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**THIS ACTION IS FUNDED BY THE EUROPEAN UNION**

**ANNEX III**

to the Commission Implementing Decision on the on the annual action plan in favour of Egypt for 2023

**Action Document for “EU Green Facility”**

**ANNUAL ACTION PLAN**

This document constitutes the annual work programme in the sense of Article 110(2) of the Financial Regulation, and action plan in the sense of Article 23(2) of NDICI-Global Europe Regulation.

**1. SYNOPSIS**

**1.1. Action Summary Table**

<b>1. Title OPSYS Basic Act</b>	EU Green Facility Annual Action Plan in favour of Egypt for 2023. OPSYS business reference: ACT-61741 ABAC Commitment level 1 number: JAD.1293062 Financed under the Neighbourhood, Development and International Cooperation Instrument (NDICI-Global Europe).
<b>2. Economic and Investment Plan (EIP)</b>	Yes i. Energy ii. Environment and climate resilience
<b>EIP Flagship</b>	4 - Renewable energy 5 - Connected economies 7 - Waste and waste water management
<b>3. Team Europe Initiative</b>	1- Team Europe Initiative for Integrated Water and Food Security in Egypt
<b>4. Beneficiar(y)/(ies) of the action</b>	The action shall be carried out in Egypt
<b>5. Programming document</b>	Multi Annual Indicative Programme for Egypt for the period 2021-2027 <sup>1</sup> (MIP)
<b>6. Link with relevant MIP(s) objectives/expected results</b>	SO1.1 -To support climate and environment action, diversification of energy sources and the energy transition towards climate neutrality SO1.2 -To support integrated water and natural resources management and promote sustainable food systems.

<sup>1</sup> C(2022)4049 of 16/06/2022 Commission implementing Decision adopting a multiannual indicative programme for Egypt for the period 2021-2027.

**PRIORITY AREAS AND SECTOR INFORMATION**

<b>7. Priority Area(s), sectors</b>	<b>Priority area 1: Green and sustainable development</b>			
<b>8. Sustainable Development Goals (SDGs)</b>	Main SDG: SDG 6: Ensure access to water and sanitation for all; SDG 7: Ensure access to affordable, reliable, sustainable and modern energy for all Other significant SDGs and where appropriate, targets: SDG 9: Industry, Innovation and Infrastructure SDG 11: Sustainable Cities and Communities SDG 13: Climate Action SDG 17: Partnerships to achieve the Goal			
<b>9. DAC code(s)</b>	14015 - Water resources conservation (including data collection) 14010 - Water sector policy and administrative management 14022 - Sanitation - large systems 23068 - Renewable Energy			
<b>10. Main Delivery Channel</b>	10000 - PUBLIC SECTOR INSTITUTIONS			
<b>11. Targets</b>	<input type="checkbox"/> Migration <input checked="" type="checkbox"/> Climate <input type="checkbox"/> Social inclusion and Human Development <input type="checkbox"/> Gender <input type="checkbox"/> Biodiversity <input type="checkbox"/> Human Rights, Democracy and Governance			
<b>12. Markers (from DAC form)</b>	<b>General policy objective</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Principal objective</b>
	Participation development/good governance	☒	☐	☐
	Aid to environment	☐	☐	☒
	Gender equality and women's and girl's empowerment	☒	☐	☐
	Reproductive, maternal, new-born and child health	☒	☐	☐
	Disaster Risk Reduction	☒	☐	☐
	Inclusion of persons with Disabilities	☒	☐	☐
	Nutrition	☒	☐	☐
	<b>RIO Convention markers</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Principal objective</b>
	Biological diversity	☒	☐	☐

	Combat desertification	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>13. Internal markers and Tags</b>	<b>Policy objectives</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Principal objective</b>
	EIP	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	EIP Flagship	YES <input checked="" type="checkbox"/>		NO <input type="checkbox"/>
	Tags	YES		NO
	transport	<input type="checkbox"/>		<input checked="" type="checkbox"/>
	energy	<input checked="" type="checkbox"/>		<input type="checkbox"/>
	environment, climate resilience	<input checked="" type="checkbox"/>		<input type="checkbox"/>
	digital	<input type="checkbox"/>		<input checked="" type="checkbox"/>
	economic development (incl. private sector, trade and macroeconomic support)	<input type="checkbox"/>		<input checked="" type="checkbox"/>
	human development (incl. human capital and youth)	<input type="checkbox"/>		<input checked="" type="checkbox"/>
	health resilience	<input type="checkbox"/>		<input checked="" type="checkbox"/>
	migration and mobility	<input type="checkbox"/>		<input checked="" type="checkbox"/>
	other	<input type="checkbox"/>		<input checked="" type="checkbox"/>
	Digitalisation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Tags	YES		NO	
digital connectivity	<input type="checkbox"/>		<input checked="" type="checkbox"/>	
digital governance	<input type="checkbox"/>		<input checked="" type="checkbox"/>	
digital entrepreneurship	<input type="checkbox"/>		<input checked="" type="checkbox"/>	
digital skills/literacy	<input type="checkbox"/>		<input checked="" type="checkbox"/>	
digital services	<input type="checkbox"/>		<input checked="" type="checkbox"/>	
<u>Connectivity</u>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Tags	YES		NO	
digital connectivity	<input type="checkbox"/>		<input checked="" type="checkbox"/>	
energy	<input checked="" type="checkbox"/>		<input type="checkbox"/>	
transport	<input type="checkbox"/>		<input checked="" type="checkbox"/>	
health	<input type="checkbox"/>		<input checked="" type="checkbox"/>	
education and research	<input type="checkbox"/>		<input checked="" type="checkbox"/>	
Migration	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Reduction of Inequalities	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
COVID-19	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

<b>BUDGET INFORMATION</b>	
<b>14. Amounts concerned</b>	<p>Budget line(s) (article, item): 14.020110 Southern Neighbourhood.</p> <p>Total estimated cost: EUR 7 000 0000.</p> <p>Total amount of EU budget contribution: EUR 7 000 000</p> <p>The Action is part of the Team Europe Initiative “Integrated Water and Food Security”.</p> <p>The commitment of the EU’s contribution to this Action will be complemented by other contributions in a Team Europe approach. It is subject to the formal confirmation of each respective partners’ meaningful contribution as early as possible.</p> <p>In the event that the Team Europe Initiatives and/or these contributions do not materialise, the EU action may continue outside a TEI framework.</p>
<b>MANAGEMENT AND IMPLEMENTATION</b>	
<b>15. Implementation modalities (management mode and delivery methods)</b>	<p><b>Direct management</b> through:</p> <ul style="list-style-type: none"> <li>- Procurement</li> </ul>

## 1.2. Summary of the Action

The Action aims to support a structured policy dialogue with the government of Egypt and foster alignment between EU and Egypt policies in key sectors for the external dimension of the European action, that is energy and water and climate action.

