



Brussels, 18.12.2020
C(2020) 9441 final

COMMISSION IMPLEMENTING DECISION

of 18.12.2020

on the annual action programme part II for 2020 in favour of Egypt

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THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012¹, and in particular Article 110 thereof,

Having regard to Regulation (EU) No 236/2014 of the European Parliament and of the Council of 11 March 2014 laying down common rules and procedures for the implementation of the Union's instruments for financing external action², and in particular Article 2(1) thereof,

Whereas:

- (1) In order to ensure the implementation of the annual action programme part II for 2020 in favour of Egypt, it is necessary to adopt an annual financing Decision, which constitutes the annual work programme for 2020. Article 110 of Regulation (EU, Euratom) 2018/1046 establishes detailed rules on financing decisions.
- (2) The envisaged assistance is deemed to follow the conditions and procedures set out by the restrictive measures adopted pursuant to Article 215 TFEU³.
- (3) The Commission has adopted the Single Support Framework in favour of Egypt⁴ for the period 2017-2020, which sets out the following priorities: economic modernisation, energy sustainability and environment; social development and social protection; governance, enhancing stability and modern democratic state, and includes complementary support for capacity development and institution building and measures in favour of civil society.
- (4) The objectives pursued by the annual action programme 2020 to be financed under the European Neighbourhood Instrument⁵ are to support trade, industry, growth and rapid market access; growth through Egyptian environmental networks; inclusive urban development ; an integrated approach to rural development, as well as leadership capacities and empowerment of persons with disabilities in Egypt.

¹ OJ L 193, 30.7.2018, p.1.

² OJ L 77, 15.3.2014, p. 95.

³ www.sanctionsmap.eu Please note that the sanctions map is an IT tool for identifying the sanctions regimes. The source of the sanctions stems from legal acts published in the Official Journal (OJ). In case of discrepancy between the published legal acts and the updates on the website it is the OJ version that prevails.

⁴ C(2017) 7175 final, 30.10.2017.

⁵ Regulation (EU) No 232/2014 of the European Parliament and of the Council of 11 March 2014 establishing a European Neighbourhood Instrument (OJ L 77, 15.3.2014, p. 27).

- (5) The action titled “EU TIGARA: EU Support to Trade, Industry, Growth and Rapid Market Access” (annex 1), aims at increasing the competitiveness and efficiency of the Egyptian private sector so as to contribute to economic growth and decent job creation.
- (6) The action titled “EU GREEN: EU Support for Growth through Egyptian Environmental Networks” (annex 2), aims at enhancing environmental performance, and climate change mitigation, adaptation, and mainstreaming in a sustainable and inclusive way.
- (7) The action titled "EU Support to Inclusive Urban Development in Egypt” (annex 3), aims at working on integrated development in less advantaged urban areas to tackle social inclusion and integration of the residents.
- (8) The action titled “EU Integrated Rural Development Programme for Egypt (EU-ZIRA3A)” (annex 4), aims at supporting smallholder farmers, their families, cooperatives as well as the institutional bodies in charge of agriculture and rural development both at the central and governorate level.
- (9) The action titled “EU Support for Leadership Capacities and Empowerment of Persons with Disabilities in Egypt” (annex 5), aims at reinforcing national capacities in areas of leadership and training of civil servants and young potential leaders from outside the Government cadre, as well as at strengthening national capacities for the empowerment and inclusion of persons with disabilities.
- (10) It is appropriate to authorise the award of grants without a call for proposals, pursuant to Article 195 of Regulation (EU, Euratom) 2018/1046.
- (11) Pursuant to Article 4(7) of Regulation (EU) No 236/2014, indirect management is to be used for the implementation of the programme.
- (12) The Commission is to ensure a level of protection of the financial interests of the Union with regards to entities and persons entrusted with the implementation of Union funds by indirect management as provided for in Article 154(3) of Regulation (EU, Euratom) 2018/1046. To this end, such entities and persons are to be subject to an assessment of their systems and procedures in accordance with Article 154(4) of Regulation (EU, Euratom) 2018/1046 and, if necessary, to appropriate supervisory measures in accordance with Article 154(5) of Regulation (EU, Euratom) 2018/1046 before a contribution agreement can be signed.
- (13) It is necessary to allow for the payment of interest due for late payment on the basis of Article 116(5) of Regulation (EU, Euratom) 2018/1046.
- (14) In order to allow for flexibility in the implementation of the programme, it is appropriate to allow changes which should not be considered substantial for the purposes of Article 110(5) of Regulation (EU, Euratom) 2018/1046.
- (15) The measures provided for in this Decision are in accordance with the opinion of the European Neighbourhood Instrument Committee established under Article 15 of the financing instrument referred to in recital 4.

HAS DECIDED AS FOLLOWS:

Article 1
The programme

The Annual Action Programme part II for 2020 in favour of Egypt, is adopted.

The programme shall include the following actions:

- Annex 1: EU TIGARA: EU Support to Trade, Industry, Growth and Rapid Market Access.
- Annex 2: EU GREEN: EU Support for Growth through Egyptian Environmental Networks.
- Annex 3: EU Support to Inclusive Urban Development in Egypt.
- Annex 4: EU Integrated Rural Development Programme for Egypt (EU-ZIRA3A).
- Annex 5: EU Support for Leadership Capacities and Empowerment of Persons with Disabilities in Egypt.

Article 2 *Union contribution*

The maximum Union contribution for the implementation of the programme for 2020 is set at EUR 73 million, and shall be financed from the appropriations entered in the following lines of the general budget of the Union:

- budget line 22.040101: EUR 4 000 000
- budget line 22.040102: EUR 69 000 000

The appropriations provided for in the first paragraph may also cover interest due for late payment.

Article 3 *Methods of implementation and entrusted entities or persons*

The implementation of the actions carried out by way of indirect management, as set out in the Annexes, may be entrusted to the entities or persons referred to or selected in accordance with the criteria laid down in point 5.3.2 of the Annexes 1 and 2, and point 5.3.1 of the Annexes 3 and 4.

Article 4 *Flexibility clause*

Increases⁶ or decreases of up to EUR 10 million not exceeding 20% of the contribution set in the first paragraph of Article 2, or cumulated changes to the allocations of specific actions not exceeding 20% of that contribution, as well as extensions of the implementation period shall not be considered substantial within the meaning of Article 110(5) of Regulation (EU, Euratom) 2018/1046, where these changes do not significantly affect the nature and objectives of the actions. The use of contingencies shall be taken into account in the ceiling set by this Article.

The authorising officer responsible may apply the changes referred to in the first paragraph, acting in accordance with the principles of sound financial management and proportionality.

⁶ These changes can come from external assigned revenue made available after the adoption of the financing Decision.

Article 5

Grants

Grants may be awarded without a call for proposals pursuant to Article 195 of Regulation (EU, Euratom) 2018/1046 to the body referred to in point 5.3.1 of the Annex 5.

Done at Brussels, 18.12.2020

For the Commission

Olivér VÁRHELYI

Member of the Commission



ANNEX 1

of the Commission Implementing Decision on the annual action programme part II for 2020 in favour of Egypt

Action Document for “**EU TIGARA: EU Support to Trade, Industry, Growth and Rapid Market Access**”

ANNUAL PROGRAMME

This document constitutes the annual work programme in the sense of Article 110(2) of the Financial Regulation and action programme/measure in the sense of Articles 2 and 3 of Regulation N° 236/2014.

1. Title/basic act/ CRIS number	EU TIGARA: EU Support to Trade, Industry, Growth and Rapid Market Access CRIS number: 2020/42671 financed under the European Neighbourhood Instrument
2. Zone benefiting from the action/location	The action shall be carried out in Cairo and other locations in Egypt
3. Programming document	Single Support Framework for European Union support to Egypt for the period 2017-2020 (SSF) ¹
4. Sustainable Development Goals (SDGs)	The Action contributes to: SDG8 (Decent work and economic growth) SDG9 (Industry, Innovation and Infrastructure) SDG12 (Responsible Consumption and Production) Other significant SDG include SDG1 (No Poverty), SDG17 (revitalise Global Partnerships for sustainable development).
5. Sector of intervention/ thematic area	Trade Enhancement, Quality Infrastructure and Private Sector.
6. Amounts concerned	Total estimated cost: EUR 8 000 000 Total amount of European Union (EU) contribution EUR 8 000 000
7. Aid modality(ies) and implementation modality(ies)	Project Modality. Direct management- Procurement. Indirect Management with the entrusted entity to be selected in accordance with the criteria set out in section 5.3.2.
8 a) DAC code(s)	15110 - Public sector policy and administrative management 33120 - Trade facilitation 32120 - Industrial development
b) Main Delivery Channel	11000 Central Government

¹ C(2017) 7175 final, 30.10.2017.

9. Markers (from CRIS DAC form)	General policy objective	Not Targeted	Significant objective	Principal objective
	Participation development/good governance	<input type="checkbox"/>	<input type="checkbox"/>	X
	Aid to environment	<input type="checkbox"/>	X	<input type="checkbox"/>
	Gender equality and Women's and Girl's Empowerment	<input type="checkbox"/>	X	<input type="checkbox"/>
	Trade Development	<input type="checkbox"/>	<input type="checkbox"/>	X
	Reproductive, Maternal, New born and child health	X	<input type="checkbox"/>	<input type="checkbox"/>
	RIO Convention markers	Not targeted	Significant objective	Principal objective
	Biological diversity	X	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	X		<input type="checkbox"/>
	Climate change mitigation	<input type="checkbox"/>	X	<input type="checkbox"/>
	Climate change adaptation	X	<input type="checkbox"/>	<input type="checkbox"/>
	Internal markers	Not targeted	Significant objective	Principal objective
	Digitalisation	X	<input type="checkbox"/>	<input type="checkbox"/>
	COVID Response	X	<input type="checkbox"/>	<input type="checkbox"/>
10. Global Public Goods and Challenges (GPGC) thematic flagships	N/A			

SUMMARY

The title of this EU flagship programme is TIGARA, which means “Trade” in Arabic.

The EU support will focus on supporting the Government of Egypt's (GoE) institutional reforms and trade negotiations efforts, strengthening the capacities of the private sector to comply with trade and domestic market regulations, and support Egyptian institutions and private sector to improve and modernise the National Quality Infrastructure (NQI).

The **overall objective** is to contribute to the increased competitiveness and efficiency of the Egyptian private sector, which can lead to higher sustained economic growth and decent job creation. The **specific objectives** are: SO1: Improved capacity and efficiency of the Egyptian framework for trade and industry. SO2: Increased participation of Egyptian small and medium enterprises (SMEs) in selected industry value chains.

The intervention is conceived in **2 components**:
Component 1 will focus on institutional support;

Component 2 will demonstrate the benefit of a conducive NQI and improvement in sustainability to increase access to trade, by supporting selected industrial clusters and value chains.

1. Context analysis

1.1 Context description

Egypt is a **lower middle-income country** with a population that has increased from 36 million in 1973 to 100 million in 2020. Its growth per capita has been limited, poverty is on the rise (the percentage of Egyptians who live in extreme poverty rose to 32.5 in 2018 from 27.8 percent in 2015), and the demographic pressure remains a significant constraint, causing serious economic and social distress.

The **socio-economic context is difficult** with Egyptian lower and middle class bearing most of the cost of the economic and financial adjustments necessary to improve the balance of payments (IMF Loan). There is a growing number of poor people, low skilled labour, women and children at risk in the most disadvantaged areas (Upper Egypt and areas subject to heavy urbanisation and desertification). The **rapid population growth** coupled with ambitious development and industrialisation policies have put heavy pressure on natural resources in the form of severe air, water and soil pollution. This pollution is mostly due to **inefficient industries** and **weak enforcement of environmental regulations**. Egypt is a major contributor to plastic pollution in the Mediterranean. The country is particularly vulnerable to climate change.

In an attempt to revive its faltering economy since 2011, Egypt obtained a USD 12 billion **International Monetary Fund (IMF)** loan in 2016 in exchange for **implementing a rigorous reform programme**, beginning with floating its currency in November 2016 and committing to a wide-ranging structural economic reform. At the conclusion of the programme in 2019 and due to the economic impact of the Covid-19 pandemic in early 2020, growth is estimated at 2% for fiscal year 2019/20 and 2.8% for the following year against the pre-Covid-19 crisis estimations of 5.5% and 5.7% respectively. However, critical structural reforms have not been effectively addressed, including the business climate, reform of state-owned enterprises (SOE), support to SMEs and export development.

Since 2004, Egypt has stepped up trade liberalisation and industrial modernisation. New tariff schemes were implemented which reduced the weighted average tariff from 13.5% to 5.5% in 2010. New import and export regulations were issued which, for the first time, introduced border enforcement of intellectual property rights together with a number of trade facilitation provisions. Nevertheless major barriers to trade affecting EU exports persist.

Despite the reform efforts, Egypt continues to score poorly in the **Doing Business 2020 report** by the World Bank (114 out of 190 countries), owing in large part to the regulatory framework and access to finance. The Egyptian government is taking steps to build and streamline business related regulations by placing key institutions such as MSMEDA (SMEs Agency) and ERRADA (Better Regulations Agency) under the office of the Prime Minister. In the area of trade across borders, which measures the time and cost associated with the logistical process of exporting and importing goods, Egypt is ranked at 171 out of 190.

Egypt's trade deficit in the fiscal year 2018/2019 reached around US\$38 billion, similar to the previous five years; however, as a percentage of Gross Domestic Product (GDP) it dropped to 12.5% from 15% a year before. The EU-27 is by far the biggest trade partner to Egypt, accounting for about 25%, followed by China at 7%. Egypt's main exports are crude oil and petroleum products, cotton, textiles, metal products, chemicals, processed food and engineering products.

The **Egyptian economy** is dominated by the service sector (54% notably tourism and transport), industry (35% composed mainly of textiles, food processing, tourism, chemicals, pharmaceuticals, hydrocarbons, construction, cement and metals) and agriculture (11%).

The **industrial sector** recovery is ongoing but taking place in an environment of increased international competition and diversion of trade flows. Egypt's trade and domestic market policies are geared towards strengthening the quality infrastructure and aligning them to international and EU norms and standards. This action will further support the reform of the National Quality Infrastructure system and its implementation building on the results of previous support programmes designed with the ambition of concluding an Agreement of Conformity Assessment and Acceptance of Industrial Products (ACAA) with the EU.

The context underlying the identification of this action is marked by (i) the EU ambition to ensure that the increased competitiveness of the Egyptian industry also leads to **sustainable economic growth**, both environmentally and socially; (ii) The willingness of the Government of Egypt to pursue trade-related reforms and to sustain industrial development through a strategic framework supported by **enhanced quality conformity**; (iii) The need to **build capacity** at the Ministry of Trade and Industry (MoTI) **to lead this process and to work on measures enhancing EU-Egypt trade and thus Egypt's trade with Africa and the rest of the world**, in co-ordination with other relevant authorities/agencies, and with the private sector; (iv) **under exploited trade opportunities** despite the existence of a Free Trade Area under the Association Agreement; (iv) The need **to demonstrate, through selected value chains**, the benefits of a conducive National Quality Infrastructure and improvement in sustainability to increase access to trade.

In the first quarter of 2020, Egypt started implementing preventive measures in an attempt to control the spread of COVID-19, which was declared a global pandemic by the World Health Organisations on 11 March 2020. At the time of writing this document, it is not possible to assess their socio-economic impact. It is therefore anticipated that the activities foreseen in section 4 of the document may be adjusted in light of the specific needs that may arise in the sector or amongst the identified beneficiaries and target groups.

1.2 Policy Framework (Global, EU)

The economic relations between the EU and Egypt are governed by an **Association Agreement (AA)**, which entered into force on 1 June 2004. The AA establishes a free-trade area with the elimination of tariffs on industrial goods and significant concessions on agricultural products. In terms of trade, the EU-Egypt agreement on trade in agricultural products, processed agricultural products and fishery products entered into force in June 2010, accounting for the liberalisation of about 80% of bilateral trade of these goods. The EU also fully liberalised imports of all industrial products from Egypt while Egypt subjected the EU's industrial products to a gradual tariff dismantling which ended in 2019. Since the entry into force of the bilateral trade agreements, Egypt-EU trade has more than doubled in value. In

June 2019, the EU and Egypt began discussing how to deepen their trade and investment relations. A future upgrade of bilateral trade commitments with Egypt would improve market access and conditions for bilateral trade in services and for investment. It would also help improve transparency and the regulatory environment for trade and investment, provide an opportunity for a positive engagement on sustainable development, and establish a basis for a constructive dialogue on protectionist measures, including removal of existing trade barriers.

The EU27 is an important source of Foreign Direct Investment (FDI) in Egypt representing 21% of FDI inflows in 2019 alone. A very significant part of all FDI pledged at the Egypt Economic Development Conference in March 2015 came from the EU28. Two-thirds of FDI flows to the oil and gas sector.

Following the adoption of Partnership Priorities with Egypt in June 2017, the EU adopted the Single Support Framework (SSF), which defines the areas of focus for EU assistance. The possibility for the EU to support the Egyptian government in the trade sector has been identified as a priority under the focal area 'Economic modernisation'.

Egypt is a signatory party of the Agadir Agreement, which sets up a free trade area between Arab Mediterranean countries, currently Egypt, Morocco, Jordan, and Tunisia, and in the near future Lebanon and Palestine. It is also party to the Pan Arab Free Trade Agreement (FTA) and the Greater Arab Free Trade Area, and has a bilateral FTA with Turkey.

In Africa, Egypt is a signatory party to various regional economic integration processes including COMESA FTA (16 countries), as well as the Tripartite Agreement between COMESA, EAC and SADC (27 countries). Furthermore, Egypt is a signatory party to the agreement establishing the African Continental Free Trade Area (AfCFTA), establishing a single African market for goods and services for over 1.2 billion people. The AfCFTA was signed by 54, and ratified, by 31 African countries, including Egypt. It entered into force in May 2019 and trading is expected to commence by 2021. On the wider global level, Egypt has Free Trade Agreements with the Mercosur countries and a limited trade agreement with the USA on textile and other sectors (QIZ). An agreement with the Eurasian countries is also expected to be signed in 2020.

Recent EU policy developments relevant for the proposed action include: (i) **the European Green Deal**, which will mainstream sustainability in all EU policies, including the external dimension; (ii) **the European Consensus on Development**, as part of its response to the UN 2030 Agenda for Sustainable Development and its Sustainable Development Goals, particularly on the integration of the economic, social, and environmental dimensions of sustainable development; (iii) **EU global response to COVID-19**, to support EU's partner countries to tackle the destructive impact of COVID-19 through adapting priorities and programmes to address the crisis, in particular in countries with fragile healthcare systems and economies. This response comes from Team Europe including EU Member States.

1.3 Public Policy Analysis of the partner country/region

The "**Sustainable Development Strategy – Vision 2030**" (SDS), adopted in 2016, reflects Egypt's vision for inclusive, sustainable and participatory development, encompassing economic, social and environment dimensions. It reflects the 2014 Constitution and provides the operational framework for the reform programme of the Government of Egypt (GoE), in alignment with the **17 SDGs** as well as the African Agenda 2063.

To respond to the development needs of the Egyptian economy, **Ministry of Trade and Industry (MoTI) Strategy 2016-2020** announced several trade and industrial integrated policies. The key objectives (as per **Egypt Vision 2030** and sectoral industrial strategies) are to increase foreign investments and exports, and to create sustainable growth and decent jobs.

The MoTI Strategy focuses on five pillars: industrial development, MSMEs, export Development, TVET and governance/institutional development. As such this Strategy is partially aligned with some of the SDGs and Agenda 2030, with more emphasis on export and investment-led growth and mega projects. Yet, there is no specific emphasis, strategies or plans to address gender issues, rights based approach, the environment and other cross-cutting issues. Support is required to further strengthen the institutional capabilities to implement the above policies.

Recently a **new Industrial Licensing Law** was adopted and the **Export Development Authority (EDA) was established**, bringing together three Agencies involved with exports.

The MoTI designed, with the EU supported project Trade Development and Market Enhancement Programme (TDMEP) and contribution from the private sector, five industrial sector strategies covering the following industries: Chemicals, Construction and Building Materials, Handicrafts, Textiles and Readymade Garments, and Food. Export development within each cluster is a key feature of each of the sectoral strategies making them a key part of the Egyptian strategic framework in the field of trade and industry².

Under TDMEP the MoTI adopted a Public-Private Dialogue approach for the formulation and implementation of the above-mentioned sector strategies. Such approach was designed to ensure buy-in by all stakeholders through the so-called ‘Ten Dimensions’ principles which set out Private Sector modalities to enhance the competitiveness of their business models.

The **National Quality Infrastructure (NQI)** is complex with a dozen Quality Infrastructure (QI) institutions and market surveillance organisations with consequent duplications and overlapping of mandates. As a result, Egyptian companies are faced with significant costs and delays to comply with quality prescriptions on both the external and domestic markets. This **hampers their competitiveness in EU markets**, particularly as compared with companies in neighbouring countries with more modern NQI (e.g. Turkey, Tunisia and Morocco).

A **Draft Law on National Quality Infrastructure (NQI)** is to be presented by the Prime Minister’s Office, with support from ERRADA (Egyptian Regulatory Reform and Development Activity) and the NQI Unit, for reading and adoption by the Egyptian Parliament. Executive Regulations implementing the **NQI Law** are to be drafted and adopted by the MoTI with support and input from ERRADA/NQI Unit and the respective affiliated entities.

The sector strategies methodology prepared by TDMEP recognised that economic growth is not synonymous with poverty alleviation and highlighted the following mechanisms that

² According to the Export Potential Map of ITC the products with greatest export potential from Egypt are Urea, Oranges, fresh or dried, and Reception apparatus for television. Urea shows the largest absolute difference between potential and actual exports in value terms, leaving room to realize additional exports worth \$1.1 bn. <https://exportpotential.intracen.org/en/products/tree-map?fromMarker=i&exporter=818>.

could spread the benefits of economic growth more widely: (i) Skills development to benefit a wider sharing of the fruits of economic growth once the worker can be more productive and receive a higher salary. For this to happen, better skills must be matched to higher levels of investment, which follow an enterprise's decision to move up the value chain. (ii) Larger companies find good business reasons to move their purchase of components to SMEs in the domestic market. This assumes that SMEs can compete and match the product standards and conformity assessment requirements similar to the imported product (iii) Removing the vertical integration approach previously adopted by large companies to look for the competitiveness that can come from the development of SME value chains has the beneficial effect of spreading the fruits of industrial expansion amongst a wider category of enterprises. These SMEs in turn will look to enhance their competitiveness by moving up their respective value chains by adopting newer technologies and employing more skilled workers and/or training their workforce.

The proposed action supports the above policies of the GoE, while enhancing their relevance to the achievement of the SDGs.

1.4 Stakeholder analysis

Egyptian population

The Egyptian citizens are the final beneficiaries of the action. They are the **rights holders**. Egypt's population has reached 100 million people, 61% of whom are under 30 years old and may reach 128 million³ by 2030. In 2017, the estimated youth unemployment rate in Egypt was at 34%, as opposed to 26% in 2007⁴, with women being the most affected.

The action will ensure a participatory planning and a gender sensitive approach to support women's empowerment through their insertion in the value chains (Component 2).

Ministry of Trade and Industry (MoTI) and affiliates

MoTI and its affiliates (**GOIEC**: General Organisation for Export and Import Control, **EOS**: Egyptian Organisation for Standardisation and Quality, **EGAC**: Egyptian Accreditation Council, etc.) are a very important group of beneficiaries and regulate many of the matters relevant to this action (both in the QI and trade regulation areas). They are **duty bearers** as they have a responsibility for the functioning of both domestic and international trade and the quality and safety of the products towards citizens. Most of the agencies are organised along vertical hierarchies and inter-agencies contacts have been limited up until the inputs from TDMEP, which emphasised a collective approach to development of the NQI. This included the MoTI decreeing the establishment of the NQI Unit. Dissemination of information had been shared on a need basis but again TDMEP enabled a positive change in behaviour. The interactions with the private sector are still institutionalised and rarely informal.

An important part of TDMEP's legacy is the methodology used to write the sector strategies. Implicit in the recommended methodology, which was adopted by the MoTI, was the assessment of the affiliates of the MoTI and those institutions that had responsibility for

³ United Nations World Population Prospects (2017).

⁴ ILO estimates (2018).

managing the strategy formulation process on behalf of the MoTI. Each strategy delivered between 30 – 50 action plans; ownership belonged mostly to MoTI affiliates.

Institutional capacity building in Component 2 will be able to build on the progress made by these institutions to adopt individual institutional strategies, which could require development of an organisational restructuring plan, or its implementation. The institution's functionality will be designed according to the requirements of the first five sector strategies.

Other Agencies: Egyptian Food Safety Authority (NFSA), ERRADA, Ministry of International Co-operation (MoIC)

Feedback from agencies outside of the umbrella of the MoTI (NFSA, ERRADA) has revealed two key issues:

First, it highlighted that in a vertically organised public administration information is sometimes not effectively relayed to the parties who can promptly use it. This underlines the necessity for this programme to work with all the main stakeholders which can ensure, with their co-operation, success of the chosen action, even if such stakeholders belong to different vertical lines in the Egyptian Public Administration. The GoE itself acknowledges this problem and the impressive reduction of industrial licensing time was achieved by following a similar approach of working on result-based methodologies, instead of compartmentalising industrial licensing along vertical lines of bureaucracy.

Second their participation in the action (taking into account their respective competences) is essential for the attainment of results, as in several cases (e.g. consumer protection, food safety) they have exclusive competence on key steps of the activities. Because of this, some capacity building will need to be performed for such agencies as well. Another example is TDMEP's first steps towards establishing a system of market surveillance for institutions across the MoTI and the Ministry of Supply and Internal Trade. These agencies are also duty bearers towards the citizen as they have to ensure efficiency and effectiveness of the quality infrastructure system and food safety for the citizens.

Private Sector (Export Councils, Industry Associations, MSME associations)

TDMEP in close partnership with MoTI and private sector partners (Chambers of Industry and Export Councils) initiated a process of Public-Private Dialogue in the formulation of the first five sector strategies. These private sector institutions will be involved in the implementation process however there is a general need for more information on the implementation of such strategies and on compliance requirements in relation to both exports and investments. More interaction is necessary with the respective GoE policy units and regulators.

Both the Chamber of Food Industries (CFI) and the Egyptian National Food Safety Authority (NFSA) welcome joint capacity building activities in the area of compliance with EU export requirements. The same level of interest was registered with the General Organization for Export & Import Control (GOIEC) and industry associations/export councils. A strengthened Public-Private Dialogue is needed to ensure dialogue with the institutions in order to streamline both collective strategic design, a common ground on compliance, and understanding of the overriding public interests behind national and international regulations. While Component 2 will be focused mainly on the private sector, the action will also look for

opportunities to involve the private sector in capacity building activities jointly with the respective regulators/enforcement agencies.

The private sector representatives are both duty bearers and rights holders, they play an important role in conveying messages to the government from their members they represent and at the same time they need to be consulted and participate to the policy making process.

1.5 Problem analysis/priority areas for support

The key problems this action seeks to address are as follows:

Low institutional capacities, inter-agencies co-ordination and regulatory frameworks

- 1) **Outdated Quality Infrastructure (QI)** in Egypt is an obstacle to exports and creates constraints in the domestic market (as low quality drives out high quality). This was partially addressed under TDMEP when formulating sector strategies but further work is necessary. During TDMEP implementation, the basis for agreement between the MoTI and the sector champions was that the private business associations would undertake structural changes to their sectors. Concomitantly the public sector would take responsibility for carrying out required reforms (including improved regulatory frameworks) and, where revealed as necessary, design strategies and restructure institutions that were found not fit-for-purpose. The reform of the NQI legislation is required to develop the functional pillars for the public and the private sector, as conformity assessment becomes a key part of enterprise and export development.
- 2) **Low institutional capacities to pursue trade-related reforms, and to sustain industrial development through a strategic framework supported by enhanced quality conformity.** The Ministry of Trade and Industry still needs to build capacity to lead this process in concert with other relevant authorities/agencies, and with the private sector. There is also a general lack of information among relevant stakeholders concerning implementation of the sectoral strategies of the MoTI. Improving information flows from the MoTI to relevant stakeholders on the five sectoral policies already elaborated constitutes a priority action. The agencies not related to MoTI, which had no or little involvement in the previous EU funded project TDMEP, were in several cases unaware of the main outputs of TDMEP, and showed availability and eagerness to participate in the next trade enhancement programme within the area of their respective competences. Actions specifically targeting such agencies should be planned in order to bring them up to speed on industrial and trade policies.
- 3) Besides the capacity building offered by previous programmes, **MoTI still needs to further strengthen and hone its capacities to negotiate and implement favourable trade agreements.**

Structural impediments to competitiveness and growth

- 4) The **private sector have not been sufficiently involved in the training/capacity building activities** related for example to trade remedies and quality (conformity assessment, certification, standards) to facilitate the development of domestic/regional/continental industrial value chains and better impact growth in exports.

- 5) **Lack of workers with the required technical skills**, causing an impediment to enterprise growth. Skills development can benefit a wider sharing of the fruits of economic growth once the worker can be more productive and receive a higher salary.
- 6) Addressing the **boundaries between existing institutions and building coherence of their respective areas of responsibility** will facilitate enterprise development enabling companies to increase domestic market penetration and sustainably raise commodity exports across a range of markets where Egypt has preferential access and enjoys the benefits of proximity.
- 7) **Lack of sufficient financial mechanisms** that encourage companies of different sizes to grow: not just reliance upon the banking sector's access to incentivised interest rate loans but a menu of lending and equity investment that encourages companies to develop as they reach the growth spurt inflexion points. Furthermore, financial schemes and BDS for greening the industry are missing.
- 8) **Need for further provision of industrial zones/parks/Business Development Services/SME complexes** tailored and located for the development of sector clusters supported by incubator services that support large, medium, small and micro enterprises to grow.
- 9) **Innovation** needs to be addressed using sophisticated models that are used widely in Europe: these promote innovation generally and in specific sectors, promoting the concept but also incentivising a reduction in the risks associated with product development. Innovation can play a crucial role to establish mechanisms enabling the greening of the Egyptian industry,

Streamlining key cross-cutting issues

- 10) TDMEP started to move private sector thinking. This resulted from investors realising that in order to sustain competitiveness they needed to move up their sector value chains and increase added value. **Yet further emphasis on environmental, social dimension and managing resilience** is needed to further address the imbalance of economic and trade policies. The current policies emphasize quantitative rather than qualitative aspects of industrial development and insert Egyptian products at the lower spectrum of international value chains.
- 11) **Gender focused development**, specifically the role to be played by women in the various sectors, should address not only their skills development but also the specific work environment favoured by women, including working mothers, so that their workforce participation can be enhanced.
- 12) Within the trade and industrial strategy agenda of the MoTI and other GoE agencies, gender mainstreaming, resilience, conflict sensitivity, environment and climate change, human rights, and **other cross-cutting issues**, are not priority issues and have secondary importance, or are perceived as diverting the dialogue between Egypt and the EU away from the current trade imbalances.

Key areas of intervention are involving the private sector and key institutions in working together to improve the quality of Egyptian products and therefore export performance, and

supporting the GoE in its efforts of institutional reform in order to modernise the NQI and lay the ground for successful trade negotiations with the EU and other trade partners. An acceleration of the private sector's role will be essential because of the size of the required investment in conformity assessment laboratories and Conformity Assessment Bodies.

Overall, the action will aim at developing the capacity of the state to provide a conducive and predictable market environment (**duty bearers**) and empower women and men (**rights holders**) to access sustainable jobs. The action will also focus on addressing barriers in systems and practices to ensure more predictable and non-discriminatory conditions and rules.

2. Risks and Assumptions

Risks	Risk level H/M /L	Mitigating measures
Lack of political buy-in - Continuing commitment by the Government of Egypt, namely the MoTI, affiliated entities, and other agencies, in the areas of trade development and legislative reform.	M	Activities need to be designed so that achievement of agreed reforms unlocks further TA and capacity building activities: TA on Executive regulations of NQI Law needs to be linked to progress in the adoption of the NQI Law.
MoTI and other beneficiaries unwilling to increase linkages with the private sector and to integrate the concerns of the business community and cross-cutting issues in policy definition, and in tools of interaction with them.	M	The activities need to be structured to ensure the direct interaction with the private sector even in the case of lack of effective co-operation by some agencies. This must be undertaken in the context of an updated MoTI Strategy to which all MoTI institutions are committed, as well as relevant non-MoTI institutions.
Limited internal co-operation within the MoTI and with other Ministries/Agencies, and willingness to share relevant information openly and in a timely manner with the Project Steering Committee.	M	Effective communication and feedback needs to be established with senior decision makers in GoE hierarchy at Prime Minister Office (PMO) level. Office of Minister represented in Steering Committee.
Availability of the beneficiaries' staff (from both public and private sector) to participate in proposed activities, coupled with internal efforts to ensure the application of knowledge skills gained.	M	Activities need to be structured in such a way that even limited participation or co-operation by one party or its affiliates will not prevent training and other actions to the direct benefit of the other.
Effective co-ordination between the various donors/partners working with the GoE over the duration of the project.	M	Main development partners such as EU, USAID and United Nations Industrial Development Organization (UNIDO) are well aware of current efforts; Contractor will have to co-ordinate with other development partners.
Changes in the highest levels in the Public Administration or turnover of staff involved in the planned activities.	M	The majority of capacity-building activities need to be directed to the Private Sector, and closely aligned with building government institutional capacity relevant to

Risks	Risk level H/M /L	Mitigating measures
		business environment reforms.
Sustained political will at a high level, within the MoTI, to implement the trade and industrial policy reforms and to support the project.	L	MoTI has a clear mandate and is committed to the objectives of the project, which are aligned with MoTI Industrial Policy 2016-2020 and with sectoral policies. MoTI has shown commitment to the priority areas of this project throughout the formulation period. Ongoing EU support to MoTI is fully in line with this action.
Lack of interest of the Private Sector to the implementation of the actions.	L	The activities need to be chosen in agreement with Private Sector stakeholders and target beneficiaries already on the market and needing to upgrade their quality and international competitiveness in order to address market access challenges.
Delays in implementation due to security clearances required for experts	M	The security clearance for the experts will be sought in advance to ensure there is no major delay in the activities.
Assumptions		
<ul style="list-style-type: none"> - The GoE intends to pursue its declared policies of structural reforms, export and investment-driven industrial growth. - The Prime Minister Office remains committed to the reform of the Egyptian domestic market and modernisation of the NQI, enabling increased market access to Egypt partners. - The MoTI, ERRADA, the NFSA, EGAC and other agencies are committed to reap new trade opportunities generated by trade and NQI reforms. - The Private Sector is interested and willing to step up their practices and operations in order to improve export opportunities. - Modernisation of NQI and trade/domestic market reforms generate benefits to Egyptian consumers and better jobs opportunities, mitigate environmental impacts, ensure product safety, and ease consumer protection challenges. 		

