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The World Bank

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Report No: 25252

IMPLEMENTATION COMPLETION REPORT
(TF-28628)

ON

A

GRANT

FROM THE GLOBAL ENVIRONMENT TRUST FUND

IN THE AMOUNT OF SDR 3.4 MILLION

TO

THE ARAB REPUBLIC OF EGYPT

FOR A

EGYPTIAN RED SEA COASTAL AND MARINE RESOURCE MANAGEMENT PROJECT

December 27, 2002

Rural Development, Water and Environment Department
Middle East and North Africa Region

CURRENCY EQUIVALENTS

(Exchange Rate Effective December 27, 2002)

Currency Unit = Egyptian Pound LE
LE 1 = US$ 0.22
US$ 1.0 = LE 3.33 (at appraisal)
US$ 1.0 = LE 4.64 (at ICR)

FISCAL YEAR
January 1 December 31

ABBREVIATIONS AND ACRONYMS

ASD	-	Abu Soma Development Company
CZM	-	Coastal Zone Management
EEAA	-	Egyptian Environmental Affairs Agency
EIA	-	Environmental Impact Assessment
GEF	-	Global Environmental Facility
GIS	-	Geographic Information System
RBO	-	Regional Branch Office
RSG	-	Red Sea Governorate
TDA	-	Tourism Development Authority

Vice President:	Jean-Louis Sarbib
Country Director:	Mahmood A. Ayub
Sector Director/Manager:	Letitia A. Obeng/Salah Darghouth
Task Team Leader:	Nicole Glineur

EGYPT, ARAB REPUBLIC OF
EGYPTIAN-RED SEA COASTAL AND MARINE RESOURCE MANAGEMENT PROJECT

CONTENTS

Project ID P004981	*Project Name* EG-RED SEA COASTAL
Team Leader Nicole Glineur	*TL Unit:* MNSRE
ICR Type: Core ICR	*Report Date December 27, 2002*

1. Project Data

Name: EG-RED SEA COASTAL
L/C/TF Number: TF-28628
Country/Department. ARAB REPUBLIC OF EGYPT
Region: Middle East and North Africa Region
Sector/subsector· General agriculture, fishing and forestry sector (76%); Central government administration (24%)

KEY DATES

			Original	*Revised/Actual*
PCD:	04/28/1992	*Effective:*	04/27/1993	12/30/1994
Appraisal:	09/01/1992	*MTR·*	09/30/1993	11/01/1997
Approval·	11/23/1992	*Closing.*	09/30/1996	06/30/2002

Borrower/Implementing Agency GOVERNMENT OF EGYPT/MINISTRY OF TOURISM; GOVERNMENT OF EGYPT/Tourism Development Authority (TDA), GOVERNMENT OF EGYPT/Egyptian Environmental Affairs Agency (EEAA); GOVERNMENT OF EGYPT/Red Sea Governorate (RSG)
Other Partners· NGOs, USAID.

STAFF	Current	At Appraisal
Vice President	Jean-Louis Sarbib	Caio Koch-Weser
Country Manager·	Mahmood A Ayub	Sven Burmeister
Sector Manager.	Letitia A Obeng	Alastair McKechnie
Team Leader at ICR:	Nicole Glineur	Arun Banerjee
ICR Primary Author:	Douglas I Graham	

2. Principal Performance Ratings

(HS=Highly Satisfactory, S=Satisfactory, U=Unsatisfactory, HL=Highly Likely, L=Likely, UN=Unlikely, HUN=Highly Unlikely, HU=Highly Unsatisfactory, H=High, SU=Substantial, M=Modest, N=Negligible)

Outcome: S
Sustainability· L
Institutional Development Impact M
Bank Performance. S
Borrower Performance: S

	QAG (if available)	ICR
Quality at Entry		U
Project at Risk at Any Time·	Yes	

3. Assessment of Development Objective and Design, and of Quality at Entry

3.1 Original Objective.

Original Objective

3.1.1 To meet the overall goals of biodiversity and pollution prevention in the Red Sea, the objectives of the project, as stated in the SAR, were to:

(i) develop and implement policies, plans and regulations that ensure that development is consistent with sound environmental management to protect the shared marine resources of the Red sea coastal zone;

(ii) strengthen the capacity of government institutions to carry out integrated multi-sectoral coastal zone management activities;

(iii) develop and implement public-private partnerships to assure that economic development is consistent with sustainable environmental management and common marine resources;

(iv) develop and implement practical solutions for the establishment, management and recurrent funding of marine protected areas and marine recreational resources; and

(v) develop a data base using a geographical information system (GIS) and inventory of the coastal and marine ecosystem and resource uses that would be available to governments, universities and private sector interests for the purpose of expanding the knowledge base of the Red Sea.

Context

3.1.2 The Project was originally an integral part of the Private Sector Tourism Infrastructure and Environmental Management Project (LN 36050) which was first approved by the Board in November 1992 and, after conversion to become the Bank's first single currency loan, was re-approved by the Board on 05/18/93 and signed on 09/28/93. Effectiveness of LN36050 suffered a series of delays for a variety of reasons, including a change of Minister, a dispute in the People's Assembly over land allocation to one of the beneficiaries and opposition to provision of Government guarantees to the private sector. These delays affected the GEF project until it was decided to de-link it from LN. 36050 and an amendment to the Grant Agreement subsequently enabled it to become effective on December 30, 1994. A separate ICR is available for LN. 36050. However, the two projects continued to be supervised together by the same Bank staff, which made for consistency of approach to environmental and social issues.

Assessment of Original Objective and Design

3.1.3 The project complemented assistance the Bank was already providing, along with other donors, in the implementation of an environmental action plan through the Egyptian Environmental Affairs Agency (EEAA). The project also complemented other initiatives; in particular the United Nations Environmental Program (UNEP) and the World Bank were collectively developing a Red Sea Regional Framework Plan to coordinate and revitalize regional activities through the implementation of the Egypt and the Yemen GEF projects. However, environmental capacity was at an early stage of development. In recognizing the need for ecologically sustainable development of coastal areas, the Government of Egypt requested funds from the Global Environment Facility (GEF) to develop a coastal zone management (CZM) program that would focus on the environmentally sound management of tourism developments in a way that would be productive for all concerned agencies (the Tourism Development Authority, TDA, the EEAA and the Red Sea Governorate, RSG), the Egyptian people and the other littoral

states. The project objectives thus addressed a serious need for a sustainable CZM plan for Egypt's Red Sea coast. The objectives were also consistent with the environmental aspects of the Bank's country assistance strategy, while the high marine biodiversity values of the Red Sea and the project's aim to protect biodiversity and mitigate international waters pollution justified GEF support for the project objectives.

