects but more importantly on the program levels as well. In addition, there has been great emphasis on the need to develop more participatory approaches in the Monitoring and Evaluation systems being used at the project and program levels. Kusek and Rist 2004; UNDP 2002; Ticehurst and Cameron)

Now, to outline the monitoring and evaluation conceptual framework, it is useful to define key terms to be used for purposes of the Monitoring and Evaluation system. First, it is important to know the kind of project included in this study.

Development Projects: Management, Definition, and Cycle

Project Management

The theoretical foundation for project management goes back to the works of Frederick Taylor and his associate, Henry Gantt, during the early 20th Century. He applied the scientific reasoning in order to illustrate the results achieved by the labor and

how it could be analyzed and improved. Gantt continued with his work by studying the order of operations during World War I in Naval ship construction.

‘Gantt developed a visual performance management aid, the ‘Gantt Chart’, which is arguably the most widely employed project management tool’ (Crawford 2002, 137)

Considerable amount of work was carried on during the 1950’s and 1960’s in the United States on the development of techniques for project planning and analysis. All with the aim of having control tools for project managers to manage complex projects. During the 1970’s, the application of project management approach was refined and enlarged within the private sector. It was generally recognized as a method of introducing change and responding to the changes occurring. (Crawford 2002, 136-137)

Project Definition

There have been various definitions of projects in the development literature. Generally, most definitions used within the development communities identify projects

‘as being concerned with the pursuit of precise objectives within a specified timeframe and as being constrained by limited resource. (Crawford 2002, 134)

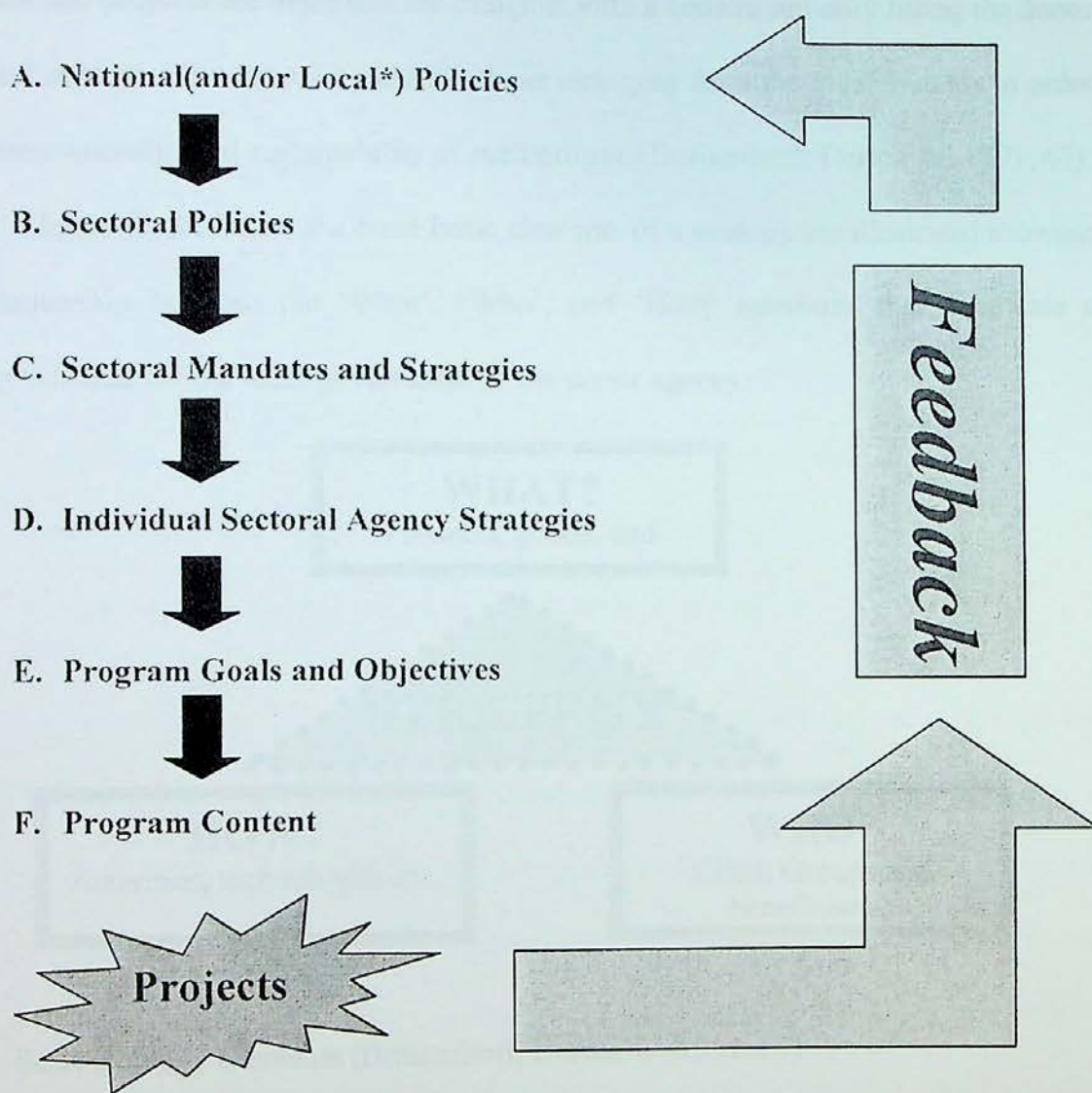
In other words as defined by the World Bank 20 years ago, a project is considered to be an essential part of development which provides an organized and methodical approach to managing activities. The projects dealt with here are those that include capital investment and services for implementation in order to strengthen local capacities and implement the planned activities to achieve a certain set of objectives during a certain period of time. (Hira and Parfitt 2004, 32) This of course is considered a basic definition of what a project is. However, there are many factors that a project needs to include during its design and implementation such as the socio-cultural and the environment

where the project is implemented. It needs to consider the nature of the beneficiaries, the problem itself, the environment, the customs and culture of the country or region. There are various judgments that the planner for the project must take into consideration in order to ensure the success of these projects to achieve the outcomes aimed for and minimize the risks of failure.

Project Cycle

Managing resources in order to fulfill society demands is considered to be a challenge that is of great complexity in all nations. In order to do so, for decades there have been endless attempts through development programs. These programs have as mentioned earlier in the chapter consisted of projects which implement activities in a certain location, for certain people, with the aim of fulfilling its role. Even though all projects are unique, they still share common characteristics. In the development process of projects, one of the important ways is dividing it into consecutive phases which are called *project cycle*. The number of phases of the project cycle may differ from one development agency to another. However, it revolves basically around the same phases. Baum and Tolbert from the World Bank describe the project cycle within the bank as a five stage cycle. The *first phase* is the identification, where the project ideas are recognized. These ideas should be in accordance with the priorities of the country's development objectives and strategies. (Hira and Parfitt 2004, 34) In other words, this phase is the process where the problem to be addressed is identified which the project will address. (Goslin and Edwards 1999, 69) The figure in the following page, which was taken from Improving Development Program Performance book illustrates how a

program is developed from which the projects ideas and designs are derived. Projects were added to the figure to show how they relate.



** In decentralized systems, policies can emerge from the local and/or local plus national levels*

Fig. 7. Program and Project Development (Brnikerhoff, Derick W. 1991, 66)

Feasibility studies are conducted on these ideas to ensure that the costs match with the expected benefits. More importantly, these assessments or studies should show that the projects to be implemented reflect the program's strategic objectives. This of course is made with the assumption that the program's strategic objectives are not simply

a reflection of the donor strategies alone but rather in accordance with the national strategies of the recipient country. In many cases it has been suggested that effective programs and projects are those that are designed with a content not only fitting the donor agencies' strategies but more importantly those emerging from the local systems in order to ensure ownership and sustainability of such efforts. (Brnikerhoff, Derick W. 1991, 67)

In the figure below the three basic elements of a strategy are illustrated showing the relationship between the 'What', 'Who', and 'How' questions that formulate a strategy whether for the local government or the donor agency.



Fig. 8. Basic Strategy Elements (Brnikerhoff, Derick W. 1991, 67)

The *second phase* is the preparation phase which comes after the identification process is examined and the project ideas are approved. A refinement of the project's design is made taking into consideration all its technical, economic, social, institutional, and financial aspects. (Hira and Parfitt 2004, 34-35) This phase is basically planning what should be done which has an impact on the program or project management. Generally, this process is based on Standard Operating Procedures (SOP) where the

proposed program or project is submitted in the agreed format with budget estimation and a timeline. In most cases, donor agencies have their own blue prints which might be different than the local ones. However, both require from program or project managers certain demands where specification of objectives, activities, schedules, and outputs is given during the planning phase. (Brnikerhoff, Derick W. 1991, 70) During this phase, the major priorities are set specifying a set of objectives and activities to accomplish them. As an example,

‘the management team of Egypt’s USAID-supported National Agricultural Research Program (NARP), an eight year effort with a total budget of about \$190 million, broke planned objectives into fourteen activity areas for purposes of implementation planning. A sub team was assigned management responsibility for each activity area and developed priorities by area to facilitate annual planning. (Brnikerhoff, Derick W. 1991, 128)

The *third phase* is the appraisal which is the formal process of assessing the overall project and its readiness for implementation before taking the decision to approve the project itself. (Hira and Parfitt 2004, 34; Goslin and Edwards 1999, 79) During the start-up period which is the time where the project is taken from the design phase to the implementation stage, project designers and implementers are usually different. Despite the high level of specification of project design documents, all their analyses, and detailed objectives and targets, it is not sufficient enough for implementation. It is important to translate the design into a specific detailed plan. It is essential to consider the Annual Planning Meeting (APM) for projects in order to ensure there is iterative planning and redesigning during implementation which involves all stakeholders. (Brnikerhoff 1991, 94-95)

The *fourth phase* is the implementation which is basically putting the planned activities into operation. (Hira and Parfitt 2004, 34-5) During this stage, the structure of the project is defined as to how this entity will be set up to accomplish a specific mission and goal. In this phase the division of tasks amongst various groups and a description of the specific activities are coordinated is made. This is when *differentiation* which means in this context definition of the organization chart and the connection between them which is *integration* takes place. However, it is noteworthy that program and project managers are less formally structured than organizational ones. During the implementation process in most cases programs and projects bring together organizations and units which most probably would have not worked together. Structures are considered a prerequisite for good performance but cannot ensure successful implementation. (Brnikerhoff 1991, 102-103 and 111)

It is also important during this phase to communicate priorities set in the preparation of the project to its staff. These priorities are interpreted into annual work plans where activities are specified and team roles are identified using a bottom-up approach. The work plans utilize most of the project management tools such as Gantt Charts, timelines, etc. (Brnikerhoff 1991, 128-130)

More importantly, it is during this phase where monitoring as defined in later on in this chapter takes place and plays an important role as it feeds into the reporting system of the project. It guides the operation and implementation process based on the activities work plan. (Brnikerhoff 1991, 130)

Effective project reporting systems are planned to provide the needed information for the appropriate person in certain timing so as to help in the decision making. It is also

used to ensure receiving feedback on the information given and why it is required. Should the information providers be unclear on the importance of the information required, there will be no compliance with the reporting requirements. Quite often those providers of information are not under the project management's authority and quite often monitoring and reporting have negative insinuation. ((Brnikerhoff 1991, 131)

The *fifth phase* as defined by the World Bank is the evaluation which aims to determine whether the project has achieved its objectives, identify the problems or constraints faced, and draws lessons to be learnt for similar projects in the future. Most development agencies regularly require ex post evaluations of all the projects they fund despite the fact that many developing countries still do not implement such evaluations. (Hira and Parfitt 2004, 34-35; Rondinelli 1982, 45)

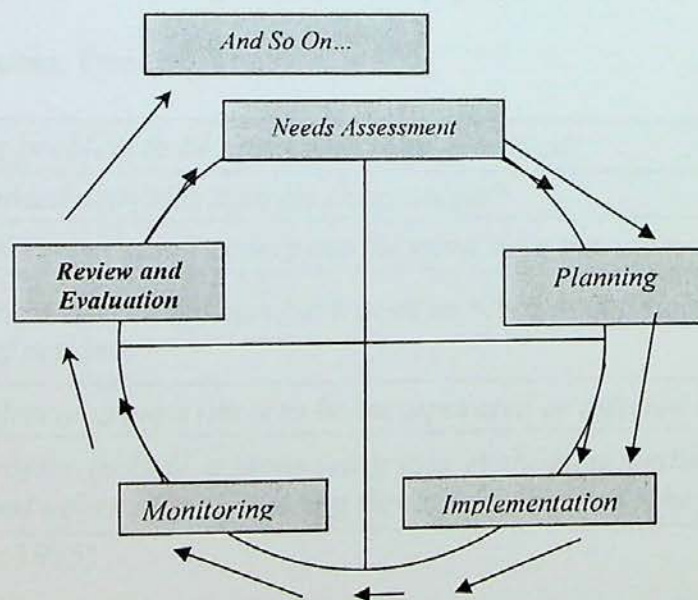


Fig. 9. Monitoring and Evaluation during Implementation (Rondinelli 1982, 45)

In the following section the definition of monitoring and evaluation will be presented in order to better understand its role as a management tool addressing the

problems and overcoming the constraints faced by the development projects which were listed above.