3. Lessons learnt and complementarity

3.1 Lessons learnt

A number of lessons have been drawn from the TDMEP Final Evaluation Report:

- Need to support reforms from the highest level of authority to ensure buy-in from numerous ministries and related agencies: it is not possible to introduce overarching reforms by supporting only one Ministry or one Agency. The highest competent level of authority needs to be involved in the design and rationale of the reform and own the process and outcomes. The implication is that the Action needs to support several Ministries and Agencies under the Office of the Prime Minister.
- Importance to involve the private sector from the early stage of policy dialogue: the private sector and Egyptian economic operators are the final beneficiaries of this Action. Two of the three Action subcomponents will directly involve the private sector.

- Activities need to be selected to maximise exposure to cross-cutting issues.
- Support should include adequate capacity building measures focused directly on the private sector, and these measures should take into account the opportunity to also provide capacity building to the public sector in areas which are in the process of reform and where the private sector can be directly involved.
- The action will build on lessons drawn from a package of completed Twinning projects with a focus on ACAA priority sectors with three key NQI entities, namely the Egyptian Accreditation Council, the Egyptian Organisation of Standards, and the Egyptian National Institute of Standards.

3.2 Complementarity, synergy and donor co-ordination

The proposed Action will build on previous and on-going programmes. In particular on the lessons learnt and achievements of the Trade and Domestic Market Enhancement Programme (TDMEP) that ended in October 2019, building on its achievements in the most relevant areas and broadening its scope. The Action will complement other donors' trade-related activities and respond to key priorities expressed by the Ministry of Trade and Industry.

EU funded Projects – Bilateral

- **Package of related upcoming Twinning's and Technical Assistance (2020-2022):**
 - A twinning programme with the **Egyptian Patent Office - EGYPO** (EUR 1.5 million) and a TA contract with the Trademarks and Industrial Designs Office - TIDO (EUR 1 million) aiming at providing technical assistance and capacity building support to the Government of Egypt in strengthening the regulatory framework for protection of intellectual property rights (IPRs).
 - A twinning programme with the **Egyptian Customs Authority - ECA** (EUR 1.9 million) will contribute to simplify customs compliance requirements for businesses, including SMEs, to reduce customs bureaucracy for better trade facilitation, and to make the movement of goods across borders more efficient and predictable.
- **Support to strengthening EU-Egypt economic relations by enhancing trade and investment opportunities as well as by fostering the FTA implementation (EUR 0.35 million; 2020-2021).** The action will consist in financing four policy papers and organising four workshops on ways to further enhance trade and investment relations between the EU and Egypt.
- **Trade Enhancement Policy support of the Ministry of Trade and Industry (2019 - 2021; EUR 0.2 million):** Designed as a bridging project to provide advice and support to the MoTI until the proposed Action is ready for implementation. The support under the ongoing bridging project shows the full alignment of the envisaged action to the strategic

priorities of the MoTI in the years to come and the MoTI commitment to achieve the envisaged action's objectives.

- **Innovation Call (EUR 5 million; 2020-2023):** 2 projects implemented by Public-Private Partnership will set up specialised centres of excellence to support Private Sector Innovation; another 2 projects implemented by Public-Private Partnerships will support innovation portals; 2 projects will support innovation activities that improve the energy consumption, resource utilisation and production efficiency of Egyptian MSMEs.
- **Programmes addressing the main constraints for SME development:** policy and strategic advice to the Ministries on better regulation, including targeted support for the SMEs Agency MSMEDA; grants schemes to develop business skills, innovation and women in business; large programmes supporting TVET in the field of energy efficiency as well as the governance structure for TVET; schemes to support access to finance for SMEs where EU grants are pooled with loans provided by European Financial Institutions (EBRD, EIB, KfW).

EU funded Projects – Multi-country/Regional

- **Support to the Agadir Technical Unit (ATU), phase IV (EUR 4 million, 2017 – 2021).** The project supports institutional strengthening and capacity building of Agadir members in key areas of trade harmonisation which could have a real impact for the region (trade facilitation, customs, trade in services). Support covers also "accompanying measures" (competition, IPR, dispute settlement, subsidies, antidumping etc.) through financing annual meetings of experts from Agadir countries.
- **Two Trade and Competitiveness Facilities** financed under the Neighbourhood Investment Platform (NIP) with EIB and EBRD (EUR 20 million each; 2017-2031). They provide finance to SMEs in value chains to improve their trade and competitiveness. A special component for Egypt includes support to an early-stage venture capital fund in order to address the critical lack of equity capital and value additive operational support for high growth and innovative Egyptian SMEs. Particular efforts will be made to link Component 2 of this programme to these financing mechanisms.
- **Trade facilitation:** a new programme focusing on the nexus of **trade and investment policies** will start in 2020. The programme will cover mainly two areas i) Trade and investment facilitation to support regional integration, sustainable growth and job creation (EU contribution max EUR 10 million) and ii) Supporting innovative forms of economic activity and new actors, which among other things will aim at promoting the External Investment Plan' potential and identifying new and innovative opportunities for public-private dialogue (EU contribution max EUR 10 million).

EU funded Projects – Pan-African

Egypt can benefit from Pan-African Programme support in the framework of the EU support to the African Continental Free Trade Area, notably:

- **EU-WCO Programme for HS in Africa:** implemented by the World Customs Organisation (WCO), it aims to support customs administrations, private sector and wider

trade community towards a co-ordinated implementation and uniform application of the Harmonized System (HS) Convention of the WCO (EU contribution max EUR 5 million).

- **EU-UNECA Programme in support to the AfCFTA:** implemented by the UN Economic Commission for Africa (UNECA) this programme supports AU Member States including Egypt on the development of national AfCFTA implementation plans. The project also supports national/regional seminars on the AfCFTA, consulting national and regional stakeholders including private sector (EU contribution max EUR 8 million).
- **Intellectual Property Rights for Africa** implemented by the EU Intellectual Property Office (EUIPO): the programme aims to facilitate intra-African trade and investments through IPR. It aims to strengthen national and regional IP institutions, networks and tools for more efficient and user-friendly IP protection and enforcement systems in line with international best practice in support to the AfCFTA and the African Union's Agenda 2063 (EU contribution max EUR 7 million).

Other Development Partners

The main development partners are also in the phase of identification and formulation of their respective programmes (UNIDO Egypt Programme for Country Partnership, USAID TRADE, etc.). While there are time gaps between some partners' project cycles, several areas have been identified where the proposed programme could add value to other partners' existing or planned projects, especially as regards quality infrastructure and support in rendering the relevant products EU export-ready.

- **UNIDO** is formulating their Egypt PCP (Programme for Country Partnership) and will complete formulation later in 2020. Two of the current value chains supported by UNIDO programmes (tomato, Egyptian cotton) will benefit from enhanced quality infrastructure.
- **USAID** is formulating a USD 50 million programme with the Export Development Authority and the private sector, which aims at developing trade with the USA.

There is no formalised **donor co-ordination** with the GoE in the field of Trade specifically, though there is a Donor Co-ordination Sub-Group for Medium/SMEs. EU Commercial Counsellors meet regularly and are co-ordinated by the EU Delegation to the Arab Republic of Egypt. Furthermore, all development partners regularly discuss business and regulatory environment in the framework of the G20 Compact with Africa group.

4. Description of the Action

4.1 Overall objective, specific objective(s), expected outputs and indicative activities.

Overall objective:

The **overall objective** is to contribute to the increased competitiveness and efficiency of the Egyptian private sector leading to higher sustained economic growth and decent job creation.

Specific objectives:

SO1: Improved capacity and efficiency of the Egyptian framework for trade and industry

SO2: Increased participation of Egyptian SMEs in selected industry value chains.

Results (Outputs):

COMPONENT 1 – INSTITUTIONAL SUPPORT (SO1)

R1.1 Enhanced institutional capacity, efficiency and improved regulatory framework

R1.1.1. Updated and re-formulated MoTI strategic direction 2020-2030.

R1.1.2. Increased capacity of MoTI to negotiate trade agreements.

R1.1.3. Public Private Dialogue within MoTI and affiliates is enhanced.

R1.1.4. Monitoring systems put in place for the approval and implementation of supported reforms: such as sector strategies and the NQI Law.

R1.2 Enhanced governance of the Quality Infrastructure.

COMPONENT 2– SELECTED INDUSTRIAL CLUSTERS AND VALUE CHAINS (SO2)

As mentioned above it is proposed to provide targeted support to selected value chains to demonstrate the benefit of a conducive NQI and improvement in sustainability, in line with SDG 8, 9 and 12, to increase access to trade. The **food and textile industries** seem well positioned as they are among the most relevant manufacturing sectors, in terms of GDP (respectively 4.7% and 5.6%), employed labour (about 44% of total in the manufacturing sector) and number of factories (mainly SMEs). Both sectors are also vertically integrated, including production of raw material, thus presenting great opportunities to further integrate their value chains, promote investment, improve sustainability and inclusiveness. Support to other industrial sectors may be considered.

R2 Strengthened Capacities and QI compliance of Selected Value Chains

R2.1 Increased competitiveness through enhanced skills of labour within selected value chains

R2.1.1. Improved knowledge of middle and higher management on market trends and requirements for market access, selection of potential markets (internal, EU or others such as MENA and Africa).

R2.1.2. Improved skills for labour along the value chains (from production to packaging and distribution) in applying best practices, for example in terms of efficiency and environmental sustainability, aligned with internationally accredited qualifications and skills frameworks.

R2.1.3. Improved skills for youth and women to efficiently access employment opportunities in the selected value chains, aligned with international qualifications and skills frameworks.

R2.2 Improved production compliance with trade requirements

R2.2.1. Improved production quality and safety for selected products in line with market trends.

R2.2.2. Increased application of due diligence, namely traceability and transparency along the selected value chain, including application of IT enabling technologies.

R2.2.3. Improved sustainable public and private Business Development Services (BDS) offered to industries to comply with trade requirements, including logistics.

R2.3 Increased competitiveness through innovation

R2.3.1. Increased investment in value addition and product development, aligned to market trends and needs.

R2.3.2. Increased knowledge and application of sustainable (green) technologies.

R2.3.3. Improved linkages to supportive financial schemes and BDS for greening the industry.

R2.3.4. Increased knowledge of business opportunities related to circularity, such as new services to the industry, more sustainable production and products.

R2.3.5. Increased knowledge on Industry 4.0⁵ application for selected value chains, to improve transparency, efficiency, agility of production (e.g. digitalization, e-commerce, etc.) building on the relevant sector strategies action plans.

Indicative Activities

Activities within the two components will be defined in detail during the inception phase and designed in such a way as to ensure clear linkages between the two components, as well as participation of both private and public sector for a strengthened Public Private Dialogue.

COMPONENT 1 – INSTITUTIONAL SUPPORT (SO1)

Possible activities include:

R1.1 Enhanced institutional capacity, efficiency and improved regulatory framework

Capacity building activities to:

- Strengthen sustainable institutional capacities for drafting legislation;
- Develop sustainable institutional capacity to collect and diffuse statistics on Egypt's trade in services in a timely fashion;
- Enhance capacity of the MoTI for future trade negotiations and representation in areas of common interest: services, investment, sustainable development, competition, e-commerce, and geographical indications.

^{4.} Industry 4.0 is the trend towards automation and data exchange in manufacturing technologies and processes which include cyber-physical systems (CPS), the internet of things (IoT), industrial internet of things (IIOT), cloud computing, cognitive computing and artificial intelligence.

Review of Egypt's trade and industry strategic framework:

- MoTI strategic direction 2020-2030: update and review the MoTI strategy 2016-2020;
- Update of the sectoral strategies based on analysis of past performance;
- Accompany the relevant MoTI affiliates/institutions to build on their institutional strategies and related reform structures.

Studies with a focus on:

- The integration of MSMEs in international trade, particularly within the strategic context of industrial sectors development and export potential;
- E-commerce and the impact of tariffs and taxes on e-commerce;
- Climate change and environment architecture and its impact on trade;
- The links between trade and Agenda 2030.

Enhance MoTI stakeholders' understanding, awareness and consensus through:

- Support to Public Private Dialogue, including women groups, to create consensus for drafting of the relevant Strategies, Laws and Regulations;
- Training, seminars, workshops aimed at both public and private sector;
- Outreach and communication activities targeting various stakeholders within each of the sector strategies;
- Workshops aimed at enhancing understanding on the link between trade and gender and between trade and labour laws;
- Support to public consultations on the above issues.

R1.2 Enhanced governance of the Quality Infrastructure

- Support drafting of the Executive Regulations of the National Quality Infrastructure Law;
- Support to the approval and implementation of the Draft Law on National Quality Infrastructure and related Executive Regulations;
- Activities mentioned under R1.1 will also contribute to the achievement of R1.2.

COMPONENT 2– SELECTED INDUSTRIAL CLUSTERS AND VALUE CHAINS (SO2)

R.2 Strengthened Capacities and QI compliance of Selected Value Chains.

The activities related to the below results will follow a sector/value chain approach and therefore a comprehensive one covering the different levels of Human Resources within each selected sector/value chain.

Possible activities include:

R.2.1 Enhanced skills of labour

- Integrated capacity building programme to middle and higher management of selected companies in priority value chains on identification of market trends, production planning and sustainability requirements;
- Practical training at factory level on best practice for resource efficiency and application of environmental standards;

- Training to unemployed youth to increase employability in selected value chains, in collaboration with MoTI TVET system, namely its Productivity and Technical Vocational Department;
- Training to women to better access employment opportunities in selected value chains.

R.2.2 Improved production compliance with trade requirements

- Outreach, trade facilitation and export promotion initiatives aimed at the private sector including:
 - o Workshops on market trends for selected value chains within the framework of sector strategy implementation;
 - o Capacity building programme on quality and safety requirements and their application for selected value chains to access EU markets;
 - o Workshops on due diligence and sustainability requirements to access markets, in collaboration with EU industrial/business associations;
 - o Training to public and private BDS in supporting production compliance including the enhancement of specialist bodies within the conformity assessment framework;
 - o Support to public-private dialogue on specific topics, such as logistics, export support schemes, etc.

R.2.3 Increased competitiveness through innovation

- Identification of investment opportunities to increase value addition, greening production and sustainable production, aligned with latest circular approaches.
- Support linkages with available financial facilities in the country.
- Workshops on application of Industry 4.0 to selected value chains, in collaboration with pioneer EU companies.
- Workshops on circular models for selected value chains and related business opportunities for local manufacturers and new start-ups to support ‘complex’ manufacturing.

4.2 Intervention Logic

Component 1 of the action will focus on the institutional support needed by the Egyptian Government to meet its priorities on industrial growth and modernisation, investment and exports, as reflected by the Egypt Vision 2030, the 2016-2020 MoTI Industrial Strategy and the five Sectoral Industrial Strategies already elaborated. Component 1 will also address the capacity needs to facilitate and implement better trade agreements, in line with Egypt's eagerness to advance the dialogue with the EU and its regional/continental neighbours and achieve deeper economic and market integration.

Component 2 will focus on strengthening the capacities of the private sector to better contribute to, and benefit from, the institutional priorities addressed under **Component 1** to further contribute to Egypt trade expansion, its integration in the world economy and increased access to domestic/regional/continental/global value chains. **Component 2** will also include activities to **ensure the link** between relevant public (MoTI and affiliates) and private sector stakeholders.

The activities under both components will contribute to increased standard and quality of exports, offer **good opportunity for mainstreaming youth, gender and environment** within the industrial clusters, and lay the ground to fulfilling the requirements for regional market

integration and further trade negotiations in the targeted sectors. Moreover, the action will support institutional reform, which will help further advance trade negotiations with the EU and other trade partners.

4.3 Mainstreaming

Environment and Climate: There is a significant opportunity for a greater opening to mainstreaming in the Egyptian private and public sectors and civil society, in particular concerning **environment and climate adaptation**, which are themes of great importance in Egypt. This action intends to achieve mainstreaming through targeted activities such as capacity building, research/outreach activities, public consultations on the NQI Law, trade negotiations and the industrial strategies to promote resource efficiency and circular economy principles in the value chain works and in the design of the policies.

Gender/women empowerment: With respect to gender mainstreaming, activities will be implemented with a gender lens (aiming at gender responsive and transformative approaches). The action will focus on embedding gender in supported policy frameworks and in introducing / advocating for gender mainstreaming principles and tools. Gender mainstreamed policies and government programmes may have transformative impact on the lives of women and girls in Egypt. The action will consider increased opportunities for women entrepreneurs and employees to benefit from capacity building activities.

Youth empowerment: The action will pay attention to youth empowerment. The action will support introduction of best practices and tools to mainstream youth in trade and industrial reforms, including to improve responsiveness to young people's needs and to better engagement through consultation and monitoring of policy design.

Component 1 represents a good opportunity to deepen the dialogue with Egypt in important areas such as **consumer protection**, product quality and carbon footprint with regard to the NQI Law, privacy and a **rights-based approach** concerning the support to trade negotiations. **Environment and gender mainstreaming** will be incorporated in the sectoral industrial strategies.

Component 2 is devised to open the way for integration of the action into other actions managed by development partners in which relevant SDGs and mainstreaming are already addressed, promote projects inserted in regional/international value chains, and encourage further dialogue on cross-cutting issues.

4.4 Contribution to SDGs

This intervention contributes primarily to the progressive achievement of Egypt Vision 2030 and to SDG8 (Decent Work and Economic Growth), SDG9 (Industry, Innovation and Infrastructure), SDG12 (Responsible Consumption and Production). Other significant SDGs are: SDG1 (No Poverty), SDG17 (Revitalise Global Partnerships for Sustainable Development).

5. IMPLEMENTATION

5.1 Financing agreement

In order to implement this action, it is foreseen to conclude a financing agreement with the partner country.

5.2 Indicative implementation period

The indicative operational implementation period of this action, during which the activities described in section 4 will be carried out and the corresponding contracts and agreements implemented, is **48 months** from the date of entry into force of the financing agreement.

Extensions of the implementation period may be agreed by the Commission's responsible authorising officer by amending this Decision and the relevant contracts and agreements.

5.3 Implementation modalities

The Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures⁶.

5.3.1 Procurement (direct management)

The Commission will procure support in order to enhance the institutional capacity and efficiency of Egypt's trade and industry framework as well as to improve its regulatory framework as envisaged in SO1 and R1.1 and R1.2.

5.3.2 Indirect management with an entrusted entity

A part of this action may be implemented in indirect management with an international organisation which will be selected by the Commission's services using the following criteria: solid record of co-operation in Egypt with industrial clusters and value chains, and in promoting participatory approaches. The implementation by this entity entails the contracting and implementation of the activities related to SO2 - Industrial clusters and value chains.

5.4 Changes from indirect to direct management mode due to exceptional circumstances

The indirect management described under section 5.3.2, where this preferred modality cannot be implemented due to circumstances outside of the Commission's control, will be replaced by direct management – procurement, as described in the paragraph 5.3.1.

5.5. Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply, subject to the following provisions.

The Commission's authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of products and services in the markets of the

⁶ www.sanctionsmap.eu Please note that the sanctions map is an IT tool for identifying the sanctions regimes. The source of the sanctions stems from legal acts published in the Official Journal (OJ). In case of discrepancy between the published legal acts and the updates on the website it is the OJ version that prevails.

countries concerned, or in other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

5.6 Indicative budget

	EU contribution (amount in EUR)
Specific Objective 1 “Enhanced capacity of Egyptian Ministry of Trade and Industry and its affiliates” (Direct management - Procurement) c.f. section 5.3.1	3 000 000
Specific Objective 2 “Increased participation of Egyptian SMEs in selected industry value chains” (Indirect management with International Organisation) c.f. section 5.3.2	4 500 000
Evaluation ⁷ (c.f. section 5.9)/ Audit/ Expenditure verification (c.f. section 5.10)	300 000
Communication and visibility (c.f. section 5.11)	200 000
Contingencies	-
Total	8 000 000

5.7 Organisational set-up and responsibilities

A Steering Committee will be set up in the first three month of operation of the Action to oversee and guide the overall direction and policy of the Action. It shall meet quarterly in the first year and twice a year thereafter. It could also be convened whenever the project implementation requires strategic decisions. The SC shall be chaired by the MoTI and comprise representatives of MoIC, main public and private sector beneficiaries, and a representative of the EU Delegation. The SC has the right to invite other stakeholders whenever deemed appropriate, including representatives of the private sector and NGOs.

A Technical Committee will be set up for each of the 2 components of the Action and shall meet every 2 months.

5.8 Performance and Results monitoring and reporting

The Action performance and results will be monitored directly by the Steering Committee against the benchmarks as per the log-frame matrix (as listed in Appendix).

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process, and part of the implementing partner’s responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its

⁷ Including an allocation of EUR 100 000 for monitoring of results/logframe.

results (outputs and direct outcomes) as measured by corresponding indicators, using as reference the Log-frame matrix .

SDGs indicators and, if applicable, any jointly agreed indicators as for instance per Joint Programming document should be taken into account.

The report shall be laid out in such a way as to allow monitoring of the means envisaged and employed and of the budget details for the action. The final report, narrative and financial, will cover the entire period of the action implementation.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

5.9 Evaluation

Having regard to the importance of the action, a **mid-term and an ex-post evaluation** will be carried out for this action or its components via independent consultants.

A **mid-term evaluation** will be carried out for problem solving, and learning purposes, in particular with respect to the level of engagement and co-operation between the private and public sectors and the achievement of the Egyptian and EU priorities.

An **ex-post evaluation** will be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular the complex implementation modalities and involvement of several kinds of stakeholders.

The Commission shall inform the implementing partner at least one month in advance of the dates foreseen for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

The evaluation reports shall be shared with the partner country and other key stakeholders. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project. Evaluation services may be contracted under a framework contract

5.10 Audit

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments for one or several contracts or agreements. It is foreseen that audit services may be contracted under a framework contract.

5.11 Communication and visibility

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU.

This action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility Plan of the Action, to be elaborated at the start of implementation.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country (for instance, concerning the reforms supported through budget support), contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in, respectively, the financing agreement, procurement and grant contracts, and delegation agreements.

The communication and visibility requirements for European Union External Action (or any succeeding document) shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations. Communication and visibility activities shall be implemented in accordance with the EU communication and visibility requirements in force. Communication and visibility provisions in the case of grants will be established in the relating terms of reference.

APPENDIX - INDICATIVE LOGFRAME MATRIX⁸

	Results chain: Main expected results	Indicators	Baselines	Targets	Sources of data	Assumptions
Impact (Overall Objective)	<i>To contribute to the increased competitiveness and efficiency of the Egyptian private sector, which can lead to higher sustained economic growth and decent job creation.</i>	<ul style="list-style-type: none"> - <i>Volume of exports by SMEs disaggregated by type of product.</i> - <i>Value of exports by SMEs disaggregated by type of product.</i> - <i>Volume of domestic sales by SMEs disaggregated by type of product.</i> - <i>Value of domestic sales by SMEs disaggregated by type of product.</i> - <i>Number of decent jobs created disaggregated by sex.</i> 	<p>Baselines to be established during the inception phase.</p> <p>Baselines to be established during the inception phase.</p>	<p>Targets to be established during the inception phase.</p> <p>Targets to be established during the inception phase.</p>		<i>Not applicable</i>

⁸. Baselines, targets and sources of data will be completed during the inception phase.

Outcome(s) (Specific Objective(s))	<p>SO1: <i>Improved capacity and efficiency of the Egyptian framework for trade and industry</i></p> <p>SO2: <i>Increased participation of Egyptian SMES in selected industry value chains.</i></p>	<p>SO1:</p> <ul style="list-style-type: none"> - <i>Number of staff in the public sector (MoTI and affiliates) having received training</i> - <i>Number of training/workshops organised</i> - <i>Number of reforms being supported</i> <p>SO2:</p> <ul style="list-style-type: none"> - <i>Amount of additional added value created, disaggregated by product.</i> - <i>Proportion of added value going to SMEs, disaggregated by product.</i> 	<p>Baselines to be established during the inception phase.</p> <p>Baselines to be established during the inception phase.</p>	<p>Targets to be established during the inception phase.</p> <p>Targets to be established during the inception phase.</p>		<ul style="list-style-type: none"> - The GoE intends to pursue in its declared policies of structural reforms, export and investment-driven industrial growth. reforms. - The Private Sector is interested and willing to step up their practices and operations in order to improve quality and export
Outputs	R1.1 Enhanced institutional capacity, efficiency, and improved regulatory framework (SO1):					
	R1.1.1. Updated and re-formulated MoTI strategic direction 2020-2030	- <i>Reformulated MoTI strategic plan for 2020-2030 drafted (binary indicator i.e. yes/no answer).</i>	Baselines to be established during the inception phase.	Targets to be established during the inception phase.	Official Publications MoTI website	
	R1.1.2. Increased capacity of MoTI to negotiate trade agreements	- <i>Level of capacity of the Ministry of Trade and Industry (MoTI) related to key areas in future trade agreements, such as:</i>	Baselines to be established during the inception	Targets to be established during the	Number of capacity building courses/	

		<ul style="list-style-type: none"> - <i>Trade in services</i> - <i>Investment</i> - <i>Sustainable Development</i> - <i>Competition</i> - <i>E-Commerce</i> - <i>Geographical Indications</i> 	phase.	inception phase.	workshops provided and attended by authorities	
	R1.1.3. Public Private Dialogue within MoTI and affiliates is enhanced.	<ul style="list-style-type: none"> - <i>Number of Public Private Dialogue meetings held within the MoTI and its affiliates per year.</i> - <i>Number of public consultations with private sector stakeholders carried out per year</i> - <i>Establishment of a sustainable structure dialogue with private sector within MoTI and each of its affiliates</i> 	Baselines to be established during the inception phase.	Targets to be established during the inception phase.	Meeting reports	
	R1.1.4. Monitoring systems put in place for the approval and implementation of supported reforms: such as sector strategies, NQI Law.	<ul style="list-style-type: none"> - <i>Number of sectors with monitoring systems put in place.</i> 	Baselines to be established during the inception phase.	Targets to be established during the inception phase.	Reports from Ministry and private sector representatives	
	R1.2. Enhanced governance of the Quality Infrastructure.	<ul style="list-style-type: none"> - <i>Draft Law on National Quality Infrastructure drafted (binary indicator i.e. yes/no answer).</i> - <i>Draft Executive Regulations of the NQI Law drafted (binary indicator i.e. yes/no answer).</i> - <i>Draft Law on National Quality Infrastructure adopted by Parliament (binary indicator i.e. yes/no answer).</i> 	<p>First Draft NQI Law</p> <p>0</p> <p>0</p>	<p>Final draft NQI Law and Executive Regulations approved by Minister for Trade and Prime Minister and sent to Parliament</p>	Official Journal Publications	

	<ul style="list-style-type: none"> - <i>Draft Executive Regulations of the NQI Law drafted adopted by Parliament (binary indicator i.e. yes/no answer).</i> 	0				
	<ul style="list-style-type: none"> - <i>Law on National Quality Infrastructure and related Executive Regulations are implemented.</i> 	0				
	R2.1 Increased Competitiveness through enhanced skills of labour within selected value chains.					
	R2.1.1. Improved knowledge of middle and higher management on market trends and requirements for market access, selection of potential markets (internal, EU or others such as MENA and Africa).	- <i>Number of middle and higher management staff (disaggregated by sex) with increased knowledge on market trends and requirements for market access, selection of potential markets.</i>	Baselines to be established during the inception phase.	Targets to be established during the inception phase.	Targeted Surveys Project Reports	
	R2.1.2. Improved skills for labour along the value chains (from production to packaging and distribution) in applying best practices, for example in terms of efficiency and environmental sustainability, aligned with internationally accredited qualifications and skills frameworks.	- <i>Number of people (disaggregated by sex) with improved capacity to apply best practices in production in terms of efficiency and environmental sustainability, appropriately integrated within internationally accredited qualifications and skills frameworks, and delivery organisations.</i>	Baselines to be established during the inception phase.	Targets to be established during the inception phase.	Targeted Surveys Project Reports	
	R2.1.3. Improved skills for youth and women to efficiently access employment opportunities in the selected value chains, aligned with international qualifications	- <i>Number of young people and women with improved skills to access employment opportunities in the selected value chains, appropriately integrated within</i>	Baselines to be established during the inception phase.	Targets to be established during the inception	Targeted Surveys Project Reports	

	and skills frameworks.	<i>internationally accredited qualifications and skills frameworks, and delivery organisations</i>		phase.		
	R2.2 Improved production compliance with trade requirements for selected value chains					
	R2.2.1. Improved production quality and safety for selected products in line with market trends.	<ul style="list-style-type: none"> - <i>Number of safety and quality standards implemented along selected value chains</i> - <i>Number of businesses implementing safety and quality standards implemented along selected value chains (disaggregated by company size)</i> 	Baselines to be established during the inception phase.	Targets to be established during the inception phase.	MoTI	
	R2.2.2. Increased application of due diligence, namely traceability and transparency along the selected value chain, including application of IT enabling technologies.	- <i>Number of companies applying due diligence and IT technologies.</i>	Baselines to be established during the inception phase.	Targets to be established during the inception phase.	Targeted surveys	
	R2.2.3. Improved sustainable public and private Business Development Services (BDS) offered to industries to comply with trade requirements, including logistics.	- <i>Number of public and private Business Development Service (BDS) points made available to industries to comply with trade requirements.</i>	Baselines to be established during the inception phase.	Targets to be established during the inception phase.	Targeted surveys Project Reports	
	R2.3 Increased competitiveness through innovation for selected					

	value chains					
	R2.3.1. Increased investment in value addition and product development, aligned to market trends and needs.	- <i>Investment volume for the SMES participating in the supported value chains.</i>	Baselines to be established during the inception phase.	Targets to be established during the inception phase.	Targeted surveys Project Reports	
	R2.3.2. Increased knowledge and application of sustainable (green) technologies.	- <i>Number of capacity building activities as well as seminars and workshops focused on sustainable green technologies organised within each selected value chain</i> - <i>Number of companies effectively benefiting from the above mentioned activities within each selected value chain [disaggregated by company size (start-ups, MSMEs or large company), gender (where applicable focus on women entrepreneurs)]</i>	Baselines to be established during the inception phase.	Targets to be established during the inception phase.	Targeted surveys Project Reports	
	R2.3.3. Improved linkages to supportive financial schemes and BDS for greening the industry.	- <i>Number of banks/financial institutions reached with a view to improving linkages with BDS for the greening of industry.</i>	Baselines to be established during the inception phase.	Targets to be established during the inception phase.	Targeted surveys Project Reports	
	R2.3.4. Increased knowledge of business opportunities related to circularity, such as new services to the industry, more sustainable production and products.	- <i>Number of SMEs with increased knowledge of business opportunities related to circularity, such as new services to the industry, more sustainable</i>	Baselines to be established during the inception phase.	Targets to be established during the inception	Targeted surveys Project Reports	

		<i>production and products.</i>		phase.		
	R2.3.5. Increased knowledge on Industry 4.0 application for selected value chains, to improve transparency, efficiency, agility of production (e.g. digitalization, e-commerce, etc.) building on the relevant sector strategies action plans.	<ul style="list-style-type: none"> - <i>Number of trainings, workshops, seminars focused on the application of Industry 4.0 in each selected value chain</i> - <i>Number of SMEs having received such training, or participated in the above-mentioned workshops/seminars within each selected value chains</i> 	Baselines to be established during the inception phase.	Targets to be established during the inception phase.	Targeted surveys Project Reports	



ANNEX 2

of the Commission Implementing Decision on the annual action programme part II for 2020 in favour of Egypt

Action Document for **EU GREEN: EU Support for Growth through Egyptian Environmental Networks**

ANNUAL PROGRAMME

This document constitutes the annual work programme in accordance with Article 110(2) of the Financial Regulation and action programme/measure in accordance with Articles 2 and 3 of Regulation N° 236/2014.

1. Title/basic act/ CRIS number	EU GREEN: EU Support for Growth through Egyptian Environmental Networks CRIS number: ENI/2020/42672 financed under the European Neighbourhood Instrument	
2. Zone benefiting from the action/location	Neighbourhood South, Egypt The action shall be carried out at the following location: Egypt	
3. Programming document	Single Support Framework (SSF) for European Union support to Egypt for the period 2017-2020 ¹	
4. Sustainable Development Goals (SDGs)	Main SDG: 12 Responsible Consumption and Production 13 Climate Action Other significant SDG(s) include: 5 Gender Equality	
5. Sector of intervention/ thematic area	Environment/Climate Change	DEV. Assistance: YES ²
6. Amounts concerned	Total estimated cost: EUR 15 000 000 Total amount of European Union (EU) contribution: EUR 14 000 000	
7. Aid modality(ies) and implementation modality(ies)	Project Modality Direct management: (Component 1) through procurement Indirect management: (Component 2) with the entrusted entity to be selected in accordance with the criteria set out in section 5.3.2	

¹ C(2017) 7175 final, 30.10.2017.

² Official Development Assistance is administered with the promotion of the economic development and welfare of developing countries as its main objective.

8 a) DAC code(s)	160 Other Social Infrastructure & Services 16020 Employment Creation 410 General Environment Protection 41010 Environmental policy and administrative management			
b) Main Delivery Channel	11000 Central Government			
9. Markers (from CRIS DAC form)	General policy objective	Not targeted	Significant objective	Principal objective
	Participation development/good governance	<input type="checkbox"/>	<input type="checkbox"/>	X
	Aid to environment	<input type="checkbox"/>	<input type="checkbox"/>	X
	Gender equality and Women's and Girl's Empowerment	<input type="checkbox"/>	X	
	Trade Development	X	<input type="checkbox"/>	<input type="checkbox"/>
	Reproductive, Maternal, New born and child health	X	<input type="checkbox"/>	<input type="checkbox"/>
	RIO Convention markers	Not targeted	Significant objective	Principal objective
	Biological diversity	<input type="checkbox"/>	X	<input type="checkbox"/>
	Combat desertification	<input type="checkbox"/>	X	<input type="checkbox"/>
	Climate change mitigation	<input type="checkbox"/>	<input type="checkbox"/>	X
	Climate change adaptation	<input type="checkbox"/>	<input type="checkbox"/>	X
		Internal markers	Not targeted	Significant objective
	Digitalisation	X	<input type="checkbox"/>	<input type="checkbox"/>
	COVID Response	X	<input type="checkbox"/>	<input type="checkbox"/>
10. Global Public Goods and Challenges (GPGC) thematic flagships	N/A			

SUMMARY

The proposed Action is in line with the EU and Egypt Partnership Priorities adopted in 2017 and responds to the complementary support for capacity development and civil society (10%) of the Single Support Framework (SSF) 2017-2020.

