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**COMMISSION IMPLEMENTING DECISION**

**of 29.11.2018**

**on the multi-annual action programme in favour of Egypt for 2018, 2019 and 2020**

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THE EUROPEAN COMMISSION,

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

Having regard to Regulation (EU) No 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<sup>1</sup> ('the Financial Regulation'), 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 action<sup>2</sup>, and in particular Article 6(3)(a) thereof,

Whereas:

- (1) In order to ensure the implementation of the multi-annual action programme in favour of Egypt for 2018, 2019 and 2020, it is necessary to adopt a multi-annual financing Decision, which constitutes the multi-annual work programme for 2018, 2019 and 2020. Article 110 of Regulation (EU) 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 TFEU<sup>3</sup>.
- (3) The Commission has adopted the Single Strategic Framework in favour of Egypt for the period 2017-2020<sup>4</sup>. The Single Support Framework 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 as reflected in recital 4.
- (4) The objectives pursued by this multi-annual action programme are to be financed under the European Neighbourhood Instrument.<sup>5</sup> The objectives are to provide support in the following sectors: the stabilisation of Egypt through enhancing water and energy

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<sup>1</sup> Regulation (EU) 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 and amending Regulation (EC) No 2012/2002, Regulations (EU) No 1296/2013, (EU) 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 of the European Parliament and of the Council and Decision No 541/2014/EU of the European Parliament and of the Council and repealing Regulation (EU, Euratom) No 966/2012, OJ L 193.

<sup>2</sup> OJ L 77, 15.3.2014, p. 95.

<sup>3</sup> [www.sanctionsmap.eu](http://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.

<sup>4</sup> C(2017) 7175 final, 30.10.2017.

<sup>5</sup> 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).

security; the efforts of the Government of Egypt to improve cohesion by providing fair access to inclusive basic services and empowerment of vulnerable groups, specifically the children and the persons with disabilities; and complementary support to institutional capacity and development of the Egyptian public administration as well as to civil society.

- (5) The action entitled “EU4 Energy & Water” will support the stabilisation of Egypt through enhancing water and energy security. The specific objective is to improve the sustainable management of these resources through enhancing operational efficiencies of concerned stakeholders and beneficiaries.
- (6) The action entitled “EU for fair access to basic services” aims at supporting the Government of Egypt's efforts to improve cohesion by providing fair access to inclusive basic services and empowerment of vulnerable groups, specifically the children and the persons with disabilities. This will be done through support to a) the National Council for Childhood and Motherhood and b) the National Council for Disability Affairs as well as through the mobilisation of civil society organisations within the framework of relevant national policies.
- (7) The action entitled “Complementary support for capacity development and civil society in Egypt” aims at: a) Supporting Egypt’s public administration reform, enhance its regulatory framework, accompany progress towards e-governance and support the implementation of sector strategies benefiting from European expertise and promoting peer exchanges with European Member States’ specialised entities or administrations; b) Reinforcing the role of Egypt’s civil society organisations (CSOs) in the country’s economic, political and social development process and making CSOs a solid contributor to the implementation of the EU-Egypt partnership.
- (8) It is appropriate to authorise the award of grants without a call for proposals, pursuant to Article 195 of Regulation (EU) 2018/1046 to the National Council for Childhood and Motherhood since the National Council for Childhood and Motherhood is Egypt' State Competent Authority with exclusive competence as regards the rights of the child and child protection and to the *French Ecole Nationale d'Administration* (ENA) because the action has specific characteristics requiring a specific type of beneficiary for its technical competence and specialisation that are putting the ENA in a de facto monopoly situation based on their leading position and experience in providing elite educational trainings to future public sector officials.
- (9) It is necessary to allow the payment of interest due for late payment on the basis of Article 116(5) of Regulation (EU) 2018/1046.
- (10) The measures provided for in this Decision are in accordance with the opinion of the European Neighbourhood Instrument Committee set up by Article 15 of the financing instrument referred to in Recital 4,

HAS DECIDED AS FOLLOWS:

*Article 1*  
*The programme*

The multi-annual action programme in favour of Egypt for 2018, 2019, and 2020, as set out in the Annexes, is adopted.

The programme shall include the following actions:

- a) Annex I: EU4 Energy & Water

- b) Annex II: EU for fair access to basic services
- c) Annex III: Complementary support for capacity development and civil society in Egypt

*Article 2*  
*Union contribution*

The maximum Union contribution for the implementation of the programme for 2018, 2019 and 2020 is set at EUR 76 million, and shall be financed from the appropriations entered in the following lines of the general budget of the Union:

- a) budget line 22.040102: EUR 56 million; of the general budget of the Union for 2018.
- b) budget line 22.040102: EUR 10 million; of the general budget of the Union for 2019.
- c) budget line 22.040102: EUR 10 million; of the general budget of the Union for 2020.

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

The implementation of this Decision is subject to the availability of the appropriations provided for in the general budget of the Union for 2019 and 2020 as adopted by the budgetary authority.

*Article 3*  
*Flexibility clause*

Increases<sup>6</sup> 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) 2018/1046 where these changes do not significantly affect the nature and objectives of the actions.

The authorising officer responsible may apply the changes referred to in the first paragraph. Those changes shall be applied in accordance with the principles of sound financial management and proportionality.

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

*Article 4*

*Grants*

Grants may be awarded without a call for proposals pursuant to Article 195 of Regulation (EU) 2018/1046 to the bodies referred to in point 5.3.2. of Annex II and in point 5.3.1.1 of Annex III, in accordance with the conditions set out therein.

Done at Brussels, 29.11.2018

*For the Commission*

*Johannes HAHN*

*Member of the Commission*



## ANNEX I

of the Commission Implementing Decision on the multi-annual action programme in favour of Egypt for 2018, 2019 and 2020

### Action Document for EU4 Energy & Water

#### MULTIANNUAL<sup>1</sup> PROGRAMME/MEASURE

This document constitutes the multi-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.

<b>1. Title/basic act/ CRIS number</b>	<b>EU4 ENERGY &amp; WATER</b> CRIS number: ENI/2018/041-397 financed under the European Neighbourhood Instrument	
<b>2. Zone benefiting from the action/location</b>	Neighbourhood South, Egypt The action shall be carried out at the following location: Egypt.	
<b>3. Programming document</b>	Single Support Framework (SSF) for European Union (EU) support to Egypt (2017-2020)	
<b>4. Sector of concentration/ thematic area</b>	Sector 1: Economic modernisation, energy sustainability and environment	DEV. Aid: YES
<b>5. Amounts concerned</b>	Total estimated cost: EUR 40 million.  The contribution is for an amount of EUR 20 million from the general budget of the Union for financial year 2018 and for an amount of EUR 10 million from the general budget of the Union for financial year 2019, subject to the availability of appropriations following the adoption of the relevant budget and for an amount of EUR 10 million from the general budget of the Union for financial year 2020, subject to the availability of appropriations following the adoption of the draft budget and the budget.	

<sup>1</sup> Within the maximum contribution of the European Union, the authorising officer responsible may adjust the allocation to the respective budget years subject to the availability of the commitment appropriations.

<b>6. Aid modality(ies) and implementation modality(ies)</b>	Project Modality, implemented through direct management of procurement of services.			
<b>7 a) DAC code(s)</b>	31120 Agricultural development 14010 - Water sector policy and administrative management 14022 - Sanitation - large systems 23068 - Renewable Energy			
<b>b) Main Delivery Channel</b>	10000 - PUBLIC SECTOR INSTITUTIONS			
<b>8. Markers (from CRIS DAC form)</b>	<b>General policy objective</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Main objective</b>
	Participation development/good governance	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Aid to environment	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Gender equality (including Women In Development)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Trade Development	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Reproductive, Maternal, New born and child health	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<b>RIO Convention markers</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Main objective</b>
	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 checked="" type="checkbox"/>	<input type="checkbox"/>
<b>9. Global Public Goods and Challenges (GPGC) thematic flagships</b>	Environment and Climate Change, Human Development/Health, Sustainable Energy			
<b>10. Sustainable Development Goals (SDGs)</b>	SDG 6: Ensure access to water and sanitation for all; SDG 7: Ensure access to affordable, reliable, sustainable and modern energy for all.			

**SUMMARY**

The **general objective** of the action is to support the stabilisation of Egypt through enhancing water and energy security. The **specific objective** is to improve the sustainable management of these resources through enhancing operational efficiencies of concerned stakeholders and beneficiaries.

This action is relevant for the SDG Agenda 2030. It contributes primarily to the progressive achievement of SDG Goals 6, and 7, but also promotes progress towards Goals 9, 11, 13, and 16<sup>2</sup>. This does not imply a commitment by the country benefiting from this programme.

**The expected results are clustered under three main components as follows:**

1. Enhance capacities at central and local levels to manage and operate efficient demand driven systems;
2. Modernisation of the Water and Energy Management Framework;
3. Improving the Investment Climate in the water and energy sectors.

This action is in line with the 2017-2020 SSF first pillar of intervention for Egypt: **economic modernisation, energy sustainability and environment**. It will support Egypt's Energy Strategy 2035. On the one side it will contribute to improved management of national energy resources and promoting renewable energy and energy efficiency as well as increasing security of energy supply and sustainable energy sources. On the other side it will provide support to the water and sanitation sectors, including providing potable water and sanitation to under-served urban and rural areas, through a more efficient and integrated Water Resources Management, and the adoption and implementation of the relevant national strategies.

This action is aligned with the **European Neighbourhood Policy (ENP) review<sup>3</sup>** priority of supporting **energy security and climate action**, and promotes of the implementation of the Paris Climate Agreement and its subsequent developments. In this framework, it is foreseen that the present action will be complemented at a later stage with successive interventions addressing this priority in Egypt **as a holistic and sequential package of EU support to the socio-economic stability of Egypt through enhancing quality of life and water, and energy security**, capitalising on a broad array of support modalities. Furthermore, this action builds on the results of ENPARD<sup>4</sup> 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.

## 1 CONTEXT

### 1.1 Sector/Country/Regional context/Thematic area

Water and energy are essential to Egypt's ability to achieve sustainable development and to provide adequate quality of life and satisfy the needs of its increasing population. Current physical development planning policy until 2052<sup>5</sup> depends on water and energy infrastructure. Both sectors of intervention are expressly included in the EU-Egypt Partnership Priorities<sup>6</sup>, which define common challenges and areas of joint interest between the two countries and aim to guarantee long-term stability in line with the revised ENP. Both

<sup>2</sup> [Goal 9: Industry, Innovation, and Infrastructure](#), [Goal 11: Sustainable Cities and Communities](#), [Goal 13: Climate Action](#), [Goal 16: Peace, Justice and Strong Institutions](#).

<sup>3</sup> JOIN(2015) 50 final, Brussels, 18.11.2015.

<sup>4</sup> European Neighbourhood Programme for Agriculture and Rural Development.

<sup>5</sup> The National Urban Planning Strategy developed by the General Organisation for Physical Planning (GOPP) <http://gopp.gov.eg/plans/>.

<sup>6</sup> EU-Egypt Association Council, Brussels, 16 June 2017.



sectors are aligned with key strategic government planning documents, namely Egypt's "Sustainable Development Strategy – Vision 2030 (SDS 2030)"<sup>7</sup> and related water and energy sector strategies outlining the development objectives and plans for the coming years.

The Egyptian Government is endeavouring to create synergies through the integration of water and energy policies, planning and management, while encouraging conservation, motivating innovation and ensuring sustainable use of water and energy. However, Egypt is exposed to numerous challenges, including in best managing its energy and water resources.

Overexploitation and lower precipitation patterns due to climate change threaten the balance of water available for agriculture and development. At the same time, fossil fuels are becoming a less viable source of energy, due to depletion, cost, and environmental damage. In fact, both sectors face similar challenges such as scarcity and or depletive of conventional resources, subsidies, high investment costs, weak management, need for strengthened institutional reforms and co-ordination, as well as operational and maintenance challenges.

In its response to the considerable challenges currently faced in the Egyptian energy sector, the Egyptian Government's strategy for the energy sector realises the great potential of renewable energies in the country and has attributed a substantial role to renewable energy production in its energy mix in addition to gas resources. However, a substantial part of electricity supply is assured by old and inefficient fossil power plants with low levels of technical availability and insufficient fuel supply. Increasing electricity demand (7% p.a.) due to considerable growth of population and economy is yet another main challenge. In addition, supply of energy not only represents major challenges for the Egyptian economy; it also strongly affects quality of life and citizens' perceptions of the state's ability to deliver public services. Therefore, energy security is currently at the top of policy makers' agenda. The current reforms aiming at reducing subsidies could be challenging with respect to the country's stability. In July 2014, the Government has introduced a plan to ensure the development of a self-sustaining electricity sector by 2019 and continues since then to slash spending on energy subsidies.

A little over 50% of Egypt's current population of 97 million live in rural areas and nearly 50% of those living in rural areas are engaged in agriculture, which accounts 18% of Gross Domestic Product (GDP) and 20% of total exports. In the Nile valley, yields are among the highest in the world, with agriculture dependent almost entirely on irrigation and concentrated primarily in the areas of the Valley, Delta, Fayoum and their desert fringes. Egypt depends entirely on the Nile River where more than 90% of its water resources come from the Nile. The Egyptian energy sector currently faces severe challenges with regards to availability of resources, budgetary constraints and threatened water security. The increasing demand for water, coupled with increasing risks and uncertainties due to upstream dam infrastructure (i.e., the Grand Ethiopian Renaissance Dam) add an additional element of risk and instability to this finite resource. This means that the current available quota of 675 litres per capita per year could go down by nearly 30% to 475 litres per capita per year in 2025, which is under the absolute scarcity level of 500 litres per capita per year. To sum up, both sectors suffer similar challenges, which need to be addressed at institutional and policy level, as well as require urgent considerable amount of investments. Indeed, the lack or an

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<sup>7</sup> <http://sdsegypt2030.com/?lang=en>

inefficient action to address these challenges could lead to increased resource scarcity and possible unrests due to either increase in service provision tariffs or inequality in service provision.

### ***1.1.1 Public Policy Assessment and EU Policy Framework***

The **Sustainable Energy Strategy 2035** that was approved in October 2016 by Egypt's Supreme Energy Council includes different scenarios for an energy mix and a medium term action plan. However in all scenarios dependence on gas is substantial. The strategy has been developed in consultation with all relevant stakeholders including scenarios for developing the country's energy mix until 2035. A least cost scenario based on the Markal optimisation model of the International Energy Agency has been developed. Moreover, the Kreditanstalt für Wiederaufbau (KfW) carried out the EU funded<sup>8</sup> master plan for renewable energy which confirms the amount of Renewable Energy Sources (RES) in the mix. A white book based on the updated overall national energy strategy and a medium term action plan to translate the renewable energy master plan is being finalised.

Recent gas discoveries in the Eastern Mediterranean basin point towards an increase in the availability of Egypt's energy resources. However, the use of such resources must be optimised. Besides, a modernisation programme which includes a large number of areas for reforms in the energy sector has been agreed in the framework of the International Monetary Fund (IMF) programme in November 2016. The East Med Gas and the expected co-operation between Egypt and countries such as Israel, Cyprus and Greece with respect to electricity interconnection and gas transit and exports is currently providing a good momentum to advance with reforms. One of the most promising areas included in the programme focuses on the establishment of an energy hub in Egypt (electricity, gas and oil). Challenges in the energy sector should be overcome through a combination of reductions (and eventual elimination) of energy subsidies combined with institutional reforms over the next five years, together with broadening the variety of energy sources in the Egyptian energy mix. The optimisation of use of fossil fuels and the deployment of renewable energies is part of the solution. Egypt's energy intensity, or the amount of energy that a country needs to produce a measure of GDP, is the highest in the region. To meet the demand, Egypt has long favoured production over energy efficiency or conservation, even if it is now starting to shift its emphasis. Demand is also raising in Egypt because of population growth, but also because prices for consumer fuels are still subsidised. Subsidies have been cut significantly, but consumers still pay well below actual costs.

In the **Water Sector**, the **National Water Resources Plan for Egypt 2017-2037 (NWRP - 2037)** (funded by the EU) that was approved in June 2017 by the Supreme Council for Nile River Protection. The NWRP- 2037 aims at organising, at the national and governorate level, the optimal water resource allocation. The scarcity issue emphasises the need for certain actions. The Ministry of Water Resources and Irrigation (MWRI) is moving forward to adopt an integrated national policy, as the water issue must be addressed at a high political level and become the shared responsibility of the entire Government. In this regard, the Government of Egypt's is already taking many measures to cover the increasing water requirements related to the rise in population and the improvement of living standards, as well as the expansion of agricultural land. The objective is to ensure better use of existing

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<sup>8</sup> Under the Neighbourhood Investment Facility - NIF

resources, improving water reuse techniques, enhanced management of existing irrigation and drainage. Additional measures aim to properly plan an integrated management of water resources, taking many different aspects into consideration such as water resources, water requirements of the various sectors, and water quality. The EU had supported the preparation of the NWRP, and ensured the presence policy co-ordination mechanism for the implementation and monitoring of its key indicators. Furthermore, as part of the new NWRP, key staff within the MWRI are assigned to co-ordinate and monitor the implementation of the agreed upon action plans. In addition, the Government agreed in 2009 to establish the Supreme Council for Nile River Protection (SCNRP) at ministers' level with the mandate to oversee the NWRP implementation.

As for urban water and sanitation, the amount required to finance the full coverage is of 200 billion EGP (close to EUR 12 billion) and it is expected to require three five-year plans to complete this task. In this regard, The Government of Egypt launched in 2015 **the National Rural Sanitation Programme (NRSP)**, which aims at providing universal access to sanitation in rural Egypt, through financing investment in the areas deprived of sanitation infrastructure (waste water treatment plants, sewage networks and pump stations). The National Rural Sanitation Strategy (NRSS) from which the NRSP stems from has been developed, through an EU funded (the Technical Assistance component of the ongoing Water Budget Support programme). Finally, Egypt has been an active member in the field of regional co-operation in both water and energy sectors. Among which, Egypt had participated and supported both the Union for the Mediterranean (UfM) Ministerial meeting on energy (December 2016) and to the UfM Ministerial meeting on water (April 2017). This action shall support the 3rd Mediterranean Water Forum and its conclusions falling under the Ministerial Declaration of the UfM Water Ministers<sup>9</sup>.

### **1.1.2 Stakeholder analysis**

The main beneficiaries of this action **in the energy sector** will be:

In the energy sector all institutions involved in the planning, implementation, monitoring and evaluation of the process related to energy are part of the action. This includes the **Egyptian Electricity Holding Company (EEHC)**, the **Egyptian Electricity Transmission Company (EETC)**, the **Electricity Distribution Companies**, the **Electricity Regulator**, **Egyptian Organisation for Standardisation**, the **Private Public Partnership Unit** at the Ministry of Finance, and the **New and Renewable Energy Authority**.

The **Egyptian Ministry of Petroleum and Mineral Resources**, and in particular, the **Egyptian General Petroleum Corporation (EGPC)**, the **Egyptian Gas Holding Company (EGAS)**, acts as a joint venture partner to the foreign investors responsible for exploration and production. EGPC and EGAS now share responsibility for upstream gas, with the former retaining control over older sites in the Red Sea and Western Desert areas and the latter overseeing the faster growing areas offshore in the Mediterranean Sea and in the Nile Delta region. EGPC and EGAS are the exclusive buyers of output for the domestic market and responsible for downstream activities such as refining and transportation. **The gas regulator** created under a previous EU funded Technical Assistance, will continue benefiting from the EU support in terms of capacity building and support the opening of the Egyptian gas market.

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<sup>9</sup> [https://ufmsecretariat.org/wp-content/uploads/2017/11/Ministerial-Declaration-on-Water\\_Union-for-the-Mediterranean.pdf](https://ufmsecretariat.org/wp-content/uploads/2017/11/Ministerial-Declaration-on-Water_Union-for-the-Mediterranean.pdf)

In the water sector, the **Ministry of Water Resources and Irrigation (MWRI)** is in charge of water resource development and distribution and plans, and implements water resources development projects, including the River Nile, surface water, and groundwater and drainage water. It undertakes construction, operation and maintenance of irrigation and drainage network and is responsible for the basic infrastructure and pumping stations in new agricultural lands. The ministry is also responsible for studies and research through the **National Water Resources Centre**. Finally, Water User Associations (WUA), and Governorate Water Resources Councils (GWRC) will be engaged under the appropriate action components.

The main institution involved in the urban water and sanitation sub sector is the **Ministry of Housing, Utilities and Urban Communities (MHUUC)**; the MHUUC is concerned with Egypt's comprehensive urban, communal and economic development comprising housing, roads, bridges, potable water and sewerage plants. In addition, with regard to the water and sanitation sectors MHUUC is responsible for setting rules, standards and technical specifications, control of execution and follow up of the design, execution, operation, and management of potable water and sanitary drainage plans, projects and programmes. As for the **Holding Company for Water and Wastewater (HCWW)**, an autonomous public sector body with all public water authorities, transferred as affiliates of the holding company to purify, desalinate, transfer and sell drinking water, and collect, treat and safely dispose of wastewater. The **HCWW** as an umbrella organisation is primarily an asset management company, supporting the operating local utilities to be financially viable businesses. The framework allows for performance management (each utility is a profit/cost center), thus giving an incentive for bill collection.