The Definition of Appraisal, Monitoring, and Evaluation

Based on the reviewed monitoring and evaluation literature and practices in the field, USAID, the World Bank, UNDP, EU, and many other development agencies, the general definitions for key terms such as “appraisal”, “monitoring”, and “evaluation” will be presented in this section in order to understand how these terms have been applied and used in the field.

Rubin states in his book that *Appraisal* is a very important phase where a critical examination of the project proposal is conducted prior to implementation or even approval of funds. During this phase questions listed in the following table are addressed: (Rubin, Frances. 1995)

• <i>How has the problem to be addressed been identified?</i>
• <i>Do the proposed activities address the problem?</i>
• <i>Do the people proposing to carry out the work have the capacity to do it?</i>
• <i>Which different interest groups have been involved in defining the problem and choosing the course of action?</i>
• <i>How are different groups likely to be incorporated or affected by the project?</i>
• <i>Does the project include a monitoring and evaluation methodological process of data collection and information gathering throughout the life of the project?</i>

(Rubin 1995)

Kusek, Zall and Rist also add that answering these questions clearly in the appraisal phase will facilitate and contribute to the success of the Monitoring and Evaluation process at later stages and accordingly to the success of the project to achieve not only its goals and objectives but more importantly also the donor agencies and the recipient countries' development goals and objectives. (Kusek, and Rist 2004; UNDP

2002; Ticehurst and Cameron n.d.) The figure below illustrates the relations between monitoring and evaluation in the various stages of the project cycle. (Mikkelsen, Britha. 1995, 172)

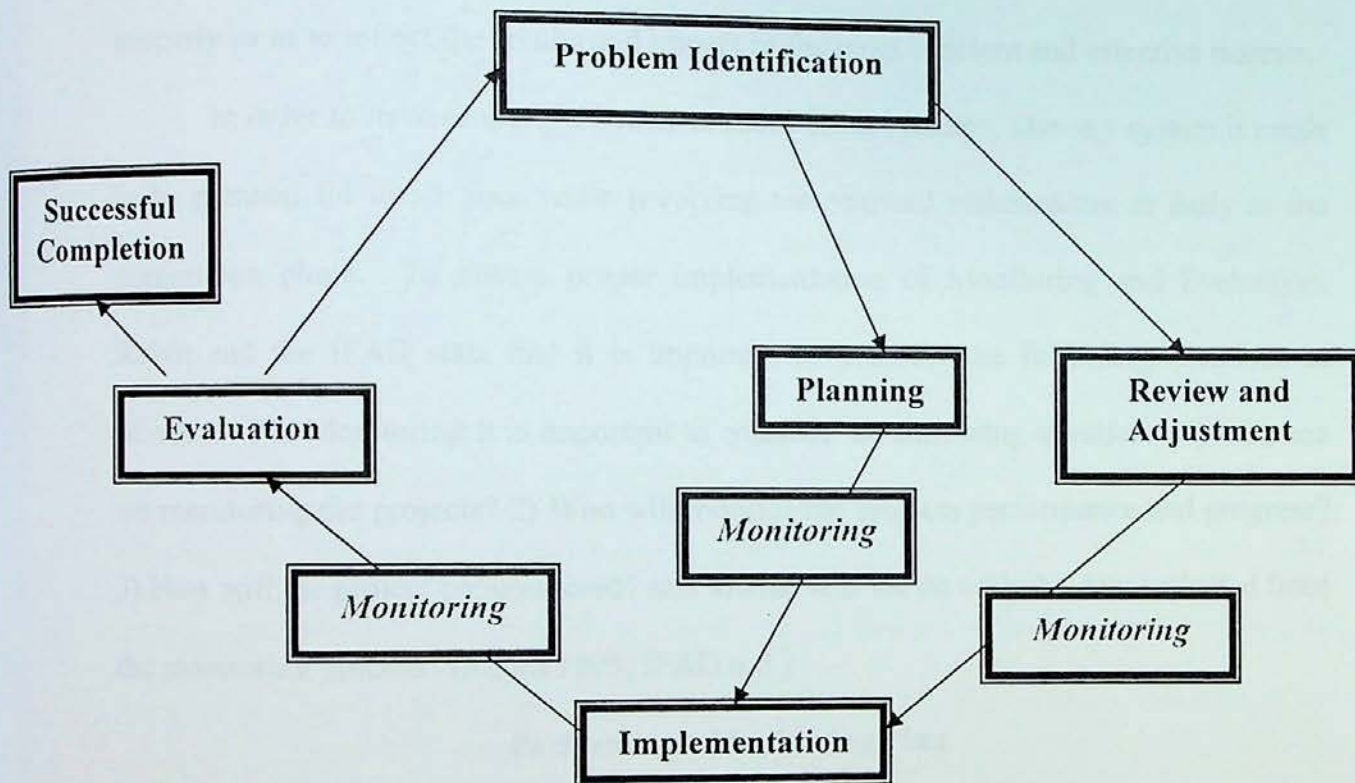


Fig. 10. Monitoring and Evaluation in Various Stages of the Project Cycle.

On the other hand Rubin, Ticehurst, Casley, and Cameron define *Monitoring* as a continuous and regular process which is carried out during the project implementation tracking the progress being achieved against the initially agreed upon plan and milestones. It helps in making corrective actions if any divergence from the original objectives occurs including changes in the overall purpose and activities if necessary all with the aim of improving the performance of the project as well as facilitating subsequent evaluation. (Kusek and Rist 2004; Rubin 1995; UNDP 2002; Ticehurst and Cameron n.d.) In other words, it helps provide managers and other stakeholders with

continuous and regular feedback on implementation and identifies actual or potential successes and problems as early as possible to facilitate timely adjustments to project operation. More importantly, good monitoring procedures helps feed in the evaluation of the project facilitating the process and enabling evaluators to conduct the evaluation properly so as to reflect the results and impact in the most efficient and effective manner.

In order to have proper performance monitoring systems, like any system it needs to be planned for in advance while involving the relevant stakeholders as early as the preparation phase. To ensure proper implementation of Monitoring and Evaluation, Rubin and the IFAD state that it is important to consider the following questions in advance. For Monitoring it is important to consider the following questions: 1) Why are we monitoring the projects? 2) Who will monitor the projects performance and progress? 3) How will the project be monitored? and 4) what will we do with the data collected from the monitoring process? (Rubin 1995; IFAD n.d.)

Performance Monitoring Plan

The performance monitoring plan is very critical in the pre-implementation phase as it is considered as mentioned in the USAID, Performance Management Toolkit, a performance management tool used to help plan and manage the process of monitoring progress and the methodology of reporting it.

‘It serves to:

- Define specific performance indicators for each Strategic Objective and Intermediate Result, determine baselines and set targets
- Plan and manage the Results data collection process to meet quality standards for reporting
- Incorporate relevant data collection requirements into activities and obligation agreements
- Plan potential related evaluative work to supplement the results indicator data

- Estimate costs related to data collection and plan how these will be financed
- Communicate expectations to partner institutions responsible for producing the outputs intended to cause measurable changes in performance' (USAID. n.d., 2)

The PMP serves in documenting the indicators which are used to track progress for both the project outputs and outcomes as explained in the following section.

Performance Monitoring Indicators

Performance indicators are basically indicators for both project outputs and outcomes. Project outputs are basically the work implemented by the project such as activities, services and products which enable the project to reach its objectives. Setting indicators for these outputs help measure the work implemented by the project and illustrates the progress achieved towards reaching the objectives. On the other hand, setting indicators for the outcomes of the project enables the management to measure the changes which have taken place and illustrates progress towards reaching the aims of the project. (Charities Evaluation Services. 2002, 12-13; USAID. n.d., 2)

Evaluations

Evaluations have been explained in the literature as the regular periodic assessment of a project's relevance, performance, efficiency, and impact (both expected and unexpected) in relation to stated objectives. It uses various data and information collected from the monitoring as well as other information, which is collected at the beginning of the project as baseline and measures the progress achieved as guidance in making the necessary judgments. Evaluations take place at different times in the project life cycle. These various kinds of evaluations show whether a project achieved its objectives and brought about the changes it planned. In addition, evaluations will show

which of the activities implemented worked well and which did not. More importantly, evaluations will provide insights on why things did not work as planned. These are often valuable lessons that prevent recurring of problems and waste of resources. (Charities Evaluation Services. 2002, 20) The evaluations covered here are those suggested for development projects in general but with more specification for export promotion projects. (Kusek and Rist 2004; Rubin 1995; UNDP 2002)

First there are *Mid-term Evaluations*, which projects undertake during the implementation phase as a first review of progress, as a prediction of a project's likely effects, and as a means to identify necessary adjustments in project design. Rubin stresses on their critical role in development projects. He explains that Mid-term Evaluations when conducted enable many projects to realize the challenges they were facing, highlighted areas of weaknesses in their monitoring systems, enabled them to pause and rethink of different effective and efficient tools while implementing their activities. More importantly, Mid-term Evaluations helps the funding donor agency realize the external factors faced during implementation and reconsider some of the originally planned goals set at the beginning of the project. (Rubin 1995)

He also adds that *End-of-term Evaluations*, which are carried out at the end of the project or end of the contractual agreement are usually externally commissioned showing the funding agency whether to continue supporting the project or not. They also provide lessons learnt for future projects. These evaluations do not provide solutions to problems or answers to all questions but rather assess the success and failure of the project and highlight reasons behind it. (Rubin 1995) Accordingly, these evaluations are considered extremely important and essential since they are used by the development agency to

report to both their governments as well as the local governments the results of their funded projects and efforts. More importantly, evaluations justify future spending in similar areas where it is essential. Based on an interview with one of the export development projects, in some cases, end-of-term evaluations enabled them to continue receiving funds from the donor agency and justified their presence, efforts, and activities planned since their results were positive. (El Fayoumi Interview) It is necessary though to note that quite often end-of-term evaluations did not affect decisions on the continuation of a project despite its failure to achieve its goals. On the contrary, it helped in highlighting the external factors that affected the project and was an obstacle towards achieving its goals such as mismanagement, lack of staff with the relevant experience, lack of appropriate implementation tools, and international or local events that might have affected its performance etc.

