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This action is funded by the European Union

ANNEX 3

of the Commission implementing Decision on the Annual Action Programme 2015 in favour of Egypt to be financed from the general budget of the European Union

Action Document for “Upgrading Informal Areas Infrastructures”

1. Title/basic act/ CRIS number	Upgrading Informal Areas Infrastructures CRIS number: ENI/2015/038-272 financed under European Neighbourhood Instrument			
2. Zone benefiting from the action/location	Egypt The action shall be carried out at the following location: in the three Governorates of the Greater Cairo Region: Cairo, Giza and Qalyubeya.			
3. Programming document	Egypt-EU Single Support Framework and Multi-Annual Indicative Programme (2014-2015)			
4. Sector of concentration/ thematic area	Poverty alleviation, local socio-economic development and social			
5. Amounts concerned	Total estimated cost: EUR 28 million Total amount of EU budget contribution EUR 26 million. This action is co-financed in parallel co-financing by: - <i>Gesellschaft für Internationale Zusammenarbeit</i> (GIZ), on behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ), for an amount of EUR 2 million			
6. Aid modality(ies) and implementation modality(ies)	Project Modality Indirect management with the <i>Deutsche Gesellschaft für Internationale Zusammenarbeit</i> (GIZ)			
7. DAC code(s)	43030 Urban Development and Management.			
8. Markers (from CRIS DAC form)	General policy objective	Not targeted	Significant objective	Main objective
	Participation development/good governance	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Aid to environment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Gender equality (including	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

	Women In Development)			
	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"/>
	RIO Convention markers	Not targeted	Significant objective	Main objective
	Biological diversity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. Global Public Goods and Challenges (GPGC) thematic flagships	N/A			

SUMMARY

The proposed intervention aims at contributing to the local socio-economic development in the informal areas of the Greater Cairo Region (GCR) by enhancing the delivery of services through the upgrading of basic community infrastructures.

It will complement the ongoing two phases of the "Upgrading Informal Areas project in the GCR" implemented by the GIZ and mostly financed by the EU. These phases are part of a wider intervention of the *Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)* called the Participatory Development Programme in Urban Areas (PDP).

While the ongoing intervention is successful in improving access to basic services in informal areas including small scale interventions on local infrastructures, it does not address the pressing need for additional quality basic infrastructures of these informal areas expressed by both the local communities and authorities.

Adding an infrastructure component will help to improve:

- The living condition of the populations in informal areas.
- The quality and quantity of services provided by the public administration.
- The management of the infrastructure by the local administration and the communities.
- The environmental conditions in the informal areas.

It is proposed that this intervention is also implemented by the GIZ, taking advantage of its well established cooperation with all the relevant stakeholders and using its recognised expertise in the implementation of work projects. This will add a new phase to the ongoing project.

1 CONTEXT

1.1 Sector/Country/Regional context/Thematic area

1.1.1 *Public Policy Assessment and EU Policy Framework*

Egypt's cities have been rapidly growing over the past 50 years. Today, out of a total of 82 million inhabitants, about 43% of the Egyptian population live in cities and around 20 million in the GCR. It is estimated that 60% of the inhabitants of this region, i.e. 12 million people, live in informal, underserved and densely built areas. Although there is no agreed standard definition of informal areas, these can be described as areas where no urban planning exists and where people have built their dwelling outside building permit regimes. They are characterised by a lack of basic social services (health, education, recreation), inadequate access to public utilities (sewage, waste disposal, public lighting) and limited physical and socio-economic integration into the wider metropolitan area. Combined with the absence of related services, the high population density results in high environmental pollution. Their population is mostly poor, with a low level of education. Public administration and civil society organisations do not provide sufficient services to improve the living and environmental conditions of the residents.

The Ministry of Housing, Utilities and Urban Development (MoHUUD), through the General Organisation for Physical Planning (GOPP) follows a programme-based approach - rather than a long-term development policy - in the form of the National Housing Programme. This approach has been an “expansionist” one, consisting in the construction of social housing schemes in new areas (generally in desert land around existing cities). Unfortunately, in many instances, these housings are too expensive for poor people. Therefore, they have often attracted the middle class instead, when they attracted people at all (the proportion of vacant urban housing units is reported to be in excess of 20 to 30% of the housing stock¹).