The **overall objective** is to improve the quality of life for the Egyptian population through enhanced environmental performance, and climate change mitigation, adaptation, and mainstreaming in development sectors, in a sustainable and inclusive way. The Action will build the capacity of the Ministry of Environment (MoE) to improve the strategic and legislative framework and its effective implementation. This will be achieved through a participatory approach with a particular focus on enhancing the capacity of Egypt's Non-Governmental Organisations (NGOs) and green entrepreneurs to contribute to the implementation of the Sustainable Development Strategy (SDS) of Egypt.

The **overall objective** will seek to achieve two complementary **Specific Objectives (SO)**:

(SO1) Enhance the capacity of the Ministry of Environment and its affiliated entities to spearhead a strategic and legislative framework, conducive to climate action, environmental protection, and the promotion of a circular economy.

(SO2) Increase the participation and economic opportunities for NGOs and green entrepreneurs in climate action, including circular economy and waste sectors.

The Action will be implemented following a participatory approach, creating increased co-operation and dialogue between the Government, NGOs and green entrepreneurs. The support to the reinforcement and consistency of the policy framework (SO1) will provide incentives and strategic orientation for the development of green entrepreneurs and NGOs (SO2).

1 CONTEXT ANALYSIS

1.1 Context Description

Egypt's population reached 100 million in February 2020 with a natural growth rate of 2% per year. With 95% of its population living on 6.7% of its total land area, the country is extremely vulnerable to climate change due to the dependence of its **large and growing population** on the Nile River for fresh water, and the increased exposure of its long coastline, which is already experiencing sea level rise.

Climate change will amplify the demographic, economic, and political pressures on Egypt. Studies have indicated that the following areas are the most vulnerable in order of severity: agriculture, coastal zones, aquaculture and fisheries, water resources, human habitat and settlements, and human health³.

Climate change will impact **citizens' health and living conditions** especially the most vulnerable groups whose subsistence is directly linked to agriculture in rural areas. In particular, women (reflecting a majority of the poor) who are particularly dependent on agriculture for their livelihood. Climate change will affect all four key dimensions of food supply: availability, stability, access and utilisation. In a country where land availability is scarce due to the semi-desert climate, climate change is putting additional pressure on the existing trade-off between agriculture and urbanisation.

The share of the population living below the national poverty line has increased from 27.8% in 2015 to 32.5% in 2018, with the highest poverty rates still in rural Upper Egypt.⁴ The rural population in Egypt was reported at 56.7% of total population in 2017.

In addition to the impact of climate change, the key environmental challenges in Egypt are air and water quality, water scarcity, solid and liquid waste management, coastal pollution, nature protection, and desertification⁵. These issues have been the subject of many previous interventions and also of policy and legal reform, during the last 25 years.

Air pollution is of major concern. Indeed, particulate matter is the outdoor air pollutant that globally is associated with the largest health effects. Annual premature deaths from ambient

³. United Nations Development Programme, UNDP, 2019.

⁴. World Bank, 2019.

⁵. State of the Environment, MoE/EEAA, 2012, though issued in 2015, and later in 2016.

particulate matter exposure in Greater Cairo are estimated at about 12,100 to 13,000 in 2017 with a related estimated cost of 1.35% of the Gross Domestic Product (GDP)⁶.

Air pollution problems are mostly due to inefficient industries, transport systems and weak enforcement of environmental regulations. The energy sector is the largest contributor to greenhouse gas (GHG) emissions in Egypt. This is mainly because Egypt is highly dependent on fossil fuels, namely oil and natural gas. The clothing and textiles sector is the largest industrial employer. Greater Cairo and Alexandria are Egypt's main industrial centres, producing iron and steel, textiles, refined petroleum products, plastics, building materials, electronics, paper, trucks and automobiles, and chemicals, all of which contribute to water and air pollution, and GHG emissions. The agricultural sector is also a major GHG emission sector with an estimated 55% of the labour force in Egypt engaged in agricultural activities, a sector which consumes about 80% of the freshwater resources and contributes about 13.5% to the GDP.

Water pollution from organic and chemical pollution of water has reached significant levels. In agriculture the increasing scarcity of water is exacerbated by poor water quality. Poor management in irrigation and drainage techniques and the overuse of chemical inputs have largely contributed to the environmental degradation of agricultural areas. Improper waste disposal has also become a national problem in Egypt. Whilst affecting human health, water pollution is also impacting biodiversity including fragile ecosystems. Egypt with some 30 protected areas hosts a wide range of habitats with microclimates (e.g. mangroves, coral reefs, mountains, sand dunes, oasis, and wadis) that host many plant and animal species and communities representing both tropical and Mediterranean environments. Egypt is a well-known tourism destination notably for its renowned coral reef and marine life. The latter is however degrading fast. It is estimated that pollution and climate change could affect 94% of Egypt's coral reef tourism value with sea temperature and pollutants increasing leading to coral bleaching.

Inadequate **solid waste management** is a still major issue with 100 million tons of waste generated per year. Despite the national and local efforts to tackle the solid waste management crisis in Egypt, the improper waste handling, storage, collection, treatment and disposal practices still pose serious environmental and public health risks. It is estimated that 80% of waste is disposed in unregulated landfills and only 5% is properly disposed⁷. Solid waste mismanagement contributes to both air (some 8% GHG emissions)⁸ and water pollution. Egypt is also a major contributor to plastic pollution to the Mediterranean.

In the first quarter of 2020, Egypt started implementing preventive measures in an attempt to control the spread of COVID-19, which was declared a global pandemic by the World Health Organisation on 11 March 2020. At the time of writing this action, it is not possible to assess their socio-economic impact. It is therefore anticipated that the activities foreseen in section 4 of the document may be adjusted in light of the specific needs that may arise in the sector or amongst the identified beneficiaries and target groups.

⁶ <http://documents.worldbank.org/curated/en/619601570048073811/pdf/Egypt-Cost-of-Environmental-Degradation-Air-and-Water-Pollution.pdf>.

⁷ GIZ 2019.

⁸ USAID 2012.

1.2 Policy Framework (Global, EU)

In July 2017, new **Partnership Priorities** were adopted providing the framework for the SSF 2017-2020 for Egypt that was signed in October 2017. The SSF provides the sectors of intervention directly derived from the EU and Egypt Partnership Priorities. They are aligned with key strategic government planning documents, the "**Sustainable Development Strategy — Vision 2030**" and related sector strategies outlining the development objectives and plans for the coming years. Priority one foresees EU support to sustainable development and a better quality of life for the population by sustainable resource management and improved access to energy, water and sanitation, and waste management services in accordance with the EU Green Deal priorities for circular economy and biodiversity. There is also complementary support for capacity development and civil society (10%).

A joint programming document usefully complements the SSF and serves as a reference for donor co-ordination in Egypt. Environment is part of the Egypt joint programming priority area no.1 "Economic modernisation, energy, environment".

At the regional level, the Union for the Mediterranean (UfM) provides political dialogue and concrete joint initiatives for the protection of the Environment in the Mediterranean area. In their last 2014 declaration⁹, the Ministers of the 43 countries comprising the UfM acknowledged the urgent need to address the impact of climate change on the Mediterranean region and shift towards circular economies and sustainable consumption and production patterns for a green and low emission economy. Egypt will host the next Ministerial meeting on Environment at the end of 2020.

In her political guidelines, the new European Commission's President Ursula von der Leyen announced a **Green Deal for Europe**. The President wishes the EU to become the first climate-neutral continent in the world by 2050, to be a world leader in circular economy and clean technologies, and to set new standards for biodiversity. To make this a reality, plans have been established for several ambitious proposals: a European Climate Law to enact the 2050 target; an extension of the Emissions Trading System; a European Carbon Border Tax; more ambitious targets and reduce emissions by at least 50% by 2030; a Sustainable Europe Investment Plan to boost private investments; a Just Transition Fund so no one is left behind; a Biodiversity Strategy for 2030 and a New Circular Economy Action Plan.

Already in 2015, the Commission adopted an ambitious new **Circular Economy Action Plan** to stimulate Europe's transition towards a circular economy, which would boost global competitiveness, foster sustainable economic growth and generate new jobs. It was foreseen that the proposed actions would contribute to "closing the loop" of product lifecycles through greater recycling and re-use and heat recovery, and bring benefits for both the environment and the economy. All 54 actions under the Plan launched in 2015 have now been delivered or are being implemented and notably the EU plastic strategy that led to the ban of certain single-use plastic items.

⁹ <https://ufmsecretariat.org/euro-mediterranean-co-operation-on-environment-and-climate-change-ufm-holds-ministerial-meeting-in-athens/>.

As regards **Climate Action**, the EU has already in place all the laws to implement its commitment under the Paris Agreement. In 2018 and early 2019, the EU reached agreement on an integrated legislative approach that will deliver at least a 40% reduction target under the Paris Agreement by 2030, including tangible action on energy, industry, transport, carbon pricing and land categories / forestry. Furthermore, when fully implemented, it is estimated that these measures for 2030 will enable the EU to reduce its GHG emissions by around 45% (compared to 1990 levels), which goes further than the EU-stated objective in its Nationally Determined Contribution.

1.3 Public Policy Analysis of the partner country/region

The **Egyptian Constitution** includes basic clauses that protect the country's natural resources and ensure their optimum use, as well as protecting the country's seas, coasts, lakes, protected areas, the river, and endangered species. Egypt has put the conservation of biodiversity on its list of strategic priorities in order to achieve sustainable development and protect the rights and privileges of future generations.

To reach the SDGs, **Egypt has adopted a Sustainable Development Strategy "Vision 2030" that** lists several environmental objectives of which the following align with the proposed Action:

- Strengthening the institutional and legislative structure of water resources management system;
- Enhancing the efficiency of public administration and infrastructure to protect biodiversity; and
- Encouraging civil society and private sector participation in preserving and protecting biodiversity.

The Egyptian Government signed the **UN Framework Convention on Climate Change (UNFCCC)** on 9 June 1992, and this was ratified on 5 December 1994 and entered into force on 5 March 1995. More recently, Egypt submitted its **Intended Nationally Determined Contribution (INDC)** to the Paris Conference of the Parties of the UNFCCC in 2015 and is required to submit an updated Nationally Determined Contribution (NDC) in 2020 as well as other reports such as 4th National Communications and Biennial Update Reports. These are being prepared, or have been prepared, with the assistance of the United Nations Development Programme (UNDP), though are yet to be approved and issued. The Action being proposed includes capacity development within the MoE/Egyptian Environmental Affairs Agency (EEAA) and other key ministries in order to fulfil these international obligations, and to strengthen civil society, particularly aspiring green entrepreneurs. Egypt's NDC does not include, so far, any emission reduction target though indicates that the mitigation efforts concentrate on increasing the share of renewable energy, investment in energy efficiency and reforms to reduce energy subsidies.

A National Strategy for Adaptation to Climate Change and Disaster Risk Reduction (2011) describes the effects of climate change on water resources, agricultural sector, health sector, urbanisation, coastal zones and tourism.

The National Biodiversity Strategy and Action Plan (2016) supports the sustainable use of natural resources, and recognises the importance of local communities' active involvement in the resource-management process. Local communities are also considered a key element in the natural protectorate management system.

The Egyptian Environmental Affairs Agency (EEAA) has, accordingly, adopted a number of strategies to effectively involve local communities, including the establishment of Community-Based Natural Resources Management (CBNRM), a conservation approach allowing the stakeholders closest to the resource to supervise and benefit from its management and use.

The basic environmental legislation is the **Environment Law No. 4/1994 amended by Law No. 9/2009** that establishes environmental impact assessment (EIA) and define the roles and responsibilities of EEAA with the mandate to oversee the application of EIA, inspect and enforce the law and its executive regulations including imposing fines.

The Law of 1994 also established an **Environmental Protection Fund** (EPF) to receive the amount specifically allocated to it in the General State Budget by way of support, donations and grants presented by national and foreign organisations concerned with environmental protection, fines and compensation awarded by courts of law or via out-of-court settlements for damage caused to the environment, as well as revenues from the protectorates fund. The EPF has a legal personality and is affiliated to the competent Minister of Environment, it is currently operating sub-optimally and requires full implementation to have some impact.

Other laws that are relevant to this Action include:

- **Law No. 48/1982 on Protection of the Nile River and Waterways from Pollution** prohibits discharges to Nile River, canals, lakes, drains, and groundwater without a licence issued by the Ministry of Water Resources and Irrigation;
- Under the **Natural Protectorates Law No. 102 of 1983**, EEAA is responsible for nature conservation in Egypt, entrusted with managing the National Protected Areas Network and co-ordinating management activities inside them; and
- **Law No. 124/1983 on Fishing, Aquaculture and Regulate Fish Farms** is implemented by the Ministry of Agriculture and Land Reclamation and deals with water pollution and fishing.

On August 19, 2019, a new NGO law, the Law on Regulating the Work of Civil Associations (Law 149/2019) replaced legislation widely criticised for imposing state control over civil society. The new law reduces the fee that Egyptian NGOs must pay to apply for a required operating licence and removes the 2017 law's explicit requirement that local and foreign NGOs pay a portion of their grants to the State. Although these changes are improvements, NGOs still face a lot of scrutiny and difficulties in order to operate. These restrictions have pushed new entities to register as social businesses even if some of them have no business models.

The MoE has an ongoing requirement to satisfy the Paris Agreement reporting requirements and, more broadly, those of the UNFCCC, though this is hampered by the lack of targets and sectoral reduction plans. Some laws are either out-of-date or unenforced and require appropriate remedial support. The Egyptian environmental context therefore continues to

require the strengthening of the policy framework and the relevant institutions to be implemented effectively, particularly MoE/EEAA.

1.4 Stakeholder analysis

The Egyptian citizens are the final beneficiaries of this Action. They will also be involved in the implementation since the Action, through NGOs and green entrepreneurs, will promote participatory planning and increased transparency to allow for a better monitoring of public policy by the rights holders. Egypt's population has reached 100 million people, 61% of whom are under 30 years old and may reach 128 million¹⁰ by 2030. In 2017, the estimated youth unemployment rate in Egypt was at 34% compared with 26% in 2007¹¹, with women being the most affected. Youth and women will be at the centre of Component 2 activities as most of the NGOs and green entrepreneurs are led by young professionals.

The Egyptian civil society has historically played a proactive role in addressing problems of poverty and access to services. However, the political environment in Egypt during the last decade (and in particular since the 2017 “Law of associations and other foundations working in the field of civil work”) has not been conducive to the development of an open society.

NGOs and green entrepreneurs will be both actors and beneficiaries of the Action. There have been several new social enterprises created recently dealing with environmental issues. In terms of category, they are rights holders, with some vulnerability (lack of sustained funding), and with considerable interest in the Action, though participation may require some incentive. In most cases, social or green entrepreneurs are NGOs which registered as company to circumvent the difficulties to operate under the NGO law.

Despite a difficult context, NGOs have played a role in pushing for environmental, social and economic development of Egyptian society. They can support mainstreaming environmental concerns, preparing the ground for certain reforms by raising awareness and establishing advocacy campaigns and eventually implementing projects. They could create an essential link between the scientific community, the public, regional and national governments and the international community.

Egyptian NGOs in the Environmental sector are also heterogeneous, not well co-ordinated and sometimes in competition with each other. They differ in their activities, methods, and focus of interest. Their main weakness is their lack of co-ordination. Although they are supporting the same overall objective, they barely co-operate. Although NGOs do represent rights holders, they also have duties as well, notably in terms of transparency, accountability and information sharing. They have a duty towards the communities they represent and claim to empower.

Another issue is related to the status and connection that some larger NGOs have, especially those located in Cairo compared to those in the Governorates who do not receive the same support and exposure and face many difficulties in order to establish themselves due to lack of capacity. The Action will give a particular attention to reaching out to those NGOs who are less exposed. Despite difficulties, the Government recognises the importance of NGOs

¹⁰ United Nations World Population Prospects (2017).

¹¹ International Labour Organisation (ILO) estimates (2018).

and local communities' active involvement in the resource-management process. **Local communities** are also considered a key element in the natural protection management system notably in relation to the Red Sea, via **the National Biodiversity Strategy and Action Plan** (2016).

Component 2 will build on successful initiatives to support existing and new NGOs and green entrepreneurs in line with the strategic priorities and policy framework developed in **Component 1**.

Another important stakeholder and beneficiary of the action is the **MoE and its affiliated executive entities** that bear the main responsibility for designing and implementing environmental and climate strategies, laws and regulations. The EEAA has a specific mandate for monitoring and controlling air, water, land, and waste pollution.

The **mandate for climate change** lies with MoE. Within EEAA is the Central Department for Climate Change which is the contact point for the UNFCCC. There is a **Green Climate Fund (GCF) Unit** that oversees GCF affairs, including the support for the preparation of bankable projects to be financed by the Fund. There is little co-ordinated mainstreaming within the ministries or governorates in an organised way.

In 2015 the **National Council for Climate Change (NCCC)** was created by Prime Ministerial Decree to replace the National Committee on Climate Change. The NCCC is chaired by the Prime Minister. The MoE plays a key role as Secretariat. This inter-ministerial body includes key line ministries including representatives of the Ministries of Defence, Interior, Foreign Affairs, Planning, Finance, Water Resources, Agriculture and Industry.

Despite clear responsibilities there is a lack of ownership for environment and climate issues outside the MoE due mostly to the absence of GHG emission reduction targets, clear sectoral action plans and overall strategy. There is also a lack of capacity and weak law enforcement at the MoE and its entities.

The MoE will therefore be the main beneficiary and contact point for this Action. The Action will strengthen the MoE/EEAA to carry out its statutory obligations more effectively and mainstream environment and climate more efficiently, particularly through the governorates and civil society, and it will support MoE/EEAA to meet its international obligations. The MoE/EEAA does respond to the identified environment and climate change issues, though not adequately, and updating of policies and plans is required. For administrative purposes, Egypt is divided into 27 Governorates. The MoE has a number of initiatives in each Governorate that they operate through their Regional Branch Offices that could be also part of the Component 1 activities and a good facilitator and contact point for the implementation of Component 2 activities.

Component 1 will build the capacity of the MoE and its affiliated entities to perform their mandate, set appropriate strategies and legislation through participatory approach to build ownership, and reinforce the relationship with NGOs and green entrepreneurs as key stakeholders in the mainstreaming process.

The **other public administration stakeholders** (duty bearers) are:

- The **Ministry of Local Development (MoLD)** is responsible for residential wastes in all governorates, with a role in permitting and facilitation of waste collection, particular outside Cairo. There is currently a clear lack of ownership on these subjects. It will be crucial to build awareness and ownership along the project.
- The **Ministry of Trade and Industry (MoTI)** is responsible for industrial wastes. Environmental Impact Assessment (EIA) in Egypt is implemented through Law 4/1994, though has had variable success in regulating infrastructure development, with weakness in permitting and inspection.
- The **Ministry of Planning and Economic Development (MoPED)** is entrusted with developing strategic direction and supporting implementation and monitoring of SDS of which the ministry is the guardian.
- The **Ministry of Social Solidarity (MoSS)** is responsible for the social safety net and the relations with NGOs. It is therefore a key contact point to facilitate the implementation of Component 2.

1.5 Problem analysis/priority areas for support

The **main problems** are as follows:

1) Key environmental challenges

Two of the key environmental challenges in Egypt are **solid waste management, and biodiversity (nature protection, desertification)**, together with the overall **impact of climate change**. These are well known and are documented in the State of the Environment 2016.

There are **major risks to the marine and coastal zones**, from solid and liquid wastes. The existing biodiversity pressures and threats come from pollution, habitat degradation and invasive species. It is considered that 96% of Egyptian lands are classified as arid and hyper arid, mainly deserts, and require a national response to combating desertification in addition to integrated programmes and national action plans for combating desertification within the environmental-agricultural regions. Environmental impacts and environmental problems continue to be documented in urban, industrial and tourism development.

Finally, solid waste amounts to 100 million tonnes/year¹², of which 45% arises in the Greater Cairo Governorates. Hazardous substances and waste, continues to be a challenge despite a formal management system being developed and funded by USAID (2003).

2) Climate change impacts on the most vulnerable people

¹² GIZ 2019 (needs reference).

The **people most vulnerable** to these risks are women and children and, together with the elderly and the poorest sectors as well as rural areas, represent 58% of Egypt's population (SOE, 2012). Because of their crucial role in Education and livelihood, women empowerment is a key element for change. The activities of Component 2 will concentrate on these target groups as final beneficiaries.

3) Incomplete Environmental regulatory framework

Despite efforts by the Egyptian Government to establish measures to fight climate change and environmental pollution, including the establishment of the EEAA (1982), the update of the environmental law and executive regulations and the policy framework is still incomplete. There is still **no climate action plan, no overall emissions reduction targets nor sectoral ones**. There is still **no framework law for solid waste management** which remains a major source of water and air pollution and a health hazard to the population.

4) Low capacity and involvement of NGOs, green entrepreneurs and local communities in the implementation of environmental actions

NGOs and green entrepreneurs are increasingly being entrusted with awareness-raising activities (Very Nile Initiative was largely praised by several ministers who participated in Nile Cleaning operations) though less with project implementation. Most of the NGOs and green entrepreneurs are led and constituted by young Egyptians.

There is however growing support in this direction from the Government that this Action proposes to support. Indeed the Biodiversity Strategy notably indicates Community-Based Natural Resources Management as a way to support community empowerment, income generation, sustainable management and, of course, the conservation of natural resources. There are an increasing number of initiatives by NGOs and social businesses to enhance these practices.

NGOs and green entrepreneurs are also being encouraged to innovate and support the MoE to prepare the ground for certain reforms through engaging in awareness-raising and advocacy activities and also implement projects to complement the action of the Government. There is a growing number of NGOs and green entrepreneurs in the waste sector for instance. However there is still some difficult relations between the Government and NGOs and green entrepreneurs, low level of co-operation among NGOs and consultation could be improved.

The **main priorities actions for support** are as follows:

The Action will seek to strengthen the capacity of MoE/EEAA (Component 1) to strengthen the strategic and legislative framework for environment and climate through a participatory approach with some economic (awareness of business opportunities in the sector), social (improved engagement of civil society), political (potentially enhanced trust) and environmental benefits (reduced pollution, reduced GHGs, and increased enforcement action).

The Action will also empower NGOs and green entrepreneurs (Component 2) to engage in consultation with the Government, build networks, access to finance and support the Government's strategies and action plans with a gender- and rights-based focus, youth empowerment and participation, in particular in vulnerable areas to be further identified in the inception phase.

2 RISKS AND ASSUMPTIONS

Risks	Risk level (H/M/L)	Mitigating measures
Absorption capacity and staff turnover.	Medium	Capacity building and training are embedded in both Components. Training will be anchored in a professional development approach.
Lack of real political will to fund and progress environmental management and mitigate climate change.	Medium	The Action will first support the evaluation of the Communications Strategy in order to mobilise national resources and interest, and provide a platform on which the Action will build throughout its duration. It will also seek to promote activities identified under previous National Communications. The EU will ensure a high level of co-ordination with other donors involved in this field to sustain motivation on the part of the Government.
Difficult legal environment for the Civil Society Organisations	High	The Action will reach out to the Ministry of Social Solidarity to encourage operational support in the implementation of Component 2 with a transparent and institutionally accepted way. It is also foreseen that the Component is open to green entrepreneurs for that specific reason and that partnerships are built between NGOs and green businesses to facilitate the implementation and overcome the difficulties related to the legal status of NGOs.
MoE/EEAA reduces law enforcement capacity in strategic environmental issues.	High	EU and other donors will continue to support MoE/EEAA to fulfil its stated mission.

Risks	Risk level (H/M/L)	Mitigating measures
MoE/EEAA continues to lack capacity to apply its basic environmental management regulations (EIAs, EAs, SEAs) with respect to large Government projects	High	The Action will consider updating the Environmental Law 4 and develop implementation plans for other, existing environmental laws and regulations.
Lack of coordination at inter-ministerial level.	Medium	The MoE is Secretariat to the inter-ministerial body NCCC which includes key line ministries including Ministries of Defence, Interior, Foreign Affairs, Planning, Finance, Water Resources, Agriculture and Industry. This will allow the MoE to keep the NCCC abreast of activities taking place within the Action.
Security clearance	Medium	Security clearance for the experts will be asked in advance to ensure there are no major delay in the activities.
Assumptions		
<ol style="list-style-type: none"> 1. The Government will continue to provide environmental and climate change leadership through the MoE/EEAA. 2. As weak environmental enforcement remains a serious concern for civil society, it is assumed that this will remain an area of interest and concern for the Government generally. 3. MoE/EEAA will take full ownership of the programme and take advantage of this opportunity to improve efficiency and effectiveness in a sustainable way. 4. The recent NGO Law continues to be an incentive for change by offering a better framework to meet the aspirations of the younger generations of Egyptians. 5. MoE brings key messages on the protection of the biodiversity, on waste management and on climate action through a strong Communication subcomponent. 		

3 LESSONS LEARNED AND COMPLEMENTARITY

3.1 Lessons learned

The following challenges are systemic and well documented in the Mid-Term Evaluation of the National Solid Waste Management Programme (NSWMP) (2019), the Results Oriented Monitoring Report for the Egyptian Pollution Abatement Project (EPAP) III (2019) and the State of The Environment (2012): Co-ordination challenges and lack of incentives for collaboration between institutions and project experts; Limited data management systems to ensure comprehensive collection, storage, and access to information and statistics generated through project activities; Lack of requirement for public engagement and review of project designs; and Pressure for project development and lending outweighs learning and knowledge management.

In particular, the Programme aiming at upgrading of Informal Areas (further described in Section 3.2) has shown good practice on how to improve the dialogue between citizens, NGOs and governmental institutions at the local and regional levels to align interests, improve participation to the policy process and to ensure effective implementation.

Many of the successes during the National Adaptation Strategy process revolve around **bringing together stakeholders from various disciplines**. The allocation of domestic resources from the national budget for adaptation activities illustrates the country's commitment to fulfil its obligations under the Paris Agreement by **aligning its commitments with national planning and budgeting**. Another success drawn from these adaptation efforts is the instigation of more **systemic capacity development initiatives** to enhance capacities to undertake adaptation planning. Capacity development has been carried out within key sectoral research institutions. Finally, a multi-stakeholder-participatory-mechanism has ensured some national ownership and the full engagement of all relevant stakeholders.

The design of the Action has been informed by the above where it seeks to encourage co-ordination and collaboration between institutions and project experts, improve data storage and retrieval, incentivise participation, encourage public engagement and review, and ensure learning and knowledge management, which reflect precisely the lessons learned from previous and ongoing EU interventions. **Civil society** remains a partner and not a sector of EU co-operation, therefore civil society needs to be mainstreamed in all sectors of intervention and through all aid modalities. Based on lessons learned in engaging with Civil Society in Egypt, the Action will contribute to the following objectives:

- An enabling environment for civil society engagement in policy dialogue and governance through the participatory modification of the legal framework with clear and balanced regulatory requirements and the support to a higher level of efficiency and transparency of the public administration;
- Structuring civil society participation in policy dialogue and governance so that Civil Society Organisations (CSOs) are recognised as independent partners of the Government also in the realisation of Vision 2030; and
- Development of civil society capacities in terms of networking, knowledge sharing, communication, project proposal preparation, evidence-based advocacy and monitoring, and youth empowerment and participation.

3.2 Complementarity, synergy and donor co-ordination

In Egypt, the share of climate-relevant assistance already exceeds 40% of ongoing EU co-operation. EU projects cover areas such as renewable and clean energy, energy efficiency, transport, sanitation, water and waste management, pollution abatement, housing, and agriculture. The EU is also engaged in adaptation programmes such as energy efficiency in the housing sector, integrated coastal zone management, agriculture, in addition to disaster risk reduction. The Action being proposed strengthens the potential for the adaptation programmes to be sustained by a strengthened MoE/EEAA.

In particular, the proposed Action builds on the results achieved under the ongoing EU funded bilateral projects:

- **The Egyptian Pollution Abatement Project III (EPAP III)** which supports cleaner production in Egypt by promoting industrial technologies to achieve significant pollution abatement (total financing of EUR 184.38 million (EU contribution - EUR

10 million).

- The **National Solid Waste Management Programme** (NSWMP) which undertakes institution- and capacity-building, policy reform, and solid waste infrastructure investment in four governorates with total financing of EUR 71.9 million (EU contribution - EUR 20 million). By strengthening the MOE/EEAA, with its 19 branches all over Egypt and 30 Protected Areas on 15% of Egypt's surface.
- **Kitchener Drain De-pollution Programme** The programme aims at the depollution of the Kitchener Drain through investments in: (i) wastewater and sanitation; (ii) solid waste, and (iii) drain infrastructure rehabilitation. It would be the first of its kind in Egypt by adopting an "integrated" approach to tackling several sources of pollution at once to achieve maximum impact and synergies. The project estimated budget is EUR 409 million, with a total EU grant contribution of EUR 45.8 million.
- The **EU-Joint Rural Development Project** with the Italian Development Co-operation (EUR 27 million) The Programme aims at strengthening the agricultural infrastructures and the capacities of existing active rural associations, co-operatives and unions of producers working in sectors of interest in terms of the sustainable management of local resources, and will explore new and innovative solutions for generating income by offering tailored support. As such, it will support the socio-economic development of the rural beneficiaries in the target areas, which are among the most vulnerable population of Egypt.
- The **Programme aiming at upgrading of Informal Areas** led by the *Deutsche Gesellschaft für Internationale Zusammenarbeit* (GIZ) (EU contribution EUR 60 million through three different actions from 2011 to 2021) *in particular its component on "Climate Change Adaption and Resilience in Informal Urban Areas"* which is a good practice example of tangible action with impact, full ownership of local authorities, and a good participatory approach that allows the voices of citizens and civil society to be heard in policy making.
- **Green Economy Financing Facility** "GEFF Egypt II" will enable continuity of the successfully implemented EU-supported GEFF Egypt I (2016 – Present) to support sustainable energy projects. It will expand its scope to include resource efficiency (including materials efficiency), a gender component and policy dialogue.
- **Civil Society support:** The thematic programmes of the Development Co-operation Instrument and the **Neighbourhood Civil Society Facility**, currently implemented by or in support of CSOs, amount to approximately EUR 5.5 million. The main sectors supported include local governance, legal protection and social services to the most vulnerable (incl. migrants), economic and cultural rights. **CSO-LA** Call for Proposal 2018 allocated EUR 3.3 million to four action grants supporting CSOs' capacities, while ongoing **CSO-LA** Call for Proposal was launched in March 2019 focusing on climate change and youth with a budget of EUR 3 million.

EU funded regional programmes

- Regional programmes such as: **Clima-Med** (EUR 7 million) that supports the formulation and implementation of climate actions and sustainable energy policies; and **SwitchMed II** (EUR 16 million) to facilitate the shift toward sustainable consumption and production. It aims at changing the way goods and services are produced and consumed, to decouple consumption and production from environmental degradation.

Other Development Partners' programmes

- **GIZ** is involved in the area of sustainable infrastructure (water, wastewater management, solid waste management, sustainable energy), and also governance through urban development and policy dialogue in the areas of environment and climate.
- **UNDP** has done important work supporting the MoE, preparing strategic and reporting documents under Paris Agreement. Notably, they have prepared the Egyptian Climate Adaptation Strategy (2011). Since 2005, UNDP has invested nearly US\$2.1 billion in climate adaptation measures to support better early warning systems, faster response times, enhanced policies and procedures, and long-term, resilient recovery.
- **The World Bank** is currently identifying a programme to tackle air pollution in Greater Cairo. The programme will focus on e-mobility in public transportation, air quality control and solid waste management. The solid waste management will usefully complement the EU-funded National Solid Waste Management programme in working on the involvement of the private sector.

All these interventions contribute to environmental protection and aim to address climate change. There is no formalised **donor co-ordination** in the field of environment and climate change specifically, though there is a Donor Co-ordination Sub-Group on Energy and Environment, and one on Water. In addition, donors regularly invite dialogue with others, and the EU Delegation is in regular contact with donors about potential synergies.

4 DESCRIPTION OF THE ACTION

4.1 Overall objective, specific objective(s), expected outputs and indicative activities

Overall Objective: Improve the quality of life for the Egyptian population through enhanced environmental performance, and climate change mitigation, adaptation, and mainstreaming in development sectors, in a sustainable and inclusive way.

COMPONENT 1 - SUPPORT THE CAPACITY OF THE MINISTRY OF ENVIRONMENT (MOE), EGYPTIAN ENVIRONMENTAL AFFAIRS AGENCY (EEAA) AND WASTE MANAGEMENT REGULATORY AUTHORITY (WMRA)

Specific objective SO1: Enhance the capacity of the Ministry of Environment and its affiliated entities to spearhead a strategic and legislative framework conducive to climate action, environmental protection, and the promotion of a circular economy.

Result 1.1.1: An operational strategy and plan is drafted.

Result 1.1.2: Key environmental legislation is redrafted.

Result 1.1.3: Reviewed strategies are elaborated notably in the sectors of waste, biodiversity and circular economy.

Result 1.1.4: Drafted climate change measures into national policies, strategies and planning are aligned with Egypt's commitments to the UNFCCC and in line with the Sustainable Development Strategy "Egypt 2030".

Result 1.1.5: Appropriate measures are undertaken to develop capacities and coordination among public servants and institutions

Indicative Activities

Result 1.1.1: (1) Evaluate and update the current organisational structure, vision, strategies, plans; (2) Organise an intra-Ministerial consultation on operational strategy and planning; (3) Collaboratively develop an operational strategy and plan; and (4) support through awareness measures.

Result 1.1.2: (1) Analyse (gap analysis); (2) Propose amendments to Law No. 4, including integrating climate change and improvement to EPF functioning, (3) support through awareness measures.

Result 1.1.3: (1) Analyse the legal and regulatory framework on circular economy, waste and biodiversity; (2) Establish a strategy for circular economy including waste, natural resources management and biodiversity; (3) Organise workshops and consultations, study visits and other peer-exchanges; and (4) Support the promotion of best practice through awareness measures, promote technology transfers, policy briefs and fact sheets.