From the European Union's manual which was developed as guidance on Monitoring and Evaluation of its projects, the diagram below shows the relation between monitoring and evaluation process. (European Commission 2003)

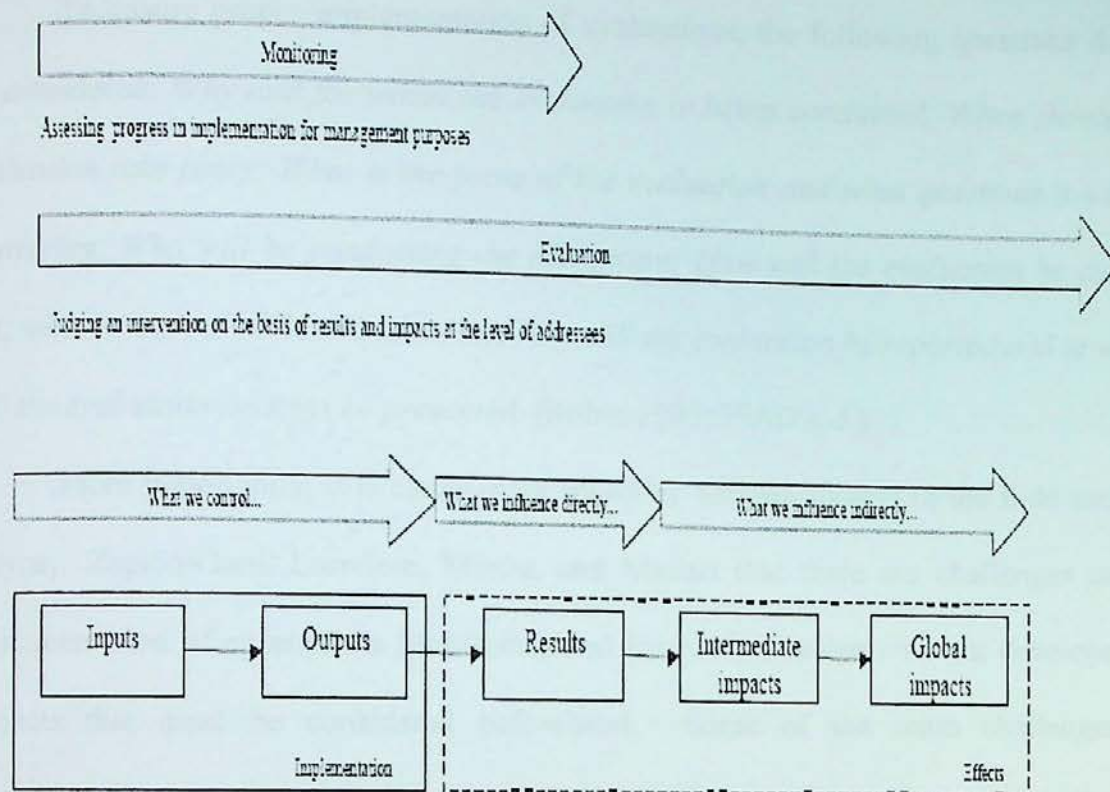


Fig. 11. Relation between Monitoring and Evaluations
(European Commission 2003)

From the definitions above, provided from the various development agencies and scholars, it can be concluded that theoretically, Monitoring and Evaluation can contribute to the effectiveness and efficiency of development projects in general and are considered one of the main elements of success in export promotion projects if planned and implemented appropriately. In these projects, monitoring and evaluation can help measure the performance of Egyptian exporters before and after the intervention of these projects. It can help illustrate whether the increase in their exports was due to the services provided by these projects or not. In addition, through evaluations, the level of satisfaction of the beneficiaries of these projects can be measured and their opinions, recommendations, and feedback can be included to fine tune these projects and their services.

To ensure proper implementation of evaluations, the following questions should be considered: *Why and for whom the evaluation is being conducted; When should the evaluation take place; What is the focus of the evaluation and what questions it will be answering; Who will be conducting the evaluation; How will the evaluation be carried out; what resources will be needed; and how will the evaluation be reported and to whom will the evaluation findings be presented.* (Rubin 1995; IFAD n.d.)

More importantly, it is essential as stated by various authors in the field such as Mayne, Zapico-Goni, Lariviere, Martin, and Mellali that there are challenges to the implementation of appropriate Monitoring and Evaluation systems within development projects that must be considered beforehand. Some of the main challenges to performance monitoring can be summarized in the vagueness of project goals and objectives, resistance to performance measurement by any of the stakeholders, lack of appropriately trained Monitoring and Evaluation staff, absence of adequate performance indicators, and many others. (Mayne and Zapico-Goni 1997; Lariviere, Martin, Mellali, and Sanogo)

As for Evaluations, Kusek, Zall, Rist, and Rubin highlight that there are also specific challenges. On the project level, evaluations could be misleading in the absence of proper monitoring systems as monitoring allows collection of data which feeds into the evaluations. (Kusek and Rist 2004; Rubin 1995) In addition to other reasons, some projects resent and resist evaluations since they do not want to report negatively on their performance as it could risk the continuation of the funding by the donor agency. ^[8] On the program level, evaluations are double edge swords. As much as they help in minimizing risks of project failure and provide lessons learnt for future projects, they

also highlight weak performance and incompetence of program and project managements. Moreover, Clements in his article also discusses that entity which pays evaluators and selects them could be a challenge to the evaluations to be conducted. He argues that as much as they are essential for all stakeholders, evaluations could be misleading depending on who the evaluators are and who hires them. Therefore, evaluators should be carefully selected and should be with the sufficient and relevant experience as well as independently hired so as to ensure to a great extent their objectiveness and their understanding of what they are to evaluate. (Clements n.d.)

Monitoring and Evaluation in the Project Cycle

The following programme or project cycle (spiral) illustrates how appraisal, monitoring, review, and evaluation feed into the planning phase of the operation and how it is a continuous process throughout the life of the project. (Goslin and Edwards 1999, 3; Charities Evaluation Services. 2002, 23) Through this figure, it is obvious that since development work is a continuous learning and changing process. Experience gained from conducted activities shapes future activities. It is only through assessments, continuous monitoring, reviewing, and evaluating that a strong and effective program or project is successful.

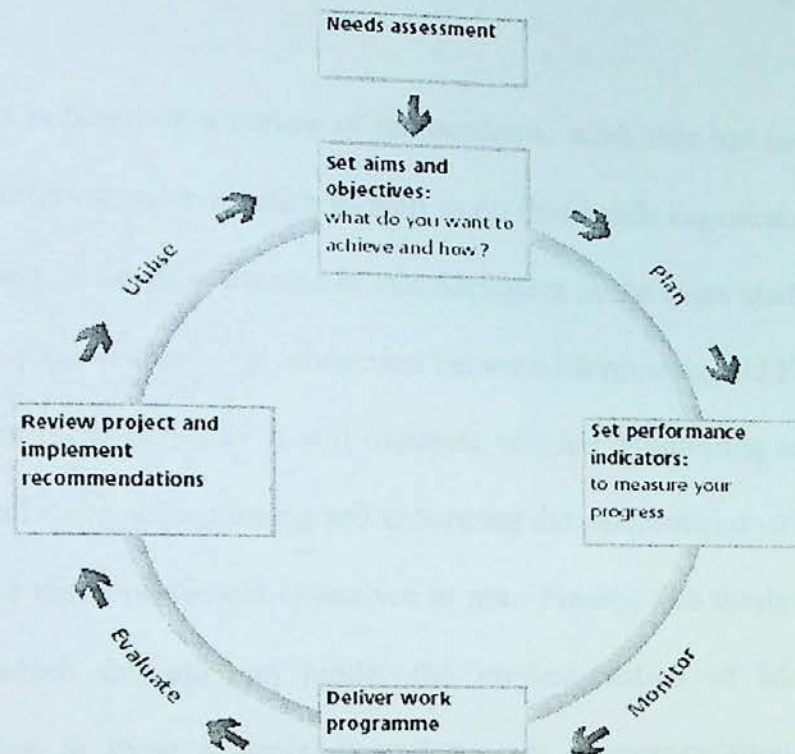


Fig. 12. Monitoring and Evaluation Cycle (Charities Evaluation Services. 2002, 23)

From all the literature reviewed during this study, it can be concluded that there is a consensus amongst donor agencies, developing countries, and the various scholars concerning the growing need to have Monitoring and Evaluation systems in all institutions, organizations, development agencies, and projects. Monitoring and Evaluation helps in giving the broad picture through the identifying of the basic data needed in each phase and its sources. In addition it will help the project staff who prepares the project proposal during the first three phases to prepare for the following phases of the project cycle. It will also enable the project management to decide pre-implementation on the need to collect baselines upon which the monitoring and evaluation efforts will take place during the life time of the project. (Casley and Lury 1982, 8) It is important to note that there is no blueprint for the kind of information to be collected through Monitoring and Evaluation systems. Each project to some extent is

unique and will have to tailor its own system using all the above approaches and methodologies.

This thesis is based on a review of the academic work that has been written on the subject of monitoring and evaluation as well as on first-hands experience from export development project in Egypt, presented in this document in the cases studies discussed. This thesis will explore if there is a connection between Monitoring and Evaluation and the performance of these projects. It will illustrate whether Monitoring and Evaluation systems do have a role in strengthening and enhancing the performance of these projects in order to achieve the development objectives or not. Finally, this thesis will highlight the challenges which do and can hinder the implementation of Monitoring and Evaluation systems in these projects, it will present recommendations on how to overcome these challenges from a theoretical point of view, and it will provide the lessons learnt from cases studied during this academic endeavor.

'If you act like there is no possibility of change for the better, you guarantee that there will be no change for the better. The choice is ours, the choice is yours.' (Chomsky 1999)

Reasons for the Emergence of M&E in the Development Field

Based on the literature reviewed there are various reasons for the emergence of Monitoring and Evaluation in the development field. All reasons fall under one category which is the effectiveness and efficiency of development projects. Attempting to enhance the efficiency and effectiveness of development projects is an important issue and there is no denial that it is the center of many debates globally. These debates have been going on since the 1960's and 1970's but this is not the main focus of the study. The focus of the study emerged out of the realization of this problem.

Both the public in the donor countries and the beneficiaries of the recipient countries have been placing pressures on the need to monitor and evaluate the projects being implemented. The effectiveness of the projects contributes to the development efforts. Having strong institutionalized monitoring and evaluation systems at all levels of the development process can definitely contribute to alleviating the effectiveness problem. It would minimize the risks of funding projects that cannot contribute to the developmental causes.

The Link between M&E and Export Promotion Projects

As per the literature reviewed and the reports produced by the major donor agencies as well as those criticizing development projects, it is very obvious that development projects will continue to be one of the most important tools which development aid uses to help developing countries. There have been numerous debates on the effectiveness of these development projects and their contribution to the problems they are addressing. From the literature, it is clear that one of the major problems which affect development projects' performance and impact negatively is management. Another major problem which hinders these projects' performance is the lack of appropriate monitoring and evaluation systems within these projects. Based on cases such as ExpoLink and CIPE which are presented in Chapter 4, it proves that the absence of is a fundamental subset of the management problem of development projects. Management does not perceive monitoring of performance and evaluation of impact as an effective tool to achieve results, assess success, and correct misdoings.

Export promotion projects in Egypt have been considered for a long time as one of the main tools to help Egyptian exports. Most of the donor agencies whether bilateral

or multilateral have been working in this field as it is considered one of the main solutions to Egypt's economic growth. From the various client satisfaction reviews conducted with the beneficiaries of USAID's funded export promotion projects, most Egyptian exporters and those ready to export have seen these projects as essential, at least during this period. Egyptian exporters noted that the type of services and assistance provided is important and have shown great improvement in many of Egypt's potential sectors such as garments, agricultural products, furniture, leather and several others. However, some of the comments of these exporters lead to the core of this study. In many cases, management of these projects has been too involved in achieving their targets and has not been assessing their progress and the needs of their beneficiaries. Some of the beneficiaries were either too satisfied with the services while many others found that their needs were not appropriately addressed. Looking at how monitoring and evaluations can address these issues from the literature reviewed as well as the theoretical framework included in this chapter proves the hypothesis of the study. *Monitoring and evaluation of development projects generally and in specific those in the export promotion field can contribute to the success and minimization of the risks of failure of these projects.* There is a need also here to stress on the participatory monitoring and evaluation systems as they include the stakeholders who are part of the problem in hand.

Based on the literature reviewed, the evaluations and appraisals of the project ideas and designs ensure that the project is dealing with the right problems which are priority for the stakeholders. The participation of the stakeholders' i.e. Egyptian exporters, relevant government entities, and donor agencies, helps ensure that the projects

are in accordance with the funding agencies' strategic objectives as well as more importantly the national development strategies of the host country.

Mid term evaluations also would enable these projects realize their potentials and highlight their weaknesses if any which will accordingly allow it to make corrective actions. Some of the projects reviewed and presented in Chapter 4 show the importance of such evaluations. In the case of projects locally supported the mid term evaluations would have revealed the external factors and issues, such as the change in policies, strategies, environment, etc. that affected the projects' performance. These projects were created in different eras under different political conditions, economic policies and business environment, yet project did not change their objectives and strategies to suit the changes taking place in its environment. Accordingly, some of these projects' performance was either weak or irrelevant, showing no progress or having no positive impact. For donor funded export promotion projects, mid term evaluations reviewed proved to be extremely beneficial as it allowed some of these projects to highlight external factors which were affecting their performance and planned progress. It also allowed some others to show their potentials and great impact which accordingly was the reason for their extension and receipt of additional funding.

On the other hand, end-of-term evaluations are also essential not only for accountability purposes, to justify the donor agencies' funding but also more importantly to provide lessons to be learnt for future projects. Some of the major challenges to these evaluations are that in some of the export promotion projects the impact of the services and activities these projects provide can only be seen on the long run. For example increase in the exports of beneficiaries, change in employment figures does not happen in

a year, it takes longer. Hence, assessing impact of services geared towards long term goals should take into account the duration of time it takes for such services to achieve their desired goals. These factors should be taken into consideration by the evaluation team. Moreover, the evaluation team should be carefully selected with the relevant background to ensure their appropriate understanding of the social, cultural, political, and economic environment in Egypt.