Nevertheless, over the past decade, a growing policy attention has been given to informal urban areas. This includes the establishment, by decree, of the Informal Settlements Development fund (ISDF) in 2008. However, since its creation, the ISDF focused mainly on informal areas considered as unsafe (“slums”), which only represent 5% of all informal areas in the GCR. In unsafe areas, the policy solution applied by the Government consists of evictions and relocations of residents. For the other informal areas (also called “unplanned” areas²), the expectation was that the National Housing Programme would contribute to stop their expansion.

In July 2014, a further step has been taken to address the specific problems and increasing concerns about informal areas with the creation of the Ministry of State for Urban Renewal and Informal Settlements (MoURIS). The mandate of the new Ministry is to design a development strategy for informal areas and to provide a safe and healthy environment to their population while avoiding their expansion. A paradigm shift can be observed in the discourse, away from containment or eradication of informal areas, towards promoting their upgrading. Another important

¹ "Cairo: A City in Transition", UN-Habitat, 2011. During the 2006 census, the Central Agency for Public Mobilisation and Statistics (CAPMAS) estimated the number of vacant housing units at 3.7 million.

² As the EU will not be involved with interventions linked to possible evictions in unsafe areas, the use of "informal areas" in this document is to be understood as "unplanned areas", unless specified otherwise.

aspect of the mandate of the MoURIS is the organisation of the collection and disposal of municipal waste. The ISDF has been integrated into the newly formed Ministry.

In this context, the PDP implemented by the GIZ since 2004 has been the main intervention to explicitly target the improvement of living conditions in informal areas. It has been supported by the *Kreditanstalt für Wiederaufbau* (KfW), the *Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung* (BMZ), the Bill and Melinda Gates Foundation and the Government of Egypt. Before receiving EU financial support, about EUR 30 million had already been invested in the programme. The ongoing phase of the PDP (“upgrading informal areas in the GCR”), mostly financed by the EU (contribution of EUR 40 million in addition to EUR 6 million from the BMZ), was initiated in 2012 in 4 informal areas and expanded to another 5 areas in late 2013. These two phases address the improvement of the living conditions of the 2 million strong poor population living in 9 areas. In particular, it aims at offering better quality services via public administration and civil society organisations to satisfy the needs of the population and improve the environmental conditions in these areas. While infrastructure improvements are not excluded from the scope of the current project, the ongoing actions in this field are so far of a small-scale.

1.1.2 Stakeholder analysis

The stakeholders of the project can be grouped in three levels:

- National Level:

While the Ministry of Planning, Monitoring and Administrative Reforms is the identified beneficiary of the ongoing intervention, a request to shift the project to the newly established Ministry (MoURIS) has been received in March 2015. MoURIS will become the main national level stakeholder of the new project as well as of the ongoing project.

The intervention also relates to the mandates of other ministries. These include the Ministry of Housing, Utilities and New Urban Communities, and in particular the GOPP, and the Holding Company for Water and Wastewater (HCWW) and its 26 affiliated companies. The HCWW is in charge of operating and maintaining water and sanitation infrastructures.

Furthermore, collaboration with other ministries is also established (ISDF, Ministry of Local Development, Ministry of Education, Ministry of Industry, Trade and SMEs, Ministry of Environmental Affairs and Ministry of Youth) through the project steering committee.

- Regional level:

The three Governorates (Cairo, Giza and Qalyubeya) of the GCR will be the main partners of the project.

- Local level:

The district administration, including executive administration, will be involved in the direct implementation of interventions, in particular in the participatory process of identifying the priorities of the communities. The Urban Upgrading Units (UUUs) will be the main partners for identification and monitoring. These units, established by governors’ decrees and capacitated by the GIZ, act as focal points within the local

administration. Their general role is to provide strategies and implement mechanisms for the development of informal areas at the Governorate level. They are also coordinating the project activities horizontally (with other departments of the governorates) and vertically (with district administration) and play an active role in monitoring the implementation of the project activities.

As grant beneficiaries for interventions providing basic services to the communities, civil society organisations are the main implementing partners of the ongoing project (about 60% of the total budget is allocated through grants). They also participate actively in the participatory needs assessments and are the main recipients of capacity building activities.