The Action consists of a technical assistance package for sector analyses, as well as stakeholders’ involvement and development of human capacities (capacity building). The Action is also complementary to the development of projects, some of which could be anchored to the EU External Investment Plan (EIP) through EFSD+ (blending and guarantees).

The Action aims at facilitating the response to critical challenges Egypt is facing, among which are the need to diversify energy sources and the transition towards a low-emissions economy, with a particular focus on renewable energy and energy efficiency, and water scarcity. It supports Egypt’s Sustainable Development Strategy “Egypt Vision 2030”, including a green, resilient and just transition in the energy and water sectors. The Action is linked the Egyptian initiative NWFE (Nexus Water, Food, Energy), consisting in a national platform focussing on translating the climate change strategy into high-priority development projects meant to accelerate the implementation of the Nationally Determined Contributions (NDCs), that Egypt presented in 2022.

The Specific Objectives / Outcomes of this Action are:

1. Develop new and improve existing strategies and frameworks in the energy, and water sectors, to address in particular climate mitigation and adaption and social inequality.
2. Develop sector-level governance practices and capacities, on the basis of sound green and sustainability standards.

This Action is in line with the EU-Egypt Partnership Priorities (PP) and the 2021-2027 Multi-annual Indicative Programme (MIP) for Egypt, on which a specific attention is given to food security, agricultural output and

water consumption, and sustainable energy. The Action will be included in the Team Europe Initiative “Integrated Water and Food Security in Egypt”.

Being multi-sector, the Action contributes to different SDGs, namely SDG 6 (Ensure access to water and sanitation for all), SDG 7 (Ensure access to affordable, reliable, sustainable and modern energy for all), SDG 9 (Industry, Innovation and Infrastructure), SDG 11 (Sustainable Cities and Communities) and SDG 13 (Climate Action).

### **1.3. Beneficiaries of the action**

The Action supporting the energy, and water sectors is to be carried out in Egypt, included in the list of ODA recipients.

## **2. RATIONALE**

### **2.1. Context**

The EU and Egypt have long, historic ties and shared interests in the region and beyond. The political situation in the country has remained stable in the last period, while Egypt continues to face economic and social challenges related to its infrastructure-led and high public debt development model, as well as to structural vulnerability to external shocks. The gains of the macro-economic stabilisation of 2016 and following economic growth have been eroded by the disruption caused by the Covid-19 pandemic and the Russia’s war of aggression against Ukraine that have required the use of important foreign currency reserves, leading to flight of hot money out of the country and have pushed the economic fabric into considerable stress<sup>2</sup>. As a result, the country is implementing a new wave of macro-economic stabilisation efforts with the support of the IMF, under a new programme agreed in October 2022. In the meantime, the country also needs to address the structural issues linked to a fast growing population and barriers to a more private sector-led economic development, investment and job-creating growth.

Egypt is a lower middle-income country with a relatively diversified economy. GDP growth has been steady in the last few years: it reached 3.2% in 2020 and is forecast at 5.5% in 2022, in spite of the effects of the pandemic and of the Russia’s war of aggression against Ukraine. In particular, some sectors are benefiting from a deliberate government spending policy to finance mega-projects, including the establishment of a new administrative capital city, the expansion of the Suez Canal, road extensions, transport networks, and the construction of new residential units to replace slum areas.

Notwithstanding this stimulus approach and Egypt’s efforts to stabilise the macro-environment in recent years, the gross public debt on GDP remains high at more than 92% with large allocations of the budget going to interest payments. Good progress has been achieved including through substantial containment of public spending, in particular through subsidy cuts to fuel and electricity, and a containment of the public sector wage bill. While critical to stabilisation, these fiscal reforms have had adverse implications notably on low and middle-income population through high inflation (double digits) and reduced real income.

The latest Global Sustainable Development Report notes the widespread prevalence of poverty and unprecedented levels of inequality, while highlighting that the world is at a tipping point with respect to climate change and biodiversity loss. Green Infrastructures, in particular in the Energy, and water sectors have a key role to play in correcting and reversing these trends. Energy, and water are key sectors in the European Green Deal, the new Agenda for the Mediterranean<sup>3</sup>, the 2030 Agenda for Sustainable Development and the Paris Agreement, and a prerequisite to the needed future development of Egypt as stated in its Nationally Determined Contributions (NDCs).

The new Agenda for the Mediterranean stresses the fact that the challenges related governance, socio-economic, climate, environmental are key to the region including Egypt , many of which result from global

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<sup>2</sup> <https://www.pmi.spglobal.com/Public/Home/PressRelease/8d4cc80812f04131b0d7a3f04ab4e743>

<sup>3</sup> [https://www.eas.europa.eu/sites/default/files/joint\\_communication\\_renewed\\_partnership\\_southern\\_neighbourhood.pdf](https://www.eas.europa.eu/sites/default/files/joint_communication_renewed_partnership_southern_neighbourhood.pdf)

trends and call for joint action by the EU and Southern Neighbourhood partners. Indeed, supporting green transition, building on key elements of the European Green Deal will help partner countries, such as Egypt to increase their resilience to climate change by reinforcing EU external action.