It is noteworthy though to highlight the fact that the strength and value of all these types of evaluations lies in the way they are carried out, those conducting them, their objectivity and the methodology used to implement them.

Monitoring the performance of the projects', reporting their progress periodically, and evaluating their progress allow transparency and accountability. Most donor agencies suffer from the weak vague reports produced and delivered by projects' management. These reports are not only due to the weak performance of these project but possibly due to the lack of appropriate systematic tracking systems which allows these projects to compile both qualitative and quantitative data on their activities and services. Analysis of data and measurement of progress in the beneficiaries' exports, employment generation, enhancement of their performance and the quality of their products cannot be made unless there are baseline data. This also is made possible through appropriate monitoring and evaluation system which require the planning for the collection of such data in advance.

The macro and micro indicators and benchmarks required to measure export promotion projects performance are made during the development of performance monitoring plans (PMP). It is essential to have clearly defined and measurable indicators

and benchmarks in order to have proper monitoring and evaluation systems. They should be developed and agreed upon by all stakeholders. This will definitely facilitate the performance monitoring and measurement. It will more importantly contribute to the success of mid term and end of term evaluations. The following are examples of indicators which can illustrate the progress of such projects: 1) increase in the value of the projects' beneficiaries' exports in the targeted sectors, 2) change in employment figures of beneficiaries receiving services, increase in their gross sales/revenue, 3) increase in the number of beneficiaries receiving export technologies, 4) number of beneficiaries receiving services related to internationally recognized certification of management systems and quality assurance, 5) the number of beneficiaries receiving market information, 6) number of private sector advocacy groups participating in policy dialogue, and others. Collecting the data and information and monitoring the progress with respect to these indicators would help in reporting the progress of the export promotion projects. It would help in highlighting the strengths and weaknesses of any of its services and activities. It would also help feed into the evaluations planned for each project.

In conclusion, monitoring and evaluation systems will enable projects, donor agencies, and GOE' relevant institutions to monitor both the services provided to the Egyptian private sector and those intended to improve the private sector business climate in general through the support of policy research and advocacy activities. It will help each of the export promotion projects in Egypt have its own relevant indicators, and enhance its reporting systems. Based on the Monitoring and Evaluation literature as well

as the hands on experience, the appropriate M&E system for the export promotion projects should include the following five elements:

- Clear statements of measurable objectives for the project and its components, for which indicators can be defined.
- Structured set of indicators covering outputs of services generated by each project and their impact on beneficiaries.
- Provisions for collecting data and managing project records so that the data required for indicators are compatible with existing statistics, and are available at reasonable cost.
- Institutional arrangements for gathering, analyzing and reporting project data, and for investing in capacity building to sustain the M&E service.
- Proposals for the ways in which M&E findings will be fed back into decision making.

(SRI International. 1998, 2-3)

These elements will definitely contribute to the success of the projects and minimizing their risks of failure.

CHAPTER 4

EXAMINATION OF CASE STUDIES

In Chapter 4, five of export promotion projects are presented as cases studied in the thesis. These projects are funded by various number of foreign donor agencies in Egypt all with the aim of export promotion and achieving economic growth through their development projects which serve the Egyptian exporters.

In the first part of the chapter an explanation is given about how the examination of the cases studies was made. It also includes the logistics of the interviewing process and the methodology used in studying the cases.

In the second part a presentation of each of the cases studied is given, each separately providing background information on each case, the role of M&E on their services and activities and illustrating the performance of the projects, and how the projects' staff perceive and implement the M&E systems. Finally, each case is concluded with the remarks analyzing the findings of each.

Logistics and Methodology

This part of the study is considered to be a major contribution as it involves real cases in Egypt. It is essential to the study as it reflects how export promotion projects funded by a selected number of the major donor agencies in Egypt working in the field perform their activities and how they view and implement monitoring and evaluation. The selected donor agencies are USAID, the EU, and the Danish Cooperation. They are all operating in cooperation with the Egyptian government. The projects are ExpoLink, CIPE, AERI, IMC, and Danida PSD program. In most of the cases presented the

selection was made based on the projects managements' agreement to meet and share the necessary information related to the questionnaire designed for the study. The questionnaire was designed with questions related to their monitoring and evaluation activities in order to reflect how they monitor and evaluate their performance and how they make use of the information collected to make the necessary corrective actions and have lessons learnt for future activities. In one of the cases, namely CIPE, which ended in 1998, the project's mid term and end of term evaluations were reviewed and used as the main source of information on the project. In addition, interviews with two of the members of the Monitoring and Evaluation Unit which supervised the evaluations were interviewed to provide more information and details about the project's monitoring and evaluation system.

In the on going projects, interviews were conducted with the Monitoring and Evaluation Managers, generally most of the questions in the questionnaire were answered except for a few. For projects that ended, interviews were conducted with former evaluators. In addition a review of the mid term, end of term evaluations and client satisfaction surveys was made. In this chapter, the cases were presented providing first an overall summary of the projects' design, performance, and M&E systems as per the interviews conducted and/or the accessed projects' documents.

**The First Case Study:
The Egyptian Exporters' Association (EEA) ExpoLink**

Background of the Project

ExpoLink is a very important case in this study. It was chosen for a number of reasons. ExpoLink was one of the main USAID funded projects for more than two decades under different forms. In the early 1990s, as USAID's strategy began to focus on export promotion, the Trade Development Center (TDC) replaced the former US Investment Promotion Office (USIPO), and was funded under the Export Enterprise Development (EED) project. TDC had two main activities: provision of technical assistance to exporters in specific sectors; and the development of commercial linkages among groups of Egyptian exporters in the same field. In 1997, TDC became the implementation arm of the newly established Egyptian Exporter's Association (EEA). It was to continue to receive funding from USAID, under the GTG RP. (Salem Interview)

However, after a change in management within the project, coupled with a new approach to export development, the decision was made to change the name of TDC to ExpoLink in order to highlight these changes. Since 1997, ExpoLink has been hosted by the Egyptian Exporters' Association (EEA). ExpoLink's mission was to become a world-class export promotion organization that supports export growth and increases employment in Egypt. (ExpoLink Documents)

ExpoLink's core activities are the provision of technical assistance to exporters, market correspondents network, International specialized trade fairs, market intelligence, corporate image building, trade missions, start-ups program, and advocacy of policies that supports export. (ExpoLink n.d.; El Fayoumi Interview)

ExpoLink focuses on five sectors: fresh and processed foods, leather products, furniture, software, and textiles and apparel. Building materials have been recently added as a target sector. (ExpoLink n.d.)

There is no specific geographic location for ExpoLink's services or activities. It covers most areas in Egypt.

Implementation Procedures

The various sector heads assigned by the Board of Directors manage teams deal directly with the beneficiaries from the Egyptian private sector. The top management oversees the work being implemented and reports to the board while interacting with the donor community and the relevant government entities.

ExpoLink's main beneficiaries are either manufacturers or producers within one of the targeted sectors exporting, ready to export, or interested in exporting. Most of their clients join the EEA in order to benefit from the additional privileges of being a member and receive the services provided by ExpoLink. (El Fayoumi Interview)

For companies interested in the services of ExpoLink, it is mandatory to fill out a profile form which includes technical, organizational, financial, and general export information. After reviewing the profile verification of the data is made through a visit to the premises of the company by staff working in the team responsible for this specific sector. Based on the needs assessment made by the staff, recommended services prioritized is given to the company's management with a cost share of 25% to be covered by the company and 75% subsidized by ExpoLink. (El Fayoumi Interview)

M&E of Services and Activities

ExpoLink currently uses specific forms to receive feedback from their clients such as client profiles with all relevant details divided by sector, client's report on attended events, client's report on technical assistance provided, and client's quarterly export figures. For all these data, ExpoLink uses a documentation system for quantitative purposes. On the other hand, qualitative data is not usually documented. (Salem Interview)

ExpoLink uses its computerized M&E system which was developed by its staff. The system is tailored for ExpoLink's monitoring purposes of quantitative data which revolves around the project indicators and feeds into their reports and evaluations. The data of course is collected per sector and saved in the system by the project's Management Information Systems (MIS) department which is dedicated to compiling data and producing reports as needed. (El Fayoumi Interview)

ExpoLink's current monitoring system covers most of its activities to track changes and progress. It includes a *buyers' cumulative database* of thousands of records classified by sector and country to be used for mass mailing campaigns for their trade fairs participation. This database is a very critical and vital tool as it is used also to invite foreign attendees to Egyptian trade fairs. In addition, one of ExpoLink's main activities is the *buyer visits* which it coordinates. The visit is arranged by its staff that is required to enter on the monitoring system all details of the buyer and the outcome of the visit. The final outcome of the visits, though very important for impact measurement, is quite difficult for ExpoLink to track. It is essential though to monitor the final outcome as it is directly linked to the service provided. *Dissemination of export opportunities* is another

activity conducted by ExpoLink. Once a request has been received, the MIS department sends details of the requests to the responsible staff who accordingly directs it to the relevant clients. ExpoLink tracks the source of the export opportunity but has not developed a tool to track the progress or the impact of these opportunities on their clients.

In terms of evaluations there are two kinds: internal and external. ExpoLink tries to evaluate their services, such as the study tours, trade fairs, and technical assistance provided to their clients, internally. The challenge here is the time span between the provision of the service and the evaluation of the service's impact. Quite often it is difficult to measure the impact of the services immediately. It requires time in order to be able to see the impact of these services.

As for external evaluations, ExpoLink has undergone several evaluations by their main funding agency, USAID. The evaluations conducted were extremely beneficial as they highlighted the strengths of the project and the impediments it faced. The evaluation process was relatively smooth due to the fact that ExpoLink had proper and systematic monitoring and evaluation process.

Reporting is one major task which the project's management emphasizes and stresses on. The MIS department which handles the M&E activities issues weekly, monthly, and quarterly reports and disseminates them to the stakeholders. (El Fayoumi Interview)

Performance of the Project

The performance of the project has changed remarkably over the past decades and along with the changes the project has witnessed. It will be explained to compare the past performance of the project where there was an absence of monitoring and evaluation

activities and the present performance of the project where the project was forced to monitor and evaluate its activities. The past performance of ExpoLink will be explained based on the M&E systems review of USAID projects, ExpoLink Mid-term evaluation, three Client Satisfaction Reviews conducted during the past 5 consecutive years, and the interviews conducted with its former Executive Director, Mr. Nagui El Fayoumi and the former Chief of Party of the USAID-M&E Unit project. It was concluded from all these sources that the project has lacked progress during its first implementation years due to various reasons. One of the main reasons for its lack of progress was due mainly to the absence of monitoring and evaluation activities within the project. During its first phase, ExpoLink's management was not aware of the importance of monitoring and evaluation. Monitoring and evaluation were not mandated by the funding agency, USAID. There were no specific requirements set by the funding agency for reporting on the project performance. This caused the project to be unorganized in its implementation, distant from its beneficiaries and accordingly the management was unaware of the needs of the project's beneficiaries, the Egyptian exporters. They provided services and activities based on the available resources. The management did not take any responsibility in measuring the impact of the project's services. It did not take any action towards assessing the level of satisfaction of their clients. As a result, the project was not achieving any progress. Looking at the client satisfaction scores which were very low during the first few years and increased tremendously after the implementation of monitoring and evaluation activities within ExpoLink illustrates clearly the hypothesis of this thesis. Listed below are a few quotes taken from the Client Satisfaction Review conducted in the year 2000 on most of the export promotion projects funded by USAID

in Egypt. It shows how the project was not monitoring and evaluating its services and activities and accordingly was unaware of the needs and priorities of their clients. One of ExpoLink's clients stated that

'I feel that ExpoLink treats exhibitions as a product they need to sell, regardless of its appropriateness to the client. ExpoLink's attitude makes me feel that they have a budget and their main concern is to spend it.' (PriceWaterHouse 2000, 29)

Another client said that

'I had no prior information that the fair was for antique replicas furniture. I was exhibiting garden furniture, which turned out to be laughable, because it was not at all appropriate to exhibit there. From their experience they could have told me what kind of products are being exhibited there, and if my products are appropriate' (PriceWaterHouse 2000, 29)

Moreover, the results of the mid-term evaluation which was conducted earlier on the project by external evaluators confirmed the comments of the project's clients. It showed that the lack of progress in ExpoLink was due mainly to the fact that the project was not tracking the activities and services implemented. The project had no system to follow up on the impact and results of most of their services. Their reports were vague and did not contain as many facts and figures as it should have. Moreover, the project was not communicating with its clients on a timely basis in order to receive their feedback and comments on the services received. The recommendations set forth by the mid-term evaluation stressed on the importance of having a strong monitoring and evaluation system within ExpoLink to be managed by a dedicated staff. Accordingly, ExpoLink was required to develop and implement a functional monitoring and evaluation system in order to track its activities and assess the impact of their services. In addition,

the client satisfaction review conducted, during the same time span of the mid term evaluation, highlighted similar recommendations to USAID suggesting that

‘ExpoLink is to be commended for developing and implementing a client tracking information system. Currently, ExpoLink is undergoing independent, external program evaluation, to be delivered to the Mission June 1, 2000. The recommendations of the evaluation team are authoritative over the activity.’ (PriceWaterHouse 2000, 32)

Most of the clients’ quotes documented in the client satisfaction reviews conducted after ExpoLink started monitoring and evaluating its activities, gauging the impact of its services on its clients, and getting closer to its clients in order to learn about their needs and priorities, reflected the satisfaction difference in the success of the project. Most of its clients when interviewed were satisfied to very satisfied with the services received. There was a remarkable improvement during Year 2001 over ExpoLink’s CSR 2000 results.