The private sector, essentially represented by small local contractors, will play an important role in the works for construction and rehabilitation of infrastructures. They will be specifically targeted in the tendering process.

All residents of the selected informal areas, but most particularly the poorest among them, are the final beneficiaries of the project.

The GIZ is successfully implementing the first two phases of the project and has accumulated over 10 years of experience in the development of informal areas in Egypt. During these years, it has established strong working relations with all stakeholders. Finally, the GIZ's know-how in works-related programmes will be another asset for this new phase.

1.1.3 Priority areas for support/problem analysis

Informal areas have grown as a result of the unavailability of other cheap housing options for the poorest urban population. Developed by individuals to respond to their housing needs, informal areas have a very low density of public services and infrastructure compared to more formal settlements. Moreover, the quality of the services, when they are available, is generally low. Public spaces are limited, unpaved narrow alleys are the norm, the density of schools and health facilities is low. In the absence of formal planning, the development of public utility networks is lagging behind the increasing needs resulting from the continuous growth of the population.

As such, informal areas can be a fertile terrain for social protest. This was evidenced during the 2011 events, which were triggered in cities. Inhabitants of informal areas played a seminal role, revealing the deficiencies of governmental policies in these areas³. There are fears that the situation in some areas could lead to a radicalisation of groups of the population living there if the many promises made in the last few years on social justice and the improvement of living standards for the poorest are not fulfilled.

The allocation of public resources to fill the gap is insufficient. First, because the improvement of informal areas has not been among the priorities of the Government. Second, because a number of services (such as garbage collection) or infrastructure (such as local market, road paving) are the remit of the local authorities, which depend on a centralised allocation of resources, a system by definition unfit to address the development needs of informal areas.

³ David Sims intervention during the “Egypt Urban Futures” workshop series, 11 March 2013.

As part of the ongoing phase of the PDP, detailed participatory needs assessments have been conducted in 9 informal areas. Consultations between local communities, civil society organisations and local authorities (in particular the UUs) were embedded into this process. The results show that in all areas, issues related to the lack of public infrastructure are steadily mentioned among the top 10 development priorities. These priorities include in particular roads, solid waste collection, sewage system, transport, and electricity.

The intervention would address two priorities of the Egypt-EU Single Support Framework: local socio-economic development by enhancing the access to basic services, and improvement of the quality of life and the environment by developing community infrastructures such as sewage and sanitation infrastructures.

2 RISKS AND ASSUMPTIONS

Risks	Risk level (H/M/L)	Mitigating measures
Increased instability at country and/or regional level impacting negatively the political, social and economic conditions in which the project is implemented.	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, the alignment of stakeholders around a development agenda and the successful Economic Development Conference organised in March 2015. The situation will be closely monitored by the EU Delegation.
Change of decision-makers or personnel working in the local administration (governorates, districts, UUs) could lead to delays in the implementation of the project.	M	Mitigation measures include taking full advantage of the reinforced institutional coordination supported by the ongoing phase of the project. When necessary, and as already done by the PDP, cooperation agreements with different stakeholders will be concluded to identify the roles and responsibilities of the relevant authorities, to increase their ownership and their commitment. This has helped prevent delays or halt the programme's activities when counterparts changed.
Limiting the infrastructure component to the 9 informal areas in which the project is currently operating could create	L	The project is designed to increase the impact in the 9 areas but is also open to other areas of the GCR. However, the dilution of

some imbalances within the districts.		impact which could result from geographically dispersed interventions should be avoided.
Corruption and fraud	H	<p>Overall risk for corruption and fraud in Egypt is considered high, 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.</p> <p>The design of the project will mitigate exposure to global corruption risks, through centralised implementation according to EU rules and specific financial procedures.</p>
Assumptions		
<ul style="list-style-type: none"> • New or improved infrastructures contribute to the improvement of services to the community and are perceived as such by the population. This, in turn, contributes to the improvement of the living conditions. • Dysfunctionalities are reduced when infrastructures are of a good quality and when they are adequately operated and maintained. • Cleaner streets and effective sewage systems contribute to the improvement of the health of the local residents. • Infrastructure corresponding to the priorities of the local residents, and identified in cooperation with local authorities are better operated and maintained, and thus more sustainable. 		