3.1.4 The project was, however, quite complex in terms of the range of activities to be undertaken and quite risky in its implementation arrangements, involving three different agencies (TDA, EEAA and RSG) with limited capacities and very little experience in the subject matter. To mitigate these risks a special project unit was to be established with staff paid for out of the project. The relatively short time span foreseen for implementation (three years) was unrealistic given the range of activities to be undertaken and the limited capacity of the implementing agencies. There was also an inherent conflict between the original project concept of tourism development and the urgent need to improve the institutional capacity for environmental protection.

3.2 Revised Objective:
N/A

3.3 Original Components:
3.3.1 The main components as stated in the SAR were:

(i) **Coastal Zone Management Plan:** the development of a CZM plan, to guide a program of inter-sectoral coastal zone management during the project implementation phase and beyond. This component would carry out scientific inventories analysis of the resources and zone the coast according to the allocation of significant areas for conservation and development. Under this component a data base would be established incorporating existing information and new surveys, with a Geographic Information System (GIS) as an active planning tool. A final CZM plan with policies for zoning and managing coastal and marine resources would be developed and approved by all concerned agencies.

(ii) **Environmental Assessment Capability:** the development of the environmental assessment capability of the TDA and the EEAA to evaluate, regulate and monitor the impacts of coastal development, including tourism and oil and gas exploration, in recognition that one of the most potentially effective mechanisms to support environmentally sound development is the EIA process. This component would develop EIA practices for tourism and all other development activities impacting the coast. It would improve TDA's and EEAA's capability to manage EIA requirements. The TDA's environmental unit and EEAA's EIA unit would be staffed and trained in coastal zone management EIA procedures, and produce a manual on EIA procedures to be used by developers and other agencies.

(iii) **Marine Pollution Control:** the development of the capacity to monitor and enforce marine pollution control rules and regulations developed under the CZM plan among TDA, EEAA, and the Red Sea Governorate staff. Rather than establishing an independent regulatory system for CZM, the project would facilitate the coordination and strengthening of capacities between the TDA, EEAA and RSG and other agencies. A Red Sea office would be established in the Governorate with a monitoring and enforcement unit, which will coordinate these responsibilities

with the environmental units at EEAA and TDA.

(iv) **Reef Recreation Management:** the management of recreational activities to protect the valuable and fragile coral reef habitats and to promote training, public awareness and sustainable visitor use and enjoyment through the development of a Reef Recreation Management Action Plan and Program, the establishment of a Reef Recreation Management Unit, management arrangements between public and private sectors, and other entities.

(v) **Marine Protected Area Establishment:** the identification of marine protected areas, the preparation of operational plans for management of these areas and the training of necessary staff.

(vi) **CZM Monitoring and Evaluation:** the reviewing, monitoring and evaluation of the CZM project to ensure that bio-diversity and pollution prevention goals are being achieved and that the project is sustainable.

3.3.2 Design of the project lacked an overall coastal zone management framework from the outset to link the components to the objectives and bring together the components. In practice, the components were quite diverse and not consistently related to one another or to the overall project objectives. Their complexity was beyond the existing capabilities of the implementing agencies and the timetable envisaged for their implementation was too short. Although lessons learnt from other environmental protection projects within the region were said to have been taken into account, it would appear that previous experience regarding complexity and implementation timeframes of projects in Egypt had been largely overlooked.

3.4 Revised Components

3.4.1 There has been no major revision of the project components. However, components (ii) and (iv) were revised to reflect activities carried out with other funding sources and thereby avoid duplication of activities. These changes did not require restructuring of the project. The components were adapted as follows:

1. Part of the training originally envisaged to be carried out under the GEF project was undertaken by USAID TA and an NGO -- specifically, (a) environmental awareness for RSG, (b) ranger training for EEAA, and (c) GIS integration into a multiple access system for TDA. Accordingly, US$80,000 from the Training Component Funds were reallocated to other activities such as the preservation of coral reefs (including mooring buoys installation in Soma Bay-Safaga area) and catalyzing further efforts for coral reef protection.

2. The GEF project originally included provisions for construction of a reef recreation center and a pollution control center in addition to a visitor center. However, during implementation a pollution control center was constructed with other funding and USAID sponsored reef protection through the establishment of the EEAA Red Sea Protectorate Office. Hence EEAA requested that the project fund instead its Regional Branch Office (RBO) in Hurghada on a site provided by the Governor. The original RBO design, whose aim was to enforce EEAA regulations in the Red Sea Governorate, was finalized in June 1998 and tendered in August 1998. In 1999, EEAA requested further changes to the building design to incorporate extra floors for laboratories and a garage for which construction was paid by EEAA. The RBO was redesigned

to accommodate such changes. Construction of the GEF funded portion of the building started in January 2001 and was completed in June 2002.

3 5 Quality at Entry:

3.5.1 The ICR rating for quality at entry is, on balance, *unsatisfactory*. This was one of the first GEF Projects to be approved by the Bank in 1992 (during the GEF Pilot Phase). At that time it was part of a tourism infrastructure project, which took much longer than anticipated to become operational and the project was finally processed in its own right only from 1995 onward. Although the project objectives were well prepared and consistent with both county and Bank strategy for environmental protection, the implementation plan was over-ambitious and components were not always linked to objectives, as described below:

- Timing. The project was originally designed to be implemented over a 36-month (three-year) period, with two main phases: (i) preparation of a CZM Plan over the first months 1-15 (which involved the bulk of surveys, background and strategic reports) and (ii) initial implementation of priorities from the CZM findings during months 15-36. After effectiveness, operationally the project continued to stay in a stage of "preparation" for all 1995, largely addressing staffing, role clarification between the three joint agencies and disbursement arrangements. The original closing date was September 1996, however because of weak project management, and overly ambitious project design, the project did not become fully operational until 1997. With hindsight, the initial three-year implementation period proved to be unrealistic since it took over seven years to complete the project after a delayed start. A better appreciation of institutional weaknesses and of the time required to undertake such an ambitious program, might have resulted in a better phased approach to implementation, with more emphasis on training.

- Piecemeal project design. The project preparation and design phases lacked an overall coastal zone management framework at the onset to bring together the project components. The project included too many studies and did not focus enough on implementation on the ground.

- Inconsistency between Objectives and Components. There were also inconsistencies between objectives focused on data collection and interpretation for management of fragile resources and those focused on implementation of other project components.

4. Achievement of Objective and Outputs

4.1 Outcome/achievement of objective

4.1.1 The project outcome is rated as *satisfactory*. In terms of the overall objective of developing a CZM plan focusing on the environmentally sound management of tourism developments, the project has been successful. The CZM plan, which identifies protected areas, is in place and being enforced. Among the main outcomes, tourism developments now require full EIAs; an environmental unit has been established in TDA and more focus given to tourism development within EEAA; a comprehensive GIS is functioning and available to all stakeholders including investors. All the main components of the project have been achieved and the project has succeeded in collecting and interpreting crucial information for the management of resources. Together, these achievements meet the requirements of the project's first detailed objective: to develop and implement policies, plans and regulations that ensure that development is consistent

with sound environmental management to protect the shared marine resources of the Red Sea coastal zone.