The main institution involved in developing and co-ordinating a complete strategy for implementing decentralisation on short and long terms, is **Ministry of Local Development**; Finally, the **Ministry of Environment** has also been identified as a potential stakeholder as it has responsibilities on specific elements of water management.

Civil Society Organisations (CSOs) working in the field of integrated water resources management, water efficiency promotion and raising awareness, will benefit from the policy dialogue platform created in the framework of the present action. A sense of ownership will be developed by ensuring high-level government Inter-Ministerial Steering Committee (ISC) in order to co-ordinate on a more regular basis and at a more technical level.

**The Ministry of Finance** develops the budget in close co-ordination with the line ministries. Therefore, its role in implementing reforms and investment plans is crucial. The involvement of the Ministry of Finance in all Steering Committees should benefit the programme implementation.

The action will certainly build on the close links created in the past between the government on one side and the private sector and civil society organisations, such as business organisations and users and consumer associations, on the other. The capacity of all above-mentioned stakeholders has been confirmed through previous technical assistance programmes funded by the EU. Counterparts in the Egyptian line ministries have sound capacities in implementing reforms. However, there is a need in general to know the best practices in dealing with certain challenges and issues. Technical needs such as the capacity to make sound economic modelling, business planning, and strategic long term analysis based on exogenous factors could be further strengthened. It should be highlighted that this will be the third wave of technical assistance and capacity building programmes in both sectors,

where activities have been identified based on several rounds of consultation that have taken place with all above-mentioned stakeholders, including representatives of the civil society. All stakeholders in water and energy confirmed a very high level of ownership during the identification phase of the programme.

### *1.1.3 Priority areas for support/problem analysis*

While the Egyptian Government is planning for increasing its GDP in the coming years through adding massive public and private investments in different sectors of the economy, the country is facing a problem of water and energy supply, which could hamper its development.

It is clear that Egypt is both in a position and a need to exploit solar and wind energy for electricity generation while optimising its fossil energy resources. The Egyptian oil and gas industry should be encouraged to exert more efforts to mitigate the adverse impacts of oil and gas development. Among the challenges, the most acute are the industry's environmental footprint on biodiversity, and climate change and its associated impacts on communities.

Existing and new fossil energy resources should be developed based on efficiency and optimisation, including the potential creation of a hub in the country for better and more rational use of the Eastern Mediterranean Gas. The optimisation process encompasses a large institutional and legislative modernisation programme that is put in place by both concerned ministries as part of the policies and objectives of the Egypt – International Monetary Fund (IMF) programme.

Taking into account the level of subsidies in Egypt there is still a gap between the prices of conventional types of energy and renewables which makes wind and solar energies costly. Therefore, working on the financial and institutional modernisation and optimisation of the fossil fuel sector should go hand in hand with supporting the development of renewable energies and demand management.

In the **water sector**, there are many challenges facing Egypt, mainly related to severe water scarcity with an average yearly per capita share of less than 650 m<sup>3</sup>. Demand on this fixed amount of water resources drastically increases due to the high rate of population growth, at an average of more than 2% annually. Consequently, there are growing domestic needs of water for human uses and a continued strong demand for agricultural uses. The current water deficit reaches up to about 20 billion m<sup>3</sup>/y, mainly covered by reuse of agricultural drainage water in irrigation, including the important part of illegal direct reuse, which has a significant impact on health and environmental conditions. Another factor contributing to intensifying Egypt's water challenges is environmental pollution, affecting public health and impairing the safe use of significant water resources for many purposes. Awareness is therefore one of the key issues to change. In agriculture, the increasing scarcity of water is exacerbated by poor water quality, while organic and chemical pollution of water has reached alarming levels. 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.

In the urban water sector, the current high water losses rate (32% of produced water, three billion m<sup>3</sup>/y of treated water are lost) constitutes a heavy burden on top of an existing highly indebted and subsidised sector. Thus, innovative measures aimed at lowering this percentage and increasing water usage efficiency must be put in place. Taking into account the existing level of subsidies in Egypt the gap between the prices of the service delivery and tariff rates,

the government has taken measures to gradually increase the tariffs in the sector, and increase private sector participation in the construction and operation of desalination, and wastewater treatment plants through public-private partnerships schemes.

Meanwhile, water resources management remains highly centralised in Egypt with a major role played by the Ministry of Water Resources and Irrigation. A unified and formalised policy document on water is not yet available, however a Water Law is being prepared, while various initiatives are under way to update or implement strategies and plans to give a priority to this issue and support government policies towards decentralisation, accountability of service providers and engagement of local communities. The sector is undergoing a transitional stage, transferring into a cost recovering sector. Therefore, strengthening policy dialogue, while securing financing for sustainable investments, is a key prerequisite for achieving water sector objectives. The EU is supporting the development of key strategies in the water sector in Egypt to address these challenges.

The main cross-cutting challenges currently facing the sector and addressed by the action are as follows:

- Weak co-ordination mechanisms between relevant agencies and other ministries and agencies and lack of channels for public consultation at sectoral policy level;
- Standard monitoring and reporting systems which would affect the possibility to assess achievements as well as the level of ownership;
- Lack of estimation of costs of implementation and alignment with the national annual and multi-annual budget.

**In the energy sector the main challenges are:**

**Legislative, Institutional, economic and financial, mainly related to:**

- Lack of good governance principles in the energy sector
- Pace of implementation of the institutional reforms in particular redefining the role of the different public institutions such as Egyptian General Petroleum Corporation (EGPC), the Egyptian Gas Holding Company (EGAS), Egyptian Electricity Holding Company (EEHC), Egyptian Electricity Transmission Company (EETC) and the New and Renewable Energy Authority (NREA), which currently ensure a double role leading to conflicting interests. Such institution should not be involved in operations. Their role should be restricted to policy making in order to ensure the establishment of a transparent market;
- Public funding constraints in conjunction with limited participation of the private sector;
- Low electricity and gas prices compared to cost, which lead to limited cash generation within the market;
- High indebtedness of state entities dealing with oil and gas, conventional electricity and Renewable Energy Sources for Electricity (RES-E) development such as EGPC, EEHC and NREA;

**Technological and institutional, mainly related to:**

- the challenges caused by the integration at a large scale of RES-E technologies in the Egyptian electricity system;

- Upgrading and modernisation of the technical, financial, institutional and legislative frameworks of the downstream, midstream and upstream oil and gas activities to encompass the energy efficiency dimension;
- Limited experience in operation, maintenance and in sustaining investment in the energy sector, including in renewable energy and energy efficiency;
- The harsh environmental conditions under which solar and wind energy plants are expected to operate.

**In the water sector the main challenges are:**

**Legislative, institutional, economic and financial, mainly related to:**

- Limited application of good governance principles in the Water sector;
- Slow implementation of the institutional reforms in particular integrating the different sectorial strategies and lack of an integrated investment planning;
- Little or no effective co-ordination mechanisms at field level between relevant agencies and other ministries and agencies potentially interested in water-related programmes/strategies.
- Public funding constraints in conjunction with limited participation of the private sector;
- Limited cost recovery schemes for infrastructure projects compared to cost, which has led to limited cash generation within the market;

**Technological and institutional, mainly related to:**

- Egypt lacks the implementation of proven and countrywide transferable drainage reuse strategy, oriented to maximise water efficiency and related income generating activities;
- Improper implementation of hygiene activities at the level of rural areas considerably affects the health conditions of the population;
- Inadequate waste-water management (WWM) and citizens' access to sanitation, lacking participatory measures at local level and income generating activities;
- Little or no effective co-ordination mechanisms at field level between relevant agencies and other ministries and agencies potentially interested in water-related programmes.

**In Egypt the EU is in the forefront of energy and water planning and development.** The ongoing EU funded Fostering reforms in water and energy programme offers a real platform and opportunity for policy dialogue at national level. Moreover, this action will provide the needed support to implement the agreed steps included in the SDS 2030 geared towards the implementation of sustainable energy solutions and the expansion of sustainable water and wastewater infrastructure throughout the country. The current project will also aim to support the European External Investment Plan (EIP)<sup>10</sup> through providing the needed support in institutional capacity building to relevant governmental and non-governmental actors to design bankable projects and improving the investment climate through providing the needed sector policy support, and sector reforms.

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<sup>10</sup> [https://ec.europa.eu/commission/eu-external-investment-plan\\_en](https://ec.europa.eu/commission/eu-external-investment-plan_en)

## 2 RISKS AND ASSUMPTIONS

<b>Risks</b>	<b>Risk level (H/M/L)</b>	<b>Mitigating measures</b>
Increased instability at country and regional level impacting negatively the political, social and economic conditions of the project	H	Instability is partly rooted in the lack of social and economic development prospects. The situation should improve thanks to the commitment of the Government to and the alignment of stakeholders around the SDS 2030. The situation will be closely monitored by the Delegation of the European Union to Egypt.
Weak co-ordination	M	The programme will strengthen co-ordination in the legislative reform, dialogue in energy and water by supporting the implementation of national strategies and mechanisms. The programme will also be focused on the needed institutional, legislative and financial sustainable reforms and solutions in energies and the sustainable use of water and adequate service delivery of wastewater which will lead to bringing about homogenous type of stakeholders ready and motivated to co-operate for the best interest of the country.
Insufficient ownership	L	Continuous dialogue with representatives of the concerned Ministries and Governorates during implementation: EU Delegation-led monitoring missions and high-level meetings as required. A Steering Committee including the involved Institutions will be set up at central level while local committees will be established at Governorates level to guarantee all the needed measures of co-ordination and coherence of implementation.
Corruption and fraud	H	Overall risk for corruption and fraud in Egypt is considered substantial, as witnessed by low ranking of Egypt in international transparency and corruption perception rankings, high perceived corruption in population corruption surveys, a fragmented institutional framework of anti-corruption entities, incomplete legal framework and inconsistencies in judicial treatment of corruption cases. Procurement practice favours direct award. On the positive side government has adopted anti-corruption strategy and some streamlining of inspection agencies underway.
Sustainability Risk	M	Notwithstanding the fact that the Government started already addressing tariff structure reforms, tariffs remains below the economic cost of supply. To mitigate this risk, the project will create a platform for



	<p>information sharing and policy dialogue about ongoing reforms including adequacy of tariffs to meet the full cost of electricity supply and capital and operational cost of water infrastructure while further proposing tariff adjustments or other necessary financial measures to be applied.</p>
<p><b>Assumptions</b></p>	
<ul style="list-style-type: none"> <li>• Regional instability does not affect Egypt and national political stability is secured.</li> <li>• Momentum within the Government to strengthen policy reform and co-ordination is maintained.</li> <li>• All concerned authorities and stakeholders will collaborate during the action's implementation and will grant all required permissions.</li> <li>• The social and economic development agenda, including energy and water strategies, is implemented by the Egyptian Authorities and is not halted due to social or political instability.</li> <li>• Momentum to strengthen inter-institutional co-operation as well as policy and regulatory reforms within the Government is maintained and committed in support to the SDS 2030.</li> <li>• Policy dialogue with private sector and non-governmental organisations in energy and water sectors remains a priority.</li> </ul>	

### 3 LESSONS LEARNT, COMPLEMENTARITY AND CROSS-CUTTING ISSUES

#### 3.1 Lessons learnt

This action will build on EU Energy/Water experience in fostering dialogue, while ensuring full co-operation in blending, technology transfer and technical assistance. A positive governance approach, by ensuring high-level government representation in steering committees develops a sense of ownership. The technical assistance in general will capitalise on the availability of high quality EU knowledge and practices, while also facilitating skills transfer to Egyptian institutions and staff.

The action will take stock of the European Union's wide experience in the field to provide capacity building in Egypt. This has been provided notably through the technical assistance to foster policy dialogue and accompany intuitional reforms in water and energy in the framework of the Energy and Water Sector Policy Support Programmes and the Fostering Reforms in water and energy programme. The support will also be sustained by current blending operations in the field of water and energy infrastructure, which contribute to the transfer of technology and expertise as well as availing innovative techniques in addressing challenges related to these sectors.

Previous technical assistance projects in energy and water served as platforms for enhanced policy dialogue between different stakeholders, thus substantially contributing to deal with problems resulting from lack of co-ordination at national level. Specific assignments such as the Sustainable Energy Strategy, involved a large number of consultations amongst stakeholders, capacity building on economic modelling and on numerous technical issues resulted in a very high ownership of the document which was discussed and approved by the Supreme Energy Council headed by the Prime Minister in October 2016. Also, during the preparation of the NWRP (supported by the EU), several rounds of consultations with all key

stakeholders had been conducted for over than a year, and ensured the presence policy co-ordination mechanism for the implementation and monitoring of its key indicators. Furthermore, as part of the new NWRP, key staff within the Ministry of Water Resources and Irrigation were assigned to co-ordinate and monitor the implementation of the agreed upon action plans. Finally, the Cabinet had agreed to establish the Supreme Council for Nile River Protection (SCNRP) at ministers' level with the mandate to oversee the NWRP implementation which resulted in a very high sense of ownership of the plan.

The involvement of the EU Delegation in Egypt in aspects related to the implementation was essential when key EU experts in particular were unable for various reasons to establish sound working relations with their counterparts in the administration or outside it. Other issues encompass the delays in obtaining security clearance for International Experts and information sharing. In both cases the involvement of the EU Delegation in Egypt was essential to overcome the challenges through direct communication with relevant authorities at high level.

Raising awareness on issues related to reforms trough the Delegation or through concrete actions with other donors was also a very efficient way of advancing with reforms. Examples of concrete actions include the Feed in Tariff Programme where a joint action by all International Financial Institutions (IFIs) and the EU resulted in advancing with the second round of Solar Feed-in Tariff FIT programme. Also, the joint agreement between all EFIs and the Ministry of Water Resources and Irrigation on the Joint Irrigation Sector Approach memorandum of understanding (JISA MoU) resulted in the support of high priority investment programmes resulting for this study (e.g., National Drainage Programme- Phase III (NDP-III)).

In this regard, this action will contribute to strengthen the policy-making process by supporting (regulatory/fiscal) impact assessments of proposed laws and policies, creating policy dialogues at ministerial level to support Inter-Ministerial co-ordination; while ensuring adequate external (public) stakeholder consultations.

### **3.2 Complementarity, synergy and donor co-ordination**

The Action is fully in line with the ongoing and planned interventions in the area of Water and Energy. The requested Technical Assistance will come as a continuation to what was achieved under the budget support sector policy support programmes in Energy and Water, in particular under the respective linked technical assistance contracts. Furthermore, it shall complement the initiated support under the Fostering Reforms in water and Energy Programme.

With respect to Energy, it shall sustain the fruitful high level dialogue in Energy that started in 2017 and materialised in the **Memorandum of Understanding for Strategic Co-operation in Energy signed in Cairo in April 2018 (MoU)**. The MoU is expected to open up new horizons for co-operation in energy to ensure the security of supply of Egypt and Europe.

With respect to water the action shall sustain the agreed upon principles and high level co-ordination indicated in the Memorandum of Understanding for the **Joint Integrated Sector Approach (JISA) in water** signed in Cairo in June 2016 and the **NWRP 2037**.

Furthermore, the action shall work as anchor to support the newly launched **European External Investment Plan (EIP)**, specially its second and third pillars. The action shall assist in providing the required technical assistance in the form of the provision of sector

analysis, support human capacities, and establishing structured dialogue with the government and stakeholders. Also, the Action shall aim at improving the business environment by removing regulatory barriers to investment both nationally and at EU levels.

Supporting the reform through these technical assistance and Capacity Building activities represents as well the complementary soft support needed to sustain **the ongoing and future Neighbourhood Investment Platform (NIP) funded projects** in energy and water by speeding up the pace of implementation of reforms through policy dialogue that would help identifying future **European Fund for Sustainable Development (EFSD)** programmes in water and energy under the new guarantee windows. The current discussions and studies undertaken by the World Bank to establish an energy hub in the country will complement areas of needed reforms covered by the programme. This would support Egypt in materialisation of the concept.

**The Energy Sector Policy Support Programme (ESPSP)** amounting to EUR 60 million was signed in 2011. It aims at improving the energy policy and regulatory framework, the sector financial transparency and performance and to promote development of renewable energy sources energy efficiency. A EUR 3 million technical assistance was provided in the framework of this programme and served to update the Egyptian Energy Strategy until 2035, to produce a white book, to establish a gas regulator and a gas law. It also aims at strengthening the institutional capacity in the field of energy efficiency. A smaller contract is supporting the establishment of an energy information system.

A EUR 3 million **Renewable Energy and Energy Efficiency Master Plan** funded by the EU through the NIF (with KfW) prioritised key potential investments and suggest a number of institutional reforms. Moreover, the EU is co-funding the 200 MW **Windfarms in Gulf of El Zayt**, which will add up to 250 MW of wind power to the existing capacity of 540 MW.

The EU is also contributing with a EUR 16 million grant to the **Egyptian Power Transmission Project**, amounting to EUR 500 million and aiming at reinforcing the Egyptian National grid. 545 MW of wind farms are operating since 2009 in the Red Sea (Zaafarana Site) mainly financed through governmental co-operation with Germany, Denmark, Spain and Japan.

**The Southern Mediterranean Regional Sustainable Energy Finance Facility (Renamed Green Energy Fund – GEFF)** established by the EU, the European Bank for Reconstruction and Development (EBRD) and the Agence Française de Développement – French Development Agency (AFD) in the framework of NIF will extend EUR 180 million of credit lines to Financial Institutions in the region including Egypt. Such credit lines will provide technical assistance and incentives to financing energy efficiency and sustainable energy investments in industry, SMEs, agribusiness, commercial services and residences.

**The Water Sector Reform Programme-Phase II (WSRP-II)** The overall objective of the WSRP-II is to support the government of Egypt in continuing the reform programme of the water sector. Three (3) technical assistance service contracts are provided in the framework of this programme to support: (a) Creation of the National Water Resources Plan until 2037 (NWRP 2037) , (b) Creation of the National Rural Sanitation Strategy (NRSS), Integrated Losses Reduction Strategy and Desalination plants Brine Disposal Codes, and (c) To establish the financial reform roadmap for the Urban Water sector. A smaller contract is supporting the preparation of the pre-feasibility studies for Desalination water treatment plants using PPP schemes.

**Improved Water and Wastewater Programme (phase I):** The project aims at rehabilitating and expanding existing water and wastewater treatment plants as well as sewer networks in some of the most deprived areas in the delta

**Improved Water and Wastewater Programme (phase II):** A new phase of the programme increases the coverage to additional four governorates in Upper Egypt (Qnea, Sohag, Assuit, and Minya). Through this initiative, the water supply and sanitation coverage to households will significantly increase, to additional 4 million inhabitants.

**Kafr el Sheikh Wastewater Expansion Programme (KSWWE):** This initiative aims at providing water and sanitation services to 250,000 people in Kafr El Sheikh, and at reducing the pollution from discharge of untreated wastewater in the environment, improving Nile water quality. The overall budget is EUR 165 million, of which the EU contribution is EUR 32 million.

**National Drainage Programme - Phase III (NDP-III):** This project aims at increasing agricultural production by providing adequate drainage infrastructure and enhancing the capacities of different stakeholders to rehabilitate and extend subsurface drainage network. It will cover 250,000 acres and benefit nearly 100,000 families. Total costs are estimated at EUR 260 million, out of which the planned EU contribution will be EUR 40 million.

**EU-Water STARS (EUR 4.25 million) :** This technical assistance aims at supporting the ongoing reform process of the Water Sector through assisting the country to achieve its National Water Resources Plan 2017-2037 (NWRP-2017-2037) targets, and Egypt overall sustainable development plan 2030 (SDP 2030) While developing local participatory approaches and income generating activities at local level.

**EU Support to the National Rural Sanitation Programme (SNRSP):** This Programme aims at supporting the establishment and improvement of sanitation infrastructure and ensuring its proper operation in deprived rural areas, while enhancing the capacities of different stakeholders to rehabilitate and extend sanitation network. In the framework of the operationalization of the NRSP, the EU will contribute to fund top priority investment projects. The first project is, Fayoum Wastewater Expansion Programme (Lake Quaron Programme) with an estimated budget of EUR 455 million. The EU total contribution from the bilateral envelope for this Action is of EUR 38 million;

The second project is Integrated De-pollution of Kitchener Drain (Kitchener), with an estimated budget of EUR 480 million. The EU total contribution from the bilateral envelope for this action could reach up to EUR 45 million;

The action will also seek synergies and co-operation with the following programmes, among others:

- **EU for Green MED III and sustainable transport 2018:** This action contributes to promoting resource efficiency and sustainable consumption and production, with a view to decoupling economic growth from environmental degradation and enabling the transition to a circular economy.
- **SwitchMed II:** The SwitchMed initiative aims at supporting and connecting stakeholders to scale up social and eco innovations in the Southern Mediterranean.
- **MEDREG IV** (Association of Mediterranean Regulators for Electricity and Gas) Support to co-operation between the Euro-Mediterranean energy regulators (2018-2019; budget: EUR 1.9 million). The project aims at promoting a transparent, stable

and harmonised regulatory framework in the Mediterranean Region fostering market integration and infrastructure investments, as well as aiming to consumer protection and enhanced energy co-operation.

