

Action Fiche for Arab Republic of Egypt

1. IDENTIFICATION

Title/Number	Upgrading of Informal Areas in the Greater Cairo Region - ENPI/2011/22764		
Total cost	EU contribution: EUR 20,000,000 Parallel financing by <i>Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)</i> / Bill and Melinda Gates Foundation / Ministry of Planning and International Cooperation		
Aid method / Method of implementation	Project approach – Standalone project approach Delegated Agreement with GIZ Indirect Centralised Management		
DAC-code	43030	Sector	Urban Development and Management

2. RATIONALE

2.1. Sector context

Egypt's cities are rapidly growing, mostly in the absence of governmental planning. Around 20,000,000 people currently live in the Greater Cairo Region, of which 60% live in informal, underserved and densely built areas. The latter lack basic social services, access to drinking water, sewage and waste disposal and proper physical, social and economic integration into the metropolitan area. The extreme population density results in high environmental pollution. The population is mostly poor with a low level of education. Public administration and civil society organizations do not provide sufficient services for improving the living and environmental conditions in urban poverty areas and as such residents often build without obtaining building permits and without any proper connection to public infrastructure. Living conditions and environmental conditions are deteriorating, spatial and social marginalization continues to prevail; poverty is rising, while there continues to be a lack of trust by the poor urban population in the efficiency of the public administration's basic social services.

Against this background the Participatory Development Programme in Urban Areas (PDP) implemented by GIZ in 2004-2010 (EUR 26,800,000) has been the only international development cooperation programme to explicitly target the living conditions in informal areas. Given its significance the Ministry of International Cooperation has requested the continuation of the programme beyond 2011 and has approached the European Commission to partially cover the budget for the new phase. In this next phase the proposed project will address the improvement of the living conditions of the poor population living in deprived informal areas by offering better quality services via public administration and civil society organizations in order to satisfy their needs and improve the environmental conditions in these areas.

2.2. Lessons learnt

A monitoring and evaluation mission was carried out in June 2010, yielding positive results from the PDP program's recent phase. In the frame of the current program and previous phases, infrastructural improvements were achieved in different urban areas as well as dissemination of new methods and processes of cooperation between public administration and civil society have been taking place. Urban Upgrading Units (UUUs) have been established in four governorates in the Greater Cairo Region. This is an important step in the institutional anchoring of participatory development tools.

The main lesson learnt for future support is that the governorate level is the right and effective intervention level for managing the development of informal areas, and for linking interventions to national policies. Integrating physical and social aspects in development activities was and is highly appreciated by the beneficiaries. Hence, the PDP's approach combines the implementation of concrete measures with policy advice. Additionally, diversification of the partner landscape is one of the main factors contributing to success. Therefore, it is important to maintain strong relationships to other stakeholders involved.

Another lesson learnt is that capacity building is an important factor to ensure partner ownership and capabilities. An increased focus will therefore be placed at various levels (district, governorate, and national level) upon strengthening the institutional and managerial capacity of public administration staff to ensure sustainability of the program's objective.

2.3. Complementary actions

Apart from the GIZ led PDP programme there are no other donors currently active in the participatory urban development of informal areas. GIZ/PDP is participating in all discussions about sectoral interventions of other donors affecting urban issues and informal areas (e.g. Japan International Cooperation Agency (JICA) when planning a metro line) or UN-HABITAT (urban development strategies). Synergies or complementary actions with donor programs in the urban sector are ensured.

2.4. Donor coordination

PDP/GIZ is involved in donor coordination on Governance and Human Rights issues in the Participatory Development and Good Governance (PDGG) Donor Partner Group sub-group where the role of NGOs and the civil society cooperation is being discussed. Thus, coordination among EU Member States is carried out in the context of monthly PDGG meetings. Furthermore, an informal coordination group is taking place on a monthly basis where experts from different organizations discuss urban issues. The expert meetings are organized by PDP/GIZ and *Centre d'Etudes et de Documentation Economiques, Juridiques et Sociales (CEDEJ)*.