Result 1.1.4: (1) Analyse existing climate change related organisational structures; (2) Support inter-Ministerial consultations on climate change strategy and planning; (3) Support mainstreaming through awareness measures and communication material and in Environmental Impact Assessment (EIA) guidelines; (4) Develop a project pipeline for adaptation and mitigation actions; (5) Propose ministerial data network to supply required data; (6) Develop set of climate action concept notes and projects proposals.

Result 1.1.5: (1) Organise training workshops on legislative and policy changes; (2) support policy changes through awareness measures; (3) specific coaching and capacity building related to all previous results.

COMPONENT 2 - CAPACITY DEVELOPMENT OF NGOS AND GREEN ENTREPRENEURS

Specific objective SO2: The participation of and economic opportunities for NGOs and green entrepreneurs in climate action, including circular economy and waste sectors, is increased.

Result 2.1.1: Scope and capacity needs of NGOs and green entrepreneurs are assessed through participatory approach.

Result 2.1.2: NGOs and green entrepreneurs are empowered to raise awareness and implement initiatives efficiently in line with the Government's priority areas.

Result 2.1.3: Enhanced professional services (skills development for creation, incubation and acceleration of green and circular models) are provided with a view to increasing women's participation in the labour market and women entrepreneurs.

Indicative Activities

Result 2.1.1: (1) Organise workshops to assess needs, success factors and opportunities for NGOs and green entrepreneurs; (2) Develop policy papers, concept notes and operating guidelines on the opportunities for NGOs and green entrepreneurs; (3) Awareness raising activities (4) Develop an Operating Manual.

Result 2.1.2: (1) Assess existing networks and propose recommendations; (2) Organise workshops; (3) Develop operational plans for such a network; (4) Enhance NGO capacities to access funds to implement environmental projects; (5) Train-the-Trainer packages are developed; and (6) Support through awareness measures.

Result 2.1.3: (1) Creation of green entrepreneurs Incubator and/or Call for Proposal and/or project competition to support green start-ups and NGOs notably in the areas of waste management (including recycling and recovery and circular business models), biodiversity preservation, sustainable tourism, small scale renewable energy, environmental services, etc.; (2) Screen and select pilot projects; and (3) Coaching and financial support for small scale projects.

4.2 Intervention Logic

In the field of Environment and Climate Change, the Government continues to maintain an interest in environmental protection and to address climate change in a more focused way to yield tangible results. It has consequently requested the assistance of several international donors including the EU. This appears to demonstrate a momentum to engage more genuinely in dealing with the pervasive problem of environmental degradation and engage with NGOs and green entrepreneurs in awareness-raising and the circular economy to support mainstreaming environment and climate.

The intervention logic of this Action assumes that successful mobilisation of the inputs and implementation of the activities will ultimately contribute to improving the effectiveness and efficiency of the Ministry of Environment and its affiliates (**Component 1**), empower NGOs and green entrepreneurs (**Component 2**) and improve the complementarity and synergies between the Government and the civil society organisations through a participatory approach (**Component 1 and 2**).

Component 2 will address synergies but also specific needs respectively of NGOs and green entrepreneurs. To a certain extent green entrepreneurs are trying to address the same challenges and will benefit from the same support. The inception phase of the Action will provide more insight on the specific needs of both groups.

The outcomes of **Component 1** are intended to directly align with Government commitments to UNFCCC and the Paris Agreement and to contribute to the aspirations of the Egypt Vision 2030. The development of organisational structure, responsibilities, job descriptions, is to embed institutional strength, noting that institutional memory has decayed substantially over the years. Developing the MoE vision and strategy for the circular economy with a focus on water, waste and biodiversity would also support the aspirations of a circular economy and improved environmental protection. **Component 2** activities will ensure solid participation of the NGOs and green entrepreneurs to **Component 1** through participatory approach and build the capacity of NGOs and green entrepreneurs to implement projects contributing to the achievement of the Environmental and Climate strategies and action plans (**Component 1**).

Both components' performance against the logframe and the EU results framework will be monitored and evaluated through a specific service contract. The effective **impact** of the Action will depend on the political will and ownership of reforms by the targeted beneficiaries themselves.

4.3 Mainstreaming

In view of the key role played by **civil society** in complementing governments' efforts in the economic, social and environmental processes, its involvement will be ensured in both components through a participatory approach, as far as possible.

Gender/women empowerment: Egypt adopted the National Strategy for Women Empowerment in 2017. SDS refers to women's rights and the current national exercise for its review considers gender mainstreaming. . The Action will also contribute to the achievements of specific objectives defined under the **Gender** Action Plan II (GAP II) for Egypt, in particular the objective 'Equal rights and the ability for women to participate in policy and governance processes at all levels'. It also aligns with the National Strategy for Mainstreaming Gender into Climate Change in Egypt (2011). The Action will target male and female actors in civil society, and will address the importance of gender equality and gender-sensitive approaches across its activities, for example in relation to quality aspects of legislation.

Gender mainstreamed policies and government action plans may have transformative impact on the lives of women and girls in Egypt. The Action will consider increased opportunities for women civil servants and green entrepreneurs to benefit from capacity building activities of both components.

Youth empowerment: The Action will pay attention to youth empowerment. Most of the NGOs and green entrepreneurs are led and constituted by young Egyptians. The Action will support introduction of best practice and tools to mainstream youth in policy design and ensure participation of young in consultative process to improve responsiveness to young people's needs and to improved engagement.

4.4 Contribution to Sustainable Development Goals (SDGs)

This Action contributes directly to the 2030 Agenda. It contributes primarily to the progressive achievement of **SDG 12 Responsible Consumption and Production**, **SDG 13 Climate Action**, while also contributing to SDG 5 Gender Equality. Indirectly the

programme will also contribute to a conducive framework for SDGs 11 Sustainable Cities and Communities, 14- Life below water and 15-Life on land.

5 IMPLEMENTATION

5.1 Financing agreement

In order to implement this action, it is foreseen to conclude a financing agreement with the partner country.

5.2 Indicative implementation period

The indicative operational implementation period of this Action, during which the activities described in Section 4 will be carried out and the corresponding contracts and agreements implemented, is **60 months** from the date of the entry into force of the Financing Agreement. Extensions of the implementation period may be agreed by the Commission's responsible authorising officer by amending this Decision and the relevant contracts and agreements.

5.3 Implementation modalities

The Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures¹³.

5.3.1 Procurement (direct management)

A procurement will be launched to cover specific objective 1 " Enhance the capacity of the Ministry of Environment and its affiliated entities to spearhead a strategic and legislative framework conducive to environmental protection and climate action." It will achieve all underlying results mentioned under specific objective 1, namely: draft an operational strategy and plan, redraft key environmental legislation, elaborate review strategies notably in the sectors of waste, biodiversity and circular economy, draft climate change measures into national policies, strategies and planning, aligned with Egypt's commitments to the UNFCCC and in line with the Sustainable Development Strategy "Egypt 2030" and undertake appropriate measures to develop capacities among public servants and institutions.

5.3.2 Indirect management with an entrusted entity

A part of this Action may be implemented in indirect management with an entity which will be selected by the Commission's services using the following criteria: record of co-operation on the environment/climate change sector; record of co-operation with NGOs and green entrepreneurs, record of co-operation with the Egyptian Government, and capacity to ensure a wide geographical coverage.

¹³ www.sanctionsmap.eu Please note that the sanctions map is an IT tool for identifying the sanctions regimes. The source of the sanctions stems from legal acts published in the Official Journal (OJ). In case of discrepancy between the published legal acts and the updates on the website it is the OJ version that prevails.

The implementation by this entity entails: Specific Objective2 -The participation of and work opportunities for NGOs and green entrepreneurs in climate action and waste sectors is increased.

5.3.3 Changes from indirect to direct management mode due to exceptional circumstances

In case the preferred implementation modality mentioned in 5.3.2 cannot be implemented due to circumstances outside of the Commission’s control, the action (Component 2) will be implemented in **direct management** mode through Grants as below:

- a) Purpose of the grants: increase participation and work opportunities for NGOs and green entrepreneurs in climate action, circular economy and waste sectors as set down in section 4.
- b) Type of targeted applicants: NGOs and green entrepreneurs.

5.4 Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply.

The Commission’s authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

5.5 Indicative budget

	EU contribution (amount in EUR)	Indicative third party contribution, in currency identified
Specific Objective 1:		
Procurement (direct management) – cf. section 5.3.1	4 000 000	
Specific Objective 2		
Indirect management with a pillar assessed organisation (cf section 5.3.2)	9 000 000	Grant co-financing up to EUR 1 000 000*
Evaluation (cf. section 5.8) Audit/ Expenditure verification (cf. section 5.9)	550 000	N.A.
Communication and visibility* (cf. section 5.10)	450 000	N.A.
Contingencies		N.A.

Total	14 000 000	1 000 000
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* Subject to the agreement with the implementing partner

5.6 Organisational set-up and responsibilities

The MoE/EEAA will be the counterpart of the Action, in co-operation with the MoSS and the MoPMAR for aspects of Component 2. Other relevant institutions will be closely associated with the implementation, as needed. The Action will be governed by a Steering Committee (SC) which will oversee and guide the overall direction and policy of the Action. It shall meet quarterly in the first year and twice a year, thereafter. It could also be convened whenever the project implementation requires strategic decisions. The Action SC shall be chaired by the MoE and comprise representatives of the following ministries: MoE/EEAA, MoPED, MIC, MoSS, and MoLD and a representative of the EU Delegation. The SC has the right to invite other stakeholders whenever deemed appropriate, including representatives of NGOs.

A Technical Committee will be set up for each of the two Components of the Action.

5.7 Performance and Results monitoring and reporting

The day-to-day technical and financial monitoring of the implementation of this Action will be a continual process and part of the responsibilities of MoE/EEAA. To facilitate this, MoE/EEAA shall establish a permanent internal, technical and financial monitoring system for the Action and elaborate regular progress reports (not less than annually) and final reports. Each report shall provide an accurate account of implementation of the Action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (outputs and direct outcomes) as measured by corresponding indicators, using as reference the logframe matrix (for project modality).

SDGs indicators and, if applicable, any jointly agreed indicators as for instance per Joint Programming document should be taken into account.

Report shall be laid out in such a way as to allow monitoring of the means envisaged and employed and of the budget details for the action. The final report, narrative and financial, will cover the entire period of the action implementation.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

5.8 Evaluation

Having regard to the importance of the Action, a mid-term and a final evaluation will be carried out for this Action or its components via independent consultants contracted by the Commission.

A **mid-term evaluation** will be carried out for problem solving and learning purposes, in particular with respect to launching a second phase of the Action.

A **final evaluation** will be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular the fact that

environment and climate change will continue to be high priorities in the future EU-Egypt co-operation.

The Commission shall inform the implementing partner at least **1 month** in advance of the dates foreseen for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and *inter alia* provide them with all necessary information and documentation, as well as access to the project premises and activities.

The evaluation reports shall be shared with the partner country and other key stakeholders. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

Evaluation services may be contracted under a framework contract

5.9 Audit

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments for one or several contracts or agreements.

It is foreseen that audit services may be contracted under a framework contract.

5.10 Communication and visibility

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU.

This Action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility Plan of the Action, to be elaborated at the start of implementation.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country (for instance, concerning the reforms supported through budget support), contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in, respectively, the financing agreement, procurement and grant contracts, and delegation agreements.

The communication and visibility requirements for European Union External Action (or any succeeding document) shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations. Communication and visibility activities shall be implemented in accordance with the EU communication and visibility requirements in force.

It is foreseen that a contract for communication and visibility may be contracted under a framework contract.

APPENDIX - INDICATIVE LOGFRAME MATRIX

	Results chain: Main expected results (maximum 10)	Indicators (at least one indicator per expected result)	Baselines (incl. reference year)	Targets (incl. reference year)	Sources of data	Assumptions
Impact (Overall Objective)	Improve quality of life for the Egyptian population through environmental performance and climate change mitigation, adaptation, and mainstreaming into development sectors, in a sustainable and inclusive way.	Environmental Performance Index (EPI)	2018 EPI	Country profile improvement	EPI ranking	<i>Not applicable</i>
Outcome(s) (Specific Objective(s))	<p>SO1: Enhance the capacity of the Ministry of Environment and its affiliated entities to spearhead a comprehensive strategic and legislative framework, conducive to climate action, environmental protection, and the promotion of a circular economy.</p> <p>SO2: Increase the participation and economic opportunities for NGOs and green entrepreneurs in climate action, including circular economy and waste sectors</p>	<p>Number of Civil servants applying acquired competencies to the task of developing comprehensive strategic and legislative framework</p> <p>Number of relevant Government policies developed or revised with civil society organisation participation through EU support.</p> <p>Number of NGOs and green entrepreneurs involved in supported projects/initiatives.</p> <p>Number of NGOs and green entrepreneurs assisted by Project involved in policy with civil servants.</p>	2020 Absence of comprehensive strategic and legislative framework,	<p>At least 50% of the ministry staff successfully trained</p> <p>A Minimum of 2 draft strategies or plans developed</p> <p>To be determined</p>	From the Project Monitoring System	<ol style="list-style-type: none"> 1. The Government will continue to provide environmental and climate change leadership through the MoE/EEAA. 2. As weak environmental enforcement remains a serious concern for civil society, it is assumed that this will remain an area of interest and concern for the Government generally. 3. MoE/EEAA will take full ownership of the programme and take advantage of this opportunity to improve efficiency and effectiveness in a sustainable way. 4. The recent NGO Law continues to be an incentive for change by offering a better framework to meet the aspirations of the younger generations of Egyptians. 5. MoE brings key messages on the new economy and its implications through a strong Communication subcomponent.

	Results chain: Main expected results (maximum 10)	Indicators (at least one indicator per expected result)	Baselines (incl. reference year)	Targets (incl. reference year)	Sources of data	Assumptions
Outputs	Result 1.1.1: An Operational Strategy and Plan is adopted.	1.1.1 Operational Strategy and Plan are prepared and ready for approval.	Absence of OS and Plan (2019)	1.1.1 One OS and OP ready for approval by end of Year 3	MoE EEAA	
	Result 1.1.2: Key environmental legislation is revised.	1.1.2 A revised Environment Law No.4 is prepared and ready for approval.	Out-of-date Law No. 4 (2019)	1.1.2 Revised Environmental Law No.4 ready for approval by end of Year 4	MoE EEAA	
	Result 1.1.3: Reviewed strategies are in place notably in the sectors of waste, biodiversity and circular economy.	1.1.3 Number of revised strategies for biodiversity and waste are prepared and ready for approval.	Out-of-date strategies (2019)	1.1.3 Two strategies ready for approval by end of Year 2	MoE EEAA	
	Result 1.1.4: Increased integration of climate change measures into national policies, strategies and planning, in line with Egypt's commitments to the UNFCCC and in line with the Sustainable Development Strategy "Egypt 2030".	1.1.4 Number of National policies (with climate change mainstreaming) prepared.	Out-of-date policies (2019)	1.1.4 Two national policies are ready for approval by end of Year 4	MoE EEAA	
	Result 1.1.5: Appropriate measures are undertaken to develop capacities among public servants and institutions.	1.1.5 Number of staff successfully trained (sex disaggregated).	No previous comprehensive capacity building.	1.1.5 After completion of project (at least 50% of Ministry and affiliated entities trained)	MoE EEAA	
	Result 2.1.1: Scope and capacity needs of NGOs and green entrepreneurs are assessed through participatory approach.	2.1.1 Assessment and diagnostic studies are prepared.	No needs analysis baseline (2019)	5 assessments are prepared by end of Year 1	MoSS	
	Result 2.1.2: NGOs and green entrepreneurs are empowered to raise	2.1.2 Capacity building and training events are	No previous training	2 Train-the Trainers and 4 other categories		

	Results chain: Main expected results (maximum 10)	Indicators (at least one indicator per expected result)	Baselines (incl. reference year)	Targets (incl. reference year)	Sources of data	Assumptions
	<p>awareness and implement initiatives efficiently in line with the Government's priority areas.</p> <p>Result 2.1.3: Enhanced professional services (skill development for creation, incubation and acceleration of green and circular models are supported with a view to increasing women's participation in the labour market and women entrepreneurs.</p>	<p>prepared and ready for delivery.</p> <p>2.1.3 Number of green entrepreneurs in supported projects/initiatives (sex disaggregated data).</p> <p>2.1.3 Percentage of all projects supported with target beneficiaries women.</p>	<p>(2019)</p> <p>No previous calls (2019)</p>	<p>of training and capacity-building are delivered by end of Year 4 with all events attended ~ 50% women</p> <p>Calls for Proposal for pilot projects issued by end of Year 2 with at least 50% with a special focus on empowering women.</p>	<p>MoSS</p>	



ANNEX 3

of the Commission Implementing Decision on the annual action programme part II for 2020 in favour of Egypt

Action Document for "EU Support to Inclusive Urban Development in Egypt"

ANNUAL PROGRAMME/MEASURE

This document constitutes the annual work programme in the sense of Article 110(2) of the Financial Regulation and action programme/measure in the sense of Articles 2 and 3 of Regulation N° 236/2014.

1. Title/basic act/ CRIS number	EU support to Inclusive Urban Development in Egypt CRIS number: ENI/ 2020/042-684 financed under the European Neighbourhood Instrument	
2. Zone benefiting from the action/location	The action shall be carried out at the following location: Giza (Greater Cairo Region), Port Said (Port Said Governorate) and Mansoura (Dakahlia Governorate).	
3. Programming document	European Union (EU) Single Support Framework (SSF) for Egypt 2017-2020 ¹	
4. Sustainable Development Goals (SDGs)	Main SDGs: SDG 10: Reduced inequalities; SDG 11: Sustainable cities and communities. Other SDGs: SDG 5: Gender equality and empower all women and girls; SDG 16: Peace, justice and strong institutions.	
5. Sector of intervention/ thematic area	2) Social development and social protection	DEV. Assistance: YES ²
6. Amounts concerned	Total estimated cost: EUR 27 000 000 Total amount of European Union (EU) contribution EUR 23 000 000 This action is co-financed in joint co-financing by the Federal Republic of Germany (<i>Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung</i>) for an amount of EUR 4 000 000.	

¹ C(2017) 7175 final, 30.10.2017.

² Official Development Assistance is administered with the promotion of the economic development and welfare of developing countries as its main objective.

7. Aid modality(ies) and implementation modality(ies)	Project Modality: Indirect management with the <i>Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH</i>			
8 a) DAC code(s)	43032 – Urban development (100%)			
b) Main Delivery Channel	13000 - Third Country Government (Delegated co-operation)			
9. Markers (from CRIS DAC form)	General policy objective	Not targeted	Significant objective	Principal objective
	Participation development/good governance	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Aid to environment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Gender equality and Women's and Girl's Empowerment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Trade Development	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Reproductive, Maternal, Newborn and child health	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	RIO Convention markers	Not targeted	Significant objective	Principal objective
	Biological diversity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Internal markers	Not targeted	Significant objective	Principal objective
	Digitalisation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
COVID Response	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
10. Global Public Goods and Challenges (GPGC) thematic flagships	Not applicable			

SUMMARY

In addition to high population growth rate and density, Egypt is facing unprecedented **urban expansion**, leading to overcrowding in cities and informal areas, where residents face high levels of deprivation and limited **access to public services** and **economic opportunities**.

The proposed action aims at working on integrated development in less advantaged urban areas to tackle social inclusion and integration of the residents. With the **overall objective** of improved the living conditions of the residents of the less advantaged areas in Giza, Mansoura, and Port Said, the action will focus on **three specific outcomes**:

1) National and local decision-makers as well as Civil Society Organisations (CSOs) have implemented sustainable, integrated and participatory urban development instruments in the targeted areas; 2) The residents, especially the youth, women, and the less advantaged groups, have increased their uptake of upgraded, safe, and sustainable basic socio-economic services and infrastructure in the targeted areas; 3) The residents of the targeted areas, especially the

youth, women, and the less advantaged groups, have improved their income and labour market participation.

In the first quarter of 2020, the Government of Egypt started implementing measures to mitigate the impact of COVID-19, which was declared a global pandemic by the World Health Organisation on 11 March 2020. It is anticipated that the activities foreseen in section 4 may be adjusted in light of the specific needs that may arise amongst the identified beneficiaries and target groups, in the aftermath of the COVID-19 outbreak in Egypt.

1 CONTEXT ANALYSIS

1.1 Context Description

With forecasts predicting a total population of 128 million by 2050, Egypt is considered the most **populous** country in the Arab world and the third most populous country on the African continent after Nigeria (196 million in 2018) and Ethiopia (107 million). Even though Egyptians have upgraded their **human capital**³, poorly designed or implemented social policies and inadequacy of public service provision have failed to insulate them from negative shocks: in 2019, 32.5% were living below the **poverty line** (compared to 27.8% in 2015).

In 2017, about 95% of the 95 million residents lived on only 6.8% of the total area of the country, along the banks of the Nile river, in the Nile Delta, and along the Suez Canal. These regions are among the world's most **densely populated**, containing an average of over 1,540 per km², as opposed to 96 persons per km² for the country. In addition to high population growth rate and density, Egypt is also facing unprecedented **urban expansion**: in 2017, urban population was 43.3%, with the Greater Cairo Region reaching 22 million residents. Unplanned urban expansion coupled with unbalanced regional development across Egypt has led to the migration of million of Egyptians from rural to urban areas.

There are approximately 38 million people living in informal settlements in Egypt, where residents live on land without holding formal legal title, or whose homes do not necessarily conform with urban planning and building standards⁴. Approximately 50% of all buildings in Egypt are located in unplanned or informal areas. According to the Informal Settlement Development Fund (ISDF), about one million people live in “**unsafe areas**” covering 1% of all urban areas, while 95% of villages and 37.5% of cities are “**unplanned areas**”. It is currently estimated that 377 areas are considered unsafe and that over 1000 are unplanned.

Deprivation and limited access to basic services is also of concern in **formal** urban settlements. Post construction phase, public housing units fall within the remit of the Governorates, responsible for managing and responding to the emerging needs of the residents. However, in the absence of fiscal decentralisation, combined with limited responsive and co-ordinated development planning, targeted allocations for maintenance of the physical infrastructure are usually lacking, thereby threatening increasingly more formal and informal areas to become unsafe, while broadening the level of socio-economic exclusion of their residents.

³ Egypt's HDI value for 2018 is 0.700— meaning the country is in the medium human development category. Between 1990 and 2018, Egypt's HDI value increased from 0.546 to 0.700, an increase of 28%.

⁴ Arab Republic of Egypt National Report, 3rd United Nations Conference on Housing and Sustainable Urban Development (HABITAT III), Quito, 2016.

As a result, a majority of urban residents are **lacking access** to public health services, educational institutions, parks and cultural or recreational amenities, in particular for women and children. Poor condition of roads and infrastructure also pose health safety and accessibility concerns, in particular for the **elderly** and **persons with disability**. **Children** living in urban settings have a higher probability of being deprived of housing due to a higher prevalence of overcrowding in these areas. Furthermore, housing deprivation is contributing to other dimensions of child poverty including their access to physical protection, nutrition, health, water and sanitation, education, and information⁵.

Since the 1950s, the focus has been on increasing the number of **housing units**: it is estimated that over the last 30 years, 35% of housing units were Government-built. However, there has been a persistent mismatch between the number of vacant units and the level of demand for housing, identified to be stemming from the fact that these housing opportunities are either **unaffordable** for the majority of households, or **poorly connected**, whereby economic opportunities and transportation services are too scarce to make them attractive. This is particularly acute for **women**, whose access to affordable housing is constrained by a lack of economic autonomy and a low labour force participation rate: for example, women represented just 22.2% of the labour force in 2017. Women represent one third of the total number of applications to the recently launched Social Housing Programme⁶.

The threat of sexual violence, harassment and intimidation in the public sphere has impacted **women's uses of social spaces**. While data is not widely available, over 99.3% of Egyptian girls and women surveyed reported experiencing some form of sexual harassment in their lifetime, 82.6% did not feel safe or secure in the street and 86.5% in public transportation⁷. Women's ability to physically move around in urban spaces is also a major issue constraining their ability to reach centres of employment, schools, universities and cultural and social institutions, especially if these are not available in their areas of residence.

Climate change is expected to be an additional source of pressure on the densely inhabited areas of Egypt: due to low elevation in the Nile delta region, Egypt is one of the top five countries expected to be mostly impacted with sea level rise. An increased incidence of severe heat waves would also adversely affect urban dwellers' health, as they are the most affected as a result of an urban greenhouse effect and the formation of urban heat islands.

Upgrading of the less advantaged urban areas is therefore considered an urgent priority in Egypt.

1.2 Policy Framework (Global, EU)

The **New Urban Agenda** (NUA) is a United Nations declaration adopted by 167 countries (amongst them Egypt) during Habitat III, the 2016 United Nations Conference on Housing and Sustainable Urban Development in Ecuador. The NUA promotes integrative housing policies that address multiple sectors in parallel with the aim of promoting inclusive participatory communities (Articles, 37, 40, 106 and 108).

With an ongoing portfolio of 1.4 billion EUR, the European Union has remained a key partner of Egypt. Under priority number 1) of the Partnership Priorities and subsequent **Single Support Framework 2017-2020** signed in 2017, the EU and Egypt acknowledged the importance

⁵ Understanding Child Multidimensional Poverty in Egypt - UNICEF (2017).

⁶ <https://unhabitat.org/egypt-housing-profile>.

⁷ Habitat III Report: <http://habitat3.org/wp-content/uploads/Habitat-III-Regional-Report-Arab-Region.pdf>

of building a stable and prosperous Egypt. The EU and Egypt committed to co-operate in advancing socio-economic goals set out in Egypt's Sustainable Development Strategy - Vision 2030, including co-operation on economic modernisation and entrepreneurship, trade and investment, social development and justice, energy security, environment and climate action.

In line with the **New European Consensus on Development (ECD)**, and the **2015 European Neighbourhood Policy Review**, the proposed action will contribute to empowering cities and local authorities to achieve the sustainable development goals. As outlined in the 2018 Commission Staff Working Document "**EU co-operation with cities and local authorities in third countries**", this requires a more integrated approach to urban development with a specific focus on urban governance at various levels of administration and between different actors; the social dimension of urban development through inclusive and safe cities in order to better address urban poverty, inequalities, food insecurity, malnutrition, forced displacement, migration and social exclusion; green and resilient cities; prosperous and innovative cities with a focus on sustainable growth and job creation.

As outlined in the **Gender Action Plan** for the period 2016-2020, the EU is supporting partner countries to establish a more enabling environment for the fulfilment of girls' and women's rights and to achieve real and tangible improvements in gender equality. Objectives particularly relevant for this action are objective 6 "Partnerships fostered between EU and stakeholder to build national capacity for gender equality" and objective 17 "Equal rights and ability for women to participate in policy and governance processes".

Building on these commitments, the action will target the inclusion and social cohesion of the residents of less advantaged urban areas through leveraging place value and enhancing accessibility to infrastructure and urban services.

1.3 Public Policy Analysis of the partner country/region

The proposed action builds on the existing policy framework to address socio-economic resilience as well as risk reduction, safety and climate change attenuation in the concerned areas.

Egypt has ratified the **International Covenant on Economic, Social and Cultural Rights** which guarantees the right to adequate housing as part of the right to an adequate standard of living (Article 11). Since the 1970s, government-sponsored housing development in desert locations has failed to attract the numbers planned. Uncontrolled self-built housing on urban fringes and in peri-urban areas has been tolerated and offers affordable housing. The UN Special Rapporteur on the right to adequate housing conducted a visit to Egypt in 2018 and acknowledged the Government's efforts to provide housing to its fast-growing population. However, the special rapporteur pointed out that "much of the new housing supply was both unaffordable and poorly located and there were insufficient economic opportunities and transportation services to make it viable".⁸

In 2016, the **Egypt Housing profile**⁹, drafted by the Ministry of Housing, Utilities and Urban Communities (MoHUUC) with the assistance of UN-Habitat, underlined that while there was no official housing policy statement or act, the 2014 Constitution as well as the draft national housing strategy 2012-2027 served as a "useful basis for discussion on future housing policies". In 2019, a **Draft Housing Strategy** was presented by the Ministry of Housing, Utilities and Urban Communities at the League of Arab States' seminar on the right to adequate hous-

⁸ Universal Periodic Review Egypt 13 November 2019 – Compilation of UN Information.

⁹ <https://unhabitat.org/egypt-housing-profile>

ing. Drafted in partnership with UN-Habitat, the draft Strategy (expected to be adopted 2020) translates the 2030 SDGs and the New Urban Agenda commitments along 16 components clustered around the principles of social equity, aid to the poor, economic efficiency and sustainability, existing housing stock, new housing supply and steering the housing sector, thereby shifting the focus of solving the housing crisis from the traditional government construction of new homes, to upgrading existing stocks and supporting individual owner-builders.

Several provisions in the **2014 Egyptian Constitution** are relevant to and consistent with the right to adequate housing. Article 78 empowers the State to ensure the **right of citizens to adequate, safe and healthy housing** in a manner which preserves human dignity and achieves social justice. The article foresees a national housing plan that "ensures the contribution of personal and collaborative initiatives in its implementation". The State is also responsible for a comprehensive national plan to address the problem of unplanned slums, including provision of infrastructure and utilities, and improvement of the quality of life and public health. Necessary resources for the implementation of such plans are meant to be guaranteed in a timely manner.

Article 80 provides to every child the **right to a safe shelter**; Article 63 prohibits all forms and types of arbitrary forced displacement of citizens; Article 81 spells out that the State shall guarantee the **rights of persons with disabilities** and adapt public facilities and their surrounding environment to their special needs. In February 2018 the "Law (No.10) on the Rights of Persons with Disabilities" was adopted. Article 176 foresees that the law shall regulate the methods of **empowering local administrative** units to provide, improve, and well manage public facilities.

Security of both urban and rural land tenure in Egypt is usually considered to be good. The rights of those possessing private land are protected by the successive Constitutions and by legislation, and the appropriation of private land for public purposes is strictly controlled by expropriation legislation that also specifies that compensation reflecting market prices must take place. The ownership of unregistered private land (including formerly agricultural parcels, upon which most informal settlements have been built) and even squatting rights on State (desert) land are *de facto* recognised by the Government. Demolition of the housing stock, resettlement and forced evictions are usually of small scale and are mainly related to slum-clearances in older and dangerous urban areas.

In 2014 the **Ministry of Housing, Utilities and Urban Communities (MoHUUC)** launched a social housing programme to construct one million units for low-and middle-income households. The total investments of the MoHUUC during fiscal year 2018/19 reached EGP 130 billion (USD 7.8 billion), including housing sectors, infrastructure, new cities and slums development. The total investments of the Ministry and the private sector in construction and real estate sector are approaching EGP 200 billion (USD 12 billion) annually, which reflects the importance of this sector and the volume of its investments.

Egypt's "**Sustainable Development Strategy – Vision 2030**" (SDS), adopted in 2016 reflects Egypt's vision for inclusive, sustainable and participatory development, encompassing the three economic, social and environment dimensions. It reflects the 2014 Constitution provisions and outlines an operational framework for the reform programme of the Government, aligned with the 17 SDGs as well as the African Agenda 2063.

The latest **Voluntary National Review (VNR)** presented in 2018, recalled the need for integrated and sustainable urban planning practices, with the aim of increasing inhabited areas as well as improving the quality of urban life.

Similarly, the Informal Settlements Development Fund (ISDF) formulated a **national plan to tackle unsafe informal areas by the year 2020**, aiming to declare Egypt a "slum-free country". By the end of 2018, EGP 14 billion had been allocated towards upgrading 80% of the informal areas, while relocating the residents of the most dangerous areas. The ISDF is currently working on a **new categorisation for informal settlements with a special focus on unplanned areas**, according to the severity of risk they pose.

The **National Strategy for Adaptation to Climate Change and Disaster Risk Reduction** adopted in 2011 is part of the national climate action communicated in the Intended Nationally Determined Contributions (INDCs). The strategy focuses on high density issues in Egyptian cities, on heat island effects and impact on health conditions and water supply security.

1.4 Stakeholder analysis

Intermediary beneficiaries are expected to be divided into three groups. CSOs, national government and local authorities will be targeted in order to encourage more integrated governance as well as improved planning and management capacity. On the other hand, residents of the less advantaged urban areas are the **final beneficiaries** of the physical implementation measures and the enhancement of local productivity and economic opportunities.

The specific composition of the beneficiaries amongst the residents and the way in which different target groups (e.g. women, children, persons with disabilities, youth and elderly) are supported depends on **Participatory Needs Assessments** that will be conducted in each of the target areas in the very beginning of the project. Similarly to previous programmes of this type, activities will be foreseen to ensure that the data collected during the Participatory Needs Assessments contribute to improving information management by local authorities.

Duty bearers at national level

Based on past and ongoing experience of co-operation, the **Ministry of Housing Utilities and Urban Communities (MoHUUC)** and some of its affiliated entities are the most suitable political partners for the proposed action, due to the fact that they are responsible for the effective implementation of the reform agenda. Past (Participatory Development Programme – PDP) and ongoing (Participatory Infrastructure Programme – PIP) EU-GIZ actions, implemented in partnership with MoHUUC and its affiliated entities, have yielded quality results, due in particular to the level of commitment met both at political and technical levels.

The main entity foreseen to be a key partner within the MoHUUC is the **General Organisation for Physical Planning (GOPP)**. In addition, the **Informal Settlements Development Fund (ISDF)** is also considered a key stakeholder of significant influence.

- **MoHUUC** remains responsible for producing public housing units in co-operation with the relevant Governorates, in charge of managing the public housing stock and responding to residents' needs. MoHUUC is spearheading the urban sector policy, however inter-ministerial co-operation remains limited with other line ministries. Past experience has also shown limited co-ordination between central and local departments.
- **GOPP** is responsible for formulating strategic plans for all governorates and cities of the country, setting urban policies as well as laws and by-laws for urban planning processes and management. GOPP has regional offices co-ordinating with governorates to draft detailed urban plans and identify less advantaged urban areas in cities. However, these plans are often not taken into consideration as the financial allocations are made

without being necessarily responsive to spatial identification. Past experience showed that GOPP lacks financial resources for training and capacity development.

- **ISDF** is directly affiliated to the cabinet of Ministers, however the ISDF board of directors is headed by the MoHUUC. ISDF is the entity officially mandated to identify informal settlements (including informal markets) and less advantaged urban areas (these may include public housing stock) and adopting necessary action plans and implementation measures. ISDF operates through managing **Urban Upgrading Units (UUUs)** which are part of Governorates' operational structures and are mandated to manage the implementation of development and upgrading measures. Experience has demonstrated the need for ISDF to adopt a more refined vision and strategy. Nevertheless, ISDF seems to enjoy more financial autonomy than GOPP.