- **Mediterranean Project II** (MED TSO II) for Transmission Systems Operators (2018-2019; budget: EUR 1.1 million) aiming at contributing to modernising, strengthening, expanding and integrating the electricity networks and markets in the Neighbourhood region, through the support to reforms of the legislative and regulatory frameworks, promotion of projects of common Mediterranean interest, exchange of information on best practices.
- **Towards a mutually beneficial regional dialogue and co-operation in the Euro-Mediterranean gas sector** (2017-2019; budget: EUR 1 million): The overall objective is to enhance a regional structured dialogue, which serves the progressive development of a more secure, transparent and predictable Euro-Mediterranean gas market.
- **Mitigation Enabling Energy Transition in the Mediterranean Region – MEETMED** (2018-2019; budget: EUR 1.5 million) implemented by MEDENER Association (Mediterranean Association of the National Agencies for Energy Conservation) and RCREEE (Regional Centre for Renewable Energy and Energy Efficiency – Cairo). It fosters the energy transition in the Mediterranean by contributing to improved security of energy supply, enhanced climate change mitigation actions, and the promotion of renewable energy sources and energy efficiency at regional and country levels.
- **CLIMA-MED Project** (2018-2022; budget: EUR 7 million) aiming at supporting climate change mitigation and adaptation by assisting partner countries' transition towards low carbon economies and enhanced climate resilience. It puts forward countries' contributions to the Paris Agreement, promoting policy alignment and raising awareness.

Main **donor co-ordination** in the Water Sector is done through the Development Partners Group (DPG), with a specific sub-DPG on Water, in which wastewater is included. The sub-DPG is co-chaired by the EU Delegation and KfW. In addition close contacts are in place with key donors active in the water sector namely KfW, AFD, European Investment Bank, the World Bank and Swiss Development Co-operation.

### 3.3 Cross-cutting issues

**Environmental sustainability:** The action will address environment related issues in line with the Law 48 of 1982 on environmental regulations, and its by-laws on re-use of wastewater in agriculture, and the Law on protection of the environment no 4 of 1994, and executive regulations decree no 38 of 1995 (annex 2: Establishments subject to environmental impact assessment and others) including ornithological recommendations).

**Governance:** It is expected that the programme could have a positive impact on the improvement of the decision-making processes and governance of the water and energy sectors.

**Gender equality:** The action is expected to contribute to the gender equality, since energy and water directly impacts the gender and influence areas such as household uses, health and

hygiene, education and recreation, income generation, disposable income. The EU Gender Action Plan II (2016-2020)<sup>11</sup> mentions specifically the need to ensure “equal access and control over (...), water, energy, (...) and equitable engagement in their management, enjoyed by girls and women”. Gender will also be mainstreamed through dedicated awareness campaigns and integrating recommendations and results into the action.

**Rights Based Approach:** The action will adopt overall Rights Based Approach at all possible levels. As recognised by the UN charter <sup>12</sup>water is a human right, which clearly promotes the need to provide basic service for all sectors. In addition, energy is considered as basic need, as per Durban Climate Change Conference 2011. Although Water/Energy action is focusing on higher institutional levels, it also targets sustainable inclusive growth and social justice for the full spectrum of the Egyptian population. The components in this action addressing water contribute to granting access to the right to a standard of living adequate for the health and well-being of himself and of his family, including food, as stated in Article 25 of the UN Universal declaration of Human rights.

**Local participatory approaches:** Relations between CSOs, private sector representative bodies, and the Egyptian Authorities, are instrumental for the success of the reform agenda. Taking into consideration that energy and water are not controversial areas of co-operation, the programme could have a positive effect on the governments' co-operation with CSOs and the private sector.

## 4 DESCRIPTION OF THE ACTION

### 4.1 Objectives/results

The **general objective** of the action is to support the stabilisation of Egypt through enhancing water and energy security. The **specific objective** of the action is to improve the sustainable management of these resources through enhancing operational efficiencies of concerned stakeholders and beneficiaries.

The expected results are clustered under three main components as follows:

1. **Enhance capacities at central and local levels to manage and operate efficient demand driven systems;**
  - R1.1. A national capacity building programme in water and energy is created and implemented.
  - R1.2. Communication and information plans for public awareness in resources conservation, and the dissemination of information about reform plans and strategies are developed;
2. **Modernisation of the Water and Energy Management Framework ;**

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<sup>11</sup> Council of the European Union, 13201/15, Brussels, 26 October 2015.

<sup>12</sup> On 28 July 2010, the human right to safe drinking water was first recognised by the UN General Assembly and the Human Rights Council as part of binding international law in 2010 Resolution 64/292. Also, the human right to sanitation was explicitly recognised as a distinct right by the UN General Assembly in 2015. (UN, 2016). Reference : [http://www.un.org/waterforlifedecade/human\\_right\\_to\\_water.shtml](http://www.un.org/waterforlifedecade/human_right_to_water.shtml), and <http://www.unwater.org/water-facts/human-rights/>

- R2.1. An Integrated Sustainable Water and Energy Strategy and short-to-medium term action plans are developed in an inclusive and evidence-based way, adopted and / or implemented.
- R2.2. Modernisation of the water and energy management framework is implemented.
- R2.3. Increased efficiency in sectors of financial management through improved revenue collection taking into consideration social justice and fiscal sustainability.
- R2.4. Asset management in both sectors based on sound public finance principles is improved.

**3. Improving the investment climate in the water and energy sectors;**

- R3.1. Assistance in developing economically and financially viable projects to attract investment is in place.
- R3.2. Good governance principles in both sectors are in place.

**4.2 Main activities**

EU support to the action is sequenced in contributions over three consecutive years. Activities to be supported through the 2018, 2019, and 2020 annual appropriations are outlined below. These activities will contribute the achievement of the action expected results as follows:

**Component 1: Enhance capacities at central and local levels to manage and operate efficient demand driven systems**

This component will support activities related to result 1.

The component will cover:

1-1- National Capacity building Programme in water and energy: The capacity building activities will address but are not limited to the following:

- Establishing and implementing a capacity development programme aiming at building capacities at the senior, and middle management level in project management
- Building the technical capacities in fields of financial planning, physical planning and following up the investments
- Elaborating adequate operation & maintenance (O&M) schemes
- Design and implement training sessions in the areas related to international Contract Standards (e.g., FIDIC, EU PRAG, World Bank Standards...etc.)

The aim of these activities will be to identify, develop and perform training and capacity building programmes targeted to the water and energy sectors personnel taking into account the priority areas identified (if any) by the Ministry of Planning and in accordance to the SDS 2030. Such trainings could involve a variety of stakeholders: Government institutions, financial organisations, investors, and Think Tanks.

Furthermore, dedicated training programmes to train the Users Associations and local CSOs in achieving compliance with regulations and support their involvement in the form of: (a) engagement in the policy dialogue, (b) participation in planning, implementation and monitoring of ongoing programmes.

### 1-2-Developing communication and information plans for public awareness in resources conservation, and the dissemination information about reform plans and strategies

The activities carried out under this task will target relevant stakeholders including CSOs concerned with support for enhancing quality of life, companies, donor agencies, academia, industry representatives, financial institutions, media and various Governmental stakeholders.

This will encompass, but not limited, the following:

- Designing adequate campaigns to inform about projects and reforms agenda and measure to be taken in energy and water including TV spots, films and other media
- Arranging technical meetings with relevant institutions to ensure their awareness of the project and to confirm their support for and participation in the project.
- Developing and implementing information and public awareness with detailed dissemination activities for the purpose of demonstrating results of project implementation and/ or reforms.

## **Component 2: Modernisation of the water and energy management framework**

This component will support activities related to result 2.

The component will cover:

### 2-1-Integrated Sustainable Water and Energy Strategy and several short-to-medium term action plans

Extensive support will be provided at the central level, to the implementation of national strategies and plans helping the definition and implementation of the standard policy monitoring indicators for water and energy sectors. This component shall ensure presence of adequate policy framework, and operating environment to facilitate impact and success.

### 2-2– Modernisation of the Water and Energy Management Framework

The ultimate purpose of this component is to support the third pillar of the EIP (Investment Climate) through introducing a modernisation of the entire sector institutional framework to be able to capitalise upon the opportunities that the economic and technological development is offering to the water sector. In such a case, three areas of support shall be ensured:

- The presence of a structured, well formulated, dialogue with businesses, including the preparation of sector policy and stakeholders analysis,
- Developing Public Private Partnerships (PPPs) with guarantee mechanisms (or others) that can facilitate access to finance by the private sector,
- Preparing technical studies to effectively implement plans for innovative ways for resources management.

### 2-3 – Sector Financial Management

Activities under this component will focus on aspects related to the establishment of transparent and efficient budgetary procedures, improved expenditure planning and monitoring systems. This shall be implemented based on the separation of policy making regulatory and operation activities in order to ensure fair competition and transparent market conditions is implemented. In addition the component will focus on:



- 1) undertaking a technical, commercial, staffing and financial diagnosis of the relevant ministries;
- 2) identifying and evaluating the technical improvements required to optimise operations, including staffing reassignment;
- 3) drafting financial roadmaps with different scenarios, in agreement with the beneficiary;
- 4) drafting business plans and models including staffing plan, subsidies reduction and other options to enable the achievement of financial sustainability;
- 5) Supporting the beneficiaries to make a case with the government of Egypt's relevant authorities (Cabinet, Parliament, Minister of Finance...) in advocating sustainable financial management of water and energy.

Cost recovery analysis will be also carried out in order to detail the level of subsidies in each sub-sector, thus paving the way for reaching the breakeven point.

Throughout the implementation of the above-mentioned activities the following measures will be ensured:

- An appropriate participatory approach for planning programme activities is developed
- An innovative communication plan is agreed for the efficient use of energy and water including improving nationwide responsiveness to campaigns aiming to preserve existing resources
- An active strategic/sector policy dialogue platform is established around the main challenges faced in each sector
- Adequate policy framework and operating environment to facilitate impact and success.

#### 2-4 Asset Management

The activities carried out under this task will target the following:

- Organisational and human resources aspects: analysis of the organisational structure, assessment of alignment of the organisational structure to the strategic objectives of the organisation and to the nature of its activities, and analysis of human resources and staff
- Commercial aspects: analysis of the customer base, analysis of the revenue base and payment capacity, analysis of the tariff system and review of delinquent accounts
- Physical aspects: analysis of the financial accounting and administrative procedures as well as of the internal audit tools and verification of their effective application for procurement of fixed assets and stocks
- Financial and accounting aspects: analysis of the capital structure including the terms of long term debts, analysis of the profit and loss account, analysis of the financial results by centre of activity, and analysis of the application of the International accounting standards
- Budgetary aspects, planning and budgetary control: review of the procedures for the development and follow-up of budgets, and adequacy of budget objectives, strategies and policies to the ruling operating environment. Also, support the implementation of full decentralisation in the water sector as foreseen in the new proposed water law. Finally, unbundling of the Egyptian electricity sector as foreseen in the Electricity Act.

### **Component 3: Improving the investment climate in the water and energy sectors**

This component will support activities related to result 3.

The component will cover:

### 3-1 - Assistance in developing economically and financially viable projects to attract investments

This shall be achieved through increasing the leverage of available EU grant either in the form of parallel funding and /or co-funding as well as other possible forms of co-operation with a wide array of regional and international financing institutions. Activities under this component will focus on aspects related to assist in developing economically and financially viable projects to attract investment. Activities shall be targeted to ensure that the beneficiaries producing more mature and financially viable projects and businesses. The component shall assist in setting a structured dialogue platform between the Government of Egypt as well as the private sector dialogue to improve the investment climate and the business environment in the Egypt and in the two sectors of interventions.

This will encompass, but not limited, the following:

- Prepare a list of high priority investment pipeline in water and energy sectors
- Create a project preparatory facility (PPF) to prepare pre-feasibility studies (PFS) to be used as a basis for appraisal under the Neighbourhood Investment Platform (NIP)<sup>13</sup>, European Fund for Sustainable Development (EFSD)<sup>14</sup> and the Green Climate Fund (GCF)<sup>15</sup>
- Prepare a promotion and marketing campaign to mobilise funds for selected project and encourage Private Sector Participation

### 3-2 Assistance in developing Good Governance Principles in both sectors

This activity will support the reforms in both sectors organisation based on internationally agreed governance principles, where policy making, regulatory activities and operations should be separated. Equal treatment between public and private entities having the same activities shall be ensured. Reshaping the role of some entities to focus on policy making such as the new and renewable energy authority, and the Water Regulatory Authority shall be pursued. The component shall encompass, but not limited, the following activities:

- Foster dialogue at local and national levels: Promote discussion and build consensus across a range of public authorities and stakeholders on the strengths and weaknesses of governance systems, as well as the ways forward to better manage scarce resources
- Promote inclusiveness across stakeholders: and identify the role that each can play to contribute to positive spill-overs on water and energy sectors governance. This can be achieved through in-depth consultations across public and private institutions and civil society on the "who can do what" to improve sector governance as a shared responsibility
- Creation of a sector governance indicator Framework: The sector governance indicator framework is composed of a traffic light system of certain agreed sector governance indicators (input and process). It is complemented by an action plan for discussion on

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<sup>13</sup> [https://ec.europa.eu/neighbourhood-enlargement/neighbourhood/neighbourhood-wide/neighbourhood-investment-platform\\_en](https://ec.europa.eu/neighbourhood-enlargement/neighbourhood/neighbourhood-wide/neighbourhood-investment-platform_en)

<sup>14</sup> [https://ec.europa.eu/commission/eu-external-investment-plan\\_en](https://ec.europa.eu/commission/eu-external-investment-plan_en)

<sup>15</sup> <https://www.greenclimate.fund/home>

future improvements of the sectors governance system in the short, medium and long run. It will also involve the design and population of a sector security outlook publication derived from both the inputs and outputs/results of the sector model. A sector security outlook could comprise information on factors that shape Egypt's water and energy system over the long term

- Sector Analysis: This activity will support the preparation of an updated sector analysis document addressing needed reforms, bottlenecks and including recommendations for short, medium and long term actions to be implemented.

### **4.3 Intervention logic**

In a context where the regulatory and institutional framework appears as a key factor to a sound governance and development of the energy and water sectors and where the Authorities are committed to improving service delivery, the Programme intervention at the strategic, regulatory and dialogue levels is expected to produce tangible impact through the implementation of concrete reform measures agreed in the strategic documents. Regarding implementation, the action shall be geared towards improving institutional frameworks, good governance and increasing the involvement of the private sector in water and energy sectors, the interventions are benefiting from the available EU mechanisms for technical assistance in achieving the aforementioned objectives. Furthermore, and in light of the newly launched EIP, the action shall act as an anchor to support the second and third pillars of intervention as the most efficient way to generate additionality.

The importance of the private sector for implementation is key to the overall achievement of objectives, both in terms of design, implementation and equipment provision. As such, it is expected that there is potential for not only strengthening public sector implementation but also developing PPPs with guarantee mechanisms (or others) that can facilitate access to finance by the private sector.

As the momentum already exists at the level of existing institutions, the support to on-going initiatives by the transfer of EU expertise appears as the most efficient way to generate additionality. The emphasis on co-ordination enhancement is also critical as many institutions could be involved in the various projects considered (in particular with respect to energy efficiency and integrated water resources management) and the role of an external assistance supporting good practices and governance can be conclusive. Several good practices already exist in the region notably in fields of wastewater re-use and the development of clean energy mechanisms. Building on successful experiences and local demand for broader support, capacity-building measures will be proposed to support the two sectors reform, enhance its regulatory framework and accompany progress towards governance and support implementation of sector strategies, benefiting from European expertise and promoting peer exchanges with EU Member States' specialised entities or administrations. Such good practice should be capitalised on. Linkages and complementarities with the EU Programme "Complementary support for capacity development and civil society", in areas related to support regulatory aspects in the water and Energy sectors could take place in the form of Twinning contracts. Finally, research and innovation activities, in areas covered by the EU-Egypt Partnership Priorities, will also be explored.

## 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 4.1 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 authorising officer responsible by amending this Decision and the relevant contracts and agreements; such amendments to this Decision constitute technical amendments in the sense of point (i) of Article 2(3)(c) of Regulation (EU) No 236/2014.

### 5.3 Implementation modalities

The envisaged assistance to Egypt is deemed to follow the conditions and procedures set out by the restrictive measures adopted pursuant to Article 215 TFEU<sup>16</sup>.

#### 5.3.1.1 Procurement (direct management)

Subject in generic terms, if possible	Type (works, supplies, services)	Indicative number of contracts	Indicative trimester of launch of the procedure
Component 1: Enhancing capacities and strengthening reforms in the water sector	Services	1	Year1, 3 <sup>rd</sup> trimester
Component 1: Enhancing capacities in the energy sector	services	1	Year1, 3 <sup>rd</sup> trimester
Component2:Support to the modernisation of the water sector	Services	1	Year2, 3 <sup>rd</sup> trimester
Component 2: Support to the modernisation of the energy sector	Services	1	Year2, 3 <sup>rd</sup> trimester
Component 3: Support to the water sector regulatory and business environment	Services	1	Year3, 3 <sup>rd</sup> trimester
Component 3: Support to the energy sector regulatory and business environment	Services	1	Year3, 3 <sup>rd</sup> trimester

### 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 in accordance with Article 9(2)(b) of Regulation (EU) No 236/2014 on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in

<sup>16</sup>

[https://eeas.europa.eu/headquarters/headquarters-homepage/8442/consolidated-list-sanctions\\_en](https://eeas.europa.eu/headquarters/headquarters-homepage/8442/consolidated-list-sanctions_en)

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

### 5.5 Indicative budget

AAP 2018,2019, and 2020	EU contribution in 2018 (amount in EUR) Component 1	EU contribution in 2019 (amount in EUR) Component 2	EU contribution in 2020 (amount in EUR) Component 3
Strengthening the capacities at central and local levels in the water sector	9 400 000	4 750 000	4 750 000
Strengthening the capacities at central and local levels in the energy sector	9 400 000	4 750 000	4 750 000
Evaluation, Audit	200 000		
Communication and visibility for the water sector	500 000	250 000	250 000
Communication and visibility for the energy sector	500 000	250 000	250 000
<b>Totals</b>	20 000 000	10 000 000	10 000 000

### 5.6 Organisational set-up and responsibilities

The implementation of the project will follow direct centralised management. A financing agreement will be signed between the Commission and Egyptian Government. The Commission will conclude up to six service contracts on behalf of the beneficiaries. The implementing beneficiaries will include the Ministry of Water Resources and Irrigation, the Ministry of Housing, Utilities, and Urban Communities, the Ministry of Local Development, the Ministry of Electricity and Renewable Energy and the Ministry of Petroleum and Mineral Wealth who are the beneficiaries of the programme.

Two steering committees, one for water and one for energy will meet on a regular basis, to be established by governmental decrees. The steering committees will oversee and guide the overall direction and policy of the programme. It shall meet quarterly as a general principle and can be convened whenever the project's implementation requires strategic decision or changes. The committees will be chaired respectively by the Minister of Investment and International Co-operation for the Water Sector on one side and both Ministries of Electricity and Renewable Energy and Petroleum and Mineral Wealth on the other. They will meet regularly on 3- Monthly basis. Each steering Committee will be composed of the relevant stakeholders in the water and energy sectors at a senior working-level officials of the abovementioned stakeholders in order to co-ordinate on a more regular basis and at a more technical level. The European Union Delegation will participate at both steering committees.

#### Responsibilities of the steering committee:

- Overseeing the implementation of the different components;
- Monitoring and controlling (cost, quality, timing);
- Taking decisions with regard to major changes in the general programme set-up of the project compared to the set-up agreed with all stakeholders before;
- Approving of major changes in the selection of projects to be contracted;
- Initiating special audits regarding the project;
- Initiating and reviewing regular independent monitoring of the project.

The steering committee has the right to invite further members including members from CSOs or any other stakeholder whenever deemed appropriate.

### **5.7 Performance monitoring and reporting**

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 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 importance of the action, a final or ex-post evaluation will be carried out for this action or its components via independent consultants contracted by the Commission.

It 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 Commission shall inform the implementing partners at least two 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. The evaluation reports shall be shared with the partner country and other key stakeholders.

Indicatively, two contracts for evaluation services shall be concluded under a framework contract in the sixth year of the implementation of the programme.

### **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.

## **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 and supported with the budget indicated in section 5.5 above.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country, 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 Manual for European Union External Action shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations.

The action shall encompass a Communication and Visibility Plan for each sector. The communication and visibility will address as well issues related to the efficient use of resources (i.e. promotion of energy/water efficiency, the organisation of energy/ water days etc.), through which the visibility of the EU will be increased. The initial communication and visibility measures are identified on the log frame (outputs) under communication and information plans.

## APPENDIX - INDICATIVE LOGFRAME MATRIX<sup>17</sup>

The activities, the expected outputs and all the indicators, targets and baselines included in the logframe matrix are indicative and may be updated during the implementation of the action, no amendment being required to the financing Decision.