4.1.2 Where the project's second detailed objective is concerned, to strengthen the capacity of government institutions to carry out integrated multi-sectoral CZM activities, a major achievement of the project has been its success in bringing together the three implementing agencies in an unprecedented working partnership. An essential instrument to this success was the creation of the Project Management Group (PMG) comprising the heads of TDA, EEAA, RSG as well as the project and operations managers, which met frequently during implementation and continues to do so. The sustainability of this achievement has been helped by the fact that the expertise gained by the project staff has been transferred to the implementing agencies.

4.1.3 The third detailed objective, to develop and implement public-private partnerships, has been instrumental in planning the continuity of project activities. Thus the operation of the completed visitor center will be undertaken by a public-private partnership, including environmental NGOs and investors' environmental groups as well as Government agencies. The close working relationships established between the TDA and the private investors and the environmental NGOs have helped secure a satisfactory outcome to tourism development on the Red Sea coast.

4.1.4 The fourth detailed objective, to develop and implement practical solutions for the establishment, management and recurrent funding of marine protected areas and marine recreational resources, has been less successful in its realization. The coastal management, protected areas and recreation management plans produced by the project, as well as the awareness of the importance of the area created by the project, enabled the promotion of the proposed Red Sea Protected Area (RSPA) through EEAA and of preservation guidelines through TDA's Red Sea Sustainable Tourism Initiative (RSSTI). The implementation of the RSPA was to be undertaken by EEAA with USAID funding in parallel implementation with this project. However, delays have occurred and activities such as hiring and training of rangers are only just starting. It is yet unclear as to which major on-the-ground coral protection activities are being envisaged with USAID funding. As regards recurrent funding, the vicissitudes of the tourism sector have hindered the establishment of cost recovery mechanisms, but there is no doubt that the potential exists. Meanwhile, recurrent funding is dependent on donors, particularly USAID, and investors.

4.1.5 The last of the detailed project objectives, to develop a data base using a geographical information system (GIS), has been fully achieved. A digitized atlas of the Red Sea marine and terrestrial resources has been prepared to aid in the understanding and management of resources. The GIS data base and inventory of coastal and marine ecosystems, completed since 1998, is fully operational and is continuously updated by the operating authorities. It is available to Government agencies, investors and donors. Representatives from the three participating agencies, TDA, EEAA and RSG, have been trained in Database/GIS applications. In addition, a series of action plans, reports and documents are among the major outputs from the project. Seven core reports represent the major documents arising from the project and were compiled jointly by the core team and their international advisers. They include the Inception Report, Baseline Report,

Preliminary Coastal Zone Management Action Plan, the three major action plans (Reef Recreation Management Action Plan, Coastal Marine Protected Areas Strategy and the Integrated Coastal Zone Management Action Plan) and the Project Evaluation Report. Supporting technical reports produced by the core team included reports originating from surveys and reports initiated by local consultants.

4.2 Outputs by components:

(i) Development of a CZM plan(S):

The Coastal Zone Management Action Plan was finalized in September 1998 and provides recommendations for optimal use of the coastal and marine resources along the Egyptian Red Sea coast, within the broader context of the National Coastal Zone Management strategy, and is being implemented by EEAA, TDA and RSG. The project area is represented by the stretch of coast from Hurghada through Safaga, to Marsa Alam and southward to the Sudanese border. The CZM plan incorporates the objectives and themes of the "Framework Program for Development of a National ICZM Plan for Egypt" (1996), as well as other existing national plans, regional and international agreements.

To underpin the CZM strategy, surveys were conducted throughout the project area; the surveys provided information on distribution, extent, and condition at ecosystem, species/other taxa levels. The main outputs and findings included information on percent cover, abundance, species diversity for major marine invertebrates and fishes in the mangrove and coral reef areas; detailed inventories of all the mangrove stands along the coast, including information on size, condition, and density of each stand and biodiversity analysis concerning species diversity across a range of habitats, north south variations for taxa groups, and identification of multiple critical ecosystems in the same geographical areas.

(ii) Development of environmental assessment capabilities (S):

An Environmental Unit has been established in TDA and EEAA now fully enforces EIA regulations for tourism development projects. The database prepared under the project is being used, in conjunction with the EIA guidelines and EIA manuals developed with complementary and coordinated bilateral assistance. Staff at TDA and EEAA has received adequate training. In addition pollution types and sources have been identified; public awareness programs delivered; assessments on pollution legislative needs, as well as diving industry needs were undertaken in late 1997/early 1998.

(iii) Development of capacity to monitor and enforce marine pollution control regulations (S):

Research was commissioned in early 1997 and completed by mid 1998: it describes measures to protect the Red Sea marine environment with special reference to coral reefs and mangrove habitats, combating oil pollution and a detailed framework on pollution control, monitoring and enforcement service. To enforce marine pollution control regulations, EEAA has assigned over 40 rangers along the length of the Red Sea coast. In the near future more rangers and boats are needed and are to be funded by USAID.

(iv) Management of recreational activities to protect coral reef habitat (S)

A Reef Recreation Management Unit (RRMU) was set up in the Hurghada GEF project office in 1997 to collect data for the Reef Recreation Management Plan (RRMP) preparation activities, including dive surveys, sector and stakeholder consultations. In May 1998 a Reef Recreation Management Plan was delivered by the international consultant firm McAlister Elliott Ltd in conjunction with the local team. This report provides studies on reef-related issues and forms the basis for reef recreational zoning and monitoring in the Hurghada – Safaga area. It has been widely disseminated amongst other agencies, donors and NGOs involved in protecting the environment in Egypt and Egyptian Environmental Policy Program/Red Sea Framework Project funded by USAID.

(v) Marine Protected areas (S)

In May 1998 a Protected Areas Management Plan, which outlines targeted GEF support for specific areas and actions that help realize the goals of the National Biodiversity Strategy, National Coastal Zone Management Strategy and other national initiatives, was delivered by the international consultant firm in conjunction with the local team. It was disseminated widely amongst other agencies, donors and NGOs involved in protecting the environment in Egypt and staff has been trained in management of the areas. The plan provides a strategic framework for biodiversity conservation of coastal and marine habitats along the Egyptian Red Sea shores and presents both broad scale ecosystem-based guidance and small-scale demonstration coastal marine protected areas for targeted, geographic areas. Its preparation was based on the ecosystem surveys and a broad inventory of all plants and animals recorded by the project teams in 1997-98. An important element of this plan is the International Visitors Center (IVC) located in Marsa Ghaleb, in the heart of ongoing new developments in the " green field " sites of the Marsa Alam region and in the vicinity of the new Marsa Alam airport, which is now operational. The visitor center was completed in 2001. Its design blends elements of local architecture with best practice in environmental construction to serve as a show-case for new development in this expanding region. It includes the following facilities: museum, multi-purpose hall, library, audio-visual room and open air theater, to which are being added shops, restaurants and other service facilities. The VC management plan prepared by USAID has a special focus on sustainability after project completion, involving both private and public sector sponsors.