Other relevant Ministries for the action include:

The Ministry of Local Development (MoLD) is the lead ministry responsible for co-ordination of all the different institutions, Ministries and organisations with regards to local governance. It is responsible for the development and upgrading of local administration units and the contribution to economic and social development in partnership with the Governorates.

In accordance with the Presidential Decree No. 1999/325 the MoLD is also responsible for raising awareness on local participatory development at local level, and participation in human development of leaders and human cadres at local units' level, however it has so far lacked capacities to do so. Under AAP 2019, the EU has planned to support MoLD through an intervention aiming at enhancing co-ordination between local administration, line ministries and agencies in Governorates.

The **Ministerial Decree No. 121 of 2018** spells out that the MoLD shall follow up on the administrative reform in co-ordination with governorates and local units and shall develop the system of local planning securing the vast participation of local communities to draft development plans based on citizens' priorities. A **new Law on local administration is still pending**. It would allow for local councils elections and the implementation of constitutional provisions for decentralisation.

A **strategy to reform public financial management** is currently underway. The government announced plans to review the current legal and regulatory framework ("**Organic Budget Law**"), which would revamp the entire budgetary process (planning, implementation, monitoring) and provide the Ministry of Finance with a clear mandate as the custodian of the State's financial resources and responsibility for co-ordinating the macroeconomic policy.

The Ministry of Social Solidarity (MoSS) is involved to facilitate communication and co-operation with civil society.

The Egyptian Environmental Affairs Agency (EEAA) and the Climate Change Central Department (CCCD) was established in 2009. In 2007, the role of the Climate Change Panel was developed to implement a National Climate Change Committee pursuant to Ministerial Decree No. 272. After the launch of the national Climate Change Adaptation (CCA) Strategy in 2011 and based on the positive experience with the Giza Climate Change Strategy developed within the ongoing EU-GIZ Urban Upgrading Programmes, the EEAA is now planning the initiation of four more CCA strategies on Governorate level in Egypt.

Duty bearers at local level

The local administration is organised in five territorial units: 1) governorates 2) regions 3) urban districts or rural *markaz* 4) cities and 5) villages. At each level, there are Government-appointed local executive councils headed by Governors, District officers, and Mayors. All local institutions are subject to central Government supervision. Although the Governor has financial and administrative authority on the sectoral directorates with local functions and budgets, this authority does not allow for any change in these directorates' policies or expenditure and revenue assignments that are set by the line ministries at the central level.

The Governorates are the mandated local authorities to manage and provide public housing and other urban environment needs with minimal financial resources that are managed nationally. The departments within the Governorates usually work in silos where the holistic vision for integrative planning is usually lost. There is limited co-ordination between the different departments to resolve challenges as these are usually dealt with on a sectoral basis.

The districts and affiliated departments (including the Urban Upgrading Units, UUU) are mandated to co-ordinate the implemented interventions (e.g. facilitating data collection, assisting in acquiring licenses and approvals and final hand over and operations). The UUU and the local departments have limited implementation power or access to financial resources.

Right holders

The residents of the targeted areas are the final beneficiaries of the action. They will also be involved in the implementation, as the action will promote participatory planning and increased transparency to allow for better monitoring of public policy by the rights holders. Egypt's population reached 100 million people in February 2020 and may reach 128 million¹⁰ by 2030. In 2017, 61% of Egyptians were under 30 years of age and the estimated youth unemployment rate in Egypt was 34% as opposed to 26% in 2007¹¹, with women being the most affected.

Civil society has historically played a proactive role in addressing problems of poverty and access to services in Egypt. However, the political environment in Egypt during the last decade (and the 2017 “Law of associations and other foundations working in the field of civil work”) has not been conducive to the development of an open society. Locally, the Civil Society Organisations (CSOs) and Community Based Organisations (CBOs) play an influential role. CSOs and CBOs are usually composed of residents of the areas they work in, making them direct beneficiaries as well as partners and implementers of interventions.

CSOs and CBOs work in different sectors including service delivery (roads and transportation, social services and utilities), land and housing, urban planning, socio-economic and environmental sectors. Their scope of implementation varies from awareness-raising campaigns to data collection, micro loans, capacity development, gender sensitivity programmes, employment promotion, help for street children, youth centres, paving streets, upgrading services, education and health, planting trees, solid waste management, etc.

The exact capacities and scope of action of relevant CSOs and CBOs in the areas targeted by the action will be further assessed during the Participatory Needs Assessment, which will be conducted during the inception phase.

More details on the role that the **private sector** could play as triggers for increased economic opportunities in the targeted areas will be given during the inception phase.

¹⁰ United Nations World Population Prospects (2017).

¹¹ International Labour Organisation (ILO) estimates (2018).

1.5 Problem analysis/priority areas for support

Deprivation manifests itself in the physically built up environment in terms of building structures, the conditions of utilities and safety aspects as well as the low level of consistent maintenance. In addition, poor connectivity to adequate quality urban service (e.g. potable water, wastewater, solid waste removal) and deficient access to public services (e.g. schools, health facilities, adequate roads, open green spaces and functional markets) are characteristic of less advantaged urban areas.

Bearing these challenges in mind, three Egyptian cities have been identified based on the prevalence of existing less advantaged areas (public housing and its adjacent informal settlements):

- **Giza city** is part of the Greater Cairo Region where almost a quarter of the population resides in the Delta.

Giza city covers an area of 98.4 km² with a population of 4.5 million inhabitants and a density of 46,600 inhabitants per km². The city is one of the most attractive cities to live in due to its proximity to Cairo Governorate. The city faces issues of growing informal settlements as well as deteriorated public housing units and the deficiency of associated basic infrastructure and socio-economic services.

- **Mansoura (Dakahlia)** is one of the Nile delta cities located in the north east of Egypt with a population of 630,119 inhabitants, 28.2 km² in area and a density of 21,000 inhabitants per km².

Like many other Delta cities, Mansoura is not in the development focus of the Egyptian Partners. By looking more closely at Mansoura's urban fabric, the total number of existing buildings is 5,794 out of which almost 30 percent is considered deteriorated and informal. Five clusters of public housing have been identified, most of which are surrounded by informal settlements.

They are mostly serviced (connected to water and sanitation) yet the quality of the services can be questioned. Some trades and skills are identified that could be maximised in terms of increasing livelihood opportunities (such as professionalisation or advisory services to entrepreneurs), also some environmental issues (such as waste piling) are apparent. Further studies will aid in the identification of gaps in terms of needs and coverage of resources.

- **Port Said** is a coastal city located in the far north east of the country.

The city was destroyed during the 1973 war with Israel and rebuilt quickly afterwards to accommodate returning residents, which compromised the quality of the rebuilt structures. While studying the current situation of the city, specific areas with existing agglomerations were further explored.

Dawahi district is 4.77 km² in area, has a population of 144,605 and a density of 30,000 inhabitants per km². Janub District covers 354 km² - yet the urban part of it is 0.657 km² with a population of 40,769 and a density of 62,000 inhabitants per km².

Three areas of public housing have been identified - surrounded by uncontrolled, steadily growing informal settlements. Infrastructure and services availability are also questionable, yet further studies will clarify the specific gaps in question. Ongoing economic activities have potential for being professionalised or supported (such as the prevalent fishery business).

Port Said as a coastal city and Mansoura as a Northern delta city are particularly vulnerable to climate change risks.

Problem identification and subsequent required interventions in targeted areas will build on participatory tools that were developed and tested by completed and ongoing EU-GIZ programmes in Egypt: (i) **Needs Assessments** will be conducted through participatory means, and will take around four months to be completed. They will result in (ii) **Participatory Local Area Development Plans**, that usually take up to one year to be adopted, and form the backbone of any subsequent interventions.

Without pre-judging the outcome of the Needs Assessments, the main problems and unfolding priority areas for support are likely to be the following:

- **Poor management and limited responsive or integrated planning processes at local level in urban less advantaged areas.**

Local governance operates on a sectoral level with limited opportunities for co-operation, integration and participation. In addition, the capacities of employees and the un-systemised operations hinder efficiency and productivity leading to ineffective planning and interventions and consequently a waste of resources. This contributes to the deterioration and eventually further deprivation of some urban areas.

- **Limited participation of citizens (and in particular of women) in decision-making in less advantaged urban areas.**

Issues that are very important for women, such as the proximity of child care, educational and health care services, food markets, playgrounds, working opportunities, safe neighbourhoods and accessibility to safe public transport are at risk of not being adequately reflected in the design and development of urban settlements.

- **Increased vulnerability of residents of less advantaged urban areas to economic and social exclusion combined with limited economic participation of residents of less advantaged urban areas (in particular of the youth and of women).**

The less advantaged urban areas are characterised by a lack of adequate socio-economic services and livelihood opportunities. Most residents of the less advantaged areas are of lower (often informal) income with underutilised economic opportunities and potential. Women and youth face the greatest obstacles to find income opportunities. Of the 23.5 million households in Egypt, 3.3 million are headed by women; women represented only 22.2% of the labour force in 2017. Women's poverty makes it difficult for them to access credit for mortgages, or to save for the down payments required to access rental accommodation.

Informal local markets and open spaces yield high potential as economic hotspots, however they are in poor condition, without waste collection, bearing health risks or low accessibility for customers.

- **Increased vulnerability of residents of less advantaged urban areas to climate change.**

Due to their densely built-up nature, Egypt's less advantaged urban areas face a phenomenon called the heat island effect. Climate change, and especially global warming and heat waves, severely intensify this global phenomenon. Water shortage and health risks (such as heat strokes) especially concern the most vulnerable. The lack of awareness amongst the national and local decision-makers, CSOs and residents as well as the absence of

community-based adaptation measures need to be tackled to enhance the urban resilience to climate change.

- **Increased vulnerability of children in less advantaged urban areas.**

Access to adequate water and sanitation affects the health and well-being of children and youth. Especially in less advantaged urban areas, the quality of education suffers due to over-crowded classrooms. Children often drop out of school and become victims of child labour to help their families financially.

- **Isolation of less advantaged urban areas and their residents.**

The absence of some basic services such as easily accessible healthcare and transport options are affecting persons with disabilities, the elderly and their caregivers. In addition, narrow and badly paved streets, lack of mobility and the rise of informal practices in transportation is a concern for persons with disabilities and elderly people. The deteriorated condition of the roads and high traffic volume pose a risk especially to vulnerable groups who use streets constantly during daytime to get to school, markets and clinics. In addition, safety risks affect women in engaging in economic activities (for example using public toilets or walking dark streets at night).

2 RISKS AND ASSUMPTIONS

Risks	Risk level (H/M/L)	Mitigating measures
High turnover in political contact persons	H	Co-operation with partners to take place in a joint management and a national steering committee enlarging the ownership of the action across different services or contact persons.
Commitment of partners might decrease over time	M	Involvement of relevant partners at national, regional and local level in all activities and phases (including Needs Assessment) of the action will take place in the national steering committee, project management office and local steering committees on governorate and district levels.
Implementation delays due to lengthy security clearance processes	M	Enhance trust with relevant partners as well as clear and timely communication on implementation methodology and timeline of the action.
Lacking resources and capacities for maintenance of physical interventions implemented by the action	M	Capacity Development measures focusing mobilising resources and improving capacities for maintenance and operation and additionally agreements on handover partners will be agreed prior to implementation.
Land Tenure issues within urban upgrading areas	L	The project will only implement interventions on publicly owned land and publicly owned assets. The interventions will aim to benefit residents of the whole area whether residing on public or private land. The inception phase will further inves-

		igate the issue.
Assumptions		
<ul style="list-style-type: none"> • Political stability • Timely granting of security clearances for all phases of the action. • Institutional support and commitment from all relevant stakeholders. 		

3 LESSONS LEARNT AND COMPLEMENTARITY

3.1 Lessons learnt

GIZ has been working since 2004 in informal settlements of the Greater Cairo Region through the Participatory Development Programme in Urban Areas (PDP) and the Participatory Infrastructure Programme (PIP), both implemented jointly with the European Union. Experience gained through the implementation of both projects guides the planning and conceptualisation of the envisaged action, that capitalises on recommendations mentioned in monitoring and evaluation reports.

Steering structure and partner consultations

Ongoing GIZ-EU interventions provide relevant experience in steering large-scale urban development measures within a multi-stakeholder setting. Accordingly, structured platforms were set up to strengthen national and local leadership in steering and monitoring the implementation of projects.

At the national level, a national steering committee and a project management office were set up alongside regular review sessions. Other structures such as the governorate and district steering committee, including the urban upgrading units, have also been established to oversee and provide guidance to the implementation of measures within the relevant communities.

Regular meetings are also being held to reflect on the cumulative experience across the projects. Thus, the current process to develop this action will include workshops and meetings with the national partner to identify the project interventions in a manner best fitted to the context of the identified areas within the three selected governorates.

Participatory Methodology

Civil society organisations in the nine targeted informal areas have collaborated with local authorities to actively involve youth, women and the private sector, during the PDP and PIP project implementation period. This ensured the representation and participation of local communities, local administration and the private sector. The envisaged action will explore further modalities for community engagement in partnership with the local authorities. The PDP and the PIP have been quite successful in implementing participatory and integrative planning tools:

- **Participatory Needs Assessments (PNAs)** are used in the preparatory phase of a project to build an initial understanding of the context of the target areas. Through stakeholder consultations, surveying and community planning tools, the PNA identified needs and resources to negotiate a common vision for the development of the targeted areas. Women and other persons living in conditions of vulnerability are clearly identified and active in these processes.

- **Maximising Use Value Tool (MUV)** is a manual set used in the design phase of the project through adopting a participatory approach building upon community practices and efforts. The MUV tools aim to address key urban components and issues in order to create and manage sustainable and inclusive urban upgrading projects.
- **Awareness Campaigns and Public Days** accompany implementation of measures in order to inform and consult key stakeholders throughout the implementation regarding impacts, status and post implementation handover.
- **GIS Atlases** were developed over the years of PDP implementation in order to receive reliable geographical data on informal area boundaries within Greater Cairo Region, obtaining data received from the PNA process and the municipalities.

Local Area Development Planning

With the introduction of Local Area Development Plans (LADP), Governorates were enabled to create a spatial plan in close co-ordination with all levels of public authorities, utility companies as well as residents and civil society. LADPs have allowed stakeholders of the informal settlement upgrading process to agree on a long-term development vision for the areas within the programme's boundaries.

Infrastructure Development

Different modalities were used over the PDP and PIP implementation time that will naturally feed into the design of the envisaged action. PDP established a grant scheme mechanism that promotes the participation of both CSOs and local municipalities in the implementation of projects within the target areas, through a series of Calls for Proposals.¹² PIP is currently implementing the Local Initiative Fund (LIF) that promotes the implementation of 30 medium sized infrastructure measures.

3.2 Complementarity, synergy and donor co-ordination

A number of donors have been supporting the urban sector over the last decade. The **Development Partners Group on Urban Development (DPG-UD)** is co-chaired by the German Development Co-operation (represented by GIZ-Urban Development Cluster) and UN-Habitat and serves as a valuable tool in co-ordinating activities between development actors. In particular, the following interventions are worth mentioning:

UN-Habitat supports MoHUUC on the National Urban Policy, urban observatories and land re-adjustment strategies. UN-Habitat started a five-year project with MoHUUC – represented by the ISDF – on “Participatory Citywide Urban Upgrading in Egypt”. This project supports the formulation and implementation of the informal settlements’ upgrading strategies.

The European Union, through its co-financing to GIZ (PDP, PIP and CBUID), Agence Française de Développement (AFD) and European Investment Bank (EIB), remains the largest single donor in the urban development sector in Egypt. In October 2015, a grant agreement of 15 million EUR was signed between the AFD and Ministry of Investment and International Co-operation (MIIC). The grant is implemented by the Micro, Small and Medium Enterprises

¹² Examples of projects that were especially benefitting vulnerable groups, were: the establishment of community learning centres to provide learning opportunities for disabled children and adults; the renovation of a children section in Mattareya Hospital; accessibility interventions for new community gardens; equipping schools with facilities to allow access for disabled students; capacity-building measure for care givers and awareness raising for mothers on disabilities issues; renovation of youth centres and programming of disabled women’s sport classes.

Development Agency (MSMEDA) in partnership with the Governorates of Cairo and Giza. The objective of this grant is to upgrade basic infrastructure and public services in four informal areas in Greater Cairo with a total population of approximately 1.2 million inhabitants. The grant is part of a wider programme of co-operation between AFD and the MSMEDA.

The World Bank has approved a loan worth 500 million USD for Egypt's Inclusive Housing Finance Programme aiming to improve access to homeownership and rental units for low-income households in Egypt with an estimate of 1.6 million beneficiaries living below the poverty line.

The Italian Agency for Development Co-operation (AICS), launched an urban upgrading project in 2016 in the 15th of May neighbourhood in Cairo.

The **African Development Bank (AfDB)** launched the "Informal Settlements Upgrade Technical Assistance Project", supporting ISDF in addressing unsafe informal settlements through integral and dynamic urban planning.

Efforts will also be undertaken to find synergies and ensure the action feeds into the current and future EU support to the following sectors, that foresee a local component impacting on less advantaged urban areas and local planning: **Technical and Vocational Education and Training Reform Phase II (TVET II)** (AAP 2012 – EU contribution: 40 million EUR) ; **Enhanced Local Governance and support to Local Development reforms** (AAP 2019 – EU contribution: 9 million EUR) ; **EU support to Egypt's National Population Strategy programme** implemented by UNFPA (AAP 2017 – EU Contribution 27 million EUR).

4 DESCRIPTION OF THE ACTION

4.1 Overall objective, specific objective(s), expected outputs and indicative activities

Overall objective (Impact): Improved living conditions of the residents of the less advantaged areas in Giza, Mansoura, and Port Said¹³.

Outcome 1: National and local decision-makers as well as CSOs have implemented sustainable, integrated and participatory urban development instruments in the targeted areas.

- **Output 1.1:** Capacities of relevant local stakeholders on integrated urban management participatory tools and climate change adaptation are strengthened.
- **Output 1.2:** Increased opportunities for residents, especially the youth, women and less advantaged groups, to participate in the planning and implementation of measures for urban development.
- **Output 1.3:** A policy framework for the integration of the less advantaged urban areas is developed, including climate change adaptation strategies at local level.

Outcome 2: The residents, especially the youth, women, and the less advantaged groups, have increased their uptake of upgraded, safe, and sustainable basic socio-economic services and infrastructure in the targeted areas.

¹³ This description of action is based on the understanding that its detailed content will be elaborated during a project appraisal mission to be subsequently commissioned by BMZ.

- **Output 2.1:** Basic and socio-economic services and infrastructure measures are made available according to the identified needs of the residents of the targeted areas.
- **Output 2.2:** Climate change adaptation and environmental measures are implemented according to the identified needs of the residents of the targeted cities.
- **Output 2.3:** Increased capacity of CSOs to deliver improved, safe, and sustainable basic socio-economic services and infrastructure to the target group.

Outcome 3: The residents of the targeted areas, especially the youth, women, and the less advantaged groups, have improved their income and labour market participation.

- **Output 3.1:** Decent work and livelihood opportunities increase in the targeted areas.
- **Output 3.2:** Social and environmental entrepreneurship skills are enhanced.

Indicative activities: Activities will be organised along the following work packages.

Output 1.1.

- **Working Package 1:** “Capacity Development”- Coaching of local administration staff on governorate and district level as well as relevant governmental partners on planning, implementing and maintaining technical and social infrastructure as well as adaptation to climate change.

Output 1.2.

- **Working Package 2:** “Participatory Planning & Implementation with Civil Society” - Introducing and raising awareness on participatory planning instruments towards national and local decision makers; application of effective measures to particularly consider vulnerable groups and their needs.

Output 1.3

- **Working Package 3:** “Policy Advice”- Integrated urban governance to systemise urban management on the local level that focusses on the social cohesion and inclusion of the less advantaged urban areas (informal settlements and public housing).
- **Working package 4:** “Climate Change Adaptation Strategies” – Capitalising on the pilot experience in Giza Governorate, supporting the development and launching of climate change adaptation strategies at Governorate level in Mansoura and Port Said.

Output 2.1. and 2.2.

- **Working Package 5:** “Local Area Development Planning” (LADP) - Support of and advice to local authorities in the elaboration of LADPs for the targeted less advantaged urban areas that particularly respond to the needs of the youth, women and the less advantaged groups. The LADP is a financial advocacy and planning tool for Governorates to mobilise funds for medium and short-term development interventions within the areas.
- **Working Package 6:** “Implementation of Basic Infrastructure and Socio-economic Measures as well as Climate Change Adaptation Measures” - Assessment studies on challenges in target areas to increase resilience to climate change; handling the full implementation cycle including detailed designs, tendering, supervision of construction sites and handover to responsible authorities.

Output 2.3.

- **Working Package 7:** “Enhancing the Role of CSOs in the Implementation of Development Measures” – Technical support of the CSOs/CBOs to meet requirements to receive funding to support the implementation of small-scale measures.

Outputs 3.1. and 3.2.

- **Working Package 8:** “Economic Hotspot Assessment”- An indicative mapping of local economic activities, socio-economic opportunities and hotspots within the targeted areas to understand drivers and impacts and to identify main areas of support.
- **Working Package 9:** “Skills & Competences”- Coaching and developing capacity of the residents to enable them to access income generating activities within their local economy.
- **Working Package 10:** “Social & Environmental Entrepreneurship and Networking” - Providing social and environmental entrepreneurship capacity development and networking to facilitate access to funding opportunities.

4.2 Intervention Logic

In order to contribute to the improvement of living conditions of the residents of the targeted areas, the envisaged action provides an integrated sustainable model that addresses the challenges they face.

Participatory Needs Assessments will be the backbone of the action, as they will be used to define the specific target groups and tailor-made support that will be designed as part of the implementation of the action, distinguishing between different levels of intervention (Governorate, City, Area) and different actors (Government, Governorate, Local Authorities, CSOs/CBOs, women, children, youth, persons with disability, private sector, etc).

Regarding Outcome 1, focus will be on capacity development of relevant governmental stakeholders towards institutionalising the participatory and integrated urban development and management tools within their entities, as well as capacitating local decision makers to strategise more systematically effective responses to address the need to increase urban resilience to climate change in the target areas.

As part of Outcome 2, these plans will subsequently be developed in a participatory way, where the priority areas for upgrading interventions to overcome the physical deprivation challenges will be identified, including housing, utilities and basic urban services, accessibility, socio-economic welfare and measures to strengthen the residents resilience to climate change. The action will actively contribute to increasing the participation of residents, particularly considering the identified needs of vulnerable groups and CSOs/CBOs in urban upgrading processes in their neighbourhoods. Gender and environmental aspects will be mainstreamed throughout the identification, design and implementation of measures.

The CSOs/CBOs involved in the areas will also complement the infrastructure and socio-economic implementation with additional measures based on their expertise and depending on their effective role within their communities. Capacity development measures towards operating and maintaining the measures by the local authorities will take place, to assure sustainability after the handover from GIZ to the responsible authorities. The targeting of CSOs/CBOs will encompass: (i) grants directly awarded to them, (ii) capacity development measures and (iii) consultations.

With a view to tackling poverty, livelihood and income generating activities, Outcome 3 will be addressed in a way to complement the infrastructure upgrading measures (e.g. if to implement infrastructure projects relevant to upgrading local markets, they must be complemented by soft measures for better governance and management of resources and urban space). The aim is to enhance the place value of the less advantaged areas with a focus on existing economic hot spots on the one hand, and to increase the decent livelihoods and employment economic opportunities, including skills development and the promotion and professionalisation of environmental and social entrepreneurship of residents on the other hand.

The foreseen work packages will capitalise on already tested methodologies, feeding into ongoing national reforms spearheaded by the Government in the sectors of urban development and local administration, as part of an induced outcome of the action. With regards to livelihood opportunities, synergies and linkages will be ensured with other actions in support to enhancing skills (TVET) or offering economic and financial opportunities to the less advantaged groups (e.g. in particular actions supported by European Financing Institutions).

4.3 Mainstreaming

Participation Methodology: The action will follow a participatory and integrated multi-stakeholder, multi-level approach that ensures the inclusion of relevant stakeholders at national, regional and local levels. It allows the engagement of governmental authorities, CSOs, the private sector and different community groups.

The *participation strategy* is implemented over main steps which assists the project to define and elaborate the engagement of partners within the different activities. The levels of participation are defined and assigned to the activity and to the partner according to the most suitably foreseen situation. This integrated participatory approach is made possible through a “toolbox” which is developed and piloted along with the different stakeholders:

- **Planning and Design tools:** Participatory Needs Assessment and Local Areas Development Plans.
- **Implementation tools:** Local Initiative Fund, awareness campaigns, call for proposals. Preparation tools: Participatory Needs Assessment, GIS, stakeholder analysis, gender analysis, steering structures.
- **Monitoring tools:** Results-Based Management

These tools guide the planning, design and implementation phases of the projects. Each phase of the project is carefully designed and implemented with the help of the set of tools where participation is embedded into each tool and accordingly along the phases of the projects and into every planned activity.

The participation strategy is unpacked using the **participation matrix** which looks at each activity, the most relevant partners, their level of engagement which enables the best results and impact and finally the best tools or methods to achieve this participation level. The matrix proves most helpful in understanding the optimal level of participation of relevant partners depending on the nature of the activity.

Gender Equality: Lessons learnt from the ongoing projects also include the topic of gender mainstreaming in the field of infrastructure development in informal urban settlements. In the Participatory Development Programme (PDP), a comprehensive gender analysis together with

the Participatory Needs Assessments formed the basis for design and implementation of measures in the target areas.

The Participatory Infrastructure Programme (PIP) is currently developing a gender mainstreaming guideline in the implementation of infrastructure projects. All activities are gender mainstreamed: e.g. planning, monitoring and implementation as well as all materials/products (manuals, curricula, evaluation questionnaires, etc.), being gender sensitised and all staff members trained in gender mainstreaming.

Additionally, gender guidelines in infrastructure projects are being developed by PIP to further guide infrastructure measures' design and implementation on the ground. In practice, this means that all inhabitants of the intervention area will benefit from the action equally.

Environmental Sustainability and Climate Change Adaptation: The upgrading of less advantaged urban areas not only leads to societal benefits but also environmental ones as it improves often deteriorating environmental conditions in these areas. The PDP has introduced in the Egyptian context for the first time the topic of adaptation to climate change in informal areas in 2011. The objective was to raise awareness and the information level of the public administration, civil society organizations and residents regarding the consequences of climate change in informal areas. The proposed project will benefit from these experiences, tools and networks as well as build on lessons learned. Under PDP the Giza Governorate was supported in developing and endorsing a Climate Change Strategy.

Persons with Disabilities: The Improvement of Public Services Project (IPSP) is one of the GIZ projects implemented in Egypt with the aim to improve the Egyptian government's efforts towards reforming its public administration with a specific focus on understanding the citizens' journey to obtain services offered to Persons with Disabilities, who constituted around 10 million Egyptian citizens in 2017. The Public Service Map (PSM) in its digital form (platform on the Government's portal) and offers information on the 500 most demanded public services by Egyptian citizens and PwDs and assists PwD, to receive social support and other public services. These tools will be used as part of the envisaged action.

4.4 Contribution to Sustainable Development Goals (SDGs)

This action is relevant for the United Nations 2030 Agenda for Sustainable Development. It contributes primarily to the progressive achievement of:

SDG 10 - Reduce inequality within and among countries and in particular the following target: **10.2** Empower and promote the social, economic and political inclusion of all.

SDG 11 - Make cities and human settlements inclusive, safe, resilient and sustainable and in particular the following targets: **11.1** Ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums; **11.3** Enhance inclusive and sustainable urbanisation and capacity for participatory, integrated and sustainable human settlement planning and management; **11.6** Reduce the adverse per capita environmental impact of cities, including air quality and municipal and other waste management; **11.7** Provide universal access to safe, inclusive and accessible, green and public spaces, in particular for women and children, older persons and persons with disabilities; **11.b** Increased number of cities and human settlements adopting and implementing integrated policies and plans towards inclusion, resource efficiency, mitigation and adaptation to climate change, resilience to disasters.

While also contributing to:

SDG 5: Achieve gender equality and empower all women and girls and in particular the following targets: **5.5** Ensure women’s full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life; **5.a** Undertake reforms to give women equal rights to economic resources.

SDG 16: Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels and the following target: **16.7** Ensure responsive, inclusive, participatory and representative decision-making at all levels

5 IMPLEMENTATION

5.1 Financing agreement

In order to implement this action, it is foreseen to conclude a financing agreement with the partner country.

5.2 Indicative implementation period

The indicative operational implementation period of this action, during which the activities described in section 4 will be carried out and the corresponding contracts and agreements implemented, is **48 months** from the date of entry into force of the financing agreement.

Extensions of the implementation period may be agreed by the Commission’s responsible authorising officer by amending this Decision and the relevant contracts and agreements.

5.3 Implementation modalities

The Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures¹⁴.

5.3.1 Indirect management with an entrusted entity

This action may be implemented in indirect management with the **Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH**. This implementation entails all the **objectives and all the results listed out in section 4**. The envisaged entity has been selected using the following criteria: high degree of specialisation in development, including local development; strategic partnership with the Government of Egypt in the specific sector of Urban Upgrading and Urban Planning; involved in aid co-ordination and alignment on national priorities in the Urban Development sector.

In case the envisaged entity would need to be replaced, the Commission’s services may select a replacement entity using the same criteria.

5.3.2 Changes from indirect to direct management mode due to exceptional circumstances

The indirect management described under section 5.3.1 will be replaced by direct management through grants, where this preferred modality cannot be implemented due to circumstances outside of the Commission’s control.

¹⁴ www.sanctionsmap.eu Please note that the sanctions map is an IT tool for identifying the sanctions regimes. The source of the sanctions stems from legal acts published in the Official Journal (OJ). In case of discrepancy between the published legal acts and the updates on the website it is the OJ version that prevails.

- a) Purpose of the grants: execute activities for the attainment of outputs set out in section 4 above.
- b) Type of targeted applicants: legal entities, natural persons or groupings without legal personality; local authorities, public bodies, international organisations, NGOs, economic operators such as SMEs.

5.4 Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply, subject to the following provisions.

The Commission's authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

5.5 Indicative budget

	EU contribution (amount in EUR)	The Federal Republic of Germany¹⁵ (amount in EUR)
Specific Objective 1 composed of		
- Indirect management with GIZ	5 000 000	1 000 000
Specific Objective 2 composed of		
- Indirect management with GIZ	12 500 000	0
Specific Objective 3 composed of		
- Indirect management with GIZ	4 700 000	3 000 000
Communication and visibility		
- Indirect management with GIZ	500 000	0
Total in Indirect management with GIZ	22 700 000	4 000 000
Evaluation (cf. section 5.9)	300 000	N.A.
Audit/ Expenditure verification (cf. section 5.10)		
Communication and visibility (cf. section 5.11)	0	N.A.

¹⁵ Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung.

Contingencies	0	N.A.
Total	23 000 000	4 000 000

5.6 Organisational set-up and responsibilities

Similar to the Participatory Infrastructure Programme (PIP) a **Project Management Office** will be set up with the membership of MoHUUC, GOPP, ISDF, including representation of the relevant Governorates and GIZ staff members, to follow up, oversee and manage the implementation and operations of the project on a national level.

In addition, the set-up of a **National Steering Committee** comprising all the previously mentioned bodies as well as the Ministry of International Co-operation, the German Embassy and the European Union is planned, whereas **Local Steering Committees** will be in charge of managing and follow-up of activities at local level. They will tentatively meet twice a year.

5.7 Performance and Results monitoring and reporting

An inception phase will be used to establish an overarching monitoring framework for the action and conduct a baseline review of the indicators. This monitoring framework will be used throughout the implementation of the action and subsequent monitoring missions may be foreseen to report on performance and results monitoring, besides the evaluations mentioned under 5.8.

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process, and part of the implementing partner's responsibilities. To this end, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (outputs and direct outcomes) as measured by corresponding indicators, using as a reference the Logical Framework Matrix.

SDGs indicators and, if applicable, any jointly agreed indicators as for instance per Joint Programming document should be considered. Reports shall be laid out in such a way as to allow monitoring of the means envisaged and employed and of the budget details for the action. The final report, narrative and financial, will cover the entire period of the action implementation.

5.8 Evaluation

Having regard to the importance of the action, a mid-term and final evaluation will be carried out for this action or its components via independent consultants contracted by the Commission. The mid-term evaluation will be carried out for problem solving and learning purposes. The final evaluation will be carried out for accountability and learning purposes at various levels (including for policy revision). The Commission shall inform the implementing partner at least 6 months in advance of the dates foreseen for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

The evaluation reports shall be shared with the partner country and other key stakeholders. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

Evaluation services may be contracted under a framework contract.

5.9 Audit

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, based on a risk assessment, contract independent audits or expenditure verification assignments for one or several contracts or agreements.

It is foreseen that audit services may be contracted under a framework contract.

5.10 Communication and visibility

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU.

This action shall contain communication and visibility measures which shall be based on a specific **Communication and Visibility Plan of the Action**, to be elaborated at the start of implementation.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country (for instance, concerning the reforms supported through budget support), contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in, respectively, the financing agreement, procurement and grant contracts, and delegation agreements.

The communication and visibility requirements for European Union External Action (or any succeeding document) shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations. Communication and visibility activities shall be implemented in accordance with the EU communication and visibility requirements in force.

It is foreseen that Communication and Visibility will be contracted by GIZ in indirect management.

APPENDIX - INDICATIVE LOGFRAME MATRIX (FOR PROJECT MODALITY) ¹⁶

	Results chain: Main Expected Results	Indicators	Baselines	Targets	Sources of data	Assumptions
Impact (Overall Objective)	Improved living conditions of the residents of the less advantaged areas in Giza, Mansoura, and Port Said	% of the targeted beneficiaries in the less advantaged areas stating that their living conditions have improved as a result of the intervention (disaggregated by gender, age, area & type of vulnerability)	0% (2020)	X% (2024)	Project Impact Assessment Study	Not applicable
Outcome (Specific Objective)	O1. National and local decision-makers as well as CSOs have implemented sustainable, integrated and participatory urban development instruments in the targeted areas.	Number of sustainable, integrated and participatory urban development instruments implemented in each of the targeted cities.	0 (2020)	X (2021)	Project progress reports; Decisions adopted by the Local authorities	Interest of relevant stakeholders in the concept of integrated urban management and the participation in the capacity development programme.
		Number of cities with climate change and/or disaster risk reduction strategies: a) developed, b) under implementation with EU support**.	1	3	MoHUUC	
	O2. The residents, especially the youth, women, and the less advantaged groups, have increased their uptake of upgraded, safe, and sustainable basic socio-economic services and infrastructure in the targeted areas.	Number of Local area development plans developed**.	0 (2020)	X (2021)	Official plans	Institutional support from all the relevant stakeholders
		% of implemented measures operational and used by the residents 6 to 12 months after implementation.	0 (2020)	X% (2025)	Impact & Sustainability Assessment report	Acquisition of security clearances to implement the measures

¹⁶ Mark indicators aligned with the relevant programming document mark with '*' and indicators aligned to the EU Results Framework with '**'.