	Intervention logic	Indicators	Baselines (incl. reference year)	Targets (incl. reference year)	Sources and means of verification	Assumptions
Overall objective: Impact	The <b>General objective</b> of the action is to support the stabilization of Egypt through enhancing water and energy security.	<ul style="list-style-type: none"> <li>- Amount of renewable energy generation launched, contracted or commissioned before the end of the project.</li> <li>- Ratification status of the National Rural Sanitation Strategy (NRSS) and the National Water Resources Plan*</li> <li>- Proportion of population with access to Improved sanitation facilities (WHO standards) **</li> </ul>	<ul style="list-style-type: none"> <li>- The Energy Sector strategy until 2035, the master plan on renewable energy and energy efficiency ;</li> <li>- The draft national water resources plan for Egypt until 2037, and the draft NRSS.</li> </ul>	<ul style="list-style-type: none"> <li>-At least 500 MW of renewable energy generation launched contracted or commissioned before the end of the project.</li> <li>-Identifying of at least 3 large projects in the field of the Energy modernisation Programme currently implemented by the Egyptian Energy Stakeholders.</li> <li>- Adoption of the National Rural Sanitation Strategy (NRSS) at Ministerial level and of the National Water Resources Plan (NWRP) at Cabinet level.</li> <li>- At least 500,000 additional connections to the sanitation network have been created before the end of the project.</li> </ul>	<ul style="list-style-type: none"> <li>-Report from the Ministry of Electricity and Renewable Energy and from the Ministry of Petroleum and Mineral Resources.</li> <li>-MWRI Report on the rehabilitation/r econstruction of high priority pumping stations.</li> <li>- Egyptian Water Regulatory Authority (EWRA)</li> </ul>	Willingness of the government is maintained to pursue implement innovative and optimisation techniques in the fields of sustainable energy and wastewater reuse as mean for ensuring security of supplies through diversification of sources.

<sup>17</sup>

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



					Annual Report	
<b>Specific objective(s): Outcome(s)</b>	The <b>specific objective</b> of the action is to improve the sustainable management of these resources through enhancing operational efficiencies of concerned stakeholders and beneficiaries.	<ul style="list-style-type: none"> <li>- Recommendations regarding the legislative and institutional reforms are agreed and adopted at Ministerial levels</li> <li>- Number of net of direct temporary and permanent jobs created in the Water and Energy sectors.*</li> </ul>	<ul style="list-style-type: none"> <li>-The baseline is the prevailing situation in 2018 in the energy and the water sectors.</li> <li>- Reports from concerned stakeholders about investments including job creation in both sectors.</li> </ul>	<ul style="list-style-type: none"> <li>- At least 4 legislative and institutional recommendations in the water and energy sectors are adopted at Cabinet level</li> <li>- At least 1000 Permanent jobs created in energy and Water related to the infrastructure projects.</li> <li>-At least 5000 Temporary jobs created in energy and Water related to the infrastructure projects.</li> </ul>	<ul style="list-style-type: none"> <li>- Ministerial decrees and other legislative texts</li> <li>- National Statistics of Central Agency for Public Mobilization and Statistics (CAPMAS)</li> </ul>	The approval of the parliament of such reform measures and recommendations.
<b>Outputs</b>	R1.1. A National Capacity building Programme in water and energy is created and implemented.	<ul style="list-style-type: none"> <li>- Number of training sessions provided and initiatives implemented to increase Capacities in the Water and Energy sectors. (E.g. on the job training, provision of targeted technical assistance, seminars, workshops).</li> </ul>	<ul style="list-style-type: none"> <li>- Current training plans available in beneficiary institutions.</li> </ul>	<ul style="list-style-type: none"> <li>- At least 1000 employees successfully trained as per the training needs assessment carried out by the action,.</li> </ul>	<ul style="list-style-type: none"> <li>- Training plans and evaluation sheets in the beneficiary institutions HR departments.</li> </ul>	Based on the assumption that the Government will provide the trainees with good salary packages, limited to none turnover rate of the trained staff.

<p>R1.2. Communication and information plans for public awareness in resources conservation, and the dissemination information about reform plans and strategies are developed</p>	<p>- Number of Public hearing sessions organised during strategy implementation/ prior to investment project execution.</p> <p>- Number of awareness campaigns at local or national levels (TV broadcasts and bulletins).</p> <p>-Number of articles and reports in the local newspapers and TV programmes.</p>	<p>-The current Number of Public hearings held in 2018.</p> <p>-The current number of awareness campaigns at local/national media</p>	<p>- At least 1 public hearing held in the lifetime of the project based on the number of projects launched.</p> <p>- Implementation of the relevant visibility events in the relevant media as per the communication and visibility plan of the project.</p> <p>- Creation of social media platforms for dissemination of project achievements.</p>	<p>- Project reports and surveys.</p> <p>- Egyptian Radio and Television Union (ERTU) number of recorded news.</p> <p>-Number of press releases, articles related to project published on the media websites.</p>	<p>Willingness of the Egyptian Government to conduct public hearings and inform the public.</p> <p>Public motivation for active participation in the hearings</p> <p>Active citizen participation in awareness and advocacy campaigns.</p>
<p>R.2.1 An Integrated Sustainable Water and Energy Strategy and short-to-medium term action plans are developed in an inclusive and evidence-base way, adopted and / or implemented.</p>	<p>- Preparation and adoption of the high priority investment plan under JISA Platform.</p> <p>- Timely implementation of the Medium Term Sustainable Energy Action Plan annexed to the Egyptian Energy Action plan</p>	<p>-JISA Reports</p> <p>-Reports prepared in the framework of the EU –Egypt Dialogue on Energy</p>	<p>-Adoption of the high priority investment plan under JISA Platform at Ministerial level.</p> <p>-Reforms achieved according to the Medium Term Action Plan</p>	<p>-JISA annual Report</p> <p>- Monitoring reports by Ministry of Petroleum and Mineral Resources and Ministry of Electricity and Renewable Energy</p>	<p>Sufficient willingness from the government and parliament to timely approve and own such plans</p>

R.2.2. Modernisation of the Water and Energy Management Framework	- Relevant sector strategies are drafted in an inclusive and evidence-based way and endorsed by the Government of Egypt*.	The current arsenal of laws and bylaws governing the water and energy sectors.	- Drafting of bylaws of draft the draft water act and Nile act, and law 84/1982).	The Egyptian official journal	Sufficient willingness from the government and parliament to pursue and implement legislative reforms
R.2.3. Increased efficiency in Sectors financial management through improved revenue collection taking into consideration social justice and fiscal sustainability.	- Approved financial and institutional restructuring plans in relevant administration based on good governance principles.	The current financial and institutional set up prevailing in 2018.	<ul style="list-style-type: none"> <li>- Institutional and financial reforms of the Energy and Water Sectors approved at ministerial level</li> <li>- Progress in achieving the opening of the Electricity and Gas markets</li> <li>- Restore for FY 2020/2021 the aggregated sectoral cost-recovery ratio R at least to 0.95</li> </ul>	<ul style="list-style-type: none"> <li>-Ministerial decrees and other legislative texts</li> <li>-Reports by the Electricity and Gas Regulatory Authorities and IMF reports on progress achieved in the implementation of energy sector reforms</li> <li>-Egyptian Water Regulator Authority (EWRA) annual report</li> </ul>	Reforms supported and agreed by the majority of involved stakeholders.

R.2.4. Asset management in both sectors based on sound public finance principles is improved	Appraising assets and related unbundling policies in Electricity and Gas  Preparation of an asset management plan for the Holding Company for Water and Wastewater (HCWW) and its subsidiaries	The prevailing situation in 2018	<ul style="list-style-type: none"> <li>- Progress achieved in appraising assets and related unbundling policies in Electricity and Gas</li> <li>- Finalization of an asset management plan for the HCWW and its subsidiaries</li> <li>- The full establishment of the Water Accounting Unit</li> </ul>	- Ministerial decrees	Confirmed political willingness to pursue and implement reforms
R.3.1. Assistance in developing economically and financially viable projects to attract investment is In place	<ul style="list-style-type: none"> <li>- Number of NIP approved projects in water and energy sector</li> <li>- Number of Green Climate Fund applications (GCF) approved in the water and energy sectors</li> <li>- Number of Private Sector Implemented in the energy Sector</li> </ul>	<ul style="list-style-type: none"> <li>- NIP Decision , and Green climate Fund Annual Reports</li> <li>- Reports by the Ministries of investments, Electricity and Petroleum on national and foreign investments in the Energy Sector.</li> </ul>	<ul style="list-style-type: none"> <li>- At least 3 NIP projects approved projects in water and energy sector</li> <li>- At least 1 project approved under the Green GCF in water and energy sectors</li> <li>- At least 1 private project developed in the Energy Sector</li> <li>- At least 1 private project developed in the Water Sector</li> </ul>	<ul style="list-style-type: none"> <li>- NIP Decision</li> <li>- Green climate Fund Annual Reports</li> <li>- Reports by the Ministries of investments, Electricity and Petroleum on national and foreign investments in the Energy Sector</li> </ul>	Availability of financial including guarantee and PPP schemes and packages to fund projects in both sectors.
R.3.2. Good Governance Principle in both sectors is in place.	- Approved sector Governance Framework in relevant administrations	The current institutional set up prevailing in 2018.	- Design and approval of both water and Energy Sector Governance Indicator Framework	Monitoring and flow up reports of the IFIs and the	Confirmed political willingness to pursue and

				<ul style="list-style-type: none"> <li>- Design and population of both water and Energy sector Security Outlooks</li> <li>-Establishment of the Higher water council and approving its mandate</li> <li>- Achieving unbundling the Electricity and Gas markets.</li> </ul>	<p>Egyptian Government</p> <ul style="list-style-type: none"> <li>- IMF reports on energy sector reforms</li> <li>- The Egyptian official journal</li> </ul>	implement reforms
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**ANNEX II**

of the Commission Implementing Decision on the multi-annual action programme in favour of Egypt for 2018, 2019 and 2020

**Action Document for EU for fair access to basic services**

**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.

<b>1. Title/basic act/ CRIS number</b>	EU for fair access to basic services CRIS number: ENI/2018/041-395 financed under the European Neighbourhood Instrument
<b>2. Zone benefiting from the action/location</b>	Neighbourhood South, Egypt The action shall be carried out at the following location: Egypt.
<b>3. Programming document</b>	European Union (EU) Single Support Framework (SSF) for Egypt 2017-2020
<b>4. Sector of concentration/ thematic area</b>	Sector 2: Social development and social protection Sector 3: Governance, enhancing stability and modern democratic state
<b>5. Amounts concerned</b>	Total estimated cost: EUR 12,648,333 Total amount of EU budget contribution: EUR 12,000,000 <sup>1</sup>
<b>6. Aid modality(ies) and implementation modality(ies)</b>	Project Modality Direct management: grants – call for proposals Direct management: procurement of supplies and services
<b>7. a) DAC code(s)</b>	11110 - Education policy and administrative management 15160 - Human rights
<b>b) Main Delivery</b>	Channel 1: Donor government – 11000;

<sup>1</sup> Within the NIP framework, a blending operation is currently discussed with KfW in order to support the sector of technical education in Egypt.

<b>Channel</b>	Channel 2: Non-governmental organisations and civil society – 20000			
<b>8. Markers (from CRIS DAC form)</b>	<b>General policy objective</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Main objective</b>
	Participation development/good governance	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Aid to environment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Gender equality (including Women In Development)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Trade Development	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Reproductive, Maternal, New born and child health	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	<b>RIO Convention markers</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Main objective</b>
	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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>9. Global Public Goods and Challenges (GPGC) thematic flagships</b>	Human Development, including decent work, social justice and culture.			
<b>10. Sustainable Development Goals (SDGs)</b>	<p><b>Goal 10:</b> Reduce inequality within and among countries</p> <p><b>10.2:</b> By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status</p> <p><b>Goal 16:</b> Peace, justice and strong institutions.</p> <p><b>16.6:</b> Develop effective, accountable and transparent institutions at all levels</p> <p><b>16.7:</b> Ensure responsive, inclusive, participatory and representative decision-making at all levels</p>			

## SUMMARY

The European Union (EU) for fair access to basic services contributes to the second and the third sectors of intervention identified in the Single Support Framework (SSF) for the period 2017-2020<sup>2</sup>. It is aligned with the strategic national development document: Egypt's "Sustainable Development Strategy: Egypt's vision 2030" (EGV 2030). This programme aims at supporting the Government of Egypt's efforts to improve cohesion by providing fair access to inclusive basic services and empowerment of vulnerable groups, specifically the children and the persons with

<sup>2</sup> C(2017) 7175 final, 30.10.2017.

disabilities.

**Component 1** will support the two institutions responsible for co-ordinating Government policies towards the vulnerable segments (children, persons with disabilities) of the population<sup>3</sup>:

- The National Council for Childhood and Motherhood (NCCM) is entrusted with policymaking, planning, co-ordinating, monitoring and evaluation of activities in the areas of protection and development of children and mothers.
- The National Council on Disability Affairs (NCDA) is mandated to propose and participate in national policies and co-ordinate with all ministries and entities to facilitate the implementation of the United Nations Convention on the Rights of Persons with Disabilities (UNCRPD) and any other agreements relevant to persons with disabilities. The NCDA is the lead institution tasked to steer the course of programme development for persons with disabilities and the delivery of services to the sector.

**Component 2** aims at providing direct targeted support to vulnerable groups (children, persons with disabilities) through the mobilisation of civil society organisations within the framework of relevant national policies.

## 1 CONTEXT

### 1.1 Sector and country context

Public policy assessment in Egypt is facing a challenging environment marked by a deteriorating socio-economic situation coupled with structural weaknesses. Its growth has been limited, poverty is on the rise, inflation is increasing and the demographic pressure remains very constraining, causing a serious economic and social distress. In order to address those numerous challenges, Egypt is also implementing an ambitious economic reform programme supported by the International Monetary Fund (IMF). It is expected that the implementation of such a reform programme will have further adverse consequences (e.g. additional reduction of subsidies, other devaluation of the Egyptian pound...) on the most vulnerable segments of the society, notably the children and persons with disabilities. In order to reinforce the resilience of Egyptian society, the EU will aim at supporting the efforts of the Government of Egypt as crystallised by national policies, to improve cohesion by providing fair access to inclusive basic services and empowerment of vulnerable groups, specifically the children and the persons with disabilities.

The Census 2017 confirmed the magnitude of the two vulnerable segments of the population targeted by this action: 25% of the population of Egypt is younger than 10, while the annual increase of population is 2.4 million, persons with disabilities present around 11% of the total population in Egypt. Furthermore, the policy context described in the next paragraph highlights the political priority of this action taken up by the initiative of the President of the Republic to declare 2018 as the year of those challenged with a disability.

#### 1.1.1

In 1990, Egypt ratified the United Nations Convention on the Rights of the Child (UNCRC) that stipulates that State parties shall take all appropriate measures to ensure that the child is protected against all forms of discrimination and violence. In 1996, Egypt adopted the Child Law, amended in 2008 and which stipulates that the State shall ensure the protection of childhood and

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<sup>3</sup> 34% of the population of Egypt is younger than 15, while the annual increase of population is 2.4 million. According to the 2017 census, persons with disabilities present 11% of the total population in Egypt.



motherhood, the welfare of children and provide suitable conditions for their appropriate upbringing, within the framework of freedom and human dignity. The new Constitution of 2014 represents a positive development as it explicitly recognises children's rights and establishes the principle of the best interests of the child.

At policy level, the NCCM adopted in March 2018 the "strategic framework and national plan for childhood and motherhood, 2018-2030". The strategy and its executive plan have been prepared using the participatory approach where all relevant stakeholders (governmental agencies, civil society organisations and various research institutes) have contributed to its preparation. The strategy tackles five pillars, child health right, child education right, child protection right, rights of poor children and mothers' health as a means of child protection. The strategy includes a national action plan setting the implementation role of each actor, timeframe and performance indicators needed for the achievement of the detailed components under each pillar.

In 2007, Egypt joined the UNCRPD, which it signed and ratified in 2008 with reservation on the Article 12 on legal capacity mainly for persons with mental disability who, according to the Egyptian law, cannot represent themselves. This Convention has come to mark a transformation from adopting traditional charity and medical based approaches to a human rights-based approach. In 2011, the EU also accessed the UNCRPD, representing a strong European commitment to promote, protect and ensure the full and equal enjoyment of all human rights by all persons with disabilities. Therefore Egypt and the EU share a strong common interest in implementing the same normative reference framework. The new Egyptian law on rights of PWDs, no.10 for 2018, provides for the State's commitments to protecting rights of persons with disabilities. The law also foresees their full enjoyment of the right to participate, or being represented by organisations serving their interest, in inclusive policy formulation.

At policy level, the Ministry of Social Solidarity (MoSS) a key player specialised in rehabilitation services, adopted in 2017 a new disability strategy for the period 2017-2020. The strategy is limited to the Ministry of Social Solidarity activities and cannot be considered as a crosscutting strategy mainstreaming disability across the different sectors of the government work. There are also other draft strategies on disabilities prepared by the Ministry of Health, Ministry of Information and Technology. All these strategies have the slogan "National", while not covering all aspects of disability. The NCDA is mandated to propose and participate in the development of inclusive national policies and strategic plans.

The protection of vulnerable persons in particular children and persons with disabilities is in line with the revised European Neighbourhood Policy, with principles laid down in various EU decisions as well as other international instruments. The EU and its Member States continue to play a key role in ensuring that no-one is left behind by addressing the multiple discriminations faced by vulnerable people and marginalised groups as stated within the revised EU Guidelines on the Promotion and Protection of the Rights of the Child - Leave no Child Behind<sup>4</sup> and the EU Action Plan on Human Rights and Democracy (2015-2019)<sup>5</sup> which refers explicitly advocating for the rights of children and persons with disabilities.

### ***1.1.2 Stakeholder analysis***

The NCCM is the national institution concerned with mother and child according to the Egyptian Constitution, and is the supreme authority, which holds the proposal of public policies in the field

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<sup>4</sup> Council of the European Union, 6846/17, Brussels, 6 March 2017.

<sup>5</sup> JOIN(2015) 16 final, Brussels, 28.4.2015.

of childhood and motherhood, and is accounted to take all necessary decisions related to these particular purposes. It was established in 1988 by the Presidential Decree and was made an independent entity under the new Constitution approved in 2014. Such an institution is foreseen by Article 18.2 of the UNCRC. It is mandated with the overall co-ordination on Children rights and protection, and can propose as well as co-ordinate national policies and programmes for children rights. It is also tasked with monitoring children rights.

The NCDA, the national co-ordination body as per Article 33 of the UNCRPD, was established by the Ministerial Decree 410 in 2012 to monitor and provide orientations for the proper and smooth implementation of the CRPD in Egypt. According to its mandate, NCDA is the technical hub that provides the 'know how' and technical support to the various ministries (Duty bearers) to support the provision of services and fulfilment of the rights of persons with disabilities (Right holders). The Council's mandate includes proposing public policy on disability issues, development of a national plan to improve the conditions of persons with disabilities, co-ordinating and monitoring the performance of the ministries and agencies related to services provided to persons with disabilities and contribute to aligning local legislations by proposing necessary modifications for the best interest of persons with disabilities. Following the 2011 revolution and due to political instability, similar to all Egyptian councils, the NCDA has undergone massive turnover in its board members and management as well as lack of 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.

Civil society organisations are among the primary agents engaged in actively promoting and realizing vulnerable groups' rights and also have a proven track record as a key player in the education system in Egypt. A number of Civil Society Organisations (CSOs) have demonstrated good results in implementing programmes aimed at promoting and protecting their rights through a combination of service delivery, awareness raising and advocacy. Persons with disabilities are mainly represented by persons with disabilities organisations (DPOs). Those have been consulted in the design of the current action document through our traditional partners working with in the field of disability.

The NCCM and the NCDA are mandated for monitoring and contributing to addressing the challenges faced by children and persons with disabilities, respectively various forms of violence (including sexual abuse, sexual harassment and exploitation, female genital mutilation, girls' early marriage, child trafficking, child labour) and poor access to relevant mainstreamed and specific services due to physical and social barriers, discrimination and exclusion.

### ***1.1.3 Priority areas for support/problem analysis***

Even though Egypt has equipped itself with a national legislative framework (Child Law of 1996 amended in 2008), a co-ordinating body (NCCM) whose main mandate is to propose public policies in the field of childhood and motherhood, as well as a national policy framework/strategy through the recently launched Egyptian Childhood Strategy, an integrated child protection system that would place the child at the system's centre still needs to be reinforced. The main priority areas for support should focus on strengthening the institutional capacity of the NCCM, reinforce its capacities to monitor the implementation of the UNCRC and implement the newly launched strategy, as well as its capacities to draw up comprehensive national plans of action in order to protect childhood and motherhood in all fields. The capacity of the NCCM should also be built to follow up and evaluate the implementation of policies and the national plan for childhood and motherhood, to collect information and relevant data and to

co-ordinate between all national institutions and actors involved in child protection so that a truly integrated and holistic child protection system is put in place in Egypt.

Persons with disabilities are subject to discrimination and exclusion in most of the areas of their daily life in Egypt. Their opportunities to access their rights on equal footing with other citizens are very much limited. Persons with disabilities are generally amongst the poorest, most vulnerable and marginalised population groups, and are not taken into account in the vast majority of development plans. They have poor access to relevant mainstream and specific services due to physical and social barriers, discrimination and exclusion. Despite the efforts exerted by the government throughout the past few years to improve the life of persons with disabilities by improving disability services provided to them, trend towards segregated services is still prevalent. Most of the services are provided by charity-based/faith-based civil society organisations with no real state commitment. Services are mostly of low quality, poorly co-ordinated and showing huge geographical discrepancies. Women with disability suffer from negative attitudes and double discrimination (due to their gender and disability); their access to education, health, livelihood and recreation services is very limited, particularly in poor communities. Despite the adoption of the new law on rights of persons with disabilities, the real challenge that the country needs to overcome lies with its application and enforcement on a societal level. Challenges include the lack of mechanisms for ensuring that all government policies and programmes are inclusive and that state resources are equally accessible. NCDA 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 NCDA to co-ordinate and support various actors to develop the necessary policies and an inclusive regulatory framework for the services and rights of persons with disabilities; reinforcing its capacity to co-ordinate the mainstreaming of disability in existing relevant laws (or under preparation), its capacity to co-ordinate and develop a national strategy, its action plan and monitor its implementation to identify gaps and propose corrective measures, its capacity in monitoring and reporting the fulfilment of the rights of persons with disabilities according to the UNCRPD. Egypt's first report that was due in June 2010 was not issued due to political instability in Egypt since 2011 and several changes in the national leadership. The NCDA is currently drafting the first report with a tentative submission planned for the second semester of 2018. The action will also contribute to the increase of capacity and the promotion of development and empowerment of the DPOs while promoting their role in Egypt. The action will as well support the creation of an observatory aiming at developing and improving information on disability through systematic data collection, analysis and disaggregation of data on the implementation of the rights of persons with disabilities; monitoring and documenting gaps in the implementation of rights of persons with disabilities. Database and produced reports shall be made available and accessible to public.