Energy, and water are essential sectors to Egypt's ability to achieve sustainable development and provide adequate quality of life for its increasing population, in line with current physical development planning policy until 2052<sup>4,5</sup>. The two sectors of intervention are expressly included in the EU-Egypt Partnership Priorities, which define common challenges and areas of joint interest and aim to guarantee long-term stability. Support to the Energy, and water sectors is also recalled in other key strategic government planning documents, namely Egypt's Sustainable Development Strategy – Vision 2030 (SDS 2030)<sup>6</sup> and related sector strategies outlining the development objectives and plans for the coming years. These sectors are also included in the Team Europe Initiative “Integrated Water and Food Security”.

## **2.2. Problem Analysis**

### Short problem analysis

While the Egyptian Government is planning to increase its GDP in the coming years by injecting massive public and private investments into various sectors of the economy, the country grapples with water and energy supply challenges that could impede its developmental goals. Egypt's population is affected by these challenges, which places heightened demands on resources and public services, especially water and energy. These resources are already under strain due to the adverse impacts of global climate change. As a result of both climate change and population growth, water scarcity is becoming an imminent concern. Therefore, not only there is a pressing need to accelerate the adoption of green measures in these sectors over the coming years, but there is also a critical imperative for Egypt to invest in climate change adaptation strategies. These strategies will equip the country to better respond to and manage the multi-faceted challenges of a changing climate and its repercussions on essential resources.

In the energy sector, Egypt stands at a pivotal crossroads where it can significantly harness its abundant solar and wind resources for electricity generation. While the Egyptian Government acknowledges the vast potential of renewable energies within its borders and has allocated a prominent role for them in its energy mix, there remains a pressing need to pivot away from fossil energy resources, including gas. These fossil sources are not only inefficient, particularly with older power plants operating at suboptimal technical levels, but they also do not align with the overarching goal of achieving climate neutrality.

It's essential to emphasise that relying on fossil fuels, especially gas, as a long-term solution is not compatible with the objective of a climate-neutral future. As such, any engagement with fossil resources, existing or new, must be managed with acute attention to climate implications, efficiency, and the broader transition to sustainable energy sources. The role of the recently established Eastern Mediterranean Gas Forum (EMGF) should be to guide and leverage this transition, ensuring that energy strategies are in harmony with the climate objectives.

Furthermore, the emphasis on renewables extends beyond just solar and wind. They are also pivotal in the burgeoning hydrogen domain. The transformative journey Egypt is embarking upon necessitates a comprehensive institutional and legislative modernization program, which must be aligned with the policies and objectives of the IMF programme agreed upon in 2022. Increasing electricity demand (estimated at 7% p.a.) due to the considerable growth of population and economy is yet another main issue for Egypt. A less than adequate electricity supply not only represents a major concern for the Egyptian economy, but it also strongly affects quality of life and citizens' perceptions of the state's ability to deliver public services.

The current reforms aiming at reducing subsidies in the energy sector is part of the modernisation process, however it can represent a risk in terms of social cohesion and stability. Taking into account the level of

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<sup>4</sup> [The EU Council adopted conclusions on Water Diplomacy \(2021\) and EU Human Rights Guidelines on Safe Drinking Water and Sanitation \(2019\).](#)

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

subsidies in Egypt, there is still a gap between the prices of conventional types of energy and renewables, making wind and solar energies still costly in relative terms. Therefore, supporting the development of renewable energies and demand management should go hand-in-hand with the financial and institutional modernisation of the energy sector as a whole.

In 2022, the EU signed two important Memorandum of Understanding (MoU) with Egypt. A first one was concluded in June with Egypt and Israel on regional cooperation on gas, and aiming inter alia to encourage the export of Israeli gas to Europe via Egypt. A second MoU was signed in November during Conference of Parties – 27<sup>th</sup> meeting (COP 27) with Egypt on green hydrogen, opening new avenues for cooperation in this emerging sector.

Technical cooperation possibilities in the energy sector are manifold. They include energy-related scenarios analyses, capacity assessment of the Egyptian grid to accommodate high levels of renewables, support to the unbundling of the electricity sector, carry out of citizens affordability studies, market simulations and market opening studies, assets valuation and management, as well as sector governance transformation – i.e. of the Egyptian Electricity Company into a transmission system operator (TSO), among other topics<sup>7</sup>.

In the water sector, Egypt is facing several challenges, mainly related to severe water scarcity, with an average yearly per capita allocation of less than 650 m<sup>3</sup>. Egypt depends largely on the Nile River for water supply, where more than 90% of its water resources come from. Demand on this fixed amount of water resources is drastically increasing over time due in particular to the high rate of population growth (at an average of more than 2% annually), for both domestic, agricultural and industry uses. The current water deficit reaches up to about 20 billion m<sup>3</sup> per year. It is partially covered by the reuse of agricultural drainage water in irrigation (including the important part of illegal direct reuse of untreated water, which has a significant impact on health and environmental conditions)<sup>7,8</sup>.

Another factor contributing to intensifying Egypt's water challenges is environmental pollution from growing industrial wastewater, as well as untreated municipal sewerage (especially in rural areas), yet affecting public health and impairing the safe use of significant water resources for other purposes. Raising awareness on efficient water management and water quality requirements among key stakeholders such as water user associations and government officials is therefore one of the key issues to tackle.

In agriculture, the increasing scarcity of water is exacerbated by poor water quality, while organic and chemical pollution of water has reached alarming levels. The still inadequate management in on-farm irrigation and associated farm-level drainage techniques (in particular for smaller farmers) and the overuse of fertilizers and pesticides have largely contributed to the environmental degradation of agricultural areas. As a consequence of improper field level water management, a decline in soil biodiversity is generally noticed both in terms of quantity and variety. Improper waste disposal has also become a major problem in Egypt.

In the urban water sector, managed by the ministry of Housing, Utilities and Urban Communities and its affiliated entities (Holding Company for Water and Wastewater, New Urban Communication Authority) the current high water losses rate constitutes a heavy burden on top of an existing highly indebted and subsidised sector (32% of produced water, that is 3 million cubic meters per year of treated water are lost). Thus, innovative measures aimed at lowering this percentage and increasing water usage efficiency must be put in place. To tackle the gap between the prices of the service delivery and tariff rates, the government has taken initial measures to gradually increase the tariffs in the sector, as well as to increase private sector participation in the construction and operation of wastewater treatment and desalination plants.