As Mr. Salem stated in the interview, it is

‘due to the monitoring and evaluation system which ExpoLink started implementing during the past few years that the project management was able to address their clients’ needs, complaints, opinions, and criticism or praising. All this was due to their new monitoring and evaluation system which allowed them to receive feedback from their clients and accordingly enabled them to continuously improve and enhance their activities and services to be tailored for their clients’ needs and priorities.’ (Salem Interview)

Currently, the performance of the project is being monitored based on the monitoring and evaluation indicators developed earlier in accordance with its strategic objectives. The monitoring indicators are mainly the number of new clients served, development of new products, and the export revenue of both the clients and of Egypt.

As for the evaluation indicators used they include increase in exports, attributed to ExpoLink services by sector and by month, the number of client firms assisted by sector, increased use of improved products, technologies and management practices, and increased access to market information. The challenge here with these indicators is that export figures and revenues in many cases cannot be measured immediately. It requires time. In addition, many of the clients are common and receive assistance from other donor agencies in Egypt working in the same field.

Concluding Remarks

The above information is based on the interview conducted with ExpoLink's management and former Executive Director as well as the evaluations conducted by USAID during the life of the project and its funding. The project is obviously a great success and has great potential for Egyptian exporters. It represents an excellent model for similar projects. In addition, it provides various lessons to be learnt for similar future projects.

ExpoLink has come a long way from total failure during its first years as the USIPO then changing to TDC and finally ExpoLink. From the interviews conducted with the project former Executive Director, Mr. Nagui El Fayoumi who is currently the advisor to the Minister of Industry and Foreign Trade he expressed that the main reasons for the failure of the previous forms of the project was mismanagement and lack of any kind of monitoring and evaluation. The project's idea and design were great and were addressing Egypt's export problems with the right activities. However, the dramatic failure was due to its weak and incompetent management.

'The project's idea survived only because it was right.' (El Fayoumi Interview)

Today, ExpoLink's management and members are proud that the project survived and managed to be sustainable and independent from donor agencies. Due to its current organizational structure and management, many donor agencies as well as government entities cooperate with ExpoLink in activities they undertake. Without their monitoring and evaluation system, ExpoLink would have never been able to realize their potential and the results they can achieve in Egypt.

**The Second Case Study:
Center for International Private Enterprise (CIPE)
The Federation of Egyptian Industries (FEI)**

Background of the Project

The Center for International Private Enterprise (CIPE) first entered into a cooperative agreement with USAID for a one year period from 1994 to 1995. This was subsequently extended to an additional three and a half years till the first quarter of 1999. The main purpose of the project was to provide technical assistance to the Federation of Egyptian Industries (FEI) with the goal of transforming it into a private and modern business association capable of participating in the policy making process and delivering demand-driven business services to its members. (SRI, Status Report 1998)

During the first year of the life of the project, the objective was to conduct a diagnosis of the FEI and develop a strategic plan that helps in the modernization of the federation itself. The extension of the cooperative agreement maintained the same initial objective of improving the institutional capacity of the FEI by providing technical assistance from CIPE to rebuild the FEI into a modern, independent business institution. The second objective was to develop and expand the business services provided by the FEI to its members. In addition, the third objective of CIPE was to enhance the FEI's ability to be more effective as an agent of market oriented policies favorable to democratic private enterprises through enforcing its advocacy role. Finally, the fourth objective was to provide the necessary training for the FEI's staff in order to upgrade their skills and better serve their members effectively and efficiently. (SRI 1999)

Based on an interview with Mr. Walid Salem, former Chief of Party of the Monitoring and Evaluation Unit which organized and supervised the evaluation

conducted on CIPE project, he stated that the main core activities of the project were to produce a number of publications such as newsletters, FEI membership directory, export directory, industrial yearbook, membership services directory, technology source directory. In addition, workshops were planned dealing with management training, technology for productivity and efficiency enhancement, technology assessment tours, exports, and technology transfer. As for the studies and reports, the project was to conduct economic studies, and training feasibility studies. (SRI 1999)

Based on CIPE's project documents, the project was indirectly targeting the industrial sector in Egypt. The direct beneficiary was the FEI which serves most of the industrial companies in Egypt. (SRI, Status Report, 1998)

CIPE activities and services were limited to the FEI and accordingly were limited to the city of Cairo in Egypt.

Implementation Procedures

CIPE implemented its activities and services directly with the FEI. It dealt with the board of directors and the management of the federation itself. The services and activities were in accordance with the project contractual agreement and were based on a work plan which was approved by USAID, the funding agency. All activities were also designed and planned emphasizing cooperation between the two entities. Based on the evaluation conducted on the project in its two phases, all activities were dealing with the strengthening and enhancement of the federation's capacity and accordingly required dealing with the federation at all times. (SRI 1999)

M&E of Services and Activities

Based on the internal project evaluation conducted during the first year of the project, CIPE did not have a proper monitoring and evaluation system in place from the beginning of the project. It was in fact one of the recommendations made by its evaluator Mr. Frank Smith, the former president of the Detroit Chamber of Commerce and coordinator of CIPE/FEI's design work plan that the Project should have a proper performance monitoring and evaluation system to track the project progress and highlight the opportunities and challenges facing the project. (SRI 1999, 16) However, based on the external evaluation that was conducted on CIPE at the end of the first year of the project, it was obvious that the management did not seek any actions to implement internal monitoring and evaluation. It was once again one of the main recommendations by the external evaluation team that in order to extend CIPE's cooperative agreement for another year, it should implement an effective internal monitoring and evaluation system which can serve as an effective internal management tool. Accordingly, CIPE's new management took the initiative and created a new diagnostic tool which would be administered to the FEI as well as other Egyptian business associations in order to evaluate their capacities and discern their strengths and weaknesses. In addition, CIPE agreed that it would be subject to a full external evaluation to be conducted before the expiration of their new extension of their cooperative agreement with USAID in order to assess and evaluate its progress towards achieving the corrective actions recommended from previous evaluations. (SRI 1999, 35-36) However, there was no sign that the project management developed or followed a certain mechanism or system to monitor its performance and progress.

As Mr. Walid Salem, former Monitoring and Evaluation Unit Chief of Party highlighted, CIPE's initial design did not include any monitoring and evaluation activities. Its management during the implementation phase did not also have the proper managerial skills which could implement such activities. However, USAID had planned external evaluations (mid term and end of term evaluations) in their cooperative agreement. (Salem Interview)

Performance of the Project

The performance of the project was considered very weak and as described in the evaluations conducted the project "lacked progress" through out its various phases and extensions. CIPE faced a number of challenges which it could not have overcome due to its weak management. The mid term evaluation which was conducted internally during the first year revealed the main challenges in the operation and implementation and how to overcome them. The first challenge was that in terms of capacity building of the FEI, CIPE faced difficulty implementing the planned activities even though they were ideally planned and would have contributed to the aim of capacity building. However, the FEI was not ready in many ways to accommodate the planned changes. Based on the evaluation, the obstacle facing the hiring of new staff in the FEI was that the federation could not offer adequate compensations and even the candidates selected were not willing to work with such an organization in transition. Another challenge highlighted was that the integration of the new staff and the existing staff was quite difficult due to the differences in their qualifications. Last but not least, the FEI lacked any kind of coordination amongst its various departments which hindered of course the achievement of its goals. These challenges were addressed with specific recommendations in the

evaluation but obviously were neither tracked nor monitored. The recommendations were to fill the vacant staff positions, integrate new staff with the existing ones, and ensure proper coordination and cooperation amongst the various departments within the FEI. CIPE was to revise its work plan and activities in order to achieve these goals and overcome the obstacles it faced. (SRI 1999, 15-16) Despite these recommendations, CIPE still faced impediments and constraints and lacked progress in the following year in achieving its revised work plan. (SRI 1999, 18) Mr. Salem commented on this by saying that the performance of the project would have improved tremendously if only the project management realized the importance of monitoring and evaluation. However, it seemed that the project management did not take serious actions to monitor and evaluate its performance. It did not monitor its performance which would have enabled them to highlight the obstacles in advance, make corrective actions, and adopt alternative activities. (Salem Interview)

Concluding Remarks

CIPE' activities and services were ideally essential for the enhancement and strengthening of the FEI. However, based on the interviews conducted and the project documents reviewed, the project was unable to succeed due to several reasons. First, the project activities were not designed based on a realistic assessment of the FEI capacity and capabilities. The FEI was not ready to accommodate many of the changes required by the project activities. Second, the federation's management did not participate in developing the project's work plan. Accordingly, they were not fully committed to most of the project activities. Third, most of the project's activities were theoretically developed by its management which was not fully aware of the federation's nature at the

time. Fourth, the project did not have a performance monitoring plan in its original design. It was not mandated by USAID, its funding agency. It is noteworthy though that it was subject to an internal evaluation which was conducted by consultants hired by the firm administering the project. Even though the findings revealed by the internal evaluation reflected the constraints and impediments facing the project management, the recommendations brought forth by the evaluators were not seriously considered by the project management. The revised work plan did not reflect most of the recommendations. Amongst these recommendations was that the project management should have a proper performance monitoring plan to monitor the implementation of its activities. Nevertheless, based on the external evaluation conducted during the extension period of the project, there was still no sign of any monitoring of the activities being implemented. According to Mr. Salem who was one of the team members supervising the evaluation, CIPE lacked progress due to various external and internal factors. Monitoring the project implementation was amongst the critical factors as it would have served the management and the funding agency enormously. It would have enabled them to better manage the project by giving them on a timely basis the status of the activities, the problems faced and accordingly giving them a chance to make corrective actions during implementation. Due to the absence of the periodic monitoring reports and progress reports, the funding agency, USAID was not fully aware of all the impediments and challenges facing CIPE. The absence of monitoring created a communication gap between the funding agency and the project. Not only was USAID unaware of the daily challenges facing CIPE but they were not also aware of the efforts the CIPE team members are putting in the daily management of the project. The result was

miscommunication, mismanagement and finally the termination of project. This meant that a US\$20 million of aid moneys went down the drain. (SRI 1999)

Accordingly, this raises another important issue which is: can the project management be solely blamed or should the funding agency take responsibility for such failure too? This issue will be answered in Chapter 5 where the conclusion of the academic research and the cases studied are combined and provide the basis for the recommendations presented.

The Third Case Study: Agriculture Exports and Rural Incomes (AERI)

Background of the Project

The Agriculture Exports and Rural Incomes (AERI) project is a five year \$55 million project funded by USAID. It began operating in Egypt in September 2003 with the aim of enhancing and expanding exports and domestic markets for farmers in Upper Egypt; increasing rural income, and addressing the high unemployment issue in Egypt.

Its purpose is to strengthen the competitiveness of Egypt's agriculture in a global economy by expanding access of Egypt's farmers and agro-business firms to the knowledge, technology, markets, and institutions that are the key elements of success.