CSOs play a vital role as providers of essential services, often filling an important gap and serving those otherwise unreached. Notwithstanding their limited scope and capacities, CSOs have direct access to the most vulnerable sections of the population and function as intermediaries between the targeted population, government and development partners. The EU Country Roadmap for engagement with Civil Society (2014-2017) insisted on increasing the understanding of the Government on the added value of involving civil society as well as improving the dialogue and co-operation between government and civil society. In the current environment of mutual distrust, it is essential to maintain channels of dialogue and co-operation between both. Component 2 will create interaction and contribute to build trust between government and civil society.

In line with EU policies on institutional care, this action will not support institutional care of children and persons with disabilities; deinstitutionalisation and community-based care will be promoted in policy development by the various stakeholders.

## 2 RISKS AND ASSUMPTIONS

<b>Risks</b>	<b>Risk level (H/M/L)</b>	<b>Mitigating measures</b>
Increased instability at country/ regional level affects the implementation of the programme.	M	Priority of EU and international aid is to assist the Government of Egypt in its efforts to mitigate the situation. Situation to be closely monitored.
Decreased the Government of Egypt commitment to pursue its reform agenda.	L	Reform agenda includes policy sectors that can contribute to mitigate negative effects (health, education, social protection...). Monitoring of political situation and active engagement with the Government of Egypt and international partners throughout the programme.
“Weak policy development and co-ordination capacities and poor quality of policy and legislative documents”.	H	The EUD and the councils will explore the possibility to co-ordinate with the Cabinet of the ministers and the Ministry of Finance with the view to establish a policy dialogue on governance related matters. In line with their mandate, the Ministry of Planning, monitoring and administrative reform will be closely associated in the project's support to improve capacities of the councils in policy development and co-ordination.
Recent legislative developments hinder the civil society capacity to work with the Government of Egypt on themes related to vulnerable categories	H	Problems in implementation will be raised with Egypt as part of the Policy Dialogue foreseen by the Partnership Priorities. The role of CSOs as foreseen by the national development policy Egypt Vision 2030 will offer a basis for this dialogue with Egyptian partners.
Potential change in the political environment and/or the leadership of the two councils, causes NCCM, NCDA not to accept its role in the project and undermines its implementation.	L	Clarification of the role of each actor required before project starts implementation.
Weak co-ordination between stakeholders, including involvement of the private sector	M	Capacity buildings will be provided to ensure better co-ordination at all levels. Effective co-ordination mechanism by ensuring an active role of the steering committee of the programme.
Insufficient ownership	M	To ensure the involvement of the main stakeholders in the implementation process. The project will promote the preparation and publication of monitoring reports.
Lack of competent staff	M	The situation should improve thanks to the commitment of the Government to and the alignment of stakeholders around the Sustainable Development Strategy/Vision 2030. The programme will contribute to strengthen the capacity of the staff by supporting the implementation of the national strategy and mechanisms.
<b>Assumptions</b>		
Stable institutional context		
the Government of Egypt is committed in promoting rights of children and of persons with disabilities		
Appropriate institutional positioning of the NCCM and NCDA		

Commitment of NCCM,NCDA, its staff and relevant state institutions
Mandate of NCDA secured by adequate legislation
Enabling environment for CSOs to be active on rights of vulnerable.
Duty bearers are committed to better awareness of citizens on their rights.

### **3 LESSONS LEARNT, COMPLEMENTARITY AND CROSS-CUTTING ISSUES**

#### **3.1 Lessons learnt**

From 2004 until 2017 the EU financed for an overall amount of EUR 22 million the following projects:

- "Social Development and Civil Society: Children at Risk" aimed at reducing poverty among children at risk, and
- "Family and Child Rights" carried out by the NCCM in co-operation with various actors including Non-Governmental organisations (NGOs) aimed at protecting children from violence in schools and protecting the rights of children with disabilities.
- The 'Expanding Access to Education and Protection for Children at Risk in Egypt' project funded under the Annual Action Programme 2014 (EUR 30 million – 2015-2020) aims at scaling up the community schools model and improve access of out-of-school-children to primary education. It also supports the inclusion of children with disabilities in the education system and operationalising the child protection committees (EUR 10 million) as foreseen under the Child Law and the new Constitution, of which the main beneficiary state institution is the NCCM. The project is being implemented through a contract with The United Nations Children's Fund (UNICEF).

Lessons learnt from these programmes underline the continuous need for institutional development and capacity building of NCCM. The "Family and Child Rights" programme has demonstrated that the financial management of NCCM was satisfactory.

Experience shows that, while the Government of Egypt is reluctant to engage with the EU in a thorough dialogue on human rights, it is open to dialogue and address issues related to specific segments of the society, such as women, children and persons with disabilities. Given the current situation, a good entry point to address these issues in a broader perspective with the Government of Egypt consists in strengthening relations and support to the National Councils. Though, currently, there is no past experience with the NCDA, it is strategically important to engage with them to improve the rights of persons with disabilities in Egypt and promote their actions to the level of international and EU human rights standards.

Despite the controversial environment and the new NGO law, experience shows that CSO actions when touching upon issues such as the rights of vulnerable groups are less likely to be curbed by the Egyptian Authorities. The EU has significant experience in implementing projects in the field of child rights and disability with CSOs through the European Instrument for Democracy and Human Rights (EIDHR) or the Thematic Programme "Civil Society Organisations and Local Authorities" (CSO-LA). These actions, small scale initiatives, managed to make some positive change and to create useful networks of CSO, but remained limited in scope and duration which confirms that neither persons with disabilities nor children have managed to access fully their rights due to its limited impact. This confirms the need for an institutional support in parallel to CSO/DPOs efforts to help in achieving strong impact and durable results and support CSO/DPOs

efforts to co-ordinate advocacy work with National Councils in order to feed into national policy making, among others.

Despite substantial technical assistance provided, Egypt continues to suffer from poor implementation and enforcement record of laws and policies. Among the main issues, this is due to the poor quality of the policy/legislative development process, which affects the quality of policy/legislative outputs and largely determines whether new laws and policies can be implemented and enforced. In this regard, this action will contribute to strengthen the policy-making process by intervening on recurrent problems like weak or non-existing (regulatory/fiscal) impact assessments of proposed laws and policies, poor inter-ministerial co-ordination and poor external (public) stakeholder consultations.

Finally, a general lesson learned is that problems in a specific sector like institutional fragmentation, politicisation, low administrative capacity, lack of proper policy analysis capacities, poor quality of law-drafting, poor inter-ministerial co-ordination, etc. are general problems that cannot be solved within one sector alone. For this reason, the Action will engage and co-ordinate with Centre of Government institutions in charge of horizontal governance related reforms, e.g. Cabinet of the ministers and the Ministry of Finance.

### **3.2 Complementarity, synergy and donor co-ordination**

The EU Delegation to Egypt already manages a number of grant contracts targeting children and persons with disabilities funded through the thematic budget lines (EIDHR, CSO/LA).

The Italian co-operation has three ongoing projects on child protection (two in Fayoum while the third one is targeting five different governorates) for an overall amount of EUR 4.4 million and aimed at targeting the most vulnerable children. The main counterpart in these three projects is NCCM.

Concerning persons with disabilities, apart from the Italian co-operation who is currently starting engagement in disability and with whom the EU closely follows to ensure complementarity of actions, there is no major donor currently active the field of disability.

In March 2015, the Ministry of Social Solidarity started the process of strengthening social safety nets by targeting the poorest households and the most marginalised people across Egypt. Takaful is an income support programme for families with children (0-18 years), designed to produce human development outcomes. Karama is a social inclusion programme for persons who cannot work, specifically the elderly (65+ years of age) and persons with disabilities (50% disability and above). As part of the social dimension of the Government of Egypt economic reform plan, Takaful and Karama will be expanded with a view to reach 1.7 million households and 7.3 million beneficiaries. By empowering the most vulnerable segments of the society, the EU programme would complement the efforts pursued by the Government of Egypt.

Donor co-ordination in the field of governance is ensured through the sub-group entitled 'Democratic Governance Group' (DGG) under the UN-led Development Partners Group (DPG). The DGG is co-chaired by USAID and the EU and meets 5-6 times a year with a substantial participation. Over the last four years it has been an important forum to address and exchange on important governance-related aspects.

### **3.3 Cross-cutting issues**

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 the two institutions (NCCM and NCDA) who are the institutional guarantor of rights of children and persons with disabilities but also civil society organisations, notably DPOs. The RBA will be a requirement for the call for proposals under Component 2.

The project will also contribute to the achievements of specific objectives defined under the Gender Action Plan for Egypt. It will in particular contribute to the objectives 'Equal rights and the ability for women to participate in policy and governance processes at all levels', 'Freedom from all forms of violence ' and the pillar "Economic, social and cultural rights and empowerment" of girls and women. Gender mainstreaming will be ensured in the two institutional support sub-components as well as in the guidelines of the call for proposals under Component 2.

#### **4 DESCRIPTION OF THE ACTION**

##### **4.1 Objectives/results and options**

**General objective:** Supporting Government of Egypt's efforts to improve cohesion by providing fair access to inclusive basic services and empowerment of vulnerable groups

**Specific objective:** To protect and empower children and persons with disabilities.

#### **Component 1 – Support National specialised council's roles in inclusion and protection of vulnerable groups.**

##### **Sub-component 1.1: Support to the NCCM**

Result 1.1.1: UNCRC and Egyptian child law are fully implemented and the progress in their implementation is closely monitored.

Result 1.1.2: A good co-ordination with relevant stakeholders allows Egypt to have an integrated and comprehensive child and mother protection system.

Result 1.1.3: Public policies in the field of childhood and motherhood are adequately documented by reliable and relevant information and data.

##### **Sub-component 1.2: Support to the NCDA**

Result 1.2.1: NCDA institutional and operational capacities as well as internal governance are reinforced to fulfil its mandate and National Observatory established.

Result 1.2.2: National capacities are upgraded to improve the legislative and regulatory framework for persons with disabilities according to an inclusive and evidence-based process.

Result 1.2.3: The access of persons with disabilities to inclusive public services is increased.

Result 1.2.4: DPOs capacities are strengthened to represent the needs of persons with disabilities and engage in enhanced policy dialogue with the Government of Egypt.

#### **Component 2: Providing a targeted support to vulnerable groups through civil society organisations**

Result 2.1: Capacities of civil society in the protection and inclusion of children, mothers and persons with disabilities are enhanced.

Result 2.2: Capacities of CSOs and DPOs to monitor the rights of children, mothers and persons with disabilities are enhanced.

Result 2.3: A dialogue platform between the Government of Egypt and civil society in the protection of children, mothers and protection and inclusion of persons with disabilities is established and functions.

Result 2.4: Awareness on the rights of children/mothers and persons with disabilities is enhanced through the implementation of joint programmes between civil society and the Government of Egypt.

## **4.2 Main activities**

### **Component 1- Sub component 1.1 - Support to the NCCM**

Result 1.1.1: UNCRC and Egyptian child law are fully implemented and the progress in their implementation is closely monitored

- Identify main gaps between the UNCRC and the Child Law provisions and its concrete implementation on the ground
- Ensure that legislation is fully compatible with the UNCRC and the Child Law
- Support elaboration of regular reports on the implementation of Child Law
- Ensure there is a systematic process of assessing new laws, policies or programmes on their impact on children's rights
- Ensure the national strategy is launched and promote and protect children's rights
- Support the adoption of best practices for ensuring adequate resource allocation and promoting making children 'visible' in budgets
- Reinforce the statistical unit in charge of collecting data requested by the periodic reports through training and study visits to other countries
- Organise trainings on UNCRC and its subsequent requirements for periodic reports to be submitted to the Committee on the Rights of the Child (definition of key performance indicators and the way to monitor them)
- Support the development of permanent governmental mechanisms to ensure effective co-ordination, monitoring and evaluation of implementation (including reporting practices)

Result 1.1.2: A good co-ordination with relevant stakeholders allows Egypt to have an integrated and comprehensive child and mother protection system

- Identify relevant internal and external stakeholders subject to the co-ordination
- Help NCCM convene meetings with all State stakeholders concerned by the child protection policy
- Put in place an early detection system of children in need in co-operation with all other concerned State institutions
- Help authorities design a Child Protection Plan to ensure the safety and wellbeing of the child and including details of the changes that are needed to reduce the risk to the child
- Help to identify and design a Child care system for children who need to be put under protection out of their family and promote the adoption of deinstitutionalisation and community based care policy
- Develop a mapping of the tasks/mandates/functions
- Review the internal structure of NCCM and draft proposals in view of adopting an optimal structure
- Support the elaboration of a strategic action plan for NCCM



- Develop job descriptions
- Develop specific trainings for all staff involved in the child and mother protection system

Result 1.1.3: Public policies in the field of childhood and motherhood are adequately documented by reliable and relevant information and data

- Supporting the development of a unified statistical database for monitoring child rights and well-being, with active participation of civil society in the database design and clear role for CSOs in the public oversight

### **Component 1 - Sub component 1.2 - Support to the NCDA**

Result 1.2.1: NCDA institutional and operational capacities as well as internal governance are reinforced to fulfil its mandate and a National Observatory established

- Provide management trainings to NCDA leadership and upper/middle management
- Provide technical support to NCDA to develop a strategy for persons with disabilities and related action plan (following an inclusive and evidence based process) and to establish a monitoring mechanism to identify gaps and corrective measures
- Assist in establishing a Human Resource Management unit and in developing NCDA's human resource management capacities
- Based on needs assessment, support the design of an action plan for human capacity building of NCDA's staff including trainings, establishment of international networking and exchange of best practices
- Assess and re-design NCDA internal work processes
- Assist in establishing an observatory, training its staff on data collection, analysis, monitoring and reporting

Result 1.2.2: National capacities are upgraded to improve the legislative and regulatory framework for persons with disabilities according to an inclusive and evidence-based process

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

Result 1.2.3: The access of persons with disabilities to inclusive public services is increased

- Provide technical support for the development and implementation of an action plan to improve access, quality and inclusiveness of public services to persons with disabilities
- Implement a capacity building and awareness programme for service providers at central and local levels
- Provide technical support for the development of replicable pilot models at governorates level with a view to roll out to all governorates

- Develop a strategic framework (following an inclusive and evidence based process) and costed model for mainstreaming of improved inclusive services at national level

Result 1.2.4: DPOs capacities are strengthened to represent the needs of persons with disabilities and engage in enhanced policy dialogue with the Government of Egypt.

- 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 the rights of persons with disabilities with the Government of Egypt.

## **Component 2 - Providing a targeted support to vulnerable groups through civil society organisations**

Result 2.1: Capacities of civil society in the protection and inclusion of children, mothers and persons with disabilities are enhanced

- Empowering CSOs to scale up their impact through building partnerships, networks and coalition
- Training: (a) basic training and (b) specific training (including coaching and mentoring by NGOs) to strengthen CSO/DPOs capacities in terms of organisational management and financial capacity<sup>6</sup>
- Support and provide guidance in project formulation, implementation and management to sub-grantees through coaching, mentoring and learning by doing
- Improve capacity building to civil society organisations promoting an enabling environment and support them in being more engaged in policy making and policy dialogue as regards children, mothers and persons with disabilities

Result 2.2: Capacities of CSOs and DPOs to monitor the rights of children, mothers and persons with disabilities are enhanced

- Training: (a) basic training and (b) specific training (including coaching and mentoring by NGOs) to strengthen CSO capacities to conduct advocacy and oversight in the rights of children, mothers and persons with disabilities

Result 2.3: A dialogue platform between the Government of Egypt and civil society in the protection of children, mothers and empowerment and inclusion of persons with disabilities is established and functions

- Supporting the formalised collaboration between the Government and civil society (including parents and youth groups) in the format of policy platforms at the national and local levels

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<sup>6</sup> The use of the EU-UNICEF child rights toolkit: <https://www.unicef.org/eu/crtoolkit/> will be promoted (idem for all results).

- Strengthening the enhanced service delivery for children and families, especially most vulnerable groups, through capacity building in co-ordination between CSOs and state providers

**Result 2.4:** Awareness on the rights of children/mothers and persons with disabilities is enhanced through the implementation of joint programmes between civil society and the Government of Egypt

- Support the design of criteria to assess quality and accessibility of public services and to establish a monitoring mechanism against this criteria (including satisfaction surveys) which could be used for continuous improvement of service delivery
- Conducting monitoring and evaluation of services delivered by the Government in the priority sectors
- Awareness-raising activities of civil society work, particularly in 2-3 pre-identified pilot governorates

### **4.3 Intervention Logic**

This programme is meant to support the most vulnerable segments of the Egyptian society (children and persons with disabilities) targeting at the same time state institutions and NGOs through a complementary and comprehensive approach. Activities under Component 1 are meant to reinforce the implementation of the international and national legislative frameworks and also reinforce the capacities of both national councils to co-ordinate policies towards both groups of vulnerable identified (children and persons with disabilities) while the second component is meant to complement the activities of both national councils by implementing national policies through a more focused approach that would also impact the vulnerable.

Component 2 shall include multiple priorities covering the proposed results with possibly a division in lots. The grants shall include a third party financial support for capacity building of grassroots CSOs. Each grant shall respond to a minimum number of priorities/lots that will be established during the call design.

To ensure higher ownership of the Government of Egypt, the action will use a mix of implementation modalities: (i) direct grant to the NCCM with which the EUDEL can build on previous successful experience and (ii) technical assistance for the NCDA with which the EUDEL will work for the first time. To ensure the full participation of CSOs in the Action, a call for proposals will be organised.

## **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 4.1 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 authorising officer responsible by amending this Decision and the relevant contracts and agreements; such amendments to this Decision constitute technical amendments in the sense of point (i) of Article 2(3)(c) of Regulation (EU) No 236/2014.

### 5.3 Implementation modalities

The envisaged assistance is deemed to follow the conditions and procedures set out by the restrictive measures adopted pursuant to Article 215 TFEU<sup>7</sup>.

#### 5.3.1 Grants: call for proposals "*Providing a targeted support to vulnerable groups through civil society organisation*" (direct management)

(a) Objectives of the grants, fields of intervention, priorities of the year and expected results

The grants will contribute to achieving the objectives and results described under Component 2 in section 4.1, namely: Providing a targeted support to vulnerable groups through civil society organisations with following expected results: 2.1 - Capacities of civil society in the protection and inclusion of children, mothers and persons with disabilities are enhanced; 2.2 - Capacities of CSOs and DPOs to monitor the rights of children, mothers and persons with disabilities are enhanced; 2.3 - A dialogue platform between the Government of Egypt and civil society in the protection of children, mothers and protection and inclusion of persons with disabilities is established and functions; 2.4 - Awareness on the rights of children/mothers and persons with disabilities is enhanced through the implementation of joint programmes between civil society and the Government of Egypt.

(b) Eligibility conditions

Applicants will be eligible for funding if they are a legal person and are non-profit-making. They must be established in a Member State of the European Union or any state covered under the European Neighbourhood Instrument and be directly responsible for the preparation and management of the action with the co-applicant(s) and affiliated entity(ies), not acting as an intermediary.

Subject to information to be published in the call for proposals, the indicative amount of the EU contribution per grant is EUR 500,000 to 1,000,000 and the grants may be awarded to sole beneficiaries and to consortia of beneficiaries (co-ordinator and co-beneficiaries). The indicative duration of the grant (its implementation period) is 60 months.

(c) Essential selection and award criteria

The essential selection criteria are financial and operational capacity of the applicant.

The essential award criteria are relevance of the proposed action to the objectives of the call; design, effectiveness, feasibility, sustainability and cost-effectiveness of the action.

(d) Maximum rate of co-financing

The maximum possible rate of co-financing for grants under this call is 95%.

If full funding is essential for the action to be carried out, the maximum possible rate of co-financing may be increased up to 100%. The essentiality of full funding will be justified by the Commission's authorising officer responsible in the award decision, in respect of the principles of equal treatment and sound financial management.

(e) Indicative timing to launch the call: 3<sup>rd</sup> trimester of the year 2020.

#### 5.3.2 Grant: direct award "*Support to the NCCM*" (direct management)

(a) Objectives of the grant, fields of intervention, priorities of the year and expected results:

<sup>7</sup>

[https://eeas.europa.eu/headquarters/headquarters-homepage/8442/consolidated-list-sanctions\\_en](https://eeas.europa.eu/headquarters/headquarters-homepage/8442/consolidated-list-sanctions_en)

The grants will contribute to achieving the objectives and results described under Component 1.1 in section 4.1, namely: ensuring that Egypt has a functioning and coherent child protection system under the supervision of NCCM with following expected results: 1.1.1 - UNCRC and Egyptian child law are fully implemented and the progress in their implementation is closely monitored; 1.1.2 - A good co-ordination with relevant stakeholders allows Egypt to have an integrated and comprehensive child and mother protection system; 1.1.3 - Public policies in the field of childhood and motherhood are adequately documented by reliable and relevant information and data.