3. DESCRIPTION

3.1. Objectives

The overall objective of the proposed project is to improve the living conditions of the poor population residing in underserved informal areas by offering better quality services via public administration and civil society organizations in order to satisfy the needs of the residents and to improve the environmental conditions in these informal areas. The proposed project will be implemented in indicatively four informal areas in the Cairo (Ain Shams and Ezbet el Nasr) and Giza (Ezbet Harb and Dayer el Nahia) Governorate of Greater Cairo.

The related specific objectives are the following:

Component 1:

- Improve environmental and socio-economic services in the four pre-identified informal areas as well as physical and social infrastructure, in both quality and quantity.
- Mobilize youth and women to become active participants in the development of informal areas.

Component 2:

- Improve the management of informal area development at a governorate level by using an integrated development approach, where physical, social, environmental and economic aspects are taken into consideration.
- Build up capacities related to informal area development for all relevant stakeholders and partners.
- Improve residents, local administration and civil society awareness of the environmental challenges in informal areas

Hence, the proposed project will contribute to the national efforts of developing informal areas through policy advice at various levels, capacity building and the implementation of development measures.

3.2. Expected results and main activities

The project will focus geographically in the Governorates of Giza and Cairo in Greater Cairo Region in order to capitalize on the existing successful cooperation between PDP/GIZ and these governorates. Following the lessons learned from PDP/GIZ's experience and earlier institutional assessments of partner structures, the management of the proposed project will be multi-levelled:

- Program management at the Ministry of Planning and International Cooperation will provide managerial, administrative and technical support for the project overall as well as coordination with other national and international stakeholders.

- Regional advisory units at Cairo and Giza Governorates for the management of upgrading and intervention activities and partner (Governor) coordination.
- Implementation and monitoring on local level in the selected informal areas.

The proposed project will give special attention to the direct involvement of the local community through participatory techniques in the identification and selection of projects in order to ensure full engagement from local communities and NGOs in the identification of needs. In line with the general and specific objectives the project's expected results are:

Component 1:

- Improved living and environmental conditions of the urban poor in four selected informal areas (source: survey/interviews).
- Enhanced role for the private sector and civil society in informal areas development (source: number of measures they actively participated in).

Component 2:

- Upgraded partner management capacities for informal area development using participatory approaches (source: evaluation of UUU's).
- Institutionalization of integrated urban development (source: documentation of trainings institutes).
- Creation of a comprehensive and transparent database on four selected informal areas (source: documentation, maps).
- Awareness on environmental challenges among residents, local administration and civil society is raised.

Main activities (ways of achievement of results) are:

Component 1:

- Implementation of participatory needs assessment in the four selected areas.
- Identification and implementation of initiatives and measures (similar to PDP's Local Initiatives) aiming to improve the living conditions in informal areas through upgrading physical, environmental, socio-economic and social infrastructure.

Component 2:

- Capacity development for local administration, private sector and civil society on participatory methodologies and tools.
- Awareness raising campaigns.

3.3. Risks and assumptions

It is assumed that possible changes/reshuffles in the Egyptian administration/leadership could have consequences on the proposed project's operations. A change of decision-makers or local administration personnel working in the UUs could lead to a delay in the implementation of a project. Based on previous experiences, winning the political support through concluding official cooperation agreements with different ministries, governorates and civil society organizations and identifying the exact roles and responsibilities can ensure their commitment. This helps to prevent delays or halting of PDP's activities when counterparts change. Additionally, trained personnel have a tendency to look for better paid job opportunities.

It is also assumed that the proposed project will build on existing relationships/cooperation agreements and will conclude official agreements with new partners. Finally, it is assumed that framework conditions favouring informal area development in Egypt will prevail. The proposed project is building on the experiences of the ongoing PDP. Therefore, the project's approach is well-established.