(vi) Reviewing, monitoring and evaluating the CZM project (U):

A mid-term review was carried out in November 1997. A final version of the Project Evaluation Report with a review of the GEF project history and accomplishments to date was delivered in December 1998, since when monitoring has mainly been undertaken by visiting Bank missions. In the two areas (Soma Bay and Marsa Alam), where the GEF project had direct involvement on the ground, this involvement has had positive effects. In the Soma Bay area of the associated Tourism Infrastructure Project, baseline surveys and monitoring of the coral reefs were undertaken and supervised by Bank missions. The coral areas being visited by the Soma Bay tourists are being protected adequately. On the other hand, the sites used by Safaga diving

companies are poorly managed. This is being remedied through the installation of appropriate mooring buoys and monitoring plan. The Visitor Center in Marsa Alam is in the middle of an area which is planned for touristic developments. Mooring buoys are being placed in crucial yet unvisited reefs as a preventive measure for future sound diving exploitation. Continued monitoring of these areas will be necessary.

4 3 Net Present Value/Economic rate of return·
Not Applicable

4.4 Financial rate of return:
Not Applicable

4.5 Institutional development impact.
4.5.1 At the time the GEF project was designed in the early 1990s, there were considerable coastal-marine development issues along Egypt's Red Sea that needed site-based, strategic and policy actions at local, national and regional levels to achieve sustainable development. The project has strengthened the environmental impact assessment capabilities and provided CZM knowledge within TDA, EEAA and the RSG. The project has been successful in formulating plans and regulations to ensure that development is consistent with sound environmental management and to protect shared marine resources of the Red Sea coastal zone.

4.5.2 The project has contributed to elevate the environmental agenda and improved communication between environmental units of different agencies; it has enhanced public and private partnership and ensured that economic development is consistent with suitable environmental management of common marine resources. There has been capacity building within the implementing agencies and elsewhere through wide use and dissemination of project outputs; practical solutions have been developed for the management of protected areas and marine recreational resources and conservation of biodiversity. Great emphasis has been placed on raising public awareness and encouraging environmental education at all levels including investors and developers, international tourists, local communities, and school-children.

5. Major Factors Affecting Implementation and Outcome

5.1 Factors outside the control of government or implementing agency.
5.1.1 Before the project was de-linked from LN 36050, a lot of time was spent on processes not directly related to the content of the project, such as disputes in the People's Assembly over land allocation, opposition to Government guarantees to the private sector and opposition to designated beneficiaries of land allocation. Terrorist attacks and other civil disturbances (which occurred in 1993, 1997 and 2001) considerably slowed project implementation.

5 2 Factors generally subject to government control·
5.2.1 After effectiveness, a further delay of a year was incurred due to the lack of counterpart funding and difficulties in compliance with the Bank's standard procedures for withdrawals and procurement; after resolution of these issues the project started to move ahead, but progress was still slow because of poor project management (see para. 5.3.1 below). It became evident that the project would not be able to meet its original closing date of Sept. 30, 1996 and a two-year extension was granted. With hindsight a longer extension should have been recommended by the

Bank team and requested by the Borrower given the ambitious agenda that the project was pursuing.

5.3 Factors generally subject to implementing agency control:

5.3.1 The project started, after delays, only during 1996, when the first Project Manager was appointed and the recruitment of the core team staff was partially completed. Most of the equipment was procured in 1996/97. However, the team experienced some difficulty in understanding what had to be done to implement the project. Early in 1997, due to the poor management ability of the Project Manager, two members of the core team resigned. The Technical Advisory Committee (TAC) revised the work plan and the PMG decided to take action and replace the project manager, who submitted his resignation. This was followed by the resignation of the Chief Planner. After that, a new project manager was appointed, international advisers were selected and a workable implementation plan was agreed. The project achieved a major turnaround in actions on the ground and the quality of outputs thanks to the dedicated team work of all concerned, including the Project Management Group, the core team, the Technical Advisory Committee and the international advisors.

5.3.2 However other delays were caused by the changes in project design specifications during the construction of the visitor center and, especially, the EEAA RBO office (the design of which was finalized only in 1998, tendered in August 1998 and, after disagreements with the contractor, construction finally commenced only in January 2001). As the contractor could not finish the work by the completion deadline of March 31, 2001, GOE submitted an official request for an extension, which was granted until June 30, 2002, when the GEF-financed part of the work was completed.

5 4 Costs and financing:

5.4.1 At appraisal, the GEF allocation for the project amounted to SDR 3.4 million, equivalent to US$4.75 million, with Egyptian Government funding of US$0.98 million and a total project cost of US$ 5.73 million. Actual total cost of US$5.31 million was slightly less than the appraisal estimate due to savings in the survey work and reports for the various project components. Part of Egypt's contribution to the project consisted in providing land at no cost for the EEAA RBO in Hurghada and for the Visitor Center in Marsa Alem.

6. Sustainability

6.1 Rationale for sustainability rating.

Sustainability of the project is rated as *likely*.

6.1.1 At project completion, there are good prospects that institution building, legal strengthening and information system improvements will be maintained. Under the new Executive Regulations all new construction or extensions to previous buildings require the consent of a Competent Administrative Authority (CAA), one of various Ministries or Governorates, depending on the nature and location of construction. In the case of the Red Sea coastal zone this would normally be the TDA or RSG. Each proposal must be accompanied by an Environmental Impact Assessment (EIA).

6.1.2 Activities towards mainstreaming of project results into the core activities of the Project partners (TDA, EEAA, RSG), such as the increase by EEAA of the numbers of rangers covering the Red Sea coast from 8 in 2000 to 40 in 2001, are continuing. Further coordination with other donors, especially USAID and EU, is supporting these efforts. For example, TDA's Red Sea Sustainable Tourism Initiative (RSSTI), funded by USAID, is promoting the development and dissemination of environmentally sound tourism practices, and coordination with USAID has been undertaken to facilitate the continuation of project activities under funding from USAID's Egyptian Environmental Policy Program. The unprecedented collaboration between the three entities (Red Sea Governorate, TDA, and EEAA) involved in the management of the Red Sea Coast and the private sector is continuing. The private sector (in particular through the Tourism Investors Association) is fully engaged and committed to continuing to pursue environmental protection and capacity building through such activities as the management of the visitor center.