(b) Justification of a direct grant:

The NCCM is the State competent authority with exclusive competence in the field of activities subject to this support, under the responsibility of the Commission's authorising officer responsible. Therefore the grant may be awarded without a call for proposals to the NCCM. EU already supported the NCCM through a grant (with a good record of management) and a pillar-assessed delegated agreement with UNICEF.

(c) Essential selection and award criteria

The essential selection criteria are the financial and operational capacity of the applicant.

The essential award criteria are relevance of the proposed action to the objectives of the call; design, effectiveness, feasibility, sustainability and cost-effectiveness of the action.

(d) Maximum rate of co-financing

The maximum possible rate of co-financing for this grant is 90%.

(f) Indicative trimester to conclude the grant agreement

3<sup>rd</sup> trimester of the year 2019.

### 5.3.3 Procurement (direct management)

Subject in generic terms, if possible	Type (works, supplies, services)	Indicative number of contracts	Indicative trimester of launch of the procedure
Support to the NCDA – Component 1.2	Services	1	3 <sup>rd</sup> 2019

### 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 in accordance with Article 9(2)(b) of Regulation (EU) No 236/2014 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

	<b>EU contribution (amount in EUR)</b>	<b>Indicative third party contribution, (amount in EUR)</b>
<b>5.3.1</b> Component 2: Call for proposals (direct management)	6,000,000	315,000
<b>5.3.2</b> Component 1.1: Grant direct award (direct management)	3,000,000	333.333
<b>5.3.3</b> Component 1.2: Service procurement (direct management)	2,800,000	0
<b>5.8</b> Evaluation, <b>5.9</b> Audit	150,000	0
<b>5.10</b> Communication and visibility	50,000	0
Contingencies	0	0
<b>Total</b>	<b>12,000,000</b>	<b>648,333</b>

## 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 two components. It will meet at least once a year and will be chaired by the Ministry of Investment and International Co-operation (MoIIC) on behalf of the Government of Egypt and will be composed by the Ministry of Social Solidarity, the NCCM, the NCDA and the EU Delegation to Egypt.

The SC has the right to invite representatives of any of the stakeholders whenever deemed appropriate. The Ministry of Investment and International Co-operation will act as SC secretariat. The SC can be convened whenever the project requires strategic decisions or changes. The SC will receive, discuss and revise the periodical work plans, budgets, technical and financial reports of the programme.

## 5.7 Performance 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 aim, 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 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, a mid-term and a final evaluation will be carried out via independent consultants contracted by the Commission.

The mid-term evaluation may be carried out for problem solving, 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 may 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 Commission shall inform the implementing partner at least 15 days 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.

Indicatively, one contract for evaluation services shall be concluded under a framework contract in the second year and one in the sixth year of the implementation of the programme.

## **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.

## **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 and supported with the budget indicated in section 5.10 above.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country, 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 Manual for European Union External Action shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations.

Major communication campaigns and awareness raising activities form part of the programme, mainly under its "demand-component". In these activities, the visibility of EU support to the NPS will be ensured as much as possible taking into account the particular sensitivity of the subject of population growth. In addition, the specific visibility budget of EUR 150,000 as indicated in section 5.5, is earmarked to foment the visibility of the programme and its EU funding as such, mainly with regard to well-defined target groups and key stakeholders (public and non-state, international development partners, etc.).

## APPENDIX - INDICATIVE LOGFRAME MATRIX

The activities, the expected outputs and all the indicators, targets and baselines included in the logframe matrix are indicative and may be updated during the implementation of the action, no amendment being required to the financing Decision. When it is not possible to determine the outputs of an action at formulation stage, intermediary outcomes should be presented and the outputs defined during inception of the overall programme and its components. The indicative logframe matrix will evolve during the lifetime of the action: new lines will be added for including the activities as well as new columns for intermediary targets (milestones) for the output and outcome indicators whenever it is relevant for monitoring and reporting purposes.

	Results chain	Indicators	Baselines (incl. reference year)	Targets (incl. reference year)	Sources and means of verification	Assumptions
Overall objective: Impact	Supporting Government of Egypt's efforts to improve cohesion by providing fair access to inclusive basic services and empowerment of vulnerable groups	<ul style="list-style-type: none"> <li>- Human Development Index (HDI)</li> <li>- Inequality adjusted Human Development Index (IHDI)</li> <li>- SDG 1.3.1 Proportion of population covered by social protection floors/systems, by sex, and distinguishing children, persons with disabilities, pregnant women, newborns</li> <li>- SDG 16.2.1 Proportion of children aged 1–17 years who experienced any physical punishment and/or psychological aggression by caregivers in the past month</li> </ul>	<ul style="list-style-type: none"> <li>Rank Egypt in 2015</li> <li>- rank 111/188 (HDI)</li> <li>- rank 121/188 (IHDI)</li> <li>- loss: 111-121=-20</li> </ul>	<ul style="list-style-type: none"> <li>Ranks Progression Reduction of the loss</li> <li>Tbd during the inception phase</li> </ul>	<ul style="list-style-type: none"> <li>- Human development reports (UNDP) on Human Development Index and Inequality-adjusted Human Development Index</li> <li>- SDG national monitoring system</li> </ul>	The GoE keeps committed in providing fair access to basic services, strengthening social safety nets, empowering vulnerable groups.



Specific objectives: outcomes	<ul style="list-style-type: none"> <li>- Sub-component 1.1: to ensure that Egypt has a functioning and coherent child protection system under the supervision of NCCM</li> </ul>	<ul style="list-style-type: none"> <li>- Percentage of children under age 5 whose births are reported registered</li> <li>- Percentage of ever-married women age 20-49 years who were first married before age 18</li> <li>- Proportion and number of children aged 5-17 years engaged in child labour, by sex and age</li> <li>- Percentage of girls and women aged 15-49 years who have undergone FGM</li> <li>- Percentage of children 2-14 years old who experience any violent discipline</li> <li>- Victims of trafficking (age &amp; gender)</li> </ul>	Baselines and target will be provided at the beginning of the project in a participatory way with NCCM & NCDA	<ul style="list-style-type: none"> <li>- Multiple Indicator Cluster Survey (MICS)/ UNICEF</li> <li>- Demographic and Health Surveys (DHS)</li> <li>- UNICEF Data portal</li> <li>- UNODC Human trafficking indicators</li> <li>- ILO data on child labour</li> <li>- Ministry of Interior data on trafficking</li> </ul>	<ul style="list-style-type: none"> <li>- the institutional context remains stable</li> <li>- GoE is committed to promoting child welfare and ensuring child protection</li> <li>- all stakeholders are committed to co-operating</li> </ul>
	<ul style="list-style-type: none"> <li>- Sub-component 1.2: to strengthen NCDA capacities to fulfil its mandate as national disability council</li> </ul>	<ul style="list-style-type: none"> <li>- NCDA becomes a reference point for technical support and consultations and regularly reports on the rights of persons with disabilities.</li> <li>- Number of persons with disabilities having access to their rights (education, employment opportunities, health services, accessible housing and social protection)</li> </ul>		<ul style="list-style-type: none"> <li>- UNCRPD report.</li> <li>- GOE reports</li> </ul>	<ul style="list-style-type: none"> <li>- National commitment to operationalise the Constitution's provision related to the rights of persons with disabilities</li> <li>- Disability remains a priority.</li> </ul>
	<ul style="list-style-type: none"> <li>- Component 2: Providing a targeted support to vulnerable groups through civil society organisations</li> </ul>	<ul style="list-style-type: none"> <li>- Number of co-ordination meetings between CSOs, NCCM and NCDA</li> <li>- Number of children and persons with disabilities targeted by CSOs projects (disaggregated by sex).</li> </ul>		<ul style="list-style-type: none"> <li>- NGO reports</li> <li>- Reports by NCCM</li> <li>- Reports by NCDA</li> <li>- Project documents</li> </ul>	<ul style="list-style-type: none"> <li>- GoE is committed to work and achieve certain of its objectives through its co-operation with civil society</li> </ul>

Outputs Sub-component 1.1	<p><u>Output 1:</u> UNCRC and Egyptian child law are fully implemented and the progress in their implementation is closely monitored.</p> <p><u>Output 2:</u> A good co-ordination allows Egypt to have an integrated and comprehensive child and mother protection system.</p> <p><u>Output 3:</u> Public policies in the field of childhood and motherhood are adequately documented by reliable and relevant information and data.</p>	<ul style="list-style-type: none"> <li>- Number of recommendations effectively implemented.</li> <li>- Number of laws, policies, regulations and services which are gender sensitive and which safeguard girls' rights, in support of prevention and response to protection-related risks have increased</li> <li>- Presence of an inter-ministerial mechanism co-ordinating child protection activities meets regularly and is attended by senior officials</li> <li>- Role and functions of all stakeholders in the collection of data are established - Reliable and consistent sub national data are channelled to central level</li> <li>- Effective data allows evidence-based policy making</li> <li>- A research agenda on child protection issues sets priorities</li> <li>- Capacity building and training programmes in key ministries and stakeholders are in place</li> </ul>		<ul style="list-style-type: none"> <li>- Multiple Indicator Cluster Survey (MICS)/ UNICEF</li> <li>- Activity reports.</li> <li>- Demographic and Health Surveys (DHS)</li> <li>- Media reports</li> <li>- Administrative data (NCCM, MoSS...)</li> <li>- Policy papers</li> <li>- Project data</li> </ul>	<ul style="list-style-type: none"> <li>- NCCM is buying in the project as well as other stakeholders involved in child protection</li> <li>- The institutional positioning of NCCM is appropriate</li> <li>- Mandate of NCCM is secured by adequate legislation</li> </ul>
Outputs sub-component 1.2	<p><u>Output 1:</u> NCDA institutional and operational capacities as well as internal governance are reinforced to fulfil its mandate and observatory established</p> <p><u>Output 2:</u> National capacities are upgraded to improve the legislative and regulatory framework for persons with disabilities.</p>	<ul style="list-style-type: none"> <li>- Formulation and implementation of a national strategy for disability with action plans through an inclusive gender sensitive and evidence-based process</li> <li>- Number of council staff trained.</li> <li>- Number of specific work-processes in NCDA redesigned and functioning</li> <li>-Standards of operations for the observatory are in place</li> <li>- number of periodic reports supported /produced by the NCDA in full respect of UNCRPD obligations</li> </ul>		<ul style="list-style-type: none"> <li>- Activity reports.</li> <li>- Satisfaction surveys on persons with disabilities.</li> <li>- Testimonies of Stakeholders.</li> <li>- Media reports</li> <li>- List of decrees</li> <li>- Policy papers</li> <li>- Annual reports by concerned authorities</li> <li>- Annual reports</li> <li>- Annual DPOs</li> </ul>	<ul style="list-style-type: none"> <li>- NCDA remains committed to improve its capacities and operational functioning</li> </ul>

	<p><u>Output 3:</u> Increased access of persons with disabilities to inclusive public services</p> <p><u>Output 4:</u> DPOs capacities are strengthened to represent the needs of persons with disabilities and engage in structure and enhanced policy dialogue with GoE</p>	<ul style="list-style-type: none"> <li>- Number of Ministries supported to adapt its decrees, regulations and processes to fulfil rights of persons with disabilities.</li> <li>- draft legal decrees and standard regulations and processes</li> <li>- Models and good practices of inclusive services developed jointly with concerned ministries (health, education, tourism,..).</li> <li>- number of services adapted for persons with disabilities and their families.</li> <li>- Number of persons with disabilities accessing the selected services</li> <li>- number of DPOs unions established for all types of disabilities.</li> <li>- # of DPOs leaders and activists trained</li> <li>- Structured dialogue mechanism with GOE promoted</li> </ul>		conferences	
Outputs Component 2	<p><u>Output 1:</u> Capacities of civil society in the protection and inclusion of children, mothers and persons with disabilities are enhanced</p> <p><u>Output 2:</u> Capacities of CSOs and DPOs to monitor the rights of children, mothers and persons with disabilities are enhanced</p> <p><u>Output 3:</u> A dialogue platform between the Government of Egypt (GoE) and civil society on children's and mothers' rights and protection is established and functions</p>	<ul style="list-style-type: none"> <li>-Partner CSOs have an increased absorption capacity, measured in funding managed and correctly accounted for;</li> <li>-Partner CSOs report having more permanent structures (quality and quantity of staff employed by the organisation)</li> <li>- Number of CSOs' trained staff active in the area of children and persons with disabilities has increased</li> <li>-Partner CSOs engage in new networks on children and persons with disabilities</li> <li>-Regular meetings take place between local governments, CS and private sector, and decisions are taken and followed up.</li> </ul>		<ul style="list-style-type: none"> <li>- Progress reports</li> <li>- Internal monitoring</li> <li>- External reports, mid-term review (ROM)</li> <li>- UNICEF reports</li> <li>- UNCRPD reports</li> </ul>	<ul style="list-style-type: none"> <li>- GoE is giving the authorisations to NGOs to operate in time</li> </ul>

	<p><u>Output 4:</u> Awareness on children's rights is enhanced through the implementation of joint programmes between civil society and GoE.</p>				
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**ANNEX III**

of the Commission Implementing Decision on the multi-annual action programme in favour of  
Egypt for 2018, 2019 and 2020

**Action Document for complementary support for capacity development and civil society 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.

<b>1. Title/basic act/ CRIS number</b>	Complementary support for capacity development and civil society in Egypt CRIS number: ENI/2018/041-389 financed under the European Neighbourhood Instrument	
<b>2. Zone benefiting from the action/location</b>	Neighbourhood South, Egypt The action shall be carried out at the following location: Egypt.	
<b>3. Programming document</b>	European Union (EU) Single Support Framework (SSF) for Egypt 2017-2020	
<b>4. Sector of concentration/ thematic area</b>	complementary support for capacity development and civil society	DEV. Aid: YES
<b>5. Amounts concerned</b>	Total cost: EUR 24,650,000. Total amount of EU budget contribution: EUR 24,000,000.	
<b>6. Aid modality(ies) and implementation modality(ies)</b>	Project Modality Direct management: Twinning grants – calls for proposals or direct award Grants – calls for proposals Procurement of services	
<b>7 a) DAC code(s)</b>	15110 - Public sector policy and administrative management 15150 – Democratic participation and civil society	

<b>b) Main Delivery Channel</b>	Channel 1: <i>Donor government – 11000;</i> Channel 2: <i>Non-governmental organisations and civil society – 20000</i>			
<b>8. Markers (from CRIS DAC form)</b>	<b>General policy objective</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Main objective</b>
	Participation development/good governance	<input type="checkbox"/>	<input type="checkbox"/>	X
	Aid to environment	X	<input type="checkbox"/>	<input type="checkbox"/>
	Gender equality (including Women In Development)	<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"/>
	<b>RIO Convention markers</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Main objective</b>
	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"/>
<b>9. Global Public Goods and Challenges (GPGC) thematic flagship</b>	NA			
<b>10. Sustainable Development Goals (SDGs)</b>	17:	Strengthen the means of implementation and revitalize the global partnership for sustainable development.		
	17.9:	Enhance international support for implementing effective and targeted capacity building in developing countries to support national plans to implement all the SDGs.		
	17.17:	Encourage and promote effective public, public/private and civil society partnerships.		

## SUMMARY

In a context of important socio-economic challenges, internal security threats and major regional crises, Egypt is engaging in an ambitious economic reform programme that focuses on a wide range of regulatory, legislative and institutional measures to foster growth and employment as well as the investment and business climate. In parallel, particular emphasis is put on reforms in the areas of social protection and human development in order to mitigate the negative effects of fiscal and economic reforms on Egypt's most vulnerable.

The EU-Egypt Partnership Priorities (PPs)<sup>1</sup> of July 2017 and the EU's Single Support Framework (SSF) for Egypt for the period 2017-2020 (October 2017)<sup>2</sup> as well as the EU Joint Programming Strategy (2017-2020) foresee the EU to actively support Egypt's efforts towards sustainable economic and social development and reform, and stabilisation. Complementary EU support to

<sup>1</sup> EU-Egypt Association Council, Brussels, 16 June 2017.

<sup>2</sup> C(2017) 7175 final.

institutional capacity development and civil society in Egypt comes in addition to the three sectors of intervention identified by the SSF. It is also aligned with Egypt's "Sustainable Development Strategy (SDS) – Vision 2030". Building on successful previous experiences and upon specific Egyptian request, the envisaged complementary support aims at:

- Supporting Egypt's public administration reform, enhance its regulatory framework, accompany progress towards e-governance and support the implementation of sector strategies benefiting from European expertise and promoting peer exchanges with European Member States' specialised entities or administrations.
- Reinforcing the role of Egypt's civil society organisations (CSO) in the country's economic, political and social development process and making CSOs a solid contributor to the implementation of the EU-Egypt partnership.

The action will be implemented in direct management.

**Component 1** "Capacity development and institutional building" (EUR 12 million) will be implemented through twinning grants with EU Member State bodies and Egyptian public entities awarded through calls for proposals or direct award (notably through a grant of maximum EUR 2 million to the French *Ecole Nationale d'Administration* (ENA), aiming at supporting Government of Egypt's efforts to develop capacities of the Egyptian National Academy for Qualifying and Training Youth - ENAT).

**Component 2** "Support to the civil society" (EUR 12 million) will be implemented through grant contracts with CSOs.

## 1 CONTEXT

### 1.1 Sector/Country/Regional context/Thematic area

In a context of important socio-economic challenges, internal security threats and major regional crises, Egypt continues struggling to make headway on its complex transition towards democracy and stabilisation initiated in 2011. Many of the root causes of the popular uprising, including economic and social distress, high unemployment, in particular of youth, lack of accountability of public institutions and insufficient space for civil society persist. Economic growth has proved insufficient to maintain living standards and provide employment opportunities given the high demographic growth. Nearly half of Egyptians is either poor or finding itself at risk of slipping into poverty. Unemployment is alarmingly high among youth (40%) and women (24%). Informal employment and underemployment are widespread. The population keeps struggling to gain access to basic public services. Pressure on natural resources and environmental degradation affect the population's health and quality of life as well as economic development. Inflation has been thriving due to the currency's substantial depreciations linked to the 2016 International Monetary Fund loan agreement and Egypt's economic reform programme, which introduced subsidy cuts and tax increases. Socio-economic hardship – especially among the most vulnerable - and popular discontent have been on the rise.

Another key root cause of the Arab Spring Revolution of 2011 was the absence of an open and free civil society. Relations between civil society organisations and the State have been fraught with tension and mutual suspicion. An increasing crackdown on rights activists since 2014 and a recent re-escalation in their judicial harassment since end 2017 and 2018 as well as a more repressive environment for civil society in general with the new Non-governmental Organisations (NGO) Law

has been noted. In the current political climate, strongly influenced by security considerations, mistrust and suspicion is deepening. Even though the 2014 Constitution<sup>3</sup> and Egypt Vision 2030 acknowledge the essential role of civil society and identify it as the engine for increasing social inclusion, the rift between the state and CSOs has been widening.

### **1.1.1 Public Policy Assessment and EU Policy Framework**

In November 2016 the Egyptian government agreed to a USD 12 billion loan package of the International Monetary Fund (IMF) which paved the way for an ambitious economic reform programme containing specific measures to consolidate fiscal and current accounts, including the floating of the Egyptian currency and fiscal consolidation measures. It also focuses on a wide range of regulatory, legislative and institutional measures to foster growth and employment as well as the investment and business climate. In line with Egypt Vision 2030, the extensive reform agenda contains ten pillars grouped under three dimensions (economic dimension (economic development, energy, research and innovation); social dimension (transparency and efficient government, social justice, health and education/training; environment dimension (culture, environment and urban development)).

The Egypt Vision 2030 has been developed according to a participatory strategic planning approach; various civil society representatives, national and international development partners and government agencies have collaborated to set comprehensive objectives for all pillars and sectors of the country.

The Egypt Vision 2030 fifth pillar (social justice) mentions the creation of a democratic political system that respects human rights and the rule of law, and strengthens the role of institutions and civil society in both institutional and non-governmental work. It recognises an essential role for civil society, which is meant "to mitigate the effects of poverty and reduce the negative effects of societal gaps. It can focus on building capacities, achieving empowerment, and providing opportunities for social mobility. Civil society can co-operate with the State in achieving the priorities of social justice". In practice, the work of civil society is currently regulated under the law (84/2002) but a new more restrictive NGO Law was passed by the Parliament in 2016. It was ratified by the President on 24 May 2017 but still awaits its bylaws to be adopted. The new law, even though not yet enforced, illustrates the growing distrust towards civil society.

The EU's Association Agreement (AA) with Egypt was signed in 2001 and entered into force in 2004. The European Neighbourhood Policy (ENP) Action Plan (AP) was adopted in March 2007 and extended four times until December 2015. In line with the 2015 ENP review<sup>4</sup>, new EU Partnership Priorities (PPs) with Egypt were adopted in July 2017 on the basis of the Association Agreement and replaced the ENP AP. The PPs 2017-2020 are 1) a sustainable modern economy and social development, 2) co-operation in Egypt's stabilisation process, including in the fields of good governance, security and migration, and 3) partnership in foreign policy. The PPs also underline both parties' commitment to democracy, the rule of law, human rights and fundamental freedoms, notably through the key role of civil society in Egypt's economic, political and social development

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<sup>3</sup> The Constitution states that "Citizens have the right to establish associations, civil institutions and parties, subject to notification only. Such institutions shall operate freely, and be deemed legal persons. Authorities may not disband them or their administrative bodies without a court order, in the manner prescribed by the law".