3 LESSONS LEARNT, COMPLEMENTARITY AND CROSS-CUTTING ISSUES

3.1 Lessons learnt

The intervention will build on the lessons learned from the ongoing intervention implemented by the GIZ and from the experience gained through the PDP.

One of the main lessons learned from the PDP is that the governorate level is the right and effective intervention level for the development of informal areas: It is

sufficiently high in the administration to have the required authority, yet sufficiently close to the communities to understand them, in particular through the newly created UUs.

A participatory approach is an efficient methodology for integrated urban planning and development, in particular to identify the communities' needs. It is primordial to increase ownership by the community and the local authorities which results in a better sustainability of the intervention. Given adequate capacity building, local authorities recognise the value of the participatory approach.

Integrating physical and social aspects in development activities was highly appreciated by the beneficiaries of earlier phases of the PDP. While activities targeting social improvement mostly impact the direct beneficiaries, physical improvements target a wider audience and are extremely well perceived by the different layers of the local administration. Physical improvements are generally a factor contributing to increase the "buy-in" from the authorities, thus improving sustainability. The PDP approach will continue to combine the implementation of concrete measures with policy advice. Furthermore, the diversification of partners strategically chosen by the PDP team as well as the focus on maintaining strong relationship with all stakeholders are other success factors of the programme.

3.2 Complementarity, synergy and donor coordination

This project is designed to complement the ongoing PDP intervention. Although one of the specific objectives of the ongoing intervention is "to improve environmental and socio-economic services in targeted informal areas as well as physical and social infrastructure in both quality and quantity", resources allocated to infrastructure are limited in amount and scope. In addition, actions implemented during the first 2 phases are mostly undertaken by small local NGOs (following calls for proposals), which only have the capacity to set-up relatively small scale-infrastructure.

Apart from the ongoing PDP, two other projects supported by the EU include components to improve the living conditions in informal areas: the "Integrated and Sustainable Housing and Community Development Programme in EGYPT-Pillar I and II". These programmes, implemented respectively by the *Agence Française de Développement* (Afd) and the European Investment Bank (EIB) in partnership with the Social Fund for Development (SFD), will cover other informal areas of the GCR and other main cities. To a lesser extent, the Emergency Employment Investment Project implemented by the World Bank in partnership with the SFD, with a EUR 70 million contribution from EU, also contributes to the improvement of living conditions in informal areas. The project provides short-term employment opportunities in 2 districts located in informal areas (out of a total of 51 districts covered by the project).

No other donor is currently active in the participatory urban development of informal areas. Several organisations are, however, active in other urban development interventions:

- The ISDF has just signed with the army an EGP 350 million (EUR 40 million) agreement to develop 30 "unsafe" areas in the Cairo and Giza Governorates to improve the efficiency of drinking water and sanitation networks, to establish fire-fighting networks, to provide street lighting, and to pave roads.
- The UN-HABITAT is involved in various projects supporting the Government's planning efforts. This includes in particular the support (in partnership with the

UNDP) to the GOPP for the elaboration of a strategic urban development plan for the GCR.

- The USAID has been involved in solid waste management and has recently concluded an integrated solid waste management project in the Cairo Governorate which aimed at privatising the services.
- The EU, the KfW, the GIZ and the Swiss Cooperation and Development Office (SDC) are jointly implementing the National Solid Waste Management programme (EUR 61.9 million with an EU contribution of EUR 20 million) aiming at sector policy and legislative reform as regards solid waste management in Egypt, coupled with pilot investments in the governorates of Qena, Kafr El Sheikh, Assiut and Gharbia.

Finally, some organisations intervene in very specific sectors which partially cover informal areas. These include: the AfD (transport, energy, and waste water treatment), the Japan International Cooperation Agency (transport, energy), and the World Bank (gas connection- with an EU contribution, sanitation, power generation).

3.3 Cross-cutting issues

The Action will address the following crosscutting issues:

Good Governance: All activities are contributing to good governance as they promote participation of the local communities in local development, in cooperation with the authorities. The intervention is also a good opportunity to use the local capacity-building activities implemented in the previous and ongoing phases.