3.4. Crosscutting Issues

The proposed project will address a number of cross-cutting issues, such as good governance, gender equality, environmental sustainability and climate change as follows:

Good Governance: Participatory development and strengthening the capacities of public administration staff on various levels are central themes of the proposed project. Activities are contributing to good governance as they promote participation of civil society, decentralisation and transparency.

Gender Equality: All activities are gender mainstreamed. In addition, specific measures focusing on the female empowerment will be identified and implemented (e.g. upgrading of health units, income generating activities). Until now, the PDP has gender mainstreamed its planning, monitoring and implementation as well as all materials/products (manuals, curricula, evaluation questionnaires, etc.), being gender sensitized and all PDP staff members trained in gender mainstreaming.

Environmental Sustainability: The upgrade of poor informal urban areas not only leads to societal benefits but also environmental ones as it improves often deteriorating environmental conditions in these areas. Thus the proposed project will finance measures such as initiatives for waste collection, recycling of solid waste, solar energy systems for health clinics, waste water disposal among other projects carried out by NGOs.

Climate Change: The PDP will introduce in the Egyptian context for the first time the topic of adaptation to climate change in informal areas starting in 2011. The objective is to raise awareness and the information level of the public administration, civil society organizations and residents with regard to the consequences of climate change in informal areas. Additionally, small-scale projects to increase the resilience of informal areas towards climate change will be piloted. The proposed project will benefit from these experiences and lessons learned.

3.5. Stakeholders

The executing body for the proposed project is the Participatory Development Programme in Urban Areas (PDP) implemented by the German International Cooperation (GIZ) together with the Egyptian Ministry of Economic Development – now the Ministry of Planning and International Cooperation.

Urban development is a multifaceted field that involves a diversity of stakeholders. The main stakeholders for the implementation are the Governorates of Cairo and Giza in Greater Cairo (regional level). The Urban Upgrading Units (UUU), established by governors' decrees and capacitated by GIZ, act as focal points within the local administration coordinating the project activities horizontally (with other departments at the governorates) and vertically (with district administration).

Furthermore, collaboration with ministries like the Ministry of Local Development or Ministry of Environmental Affairs is essential for policy adaptation based on local practice, replication in other locations, technical expertise and capacity building in thematic, cross-cutting fields, etc. On the regional level, stakeholders are umbrella NGOs (bigger NGOs) mobilizing local communities, capacitating local Community Based Organisations (CBOs) or managing relevant components of interventions, and the private sector for partnerships with local administration. Universities and training institutes provide platforms for capacity development of relevant stakeholders. On the local level, stakeholders are entities such as for example district administrations and the Local Popular Council (elected representatives) regarding the direct implementation of interventions as well as local NGOs (CBOs) regarding operation and management of improved urban services and eventually the local communities.

The beneficiaries are the poor urban residents of the four selected areas in Cairo and Giza Governorates (approximately 1,000,000 inhabitants in total), including women and youth groups civil society organizations and local administration staff in the Cairo and Giza Governorates at governorate and district levels.

4. IMPLEMENTATION ISSUES

4.1. Method of implementation

The method of implementation is indirect centralised management in accordance with Article 54(2)c of the Financial Regulation, through the signature of a Financing Agreement with the Ministry of Planning and International Cooperation that will provide for a delegation agreement with GIZ. The delegation agreement under the Financing Agreement will be signed between the EU and GIZ to implement the Participatory Development Programme in Urban Areas (PDP).

Any change of management mode constitutes a substantial change except where the Commission "re-centralises" or reduces the level of tasks previously delegated to the delegated body under indirect centralised management.

4.2. Procurement and grant award procedures

1) Contracts

All contracts implementing the action are awarded and implemented in accordance with the procedures and standard documents laid down and published by the GIZ, with the exception of grant contracts for which the following rules will apply:

2) Grants

Participation in the award of grants contracts for the present action shall be open to all natural and legal persons covered by the ENPI Regulation. Further extensions of this participation to other natural or legal persons by the concerned authorising officer shall be subject to the conditions provided for in Article 21(7) ENPI.