	O3. The residents of the targeted areas, especially the youth, women, and the less advantaged groups, have improved their income and labour market participation.	Number (and %) of residents of the targeted areas who have improved their income levels (disaggregated by gender, age, area & type of vulnerability)	0 (2020)	X% (2024)	Baseline and Post Assessment studies	-Interest of the local community and authorities in the sectoral improvement measures.
		Number (and %) of residents of the targeted areas who are gainfully employed as a result of the action (disaggregated by gender, age, area, & vulnerable groups)	0 (2020)	X% (2024)	Baseline and Post Assessment studies	
		Number (and %) of residents who have set up their own business as a result of the action (disaggregated by gender, age, area, & vulnerable groups)	0 (2020)	X% (2024)	Baseline and Post Assessment studies	
Outputs	Output 1.1: Capacities of relevant local stakeholders on integrated urban management participatory tools and climate change adaptation are strengthened.	% of local stakeholders who confirm their ability to implement sustainable, integrated and participatory urban development instruments	X% (2020)	X% (2023)	Pre and Post assessments, Training materials, Participant lists, and Evaluation reports	-Willingness to participate in the capacity development programmes.
	Output 1.2: Increased opportunities for residents, especially the youth, women and less advantaged groups, to participate in the planning and implementation of measures for urban development.	Number of residents who have participated in the planning and the implementation of measures disaggregated by gender, age, area, & type of vulnerability**.	0 (2020)	X (2021)	Participants Lists & monitoring and evaluation reports	
		Number of CSOs who have participated in the planning and implementing of measures**.	0 (2020)	X (2021)	Lists of CSOs & monitoring and evaluation reports	

	Output 1.3: A policy framework for the integration of the less advantaged urban areas is developed, including climate change adaptation strategies at local level.	Policy paper on integration of the less advantaged urban areas is created and disseminated.	0 (2020)	1 (2023)	Policy document
		Extent to which Port Said and Mansoura cities have integrated climate change adaptation into a development plan/strategy.	1 (2020)	3 (2021)	Development plans and Strategy documents.
Outputs	Output 2.1: Basic and socio-economic services and infrastructure measures are made available according to the identified needs of the residents of the targeted areas.	Number of upgraded, safe basic socio-economic services and infrastructures made available in the targeted areas	0 (2020)	X (2024)	Financial and technical documents Maps
	Output 2.2: Climate change adaptation and environmental measures are implemented according to the identified needs of the residents of the targeted cities.	Number of climate change adaptation and environmental measures implemented**.	0 (2020)	X (2024)	Financial and technical documents Maps
	Output 2.3: Increased capacity of CSOs to deliver improved, safe, and sustainable basic socio-economic services and infrastructure to the target group.	Number of CSO staff with increased skills on the delivery of improved, safe, and sustainable basic socio-economic services and infrastructure to the target group	0 (2020)	X (2024)	Financial and technical documents Maps
Outputs	Output 3.1: Decent work and livelihood opportunities increased in the targeted areas.	Mapping of local economic activities, socio-economic opportunities and hotspots within the targeted areas developed	0 (2020)	X (2024)	Training materials, attendance lists, and photos.
		Number (and %) of residents with increased capacity to access income generating activities within their local economy (disaggregated by gender, age, area & activity)**	0 (2020)	X (2024)	Training materials, attendance lists, and photos.

	Output 3.2: Social and environmental entrepreneurship skills are enhanced.	Number (and %) of residents with increased social and environmental skills (disaggregated by gender, age, area & activity)	0 (2020)	X (2024)	Attendance lists (per age and sex), training materials, photos	
		Number of trained residents who started new businesses (disaggregated by gender, age, area & activity)	0 (2020)	X (2024)	Business plans; List of new start-ups; Success stories	



ANNEX 4

of the Commission Implementing Decision on the annual action programme part II for 2020 in favour of Egypt

Action Document for "EU Integrated Rural Development Programme for Egypt (EU-ZIRA3A)"

ANNUAL PROGRAMME/MEASURE

This document constitutes the annual work programme in the sense of Article 110(2) of the Financial Regulation and action programme/measure in the sense of Articles 2 and 3 of Regulation N° 236/2014.

1. Title/basic act/ CRIS number	EU-ZIRA3A ¹ - EU Integrated Rural Development Programme for Egypt CRIS number: ENI/2020/042-685 Financed under the European Neighbourhood Instrument.	
2. Zone benefiting from the action/location	Neighbourhood South, Egypt. The action shall be carried out at the following locations: the governorates of Sohag, Asyut and Damietta	
3. Programming document	European Union (EU) Single Support Framework for Egypt 2017-2020 ² .	
4. Sustainable Development Goals (SDGs)	Main SDGs: SDG 1 "No poverty", SDG 2 "Zero hunger" and SDG 12 "Ensure sustainable consumption and production patterns". Other significant SDGs: SDG 3 "Good health and well-being", SDG 5 "Gender equality", SDG 6 "Clean water and sanitation", SDG 7 "Affordable and clean energy", SDG 10 "Reduce inequality within and among countries", SDG 13 "Climate action".	
5. Sector of intervention/	Rural Development ; Agriculture	DEV. Assistance: YES ³

¹ The word زراعة pronounced "zirā'a" and often written ZIRA3A by young people using the Latin alphabet and the number 3 to mimic the Arabic letter ع means agriculture and is the most commonly used word to refer to agriculture in Egypt.

² C(2017) 7175 final, 30.10.2017.

³ Official Development Assistance is administered with the promotion of the economic development and welfare of developing countries as its main objective.

thematic area	Development			
6. Amounts concerned	<p>Total estimated cost: EUR 27 300 000</p> <p>Total amount of European Union (EU) contribution EUR 24 000 000. This action is co-financed in parallel by the Italian Agency for Development Co-operation (AICS) for an amount of EUR 3 300 000.</p>			
7. Aid modality and implementation modality	<p>Project Modality</p> <p>Indirect management with the Italian Agency for Development Co-operation (AICS).</p>			
8 a) DAC code(s)	<p>140 – Water Supply & Sanitation: 5% 14050 – Waste management/disposal: 5%</p> <p>232 – Energy generation, renewable sources: 5% 23230 – Solar energy: 5%</p> <p>311 – Agriculture: 70% 31120 – Agricultural development: 5% 31130 – Agricultural land resources: 5% 31140 – Agricultural water resources: 30% 31150 – Agricultural inputs: 5% 31166 – Agricultural extension: 10% 31192 – Plant and post-harvest protection and pest control: 5% 31194 – Agricultural co-operatives: 5% 31195 – Livestock/veterinary services: 5%</p> <p>410 – General Environment Protection: 5% 41081 – Environmental education/training: 5%</p> <p>430 – Other Multisector: 15% 43042 – Rural development 10% 43073 – Food safety and quality: 5%</p>			
b) Main Delivery Channel	<p>European Commission – Development Share of Budget – 42001 Italian Agency for Development Co-operation (AICS) - 11004</p>			
9. Markers (from CRIS DAC form)⁴	General policy objective	Not targeted	Significant objective	Principal objective
	Participation development/good governance	<input type="checkbox"/>	x	<input type="checkbox"/>
	Aid to environment	<input type="checkbox"/>	x	<input type="checkbox"/>
	Gender equality and Women's and Girl's Empowerment ⁵	<input type="checkbox"/>	x	<input type="checkbox"/>

⁴ When a marker is flagged as significant/principal objective, the action description should reflect an explicit intent to address the particular theme in the definition of objectives, results, activities and/or indicators (or of the performance / disbursement criteria, in the case of budget support).

⁵ Please check the Minimum Recommended Criteria for the Gender Marker and the Handbook on the OECD-DAC Gender Equality Policy Marker. If gender equality is not targeted, please provide explanation in section 4.5.Mainstreaming.

	Trade Development	x	<input type="checkbox"/>	<input type="checkbox"/>
	Reproductive, Maternal, New born and child health	x	<input type="checkbox"/>	<input type="checkbox"/>
	RIO Convention markers	Not targeted	Significant objective	Principal objective
	Biological diversity	x	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	<input type="checkbox"/>	x	<input type="checkbox"/>
	Climate change mitigation	<input type="checkbox"/>	x	<input type="checkbox"/>
	Climate change adaptation	<input type="checkbox"/>	x	<input type="checkbox"/>
	Internal markers	Not targeted	Significant objective	Principal objective
	Digitalisation	x	<input type="checkbox"/>	<input type="checkbox"/>
	COVID Response	x	<input type="checkbox"/>	<input type="checkbox"/>
10. Global Public Goods and Challenges (GPGC) thematic flagships	Not applicable			

SUMMARY

Poverty is mostly prevalent in rural areas where more than 70% of poor people are concentrated. In rural areas, agriculture represents the main source of income but Egyptian agriculture is facing several challenges linked to the increasing scarcity of land and water in a context of high population growth and limited government resources. First, water infrastructure and irrigation methods are less and less adapted to face the challenges of climate change and need to be upgraded. Second, smallholder farmers, who own the vast majority of the agricultural land in the Nile valley, hold on average less than 1 ha per farmer and this fragmentation is increasing as the population keeps growing. Third, despite most of them (if not all) belonging to agriculture co-operatives, smallholder farmers generally lack access to sufficient technical services, agricultural machines, inputs and credit and need to receive support to improve their practices and increase their profits.

The government has established a Sustainable Agriculture Development Strategy (SADS) for 2030. This aims to modernise Egyptian agriculture with a view to achieve food security and improve living standards of the rural population by making efficient use of available natural resources. The present programme has been designed to support the Egyptian Government in its implementation of the SADS in the three governorates of Sohag, Asyut and Damietta. It will help to improve the livelihood of the rural communities in these governorates by providing support to the smallholder farmers, their families, their co-operatives as well as the institutional bodies in charge of agriculture and rural development both at the central and governorate level. To support the socio-economic development of the targeted areas, the programme will mainly focus on mitigating water scarcity. It will also aim to provide efficient agricultural extension services⁶, improve livestock wealth and explore new and innovative solutions for generating income, notably for rural women.

⁶ Agricultural extension is the application of scientific research and new knowledge to agricultural practices through farmer education. The field of 'extension' now encompasses a wider range of

The programme will address the exposed challenges in the three governorates of Asyut, Sohag and Damietta. It will include a strong environment dimension as it will help to protect the natural resources of the Nile valley, by supporting integrated farming and pest management as well as agricultural practices that reduce greenhouse gases emissions and that are adapted to climate change. This integrated programme will also focus on strengthening access to education and training in the rural areas.

In the first quarter of 2020, Egypt started implementing preventive measures in an attempt to control the spread of COVID-19, which was declared a global pandemic by the World Health Organisation (WHO) on 11 March 2020. At the time of writing this action, it is not possible to assess their socio-economic impact. It is therefore anticipated that the activities foreseen in section 4 of the document may be adjusted in light of the specific needs that may arise in the sector or amongst the identified beneficiaries and target groups.

1 CONTEXT ANALYSIS

1.1 Context Description

Egypt remains a country direly affected by poverty, especially in its rural areas

Egypt ranks 116 out of 189 countries in Human Development Index (Global 2019 Human Development Report). With 100 million people (two thirds of whom are under 29 years old), Egypt is the most populated country of North Africa. With a birth rate of 3.2 children per woman (World Bank), the demographic situation poses increasing challenges in the field of development, especially for rural areas considering that:

- 32.5% of the Egyptians live below the poverty line;
- the unemployment rate is high (around 10%), especially among young people (26%) and women (23%)⁷;
- the quality of public services remains poor;
- the differences between rural and urban areas are very significant.

Despite the considerable progress achieved on all Millennium Development Goals, Egypt has not attained the expected results to reduce poverty, to protect the environment and to ensure gender equality.

Poverty in particular steadily increased from 16.7% in 2000 to 32.5% in 2018 and is mostly prevalent in rural areas where more than 70% of the poor are concentrated. Upper Egypt is particularly affected by poverty as it accounts for about 25% of the total population but represents half of the poorest people in the country. Several other human development indicators show the same gap between rural and urban areas. For instance, the illiteracy rate is twice as high in rural as in urban areas.

communication and learning activities organised for rural people by educators from different disciplines, including agriculture, agricultural marketing, health, and business studies.

⁷ According to the latest statistics released by the Central Agency for Public Mobilisation and Statistics (CAPMAS).

Egyptian agriculture development is central in fighting rural poverty

Agriculture has an important potential role in fighting poverty: it has indeed the highest multiplier effect on poverty reduction compared to any other productive sector in Egypt, in that a 1% increase in agriculture GDP reduces poverty by 3%⁸.

Agriculture is in fact the most important socio-economic sector for most of the Egyptian population. Even if its GDP share reaches only 14.5%, it contributes to 28% of all jobs and it is the main economic source of income for about 55% of the population. Agriculture is also particularly important for Egyptian women as it employs about 45% of all women in the workforce. In addition, industries related to agriculture, such as food and food processing, marketing and input supplies account for another 20% of GDP, which means that, in total, agriculture and related agro-industries and services account for more than a third of the Egyptian GDP.

Old lands represent the most important agriculture area in terms of food security

Egyptian agriculture is concentrated mainly in the so-called “old lands” (5,4 M feddans⁹) formed by the Nile valley and delta occupying only 3% of the Egyptian territory. The remaining cultivated areas called “new lands”, have been reclaimed from the desert through projects progressively implemented by the government and the private sector since the beginning of the 1960s (2.5 M feddans).

The old lands are cultivated with main field crops (cotton, maize, rice, wheat, sorghum, fava beans and potatoes) as well as fodder crops. By contrast horticultural crops are mainly produced in the newly reclaimed desert lands.

Livestock production, essentially relying on the local production of fodder in the old lands, is also a fundamental element in Egyptian agriculture where cows and buffaloes form the main animal wealth and represent a very important source of protein for the rural population through meat and milk products as well as a main source of income for the smallholder farmers¹⁰.

For these reasons, **the old lands represent the main source for field crops and animal protein forming the main food basket for the Egyptian population.** On the other hand, the new lands are mainly targeted towards the export market, as they notably need to compensate their higher production costs¹¹.

Old lands are facing two main challenges: population growth and water scarcity

⁸ Synthesis report on Egyptian agriculture 2019, ENPARD South support project II.

⁹ 1 feddan = 0.420 hectares.

¹⁰ The value of animal products (beef meat and milk) represented 24.4% of the agriculture gross domestic product in 2017. If you include poultry and fish, animal products contributed to 42.9% of the agriculture domestic product in 2017. 17% of the cattle population and 6% of the buffalo population are owned by people who do not own any agricultural land, and 89% of the cattle population and 75% of the buffalo population are in agricultural holding less than 5 feddans. This clearly shows the importance of the animal sector for the Egyptian agriculture in terms of income generation and the important role of the smallholder farmers. Animal products are also essential for the Egyptian food security.

¹¹ These costs are first linked to the investment needed, in some areas, for the underground water wells, the modern irrigation systems as well as the protection works needed against the wind erosion; then, during cultivation, to higher labour cost, higher fertilisation rates and, sometime, higher pumping costs than in the old lands.

About 90% of the Egyptian population is living in the Nile valley and delta – something which increases pressure on these fertile lands, amplified by the high population growth and the consequent urbanisation that the Egyptian authorities are trying to control.

Another important factor that limits the productivity of the old lands is the high and increasing degree of tenure fragmentation. The phenomenon is steadily increasing through a combination of the population increase and the heritage system. As a consequence, the average size of land per farmer decreased from 5 feddans to 1 feddan over the last two generations. Today, the average landholding ensures less and less an adequate source of incomes for the farmers and will not be sufficient for the next generation of farmers unless a solution to this problem can be found.

About 20 years ago, Egypt's water per capita was 1,000 m³ per year, which is equivalent to the global water poverty line. Since then, Egypt has entered an era of water poverty with the population increasing and the water resources almost fixed. As a result, in 2018, water per capita has decreased to about 580 m³ and is projected to fall to 470 m³ in 2030 and 350 m³ in 2050. In addition to scarcity, water use efficiency is low and up to half of the supplied water is lost during irrigation notably because of the lack of maintenance of the irrigation networks.

The Nile valley and delta represent the best investment targets to fight rural poverty, improve food security and limit rural-urban migrations

Even though the production potential of the old lands is high, the use of available resources needs to be greatly enhanced and optimised through adequate agricultural services and infrastructure investments.

The old lands must be protected from urbanisation and the smallholder farmers and their communities provided with all means and support to sustain and improve their productivity as well as diversify their sources of incomes in order to:

- safeguard the food security of the Egyptian population as a whole, and the rural population in particular;
- avoid a poverty increase of important proportion in the rural population;
- limit rural decline and avoid the associated migrations of the rural population to Egyptian urban areas and neighbouring countries.

Fertiliser and pesticide management need to be improved

In Egypt, intensive cultivation on a relatively limited agricultural land area corresponded with a traditionally high rate of pesticide and fertiliser use. These practices need to be changed in order to protect the environment, reduce the production costs, and improve the safety of the products and the health of the farmers as well as to develop the access to export markets. This represents a policy priority of the government which wants to improve and increase the number of laboratories that carry out analyses to control the quality of agricultural products and their conformity with international standards particularly with respect to pesticide and chemical residues. The current capacity of the laboratories and the plant quarantine is limited and needs to be enlarged and improved in terms of equipment and devices in order to meet the increasing demand for their services especially for exported products.

1.2 Policy Framework (Global, EU)

Global Framework

In its latest report on “Agriculture Development, Food Security and Nutrition”¹², the 2019 General Assembly of UN highlights the critical role of a sustainable food systems approach in eradicating poverty, hunger and all forms of malnutrition, promoting sustainable production and consumption, meeting the challenges of urbanisation, absorbing the youth labour force and reducing the impact of food systems on biodiversity, natural resources and the climate.

The EU has played a leading role in the process that led to the adoption of the 2030 Agenda for Sustainable Development and its 17 Sustainable Development Goals (SDGs) in September 2015 and has taken the lead in its implementation.

EU/Africa Framework

Africa is a priority of the EU, as reflected through the establishment in September 2018 of the “Africa-Europe alliance for sustainable investment and jobs”¹³.

In this context, the Task Force Rural Africa (TFRA) was created to advise the European Commission on how best to contribute to sustainable development and job creation in Africa’s agri-food sector and rural economy. In March 2019 the TFRA proposed four strategic areas of action:

- a territorial approach for job creation and income growth;
- sustainable land and natural resource management and climate action;
- supporting the sustainable transformation of African agriculture;
- the development of the African food industry and food markets.

The TFRA also recommended for the rural transformation of Africa to:

- adopt a food systems approach for the governance, planning and investment in the agri-food sector;
- increase coherence, co-ordination and complementarity between agriculture, climate, environment and land and natural resources management.

A sustainable food systems approach is one that explicitly meets the needs of society, economy and environment over time, and guarantees sustainable outcomes in all these three dimensions, hence balancing their trade-offs. A comprehensive food systems transformation, should:

- enable all people to benefit from nutritious and healthy food;
- reflect sustainable agricultural production and food value chains;
- mitigate climate change and build resilience;
- encourage a renaissance of rural territories;

¹² Report of the Secretary-General titled “Agriculture development, food security and nutrition” (document [A/74/237](#), 2019).

¹³ https://ec.europa.eu/commission/africaeuropealliance_en

- be aligned to the 2030 Agenda for Sustainable Development.

Fostering diversified agro-ecological systems not only carries environmental, health, and cultural benefits but also fundamental economic and social welfare impacts.

EU/Egypt framework

The EU is committed to support partner countries through external policies and instruments. With an on ongoing portfolio of EUR 1.4 billion, the European Union is a key partner of Egypt. Under the EU/Egypt Partnership Priorities 2017-2020 and Single Support Framework (SSF) 2017-2020, the EU and Egypt acknowledged the importance of building a stable and prosperous Egypt including modernisation of the economy. These priorities are aligned with the key strategic government planning documents, the “Sustainable Development Strategy – Vision 2030”.

1.3 Public Policy Analysis of the partner country/region

Over the last 30 years, the national agricultural policy of the country has primarily focused on land reclamation in new areas with investments from the private sector, and investments in national mega projects to improve farm irrigation techniques.

In 2009, the Government of Egypt, with the support of the Food and Agricultural Organisation of the United Nations (FAO), devised a new strategy called “Sustainable Agricultural Development Strategy towards 2030”, which aims to modernise agriculture in order to achieve food security and improve the living standards of the rural inhabitants by making efficient use of the available resources. The main objectives of this strategy include the sustainable use of natural agricultural resources, increasing the productivity of land and water units, raising the degree of food security, increasing the competitiveness of agricultural products, improving the living standards of the rural inhabitants and reducing poverty rates in rural areas.

Consistent with the Egypt Vision 2030, the Sustainable Agricultural Development Strategy 2030 (SADS 2030), the Executive Plan of Agricultural Development (EPAD 2017- 2022) and the National Strategy for Adaptation to Climate Change and Disaster Risk Reduction, it is possible to summarise the six government priorities for agriculture as follows:

- Sustainable use of natural agricultural resources;
- Increasing the productivity of both the land and water units;
- Raising the degree of food security of the strategic food commodities;
- Increasing the competitiveness of agricultural products in local and international markets;
- Improving the climate for agricultural investment;
- Improving the living standards of rural inhabitants, and reducing poverty rates in the rural areas.

In 2016 Egypt adopted its “Sustainable Development Strategy – Vision 2030” (SDS), which reflects the country’s vision for inclusive, sustainable and participatory development, encompassing economic, social and environment dimensions. It reflects the 2014 Constitution provisions and outlines an operational framework for the reform programme of the Government, aligned with the SDGs as well as the African Agenda 2063.

The Egyptian authorities, with the support of FAO and the World Bank are in the process of updating the “Sustainable Agricultural Development Strategy towards 2030” to align it to the SDS and the 17 SDGs.

Recently the Egyptian Government has been implementing new policies to achieve the main objectives of the SADS through actions such as amending the agricultural co-operative law, developing a farm registry system ("the farmer smart card") as well as the extension system through a range of mobile applications for specific crops and developing climate-smart technologies and enhancing the agricultural education system.

- In 2014 the government amended the Agricultural Co-operative Law N. 122/1980¹⁴ to improve the efficiency and capability of the co-operatives to provide smallholder farmers with agricultural inputs and services. Thanks to this new legislation, co-operatives can become shareholders in commercial companies. This should help increase the profit made by co-operatives along the value chain and improve the revenue of smallholder farmers.
- Since 2018 the government has been developing a farmer/farm registry based on electronic cards replacing paper-based documentation. This "smart card system" is being piloted in four governorates namely Port Said, Gharbeya, Assiut and Sohag. It will then cover Damietta and the remaining governorates. Eventually the system should help develop a comprehensive and accurate database of the farmers and their farms at the country level. The new cards will allow farmers to buy their share of subsidised inputs (fertilisers, seeds, diesel, etc.), access extension services provided by the state and collect amounts they are owed on government contracts¹⁵. Thanks to this system the government will have accurate data regarding the cultivated areas and type of cultivated crops. It will also be able to better track shipments earmarked for exports.
- Recently the government has been working on upgrading the agricultural extension to provide efficient technical support to the farmers by including the private sector as provider of extension services and by introducing a digital extension system. In that regard, FAO launched 4 mobile applications in December 2019 for citrus, palm dates, farmer diets and household poultry. In addition, the Central Laboratory for Agriculture Climate (CLAC) of the Ministry of Agriculture and Land Reclamation (MALR) has launched a mobile application for olives, and two other applications for wheat and potatoes will be launched soon. The MALR intends to expand the use of such mobile applications for other crops and services. Notably MALR aims at providing counselling for climate change adaptation and mitigation.
- The government also enhanced the technical agricultural education system by upgrading the TVET (Technical and Vocational Education and Training) programmes of the Ministry of Education and the training of the teachers so as to improve the practical skills learned by students.
- In January 2020, the Egyptian Parliament approved a new law to regulate organic agriculture and the Ministry in charge of water has set a strategy of four directives for

¹⁴ By the law N.204 in 2014.

¹⁵ For certain crops, mainly cereals, the General Authority for Supply Commodities (GASC) fixes procurement prices. For instance, for wheat, procurement prices are derived from a moving average of prices paid for imported wheat in the previous two months.

developing water resources, rationalising water use, purifying water and protecting it from pollution. One of the main objectives of these strategies is to implement a modern irrigation system as an alternative to flood irrigation in a way to both save water and increase crop productivity by more than 30%. Farmers are meant to be the first beneficiary of the modern irrigation systems as they should be able to cultivate the entire land area thanks to the water savings and reduce their operating and maintenance costs.

1.4 Stakeholder analysis

Right holders

- Direct beneficiaries:

The main targeted direct beneficiaries will be the rural communities of farmers, their co-operatives (producer groups and producer organisations), including the community-based associations and civil society organisations.

The agricultural co-operative system in Egypt plays a very important role to provide smallholder farmers with agricultural inputs and services. Even so this role has been diminishing recently due to budget constraints and the related cuts in the subsidy programs for agricultural inputs, most, if not all, smallholder farmers belong to an agriculture co-operative in order to benefit from the subsidised nitrogen fertilisers. The programme will support the empowerment of co-operatives in the context of the new legislation granting co-operatives the right to become shareholders in commercial companies. This will help farmers to face market challenges and to strengthen their bargaining power in relation to production and marketing, including in local markets and for export purposes.

Particular attention will be paid to women and family organisations, which play an important role to support and improve the socio-economic situation of rural women. In that regard, in each of the targeted governorates, a mapping of the existing women organisations and their needs will be carried out during the initial period of the project implementation and a specific support will be provided accordingly. Additionally, small business associations of non-agricultural sectors (e.g. artisans) will be also targeted.

- Indirect beneficiaries:

The indirect beneficiaries will be the rest of the Egyptian citizens living in the rural communities.

Duty bearers

The Ministry of Investment and International Co-operation (MIIC) will act as the “National Co-ordinator” of the programme.

The main institutional stakeholders and beneficiaries of the action are the following ministries, both at the central and governorate levels:

- the Ministry of Agriculture and Land Reclamation (MALR),
- the Ministry of Water Resources and Irrigation (MWRI),
- the Ministry of Local Development (MLD),
- the Ministry of Education (ME).

Among them, MALR will have a leading role for the implementation of the action. Within the MALR, the Agricultural Research Centre (ARC) and its different institutes will play a key role in the implementation of the programme.

More generally, the programme implementation foresees as much as possible the involvement of different stakeholders both at governmental and non-governmental level, including private, local and international organisations.

1.5 Problem analysis/priority areas for support

The food system in Egypt is characterised by:

- a very high dependency on food imports (Egypt imports about 55% of its total needs and is one of the largest wheat importers in the world);
- a subsidy system (for wheat, sugar, rice and food oil) which represents a heavy burden on the public budget and negatively affects the development of the agricultural sector;
- limited investment (only 3.7% of total investment in 2019¹⁶), notably for agriculture and irrigation in the old lands.

The main challenges of the Egyptian agriculture are: water scarcity, the low level of technical assistance particularly for smallholder farmers holding the majority of the agricultural old lands, the decrease of the surface area of the fertile old land due to urbanisation, land fragmentation (85% of all landholders cultivate less than 1 hectare - often not enough to earn an adequate income) and the unsustainable management of natural resources.

The Nile water is the only source of irrigation water for the old agricultural land, its limited quota for Egypt (55.5 billion m³), and the population increase are two main factors lowering the per capita Nile water availability to 575 m³ in 2019.

Agriculture sector share from Nile water is about 80%, the per capita value could be decreased to satisfy the needs of the other development sectors such as industry and tourism, and also to allow for the future increase in domestic use as the population is growing.

Despite the high potential of the old land, its economy for the smallholder farmers is not efficient due to the limited access, if any, to technical assistance, efficient extension services, innovative technologies, suitable marketing opportunities and availability of agricultural inputs at reasonable prices. This situation leads to the impoverishment of smallholder farmers, limiting their access to basic services such as education and health services.

Moreover, poor management of solid and agricultural waste and the overuse of chemical inputs have made a big contribution to environmental degradations in rural areas. Improper waste disposal has also become a national problem in Egypt, and an issue for debate and conflict at local and national levels over recent decades.

Recently, due to budget constraints and the recent application of the economic reform policy, the Egyptian Government decreased to a minimum the subsidy programs to agricultural inputs such as fertilisers, seeds, pesticides, soil amelioration services and marketing.

¹⁶ <https://www.egypttoday.com/Article/3/70207/LE-1-5B-investments-for-Agriculture-Ministry-under-2019-2020>.

For small landholders, incomes from agricultural activities are not sufficient to meet their needs. Alternative employment opportunities are lacking due to the limited development of small and medium enterprises (SMEs) in rural areas (limited access to finance and lack of technical/managerial skills). As a consequence there is a growing general need to diversify sources of income.

To respond to these challenges, this integrated rural development programme will enhance and support the economy of the rural areas in the old lands and optimise the use of the natural resources (water and soil) in order to ensure the food security of the population and enhance the socio-economic situation of the smallholder farmers and their families.

Three governorates will be targeted through this action: two governorates in Upper Egypt (Sohag and Asyut) and one in the Nile delta (Damietta). Sohag and Asyut have been selected as they are amongst the poorest governorates in the country with 66% of their population being extremely poor). Damietta has been selected due to its high level of poverty in the rural area. Also these three governorates cover the full range of the irrigated agricultural systems of the old lands and AICS has within its plans development initiatives that will increase the synergies of actions with this programme.

The visits organised by the EU Delegation and the AICS in these three governorates in December 2019 confirmed the known difficulties and the lessons learnt from previous and on-going projects for the support of the rural areas.

2 RISKS AND ASSUMPTIONS

Risks	Risk level (H/M/L)	Mitigating measures
1 - Lack of full political support for the implementation of project activities.	H	Regular meetings between government representatives and the project management unit (PMU) will facilitate full and continuous support.
2 - Lack of co-ordination between the different directorates/agencies of the MALR and/or between MALR and other ministries having a role in the implementation of the programme (i.e. MWRI, MLD or ME)	M	The use of the participatory approach with all institutional stakeholders will help ensure the full co-operation of the different stakeholders.
3 - Approval of the project activities delayed by the local authorities.	L	High political support of the project should help speed up approval at local level.
4 - Delayed issuance of permission/licences to organisations entrusted to implement project activities.	M	Pre-approval of project activities will pave the way for authorising individual implementing organisations.

<p>5 - All beneficiary farmers at either meska or marwa levels¹⁷ do not accept the proposed rehabilitation modality for the irrigation network.</p>	<p>L</p>	<p>The use of the participatory approach for selecting both the irrigation canals to be rehabilitated and the means of rehabilitation will help avoid conflict between farmers. Written agreements will be signed with water users associations (WUS) to prevent objections during the works.</p>
<p>6 - Institutional staff providing extension services to the farmers are not well qualified.</p>	<p>L</p>	<p>The programme will provide intensive training to the institutional staff in the three targeted governorates.</p>
<p>7 - Fragmented small agricultural fields prevent the use of agricultural machinery to provide proper agricultural services.</p>	<p>M</p>	<p>The programme will raise awareness and provide in-kind incentives to farmers in order for them to accept shared agricultural crop rotations.</p>
<p>8- Good Agricultural Practices (GAP) are not accepted by farmers or co-operatives.</p>	<p>M</p>	<p>GAP will be developed in a way that matches the interests of beneficiary farmers and their co-operatives. Also the programme will showcase examples and organise regular trainings on demonstration fields.</p>
<p>9- Difficulty to access credit lines due to the low capacities of co-operatives and/or the bureaucratic procedures applied by the banks.</p>	<p>H</p>	<p>The programme will provide assistance with the paper work for the co-operatives that would be willing to invest. The programme will also develop alternatives like in-kind credit programmes.</p>
<p>Assumptions:</p> <p>The overall assumption for ensuring the programme's effective implementation with a sustainable impact on targeted beneficiaries is that the programme receives full institutional support from all relevant stakeholders. This first requires political stability, then the commitment of all governmental stakeholders from national to local level and then the commitment of the local rural communities. Eventually, timely acquisition of security clearances during all phases of the programme is a must.</p>		

¹⁷ Meskas and marwas represent the latest levels of the irrigation network derived from the Nile River. With respect to irrigation canals, the government (MWRI) is responsible for all the canals from the principal canals down to the branch canals, while farmers are responsible for on-farm water management at the meska level and below (marwas).

3 LESSONS LEARNT AND COMPLEMENTARITY

3.1 Lessons learnt

More than twenty years have passed since the first agricultural project supported by the EU was implemented. Over the years, the EU has become an increasingly important partner in this sector, with a total contribution reaching over EUR 200 million for past and current programmes.

Over recent decades, agriculture and rural development schemes in Egypt have largely been technology-based and supply-driven, using mainly a centralised decision-making approach. This has limited local ownership and governance, which in turn has failed to support capacity development or the empowerment of local authorities. Marketing concerns were not integrated, and producers were not encouraged to co-operate or to organise themselves to work together.

Recently, Egypt has been benefitting from ENPARD, a policy initiative that is part of the EU's commitment to inclusive growth and stability in its Neighbourhood, recognising the importance of agriculture in terms of food security, sustainable production and rural employment. ENPARD regional project has been supporting the Egyptian government with a number of studies on various subjects (co-operatives, Good Agricultural Practices, extension system, organic farming) that have been very useful for the identification of this programme and continue to be used during implementation.

The main ENPARD programme still ongoing in Egypt is the EU Joint Rural Development Programme (EJRDP) that started in 2015 for an initial duration of 58 months (lately extended for an additional 12 months). With a budget of EUR 21,895 million for rural development¹⁸, EJRDP aims at increasing agricultural production and rural livelihood opportunities through more effective management of water resources, adoption of Good Agricultural Practices and the diversification of the rural economies in the three governorates of Minya, Fayoum and Matrouh, altogether targeting about 10,000 farming families evenly distributed among these three governorates.