6.1.3 In the SAR, emphasis was given to introducing a recurrent cost mechanism through protected area and tourism activities such as management of the visitor center. At the moment, cost recovery and recurrent funding techniques have been only partially achieved due to the weakness in tourism growth after the latest terrorist attacks and unrest in neighboring countries. This has made more difficult the task of finding adequate cost recovery mechanisms, but the continued growth of tourism in the newly developed Marsa Alem area, where the visitor center is located, indicates that long-term prospects for sustainability are good. Meanwhile, donor participation, particularly from USAID, continues to contribute to recurrent expenditures.

6.2 Transition arrangement to regular operations:

6.2.1 At project completion, most of the activities are continuing under TDA's management. The transfer of responsibility and assets to TDA has been completed and project functions integrated into the overall institutional structure.

7. Bank and Borrower Performance

Bank

7.1 Lending

7.1.1 Bank performance during project identification and preparation was, on balance, *unsatisfactory*. While the objectives were consistent with the country's and the Bank's strategies on environmental protection, the preparation and design phases lacked an overall coastal zone management framework to bring together the project components. The project design included too many studies and did not focus enough on implementation on the ground. It also suffered from potentially conflicting goals. On the one hand, there was a need to emphasize tourism development, which was the original project concept and, on the other, an urgent need to improve the institutional capacity for environmental protection. With the separation of the tourism and environmental components, both activities gained in effectiveness and during implementation, Bank performance proved to be *satisfactory* on the environmental components.

7.2 Supervision:

7.2.1 Overall supervision has been *satisfactory*. There was a high degree of continuity in the team supervising the project. Also, during the main period of implementation, supervision was undertaken from the Bank's resident mission in Egypt, which made possible more frequent contact

with the implementing agencies and contributed to the successful implementation of the project's complex range of components. The supervision team was proactive in resolving the problems encountered by the project in its early period of implementation (see para. 5.3.1). Supervision of fiduciary activities, procurement and financial management, was satisfactory, as was supervision of compliance with safeguard policies. Reporting of project implementation progress and the realism of project performance ratings was satisfactory. The team worked actively with donors to try to ensure that critical environmental activities continue to be supported by bilateral donors. These findings are in line with the FY00 Quality of Supervision Assessment Report which rated quality of supervision as satisfactory. Close collaboration between the GEF Red Sea Coastal and Marine Resources Management Project and the Red Sea Framework Project and the Aqaba Environmemtal Action Plan project contributed to sustainability of project activities.

7.3 Overall Bank performance·

7.3.1 Overall Bank performance is rated *satisfactory*. The assistance provided by the Bank during the project's relatively long period of implementation helped the executing agencies to undertake the complex components and overcome any shortcomings in the original design.

Borrower

7.4 Preparation·

7.4.1 Borrower performance during preparation is rated *satisfactory*. The implementing agencies worked closely with Bank staff during project preparation. Technically, the GEF project was declared effective as of December 30, 1994 following the formal "de-linking" with the associated tourism loan, and following Parliamentary ratification. Beforehand, considerable preparation for project implementation had been conducted through coordinated meetings between the "Project Management Group (PMG)" and the Project Manager and Operations Manager. Although considerable time had elapsed since the project was first approved by the Board (Nov. 1992), the PMG agreed that the project design, phasing, scope and scale should remain as conceived with no changes in substance. Operationally the project remained in a stage of "preparation" for all 1995, largely addressing staffing, role clarification between the three joint agencies and disbursement arrangements.

7.5 Government implementation performance:

7.5.1 Government implementation performance is rated as *satisfactory*. The Project Management Group (PMG) provided an excellent example of inter-ministerial co-ordination and vigorously pursued implementation. Since 1997 the new management and international advisory teams made good progress in putting the project back on track, completing the base-line surveys, establishing a computerized geographical information system and delivering high quality reports on schedule.

7.6 Implementing Agency:

7.6.1 Apart from the initial delay, due in part to lack of familiarity with WB procedures (and hence delays in the replenishment of project funds), the project implementation agency performance is rated satisfactory. Project Implementation has been rated unsatisfactory only on two different occasions: in 1995, when lack of counterpart funds held up implementation, and in 1997, when poor management was holding up the project. On the second occasion, the Project Management Group took decisive action and replaced the project manager and progress improved substantially.

7.6.2 The project team has been successful in involving the private sector in regular meetings which include developers, hotel operators, diving groups and oil and gas companies. NGOs involvement is particularly strong in reef protection, including the Hurghada Environmental Protection and Conservation Association (HEPCA).

7.7 Overall Borrower performance

7.7.1 Overall borrower performance is rated *satisfactory,* for the reasons indicated in paras 7.4-7.6.

8. Lessons Learned

Effective Impacts

- **Bringing government agencies together** to collaborate to their mutual benefit can dramatically improve implementation. In this case the project allowed for an unprecedented collaboration between the three implementing agencies, which led to more effective outcomes. Bringing together the main Government agencies (Tourism Development Authority (TDA), Egyptian Environmental Affairs Agency (EEAA), and the Red Sea Governorate (RSG)) in the day-to-day management of the project ensured that their interests were addressed and facilitated project implementation. The absorption of Project staff and culture into these agencies made possible the subsequent mainstreaming and sustainability of project activities into the tourism and environmental agenda.

- **Development of a GIS database** can have major benefits which go beyond the project itself. In the project, the development of the GIS database, with an inventory of coastal and marine ecosystems for the Egyptian Red Sea coast, enabled it to be used as a tool for investment programming and coastal zone management. The GIS has also proven to be an essential tool to achieve consensus amongst stakeholders.

- **Development of successful public-private partnerships** leads to more effective project implementation. The project definitely benefitted from the involvement of NGOs such as Hurghada Environmental Protection for Corals Agency (HEPCA), the Safaga EPCA, private hotel operators and dive boat operators.

- **Promotion of environmental awareness** amongst stakeholders is a key element in protecting fragile natural resources. In this project it led to a broader "greening" of the private sector, which now recognizes the importance of sound environmental management for sustaining tourist inflows, and has formed an Investors' Environmental Association. This grouping, which includes all the major hotel operators, participates in the management of the International Visitor Center financed under the project to promote best practices in environmental design and resource management and to help ensure sustainability.

- **Combination of a highly experienced international consulting team with a dedicated local team** has a synergistic learning effect. In this case, the combination produced high quality work and more effective implementation.

Project Design

- **The need for consistency between project objectives and activities of the project components** is an important element of project design. In this case, the project design could have focused more effectively on the preparation of a CZM framework with the three implementing agencies. Such a framework would have provided an overall structure to work with from the beginning and provided more opportunities for implementation of studies results on the ground, especially towards the protection of coral reefs.