The design of the project is based on lessons learned from previous agricultural development projects such as the Agriculture Policy Reform Program (APRP) and the findings and recommendations of a major Assessment of Egypt's Agricultural Sector Competitiveness. In addition, it was based on the end of project evaluation of the Agriculture Technology Transfer and Utilization Project (ATUT). A number of roundtable discussions with Trade Associations and representatives from the agriculture sector as well as experts in the public and private sector and policymakers. The project continues to build on more than two decades of achievements to modernize the Egyptian agriculture sector and the efforts of both the government and the donor agencies' export development activities. Their main beneficiaries are farmers, University Graduates, and Researchers. (Mahjoub Interview)

Through five major activities, AERI plans to achieve its goals and purposes while building on the assistance programs supported previously by USAID. The first activity is

the Policy Component which aims at providing technical assistance to support the government's efforts towards implementing the policy reforms required to alleviate policies which are a constraint on rural incomes related to horticultural, livestock and dairy policies. (Mahjoub and Abou Ali Interviews)

The second activity is technical support to agricultural-based trade associations. AERI will provide assistance to trade organizations in strengthening their technical organizational skills in needed areas as identified by the industry and its members. In addition, it will provide the necessary training of their members in production, post harvest handling, marketing, and training to meet export market standards. All these will take the form of internships, training sessions, and study tours. (Mahjoub and Abou Ali Interviews)

The third activity is technology transfer and training provided to the small horticultural and livestock producers through their associations. It will enable them to strengthen linkages between the producers, wholesalers, support industries, and the exporters. All this with the aim to reduce marketing costs, increase the value of their products, and of course increase the income of the farmers. (Mahjoub and Abou Ali Interviews)

The fourth activity is the international linkages which aim at improving the skills for agricultural graduates based on the international standards, strengthen the university and agricultural research community to be able to meet the agricultural sector's needs and promote the practices in the field which are required for successful competition in the international trade. This activity is conducted through the study tours, cooperation with research centers abroad and internships. (Mahjoub and Abou Ali Interviews)

The fifth activity is the legacy program design which in other words an activity aiming at the sustainability of the program through providing the necessary assistance to the sector ensuring the continuation of the efforts beyond the project.

‘Under this activity, options will be explored for the sustainability of certain elements addressed under AERI, as well as other agricultural activities not currently being proposed under the project. It is anticipated that short-term technical assistance will be used periodically during the first four years of AERI to assist the Mission’s thought process concerning the types of activities that merit future support from a legacy program and explore the available options for implementing a legacy program.’ (USAID 2002, 7-8)

The main sectors covered by the project are agriculture, economic and regulatory reform and foreign trade. The targeted areas are mainly governorates in Upper Egypt such as Assiut, Giza, Beni Suef, Minia, and Fayoum. (Mahjoub and Abou Ali Interviews)

Implementation Procedures

The project activities are conducted through their 3 field offices located in Upper Egypt providing the planned services and assistance to the project beneficiaries. (Mahjoub and Abou Ali Interviews)

M&E of Services and Activities

‘M&E systems are essential to know the return of every dollar spent by the donor agency and every dollar received by the recipient country’ (Abou Ali Interview)

Mr. Gebril Mahjoub, AERI’s Monitoring and Evaluation Manager stated in the interview that the M&E system used by the project has been developed since the initiation of the project itself. It was mandatory by the funding agency, USAID. The system is tailored for AERI’s activities and includes documentation procedures, data

collection systems, data analysis, progress and results tracking, and reporting. He also highlighted that the management of the project realizes the value and importance of the data collected through its monitoring system. The system is applied seriously and is considered by the management to be one of the main tools to achieve and illustrate their success. He added that the system used requires baseline surveys and other regular surveys to be conducted to collect the information necessary to set their baselines.

AERI has two dedicated senior personnel, Monitoring and Evaluation manager and a Monitoring and Evaluation specialist along with three administrative staff. They explained that the computerized M&E system has been designed for AERI and tailored to its activities in a simple manner whereby it is user friendly. It differentiates between the monitoring activities and evaluations.

Mr. Mahjoub also said that the monitoring activities are implemented daily through the data entered by all staff in the various offices through a network. Due to its simple form, it is very flexible. The M&E staff is continuously monitoring the progress against the planned activities and targets set for each task. The system alerts the M&E staff should any of the planned activities lag or face problems. Based on the alarms sent, memos are written to the Regional office, field officer, and the Chief of Party. He explained that meetings are immediately called by the management including the technical and administrative staff to take corrective actions and try to find alternative solutions or justification to the cancellation of certain activities.

When asked about evaluations, Mr. Mahjoub and Mr. Abou Ali explained that the evaluations are conducted both internally and externally. The project M&E staff plans annual impact surveys to measure the improvement in client conditions and the quality of

their services. Preliminary impact is measured monthly and used to verify the annual surveys. They plan the surveys annually in order to allow time to measure the change in their clients and see the impact properly.

AERI delivers quarterly and annual reports to its funding agency and the local counterpart in Egypt. The reports have certain agreed upon format whereby the data collected and updated regularly is illustrated to show the progress achieved and the problems faced if any. (Mahjoub and Abou Ali Interview)

Performance of the Project

Based on the interview conducted with Mr. Mahjoub, he explained that the performance of the project is based on the monitoring and evaluation indicators which have been identified at the beginning of the project in their Performance Results Plan. The indicators were not provided by the staff during the interview. However, they explained that these indicators have been classified as both qualitative and quantitative. The management realizes the importance of baseline data to be collected prior conducting any of the project's activities and services. Mr. Mahjoub added that all stakeholders were given an orientation on these indicators and the targets were set in a participatory manner where all task managers were involved in the process.

He also said that the project's M&E system uses outputs, results, and impact data for reporting purposes to the funding agency. They believe that the M&E system is not only for reporting purposes but more importantly it is used to show the management where they stand in terms of their expected results and progress.

'It is important for both the project management as well as the donor agencies to show them the impact of the project on the objectives. In order for the project to receive funding, we need to

justify the funds we already received. It is a strong management tool.' (Mahjoub Interview)

He explained that the performance of the project is tracked and monitored on a daily basis through the quantitative figures reported by each of the field offices in simple excel sheets. However, text reports are to be submitted by each of these field office managers on a monthly basis to the M&E staff. The M&E staff accordingly verifies the data reported and reviews it with the project's detailed annual work plan. (Mahjoub Interview)

Concluding Remarks

AERI is a very important project for the agricultural sector in Egypt. Its importance lies in the fact that it was designed based on previous experience and evaluations of similar projects such as ATUT, APRP, and AgLink. It was also designed based on the consultation of the various beneficiaries and stakeholders. It represents a good example to how projects should be designed based on lessons learnt and participation of the beneficiaries. Its implementation procedures are based on best practices combined with the experience from similar previous projects. The geographical location where the project implements its activities is considered one of the least receiving services. Having a number of field offices is quite challenging to the project's monitoring activities. However, the dedicated M&E staff has the relevant experience with previous agricultural projects funded by USAID and is familiar with these challenges. It shows from the interview that they have considered these challenges and have learnt from their past experience in the field how to overcome them. One of the most important ones was unifying the reporting system for all offices for comparative purposes. In addition, having a simple and user friendly monitoring and reporting system

which does not require time or effort to update. Having an alarming system which shows tasks and activities which are lagging in advance in order to take immediate corrective actions is one of the strengths of the system. The system illustrates the importance of the simplicity of M&E systems and yet the importance of having data quality verification process within the system itself.

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The International Modernization Program is a regional initiative and jointly funded by both the Government of Egypt and the European Union with the aim to help in the modernization of the Egyptian industrial sector. The program started in 2002 with the IMF lending of 100 million Euros and 250 million Euros from the European Union. The amount funded by the EU is considered two thirds of the total funds allocated to Management Institutes. The main objective is to enhance the production process in order to improve the Egyptian industries for the long-term period through providing them with modern machinery equipment. The quantitative aim for the IMF is the industrial Modernization Center which handles the and implements the planned activities per the industrial modernization plan (2004-2010).

Through the IMF, modernization and upgrading of M&E systems and the introduction of such systems to new industrial plants. The work done

The Fourth Case Study: Industrial Modernization Programme (IMP)

Background of the Project

The MEDA programme is the European Union's principal financial instrument for the implementation of the Euro-Mediterranean Partnership. It was created with the aim to offer technical and financial support in order to accompany the economic and social reforms needed in 12 Mediterranean countries which have partnership with the EU. It began originally in 1995 with the Barcelona declaration and its initial 3.4 billion Euros budget. In 1999, the first phase ended and in 2000, MEDA II began. It allocated 5.35 billion Euros to be spent during the period from 2000 to 2006. (Taha Interview)

The Industrial Modernization Program, a national initiative and jointly funded by both the Government of Egypt and the European Union with the aim to help in the modernization of the Egyptian Industrial sector. The program started in 2002 with the GOE funding of 106 million Euros and 250 million Euros from the European Union. The amount funded by the EU is considered one fifth of the total funds allocated to Mediterranean countries. The main objective is to modernize the production process in order to prepare the Egyptian industries for the free trade period through providing them with the necessary assistance. The executive arm for the IMP is the Industrial Modernization Center which carries out and implements the planned activities as per the agreement. (Industrial Modernization Center 2004)

Through the IMC, modernization and upgrading of SMEs' operating systems and work environment is made in order to have access to global markets. They work mainly

with privately owned companies and industries manufacturing or providing services to industries.

The overall objectives of the IMC as explained by Mr. Amr Taha are mainly to upgrade Egyptian technological skills, improve the performance of the workforce at all levels, improve the business and work environment, and increase investment opportunities. (Taha Interview)

Mr. Taha explained that the IMC has five integrated components which are implemented separately and include: Policy and finance, Trade and Foreign Direct Investment, Competitiveness and Management Training, Business Resource Centers, and National Quality, Institutional Support and Cluster and Information. (Taha Interview; Industrial Modernization Center 2004)

The IMC carries out several important activities. Technical Assistance for Industrial Enterprises is one of its main activities. It provides consultancy, training, and advisory services to interested companies in order to improve their competitiveness and enhance their businesses locally and internationally. Technical Assistance is also provided to Business Representative Organizations with the aim of improving the services available for Egyptian companies. They are given training programs and matchmaking with European Associations which provide them with new ideas and initiatives. Moreover, Technical Assistance is also given to National Business Development Professionals such as Advisors, Consultants, and trainers on how to be more effective when interacting with their clients and how to access networks, tools and materials. (Industrial Modernization Center, IMC Brochure, 2004)

The National Quality Plan component is mainly responsible for the implementation of Egypt's national quality plan. It helps in the development and improvement of the Egyptian Accreditation Bodies internationally recognized. In addition, it helps in setting the standards of adequate National standards in accordance with international standards. It helps in the development of a network of testing and calibration laboratories. More importantly, it assists GOE in launching a nationwide Quality Awareness Campaign to raise awareness amongst Egyptian businesses on quality issues. (Industrial Modernization Center, IMC Brochure, 2004)

As for the Policy Reform Unit, its main objectives are to identify, formulate, and provide the necessary guidance at the policy and institutional levels with the aim of increasing the competitiveness of the Egyptian Industry. It prepares strategic Sectoral studies which aim at reaching the strategies and actions plans for each of the targeted sectors. It also promotes foreign direct investment and enhancing technological capabilities and innovation. All these activities are conducted with the aim of reducing the constraints and impediments facing Egyptian private sector. (Industrial Modernization Center, IMC Brochure, 2004)

The Financial component of the IMC mainly deals with private sector entrepreneurs by helping them get access to finance based on their needs and capacities. This is done through the IMC's Business Resource Centers. The Business Resource Centers are established throughout Egypt to act as a catalyst for modernizing industry in Egypt and encourage the private sector development. It provides a variety of business development services such as consulting, training, and business information on the

potential markets for Egyptians and Europeans through their external consultants and in-house business advisors. (Industrial Modernization Center, IMC Brochure, 2004)

As for the sectors which the IMC serves, Mr. Taha said that

‘The IMC covers most if not all of the industrial sector in Egypt.’ (Taha Interview; Industrial Modernization, Website, 2004)

There is no specific geographical location for the IMC. It tries to provide all services throughout Egypt. (Taha Interview)

Implementation Procedures

Mr. Taha explained that the IMC has standard operating guidance and performs its work based on certain declared standards which its entire staff are aware of. Each component has certain procedures which it follows in reporting their progress and achievements based on their planned activities. (Taha Interview)

M&E of Services and Activities

‘Without a strong Monitoring and Evaluation system, a mega project like the IMC would have been walking like the blind. It allows the management to have continuously updated information on the progress, the bottlenecks, constraints and problems, and lessons to be learnt.’ (Taha Interview)

The information included in this section on the IMC’s monitoring and evaluation systems has been compiled through the interview conducted with the center’s Monitoring Manager as well as the EU’s evaluation guide.

Monitoring activities have been developed based on the need for data and in response to the center’s management needs. It started since the inception of the program where an expatriate from the EU has provided the necessary guidance and tools to

develop the system. It is computerized and includes documentation, data collection and analysis, and tracking system.