<sup>4</sup> JOIN(2015) 50 final, Brussels, 18.11.2015.



process. The provision of complementary EU support to capacity development, institution building and civil society in Egypt is in line with the New European Consensus on Development. A total of four EU-funded "Support to the Implementation of the Association Agreement and the Action Plan (SAAP)" programmes were launched in the period 2005 to 2010. One of these programmes is still ongoing and will end its operational implementation in mid-2019. The purpose of SAAP programmes has been to support Egypt's public administration in upgrading its legislative and institutional framework, while taking into account national reform priorities and implementation needs. They have also focused on improving the capacities of public entities involved in the implementation of the AA and AP. The programmes mainly operated through institutional twinnings between EU Member State and Egyptian public entities, and to a lesser extent technical assistance and supplies.

### **1.1.2 Stakeholder analysis**

The Ministry of Investment and International Co-operation (MoIIC) is the Government entity entrusted with the role of National Co-ordinator of bilateral EU co-operation with Egypt. It also supports and monitors the broader implementation of the AA/PPs. The Programme Administration Office (PAO) of the proposed action is embedded in the Ministry of Investment and International Co-operation. The PAO has been the contracting authority of the previous SAAP programmes implemented in indirect management. For many years, it has also supported other EU instruments such as TAIEX (Technical Assistance and Information Exchange Instrument) and SIGMA (Support for Improvement in Governance and Management programme). Under the new programme's component for institutional capacity development, the Ministry of Investment and International Co-operation/PAO can build on its experience acquired during previous SAAP programmes in order to contribute to the quality control and monitoring of Twinning Fiches and contracts. It has also the capacity to provide support to the programme by acting as facilitator and point of co-ordination and communication between the contracting authority (EU Delegation), local beneficiary institutions and EU Member States' entities, as well as to visibility and communication activities.

There is a proven high demand for Twinning operations on the part of the Egyptian public administration, which considers it a particularly attractive and effective EU support tool. The direct beneficiaries are public entities in Egypt that require support in developing the institutional capacities needed to drive reform processes of relevant national policies, laws and regulations. Their lack of capacity can be explained by deficient institutional and legal structures, administrative processes or organisational set-ups, as well as the lack of technical capacities, internal monitoring or quality control standards. In line with lessons-learned from previous programmes, Twinning beneficiary institutions also need to comply with a number of basic characteristics to ensure impact and relevance of the operations. Accordingly, they should be line-Ministries, public agencies and other entities that play a leading role in institutional and policy reform processes that are prioritised by the Government and essential to the AA/PPs. They also have to count with sufficient staff and absorption capacity to carry out Twinning operations, and demonstrate an enduring commitment to reform and ownership of EU support. In line with the objectives and mandatory results, pre-established for each Twinning in close co-ordination with beneficiary institutions, competent EU MS public and semi-public entities will propose specific peer-to-peer capacity development projects and be responsible for their effective and timely execution.

As regards civil society, the key government stakeholder is the Ministry of Social Solidarity (MoSS). The MoSS is responsible for the social safety net and also lead ministry for granting authorisations to NGOs for operating in the country. The Ministry of Social Solidarity

strengthens social safety nets by targeting the poorest households and the most marginalised people across Egypt through the conditional and non-conditional cash transfer programs Takaful and Karama. Takaful is an income support programme for families with children (0-18 years), designed to produce human development outcomes. This entails commitments to families regarding child health and nutrition (0-6 years), school enrolment and 80% attendance for children (6-18 years) and maternal care for pregnant and lactating mothers. Karama is a social inclusion programme for persons who cannot work, specifically the elderly (65+ years of age) and persons with disabilities (50% disability and above) and is designed to provide social protection and decent life for these most vulnerable populations.

The new NGO Law (70/2017) represents a drastic step backwards since government authorisations are required for all normal civic activities. The new law refers to the penal code and criminalises the receipt of foreign funding with sentences of up to life imprisonment. The status of foreign CSOs will become even more precarious and the fees for their registration are now so high that it can only discourage their establishment in Egypt. New by-laws were to be issued 60 days after ratification of the law, but these are still under preparation. The new law is therefore not applied yet and the work of CSOs is regulated by the old by-laws (84/2002).

The main beneficiaries of the second component are civil society organisations as defined by the 2012 EU Communication on "The roots of democracy and sustainable development: Europe's engagement with Civil Society in external relations"<sup>5</sup> which are active in Egypt and support the implementation of the Egypt Vision 2030. Big international civil society organisations (like Care, Save the Children, Plan...) have important capacities and manage to attract most of the EU funding thanks to great experience in competing within the EU calls for proposals. Only a few local CSOs manage to get enough capacities and experience to access directly the EU funding (e.g.: Coptic Evangelical Organisation for Social Services). Most of the local CSOs, community based/ grass root organisations do not have neither the capacities nor the resources to access and manage EU funding. But they often have a good knowledge of the situation in the field and have a very valuable and direct access to the populations generally targeted by the EU support (poor, children, women, disabled, farmers...). The most prominent international and local NGOs are the best equipped to deal with the new NGO law when implemented but small local NGOs are likely to suffer the most from this restrictive environment and efforts should be put on these ones through the building of their capacities and their abilities to attract and manage funding.

### 1.1.3 Priority areas for support/problem analysis

**Institutional capacity development:** Egypt's public administration's limited performance, effectiveness and efficiency represent major obstacles to the design and implementation of reforms at policy, programme and institutional level that can contribute to fostering the country's stability and socio-economic development. This can be explained, among others, by deficient organisational and institutional set-ups, overlapping competences, insufficient technical capacities of staff, and poor planning, monitoring, transparency, and control/ accountability mechanisms. Public entities often lack the institutional capacities that allow them to improve

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<sup>5</sup> The EU considers CSOs to include all non-State, not-for-profit structures, non-partisan and non-violent, through which people organise to pursue shared objectives and ideals, whether political, cultural, social or economic. Operating from the local to the national, regional and international levels, they comprise urban and rural, formal and informal organisations. They include membership-based, cause-based and service-oriented CSOs, community-based organisations, non-governmental organisations, faith-based organisations, foundations, research institutions, co-operatives, professional and business associations, not-for-profit media, trade unions and employers' organisations.

their institutional, administrative and legal structures, quality standards and organisational set-ups, and to reform national laws, regulations, guidelines or manuals. They also require the capacities and mechanisms to ensure participatory policy making, stakeholder consultations and public information.

**Support to Civil Society:** In its communication "The roots of democracy and sustainable development: Europe's engagement with Civil Society in external relations" from 2012<sup>6</sup>, the EU puts forward three priorities:

- to enhance efforts to promote a conducive environment for CSOs in partner countries.
- to promote a meaningful and structured participation of CSOs in domestic policies of partner countries.
- to increase local CSOs' capacity to perform their roles as independent development actors more effectively.

Acting in the first priority might be seen rather challenging. However, while working on the two other priorities, it should help attain a better enabling environment for civil society.

The EU could appear as an honest broker and prioritise an upgrading of the dialogue and improved mutual knowledge between CSOs and the State so that the latest does not perceive only CSOs as mere charity organisations that need to be tightly controlled. The EU could endeavour to establish an expanded dialogue:

- in the sub-region,
- with other stakeholders: e.g. possible upcoming Local Councils; line ministries (sector level) on specific sector policies covered by the SSF,
- at a more territorial level: district level may offer new or additional opportunities than the current centralised level, territories might not be only passive repositories but active ingredients of development,
- in a more tactical way: sub-granting; segmented approaches (sensitive / non sensitive sectors).

By reinforcing the dialogue between both, CSOs could also increase their participation in development schemes and appear as valuable development partners. It is worth mentioning that the Egypt Vision 2030 also calls for co-operation between the Government and civil society in more developmental and proactive fields like "empowerment".

Moreover, CSOs suffer from limited capacities and their contribution to a fair and sustainable development of Egypt could be more decisive. In many cases, the limited experience/expertise of the new non-state actors in managing networks, implementing national and regional projects and participating in public life and dialogue continues to curtail their potential. It is, therefore, another aim of this component to support civil society in its role of an important contributor to the sustainable development of Egypt and help Egyptian CSOs extend and develop their roles as contributors to Egypt development as envisioned by the Egypt Vision 2030 beyond their social and charity work.

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<sup>6</sup> Brussels, 12.9.2012 COM(2012) 492 final Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the regions: "The roots of democracy and sustainable development: Europe's engagement with Civil Society in external relations".

The combination of adequate dialogue, enlightened knowledge of both civil society and civil servants as well as reinforced capacities of CSOs may lessen current distrust and pave the way for a fair and efficient balance between alignment on community interest reflected by Government policies and public use of individuals' reason.

## 2 RISKS AND ASSUMPTIONS

<b>Risks</b>	<b>Risk level (H/M/L)</b>	<b>Mitigating measures</b>
Increased instability at country/regional level affects the implementation of the programme.	M	Priority of EU and international aid is to assist GoE in its efforts to mitigate the situation. <i>Situation to be closely monitored.</i>
Internal or external challenges decrease GoE's commitment to and focus on its ambitious reform agenda.	L	Reform agenda includes policy sectors that can contribute to mitigate negative effects (health, education, social protection...). <i>Monitoring of political situation and active engagement with GoE and international partners throughout the programme.</i>
Mandate/ institutional leadership of direct Twinning beneficiary with regard to reform process in target sector shifts to another entity/within the beneficiary entity	L	Twinning will target sectorial lead institutions with clear reform mandate and shall be located at adequate institutional level. Risks exist mainly related to institutional reshuffle or substitution of key beneficiary staff during Twinning implementation. <i>Continuous dialogue with/monitoring of beneficiary institutions during implementation.</i>
Perception of insecurity, difficult living conditions, cultural divergence deters EU MS entities/their staff from doing Twinning with Egypt	L	<i>To be mitigated through close involvement of MS missions in preparatory works/ promotion of Twinning CfPs.</i>
There is a risk that the authorities might not see the added value of involving CSOs in the policy dialogue or that they might not provide an enabling environment that puts in place modern and transparent institutions to encourage accountability and good governance and ensure fair and transparent rules.	H	Problems in implementation will be raised with Egypt as part of the Policy Dialogue foreseen by the Partnership Priorities (for those countries which have agreed these) and by bilateral Action Plans for the remainder. The role of CSOs as foreseen by the national development policy Egypt Vision 2030 will offer a basis for this dialogue with Egyptian partners. Consistent dialogue with authorities upstream and an approximation of priorities so that projects carried out by civil society fulfil the priorities of the Egypt Vision 2030 may help mitigate the effects.
Unwillingness of CSOs to engage in policy dialogue with the State or simply the lack of incentives to do so.	M	Tripartite dialogue (between the authorities, the EU and CSOs) where and when possible can convince authorities to conduct dialogue and work with civil society while it can also convince CSOs of the added value in working further with national authorities.
<b>Assumptions</b>		
Effective governance and an enabling environment for civil society are necessary and positive conditions for the implementation of the AA/PPs.		
Institutional Twinning is the most appropriate institution building tool of the EU in order to achieve effective governance and policy reform in Egypt.		
Egyptian public institutions leading reform processes are genuinely interested in peer-to-peer co-operation with EU MS bodies.		
Despite the restrictive legal environment in which CSOs operate, it will be possible to award and implement EU funded grants to CSOs		

### 3 LESSONS LEARNT, COMPLEMENTARITY AND CROSS-CUTTING ISSUES

#### 3.1 Lessons learnt

The institutional capacity development component builds on a wide range of lessons learnt from previous SAAP programmes and other EU initiatives fostering sector and policy reform. The first key lesson learnt is that due to the particularities of the public sector, twinnings with EU MS based on the principles of peer-to-peer co-operation (as opposed to technical assistance), learning-by-doing, and best practice sharing are the preferred aid modality of Egyptian public entities when it comes to their institutional capacity development. The second important lesson learnt is that local ownership, timeliness and impact of EU support to Egypt's reform processes through capacity development require a demand-driven, "horizontal" approach to the identification of twinning operations (as opposed to including twinnings in sector programmes). Moreover, it is critical that local partner institutions are the lead institutions in a specific policy sector and count with a clear reform mandate. A further lesson learnt is that within local counterpart institutions, project leaders and other local Twinning staff need to be located at an institutional level that combines both, sufficient hierarchical weight to drive reform and sufficient proximity to technical operations to know practical challenges and ensure close follow-up to reforms. In line with these findings, twinnings and related institution building programmes (such as TAIEX and SIGMA) shall continue to be coordinated under one single programme and by the same national contact point (PAO). Regarding the implementation modality, lessons learnt indicate that direct management will best ensure a clear distribution of tasks and adequate operational and technical capacities to launch and manage contracts in a timely and efficient way. The provision of a specific visibility/communication budget managed with the Delegation's communication coordinator is critical to increase the visibility of the AA/PPs. Finally, a general lesson learned is that problems like institutional fragmentation and fragmentation of administrative procedures, politicisation, low administrative capacity, lack of proper policy analysis capacities, poor quality of law-drafting, poor inter-ministerial co-ordination, etc. are general problems that cannot be fully addressed within one sector alone. For this reason, the action will engage and co-ordinate with Centre of Government institutions in charge of horizontal governance related reforms, e.g. Cabinet of the Ministers, Minister of Planning and Administrative Reform, the Central Agency for Organisation and Administration (CAOA) and the Ministry of Finance.

Previous and ongoing support programmes to good governance and democratisation in Egypt have demonstrated the importance of civil society's engagement in development next to the State authorities. The EU Country Roadmap for engagement with Civil Society (2014-2017) insisted on increasing the understanding of the Government on the added value of involving civil society as well as improving the dialogue and co-operation between government and civil society. In the current challenging environment, it is key strategic –wise to maintain channels of dialogue and co-operation between both State and civil society as envisioned by the CSO Road Map. More technically, on many occasions, co-operation with civil society has also been rendered more difficult because of delays, lengthy processes for obtaining the necessary authorisations and/or project suspensions. A consistent dialogue with authorities upstream and an approximation of priorities so that projects carried out by civil society fulfil the priorities of the Egypt Vision 2030 may help mitigate the effects. A second technical important factor preventing civil society to play a more decisive role in the development processes is its limited absorption capacity of a majority of the smaller numerous organisations (more than 30 000 according to the Census of 2017). In order to alleviate such a limiting factor, the programme will promote sub-granting to

foster the participation of a higher number of applicants through efficient bigger NGOs. As an example, the third sub-component of SPRING allowed to work indirectly with 383 sub-grantees through four international NGOs. A similar scheme is applied through our support to Micro, Small and Medium Enterprises Development Agency. The Egyptian civil society is numerous and can absorb significant EU funds provided that adequate mechanisms like sub-granting are foreseen. It is also an efficient way to develop their capacity through more experienced or skilled, local or international NGOs.

Some already contracted grants exemplify successes in the proposed approach for participation of CSOs in domestic policies (Result 2.1) respectively at local and sector level. These include the grant to the Agha Khan foundation "Strengthening the Capacity and Role of Civil Society Organisations in Egypt", which built partnerships between community, indigenous CSOs and local authorities; and the grant to Care Österreich "Strengthening civil society participation in the agricultural sector in Egypt", which strengthened the capacities of civil society and two governorates to engage in more structured, visible and inclusive dialogue on the reform of the agriculture sector.

### **3.2 Complementarity, synergy and donor co-ordination**

In line with the PPs and the SSF 2017-2020, EU support to Egypt's institutional capacity development will be provided across different policy sectors and to a variety of public entities. This crosscutting approach to effective governance and institution building is complementary to sector programmes funded by both the EU and/or its Member States in related policy areas or with the same partner institutions. Bilateral EU support to wider public administration reform ("Public Administration Reform and Local Development" programme) will be closely co-ordinated with the action. The implementation of regional/thematic institutional building initiatives like TAIEX and SIGMA will be channelled through the programme and the national contact point (PAO) in order to ensure their alignment with AA/PPs and complementarity with twinnings and related EU co-operation programmes. Coordination with EU Member States' assistance will be ensured among others through the Joint EU Programming mechanisms adopted in 2017. Co-ordination with other donors supporting administrative and sector reforms will continue to be carried out mainly through the EU co-chaired "Development Partners Group" (DPG), which is composed of around 26 bilateral partners and 20 multilateral organisations and includes 13 DPG thematic groups.

Various support mechanisms and initiatives for CSOs are already being implemented by the EU in Egypt through its thematic and bilateral co-operation. Some programmes are meant to achieve goals (like support to Human Rights) through civil society and other programmes are meant to directly support civil society such as the component 3 of SPRING aiming at supporting civil society in socio-economic development at local level. The EU annually manages an average of roughly 80 contracts with CSOs (half under thematic lines and half under bilateral co-operation) covering a variety of areas. Virtually all development partners in Egypt value the role of civil society as a partner in developing the country and aim at involving CSOs in their programmes and projects. Denmark, Finland, Germany, The Netherlands, Sweden, Switzerland, and the United States as well as the Ford Foundation are particularly vocal about their support to CSOs. They are especially keen on strengthening their capacities and regularly advocate against attempts of the State to reduce the space in which they can operate. Donor co-ordination in the field of support to CSOs is ensured through the DPG sub-group 'Democratic Governance Group' (DGG) co-chaired by the EU, Switzerland and USAID.

### 3.3 Cross-cutting issues

The action's main objective is to mainstream the crosscutting issues of good governance and institutional capacity development as well as civil society strengthening and participation into the overall implementation of the AA/PPs. This shall be achieved through strategic Twinning and CSO grants in a variety of policy sectors. Key crosscutting issues like gender equality, participation of citizens in public affairs, women empowerment and the fight against gender-based violence, inter-cultural dialogue, migration and mobility as well as environmental sustainability and climate change will be mainstreamed into grants to CSOs and Twinning contracts to the extent possible.

The rights-based approach (RBA) principles, including 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, are at the core of the Action's efforts to foster effective, participatory governance and civil society empowerment. The AAAQ (Availability, Accessibility, Acceptability and Quality) framework represents a guiding principle, among others, with regard to reforming and improving the provision and delivery of basic public services.

## 4 DESCRIPTION OF THE ACTION

### 4.1 Objectives/results

#### **Overall objective:**

To support the implementation of the EU-Egypt Association Agreement (AA) and Partnership Priorities (PPs)

#### **Specific objectives:**

**Component 1-** Fostering effective governance and policy reform;

**Component 2-** Reinforcing the role of CSOs as contributors to the EU-Egypt partnership and the sustainable development of Egypt.

#### **Results:**

##### **Component 1: Institutional capacity development**

R.1.1: Institutional capacities required to reform and implement national policies and legislative and regulatory frameworks in line with EU MS best practices/legislation (incl. *acquis communautaire*), have been developed;

R.1.2: Institutional capacities required to improving institutional set-ups, organisational structures, quality and operational standards, and working procedures have been developed;

R.1.3: Knowledge, awareness of public institutions/general public about AA/PPs increased.

##### **Component 2: Support to civil society**

R.2.1: Meaningful and structured participation of CSOs in domestic policies of Egypt is promoted.

R.2.2: CSOs' capacity to perform their roles as development actors effectively is strengthened.

## 4.2 Main activities

### **Specific objective Component 1- Fostering effective governance and policy reform**

Component 1 will be executed through the following main activities: 1) Identification of key priority areas for twinings / elaboration of twinning pipeline; 2) Drafting of twinning fiches, launch of Call for Proposals (CfP), selection of twinning proposals, contracting; 3) Preparation/ inception, implementation, follow-up of twinning contracts/operations; 4) Awareness raising and visibility activities related to EU twinings, AA and PPs

The implementation of the individual twinning projects financed under Component 1 will be in accordance with the EU twinning manual. They will target, but not be limited to, structural reform, legislative and institutional development, and approximation to the EU acquis. Guidance and support through long and short term EU MS expertise, joint diagnostic and drafting exercises, study visits, training programmes, seminars and workshops form part of the activities.

The identification and agreement on the nature and scope of the specific activities of each twinning will be both demand and supply-driven. According to the new twinning manual, activities will only be roughly pre-defined during identification/ drafting of twinning fiches, which put emphasis on establishing mandatory results. EU MS administrations or mandated bodies participating in the CfP, then, propose methodology and general activities to reach the mandatory results. Only after contracting, detailed definition and planning of twinning activities is carried out jointly by beneficiary institution and MS during the inception phase ("workplan").

### **Specific objective Component 2 - Reinforcing the role of CSOs as contributors to the EU-Egypt partnership and the sustainable development of Egypt**

#### R.2.1: Meaningful and structured participation of CSOs in domestic policies of Egypt promoted.

##### ***Strengthening capacities to policy dialogue***

- Developing training programmes for a gradual shift of civil society's focus on charity towards establishing developmental activities within the framework of national development domestic policies together with relevant stakeholders like the line ministries or relevant national councils, the transversal ministries (like the Ministry of Social Solidarity) and the Parliament.
- Encouraging the role of non-governmental institutions in co-ordinating between the governmental and civil society work to develop the efficiency of communication and co-ordination between the government and civil society as well as mutual knowledge notably though creating new and supporting existing dialogue mechanisms.
- Strengthening the partnerships between civil society, private sector and state authorities for addressing priority needs at national, governorate and district level.