The essential selection and award criteria for the award of grants are laid down in the Practical Guide to contract procedures for EU external actions. They are established in accordance with the principles set out in Title VI 'Grants' of the Financial Regulation applicable to the general budget. When derogations to these principles are applied, they shall be justified, in particular in the following cases:

- Financing in full (derogation to the principle of co-financing): the maximum possible rate of co-financing for grants is 80%. Full financing may only be applied in the cases provided for in Article 253 of the Commission Regulation (EC, Euratom) No 2342/2002 of 23 December 2002 laying down detailed rules for the implementation of the Financial Regulation applicable to the general budget.
- Derogation to the principle of non-retroactivity: a grant may be awarded for an action which has already begun only if the applicant can demonstrate the need to start the action before the grant is awarded, in accordance with Article 112 of the Financial Regulation applicable to the general budget.

4.3. Indicative budget and calendar

The total cost of the programme is estimated at EUR 20,000,000. The total EU contribution to the programme is EUR 20,000,000, to be done through a Delegated Agreement with GIZ of EUR 19,700,000 and EU centralised management of EUR 300,000 (audit and evaluation budget line, as specified below).

There will be parallel financing from other stakeholders as specified in the following table:

Name of Organization:	Contribution
German Technical Cooperation	EUR 1,000,000 confirmed EUR 1,000,000 request in process
Bill & Melinda Gates Foundation (Solid Waste Management Strategy, only in Qalyubeya)	USD 5,000,000 (approximately EUR 3,700,000)
Ministry of Planning and International Cooperation	Estimated at LE 4,000,000 plus office space
EU	EUR 20,000,000

The indicative breakdown of the EU funds is as follows:

Component	Estimated costs (in EUR)	Implementation
1. Development of informal areas including fund management	12,000,000	Grants and service contracts. Physical and social infrastructure interventions, socio-economic and environmental activities through fund
2. Capacity building including technical assistance	5,600,000	Service contracts (consultants) and technical assistance
Operating Costs (7%)	1,400,000	Overheads for GIZ
Audit, evaluations	300,000	Service contracts
Visibility	150,000	Service contracts. PR campaigns, publications etc.
Contingencies	550,000	
TOTAL	20,000,000	

Procurement procedures and call for proposals will indicatively start to be launched within 6 months following the signature of the Delegation Agreement and Financing Agreement. The implementation of the project will indicatively take a total of 48 months from the signature of the Financing Agreement and Delegated Agreement to the end of the project's activities, plus a 24 month closure phase.

4.4. Performance monitoring

Monitoring and Evaluation will be conducted on a permanent basis by a Monitoring and Evaluation Expert according to the system applied by GIZ, entailing regular reporting responsibilities of GIZ to be further specified in the EU Delegation to Egypt's Delegation Agreement and the Financing Agreement. Performance indicators will form part of the EU-GIZ Delegation Agreement and the Financing Agreement.

Furthermore, field visits, regular reporting from staff located in regional advisory units in Cairo and Giza Governorates and different partner evaluation workshops will take place to evaluate achievements.

Finally, an annual report will be submitted by GIZ highlighting the progress of implementation, obstacles faced and the extent to which the project is achieving its objectives.

4.5. Evaluation and audit

All evaluation and audit contracts will be awarded and implemented by the European Commission in accordance with the procedures and standard documents laid down and published by the Commission for the implementation of external operations, in force at the time of the launch of the procedure in question. The programme will be also subject to an annual financial and system audit launched by the European Commission as well as Results Oriented Monitoring.

4.6. Communication and visibility

Communication and visibility are considered a key component of the project and will be implemented by the GIZ. A comprehensive communication strategy will be developed. Activities to improve awareness are envisaged including workshops and dissemination events, visibility materials and the media. All communication and visibility activities are aligned with the EU Communication and Visibility Manual and the GIZ guidelines. The EU Manual will take precedence in the event of incompatibility.