Project Implementation

- **Logistical considerations can have a major impact on project implementation**: in this case, the project had intended for a Cairo office to be more policy and liaison based, while most of the day-to day work for all other activities would be in Hurghada. It proved difficult to get key staff and resource people to relocate for 3 years to Hurghada, so there was in effect a split in the staffs, with the Database, Administration-Finance and Planning teams in Cairo and the Executive Management, CMPAs and Reef Recreation in Hurghada. Fielding and sourcing two offices (Cairo and Red Sea) was time-consuming and inherently resulted in less rather than more integrated linkages between field collection, data integration and presentation, as well as with part-time project staff based in other areas.

9. Partner Comments

(a) Borrower/implementing agency:

1- Introduction: -

The Egyptian Red Sea Coastal and Marine Resource Management Project is an innovative tourism and environmental project funded by the global environmental facility (GEF) through the World Bank amounting to US$4.75 million of GEF funds and US$0.98 million of local financing. The overall goal of the project is to ensure environmentally sound sustainable tourism and other coastal-marine development for the Egyptian Red Sea coast. Project activities were undertaken within the context of national plans and other activities, including regional and international programs for the Red Sea. The primary participating agencies in the project were:

-Tourism Development Authority (TDA)
-Egyptian Environmental Affairs Agency (EEAA)
-Red Sea Governorate (RSG).

The project area covered the Egyptian side of the Red Sea and included the offshore islands. Throughout the project, recognition was given to the importance of interactions between the sea coast and land.

2- Project Objectives: -

The overall objectives of the project were:

-Formulating plans and regulations to ensure that developments are consistent with sound environmental management, to protect the shared marine resources of the Red Sea coastal zone.

-Strengthening the capacity of government institutions and agencies to carry out integrated multisectoral coastal zone management activities.
-Enhancing public and private partnerships to assure that economic developments were consistent with sustainable environmental management of common marine resources.
-Developing practical solutions for the management of protected areas and marine recreational resources and conservation of biodiversity.
-Establishing databases and producing an atlas and inventory of coastal and marine resources, to be available to government, agencies, institutions and stakeholders for optimal and sustainable use of these resources.

3- Project Description: -

The project included the following components:

a- Coastal zone management (CZM) action plan.
b- Environmental assessment capability.
c- Marine pollution control
d- Reef recreation management
e- Protected areas management.
f- Monitoring and evaluation.

4- Achievement of Objectives and Outputs: -

All the components have been fully achieved and the project has succeeded in collecting information for the management of resources. The outputs for each component are as follows:

4.1-a. Costal Zone Management:

-Data base/ atlas/ inventories.
-Base line studies.
-Environmental-based Coastal Zone Strategy.
-Regulatory needs assessment.
-Review of international capacity.
-CZM action plan.

4.1-b. Environment Assessment Capability:

-Regulations/guidelines/manual review.
-Assessments and identification of information gaps.
-Training.

4.1-c. Marine Pollution Control:

-Environmental monitoring and co-ordination unit.
-Develop promoting procedures.
-Project to combat marine pollution affecting coastal habitat.
-Facility construction and operation.
-Training.
-Public awareness.

4.1-d. Reef Recreation Management:

-Reef recreation management action plan.
-Facility construction and operation.
-Training and public awareness.

4.1-e. Protected Areas Management:

-Detailed inventories.
-Selected criteria and suitability matrix.
-Boundary establishment.
-Management plans.
-Facility construction and operation.
-Training and public awareness.

5- Cost and Financing

The GEF allocation for the project amounted to SDR 3.4 million, equivalent to US$4.75 million out of a total project cost of US$5.73 million. Part of Egypt's contribution to the project consisted in providing land at no cost for the EEAA RBO, which is going to be operated and maintained by the EEAA in coordination with the environmental units of both TDA and RSG, and also providing land for the International Visitor Center to be operated and maintained by TDA and the private sector.

Project cost by component (in US$ million equivalent)

Project cost by component	Appraisal estimate US$ million	Actual US$ million
Cairo office	0.804	0.764
Red Sea	0.612	0.581
CZM	0.722	0.685
Environmental Impact Assessment	0.214	0.203
Pollution Control	0.593	0.563
Recreation Area Management	1.033	0.981
Protected Area	1.346	1.278
CZM Program Review	0.152	0.144
Scientific Advisory Committee	0.060	0.057
Network	0.070	0.066

6- Bank Performance

Satisfactory.

7-Implementation Agency

The project was managed by a core local team and international and national consultants. Management was provided by a project management group (PMG) consisting of heads from the three participating agencies (EEAA, TDA, and RSG) together with a technical advisory committee. The PMG has provided an excellent example of coordination and effective implementation.

8- Sustainability

TDA has suggested that the World Bank continue to support environmental sustainability. In addition, there is an investors association for the environmental management of sustainable tourism development.

(b) Cofinanciers.

(c) Other partners (NGOs/private sector).

10. Additional Information

Annex 1. Key Performance Indicators/Log Frame Matrix

Outcome / Impact Indicators:

Indicator/Matrix	Projected in last PSR[1]	Actual/Latest Estimate
Policies and regulations implemented to protect Red Sea marine resources.	Sustainable resource management program for Red Sea.	Laws, planning regulations and building codes in place to protect Red Sea marine resources.
Capacity of Government institutions strengthened	TDA, EEAA & RSG strengthened with training and additional resources.	All three agencies have received extensive training and established environmental units
Private sector involvement.	Develop private/public partnerships.	Private sector involvement in managing the visitor center and NGO involvement in CZM activities.
Development of data base for GIS accessible to interested parties.	Develop GIS data base and ensure access	GIS data base compiled and operational, accessible to Government agencies, investors and donors.

Projected in last PSE = projected at time of appraisal.