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 strategy on water is not yet

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<sup>7</sup> A little over 50% of Egypt's current population of over 105 million live in rural areas and nearly 50% of those living in rural areas are engaged in agriculture, which accounts 18% of GDP and 20% of total exports. In the Nile valley, yields are among the highest in the world, while agriculture remains dependent almost entirely on irrigation from the Nile waters and is concentrated primarily in the areas of the Nile valley, the Delta, Fayoum and their desert fringes. 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.

<sup>8</sup> This also means that the current available quota of about 600 m<sup>3</sup> per capita per year could go down by nearly 30% to 475 m<sup>3</sup> per capita per year in 2030, which is under the absolute scarcity level of 500 m<sup>3</sup> per capita per year.

available, but it is being prepared as a “Water Law”, 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 main cross-cutting challenges currently facing the Energy, and water sectors, and addressed by the Action are as follows:

- Weak coordination mechanisms between relevant agencies and ministries and lack of channels for public consultation at sectoral policy level;
- Absence or obsolete monitoring and reporting systems which affect the possibility to assess achievements as well as the level of ownership;
- Lack of estimations of cost of implementation and alignment with the national annual and multi-annual budget.

In Egypt the EU is in the forefront of Energy, and water planning and development. 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 Action also aims to support the EU External Investment Plan (EIP) through providing the needed support in institutional capacity building to relevant governmental and non-governmental actors (NGOs, banks, corporations, SMEs) to design bankable projects and improving the investment climate through providing the needed sector policy support, and sector reforms.

Identification of main stakeholders and corresponding institutional and/or organisational issues (mandates, potential roles, and capacities) to be covered by the Action.

In the Energy sector the institutions involved in the planning, implementation, monitoring and evaluation of the processes related to energy are potential beneficiaries of the Action. These include the Egyptian Electricity Holding Company (EEHC), the Egyptian Electricity Transmission Company (EETC), the electricity distribution companies, the electricity regulator, the Egyptian Organisation for Standardisation (EOS), the Private Public Partnership Unit at the Ministry of Finance, the New and Renewable Energy Authority (NREA).

The Egyptian Ministry of Petroleum and Mineral Resources (in particular via the Egyptian General Petroleum Corporation (EGPC) and 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 has received EU support in terms of capacity building and support towards the opening of the Egyptian gas market.

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 (NWRC). Finally, Water User Associations (WUA), and Governorate Water Resources Councils (GWRC) will be engaged under the appropriate components of the Action.

The main institution involved in the urban water and sanitation sub sector is the Ministry of Housing, Utilities and Urban Communities (MHUUC). 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 sector 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. The Holding Company for Water and Wastewater (HCWW), under the jurisdiction law 203/1991 (commercial law), is an autonomous public sector body with all public water authorities transferred as affiliates. HCWW scope is 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 Action will 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 such as the EU Water Stars<sup>9</sup> and EU support to the technical and financial sustainability of the renewable energy and energy efficiency. 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 EU technical assistance and capacity building programmes in the Energy, and water 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<sup>10</sup>. All stakeholders confirmed a very high level of ownership during the identification phase of the programme.

### **2.3. Lessons Learned**

This Action will build on EU added value and experience in fostering dialogue, while ensuring full cooperation in technical assistance, blending operation and technology transfer (if/when relevant). The Action will take stock of the EU's wide experience in the field of delivering capacity building in Egypt, notably through the technical assistance already provided to foster policy dialogue and accompany intuitional reforms in Energy, and water sectors in the framework of the respective Sector Policy Support Programmes and the recently concluded programme “Fostering Reforms in water and energy sectors”. The support at hand will also be sustained by the EU current blending operations in the field of Energy, and water infrastructures, which contribute to the transfer of technology and know-how as well as availing innovative techniques in addressing challenges related to these sectors.

The EU has been closely associated with the reforms in the two sectors through a number of programmes. However, reform is a long process that is impacted by a number of factors that either delays it or speed it up (economic factors, worldwide circumstances etc.). The process has started with the EU and was successful so far. Building on what was achieved is important (establishment of market actors for instance such as the regulatory agencies) in order to start tackling more difficult parts such as the wider involvement of the private sector and while doing so increasing awareness and enforcement of the climate dimension towards the green transition of the country. Therefore, the Action will build on the previous successes towards developing a system aiming at increasing efficiency and effectiveness of financial resources management in the Energy, and water sectors, taking into consideration social justice and fiscal sustainability and through changing the mind-sets of middle and high level management towards establishing a demand oriented cost covering systems integrating green and sustainable transitions.

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, National Water

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<sup>9</sup> [https://www.linkedin.com/company/eu4water?trk=similar-pages&original\\_referer=https%3A%2F%2Fwww.google.com%2F](https://www.linkedin.com/company/eu4water?trk=similar-pages&original_referer=https%3A%2F%2Fwww.google.com%2F)

<sup>10</sup> [In the water sector 3 rounds of consultation within the EU-Egypt Water Talks were conducted to discuss with all relevant stakeholders the tentative activities, overall objectives and expected results.](#)

Resources Plan 2037 (NWRP 2037), 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, and by the Supreme Council for Nile River Protection headed by the Prime Minister in October 2020. Also, during the preparation of the sectoral strategies (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.

The involvement of the EU Delegation in Egypt in implementation has been essential. Other issues include 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.

In this regard, the Action shall promote EU values, governance frameworks, knowledge and experience as a key for integrated sustainable development in the two sectors in line with Egypt SDS 20230. Egypt update of its National Determined Contribution (NDCs)<sup>11</sup> is ambitious in terms of meeting the long-term goal set by the Paris Agreement, including mitigation and adaptation.

Finally, 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<sup>12,13</sup>.

### **3. DESCRIPTION OF THE ACTION**

#### **3.1. Objectives and Expected Outputs**

The **Overall Objective/Impact** of this Action is to support climate change mitigation and adaptation and environment action, with a focus on the role of the energy and water sectors.