Gender: PDP has drawn up and formulated Local Area Dialogue Committees to represent women (as well as youth, civil society organisations and the private sector) in local decision-making processes (e.g. in the Participatory Needs Assessments). It has also developed tools such as the action guide "maximising use value" that proposes some practical actions to be taken by local government, capitalising on the practices of local communities and, in particular, of women.

Environmental Sustainability: A number of infrastructures to be upgraded have as direct purpose to improve the environmental conditions. These include infrastructures linked to solid waste collection and/or processing, and improvement of the sewage network.

4 DESCRIPTION OF THE ACTION

4.1 Objectives/results

The overall objective is to contribute to the local socio-economic development in the informal areas of the GCR by enhancing the delivery of basic services. The specific objective is to upgrade basic infrastructure in informal areas in the GCR.

The action will focus in particular on infrastructure mostly benefiting the poor populations of the informal areas and will be conducted in collaboration with the local authorities (including holding companies when necessary) and communities. To maximise the impact on this target group, labour-intensive construction methods will be prioritised, as long as technology permits it, and without compromising the quality of the infrastructures. Small local contractors with the necessary skills and experience will also be targeted.

Hence, the proposed project will contribute to the national efforts to develop informal areas.

The intervention will pay special attention to the direct involvement of the local communities through participatory approaches in the identification and selection of projects to ensure ownership.

In line with the general and specific objectives the project expected results are:

- The number and quality of community infrastructures is increased.
- Operation and maintenance of infrastructures is improved.
- The occurrence of dysfunctional services is reduced.
- Residents of informal areas live in a healthier environment.

Indicatively the intervention will target: the paving of streets (including production of paving bricks), infrastructures and equipment related to garbage collection and processing, sanitation (main lines of sewage networks), street lighting and fire hydrants. Social infrastructures such as community schools, health centres or recreational facilities could also be targeted, mostly for their upgrading. A multi-step methodology will be developed to select the infrastructures to be supported (long list, prioritised short-list, final list). Each step will include a set of criteria to be met to qualify for the next step. These criteria will include: cost, located on public land, public response, environmental impact, socioeconomic impact, sustainability, etc.

4.2 Main activities

The project will focus geographically in the Governorates of Cairo, Giza and Qalyubeya in Greater Cairo Region to capitalise on the existing successful cooperation between PDP/GIZ and these governorates in the framework of the ongoing intervention.

To achieve the expected results, the main activities to be implemented will include:

A) Quantity and quality of infrastructures increased

- Participatory identification and selection of the infrastructures to be constructed or upgraded: To this end the participatory needs assessments conducted during the previous phases of the project will constitute a starting point. This preliminary assessment will be completed as needed, in particular for infrastructures located outside the 9 informal areas in which the project is currently being implemented.
- Detailed feasibility studies will be conducted to confirm the potential of the pre-selected projects. Particular attention will be paid to the operation and maintenance of the infrastructures to ensure their sustainability. The entity(ies) responsible for operation and maintenance (local administration and/or community-based organisations) will be identified at an early stage to ensure their active participation in all implementation stages. The regulatory environment in which the infrastructure will be operated will also be taken into consideration during these initial stages. Preference will be given to High Labour Intensive methods of construction.
- The tendering process will be the responsibility of the GIZ. It will be conducted in consultation with the local authority competent for the infrastructure

concerned. The process will include the preparation of tender dossiers, the evaluation of the offers and the awarding of contracts.

B) Operation and maintenance of infrastructures is improved; and

C) Occurrence of dysfunctional services reduced and

- External independent technical expertise will be contracted to oversee the construction works to ensure the quality of the works and compliance with the technical specifications. All stakeholders concerned will be involved in the monitoring activities.
- Capacity building will be provided to the entities responsible for the operation of the infrastructures. They will also be supported to set-up maintenance plans.

D) Residents live in a healthier environment

- Particular attention will be paid to ensuring that infrastructures that contribute to the improvement of the environment are adequately addressed. These include in particular an improved sewage system and garbage collection and disposal.