The following good practices of EJRDP were identified during the evaluation and monitoring missions:

- EJRDP has demonstrated a strong participatory approach in all its activities: beneficiaries and local authorities have been fully involved in the decision making processes as well as in the direction of works and their control, fostering the sense of ownership of all activities and, consequently, substantially contributing to its sustainability.
- The definition of terms of reference for the call for proposals and tenders were based on the results of several workshops organised at governorate level. On these occasions, all stakeholders had the opportunity to express their needs and be actively involved in the prioritisation of the activities to be implemented.
- With specific reference to the irrigation works, the preparatory works allowed for an integrated management of the works and the timely provision of work sites as well as the release of permits and authorisation by the competent Egyptian authorities. The

¹⁸ The programme was joined with a demining action in the region of El Alamein.

involvement of the water user associations (WUAs) during the implementation at all stages of the project allowed for the acceptance of the works by the communities, ensuring conflict prevention.

- Regarding the sustainability of the investments made at the last levels of the irrigation network, which are under the shared responsibility of the farmers (meskas, cf. footnote 15), the empowerment and training of the WUAs has proved to be successful as it allowed for the collection of the money necessary for their maintenance. EU-ZIRA3A will follow the same approach to ensure the sustainability of the project.
- The setting up of an exit strategy in a participatory fashion, with the inclusion of programme staff within the premises of local authorities, facilitated the transfer of knowledge as well as material and immaterial assets.

The lessons learnt from the EUJRDP as well as other donor interventions in the sector suggest that in order to be successful and sustainable as well as to ensure ownership by the final beneficiaries, programmes should be community-based, participatory, demand-driven, flexible and accountable, and run in a decentralised way.

These lessons show that the focus of rural development has now shifted from making resources available to making effective use of the available resources, moving from an input/technological focus to a focus on people and sustainable development.

3.2 Complementarity, synergy and donor co-ordination

Donor co-ordination

In the framework of the European Union Joint Programming in Egypt, Italy with AICS is the leader of the sector of agriculture and rural development

Co-ordination between the different EU Member states and other actors is also taking place through a specific Development Partner Group on agriculture and rural development, which is co-chaired by FAO and the AICS.

Additionally, a joint Technical Committee has been created between the Ministry of Agriculture/Foreign Relation and the Italian Co-operation in Cairo through the Ministerial Decree n. 1967, dated 2013 to ensure the overall co-ordination and supervision of all activities related to the agriculture and rural development sector. However if regular meetings are taking place at individual level, no meetings are organised at committee level.

Synergy

In parallel to the action object of this document, the AICS will also finance a two-year programme with an estimated value of EUR 2.3 million. This intervention aims to improve the socio-economic conditions of the most vulnerable rural population in the governorate of Sohag and Asyut, using an integrated approach for local development that will maximise the good management of the agricultural resources at community level (Community Based Natural Resource Management-CBNRM), enhances the local entrepreneurship and protects rural women rights.

Through the Italian-Egyptian Debt Swap Programme the Italian Co-operation is also willing to finance the “National Programme for Improving the Production of Vegetables Seeds in Egypt” as requested by the Ministry of Agricultural and Land Reclamation for an amount of EUR 0.8 million.

Complementarity

Italy is also strongly committed to the agricultural and rural development sector through a number of important initiatives aiming at improving agricultural production and food security, as well as support to local communities in the poorest rural Egyptian governorates.

At the moment, the Italian Co-operation has the on-going following initiatives:

- Agricultural mechanisation in Minya and Fayoum (EUR 10 million);
- From Cotton Seeds to Clothing: Enhancing Sustainability, Inclusiveness and Value Addition of the Cotton Value Chain in Egypt (EUR 1.5 million, implemented by UNIDO);
- Construction of 10 vertical Farm Silos to collect and store wheat produced by small farmers (EUR 20.6 Million), implemented directly by the Egyptian Ministry of Supply and Internal Trade.
- Inclusive and sustainable development of the tomato value chain in Egypt (EUR 1.5 million, implemented by UNIDO);
- Improve the value chain of SIWA date palm through enhancing good agricultural practices on Geographic Indicators (EUR 500,000);
- Marine Aqua Culture Development in Egypt-Phase 2 (EUR 7.5 million, Implemented by the General Authority for Fish Resources Development "GAFRD").
- Food Losses and Waste reduction through value chain development for food security in Egypt and Tunisia (approximately EUR 2 million, implemented by FAO);
- Improving household Food and Nutrition Security in Egypt by targeting Women and Youth (approximately EUR 2.5 million, implemented by FAO).

The EU support to Egypt in the agricultural sector encompasses a number of programmes, which touch upon different areas, ranging from support to SMEs and small holder farmers, institutional strengthening, improvement in the water sector and sanitation.

The EU plays an important role in raising productivity in the agricultural sector through research, co-operatives, credit lines, trainings and exchange of good practices.

- The "Support to Rural Development Programme" (2010-17 EUR 10 million) which provided conditional support to smallholder farmers is a positive example of EU support to Egypt's agriculture which Egypt would like to extend, whereby support in kind (certified seeds, irrigation, technical support) is granted in exchange for respect of good agricultural and environmental practices (GAEC).
- The twinning "Support the improvement of Agricultural Research through the modernisation of the Agricultural Research Centre" (2015-17, EUR 1.4 million) helped the Ministry of Agriculture to reform its research institutes to better address current challenges.
- The twinning "Strengthening the Egyptian phytosanitary control system" (2013-15, EUR 1.5 million) supported the Central Administration of Plant Quarantine (Ministry of Agriculture) to modernise its functioning in order to facilitate exports and imports of agricultural products.

- The "EU Joint Rural Development Programme under the ENPARD approach" (2015 – 2020 EUR 27 million) focuses on improving water efficiency (water harvesting facilities in Matrouh, rehabilitation of irrigation canals in Fayoum and Minya) and on supporting smallholder farmers to adopt GAPs.
- The "Support to Agricultural SMEs" (2015-20 EUR 22million) is implemented with the Ministry of Agriculture. It provides credit facilities to SMEs in the agricultural sector, together with a credit guarantee scheme and external technical assistance.
- The 'Technical and Vocational Education and Training (TVET) Reform-Phase II' (EUR 117 million) aims to improve the structure and performance of the TVET system and TVET delivery in Egypt so as to respond better to the new socio-economic needs of the country.

Other EU Member states are also involved in the support of agriculture and rural development in Egypt:

- Germany, through the *Deutsche Gesellschaft für Internationale Zusammenarbeit* (GIZ) has been supporting the MALR as well as farmers and farmer organisations in the governorates of Beheira and Kafr el Sheito use optimised processes for integrated water resources management (EUR 6.5 + EUR 4 million). GIZ is also supporting the improvement of marketing capabilities and the diversification of distribution channels of smallholder farmers in Upper Egypt (EUR 7 million). Through KfW, Germany is also lending substantial amount of funding (EUR 350 million) for the improvement of water infrastructures, drainage and irrigation networks both in Upper Egypt and in the Nile delta (mainly through the Asyut barrage and "National Drainage Programme III" projects, the latest also benefitting from a EUR 38 million grant from the EU).
- France, through the French Development Agency (AFD) has been implementing several programmes in the field of rural development. Recently and in co-operation with the World Bank, the "Farm Level Irrigation Modernisation Programme (FIMP)", focused on improving water management and agricultural practices in the Nile delta. AFD supported the project through a EUR 35 million loan. As already mentioned AFD is a partner of the EU in the implementation of the SASME (cf. above) and is also working on a new project to provide technical assistance to the management of agricultural wholesale market in Egypt.
- The Netherlands is a financial partner of the World Food Programme (WFP)'s (EUR 7.5million) in a new intervention to support smallholder farmer communities of Upper Egypt (50 plus 60 additional villages). The WFP initiative has been targeting climate change adaptation and mitigation as well as value chain development.

Complementary actions implemented by the other EU development banks:

- The European Investment Bank (EIB) is discussing with IFAD and MALR to co-finance an important loan (EUR 230 million) for the modernisation of the irrigation network in Upper Egypt: the Sustainable Transformation for Agricultural Resilience (STAR) programme. STAR aims to contribute to improved living standards of smallholder farmers and poor and vulnerable women and youth in rural areas in Upper Egypt, specifically in the Governorates of Menya, Asyut, and Suhag. It is foreseen that the programme will be co-financed in parallel by IFAD, the OPEC Fund for International Development (OFID), the WFP, the Adaptation Fund, private financial

institutions, final beneficiaries, the Government of Egypt and EIB. EIB's financing contribution (about EUR 83million) would be dedicated to the civil works under the irrigation investments for the improvement of smallholders' productivity and resilience. EIB requested part of its funding be blended with an EU grant (EUR 18million). This will help ensure the complementarity between the programmes and economies of scale for the infrastructure works developed in the Governorates of Asyut and Sohag.

- The European Bank for Reconstruction and Development (EBRD) is providing loans in the EU-funded Trade and Competitiveness Programme to support SME competitiveness in the agribusiness, manufacturing and services, and ICT sectors in Egypt. The programme offer loans to export oriented SMES in four sectors including the agro-business sector. The budget available for the Egyptian Agriculture sector is EUR 6 million, which, with a leverage factor of 10, should amount to total loan value of EU 60 million to promote agro-business.

Complementary actions implemented by other donors and multilateral organisations:

- IFAD is currently financing four projects (Sustainable agriculture Investments and Livelihoods Project, Promotion of rural incomes through market Enhancement Project, Promoting resilience in desert environments, and on-farm irrigation development in the old lands). This last project, with a budget of USD 92 million, is very much complementary to this programme as it is targeting notably the governorates of Asyut and Sohag. The lessons learnt from this project will be very useful for the programme implementation.
- The MALR entrusted to FAO the updating of the Sustainable Agricultural Strategy 2030, the draft of the updated strategy has been completed but not published yet. FAO is now preparing two executive plans for the updated strategy (years 2020-2025 and 2025-2030). The updated SADS will be aligned with the SDS and the SDGs.
- The World Bank has an engagement with the MALR on a public expenditure review (of limited scope) for the primary purpose of increasing the operational efficiency of the MALR and e-government (communication with the private sector).

4 DESCRIPTION OF THE ACTION

4.1 Overall objective, specific objective(s), expected outputs and indicative activities

Overall objective

The **overall objective** of the action is to improve the living conditions and revenues of the smallholder famers and their communities in the governorates of Sohag, Asyut and Damietta, through a sustainable and integrated approach to rural development while addressing the issues of increasing resource scarcity in a context of quick population growth.

Specific objectives (outcomes)

There are two specific objectives:

- **Specific objective 1 (SO1):** The central Egyptian authorities and their representations in the three governorates of Sohag, Asyut and Damietta are reinforced in their action towards a sustainable rural development of the Nile valley and delta.

- **Specific objective 2 (SO2):** The capacities of the rural population in the three governorates of Sohag, Asyut and Damietta are reinforced with increased agricultural economic opportunities, notably for women, and increased opportunities for training and education.

Expected results (outputs)

SO1:	<u>Result 1.1</u>	Integrated governance of rural development is enhanced both at the central and the governorate levels through capacity building and co-ordination activities.
	<u>Result 1.2</u>	Pest control, food safety and economic prospects are increased through the introduction of diversified and integrated crop protection mechanisms, the promotion of sustainable use of pesticides and the increased monitoring of their residues as well as the capacity building of the Egyptian Plant Quarantine.
	<u>Result 1.3</u>	The capacity of the central administration to monitor and evaluate rural development projects is enhanced as well as its capacity to develop evidence-based policies.
SO2:	<u>Result 2.1</u>	The extension system is strengthened towards a sustainable management of natural resources and agri-food ecosystems.
	<u>Result 2.2</u>	Animal wealth resources are improved and diversified.
	<u>Result 2.3</u>	The irrigation system and the agricultural practices are more efficient and resilient to climate change.
	<u>Result 2.4</u>	Land fragmentation is limited and compensated, notably through the empowerment of co-operatives.
	<u>Result 2.5</u>	Value chains of agricultural products are enhanced, notably through the introduction of diversified crops, organic farming and geographic indications.
	<u>Result 2.6</u>	Rural economies are diversified and rural women are empowered through an increased socio-economic contribution to their communities.
	<u>Result 2.7</u>	Access to education, technical and vocational training as well as to continuous education is improved.

Indicative main work packages (WP)

R1.1 – Integrated governance of rural development is enhanced both at the central and the governorate levels through capacity building and co-ordination activities.

WP 1.1.1 The programme will support MALR in raising the awareness of the farmers regarding the advantages of the Smart Card System in the three targeted governorates, notably for extension services through a range of communication and training activities including workshops.

- WP 1.1.2 Staff of the different institutes of ARC is involved in improving water productivity through the modernisation of the irrigation system (i.e. via the introduction of sprinklers, drip irrigation, solar pumping, etc.) and the use of the agricultural residues to produce silage and/or compost in the three targeted governorates.
- WP 1.1.3 Other training and support needs are developed based on the assessment realised at the beginning of the programme implementation.

R1.2 - Pest control, food safety and economic prospects are increased through the introduction of diversified and integrated crop protection mechanisms, the promotion of sustainable use of pesticides and the increased monitoring of their residues as well as the capacity building of the Egyptian Plant Quarantine.

- WP 1.2.1 Plant quarantine will receive training and equipment for pest detection and phyto-sanitary treatments.
- WP 1.2.2 Plant Quarantine role in the export process will be supported.
- WP 1.2.3 Monitoring and control of pesticides and their residues will be reinforced in order to protect human health and biodiversity.

R1.3 - The capacity of the central administration to monitor and evaluate rural development projects as well as to develop evidence-based policies is enhanced.

- WP 1.3.1 Staff of the MALR will receive training and support to develop a tool to monitor the progress of the programme covering the activities both at central and governorate level and a Geographic Information Systems (GIS) to monitor the progresses of the programme (and potentially other programmes) will be developed and maintained at the central and governorate levels.
- WP 1.3.2 The team in charge of producing evidence based policy decisions for the development of Egyptian agriculture will be supported for instance through technical support by specialised institutions and the provision of satellite images.
- WP 1.3.3 Other training and support needs would be developed based on the assessment to be realised at the beginning of the programme implementation.

R2.1 - The extension system is strengthened towards a sustainable management of natural resources and agri-food ecosystems.

- WP 2.1.1 Developing extension plans according to Good Agricultural Practices (GAPs) and climate-smart agriculture.
- WP 2.1.2 Training of the trainers: extension experts of the MALR, management of co-operatives and Water User Associations (WUAs) and other relevant organisations are trained to deliver the new extension plans.

WP 2.1.3 Rolling out the extension plans in the three governorates.

R2.2 - Animal wealth resources are improved and diversified.

WP 2.2.1 Increasing knowledge of the situation and needs of the animal husbandry in the targeted governorates.

WP 2.2.2 Ensuring farmer access to veterinary services and adequate knowledge regarding animal husbandry.

WP 2.2.3 Improving profitability of animal husbandry through the development of circular and local economy.

R2.3 - The irrigation system and the agricultural practices are more efficient and resilient to climate change.

WP 2.3.1 Works to improve the irrigation networks and land of the farmers (indicative list of activities):

WP 2.3.2 Climate change adaptation activities.

WP 2.3.3 Climate change mitigation activities.

R2.4 - Land fragmentation is limited and compensated, notably through the empowerment of co-operatives.

WP 2.4.1 Co-operatives are empowered for land cultivation and waste management.

WP 2.4.3 Co-operatives are empowered for access to credit.

WP 2.4.4 Co-operatives are empowered for marketing.

R2.5 - Value chains of agricultural products are enhanced, notably through the introduction of diversified crops, organic farming and geographic indications.

WP 2.5.1 Introducing new crops (soya, horticulture crops, etc.) to raise profitability and enlarge Egyptian food basket.

WP 2.5.2 Developing organic farming for the most suitable and profitable crops.

WP 2.5.3 Developing geographic indications for specific products to be promoted and registered at local and international levels.

R2.6 - Rural economies are diversified and rural women are empowered through an increased socio-economic contribution to their communities.

WP 2.6.1 Identifying and introducing new and innovative non-agricultural income generating opportunities.

WP 2.6.2 Empowering rural women through trainings, in-kind loans and equipment provision for dairy processing.

R2.7 - Access to education, technical and vocational training as well as continuous education is improved.

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| WP 2.7.1 | Incentivising school attendance for children of families benefiting from the programme. |
| WP 2.7.2 | Developing technical and vocational training. |
| WP 2.7.3 | Developing continuous education for farmers and their communities through basic education classes within co-operatives and other rural organisations (women, WAUs, etc.) |

4.2 Intervention Logic

The present action aims at improving the quality of life and the socio-economic conditions of the rural communities of the three targeted governorates by reducing poverty through an integrated rural development approach.

To achieve this goal it is both needed:

- to reinforce the capacities of the central and local administration in order to improve the management of the agro-ecosystems as well as its output quality and profitability (Specific objective 1);
- to improve the life conditions and revenues of the rural populations through the improvement of irrigation networks and land management, capacity building and the promotion and diversification of income-generating activities (Specific objective 2).

In order to reach SO1, actions will be developed to address one of the major issues faced by the Egyptian agriculture, the pesticides problem that affects the quality of the agricultural products, their export potential and population food safety. Capacities of the institutional bodies will be raised to reinforce pest controls at country border and to improve pesticides management, control and monitoring.

To reach SO2, three production aspects will be mainly targeted: water availability and productivity, production methods together with the related agriculture extension and livestock productivity.

- The biggest share of the budget will be dedicated to raising water productivity, notably by developing an integrated irrigation system at command area level. Since climate change is particularly affecting the agriculture sector, the resilience of local communities will be increased to face this ever more present environmental challenge.
- To consistently impact on rural development, it is necessary to strengthen the technical capacities of the agricultural extension system. Therefore, a capacity-building programme for the technical staff of the dedicated public institutions and selected farmers will be enforced and will cover every part of the agricultural planning cycle, from seed selection to post harvest practices and small agroindustry activities.

The extension experts and various levels of the management of the agri-food ecosystem will be trained to make the promotion of innovative and sustainable technologies like climate-smart agriculture as well as good agricultural practices in order to achieve a sustainable management of ever limited natural resources in a context of quickly growing rural population. For instance, the use of solar panels, the

reduction of rural arsons, and the production of fodder and fertilisers out of agricultural waste could contribute to this aim. Farmers will also be trained to limit and improve the use of pesticides and chemical fertilisers.

- Animal breeding will be improved through the promotion of vaccination and artificial insemination by veterinary care services as well as through the development of untraditional fodder sources and the increase of dairy production. This will contribute to raise food security levels in rural areas.

The SO2 aims to link the agriculture management and production with the social dimension of rural populations, following the integrated rural development approach by promoting income-generating activities and adding value to the agricultural products and their production areas. Central to this objective will be the enhancement of the agricultural products value chains. The local agro-industrial system will be strengthened by improving the local products supply chains in a sustainable and integrated manner, increasing specific technical knowledge of processing, adding value locally and creating new job opportunities. Moreover, to support the local products, raise their quality and have better chance of commercialisation, the programme will also develop geographical indications in the three governorates.

The active participation of the local communities will be essential in this component and a special attention will be given to the involvement of women at different levels, supporting their empowerment. Agricultural and non-agricultural activities will be tailored on the real necessity of the women in the selected areas creating mechanisms to increase their social and economic contribution in the rural communities.

Education being central for development and poverty reduction, a strong emphasis will be put on this dimension in the targeted governorates, going from school enrolment to continuing education and passing through technical and vocational training.

4.3 Mainstreaming

The action will pay particular attention to the following cross-cutting issues:

Environment and climate change. Natural resources are dramatically decreasing and affected by human activities (soil, agro- biodiversity, water, etc.). This process is accelerated by the impact of climate change, while consequently increasing resource-related conflicts. Due to the nature of the action, the proper managing of these issues will be fundamental to all the activities of the intervention. Relations with actors operating in the renewable energies field and waste management sector will be established, along with the promotion of training related to the installation and maintenance of renewable energies-based systems. Every action will be oriented to increase the resilience of the rural population, making the best and most sustainable use of the natural resources.

Nutrition. This programme recognises the relationship of the environment and agricultural production with food systems and their role in nutrition. Activities will contribute to creating a nutrition-sensitive environment, as is the case when enhancing agricultural production, which entails improved availability, affordability and quality of nutritious produce. This includes all thematic areas securing higher crop and animal production due to better plant health or use of water, at developing resilient agro-ecological practices and diversifying food production, and at increasing revenues. In addition, many activities will pay specific attention

to promoting women's empowerment, which is central to the nutrition agenda at household level as women are principal providers of food and care.

Gender. Women play a critical role in rural transformation processes through their involvement in all of the stages of agri-food value chains, in the management of natural resources and by ensuring food and nutrition security. However, they remain strongly discriminated, for example, in terms of their access to land, financial resources, and training. Gender sensitive approaches will be used along all the phases of the project cycle and specific measures will be adopted to promote young and adult women's involvement in the action. Capacity building activities will be focused on women's specific interests, needs and attitudes, with a view to promote empowerment while respecting socio-cultural norms.

Right based approach. This programme builds on the commitment of the Commission to adopt a human rights based approach to development co-operation. Promoting innovation for building resilience to the effect of climate change and focusing on smallholder family farmers will contribute to ensure the fundamental right to access to diversified food, income generating activities and education for the poor and the most deprived.

Inclusion and non-discrimination. Agriculture is not attractive for youth (low prices for agricultural products; weaknesses of basic services in rural areas, lack of connectivity, etc.). Applying a territorial and systemic approach to rural development implies a transition in the field of rural development theory from a narrow agricultural-sector 'development' approach to adopting a sustainable and inclusive food systems approach. The adoption of agro-ecological approaches will be also essential to change these trends and make agriculture more attractive (fostering higher production diversity, lowering dependency on external inputs, increasing the 'knowledge-density, of production, building upon farmer-led innovation processes). All beneficiaries will benefit from equal rights and gender imbalances. Participation is central to the action's design and the communities will be engaged in the decision-making process throughout the planned and development of the activities. Special attention will be given to persons with disabilities living in the areas of intervention, who will be involved in every possible activity.

Ownership. The engagement of the responsible authorities and ministries will be strengthened in terms of involvement in the decision-making process and at the monitoring level. The involvement of the community in every part of the cycle project cycle and their participation to the planning and the management of the Programme will guarantee the sustainability of the results achieved beyond the duration of the intervention.

Digital technologies. Digital technologies remain poorly developed with the mobile phone as the sole exception. Smartphone technology has a high potential for triggering new frameworks of services for agricultural development, as it will become gradually more affordable. Digitalisation of agriculture also encompasses remote sensing for earth observation, big data uses and a wide diversity of applications, e.g. in commercial chains. Digital has the potential to revolutionise agriculture by helping farmers work more precisely, efficiently and sustainably. Data-driven insights (like the Farmer Smart Card) can improve decision-making and practices and help increase environmental performance while making the job more attractive to younger generations. Digital technologies also have the potential to offer consumers greater transparency as to how their food is produced. They offer opportunities to renew business models in value chains by connecting producers and consumers in innovative ways. Beyond farming, digital technologies are key to make rural communities more attractive, smart and sustainable, reducing problems related to remoteness

and improving access to services. The programme will boost up an appropriate use of digitalisation, notably in the field of agricultural extension.

4.4 Contribution to Sustainable Development Goals (SDGs)

This intervention is relevant for the United Nations 2030 Agenda for Sustainable Development. It contributes primarily to the progressive achievement of the following SDGs:

Main SDGs: SDG 1 "No poverty", SDG 2 "Zero hunger" and SDG 12 "Ensure sustainable consumption and production patterns".

Other significant SDGs: SDG 3 "Good health and well-being", SDG 5 "Gender equality", SDG 6 "Clean water and sanitation", SDG 7 "Affordable and clean energy", SDG 10 "Reduce inequality within and among countries", SDG 13 "Climate action".

5 IMPLEMENTATION

5.1 Financing agreement

In order to implement this action, it is foreseen to conclude a financing agreement with the partner country.

5.2 Indicative implementation period

The indicative operational implementation period of this action, during which the activities described in section 4 will be carried out and the corresponding contracts and agreements implemented, is 60 months from the date of entry into force of the financing agreement.

Extensions of the implementation period may be agreed by the Commission's responsible authorising officer by amending this Decision and the relevant contracts and agreements.

5.3 Implementation modalities

The Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures¹⁹.

5.3.1 Indirect management with an entrusted entity

This action may be implemented in indirect management with the Italian Agency for Development Co-operation (AICS). This implementation entails all the objectives and all the results listed out in section 4. The envisaged entity has been selected using the following criteria: high degree of specialisation in development, including rural development; strategic partnership with the Government of Egypt in the specific sector of agriculture and rural development.

Beside it is worth noting that AICS plays a leading role in the Development Partners Group on agriculture and rural development as well as in the EU's Joint Response

¹⁹ www.sanctionsmap.eu Please note that the sanctions map is an IT tool for identifying the sanctions regimes. The source of the sanctions stems from legal acts published in the Official Journal (OJ). In case of discrepancy between the published legal acts and the updates on the website it is the OJ version that prevails.

adopted in 2018, where the AICS leads the sub-sector on agriculture and rural development.

In case the envisaged entity would need to be replaced, the Commission’s services may select a replacement entity using the same criteria.

5.4 Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall subject to the following provisions.

The Commission’s authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

5.5 Indicative budget

	EU contribution (amount in EUR)	Indicative third party contribution (amount in EUR)
Specific Objective 1 “Improved rural development governance” (Indirect management with the AICS)	2 600 000	800 000
Specific Objective 2 “Increased livelihood in the 3 governorates” (Indirect management with the AICS)	20 700 000	2 500 000
Evaluation (cf. section 5.9)/ Audit/ Expenditure verification (cf. section 5.10)	200 000	
Communication and visibility (cf. section 5.11)	200 000	
Contingencies	300 000	
Total	24 000 000	3 300 000
TOTAL		27 300 000

5.6 Organisational set-up and responsibilities

Steering committee

The Ministry of Agriculture and Land Reclamation is the main institutional partner and beneficiary for this programme and, as such, will facilitate and co-ordinate relations between the Project Management Unit (PMU) and other stakeholders.

A Steering Committee (SC) will be established with the following responsibilities:

- Overall co-ordination and guidance of the programme.
- Approval of the programme implementation plans and budgets proposed by the PMU.
- Monitoring of the programme performance.
- Facilitating, when necessary, any problem or obstacle, which could affect the programme implementation.

The Steering Committee shall be chaired by the Ministry of International Co-operation and made up of the following entities:

- Representatives of the Ministry of Agriculture and Land Reclamation (MALR).
- Representatives of the EU Delegation to Egypt.
- Representatives of the Italian Embassy in Cairo/Development Co-operation Office.
- Representatives of other involved Ministries such as the Ministry of Water Resources and Irrigation, the Ministry of Local Development or the Ministry of Education will be also attending whenever deemed necessary.
- Representatives of the Governorates of Sohag, Asyut and Damietta.

The SC will meet each year or when required.

Financial implementation modalities

The programme activities will be implemented through grants, services, supplies and works contracts. External contractors will provide services following the specification produced by the PMU.

Procurement and grant award procedures

All grants contracts, will be awarded and implemented according to the procedures and standard documents of the European Union and will follow the rules described in the practical guide called, Practical Guide to Contract Procedures for European Union External Actions (PRAG).

The preparation and award of the services, works and supply contracts, will follow AICS procedures.

Sustainability of the programme

The programme will be implemented through a participatory approach aiming at the highest level of inclusion and interaction among beneficiaries and implementing actors. Additionally, the full involvement of all local governmental and non-governmental institutions during the implementation phase is expected in order to ensure the sustainability of the action.

5.7 Performance and Results monitoring and reporting

An inception phase will be foreseen to establish an overarching monitoring frame for the action and conduct a baseline review of the indicators. The baseline data that will be collected during the inception phase will allow targets to be set and a proper monitoring system to be established. This monitoring frame will be used throughout the implementation of the action and subsequent monitoring missions may be foreseen to report on performance and results monitoring, besides the evaluations that are mentioned under 5.8. For instance the action may

also be subject to the Commission's Result Oriented Monitoring (ROM) missions. A final survey will be conducted at the end of the action to assess the achievement of the action's objectives according to the key indicators.

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process, and part of the implementing partner's responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (outputs and direct outcomes) as measured by corresponding indicators, using as reference the Logframe matrix (for project modality).

SDGs indicators and, if applicable, any jointly agreed indicators as for instance per Joint Programming document should be taken into account.

Reports shall be laid out in such a way as to allow monitoring of the means envisaged and employed and of the budget details for the action. The final report, narrative and financial, will cover the entire period of the action implementation.

5.8 Evaluation

Having regard to the importance of the action, mid-term and final evaluations will be carried out for this action or its components via independent consultants contracted by the Commission.

The mid-term evaluation will be carried out for problem solving, learning purposes.

The final evaluation will be carried out for accountability and learning purposes at various levels (including for policy revision).

The Commission shall inform the implementing partner at least 4 months in advance of the dates foreseen for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

The evaluation reports shall be shared with the partner country and other key stakeholders. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

Evaluation services may be contracted under a framework contract.

5.9 Audit

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments for one or several contracts or agreements.

It is foreseen that audit services may be contracted under a framework contract.

5.10 Communication and visibility

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU.

This action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility Plan of the Action, to be elaborated at the start of implementation.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country (for instance, concerning the reforms supported through budget support), contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in, respectively, the financing agreement, procurement and grant contracts, and delegation agreements.

The communication and visibility requirements for European Union External Action (or any succeeding document) shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations. Communication and visibility activities shall be implemented in accordance with the EU communication and visibility requirements in force.

All communication and visibility activities of the action will be contracted and implemented by the AICS.

APPENDIX I - INDICATIVE LOGFRAME MATRIX

	Results chain: Main expected results (maximum 10)	Indicators (at least one indicator per expected result)	Baselines (reference year: 2022)	Targets (for 2026)	Sources of data	Assumptions
Impact (Overall Objective)	The overall objective of the action is to improve the living conditions and revenues of the smallholder farmers and their communities in the governorates of Sohag, Asyut and Damietta, through a sustainable and integrated approach to rural development while addressing the issues of increasing resources scarcity in a context of quick population growth.	<p>Average yearly income of the rural families in the targeted rural areas of the targeted governorates by the project.</p> <p>Proportion of the rural population below the international poverty line in the targeted rural areas of the governorates targeted by the project.</p> <p>Agricultural and pastoral ecosystems where sustainable management practices have been introduced with EU support (ha).</p>	<p>Baselines be established during the inception phase</p> <p>Baselines be established during the inception phase</p> <p>0</p>	<p>20% increase</p> <p>20% decrease</p> <p>4 200 (equivalent to 10 000 feddans)</p>	<p>CAPMAS and Ministries reports</p> <p>Project reports</p>	<i>Not applicable</i>
Outcome(s) (Specific Objective(s))	Specific objective 1 (SO1): The central Egyptian authorities and their representations in the three governorates of Sohag, Asyut and Damietta are reinforced in their	<p>Number of new initiatives or actions involving central authorities that demonstrably contribute to sustainable rural development in the Nile valley and delta (within the programme and outside the programme).</p> <p>Number of staff of the Egyptian</p>	<p>0</p> <p>0</p>	<p>Target to be established.</p> <p>Target to be established.</p>	<p>Progress reports</p> <p>Evaluation, and monitoring reports</p>	The commitment of Egyptian authorities is ensured during the full project duration.

	action towards a sustainable rural development of the Nile valley and delta.	authorities trained				No conflict between the different local rural communities.
	<p>Specific objective 2 (SO2): The capacities of the rural population in the three governorates of Sohag, Asyut and Damietta are reinforced with increased agricultural economic opportunities, notably for the women, and increased opportunities for training and education.</p>	Number of smallholders reached with EU supported interventions aimed to increase their sustainable production, access to markets and/or security of land.	0	Targets to be established.	Progress reports	Timely acquisition of security clearances at all stages of the programme implementation.
Number of women gaining access to new income generating activities thanks to the EU support.		0	1000 women per governorate.	Evaluation, and monitoring reports		
Number of students enrolled in education with EU support: a) primary education, b) secondary education.		0	Targets to be established: a) targets to be established; b) targets to be based on 50 training courses per governorate.	Ministries reports		
Number of people who have benefited from institution or workplace based VET/skills development interventions supported by the EU.		0	Target to be established.			
	Unemployment rate in the targeted rural areas	Baselines to be established during the inception phase.	10% decrease			



ANNEX 5

of the Commission Implementing Decision on the annual action programme part II for 2020 in favour of Egypt

Action Document for "EU Support for Leadership Capacities and Empowerment of Persons with Disabilities in Egypt"

ANNUAL PROGRAMME

This document constitutes the annual work programme in the sense of Article 110(2) of the Financial Regulation and action programme/measure in the sense of Articles 2 and 3 of Regulation N° 236/2014.

1. Title/basic act/ CRIS number	"EU support for Leadership Capacities and Empowerment of Persons with Disabilities in Egypt" CRIS number: ENI/2020/042-732 Financed under the European Neighbourhood Instrument	
2. Zone benefiting from the action/location	Neighbourhood South, Egypt The action shall be carried out at the following location: Egypt.	
3. Programming document	European Union (EU) Single Support Framework (SSF) for Egypt 2017-2020 ¹	
4. Sustainable Development Goals (SDGs)	Main SDG(s) on the basis of section 4.4: 10: Reduce Inequalities 16: Peace, Justice and Strong Institutions; Other significant SDG(s) on the basis of section 4.4: 5: Gender Equality; 17: Partnerships for the Goals	
5. Sector of intervention/ thematic area	Sector 2: Social development and social protection Sector 3: Governance, enhancing stability and modern democratic state.	DEV. Assistance: YES ²
6. Amounts concerned	Total estimated cost: EUR 4 000 000 Total amount of European Union (EU) contribution EUR 4 000 000	
7. Aid modality(ies) and implementation modality(ies)	Project Modality Direct management through: - Grant - Procurement	
8 a) DAC code(s)	15160 – Human rights	

¹ C(2017) 7175 final, 30.10.2017.

² Official Development Assistance is administered with the promotion of the economic development and welfare of developing countries as its main objective.