The **Specific Objective(s) (Outcomes)** of this Action are:

1. Develop new and improve existing strategies and frameworks in the energy and water sectors, to address in particular climate mitigation and adaption and social inequality.
2. Develop sector-level governance practices and capacities, on the basis of sound green and sustainability standards.

This Action is relevant for the Agenda 2030 for Sustainable Development Goals. It contributes to the achievement of SDG 6 and 7, but also promotes progress towards SGD 9, 11, 13.

The Outputs to be delivered by this Action contributing to the corresponding Specific Objectives (Outcomes) are the following.

Contributing to Outcome 1 (or Specific Objective 1):

- 1.1 Integrated sectoral strategies and short-to-medium term action plans are developed and adopted, in an inclusive and evidence-based manner.
- 1.2 Systems are developed and implemented specifically for the energy and water sectors to enhance the efficiency and effectiveness of financial resource management.
- 1.3 Tailored capacity building programmes in the energy and water sectors are developed and implemented.
- 1.4 Infrastructures asset management, based on sound public finance principles, is developed and adopted.

Contributing to Outcome 2 (or Specific Objective 2):

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<sup>11</sup> <https://unfccc.int/sites/default/files/NDC/2022-07/Egypt%20Updated%20NDC.pdf.pdf>

2.1 Communication and information plans are drafted to raise public awareness specifically about sustainable management and efficiency in the water and energy sectors.

The objectives of the Action contribute to the general objectives of the Team Europe Initiative and the EIP, which are: i) climate action, including decarbonisation, energy, (ii) circular economy, addressing in particular waste, recycling, sustainable production and efficient use of water resources, and (iii) sustainable food systems and rural areas. Digitalisation will be a key enabler for the above three pillars in line with the concept of the dual green and digital transition.

### 3.2. Indicative Activities

#### **Specific Objective 1: Develop new strategies and frameworks in the energy and water sectors, to address in particular climate change and social inequality.**

*Activities related to the Output 1.1:* Integrated sectoral strategies and short-to-medium term action plans are developed and adopted, in an inclusive and evidence-based manner.

Extensive support will be provided at the central level, to update and implement the national strategies and plans helping the definition and implementation of the standard policy monitoring indicators for the energy and water sectors. Activities shall ensure presence of adequate policy frameworks, inclusion of Climate Risk Assessments (CRA), Strategic Environmental & Social Impact Assessments (SESIA) and operating environment to facilitate impact. This activity can also include studying the effect of the EU's policies and strategies (for example: CBAM) on products in Egypt to determine the carbon footprint as well as verify and document the reduction of its emissions.

*Activities related to the Output 1.2:* Systems are developed and implemented specifically for the energy and water sectors to enhance the efficiency and effectiveness of financial resource management.

These systems will be tailored to address the unique challenges of water conservation and reuse, water economic efficiency, energy efficiency, and sustainable resource allocation, all while emphasising climate action, social justice, and fiscal sustainability.

Activities 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 are implemented. In this respect, the activities will include:

- Undertaking technical, commercial, staffing and financial diagnoses of the relevant ministries.
- Identifying and evaluating the technical improvements required to optimise operations, including staffing reassignment if needed.
- Drafting financial roadmaps with different scenarios, in agreement with the beneficiary.
- Drafting business plans and models including staffing plan, subsidies reduction and other options to enable the achievement of financial sustainability. Cost recovery analysis will be carried out in order to detail the level of subsidies in each sub-sector, thus paving the way for reaching the breakeven point.
- Support the beneficiaries to make a case with the government of Egypt's relevant authorities (e.g. Cabinet, Parliament, and Minister of Finances) in advocating sustainable financial management of Energy, and water sectors.  
Support the development of a clear roadmap that showcases how each sector contributes towards the EU EGYPT Partnership priorities objectives, emphasising climate adaptation related actions in order to improve current and future cooperation.

Throughout the implementation of the above-mentioned activities the following 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.

*Activities related to the Output 1.3:* Tailored capacity building programmes in the energy and water sectors are developed and implemented.

The aim of the activities will be to identify, develop and perform training and capacity building programmes targeted to the energy and water sectors personnel taking into account the priority areas identified by the Ministry of Planning, and in accordance to the Agenda 2030. Such trainings could involve a variety of stakeholders: government institutions, financial organisations, investors, as well as educational institutions. The activities include:

- Sector-specific project management: establishing a programme that enhances the capabilities of senior and middle management within the energy and water sectors to oversee and execute projects effectively.
- Technical capacities in energy and water finance: focusing on building expertise in financial planning tailored explicitly to energy projects and water conservation initiatives and overseeing the investments in these areas.
- Operations in energy and water infrastructure: developing comprehensive operation and maintenance schemes that cater to the unique requirements of energy plants, water treatment facilities, and other related infrastructure.
- International standards with sectoral focus: designing training sessions to familiarise energy and water sector professionals with international contract standards like EU PRAG, and World Bank standards, emphasising their application within their respective sectors.

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 and (b) participation in planning, implementation and monitoring of ongoing programmes could be foreseen.

*Activities related to the Output 1.4:* Infrastructures asset management, based on sound public finance principles, is developed and adopted.

- 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, customers' payment affordability, 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.

## **Specific Objective 2: Develop sector-level governance practices and capacities, on the basis of sound green and sustainability standards.**

*Activities related to the Output 2.1:* Communication and information plans are drafted to raise public awareness specifically about sustainable management and efficiency in the water and energy sectors.

The activities carried out under this output 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, to the following:

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

The commitment of the EU's contribution to the Team Europe Initiative to which this Action refers, will be complemented by other contributions in a Team Europe approach. It is subject to the formal confirmation of each respective member's meaningful contribution as early as possible. In the event that the Team Europe Initiatives (TEI) and/or these contributions do not materialise, the EU action may continue outside a TEI framework.

### **3.3. Mainstreaming**

#### **Environmental protection, Climate change and Biodiversity**

**Outcomes of the Environmental Impact Assessment (EIA) screening** (relevant for projects and/or specific interventions within a project).

The EIA screening classified the Action as Category C (no need for further assessment).