##### ***Facilitating policy dialogue fora***

- Facilitating regular meetings and consultations between governmental and non-governmental actors on sector policies and topics related to Egypt international and national commitments.
- As foreseen by the Egypt Vision 2030, facilitating the monitoring of the implementation of the Vision 2030 together with the House of Representatives.

The policy dialogue will focus on the priority sectors of the MoU between the Arab Republic of Egypt and the EU regarding the SSF 2017-2020, namely [i] economic modernisation, energy



sustainability and environment; [ii] social development and social protection; [iii] governance.

#### R.2.2: CSOs' capacity to perform their roles as development actors effectively strengthened.

- Providing funding to the small grass root organisations so that they launch new socio-economic development programmes in collaboration with the local authorities. For practical reason, similar to the SPRING modalities, sub-granting will be promoted.
- Organise trainings for CSOs (including coaching and mentoring by well-established NGOs) to strengthen CSO capacities in terms of organisational, administrative and financial management.
- Organise educational activities to strengthen capacities of the civil society in advocacy, lobbying, building expertise and communicating on Egypt's domestic policies and international commitments.
- Support and train CSOs in collecting data so that CSOs can play a more decisive role in evidence-based policy dialogue and strengthen their legitimacy in development issues.
- Reinforce the participation of Egyptian CSOs to regional civil society for a such as the Civil Society Facility South

The capacity building will focus on partners involved in the priority sectors of the MoU between the Arab Republic of Egypt and the EU regarding the SSF 2017-2020, namely [i] economic modernisation, energy sustainability and environment; [ii] social development and social protection; [iii] governance.

### **4.3 Intervention logic**

**Component 1:** As in the previous SAAP programmes, specific EU twinning operations targeting institutional capacity development and reform in Egypt will be designed and formulated through a relatively flexible mechanism to best respond to opportunities and challenges that might arise during the implementation of the action. It is, however, envisaged to clearly prioritise prospects/ requests for twinings based on the following criteria: 1) Coherence with EU interests and strategic priority sectors, as well as with key EU sector programmes and policy dialogues; 2) Linkage and relevance of the proposed intervention area to the PPs and AA; 3) Political commitment and absorption capacity of respective beneficiary administrations; 4) Expected impact on local reform efforts and linkage to Egypt's national development strategies/economic reform programme.

**Component 2:** The activities proposed are meant to narrow the gap between state authorities and civil society so that the latter can contribute more effectively to the development schemes of Egypt and play a more decisive and autonomous role in this regard. The programme will focus on improving the quality of the dialogue between both and increasing CSOs participation in national development strategies. It will also achieve capacity building programmes through building tailor made training programmes focusing on improving the internal organisational capacity of CSOs, its technical and analytical capabilities as well as reinforce the acquisition of new competences allowing CSOs to diversify its contribution such as advocates, watchdogs, policy experts, data collectors and analysts capacity builders.

The unified long-term political, economic and social vision of the Government of Egypt (Vision 2030) acknowledges the lack of confidence between the state and civil society and calls for co-operation between the government and civil society in more developmental and proactive fields like "empowerment". This programme aims at contributing to the achievement inter alia of two

Vision 2030 social justice programmes: "Develop a motivating programme for a gradual shift of civil society's focus on charity towards establishing developmental activities for all civil society associations countrywide" and "Encourage the role of the General Union for Associations and Non-governmental Institutions in co-ordinating between the governmental and civil society work to develop the efficiency of communication and co-ordination between the government and civil society".

## **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 4.2 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 authorising officer responsible by amending this Decision and the relevant contracts and agreements; such amendments to this Decision constitute technical amendments in the sense of point (i) of Article 2(3)(c) of Regulation (EU) No 236/2014.

### **5.3 Implementation modalities**

The envisaged assistance is deemed to follow the conditions and procedures set out by the restrictive measures adopted pursuant to Article 215 TFEU<sup>7</sup>.

#### **5.3.1 Grants**

##### **5.3.1.1 Component 1 Grants: Calls for proposals for 8 to 9 twinnings or direct award (direct management)**

(a) Objectives of the grants, fields of intervention, priorities of the year and expected results

Twinning calls for proposals will be designed to ensure that grants under this component contribute to achieving the objectives and results described in section 4.1, namely: R.1.1-Institutional capacities required to reform and implement national policies and legislative and regulatory frameworks in line with EU MS best practices/legislation (incl. *acquis communautaire*), have been developed; R.1.2-Institutional capacities required to improving institutional set-ups, organisational structures, quality and operational standards, and working procedures have been developed; R.1.3-Knowledge, awareness of public institutions/general public about AA/PPs increased.

A direct award to the French *Ecole Nationale d'Administration* (ENA) for a of maximum grant of EUR 2 million aiming at supporting Government of Egypt's efforts to develop the capacities of the Egyptian National Academy for Qualifying and Training Youth (ENAT) is foreseen. The request from Egyptian Government reflects the intent to replicate the model of ENA through

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<sup>7</sup> [https://eeas.europa.eu/headquarters/headquarters-homepage/8442/consolidated-list-sanctions\\_en](https://eeas.europa.eu/headquarters/headquarters-homepage/8442/consolidated-list-sanctions_en)

which France selects candidates for training and delivers training activities which are linked to the career path in the French Government high positions. As it was the case in 1945, when ENA was established in France, the aim is to train future senior civil servants who will be key actors in reforming the public service and adapting it to the administration's needs. The project will provide a transfer of knowledge and practices to curriculum drafters, instructors, practitioners from administrations involved in training activities, evaluators, markers and internship's mentors. This transfer of knowledge should allow the implementation of modern and original training techniques that have made the uniqueness of the French ENA.

(b) Eligibility conditions and justification of a direct award.

Only public administrations and mandated bodies of EU Member State as per "Twinning Manual" through EU Member States' National Contact Points for twinning may apply.

Subject to information to be published in the calls for proposals, the indicative amount of the EU contribution per twinning grant is EUR 1-1.2 million and the twinning grants may be awarded to sole EU Member States (mono-beneficiaries) and to consortia of EU Member States. The indicative duration of the grants (its implementation period) is 24 months.

Under the responsibility of the Commission's authorising officer responsible, the grant may be awarded without a call for proposals to the French *Ecole Nationale d'Administration*.

Under the responsibility of the Commission's authorising officer responsible, the recourse to an award of grants without a call for proposals is justified because the action has specific characteristics requiring a specific type of beneficiary for its technical competence and specialisation that are putting the ENA in a de facto monopoly situation based on their leading position and experience in providing elite educational trainings to future public sector officials.

(c) Essential selection and award criteria

The essential selection criteria are financial and operational capacity of the applicant.

The essential award criteria are relevance of the proposed action to the objectives of the calls; design, effectiveness, feasibility, sustainability and cost-effectiveness of the action.

(d) Maximum rate of co-financing

The maximum possible rate of co-financing for twinning grants under these calls is 100%. In kind contributions for beneficiary institutions can be requested by the CfP and/or included in the twinning contract.

(e) Indicative timing to launch the calls

Third trimester of first year of implementation (indicatively 2020).

### **5.3.1.2 Grants Component 2: Call for a proposal (direct management)**

(a) Objectives of the grants, fields of intervention, priorities of the year and expected results

The grants will contribute to achieving the objectives and results described in section 4.1, namely: R.2.1-Meaningful and structured participation of CSOs in domestic policies of Egypt is promoted; R.2.2-CSOs' capacity to perform their roles as development actors effectively is strengthened. Based of previous experience (notably SPRING and support to MSMEs) a call for proposal promoting sub-granting will be launched. Through this modality international and national NGOs with sound international standard management capacities, good record of

reputation and experience in Egypt will be targeted. The call for proposal will be articulated along several lots in order to address the expected results.

(b) Eligibility conditions

Civil society organisations registered in Egypt are in principle eligible. Further eligibility criteria may be integrated in order to target specific groups. These criteria will be defined in line with the relevant legal framework such as the Regulation number 232/2014 for the European Neighbourhood Instrument (ENI) or the Regulation number 236/2014 for the Common Implementing Rules (CIR).

(c) Essential selection and award criteria

The essential selection criteria are financial and operational capacity of the applicant.

The essential award criteria are relevance of the proposed action to the objectives of the call; design, effectiveness, feasibility, sustainability and cost-effectiveness of the action.

(d) Maximum rate of co-financing

The maximum possible rate of co-financing for grants under this call is 95%.

If full funding is essential for the action to be carried out, the maximum possible rate of co-financing may be increased up to 100%. The essentiality of full funding will be justified by the Commission’s authorising officer responsible in the award Decision, in respect of the principles of equal treatment and sound financial management.

(e) Indicative timing to launch the call

Third trimester of first year of implementation (indicatively, 2020).

**5.3.2 Procurement (direct management)**

Subject in generic terms, if possible	Type (works, supplies, services)	Indicative number of contracts	Indicative trimester of launch of the procedure
Technical assistance for the identification of twinnings (Component 1)	Services	8-9	Second trimester 2019; second semester 2020
5.8 Evaluation/ 5.9 Audits	Services	5	First trimester 2022; first trimester 2025
5.10 Communication and visibility	Services	1-2	Second trimester 2019

**5.4 Scope of geographical eligibility for procurements and grants**

Subject to the following, the geographical eligibility in terms of place of establishment for participating in procurement procedures and in terms of origin of supplies and materials purchased as established in the basic act shall apply.

In accordance with Article 27(4) of the basic act, the Commission decides that natural and legal persons from the countries eligible for funding under ENPI Regulation (EC) No 1638/2006 of the European Parliament and the Council of 24 October 2006 shall be eligible for participating in procurement procedures under this action because it is co-funded by that instrument.

### 5.5 Indicative budget

	<b>EU contribution (amount in EUR)</b>	<b>Indicative third party contribution, in EUR</b>
<b>Component 1 composed of:</b>	11,650,000	
<i>5.3.3.1 Twinning Calls for proposals (direct management) or direct award of grant contract (direct management)</i>	9,850,000	
<i>5.3.2 (except 5.8, 5.9 and 5.10) – Procurement (direct management)</i>	1,800,000	
<b>Component 2 composed of:</b>	11,650,000	650,000
<i>5.3.1.2 – Call for proposals (direct management)</i>	11,650,000	650,000
5.8 – Evaluation, 5.9 - Audit	400,000	N.A.
5.10 – Communication and visibility	300,000	N.A.
<b>Total</b>	<b>24,000,000</b>	<b>650,000</b>

### 5.6 Organisational set-up/ responsibilities

**Component 1:** The Commission, through the EU Delegation to Egypt, will be the contracting authority of all twinning and procurement contracts. The Programme Administration Office (PAO) is a service within Egypt's Ministry of Investment and International Co-operation (MoIIC), which was the contracting authority of previous, decentralised SAAP programmes and, therefore, EU-funded. Under the new direct management modality, the PAO, financed by the Government of Egypt, will continue to support the twinning project cycle, including the quality control of twinning fiches, selection of proposals and contract implementation. It will also continue to support activities of SIGMA and TAIEX in Egypt. Moreover, PAO remains the central point of promotion of the Action, as well as AA/PPs, within Egypt's public sector and will facilitate communication and co-operation between the Commission, EU Member State administrations, and the Beneficiary institutions of twinings as required. In line with the EU Twinning Manual, each twinning project will have its own Steering Committee.

For **component 2**, while the Ministry of Social Solidarity act as the main national counterpart for civil society, the EU Delegation to Egypt will maintain a constant policy dialogue with national stakeholders to ensure the highest possible support and political commitment needed for successful implementation.

The programme as a whole will be governed by one **steering committee**, which will oversee and guide its overall direction and policy. It shall meet at least twice a year and can be convened whenever the action's implementation requires strategic Decisions, adaptations or changes. The steering committee shall be chaired by the MoIIC and made up of representatives of the following entities:

- the Ministry of Social Solidarity (MoSS);
- the Ministry of Planning, Monitoring and Administrative Reform (MoPMAR);
- representatives of selected civil society organisations;
- representatives of EU Delegation to Egypt (observer).

The steering committee has the right to invite further members of any of the stakeholders of the action whenever deemed appropriate, including representatives of the national administrations and governorates benefitting from the project, the implementing bodies as well as civil society organisations.

### **5.7 Performance monitoring and reporting**

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, at least annual, progress reports 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 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 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, a mid-term and a final evaluation will be carried out 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 formulate recommendations for adjusting the project activities towards achievement of the results and objectives in light of possibly developments in the sector addressed since the formulation and first phase of implementation. The final evaluation will be carried out for accountability and learning purposes.

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. Indicatively, two contracts for evaluation services shall be concluded under a framework contract in the third year of implementation and one at the end of all action.

## **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. Indicatively, two contracts for audit services shall be concluded under a framework contract in in the third year of implementation and one at the end of all action.

## **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 and supported with the budget indicated in section 5.6 above. The Communication and Visibility Manual for European Union External Action shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country, contractors, and grant beneficiaries. Appropriate contractual obligations shall be included in, respectively, the financing agreement, procurement and grant contracts.

The Communication and Visibility Manual for European Union External Action shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations.

**APPENDIX - INDICATIVE LOGFRAME MATRIX (FOR PROJECT MODALITY)**

	<b>Intervention logic</b>	<b>Indicators</b>	<b>Baselines (incl. reference year)</b>	<b>Targets (incl. reference year)</b>	<b>Sources and means of verification</b>	<b>Assumptions</b>
<b>Overall objective: Impact</b>	<b>Support to the implementation of the EU-Egypt Association Agreement (AA) and Partnership Priorities (PPs)</b>	<ul style="list-style-type: none"> <li>- Human Development Index (HDI)</li> <li>- Inequality adjusted Human Development Index (IHDI)</li> </ul> <p>Degree of evolution in jointly:</p> <ul style="list-style-type: none"> <li>- addressing common challenges</li> <li>- promoting joint interests</li> <li>- fomenting stability on both sides of the Mediterranean</li> <li>- fostering social justice, decent job opportunities, economic prosperity and substantially improved living conditions</li> <li>- promoting shared commitment to the universal values of democracy, rule of law, human rights, participatory governance</li> <li>- GDP growth rate</li> <li>- Unemployment rate</li> <li>- Youth unemployment rate</li> <li>- Corruption perception index</li> <li>- Governance perception index</li> <li>- EU-Egypt trade and investment</li> </ul>	<p>Rank Egypt in 2015: HDI: 111/188 IHDI: 121/188 loss: 111-121=-20</p> <p align="center">2018</p>	<p align="center">Ranks Progression</p> <p align="center">Reduction of the loss</p> <p align="center">2025</p>	<ul style="list-style-type: none"> <li>- Human development reports (UNDP) on Human Development Index and Inequality-adjusted Human Development Index</li> <li>- CAPMAS/ Eurostat</li> <li>- reports of EU-Egypt Cluster meetings</li> <li>- sector agreements and dialogues</li> <li>- EU co-operation reports (EAMR; regional; thematic; EIP etc.)</li> <li>- relevant project reports/ evaluations</li> <li>- periodical political and economic EU reporting</li> <li>- documentation of high level visits/events</li> <li>- Risk Management Frameworks/tables</li> <li>- UN Statistics/reports</li> <li>- IMF/WB reports</li> <li>- NSA reporting</li> <li>- Transparency International Global Corruption Index</li> <li>- Freedom House Country Report</li> <li>- Tahrir Institute for Middle East Policy</li> <li>- Egypt Parliament Watch</li> </ul>	<p>GoE remains committed to</p> <ul style="list-style-type: none"> <li>- duly implement reforms;</li> <li>- to AA/PPs</li> </ul> <p>Adopted reforms have positive impact on public sector performance/ related policy goals</p> <p>Adopted reforms</p> <ul style="list-style-type: none"> <li>- jointly followed-up in Cluster meetings,</li> <li>- generate momentum for EU-Egypt sectorial dialogues or MoUs</li> </ul> <p>Further EU support in sectors with good reform record/ reform needs can be mobilised</p>



Specific objective(s): Outcome(s)	<b>SO 1- Fostering effective governance and policy reform</b>	Number/quality of project-related proposals adopted/ formal adoption procedures launched for: - reform of national laws/by-laws, regulations, rules, guidelines -institutional/organisational set-ups, internal quality/ operational standards procedures - Number of successful and informed comprehensive advocacy & awareness campaigns supporting AA/PP agenda - Extent to which AA/PPs are more present as topic in GoE agenda/media - Degree of EU knowledge and perception from Egypt's public administration and general public - Number of project-related proposals and best practices adopted for legislative, institutional, and policy reforms indicating measures for gender equality and women empowerment.	<i>0 (2018)</i>  <i>0 (2018)</i>  <i>0 (2018)</i>  <i>0 (2018)</i>	<i>5 (2025)</i>  <i>5 (2025)</i>  <i>TBD (2025)</i>  <i>TBD (2025)</i>	- Official Journal Egypt - progress/activity reports of concerned GoE bodies - GoE reports about SDS/ national sector strategies - periodical political and economic EU reporting - UN Statistics/reports - IMF/WB/ NSA reports - press coverage	Reform agenda continues to be prioritised by GoE Reform proposals relevant, feasible, backed by decision-makers/services Public sector/staff consider knowledge about
	<b>SO 2- Reinforcing the role of CSOs as contributors to the EU-Egypt partnership and the sustainable development of Egypt.</b>	- number of consultations of CSOs in development policy (e.g. monitoring of the Egypt Vision 2030) - number of partnerships between CSOs and line ministries or national councils	<i>TBD during inception phase</i>	<i>TBD during inception phase</i>	- surveys - the Mechanism of Monitoring & Evaluation of the Egypt Vision 2030 - the number of CSOs consultations carried out in the context of the EU Egypt Association Council	AA/PPs useful and apply it

<b>Outputs Component 1</b>	<p><b>Institutional capacities developed:</b>  - to reform national laws, by-laws, regulations, rules, and guidelines in line with EU MS legislation and best practices (incl. <i>acquis communautaire</i>) have been developed;  - to improve institutional set-ups, organisational structures, quality and operational standards, and working procedures have been developed;</p> <p><b>Knowledge and awareness</b> of public institutions and general public about AA/PPs increased.</p>	Number of proposals/drafts elaborated by the Twinning beneficiaries in the framework of Twinning projects in order to reform:				
		- national laws, by-laws, regulations, rules, guidelines	0 (2018)	8-9 (2025)	- project reports and external evaluations	Beneficiary bodies: - are receptive, capable, committed to engaging in Twinning at the adequate institutional level - limit internal and staff related changes during Twinning to absolute minimum - EU MS entities qualified MS staff interested/ willing to do Twinning with Egypt (security; life quality...) - Public sector and general public want to know more about AA/PPs
		- institutional set-ups, organisational structures, internal quality and operational standards, working procedures	0 (2018)	8-9 (2025)	- report of Twinning operations on achieving their mandatory results	
		--Number of participants attending/ people being reached by project-related awareness raising/ visibility activities/events	0 (2018)	TBD (2025)	- minutes of Steering Committee meetings (whole programme and per Twinning project)	
		- Number and distribution of publications produced by Action.	0 (2018)	TBD (2025)	- survey of staff trained and/or counselled in Twinning projects and of their hierarchy	
		- Number of public employees in beneficiary entities and stakeholders who receive capacity building from project, disaggregated by sex.	0 (2018)	TBD (2025)	- Visibility materials produced	
			- documentation on awareness raising/ visibility events and activities			
			- press coverage			

Outputs component 2	<p>Meaningful and structured participation of CSOs in domestic policies of Egypt is promoted.</p>	<ul style="list-style-type: none"> <li>- Number of sectors (notably focal areas of the SSF) covered by a civil society – government institution policy dialogue facilitated by a grant</li> <li>-Partner CSOs engage in new networks notably with central / local authorities, the private sector, the media</li> <li>-Regular meetings take place between national authorities; local governments, CS and private sector, and decisions are taken and followed up.</li> <li>- Number of CSOs working in gender issues as well as women-led organisations which are represented in the networks and meetings facilitated under the action.</li> </ul>	<p><i>The Delegation will analyse the current portfolio</i></p>	<p><i>All the SSF focal areas should be covered through this action or other actions, ensuring a proper mainstreaming of civil society in the implementation of the EU-Egypt SSF.</i></p>	<ul style="list-style-type: none"> <li>- Project reports</li> <li>- Mid-term and ex-post evaluation</li> <li>- Media report</li> </ul>	<ul style="list-style-type: none"> <li>- National government and local authorities are willing to co-operate with civil society</li> <li>- New NGO law allows civil society to operate</li> <li>-Civil society is willing to work for the achievement of development priorities established under the Egypt Vision 2030</li> </ul>
	<p>CSOs' capacity to perform their roles as development actors effectively is strengthened.</p>	<p>[1] leverage of sub-granting schemes: average number of sub-grantees per grantee.</p> <p>[2] Partner CSOs have an increased absorption capacity, measured in funding managed and correctly accounted for;</p> <p>[3] Partner CSOs report having more permanent structures (quality and quantity of staff employed by the organisation)</p>	<p><i>Grantees responsible for sub-granting will assess sub-grantees capacities at the beginning of the project along indicators [2] &amp; [3]</i></p>	<p><i>Grantees responsible for sub-granting will assess sub-grantees capacities progress at the end of the project along indicators [2] &amp; [3]</i></p>		