Output Indicators:

Indicator/Matrix	Projected in last PSR[1]	Actual/Latest Estimate
Establish GIS data base, CZM plan.	Establish GIS data base and complete the CZM plan.	GIS data base established and operational. CZM plan completed.
Establish Env. units in TDA and EEAA	Establish environmental units.	Environmental units established in both TDA and EEAA.
Monitoring service with premises in Hurghada.	Establish a monitoring service in Hurghada.	Monitoring service established
Reef recreation management unit with office in Hurghada.	Establish a reef recreation unit in Hurghada.	Reef recreation unit is established.
Visitor Center.	Visitor Center completed and functioning.	Visitor Center has been completed and is operated by private/public partnership

[1] End of project

Annex 2. Project Costs and Financing

Project Cost by Component (in US$ million equivalent)

Project Cost By Component	Appraisal Estimate US$ million	Actual/Latest Estimate US$ million	Percentage of Appraisal
Cairo Office	0.80	0.76	95
Red Sea Office	0.61	0.58	95
CZM Plan	0.72	0.69	96
Environmental Impact Assessment	0.22	0.20	91
Pollution Control	0.59	0.56	95
Recreation Area Management	1.03	0.98	95
Protected Area	1.35	1.28	95
CZM program Review	0.15	0.14	93
Scientific Advisory Committee and Network	0.13	0.12	92
Total Baseline Cost	5.60	5.31	
Physical Contingencies	0.13	0.00	0
Total Project Costs	5.73	5.31	
Total Financing Required	5.73	5.31	

Project Costs by Procurement Arrangements (Appraisal Estimate) (US$ million equivalent)

Expenditure Category	Procurement Method[1] ICB	NCB	Other[2]	N.B.F.	Total Cost
1. Works	0.00	2.00	0.00	0.00	2.00
	(0.00)	(1.80)	(0.00)	(0.00)	(1.80)
2. Goods	0.00	0.00	1.00	0.00	1.00
	(0.00)	(0.00)	(0.95)	(0.00)	(0.95)
3. Services	0.00	0.00	2.00	0.00	2.00
	(0.00)	(0.00)	(2.00)	(0.00)	(2.00)
4. Miscellaneous	0.00	0.00	0.00	0.73	0.73
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
5. Miscellaneous	0.00	0.00	0.00	0.00	0.00
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
6. Miscellaneous	0.00	0.00	0.00	0.00	0.00
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Total	0.00	2.00	3.00	0.73	5.73
	(0.00)	(1.80)	(2.95)	(0.00)	(4.75)

Project Costs by Procurement Arrangements (Actual/Latest Estimate) (US$ million equivalent)

Expenditure Category	Procurement Method[1]				Total Cost
	ICB	NCB	Other[2]	N.B.F.	
1. Works	0.00 (0.00)	2.00 (1.65)	0.00 (0.00)	0.00 (0.00)	2.00 (1.65)
2. Goods	0.00 (0.00)	0.00 (0.00)	1.00 (0.97)	0.00 (0.00)	1.00 (0.97)
3. Services	0.00 (0.00)	0.00 (0.00)	2.00 (1.83)	0.00 (0.00)	2.00 (1.83)
4. Miscellaneous	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.31 (0.00)	0.31 (0.00)
5. Miscellaneous	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
6. Miscellaneous	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
Total	0.00 (0.00)	2.00 (1.65)	3.00 (2.80)	0.31 (0.00)	5.31 (4.45)

[1/] Figures in parenthesis are the amounts to be financed by the Bank Loan. All costs include contingencies.

[2/] Includes civil works and goods to be procured through national shopping, consulting services, services of contracted staff of the project management office, training, technical assistance services, and incremental operating costs related to (i) managing the project, and (ii) re-lending project funds to local government units.

Project Financing by Component (in US$ million equivalent)

Component	Appraisal Estimate			Actual/Latest Estimate			Percentage of Appraisal		
	Bank	Govt.	CoF.	Bank	Govt.	CoF.	Bank	Govt.	CoF.
Cairo Office	0 41	0 39		0.40	0.36		97.6	92.3	
Red Sea Office	0 36	0.25		0.36	0.22		100.0	88 0	
CZM Plan	0 63	0.09		0 61	0.08		96.8	88.9	
EIA	0 19	0 02		0.18	0.02		94.7	100.0	
Pollution Control	0.55	0.05		0.52	0.04		94.5	80.0	
Recreation Area mgt	0 98	0.06		0.93	0.05		94 9	83.3	
Protected Area	1.24	0.11		1.20	0.08		96 8	72.7	
CZM Program review	0 14	0.01		0 13	0.01		92.9	100.0	
Adv. Comm & Network	0 13	0.00		0.12	0.00		92.3	0.0	
Contingencies	0 12	0 00		0 00	0.00		0.0	0 0	

Annex 3. Economic Costs and Benefits

N/A

Annex 4. Bank Inputs

(a) Missions:

Stage of Project Cycle	No. of Persons and Specialty (e.g. 2 Economists, 1 FMS, etc.)		Performance Rating	
Month/Year	Count	Specialty	Implementation Progress	Development Objective
Identification/Preparation 04/1992				
Appraisal/Negotiation 09/1992				
Supervision				
06/19/1995	*3*	SR FINANCIAL ANALYST (1), CONSULTANT (2)		S
01/31/1996	*4*	SR. FINANCIAL ANALYST (1); ENVIRONMENT SPECIALIST (1); CONSULTANT (2)		S
07/18/1996	*2*	SR. FINANCIAL ANALYST (1); SR. ENVIRONMENT SPEC. (1)		S
02/28/1997	*3*	SR. FINANCIAL ANALYST (1); SR. ENVIRONMENT SPEC. (1); ENGINEER (1)		U
07/10/1997	*2*	SR. FINANCIAL ANALYST (1); SR. ENVIRONMENT SPC. (1)		S
12/17/1997	*2*	SR. FINANCIAL ANALYST (1); SR. ENVIRONMENT SPC. (1)		S
06/29/1998	*2*	SR. OPERATIONS MANAGER (1); SR. NATURAL RESOURCES (1)		S
09/17/1998	*2*	SR. OPERATIONS MANAGER (1); SR. NATURAL RESOURCES (1)		S
09/24/1999	*2*	FIN. MGT. SPECIALIST (1); SR. ENV. SPECIALIST (1)		S
02/18/2000	*2*	FIN. MGT SPECIALIST (1), SR. ENV. SPECIALIST (1)		S
07/28/2000	*3*	FINANCIAL MGT SPEC. (1); SR. ENV. SPECIALIST (1); OPERATIONS OFFICER (1)		S
03/07/2001	*4*	FINANCIAL MANAGEMENT (1); SR. ENVIRONMENTALIST (1); ENVIRONMENTALIST (1), PROJECT OFFICER (1)		S
05/24/2001	*1*	FIN. MGT.SPEC./TTL (1)		S
11/05/2001	*2*	TASK TEAM LEADER (1); SR. ENVIRONMENTAL SPEC (1)		S
04/10/2002	*2*	FIN. MGT SPEC./TTL (1); SR.		S

ICR 11/2002	2	ENVIRONMENTAL SPEC (1) SR. ENVIRONMENTAL SPEC (1), FIN.MGT SPEC (1)		S

(b) Staff:

Stage of Project Cycle	Actual/Latest Estimate	
	No. Staff weeks	US$ ('000)
Identification/Preparation		7.3
Appraisal/Negotiation		58 9
Supervision		386.2
ICR		16.2
Total		468.6

Annex 5. Ratings for Achievement of Objectives/Outputs of Components

(H=High, SU=Substantial, M=Modest, N=Negligible, NA=Not Applicable)