Horizontal activities contributing to the achievement of all results will include:

- A package of technical assistance will be made available to provide technical support and capacity development for the local administration, the private sector and the civil society. This could include training in the following areas: participatory methodology and tools, support to structures and processes, enforcement of legislation, as well as management skills (planning, finance, monitoring and evaluation, etc.).
- Coordination between the different stakeholders and policy advice for upgrading informal areas. Part of the GIZ management team will be hosted in the MoURIS premises.

4.3 Intervention logic

This new phase of the project builds on the ongoing intervention which also aims at improving the living conditions of the residents of informal areas in the GCR. It complements the objective of improving environmental and socio-economic services and reinforces the objective of improving physical and social infrastructures. It will also benefit from the increased participation of the civil society and private sector in the development of informal areas, which is one of the specific objectives of the ongoing intervention.

Developing the infrastructure component, in particular by offering the possibility to address the needs for medium-scale infrastructure, will substantially increase the impact of the whole intervention. The mobilisation of local population for the execution of works will provide as well direct economic benefits to the communities.

The intervention will focus on the construction and rehabilitation of basic infrastructures. Mechanisms for operation and maintenance will also be put in place to ensure the viability and sustainability of these infrastructures.

As a result, the range and quality of services available to the population will be increased (health, education, recreation facilities), safety will be improved (street lighting, fire hydrants) and the environment will be healthier (sewage, garbage collection).

Because the project will continue to use and to promote an integrated participatory approach to informal areas development (particularly important in some sectors such as garbage collection), the buy-in by local authorities and residents will be obtained and will result in a better sustainability of the action.

Ultimately the improvement of the services offered in informal areas, both in quantity and quality, will improve the living conditions of their residents.

Additionally, the physical infrastructures put in place will offer several new opportunities to increase the visibility of the EU.

5 IMPLEMENTATION

5.1 Financing agreement

In order to implement this action, it is foreseen to conclude a financing agreement with the partner country, referred to in Article 184(2)(b) of Regulation (EU, Euratom) No 966/2012.

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 48 months from the date of entry into force of the financing agreement. This timeframe takes into consideration the fact that participatory needs assessments in the 9 areas will be completed by the ongoing project by the time the new intervention starts.

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

5.3.1.1 Procurement (direct management)

Subject in generic terms	Type	Indicative number of contracts	Indicative trimester of launch of the procedure
Evaluation and audit	services	2	5 th and last
Communication and visibility	services	1	2 nd

5.3.1.2 Indirect management with a Member State

This action may be implemented in indirect management with the *Deutsche Gesellschaft für Internationale Zusammenarbeit* (GIZ) in accordance with Article 58(1)(c) of Regulation (EU, Euratom) No 966/2012. This implementation entails the development of basic community infrastructures. This will be done by constructing new infrastructures or by rehabilitating /upgrading existing ones. This intervention complements the ongoing intervention focusing on the improvement to service delivery. This implementation is justified because of GIZ previous and ongoing

successful experience in managing infrastructures projects. Since August 2012 GIZ is implementing the "Upgrading Informal Areas Project", financed by EU.

The entrusted entity would carry out the following budget-implementation tasks, following its own procedures, covering several contract-management steps of the project cycle: needs assessment and identification of priorities, launching calls for tender; definition of eligibility, selection and award criteria; evaluation of tenders, award of contracts; acting as contracting authority concluding and managing contracts, carrying out payments and recovering moneys dues.

5.4 Scope of geographical eligibility for procurement and grants

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

The Commission's authorising officer responsible may extend the geographical eligibility 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

Categories	EU contribution (amount in EUR)	Indicative third party contribution (amount in EUR)
– Indirect management with <i>Gesellschaft für Internationale Zusammenarbeit</i> (GIZ)	25 000 000	2 000 000 (BMZ/GIZ)
– Evaluation and Audit	300 000	N.A.
– Communication and visibility	200 000	N.A.
Contingencies	500 000	N.A.
Totals	26 000 000	2 000 000

5.6 Organisational set-up and responsibilities

The Egyptian partner of the project will be the Ministry of Urban Renewal and Informal Settlements (MoURIS). Since July 2014, the MoURIS is the Ministry with the mandate to address development issues in informal areas.