Mr. Taha added that the system includes a database where all forms are posted on the network for all component staff to fill out as needed. Baseline data is obligatory in the system and it is usually for clients' information and profiles. Monitoring is not only limited to activities and progress but more importantly to the implementation procedures of the activities planned. The system is designed in a manner where it can generate all kinds of analytical reports to inform management on the progress of the work conducted as well as evaluation and reporting purposes. There is a dedicated staff for monitoring and coordination of evaluations. As the system is computerized, the Monitoring staff assigned has the technical qualifications needed for the position. (Taha Interview)

From the demonstration provided by Mr. Taha, it was obvious that the system also differentiates between the on-going monitoring procedures and the evaluations and assessments. Monitoring is an on-going process which is conducted on a daily basis with the work flow. The data and information collected through the system is compiled and presented in their quarterly and annual reports. Samples were presented in the demonstration provided by Mr. Taha. Even though the system is considered to a certain extent flexible and allows changes to occur, there is limitation on how the changes are to be made. All changes cannot be made except through the IT department which has access to the system.

The monitoring indicators used as explained by Mr. Taha show the results and outputs as well as immediate impact. These are reported on a regular basis to all stakeholders including the Executive Director, Component Managers, EU management

and the Industrial Modernization Council under the Ministry of Industry and Foreign Trade. (Taha Interview)

As for the evaluation indicators, Mr. Taha explained that these include data on the impact of their services on Egyptian exporters. There is also an impact assessment survey which is conducted annually to assess the satisfaction of the IMC clients, the impact of the services on their businesses, and the impediments they face as well as their recommendations. (Taha Interview)

He added that quantitative and qualitative indicators are used heavily to assess the progress of the center and the impact of its activities and services. Depending on the expected results the right tools are used to measure the progress. These indicators are set through the participation of component managers based on the annual work plan. The indicators are specific, accurate, and realistic as they are developed by those who will be implementing the work.

Mr. Taha also explained that the reports are generated based on the baseline data collected and the progress update from the monitoring system. It is compared against the work planned in the annual work plan for the center. He added that the measurement of the center's progress is made by measuring the increase in the number of clients, the services provided, the increase in their export figures after receiving services, the increase in their employment figures, and their total investment. As for the evaluation activities he explained that they are made annually by measuring the level of satisfaction or dissatisfaction with the services provided. The results are processed and given priority in the meeting with the component managers in order to find solutions to the problems at hand. Follow up is made to ensure corrective actions are taken and implemented. As for

service delivery, evaluations are made immediately. All these findings are reported on a monthly basis through the reports generated from the system.

Performance of the Project

Evaluations of the IMC were not accessible and accordingly are not available in the study. However, from discussions with various private sector companies and Egyptian consultants who have been working with the IMC, it seems that it is progressing and achieving its objectives. There are a number of challenges to the implementation of some components' activities due to external factors that have not specifically been announced or explained. However, in general, some of the companies which received services particularly those in the white goods sector have mentioned that their needs are being met slowly but surely. They are proud to have the project and feel if implemented properly would really have great impact on the modernization of the Egyptian industrial sector and accordingly the Egyptian exports.

Concluding Remarks

It can be concluded that the project is extremely important to the modernization process of Egypt's industrial sector. Its importance lies in the fact that it is a national initiative and lies within the both the EU's development strategy as well as the GOE's strategy. The EU is one of the main donor agencies in Egypt. It has been one of the main organizations which have been stressing on the importance of effective management. The EU developed an evaluation guide which is accessible on the internet for reference and is considered one of the main advocates of Monitoring and Evaluation. Amongst its services to the private sector in Egypt is effective management and organization. The IMC relies heavily on their Monitoring and Evaluation systems for reporting to its

stakeholders, measuring their actual progress against the planned, assessing their performance and impact in a very constructed manner.

It is noteworthy to mention that it was obvious from their system that part of their success is due to the fact they are continuously monitoring and evaluating their activities. The management of the project will be handed over to the GOE eventually by the year 2006. Hopefully the established system will continue its performance and be a model for similar organizations and projects which need similar management systems.

The Fifth Case Study: The Danida Private Sector Development Program (PSD)

Background of the Project

The Private Sector Development Program (PSD- Program) is a part of the official Danish International Development Assistance (DANIDA) since 1993. The PSD has been in working with the aim of establishing commercial partnerships between Danish companies and exporting or ready to export companies in the countries it is operating in since 1993. It started its operation in Egypt since 1996. During 2002, the program expanded to include countries in Africa, Asia, and Latin America. (Beckzada Interview)

The main objective of the program is to contribute to the efforts carried out to achieve economic and social development in the countries where they operate the program in through business cooperation with Danish companies. The business cooperation and linkages are considered ways to bring in Danish technology and investment to these countries and accordingly help in their economic growth. Based on the interview conducted with Ms. Mona Beckzada, program officer in Danida PSD program, she explained that the main activities carried out by the program are creation of business partnerships and the Start-up Facility. Creation of business partnerships is conducted through several phases. First the feasibility phase which takes place before starting the implementation of a project. During this phase the partners are identified from both sides the Danish and the Egyptian. Using the participatory approach they both have to discuss their needs and plans for the possible cooperation. Based on these discussions, both partners express their ideas where it either reveals mutual interests or

rejections. Once an agreement is made they have to meet certain prerequisites in order to examine the feasibility of their partnership. (Beckzada Interview)

Ms. Beckzada added that the Danish cooperation covers a wide range of sub sectors of manufacturing, agriculture, fishing, forestry, trade and service. All business sectors are addressed in the PSD-Program in Egypt.

The Danida PSD program does not limit its activities and services to any particular area in Egypt. Danida PSD program's policy requires that the program serve only the clients who are interested and seeking opportunities. They do not approach clients themselves. Accordingly, there is a wide range of clients from different geographical locations in Egypt. (Beckzada Interview)

Implementation Procedures

The PSD program implements its activities and services quite differently from the rest of the donor agencies. It sets certain requirements for the business cooperation between the Danish partner and the Egyptian companies. The cooperation must be a long term partnership and must be assured with a mutual commitment from both sides. It has to be in the form of a joint venture, a license agreement, semi-manufacturing etc. A company profile for partner identification is filled out and studied carefully by the program staff to ensure its eligibility. (Beckzada Interview)

Ms. Beckzada explained that the support provided by the program starts with the planning phase and usually leads to the actual establishment of cooperation between both the Danish and the Egyptian side. Based on the results, further assistance is provided. She added that during the preparation phase, the program helps in identifying the Egyptian partner and matchmaking them with a Danish. The program funds the meeting

whether in Egypt or in Denmark. Once preliminary agreement is reached, the program supports the preparatory studies required such as market surveys, technical aspects, feasibility studies etc. During the operation phase, the PSD program also supports the training and technical assistance required in order to upgrade the workforce technical capacity. It funds any environmental measures needed in the production process of the company for environmental protection purposes. Moreover, it helps the Egyptian companies in importing production equipment, setting up of facilities, receiving loans to import necessary capital goods etc. (Beckzada Interview; Royal Danish Embassy n.d.)

M&E of Services and Activities

Ms. Beckzada highlighted that the Danida PSD Program has a strong computerized monitoring and evaluation system through which it monitors the implementation of its activities and services not only in Egypt but in all countries where it operates. She added that the system is unified and has been developed with the aim of monitoring the developmental impact on the companies it has provided assistance to. The program uses certain indicators for monitoring and evaluation of their assistance which helps it have a systematic target and results based management. Baselines are mandatory for the system to accept any other entries related to the service or support given by the program. All relevant impact from the assistance given is required to be documented otherwise the system would not accept any other entries. The indicators cover the following the company's turnover in (USD or local currency), the amount of jobs generated aggregated by gender, amount of new investments, the number of education days for employees, approvals obtained, export income generated, additional capacity for waste water and energy, and others. Most of these indicators are measured

depending on their relevance since the initiation phase and throughout the assistance. In addition, relevant impact due to the service or assistance has to be documented. (Royal Danish Embassy n.d.)

In terms of external program evaluations, Ms. Beckzada explained that the Danida's evaluation function has been the subject of debate in several instances. The independence, quality, and utility for its stakeholders was the center of many debates. However, after being subject to a review in 2002, it was found that Danida's evaluation system is an example of a good system, sound, and in accordance with the international evaluation standards. (Beckzada Interview)

Its evaluation system was developed in 1988 and by 1997 evaluation policy was formulated. The guidelines have been revised several times showing evolution and reflecting the changes that took place in the program's strategy. (Beckzada Interview; Lundgren, North, and Rist. 2003)

Danish Development Assistance Evaluations are conducted in the Evaluation Secretariat, an independent dedicated unit within the Ministry of Foreign Affairs. It uses the Line Management Model which requires the involvement of the stakeholders. Like many other donor countries such as Finland, Ireland, Netherlands, and Switzerland the system directly reports to the head of the development agency who reports to the top foreign policy official. (Lundgren, North, and Rist. 2003)

Ms. Beckzada said that the procedures followed in the evaluation process include reviewing of annual plans and final reports. These procedures are listed in the DAC Principles and Evaluation Guidelines. External consultants are hired through a

competitive bidding to conduct the evaluations. This assures the independence of the evaluation and minimizes the pressure that could take place during the fieldwork and report writing. (Lundgren, North, and Rist. 2003) The Secretariat is responsible for the quality control of the evaluation reports produced by the evaluation team which makes these reports of high quality, independence, and impartiality.

Ms. Beckzada highlighted that the evaluations are used to for learning and accountability purposes. Corrective actions are taken based on the results and feedback. Danida disseminates the results to face the problems and challenges related to their services and activities. The information is made available for the public and political decision makers to inform them about the results of tax resources spent within the development context. (Beckzada Interview)

Performance of the Project

Danida PSD program in Egypt has been serving a large number of Egyptian companies. Its work is based on procedures which have been set by the Danish government for their offices worldwide. They have a bureaucratic system which ensures the quality of the services provided to their beneficiaries from both sides, the Danish and the Egyptian. The procedures and policies followed are quite strict which discourages those who are not serious about the service being given. Each service requires a number of applications and forms to be filled out by the interested companies assuring their seriousness and need for the services. (Beckzada Interview)

It is due to these implementation procedures and the strong monitoring and evaluation procedures emphasized by the Danish government that Danida has succeeded in serving a large number of companies in Egypt as well as Denmark. The PSD program'

has not served as many companies in Egypt as other donors but those that were served benefited highly from the services given. (Beckzada Interview)

Concluding Remarks

Danida's institutionalized monitoring and evaluation systems are a good example of strong systems as per the international standards in terms of its implementation procedures and its usage. Being used for the right purposes as per the theoretical view, it is extremely beneficial as it continuously provides the management with accurate data and information related to their progress and impact of their assistance. The system is designed in a manner where it requires immediate corrective action to be taken by the Danish government when needed. In addition, it provides lessons to be learnt for future activities. In that sense, it increases the effectiveness of the development aid spent in the countries the Danish government is providing assistance to. It is also noteworthy that the current monitoring and evaluation systems used by the Danida in its operation are continuously monitored and evaluated in order to ensure its efficiency and effectiveness. (Lundgren, North, and Rist. 2003)

CHAPTER 5

CONCLUSION

This chapter is divided into two parts. The first part concludes the findings of the research and the cases studied in this thesis. The second part gives recommendations based on the findings of the study given to donor agencies, governments, and development projects with particular emphasis on export promotion projects funded by donor agencies in Egypt.

Summary of Findings

Based on the research conducted and the cases studied, it can be concluded that strong monitoring and evaluation systems in development projects do play a significant role in enhancing and strengthening their performance. The literature reviewed illustrates the theoretical part of monitoring and evaluation and its importance as a management tool. The cases on the other hand provide the practical side of monitoring and evaluation and its application illustrating the impact of such systems on export promotion projects in Egypt. Examining the cases proved the hypothesis of this thesis. It shows the relation between the success of a project and monitoring and evaluation system. The cases illustrated how monitoring and evaluation ensures closeness to clients, provides knowledge of client needs and priorities. In addition, it shows that the presence of monitoring and evaluation within the projects examined in this study allowed project managers in projects such as ExpoLink, Danida, and AERI the basis upon which they were able to manage their activities and services in a more effective way. They were also able to achieve their goals in a timely manner, foresee problems, and accordingly make

correction actions. Moreover, monitoring and evaluation presented an institutional memory system which helped in gathering lessons learnt that could be of great use for future projects, thus saving resources by preventing future projects from repeating old mistakes. The five cases were funded by donor agencies operating in Egypt with the aim of increasing Egyptian exports using various activities and services for the Egyptian private sector. ExpoLink was established by the USAID in Egypt and managed to be sustainable receiving support and cooperating with various donor agencies. CIPE was established also by USAID and has completed its contractual agreement. AERI was recently established by the USAID based on the lessons learnt from similarly funded projects in the agricultural field and the need for its activities and services raised by the beneficiaries and stakeholders in Egypt. DANIDA PSD program is funded and supported by the Danish government and has been in operation successfully based on the adoption of strong M&E principles since more than a decade with great impact on its beneficiaries. Finally the Industrial Modernization Program which is supported by the Egyptian government and the EU. The difference in these projects monitoring and evaluation systems and procedures shows how each of their funding donor agencies values monitoring and evaluation in their management. It can be concluded from the interviews and evaluations reviewed that they all tend to believe in the importance of monitoring and evaluation. They realize the pressing need for monitoring and evaluation of their funded projects. Nearly all of these donor agencies are using some monitoring and evaluations while developing their development strategies, initiating projects, and implementing projects. They use the findings of evaluations to improve and enhance their assistance in the future.