	15110 – Public sector and policy and administrative management			
b) Main Delivery Channel	Donor government – 11000 Other public Entities – 11004			
9. Markers (from CRIS DAC form)	General policy objective	Not targeted	Significant objective	Principal objective
	Participation development /good governance	<input type="checkbox"/>	<input type="checkbox"/>	X
	Aid to environment	X	<input type="checkbox"/>	<input type="checkbox"/>
	Gender equality and Women's and Girl's Empowerment	<input type="checkbox"/>	X	<input type="checkbox"/>
	Trade Development	X	<input type="checkbox"/>	<input type="checkbox"/>
	Reproductive, Maternal, New born and child health	X	<input type="checkbox"/>	<input type="checkbox"/>
	RIO Convent ion markers	Not targeted	Significant objective	Principal objective
	Biological diversity	X	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	X	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	X	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation	X	<input type="checkbox"/>	<input type="checkbox"/>
		Internal markers	Not targeted	Significant objective
	Digitalisation	X	<input type="checkbox"/>	<input type="checkbox"/>
	COVID Response	X	<input type="checkbox"/>	<input type="checkbox"/>
10. Global Public Goods and Challenges thematic flagships	NA			
<p>Summary: In a context affected by significant development challenges, the proposed action aims at actively supporting the Government of Egypt (GoE) in its efforts towards institutional reform as well as sustainable and inclusive socio-economic development. The action is in line with the EU-Egypt's Partnership Priorities (PP) of July 2017, the EU's Single Support Framework for Egypt (SSF) for the period 2017-2020 and the EU Joint Programming Strategy (2017-2020). The action encompasses two components which will be geared to reinforcing national capacities in areas of leadership and training of civil servants and young potential leaders from outside the Government cadre, as well as to strengthening national capacities for the empowerment and inclusion of Persons with Disabilities (PwDs).</p> <p>The proposed programme will be implemented in direct management under two main components:</p> <p>Component 1: Grant - direct award to the French <i>Ecole Nationale d'Administration</i> (ENA), aiming at supporting GoE's efforts to develop the capacities of the Egyptian National Academy for Training (ENAT).</p> <p>Component 2: Technical assistance aiming at supporting the development of the institutional and operational capacities of the National Council of Persons with Disabilities (NCPD) to fulfil its mandate in the development and protection of the rights of PwDs.</p> <p>The support to the ENAT will be focused on the cross cutting and general capacities of the national training sector, with a focus on leadership and with particular attention to young leaders. The second component (NCPD) focuses on a specialised body mandated to co-ordinate policies towards one of the most vulnerable groups, namely Persons with Disabilities (PwDs).</p> <p>There are interlinks between the two components since the support to leadership and training capacities should also benefit civil servants and young potential leaders with disabilities. Both components will reinforce institutional capacity building.</p>				

In the first quarter of 2020, Egypt started implementing preventive measures in an attempt to control the spread of COVID-19, which was declared a global pandemic by the World Health Organisation on 11 March 2020. At the time of writing this document, it is not possible to assess their socio-economic impact on the most vulnerable as well as on the GoE post COVID-19 plan (preparedness and recovery). It is therefore anticipated that the activities foreseen in section 4 of the document may be adjusted in light of the specific needs and policies that may arise amongst the identified beneficiaries and target groups, in the aftermath of COVID-19 crisis.

1 CONTEXT ANALYSIS

1.1 Context Description

The Government of Egypt (GoE) successfully implemented a first wave of macro-economic and structural reforms which addressed a number of challenges and contributed to the stabilisation of the economy. Despite improvements on the economic level, social conditions remain difficult with a population of 32.5% living below the national poverty line in 2018, in comparison with 27.8% in 2015, strongly linked to the 2016 International Monetary Fund loan agreement and Egypt's economic reform programme, which introduced subsidy cuts and tax increases. It is expected that the implementation of such a reform programme will have further adverse consequences (e.g. additional reduction of subsidies, further devaluation of the Egyptian pound, etc.) on the most vulnerable segments of the society, notably the PwDs (11% of the population according to the 2017 Census) and the youth. In order to reinforce the resilience of Egyptian society, the EU supports the efforts of the GoE as emphasised by national policies, to improve cohesion by providing fair access to inclusive basic services and empowerment of vulnerable groups, specifically the PwDs, and the youth.

The public sector in Egypt is institutionally complex with a centralised and bureaucratic public administration. State administration is characterised by a large number of civil servants, high costs and low productivity³. Over the past years, approximately 20% of the state budget has been annually allocated to wages and salaries for around 6.5 million civil servants. Egypt ranked 132 out of 193 countries in the World Bank's Government Effectiveness Index (2018)⁴. Structural weaknesses of the public administration have negatively affected the effectiveness and efficiency of the Egyptian administration with respect to public policies and implementation of reform programmes. The aforementioned weaknesses have contributed to the relatively low-quality services in a number of sectors. The GoE embarked on a number of reforms which aim at administrative modernisation and institution building. These reforms encompassed programmes for human capacity building to improve the effectiveness of duty bearers to implement reform programmes.

1.2 Policy Framework (Global, EU)

In line with the EU-Egypt partnership priorities for 2017-2020, the action supports Egypt's efforts to protect marginalised groups and contributes to implementing the 3rd pillar of the SSF for Egypt (2017-2020) "Governance, enhancing stability and modern democratic state". In this strategic framework, the EU and Egypt acknowledged the importance of establishing a modern, democratic state that delivers benefits equally to all people and ensures equality in economic, social and political opportunities for all. The SSF also envisaged support to the protection of the human rights of all segments of society and persons of concern present on Egyptian territory. In line with the New European Consensus on Development (ECD), and the 2015 European Neighbourhood Policy Review, the proposed action will contribute to governance as one of the preconditions for sustainable development. It will contribute to supporting capacity building for strong institutions and the protection and inclusion of PwDs.

The proposed approach is in line with the Principles of Public Administration (public administration reform, policy development and co-ordination, public service and human resource management,

³ Egypt's Administrative Reform Plan (2014) – Identified Challenges.

⁴ Government effectiveness index (scale -2.5 weak; 2.5 strong).

accountability and service, public finance management), which were supported by the EU under the "Support to Improvement in Governance and Management" implemented by the OECD⁵.

As the EU is a party to the Convention on the Rights of Persons with Disabilities (UNCRPD), this action will contribute to meeting EU commitments on the UNCRPD, towards the promotion and protection of all human rights for all PwDs and the EU Action Plan on Human Rights and Democracy (2015-2019) which targets explicitly the rights of PwDs. In line with EU policies on institutional care, this action will not support the institutional care of PwDs. Deinstitutionalisation and community-based care will be promoted in policy development by the various stakeholders.

1.3 Public Policy Analysis of the partner country/region

The proposed programme will contribute to the national Sustainable Development Strategy (SDS 2030) pillar on "Transparency and Efficient Government Institutions" which refers to the commitment towards public governance as a prerequisite to successfully implement reforms in three dimensions, namely economic, social, and environmental development. The GoE has embarked on a review of SDS 2030 to align it with the SDGs, to establish linkages among its pillars and to strengthen the governance pillar of the SDS. An important prerequisite to successfully implement the SDS is the strengthened capacity of the Egyptian administration, including its institutional and human capacities, with a view to reinforcing human capital, especially the youth. In this context, Egypt's Administrative Reform Plan was endorsed by the Egyptian Cabinet in 2014 as the official framework for administrative reform in Egypt contributing to the SDS implementation. Reinforcing the institutional and human capacities of the Egyptian administration are key priorities of the Administrative Reform Plan as confirmed by Egypt's 2018 Voluntary National Review of SDS 2030.

As young people between the ages of 15-29 account for about 30% of the total population⁶, strengthened human capacities and empowering young leaders are prerequisites for the successful achievement of Egypt's vision 2030. This need is exacerbated by the high unemployment rate among young people and a widening generation gap⁷. To illustrate the importance of youth as future leaders and drivers of change, the 2030 development vision was officially launched in the National Youth Conference in February 2016. Egypt is currently developing a National Youth Strategy.

The support to civil servants and leadership capacities is anchored in many national laws or initiatives: the 2016 Presidential Leadership Programme (PLP) which aims at developing a cadre of young Egyptian leaders, the Law No. 81 on Civil Service of 2016 which underlines the State commitment to accountability, transparency, quality of public services, to fight corruption, as well as the Presidential Decree for establishing ENAT (No. 434 of 2017).

The support to the NCPD is based on Egypt's commitments under the UNCRPD signed and ratified in 2008⁸ and the 2018 Egyptian Law No. 10 on the rights of PwDs which provides for the State's commitments to protecting PwDs' rights. The law also foresees their full enjoyment of the right to participate, or being represented by organisations serving their interest captured in inclusive policies. At policy level, the Ministry of Social Solidarity (MoSS) adopted in 2017 a Disability strategy for the period 2017-2020 targeting rehabilitation services. There are also other specific draft strategies on disabilities prepared by the Ministry of Health and Population and the Ministry of Information and Technology in their fields of competence. In order to ensure a comprehensive approach, this action will support NCPD's mandate to propose and participate in the development of inclusive national policies and strategic plans.

⁵ <http://www.sigmaxweb.org/publications/principles-public-administration.htm>.

⁶ The Egypt census 2017 indicates that 26.8% of the population was in the age group 15-29.

⁷ <https://data.worldbank.org/indicator/SL.UEM.1524.ZS?locations=EG>.

⁸ With reservation on the Article 12 on legal capacity mainly for persons with mental disability who, according to the Egyptian law, cannot represent themselves.

1.4 Stakeholder analysis

The key duty bearers of this action will be government institutions which are mandated to articulate and implement national policies and commitments on SDS 2030 and the SDGs. These government entities are committed to ensure effective and efficient policy formulation and implementation of national priorities and programmes in a participatory way encompassing civil society.

More specifically, the Egyptian National Academy for Training (**ENAT**) will be the main interlocutor and direct beneficiary of Component 1. ENAT was established in 2017 (Presidential Decree no 434) with the mission to select, train and place in the public sector a new generation of senior civil servants. Its Board of Trustees is chaired by the Prime Minister and it operates under the Egyptian Presidency. ENAT's mission statement indicates that it is an independent institution, effective in the fields of education, training and development, all in accordance with international standards, whilst focusing on the real needs of institutes and individuals (www.nta.eg). The Academy is accountable to ensure that a significant portion of its training is dedicated to Egyptian youth. The ENAT carries out a number of programmes including the Presidential Leadership Programme (PLP), the Executive Presidential Leadership Programme (EPLP), the African Presidential Leadership Programme (APLP), and International Programmes. These programmes aim at developing youth competencies to qualify for political, administrative and community work. ENAT organises important youth national conferences including the World Youth Forum (WYF) which is annually hosted by Egypt.

ENAT's capacities are young and still limited though it has an ambitious goal to deliver leadership and training programmes which are in line with international and European standards. The institutional link with the Egyptian Presidency is considered important leverage for the Academy. Other key stakeholders are national entities which affect the strategic direction of ENAT and those which are entrusted with administrative reform:

- The Central Agency for Organisation and Administration (CAOA) is a national entity which is entrusted to propose and support administrative reform, notably with regard to the development of career paths and ensuring that the right candidates are assigned to the relevant positions based on assessment of needs and priorities.
- The Ministry of Planning and Economic Development (MoPED) is a member of the Board of Trustees of ENAT and mandated with the cross cutting functions of SDS 2030 in relation to the development of leaders' cadre.
- The Egyptian Presidency (Presidential Office) maintains the political momentum and ensures commitment for ENAT.
- The Egyptian administration (ministries, agencies, and local administrations) from which ENAT's trainees will be selected and/or placed in different senior positions.

The (National Council of Persons with Disabilities) **NCPD** is the main duty bearer under Component 2 as the national co-ordination body as per Article 33 of the UNCRPD and the Ministerial Decree no 410 in 2012 which commissioned the Council to monitor and to provide guidance for the proper and smooth implementation of the UNCRPD in Egypt. According to its mandate, NCPD is the technical hub that provides the 'know how' and technical support to the various ministries (duty bearers). Following the 2011 revolution and due to political instability, similar to all Egyptian councils, NCPD has undergone massive turnover in its board members and management as well as lacking financial resources, aspects that negatively impacted the council's role and performance. Mechanisms for data collection, co-ordination and monitoring of implementation are not institutionalised and are only convened on an ad-hoc basis.

The Council has been re-established with the name "National Council for Persons with Disabilities – NCPD" in March 2019, as a legal independent body affiliated to the President of Egypt, in accordance with the 2014 Constitution. The Council's new mandate includes proposing, monitoring and evaluating public policies in all fields affecting PwDs; contributing to the development of a national plan for disability and monitoring its implementation; co-ordinating and monitoring the performance of the ministries and agencies providing services to PwDs; contributing to aligning local legislation by proposing necessary modifications in the best interest of PwDs; preparing awareness campaigns on the

rights and obligations of PwDs in the community and documenting all necessary relevant data to support the creation of a database of PwDs.

As rights holders, Egyptian citizens are the ultimate beneficiaries of the programme. Strengthened leadership and human capacities would be reflected in improved government effectiveness and therefore higher quality services, including support to PwDs. The Egyptian youth and PwDs are the main target groups and beneficiaries of ENAT's and NCPD programmes. Women have demonstrated high potential in all fields of civic work and will be directly targeted and involved in the action as reflected in the National Strategy for the Empowerment of Egyptian Women 2030 led by the National Council for Women. Most vulnerable groups like migrants or refugees are not targeted *per se* but those who are PwDs indirectly are.

1.5 Problem analysis/priority areas for support

While the implementation of SDS 2030 and associated reform programmes requires a skilled labour force to undertake leadership to devise public policies and steer national programmes, the GoE faces a challenge to systematically equip the large number of civil servants with updated work methods and to raise their management and technical skills, particularly those in top management and executive leadership positions. Before the establishment of the **ENAT**, in an administrative context affected by rigid and outdated practices, the GoE adopted a fragmented approach targeting senior executives, while it lacked a mechanism for identifying and qualifying talented youth who were mostly excluded from accessing leadership positions. The proposed support to the ENAT programme will contribute to addressing the priorities of the SDS 2030 and the National Administrative Plan. It will support ENAT to develop a national mechanism for qualifying executive leaders and senior public officials. It will contribute to reinforcing capacities of selected trainees by ENAT with an emphasis on youth. The EU envisaged support will allow for the adaptation of best practices particularly from France, and possibly EU best practices at large.

PwDs are subject to negative societal attitudes due to misconceptions about disability based on negative stereotyping. Their opportunities to access their rights on an equal footing with other citizens are very much limited. PwDs are generally amongst the poorest, most vulnerable and marginalised population groups. They have poor access to relevant mainstream and specific services due to physical and social barriers, discrimination and exclusion in most areas of their daily life in Egypt. One of the daily challenges of PwDs in Egypt is the very difficult accessibility of roads and buildings. Most of the services are provided by charity-based/faith-based civil society organisations and pilot programmes by the Ministry of Social Solidarity. Women with disabilities suffer from double discrimination (due to their gender and disabilities). Despite the adoption of the new law on the rights of PwDs in 2018, the real challenge that the country needs to overcome lies with its application and enforcement on a societal level. One of key enforcement challenges includes the lack of mechanisms for ensuring that all government policies and programmes are inclusive and that State resources are equally accessible, including buildings and transport services which do not comply with accessibility standards. The NCPD is currently the only available avenue that enjoys a horizontal mandate on disability issues. The main priority area for support is strengthening the institutional and operational capacities of NCPD to co-ordinate and support various actors to develop the necessary policies and an inclusive regulatory framework for the services to, and the rights of PwDs. Egypt's long overdue reports under UNCRPD covering 2010, 2014 and 2018, as foreseen by Article 35 of the convention, were submitted in one compiled report in February 2020. The action will also contribute to the increase of capacity and the promotion of development and empowerment of the Disabled People's Organisations (DPOs) while promoting their role in Egypt. The action will also support the creation of an Observatory, affiliated to NCPD, aimed at developing and improving information on disability through systematic data collection, analysis and disaggregation of data on the implementation of the rights of PwDs. Database and produced reports shall be made available and accessible to public.

2 RISKS AND ASSUMPTIONS

Risks	Risk level (H/M/L)	Mitigating measures
Political commitment to administrative reform and sustainable development is not maintained.	L	The ENAT will be a means to maintain momentum. The EU will continue to monitor and support GoE Reform Agenda and policy sectors (e.g. AAP2019 – PAR/PFM/Local Governance action)
ENAT is lacking sufficient capacity to absorb EU support.	M	Peer-to-Peer exchanges with ENA (<u>Ecole Nationale d'Administration</u>) will be an important vehicle to increase absorption capacity.
Capacities of the trainees are not best utilised, lack of competent staff	M	The proposed action supports the fair and transparent selection process by ENAT for selecting trainees, it will support links between ENAT and stakeholders to ensure links between national training programmes and career paths.
Potential change in the political / leadership environment undermines NCPD role in the implementation.	L	Clarification of the role of NCPD at the beginning of the implementation will be carried out.
Assumptions		
<ol style="list-style-type: none"> 1. Stable institutional context. 2. The GoE remains committed to administrative reform and sustainable development and to reinforcing capacities of its staff. 3. The Government of Egypt is committed to promoting PwDs' rights, notably through an appropriate institutional positioning of NCPD. 4. In addition to its continuous efforts to maintain political and social control, the GoE will invest further in fair, efficient and participatory development. 		

3 LESSONS LEARNT AND COMPLEMENTARITY

3.1 Lessons learnt

The institutional capacity development component builds on a wide range of lessons learnt from previous Support to Association Agreement Programmes and the Support to Public Administration Reform and Local Development (ENPI/2010/021-865). The main lesson showed that the impact and sustainability of institutional and human capacity development are limited if these efforts remain at pilot level and are not systematically rolled out. The proposed programme will support the GoE in addressing priorities and training needs through a more structured approach with the ENAT. As regards the NCPD component, experience shows that, while the GoE is reluctant to engage with the EU in a thorough dialogue on human rights, it is open to dialogue and to addressing issues related to specific segments of society, such as women, children and PwDs. Though currently there is no past experience with NCPD, it is strategically important and feasible to engage with them to improve PwDs rights in Egypt.

3.2 Complementarity, synergy and donor co-ordination

The action will build or complement on previous and future EU support to administrative reform, namely the "Support to Public Administration Reform and Local Development" (ENPI/2010/21-865) and the "EU Support to Enhanced Administrative and Public Economic Governance" (ENI/2019/42-125). It will aim at creating synergies with interventions under the "Support to Improvement in Governance and Management Programme (SIGMA – EU/OECD)" which has been active in Egypt since 2008. Particular emphasis will be made on the use of public administration reform (PAR) principles which were developed by OECD under the SIGMA Programme.

The action will complement the EU funded project 'Increasing Participation of Women in Public Life in Egypt' (2019/410-138) which encompasses a significant component on developing leadership capacities of female civil servants and young women from outside the Government sector. This project is implemented by the National Council for Women (NCW) in partnership with the Ministry of Planning and Economic Development (MoPED). The AAP 2019 support to local governance (ENI/2019/42-125) will expand the MoLD initiative to develop existing or nascent units within Governorates responsible for local planning, women's empowerment, child protection, human rights and inclusion of PwDs to reach out to governorate administration while reinforcing links with responsible line ministries or national councils.

The EU Delegation to Egypt already manages a number of grant contracts targeting PwDs funded through the thematic budget lines (EIDHR, CSO/LA). In November 2018, a Task Force for disability matters was formed by the Development Partners Group. This informal coalition for transparency and knowledge management and exchange will cross-fertilize with the component 1.2 through the development of linkages with private funding and corporate social responsibility. It is worth mentioning that the Italian Agency for Development Co-operation (AICS) is currently starting to engage in the issues of disability with a pilot project with both NCPD and MoSS. The EU will closely follow with AICS to ensure complementarity of actions.

4 DESCRIPTION OF THE ACTION

4.1 Overall objective, specific objective, expected outputs and indicative activities

Overall Objective: Contribute to Egypt's efforts towards effective decision and policy making processes and to empowerment of PwDs.

Specific Objectives and expected outputs:

Component 1: Supporting leaders and senior civil servants to further contribute to policy and decision making as well as the achievement of Egypt's reform priorities

Output 1.1: Capacities of the ENAT are reinforced to develop, execute and evaluate training and leadership programmes, particularly for qualifying senior civil servants and potential young leaders.

Output 1.2: A cadre of highly competent senior civil servants and potential young leaders is developed and ready to undertake leadership and management roles in various sectors.

Component 2: Supporting People with disabilities to have increased access to their rights in line with Egypt's national and international commitments

Output 2.1: NCPD institutional and operational capacities as well as internal governance are reinforced to fulfil its mandate and the National Observatory is established.

Output 2.2: National capacities are upgraded to improve the legislative and regulatory framework for PwDs according to an inclusive and evidence-based process.

Output 2.3: Capacities of PwDs organisations are strengthened to represent PwDs needs and engage in enhanced policy dialogue with the Government of Egypt.

Indicative activities:

Component 1 - Output 1.1.

- Develop and implement an action plan for reinforcing the institutional and training capacity of ENAT that includes ENAT's Organisational Development and research capacity as well as its capacity for institutionalising and managing the entire training cycle;
- Support the development and execution of ENAT's communication plan, including forums and events addressing leadership and youth empowerment as well as public administration's related fields.

Component 1 - Output 1.2

- Develop and execute training and leadership programmes in line with European and international best practices, including a Training of Trainers (ToT) component.

Component 2 - Output 2.1

- Provide management trainings to NCPD leadership and upper/middle management;
- Provide technical support to NCPD to develop an institutional strategy and follow up on the progress of the expected National Disability Strategy (2020 – 2025) with the related action plans and to establish a monitoring mechanism to identify gaps and corrective measures;
- Assist in establishing a Human Resource Management unit and in developing NCPD's human resource management capacities;
- Support the development of a Monitoring and Evaluation unit to facilitate a) performance monitoring and review, b) evaluation and research, c) management information system, d) reporting and co-ordination;
- Based on needs assessment, support the design of an action plan for human capacity building of NCPD's staff including trainings, establishment of international networking and exchange of best practices;
- Assess and re-design NCPD internal work processes;
- Assist in establishing an observatory, training its staff on data collection, analysis, monitoring and reporting.

Component 2 - Output 2.2

- Conduct a gap analysis of the legal framework and policies which govern PwDs;
- Propose specific recommendations for improving the legal framework for PwDs and mainstreaming of disability in existing relevant laws;
- Support the development of inclusive policies and an inclusive regulatory framework for the services and rights of PwDs jointly with the relevant ministries.

Component 2 - Output 2.3

- Provide technical support to DPOs to strengthen their institutional capacities, internal governance and advocacy skills;
- Support the creation of specialised federations of DPOs;
- Provide capacity building to federations/DPOs in co-ordination, leadership and representation of disability movement in Egypt;
- Provide technical assistance to enhance DPOs reporting skills in preparation of UNCRPD alternative reports, its presentation to UN committee and dissemination;
- Support the establishment of a structured dialogue mechanism on PwDs rights with the Government of Egypt.

4.2 Intervention Logic

Support to ENAT should contribute to building sustainable capacity within the Egyptian Government to develop a qualified cadre inside and outside the Government. With the EU envisaged support, leaders and senior officials would be capacitated to make effective policies and decisions. Leaders will be equipped to steer implementation of ambitious national programmes and commitments on sustainable development and inclusion among other priorities, including those related to PwDs. Improved policies and effective implementation of national priorities will be reflected in better fulfilling the needs and expectations of the citizens. The action will support ENAT in ensuring a transparent and inclusive process for selecting potential trainees with respect to rights of women, PwDs, youth and other segments of the society without discrimination.

Support to NCPD aims to reinforce the national legislative framework and the institutional and human capacities which are necessary for conducive measures and practices to ensure that PwDs can fully access their rights, and that they are empowered in different arena. The action will therefore support NCPD and Egypt to fulfil its international commitments particularly in the framework of UNCRPD. The action will support the reinforcement of DPOs capacities, as advocates for the rights of PwDs, to engage in policy dialogue and promote their involvement as key actors to effectively contribute to the implementation and monitoring of the UNCRPD.

4.3 Mainstreaming

The action's main objective is to mainstream the crosscutting issues of governance and institutional capacity development as well as civil society strengthening and participation.

- **Gender/women empowerment:** Egypt adopted the National Strategy for Women Empowerment in 2017. SDS 2030 refers to women's rights and there are national efforts to mainstream gender in government programmes and operations. The Civil Service law refers to commitments towards equal opportunities and to strengthened rights for female civil servants. The proposed programme will be strongly aligned with the aforementioned national commitments as well as Egypt's international commitments towards gender equality and women's empowerment. It will be also aligned with the priorities of the EU Gender Action Plan for Egypt (GAP II). Activities will be implemented with a view to adopt a combined set of gender sensitive, responsive and transformative approaches. Activities to support ENAT and NCPD will take into consideration a gender perspective. For instance, to the extent possible, capacity building and training activities will ensure gender balance in the number of targeted trainees. Developed strategies, action plans, and training activities will take into consideration the specific characteristics and needs of women who are targeted under different interventions (increased opportunities for women to enrol into Leadership / Training Programmes, Gender sensitive framework and action plan for People' with Disabilities, as well as women / girls benefiting from support in different sectors / fields).
- **The rights-based approach (RBA)** principles underpin the proposed project. The RBA working principles are the following: applying all rights based on the legality, universality and indivisibility of human rights, participation and access to the decision-making process, non-discrimination and equal access, accountability and access to the rule of law, as well as transparency and access to information. The project will support not only NCPD who is the institutional guarantor of rights of PwDs but also civil society organisations, notably DPOs who represent PwDs.

4.4 Contribution to Sustainable Development Goals (SDGs)

This intervention is relevant for the United Nations 2030 Agenda for Sustainable Development. It contributes primarily to the progressive achievement of SDG(s).

- **SDG 10** - Reduce inequality within and among countries (especially target 10.2: "by 2030, empower and promote the social, economic and political inclusion of all").
- **SDG 16** - Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels (especially

target 16.7: "Ensure responsive, inclusive, participatory and representative decision-making at all levels").

- **SDG 5** - Achieve gender equality and empower all women and girls (especially target 5.5: "Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life").
- **SDG 17** - Strengthen the means of implementation and revitalise the global partnership for sustainable development (especially target 17.17: "Encourage and promote effective public, public/private and civil society partnerships").

5 IMPLEMENTATION

5.1 Financing agreement

In order to implement this action, it is foreseen to conclude a financing agreement with the partner country.

5.2 Indicative implementation period

The indicative operational implementation period of this action, during which the activities described in section 4 will be carried out and the corresponding contracts and agreements implemented, is 72 months from the date of entry into force of the financing agreement.

Extensions of the implementation period may be agreed by the Commission's responsible authorising officer by amending this Decision and the relevant contracts and agreements.

5.3 Implementation modalities

The Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures⁹.

5.3.1 Grants: (direct management):

Component 1- 'Support to the National Academy for Training of Egypt'

(a) Purpose of the grant

Part of this action (Component 1 Support to ENAT) will be implemented through a grant that will be directly awarded to the ENA of France. The grant will cover outputs 1.1 and 1.2 of the action which encompass strengthened capacities of ENAT and developed cadre of competent senior civil servants and young leaders.

(b) Type of applicants targeted: public body

(c) Justification of a direct grant

Under the responsibility of the Commission's authorising officer responsible, the grant may be awarded without a call for proposals to the French ENA. Under the responsibility of the Commission's authorising officer responsible, the recourse to an award of a grant without a call for proposals is justified in accordance with Article 195 (f) of the Financial Regulation. The particular nature of the action requires a specific type of beneficiary for its technical competence and specialisation. ENA has for over seventy years been providing elite educational training to future public sector officials. The

⁹ www.sanctionsmap.eu Please note that the sanctions map is an IT tool for identifying the sanctions regimes. The source of the sanctions stems from legal acts published in the Official Journal (OJ). In case of discrepancy between the published legal acts and the updates on the website it is the OJ version that prevails.

Government of Egypt wishes to adapt its model for training of senior civil servants to that of the French ENA. The intent of the Egyptian Government is to replicate the ENA model through which France selects candidates for training and delivers training activities which are linked to a career path within the French Government. More specifically, ENA is well positioned to provide strategic advice and technical support for tailoring the French model of training through transferring knowledge to the Egyptian Academy for Training. ENA has had co-operation with national entities in Egypt and a longstanding experience in the Egyptian context which will facilitate implementation of this project. ENA has operational and technical capacities to implement and monitor projects of similar size and scope. ENA has an experience in implementing EU funded projects including in Egypt.

5.3.2 Procurement (direct management)

The procurement will contribute to the achievement of the specific objective under component 2 (outputs 2.1, 2.2 and 2.3) "Supporting People with disabilities to have increased access to their rights in line with Egypt's national and international commitments".

5.4 Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply.

The Commission's authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realization of this action impossible or exceedingly difficult.

5.5 Indicative budget

	EU contribution (amount in EUR)	Indicative third party contribution, in currency identified
Outputs 1.1 and 1.2 "Supporting leaders and senior civil servants to further contribute to policy and decision making as well as the achievement of Egypt's reform priorities" composed of: <i>Grants (direct management) – cf. section 5.3.1</i>	1 900 000	0
Outputs 2.1, 2.2 and 2.3 "Supporting People with disabilities to have increased access to their rights in line with Egypt's national and international commitments" composed of: <i>Procurement (direct management) – cf. section 5.3.2</i>	2 000 000	0
Evaluation (cf. section 5.9) Audit/ Expenditure verification (cf. section 5.10)	100 000	0
Communication and visibility (cf. section 5.11)	0	0

Contingencies	0	0
Total	4 000 000	0

5.6 Organisational set-up and responsibilities

A specific ‘Steering Committee’ (SC) will be set up to oversee the implementation and validate the overall direction and policy of the 2 components. The programme as a whole will be governed by one steering committee. It will meet at least once a year and can be convened whenever the action's implementation requires strategic decisions, adaptations or changes.

The SC will be chaired by the Ministry of International Co-operation (MIC) on behalf of the GoE and will be composed by the MoSS, the ENAT, the CAO, the NCPD and the EU Delegation to Egypt. The SC has the right to invite representatives of any of the stakeholders whenever deemed appropriate. The MIC will act as SC secretariat. The SC will receive, discuss and review the periodical work plans, budgets, technical and financial reports of the programme. The technical assistance may provide upon request monitoring information to the SC members.

5.7 Performance and Results monitoring and reporting

The day-to-day technical and financial monitoring of the implementation of the programme will be a continuous process and part of the implementing partner's responsibilities. To this end, the implementing partners shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (outputs and direct outcomes) as measured by corresponding indicators, using as a reference the log frame matrix. The report shall be laid out in such a way as to allow monitoring of the means envisaged and employed and of the budget details for the action. The final report, narrative and financial, will cover the entire period of the action implementation.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

5.8 Evaluation

Having regard to the nature of the action, mid-term and final evaluations will be carried out for this action or its components via independent consultants contracted by the Commission.

The mid-term evaluation will be carried out for problem solving and learning purposes, in particular with respect to the gathering of information, review of the Results-oriented Framework and assessing the project's implementation progress towards the objectives.

A final evaluation will be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular the impact and sustainability of the programme.

The evaluation reports shall be shared with the partner country and other key stakeholders. The implementing partners and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

Evaluation services may be contracted under a framework contract.

5.9 Audit

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments for one or several contracts or agreements.

It is foreseen that audit services may be contracted under a framework contract.

5.10 Communication and visibility

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU. This action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility Plan of the Action, to be elaborated at the start of implementation.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country (for instance, concerning the reforms supported through budget support), contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in, respectively, the financing agreement, procurement and grant contracts, and delegation agreements.

The communication and visibility requirements for European Union External Action (or any succeeding document) shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations. Communication and visibility activities shall be implemented in accordance with the EU communication and visibility requirements in force.

A communication strategy will be an integral part of the contracts implementing each of the two components.

[APPENDIX - INDICATIVE LOGFRAME MATRIX (FOR PROJECT MODALITY)]

	Results chain	Indicators	Baselines (2018)	Targets (2023)	Sources of data	Assumptions
Impact (Overall Objective)	Contribute to Egypt's efforts towards effective decision and policy making processes and to empowerment of PwDs	1. Government effectiveness index; 2. Voice and accountability index; -2.5 (lowest) → +2.5 (highest)	1.: -0.58 2. -1.28	1.: 0.00 2.: 0.00	(annually) WB Gov. indicators	<i>Not applicable</i>
Outcomes (Specific Objectives)	All components	Number of state institutions supported on human rights <i>[EU Result framework 2.29]</i>	TBD during inception	2 institutions (TBD)	Evaluation and partner entities reports.	Commitment of all parties to engage in the action.
	Component 1 Supporting leaders and senior civil servants to further contribute to policy and decision making as well as the achievement of Egypt's reform priorities	TBD during inception	TBD during inception	TBD during inception	Progress reports. Reports by ENAT.	Political commitment towards a competent top management for improving GoE effectiveness.
	Component 1.2: Supporting People with disabilities to have increased access to their rights in line with Egypt's national and international commitments	1. Number of PwDs having access to their rights (education, employment, health, housing, social protection), by sex/age. 2. NCPD is a reference for support and consultations. 3. NCPD regularly reports on PwDs rights.	Baselines and target will be provided during the inception phase at the beginning of the project	TBD	- UNCRPD report. - GOE reports	National commitment to operationalise the new law remains a priority.

Outputs	1.1: Capacities of the ENAT are reinforced 1.2: A cadre of highly competent senior civil servants and potential young leaders is developed and ready to undertake leadership and management roles in various sectors.	Action Plan for supporting the capacities of ENAT is developed and implemented. # of women and men who were trained under the action and placed in decision making positions (disaggregating by age, type of position, central / vs. local level).	TBD during inception.	TBD during inception.	Action Plan document. Government Reports Media reports	All stakeholders committed to support ENAT especially in linking training, development needs and career paths.
	2.1: NCPD institutional and operational capacities as well as internal governance are reinforced to fulfil its mandate and observatory established	- Formulation/implementation of a NCPD strategy - # staff trained. - # specific work-processes redesigned and functioning - Standards of operations for the observatory are in place	Baselines and target will be provided during the inception phase at the beginning of the project	TBD during inception.	- Activity reports	NCPD remains committed to improve its capacities and operational functioning
	2.2: National capacities are upgraded to improve the legislative and regulatory framework for PwDs.	- Gender sensitive/evidence based national strategy for disability with action plan - # periodic reports in full respect of UNCRPD obligations - # ministries supported to fulfil rights of PwDs. - # draft legal decrees, standard regulations and processes			- PwDs satisfaction surveys. -- Media reports - List of decrees, policy papers - Annual reports by concerned authorities	
	2.3: DPOs capacities are strengthened to represent PwDs needs and engage in structure and enhanced policy dialogue with GoE	- # of DPOs unions established for all types of disabilities. - # of DPOs staff trained - Structured dialogue mechanism with GoE promoted			- Annual DPOs conferences	