The management of the project will be integrated into the existing management structure put in place for the "upgrading Informal Areas Project". This structure is multi-levelled:

- The programme management, located within the MoURIS premises, will provide overall managerial, administrative and technical support for the project as well as ensure the coordination with other national and international stakeholders.

- Governorate management units set-up in the Cairo, Giza and Qalyubeya Governorates will ensure the management of the activities and coordination with the Governorate administration.
- Implementation and monitoring at the local level will be carried out by the GIZ in coordination with the local authorities, in particular the UUs.

The project will be governed by the existing steering committee, which will oversee and guide the overall direction and policy of the project. It shall meet twice a year as a general principle and can be convened whenever the project implementation requires strategic decisions or changes. The project steering committee will be chaired by the representative of the MoURIS, and include representatives of the following entities:

- The Ministry of International Cooperation (MoIC);
- Other Ministries associated to the project;
- GIZ (also acting as secretariat for the steering committee);
- EU Delegation (as observer).

The Steering Committee has the right to invite further members whenever deemed appropriate.

Local management committees – comprising representatives of the district authorities, civil society and the communities – are being set-up by the ongoing intervention and will continue to operate throughout the present intervention.

Additionally, the EU Delegation will be invited to participate in the periodic project implementation meetings held with the Egyptian authorities and other stakeholders.

The audit and evaluation of the project will be implemented by the European Commission through its Delegation in Egypt. All related contracts and payments will be made by the Commission on behalf of the beneficiary.

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 logframe matrix (for project modality) or the list of result indicators (for budget support). 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 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 fact that the main mandate of the beneficiary Ministry is to design an informal areas development strategy. The lessons learned for the project will inform this process.

The Commission shall inform the implementing partner 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.

Indicatively, one contract for evaluation services shall be concluded under a framework contract in the last three months of the implementation period.

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, one contract for audit services shall be concluded in the second year of the project.

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.

A comprehensive strategy has already been established by the GIZ for the ongoing project and approved by the EU Delegation. It will be reviewed and further extended to encompass additional activities covered by the new project. A specific visibility budget for this component will be included in the Delegation Agreement.

Nevertheless, to retain some control of the communication and visibility measures, a specific budget has been earmarked to be contracted under direct management by the Commission.

APPENDIX - INDICATIVE LOGFRAME MATRIX (FOR PROJECT MODALITY) ⁴

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 without an amendment to the financing decision. The indicative logframe matrix will evolve during the lifetime of the action: new lines will be added for listing the activities as well as new columns for intermediary targets (milestones) when it is relevant and for reporting purpose on the achievement of results as measured by indicators.

	Intervention logic	Indicators	Baselines (incl. reference year)	Targets (incl. reference year)	Sources and means of verification	Assumptions
Overall objective: Impact	To contribute to the local socio-economic development in informal areas of the GCR by enhancing the delivery of basic services	Percentage of the population in the intervention area satisfied by the improvement of services quality Number of residents using the facilities	0% 0	70%	Qualitative and quantitative survey (baseline and final) on representative sample of the population	Better infrastructure contribute to improved services, which in turns contribute to improved living conditions
Specific objective: Outcome	To upgrade basic infrastructure in informal areas in Cairo	Percentage of infrastructure operational and used by residents	0	70%	Project monitoring documents and final evaluation	Infrastructure projects are corresponding to the real needs of the residents
Outputs	Increased number and quality of community infrastructure	Number of infrastructures constructed / improved			Project monitoring documents and final evaluation	Community priorities are identified
	Improved operation and maintenance of infrastructures	Number of “operation and maintenance plans” in place			Project monitoring documents and final evaluation	Community priorities are identified
	Reduced occurrence of dysfunctional services	Number of service interruptions			Project monitoring and local	Dysfunctionalities are reduced when

⁴ Mark indicators aligned with the relevant programming document mark with '*' and indicators aligned to the EU Results Framework with '**'.

					administration records	infrastructure are of a good quality and when they are adequately operated and maintained
	Healthier environment in informal areas	Number of environment related infrastructure constructed /improved (sewage, sanitation, garbage collection) Prevalence of diseases related to unhealthy environment			Project monitoring documents and final evaluation. Ministry of Health data.	Cleaner streets and effective sewage system contribute to the improvement of the health of the local residents