	Rating
☒ *Macro policies*	○ *H* ○ *SU* ◉ *M* ○ *N* ○ *NA*
☒ *Sector Policies*	○ *H* ◉ *SU* ○ *M* ○ *N* ○ *NA*
☒ *Physical*	○ *H* ◉ *SU* ○ *M* ○ *N* ○ *NA*
☒ *Financial*	○ *H* ○ *SU* ○ *M* ◉ *N* ○ *NA*
☒ *Institutional Development*	○ *H* ○ *SU* ◉ *M* ○ *N* ○ *NA*
☒ *Environmental*	○ *H* ◉ *SU* ○ *M* ○ *N* ○ *NA*
Social	
☒ *Poverty Reduction*	○ *H* ○ *SU* ○ *M* ○ *N* ◉ *NA*
☒ *Gender*	○ *H* ○ *SU* ○ *M* ○ *N* ◉ *NA*
☐ *Other (Please specify)*	○ *H* ○ *SU* ○ *M* ○ *N* ○ *NA*
☒ *Private sector development*	○ *H* ○ *SU* ○ *M* ◉ *N* ○ *NA*
☒ *Public sector management*	○ *H* ○ *SU* ◉ *M* ○ *N* ○ *NA*
☐ *Other (Please specify)*	○ *H* ○ *SU* ○ *M* ○ *N* ○ *NA*

Annex 6. Ratings of Bank and Borrower Performance

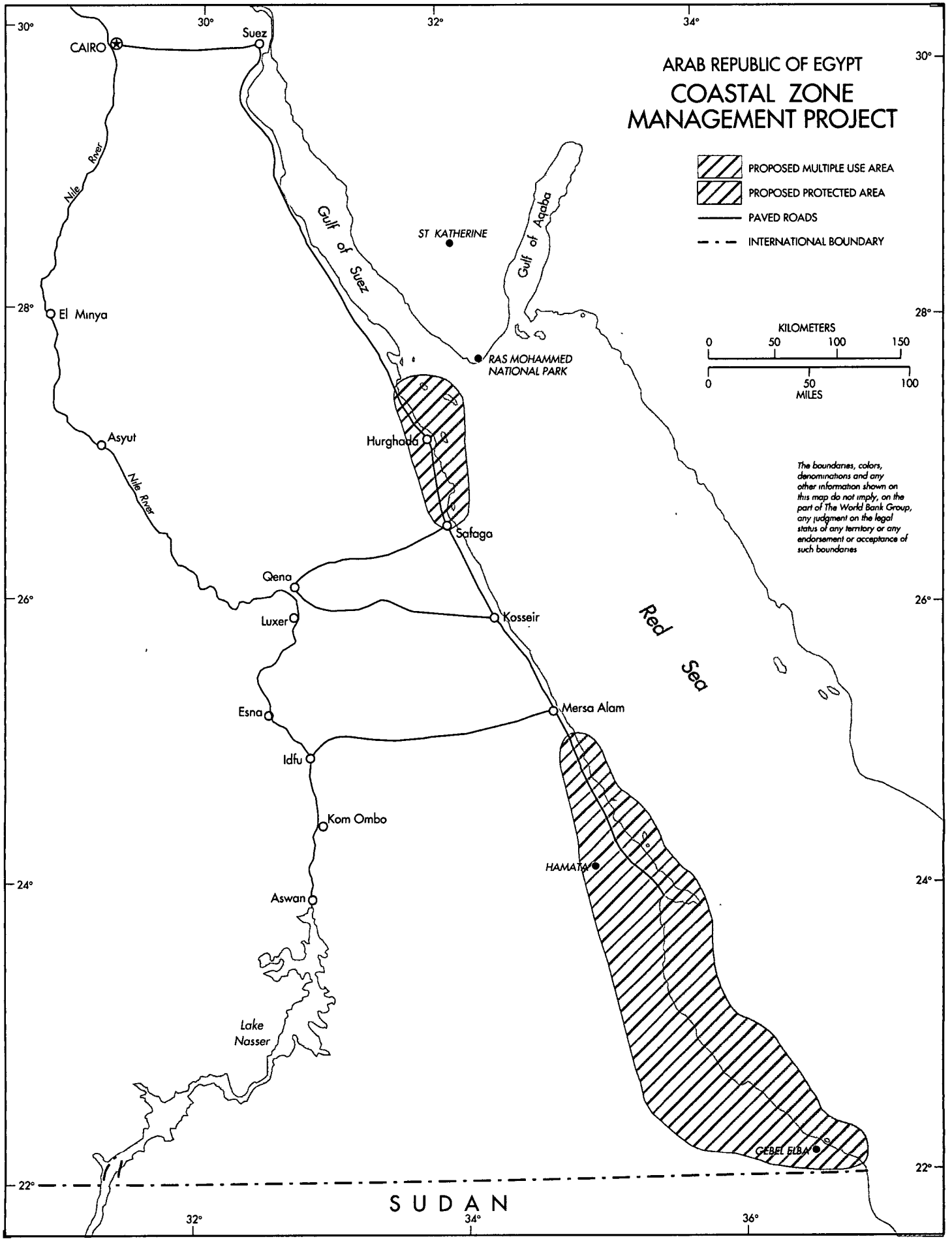
(HS=Highly Satisfactory, S=Satisfactory, U=Unsatisfactory, HU=Highly Unsatisfactory)

6 1 Bank performance	*Rating*
☒ *Lending*	○ *HS* ○ *S* ● *U* ○ *HU*
☒ *Supervision*	○ *HS* ● *S* ○ *U* ○ *HU*
☒ *Overall*	○ *HS* ● *S* ○ *U* ○ *HU*

6 2 Borrower performance	*Rating*
☒ *Preparation*	○ *HS* ● *S* ○ *U* ○ *HU*
☒ *Government implementation performance*	○ *HS* ● *S* ○ *U* ○ *HU*
☒ *Implementation agency performance*	○ *HS* ● *S* ○ *U* ○ *HU*
☒ *Overall*	○ *HS* ● *S* ○ *U* ○ *HU*

Annex 7. List of Supporting Documents

1. Memorandum of the Director for a Egyptian Red Sea Coastal and Marine Resource Management Project, November 20, 1992, report number 11131 - EGT;
2. Inception Report - December 1996;
3. Baseline Studies Report - August 1997;
4. Draft Coastal Management Action Plan - January 1998;
5. Protected Areas Management Plan - May 1998;
6. Reef Recreation Management Plan - May 1998;
7. Final Coastal Zone Management Action Plan - September 1998;
8. International Visitor Center Evaluation Report;
9. Aide Memoires, Back-to-Office Reports and PSRs;
10. Project Progress Reports.



SEPTEMBER 1994

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Report No.: 25252
Type: ICR