**Outcome of the Climate Risk Assessment (CRA) screening** (relevant for projects and/or specific interventions within a project).

The CRA screening concluded that this Action is no or low risk (no need for further assessment), as it mainly refers to technical assistance and capacity building. However, as The two sectors are vulnerable to the consequences of climate change, climate risk assessment will be integrated in the activities when needed. In particular, the Integrated sectoral strategies to be supported will take into consideration the climate risk assessment and ways to mitigate climate change impacts when assessing different infrastructures needed for the development of the sectors.

#### **Gender equality and empowerment of women and girls**

The Action will mainstream gender equality in all components, through gender-sensitive indicators, activity designs, training materials, and ensuring equal participation of women. Besides, the Action will include specific support for women and girls in different ways: by including gender-responsive approaches in capacity development activities for the administration, by offering opportunities for digital learning and skills development, by promoting behavioural change on social norms.

#### **Human Rights**

The Action approach is in line with SDG commitments and puts a particular emphasis on social rights, women's rights, and child's rights.

### Disability

The Action will promote inclusion of persons with disabilities in three main ways: by considering persons with disability as a priority group when possible, for instance in financial inclusion and entrepreneurship support, by promoting acceptance of diversity and awareness in community activities, by making project activities accessible, for instance through barrier-free training formats and materials, with adequate funding earmarked in that respect.

### Democracy

The Action will promote citizens' social participation at local level, through the application of a participatory approach in local decision-making (with consultations, joint identification of needs, and awareness), and through direct community engagement, with community activities and campaigns, and using community hubs as spaces to have access to learning, information and services.

### Conflict sensitivity, peace and resilience

The Action contributes to resilience and social cohesion in rural communities, addressing inequalities, improving the quality of life and promoting social and economic inclusion of the less advantaged groups.

### Disaster Risk Reduction

The DRR analysis concluded that this Action is no or low risk (no need for further assessment). However, the EU will carry out further consultations with the Development Partners and local authorities during the contract design, to be integrated within the integrated sectoral strategies, whenever feasible.

## 3.4. Risks and Assumptions

Category	Risks	Likelihood (High/ Medium/ Low)	Impact (High/ Medium/ Low)	Mitigating measures
1-to the external environment	Increased instability at country and regional level impacting negatively the political, social and economic conditions of the project	M	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 EU to Egypt.
3-to people and the organisation	Weak coordination	M	M	The programme will strengthen coordination 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 cooperate for the best interest of the country.

2-to planning, processes and systems	Insufficient ownership	L	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 coordination and coherence of implementation.
4-to legality and regularity aspects	Corruption and fraud	L	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.
2-to planning, processes and systems	Longer than planned time for granting government security clearances for project interventions and partners	M	H	Starting the process of approval requests as soon as possible; to the extent possible, involve the administration at central and local level in the design of activities and identification of local partners.
1-to the external environment	Global crises, such as Covid-19 pandemic waves, hamper the implementation of activities.	M	M	Digitalisation of activities and online remote capacity development; partnering with governmental entities and service providers to explore all implementation alternatives.
4-to legality and regularity aspects	Sustainability Risk	M	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 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.

### External Assumptions

The Action assumes that Egypt will continue to enjoy relative stability in spite of the geopolitical and global contexts. The Action responds to a request for assistance by the Egyptian Government as part of “flagship projects” and is consistent with the Government’s policy priority of expanding infrastructure coverage and improving the quality of life. As implementation will require a number of approvals by the national authorities,

the Action assumes that the Egyptian administration will process requests smoothly so that the projects can keep the pace of work plans and objectives. Furthermore, the following assumptions are foreseen:

- Regional instability does not affect Egypt and national political stability is secured.
- Momentum within government to strengthen policy reform and co-ordination is maintained.
- All concerned authorities and stakeholders will collaborate during the Action's implementation and will grant all required permissions.
- 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.
- 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.
- Policy dialogue with private sector and non-governmental organisations in energy and water sectors remains a priority.

### **3.5. Intervention Logic**

The underlying intervention logic for this Action is that, If the programme intervention at the strategic, regulatory and dialogue levels is implemented 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, tangible impact through the implementation of concrete reform measures agreed in the strategic documents is expected. The Action shall be geared towards improving institutional frameworks, good governance, and increasing the involvement of the private sector in the energy and water sectors. The available EU mechanisms for technical assistance shall be utilised to achieve the aforementioned objectives. The Action shall also act as an anchor to support the 2nd and 3rd Pillar of interventions in light of the EIP, as the most efficient way to generate additionality.

This Action will aim to achieve a tangible impact by implementing concrete reform measures agreed upon in strategic documents, focusing on coordination enhancement and capacity-building measures. The involvement of the private sector will be crucial to the success of the implementation, and the programme intervention will primarily concentrate on improving institutional frameworks and good governance to encourage private sector participation. Therefore, this initiative aims to engage both private and non-governmental organisations in policy dialogues in the energy and water sectors. The focus will be on identifying and addressing potential challenges and opportunities and promoting sustainable and inclusive growth in these sectors. It is assumed that the Egyptian administration will process requests smoothly, as national authorities require approvals for the implementation to proceed. The commitment to align with the Paris Agreement and address pressing environmental concerns is unwavering, and regulatory and financial incentives and measures will be crucial to attracting investments and facilitating the transition to low-emission circular economies.

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 EU Programme "Technical Cooperation Facility" are foreseen in separate tender(s) in areas related to building a pipeline of projects under the NWEF platform that are both viable and bankable, in addition to preparing the needed upstream pre-feasibility studies, which are by nature, not funded by EIB.

In summary, if there is no major regional or national instability, this Action has the potential to significantly improve the policy and investment climate in the Energy and water sectors. The emphasis on coordination enhancement, capacity-building measures, and private sector participation, coupled with the commitment to environmental sustainability, makes this action a promising step towards achieving inclusive and sustainable growth in Egypt.