Despite all these efforts exerted by the donor agencies, many projects similar to the case of CIPE were unable to achieve their planned results and failed to bring the improvement and change needed. Other cases like ExpoLink have managed to realize their management problems and succeeded in making corrective actions to their project by introducing monitoring and evaluation systems to their implementation procedures. It has proved to have positive impact on the project's implementation procedures.

Based on the cases reviewed, the research and interviews conducted during the study, it was very clear that there is an increasing awareness of the importance of effective and efficient projects' management. Most governments of the developing countries, including Egypt, and the donor agencies have come to realize that results based M&E has become a global phenomenon as national and international stakeholders in the development process to increase accountability, transparency, and results from governments and organizations. Multilateral development institutions, donor governments, parliaments, the private sector, NGO's, citizens and civil society have all expressed their interest and emphasized the need for tangible results.

Today, the new thought of M&E goes beyond the simple traditional input – output monitoring and evaluation. If implemented properly, it moves towards more impact and outcomes analysis for decision makers to be able to plan and administer better. In the past, project monitoring and evaluation has always been receiving little attention from the donor agencies and governments. Recently, most donors have been placing more emphasis on assessing the projects' impact by their management teams and institutionalizing monitoring and evaluation systems within all their activities. Due to the importance of the subject, many development organizations such as the World Bank,

UNDP, IFAD, EU, USAID, and many others have been developing M&E manuals and guidelines which are published and shared with the public.

The Recent emphasis of donor agencies and developing countries governments on having institutionalized Monitoring and Evaluation systems within all development projects is due to the pressures by the citizens of both the donor and recipient countries, the donor agencies, and local governments for greater accountability and results. The evaluation conducted by the USAID on its Evaluation Experience revealed that many of its project managers, program officers and staff believe in the importance of monitoring and evaluations. They even see the problems in the systems applied and have recommendations to resolve these problems. One of the interviewees during the evaluation stated

‘Any good organization assesses its performance and uses that information to plan future activities. Unfortunately, I don’t think USAID does a good job of analytically assessing the results of its programs on an ongoing basis. Without such ongoing analysis the more formal, independent evaluations are much less useful. I think both types are needed and that we need to strengthen both.’ (Clapp-Wincek and Blue 2001, 11)

The interesting finding based on this evaluation showed that most of the USAID staff interviewed perceives monitoring as more beneficial than evaluations. One of the interviewed staff stated

‘In general, I don’t think we have learned anything new from evaluations than we learn from good monitoring.... Evaluations are not as useful as ongoing monitoring because they are too expensive, too short, too time consuming, and too difficult to implement when you consider that you have to bring an external team up to speed very quickly in a complex environment.’ (Clapp-Wincek and Blue 2001, 16)

Based on the finding of the evaluation, USAID has decided to review its evaluation methodologies and procedures in order to simplify the process and make it more cost effective and useful for all stakeholders. Without this evaluation, USAID would have continued to waste the money spent on the evaluations being conducted. In addition, the evaluation has not only highlighted the problem but more importantly provided recommendations on how to enhance and improve the USAID evaluations. One of the main recommendations provided by this evaluation was that USAID should put evaluations back on the mission's list of priorities. All senior staff in USAID should demonstrate the importance of monitoring and evaluations.

'There is much to be done to reestablish evaluation as a means by which "truth speaks to power." More important, USAID needs to find a way to "use truth to empower." Only then will USAID be able to say that it is a true learning organization.'
(Clapp-Wincek and Blue 2001, 34)

Many other donor agencies such as Danida and the EU have also been aware of the importance of evaluating their monitoring and evaluation systems. They conducted evaluations on their systems in order to learn more about the effectiveness of their M&E systems and in order to make corrective actions as needed. With the increasing demand for monitoring and evaluation most of the donor agencies have developed manuals and guides on the importance, benefits, and application of monitoring and evaluation.

The GOE as well as many other developing countries have been illustrating their interest in applying monitoring and evaluation efforts to their institutions and entities. In 2002, a readiness assessment for the country's readiness to implement monitoring and evaluation activities was conducted revealing the country's readiness to take ownership and slowly start to implement results based management. Based on the assessment,

Egypt was amongst the developing countries which were ready to institutionalize monitoring and evaluation systems. Moreover, the assessment revealed that there is a high level capacity within Egypt which could be used in the move towards results based monitoring and evaluation. In fact, some of the involved Egyptian government officials have taken action in identifying the responsible entities and have given them the necessary training for implementation. (Kusek and Rist. 2002, 5-6) An example taken from the interview with Mr. Nagui El Fayoumi from the Ministry of Industry and Foreign Trade further supports this fact. During the interview conducted with Mr. El Fayoumi, he explained how the Minister of Industry and Foreign Trade has been introducing monitoring and evaluation to the ministry. He showed me an email which was sent to all the department heads within the ministry from the Minister's Assistant requesting their monthly reports on their planned activities. He explained that reporting and tracking their activities has become essential not only to monitor their progress but more importantly to report on their progress and highlight the challenges they are confronting during the implementation. Mr. El Fayoumi added

'I personally realize and value the importance of monitoring and evaluation systems due to my experience with ExpoLink. However, it is necessary to emphasize this and raise awareness amongst all employees and staff within the various Egyptian public and private sectors in order to be able to achieve the level of progress Egypt aims for.' (El Fayoumi Interview)

Recommendations

Based on the findings of the study, a number of recommendations for both donor agencies and development projects concerning the application of monitoring and evaluation are presented below.

First, donor agencies should set standards for implementing M&E systems within all development projects. They should ensure that it is one of the main requirements listed in the project's contractual agreements. Moreover, it is essential to review the project designs, targets, indicators, and outputs on a timely basis as needed. It was apparent from the cases reviewed that a good M&E system was linked to a well-designed grant or contract agreement that spells out activity and impact indicators. If those were omitted from the original agreements, perhaps an addendum should be added to ensure adequate M&E for all projects in the future.

Second, the idea of having project Monitoring and Evaluation systems which aim to showing the impact of the projects for the governments and the donor agencies leads to selectivity of positive results only and leaves out the lessons to be learnt from previous mistakes and failures. Donor agencies and projects should know that monitoring and evaluation activities are considered a learning experience and gives a chance for all stakeholders to be included in the process of measuring the performance and results. Accordingly, this will help build capacities and improve the quality of information received for better decision making.

Third, it is essential for the funding and donor agencies to stress on the importance of incorporating quality control mechanisms in the project's implementation. It comes as no surprise that the projects with built-in quality control measures for different phases of activity implementation tend to have the most comprehensive and useful M&E systems. Based on the research conducted, it was found that the use of an automated system of inputting and assessing data helps to both simplify and strengthen the quality control process, and hence the M&E system.

Fourth, donor agencies should have standard format for their Project's Quarterly and Annual Reports which are submitted by their projects. Standardization of the format will facilitate the reporting of aggregate impacts that would be consistent with their funding agency's own reporting formats.

Finally, it is important for donor agencies to give sufficient attention to the qualitative indicators set for their projects. By nature qualitative aspects are difficult to define, measure, and compare. However, in some activities where the indicators are vague, no effort is made to assess them at all. Having strong and clear qualitative indicators allows for more comprehensive and meaningful assessment of the overall effectiveness of each project.

I would like to also add that based on the interviews conducted with the projects' staff and the evaluations reviewed there are a few important recommendations which should be considered by the projects' management to ensure proper implementation of their project activities and the provision of their services. More importantly, these recommendations will help them in gauging their impact and reporting their results in a more constructive and scientific manner. Listed below are some of these recommendations:

Export Promotion Projects should invest more in their institutional capacity. Lessons from World Bank and other development agencies' field experience in monitoring indicate that this wider concern with management information systems is likely to be of more immediate value to project management than donor-driven monitoring. To help sustain their own monitoring capabilities in the future, export

promotion projects should integrate their current monitoring systems with other systems such as financial accounting and computerized project management.

It is essential that Export Promotion Projects develop internal MIS systems, upgrade staff skills in MIS and M&E, and improve procedures for information-gathering and analysis. To help develop monitoring capacity and use it as a tool for good internal management, these projects should focus on: Upgrading skills in monitoring and evaluation, which include project analysis, design of activity-level indicators and reporting systems, data collection from client companies, and information management; improving procedures to create practical, effective systems to seek out and use information for decisions; and strengthening their internal organization by developing skilled staff in appropriate MIS and M&E positions, accountable for their actions.

In addition, Export Promotion Projects should develop detailed work plans to be shared with and approved by their partners and the funding agency. They have to adhere to the results reporting requirements laid out in their cooperative agreements. The importance of the timely and accurate reporting cannot be compromised. Each task or department manager in the project must provide the management with weekly progress reports. Accordingly, these weekly progress reports when compiled can easily generate the projects' quarterly reports and annual report a timely manner.

With regards to the importance of the project-client relationship, projects should develop stronger client awareness and increase their knowledge of client characteristics. In general, not all of the export promotion projects examined had a sufficiently well-developed sense of their client base or target audience. These projects should be encouraged to enhance their awareness of their clients, as well as these clients' needs and

concerns. Developing demand-driven services is the most effective way for such projects to better define, improve, and expand the services that they offer Egyptian private-sector firms.

It is important for Export Promotion Projects to collect accurate, regular background data on client companies receiving services. In many cases, the projects collected only client contact information and service records. They should have substantial descriptions of client firms' activities, scale of operations, relations with other service providers, and services received from other donors. Similar information about all client firms should be collected and recorded by these projects.

Projects should make use of the data collected in order to better serve clients and improve their services continuously. With more information on client needs, Export Promotion Projects would be better able to improve their service mixes. Developing client-aware services is the most effective way for such projects to better define, improve and expand services that they offer to Egyptian private-sector firms. The projects' management should use the information collected from and about their client firms to focus and/or trim the services that they currently offer.

Export Promotion Project should use client impact information to develop new services. Such projects are oriented toward investing in services that develop the maximum impact within private-sector firms. With complete and reliable information about client firms' capacity and needs, Export Promotion Projects would be able to develop new services that better serve Egypt's private-sector firms.

Finally, as a conclusion of this thesis, it can be clearly seen that for those engaged in the development field, monitoring and evaluation quite often have been perceived as demanding and time consuming systems which have to be implemented to satisfy a superior

body i.e. funding agency, sponsoring body, etc. In reality, it is inevitable despite the criticism and the resentment of many to carry out monitoring and evaluation activities, we all need continuous Monitoring and Evaluation of our actions and behaviors. Monitoring and Evaluation are not alien activities and are considered to be essential tools to for effective and efficient performance. It has been stressed on in all religions that one should monitor and evaluate his/her performance and actions. The measurement of the results of our inputs and the impact of our actions reflects on our level of success and achievement. Monitoring and Evaluation are not only to be considered as technical systems or tools but rather social, political and value-oriented activities. We just need to put these systems in a more formal context and use them more in programs and projects in order to improve the way we do things in the future.

From a community development perspective there are a number of reasons why we need such systems. Monitoring and Evaluation can improve what we do, provide the control needed over matters, provide a form of risk management, and provide some sort of insurance against the failure of programs and projects. The most important reason in my opinion is that it can be used if implemented appropriately as a tool for the empowerment of disadvantaged people by giving them information, knowledge, and an opportunity reflection and analysis of what they do.

Finally, I would like to conclude that based on my experience in this thesis along with my professional experience, it is very clear that the success of monitoring and evaluation is based on how we respond to the question of '*why implement performance monitoring and why undertake evaluations*'

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