### **3.6. Indicative Logical Framework Matrix**

Results	Results chain	Indicators (max. 15)	Baselines (value and year)	Targets by the end of the budget support contract (value and year)	Sources of data (1 per indicator)	Assumptions
<b>Impact</b>	Contribute to support climate change mitigation and adaptation and environment action, with a focus on the role of the energy and water sectors	<p>1 Share of Renewable Energy in the gross final energy consumption (%) *</p> <p>2 Degree of integrated water resources management implementation</p>	<p>1 Baseline = 0;</p> <p>2 Baseline = to be identified during inception phase;</p>	<p>1 2% increase of Egypt's share of RE in the gross final energy consumption</p> <p>2 2% increased Agricultural productivity in terms of water productivity (economic value per unit of water used)</p>	<p>1 Report from the Ministry of Electricity and Renewable Energy and from the Ministry of Petroleum and Mineral Resources</p> <p>2 Updated sectoral strategies in The two sectors - Egyptian Water Regulatory Authority (EWRA) Annual Report - Report from the Ministry of Electricity and Renewable Energy</p>	<i>Not applicable</i>

		3 Greenhouse Gas (GHG) emissions avoided with EU support (t CO2/year/USD)	3 Baseline = 0;	3 Egypt achieving its voluntarily commitment mentioned in the NDC	3 Ministry of Environment NDC updated report	
<b>Outcome 1</b>	1 Develop new and improve existing strategies and frameworks in the energy and water sectors, to address in particular climate change and social inequality	1.1 Number of strategies or sectoral plans supported by EU at national level in the energy and water sectors	1.1 Baseline = 0;	1.1 At least 1 sectoral strategy or national plan per sector in the Energy, and water sectors are adopted at Cabinet level	1.1 Ministerial decrees and other legislative texts	Based on the assumption that the government will provide the trainees with good salary packages, limited to none turnover rate of the trained staff
<b>Outcome 2</b>	2 Develop sector-level governance practices and capacities, on the basis of sound green and sustainability standards	2.1 Number of people with access to e-governance systems and services established and/or improved with EU support in the energy and water sectors	2.1 Baseline = 0;	2.1 10% increase against prevailing situation	2.1 National Statistics of Central Agency for Public Mobilisation and Statistics (CAPMAS)	The approval of the parliament of such reform measures and recommendations

		2.2 Number of sustainability-related financial instruments and products supported that are certified, labelled, Environmental, social and corporate governance (ESG) rated and/or verified by a third party	2.2 Baseline = 0;	2.2 Progress achieved in appraising assets and related unbundling policies as verified by projects surveys	2.2 Project reports and surveys	
<b>Output 1 related to Outcome 1</b>	1.1 Integrated sectoral strategies and short-to-medium term action plans are developed and adopted, in an inclusive and evidence-based manner	1.1 Number of costed sectoral strategies in the Energy, and water sectors, whose implementation is supported by the EU	1.1 Baseline = 0;	1.1 At least 1 sectoral strategy or national plan per sector in the Energy, and water sectors is adopted at Cabinet level	1.1 Ministerial decrees and other legislative texts	Sufficient willingness from the government and parliament to timely approve and own such Programme
<b>Output 2 related to Outcome 1</b>	1.2 Systems are developed and implemented specifically for the energy and water sectors to enhance the efficiency and effectiveness of financial resource management	1.2.1 Number of resources efficiency measures developed in support of climate change adaptation, Disaggregated by type and/or sector  1.2.2 Number of legal/administrative	1.2.1 Baseline = 0;  1.2.2 Baseline = 0;	1.2.1 Design and approval of Energy, and water Sectors Governance Indicator Framework  1.2.2.2 Establishment of	1.2.1 Project reports and surveys	Willingness of the Egyptian Government to conduct public hearings and inform the public

		acts/measures developed and/or revised with EU support with the objective of increasing independence and impartiality, and/or accountability, and/or professionalism and/or competence, and/or efficiency of the national Energy, and water management systems		the Higher water council and approving its mandate Design and population of both water and Energy sector Security Outlooks	1.2.2 Project reports and surveys	Public motivation for active participation in the hearings  Active citizen participation in awareness and advocacy campaigns
<b>Output 3 related to Outcome 1</b>	1.3 Tailored capacity building programmes in the energy and water sectors are developed and implemented	1.3.1 Number of training programmes provided and initiatives implemented to increase capacities in the Energy, and water sectors (e.g. on the job training, provision of targeted technical assistance, seminars, workshops)	1.3.1 Baseline = 0;	1.3.1 At least 1000 employees successfully trained as per the training needs assessment carried out by the action	1.3.1 Project reports and surveys	Sufficient willingness from the government and parliament to timely approve and own such plans
<b>Output 4 related to Outcome 1</b>	1.4 Infrastructures asset management, based on sound public finance principles, is developed and adopted	1.4.1 Number / proportion of infrastructure systems and assets that have been upgraded in the Energy, and water sectors, otherwise strengthened or	1.4.1 Baseline = 0;	1.4.1 projects approved projects in the Energy, and water sectors	1.4.1 Project reports and surveys	Reforms supported and agreed by the majority of involved stakeholders

		relocated for enhanced resilience or reduced exposure to extreme climate events (direct impacts) and their consequences  1.4.2 Preparation of an asset management plan for the Energy, and water sectors is developed	1.4.2 Baseline = 0;	At least 1 project approved under the Green GCF in Energy, and water sectors  1.4.2 1 asset management plan per sector is approved by the competent authority	1.4.2 Project reports and surveys	
<b>Output 1 related to Outcome 2</b>	2.1 Communication and information plans are drafted to raise public awareness specifically about sustainable management and efficiency in the water and energy sectors	2.1.1 Number of awareness campaigns at local or national levels (TV broadcasts and bulletins)  2.1.2 Number of a) journalists, b) editors, c) Egyptian Water Ambassadors and d) other credible messengers trained with increased knowledge and/or skills for communication	2.1.1 Baseline = 0;  2.1.2 Baseline = 0;	2.1.1 Implementation of the relevant visibility events in the relevant media as per the communication and visibility plan of the project.  2.1.2 At least 10 journalists per sector are trained as per the communication and visibility plan of the project	2.1.1 Project reports and surveys  2.1.2 Number of press releases, articles related to project published on the media websites.	

		<p>relevant to EU funded projects in Energy, and water sectors (disaggregated by function and sex)</p> <p>2.1.3 Number and quality of consultation / coordination mechanisms established where CSOs/ DPOs are engaged with central / local authorities, the private sector, the media, etc. - enhanced with EU support (disaggregated by sex and age)</p>	<p>2.1.3 Baseline to be identified during inception phase</p>	<p>2.1.3 Target = 2 per sector ;</p>	<p>2.1.3 Egyptian Radio and Television Union (ERTU) number of recorded news.</p>	
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## **4. IMPLEMENTATION ARRANGEMENTS**

### **4.1. Financing Agreement**

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

### **4.2. Indicative Implementation Period**

The indicative operational implementation period of this action, during which the activities described in section 3 will be carried out and the corresponding contracts and agreements implemented, is 60 months from the date of entry into force of the financing agreement.

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

### **4.3. Implementation Modalities**

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

#### **4.3.1. Direct Management (Procurement)**

Procurement will be used for the two Specific Objectives:

1. Develop new and improve existing strategies and frameworks in the energy and water sectors, to address in particular climate mitigation and adaptation and social inequality.
2. Develop sector-level governance practices and capacities, on the basis of sound green and sustainability standards.

#### **4.3.2. Changes from indirect to direct management (and vice versa) mode due to exceptional circumstances**

If the implementation modality under direct management as defined in section 4.3.1 cannot be implemented due to circumstances beyond the control of the Commission, the modality of implementation by indirect management with a pillar-assessed entity would be used which will be selected by the Commission's services using the following criteria:

- Adequate operational and financial capacities;
- Presence in the country;
- Solid experience in the sector.

### **4.4. Scope of geographical eligibility for procurement and grants**

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

The Commission's authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of services in the markets of the countries or territories concerned, or in other duly substantiated cases where application of the eligibility rules would make the realisation of this action impossible or exceedingly difficult (Article 28(10) NDICI-Global Europe Regulation).

#### 4.5. Indicative Budget

Indicative Budget components	EU contribution (amount in EUR)
	2023
<b>Implementation modalities</b> – cf. section 4.3	
Procurement (direct management) – cf. section 4.3.1	7 000 000
<b>Evaluation</b> – cf. section 5.2 <b>Audit</b> – cf. section 5.3 'will be covered by another decision'	-
<b>Strategic communication and Public diplomacy</b> – cf. section 6 'will be covered by another decision'	-
<b>Totals</b>	<b>7 000 000</b>

#### 4.6. Organisational Set-up and Responsibilities

The implementing beneficiaries will be part of the Steering Committees the Ministry of Water Resources and Irrigation, the Ministry of Housing, Utilities, and Urban Communities, the Ministry of Electricity and Renewable Energy, and the Ministry of Petroleum and Mineral Resources.

Two Steering Committees, one for water and one for energy will meet on a regular basis. The Steering Committees will oversee and guide the overall direction and policy of the programme. It shall meet biannually as a general principle and can be convened whenever the project's implementation requires strategic decision or changes. The Minister of International Cooperation will chair the Steering Committees. Each Steering Committee will be composed of the relevant stakeholders in the energy and water sectors at a senior working-level officials, and shall be given delegation and representation powers by their ministers in order to coordinate on a more regular basis and at a more technical level. The EU Delegation will participate to the Steering Committees.

##### Responsibilities of the Steering Committee:

- Overseeing the implementation of the different components;
- Monitoring and controlling (cost, quality, timing);
- Discussing any major changes in the general programme set-up of the project compared to the set-up agreed with all stakeholders before.

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

As part of its prerogative of budget implementation and to safeguard the financial interests of the Union, the Commission may participate in the above governance structures set up for governing the implementation of the Action.

## 5. PERFORMANCE MEASUREMENT

### 5.1. 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 Outputs and contribution to the achievement of its Outcomes, and if possible at the time of reporting, contribution to the achievement of its Impacts, as measured by corresponding indicators, using as reference the logframe matrix.

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).

Arrangements for monitoring and reporting, including roles and responsibilities for data collection, analysis and monitoring: Data will be sex disaggregated and, when possible, include data on persons with disabilities involved in the Action.

### 5.2. Evaluation

Having regard to the nature of the action, a final evaluation will be carried out for this action or its components via independent consultants contracted by the Commission.

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

The Commission shall form a Reference Group (RG) composed of representatives from the main stakeholders at both EU and national (representatives from the government, from civil society organisations (private sector, NGOs, etc.), etc.) levels. If deemed necessary, other donors will be invited to join. The Commission shall inform the implementing partner at least three months in advance of the dates envisaged for the evaluation exercise and 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 following the best practice of evaluation dissemination. 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 financing of the evaluation shall be covered by another measure constituting a financing Decision.

### 5.3. Audit and Verifications

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 audit or verification assignments for one or several contracts or agreements.

## 6. STRATEGIC COMMUNICATION AND PUBLIC DIPLOMACY

All entities implementing EU-funded external actions have the contractual obligation to inform the relevant audiences of the Union's support for their work by displaying the EU emblem and a short funding statement as appropriate on all communication materials related to the actions concerned. To that end they must comply with the instructions given in the 2022 guidance document [\*Communicating and raising EU visibility: Guidance for external actions\*](#) (or any successor document).

This obligation will apply equally, regardless of whether the actions concerned are implemented by the Commission, the partner country, service providers, grant beneficiaries or entrusted or delegated entities such as UN agencies, international financial institutions and agencies of EU Member States. In each case, a reference to the relevant contractual obligations must be included in the respective financing agreement, procurement and grant contracts, and delegation agreements.

For the purpose of enhancing the visibility of the EU and its contribution to this action, the Commission may sign or enter into joint declarations or statements, as part of its prerogative of budget implementation and to safeguard the financial interests of the Union. Visibility and communication measures should also promote transparency and accountability on the use of funds. Effectiveness of communication activities on awareness about the action and its objectives as well as on EU funding of the action should be measured.

For communication on Team Europe Initiatives, the EU and its Member States can rely on the specific guidance on the Team Europe visual identity.