

Annex 2

ACTION FICHE FOR EGYPT

1. IDENTIFICATION

Title	Support to political development and good governance		
Total cost	EU Contribution : EUR 3 000 000		
Aid method / Management mode	Project approach / Decentralised management and joint management with UNODC		
DAC-code	15140	Sector	Government administration

2. RATIONALE

2.1. Sector context

For more than two decades, Egypt has succeeded in introducing reform measures that have resulted in improved economic fundamentals and growth. The last World Bank “ease of doing business” report ranks Egypt as “top reformer” for 2007. While macro-economic growth performance has been satisfactory, the fruits of this have not reached all Egyptian social classes. 40% of Egyptians live on or below the poverty line.

Political governance has not progressed at the same pace, but some positive developments can be noted. The recently created “National Committee for Fighting Corruption”, together with the re-launched political dialogue on a modern civil service Law are concrete signs of the Government’s political will to tackle corruption and to reform public administration.

These commitments to good governance are reflected in all on-going EU cooperation plans with Egypt. The Country Strategy Paper (CSP) and the National Indicative Programme 2007-2010 (NIP) identified support to political development, decentralisation and good governance as priorities for co-operation. According to the NIP, this project aims at enhancing the efficiency of selected key public entities, to increase transparency and accountability in the administration of public affairs, both at central and local level.

Originally three components were envisaged in this project, i.e. support reform of the electoral process, decentralisation reform and anti-corruption measures. However, following the identification phase, the support related to the electoral process had to be reconsidered as the Egyptian authorities did not consider it a priority for international co-operation at this stage. Following a request from GoE, the decentralisation component has to be postponed until the new decentralisation Law is in place; thus, this component is replaced by a new component, "Support for the information function in the Egyptian Parliament".

Through this component, the Speaker of Egypt's People Assembly has asked the EU for support to strengthen the Documentation/Information function within the

Assembly and to create a unit to liaise with the EU Parliaments. After this reorientation, the project has been redesigned with the respective potential beneficiaries in accordance to the guidelines provided by EuropeAid's Draft Handbook on Promoting Good Governance in EU development and co-operation.

2.2. Lessons learnt

The overall lesson drawn from recent years is that socio-economic development will be stronger and more sustainable operating within a good and comprehensive governance framework. In this respect emphasis should be given to practical support as opposed to support for amending the legal framework.

2.3. Complementary actions

Several donors are supporting the Government of Egypt's reform agenda. The joint OECD-UNDP "Good governance for development in Arab countries initiative" is co-chaired by Egypt and Sweden; working groups, supported by technical assistance, are delivering guidelines and benchmarks for good governance reform. With the project "Support to the Association Agreement Programme", European Commission and GoE have chosen *a demand driven approach, through institutional Twinning*, as the main instrument for implementing reforms in various areas, with particular emphasis on legislative and institutional development (approximation to the European *acquis*). Thus, more than 15 twinning and technical assistance projects are currently being implemented or in the pipeline.

The only existing cooperation project with the Parliament in this field is managed by the UNDP (training sessions related to WTO issues for MPs). There is no significant cooperation in the fight against corruption

2.4. Donor coordination

Regular meetings will take place with all relevant stakeholders to ensure an open exchange of information, to avoid overlapping of activities and/or financing and to incorporate the lessons learnt by other actors into the scope of the project. Coordination will continue to be ensured through the Donor Assistance Group (DAG), within the sub-group dealing with governance issues, as well as through bilateral contacts with other relevant actors.

3. DESCRIPTION

3.1. Objectives

The overall objective of this project is to support GoE's efforts to improve good governance practices in public administration. The specific objectives of the project are:

- (1) To support the better management of information communication resources in the Parliament;
- (2) To improve the fight against corruption in the administration.

3.2. Expected results and main activities

Component 1: Information function in the Egyptian Parliament

- Improved quality of laws;
- Easier access to legislation for citizens;
- Enhanced links between Egypt and EU Parliaments.

Main activities are:

a) Institutional capacity building

- Setting up of an information department in the Parliament, open to all MPs as well as to the public at large
- Setting up a liaison unit dedicated to strengthening links with EU Parliaments.

b) Training

- Training of Parliament information and research staff, study tours to EU Parliaments
- Monitoring and evaluation of training results

c) Equipment

- Supply for IT equipment

Component 2: Fight against corruption

- In line with the UN Convention Against Corruption, the legal framework for combating corruption is in force;
- A comprehensive national strategy to enhance the prevention of corruption in the public sector has been adopted by the line Ministries and agencies;
- The capacity of the anti-corruption agencies, e.g. the Administrative Control Authority (ACA), the Attorney General (AG), and the Administrative Prosecution (AP), is enhanced, including the capacity to use modern techniques to combat money laundering;
- Less tolerance of corruption in Egyptian society and decrease in the number of cases of corruption and misconduct of civil servants.

Main activities are:

a) Capacity building

- Review of current legal framework and proposing of amendments, revisions or new laws;
- Information of the MPs and other stakeholders (civil society and media);
- Support to the Ministry of State for Administrative Development (MSAD) to draft a national strategy to fight corruption;
- Support to implementation of the strategy in line Ministries;
- Preparation and implementation of a public awareness campaign.

b) Training

- Training needs assessment in ACA, AG, AP;
- Drafting of curricula and operational practice manuals;
- Training;

- Monitoring and evaluation of training results.

c) Equipment

- Provision of IT equipment/software to anti-corruption and anti-money laundering agencies.

Selected **key indicators** at the result level are:

– **Component 1: Information function in the Egyptian Parliament**

A responsive Information Department providing quality documents to all MPs regardless of their political affiliation, as well as information of the legislative agenda to the public at large. Indicators: consultation of websites, the number of staff allocated to the Information Department; the percentage of MPs and staff participating in the exchange of experiences and information between EU Parliaments and the Egyptian Parliament.

– **Component 2: Fight against corruption**

Publication of revised/new laws against corruption in the Official Gazette; media coverage on national anti-corruption strategy; number of ACA, AG, AP staff trained; media and civil society reports; number of corruption cases brought before courts.

3.3. Risks and assumptions

The risks for the project success are:

- Bureaucratic/political resistance to change in Ministries and Egyptian Parliament;
- Low salaries in the civil service may favour corruption;
- Lack of financial means, incentive and rewards is detrimental to staff's personal involvement in Public Administration improvements;

Egypt is in a transitional political phase, therefore it is assumed that:

- There is continuity of the reform approach in the Egyptian top leadership.
- Civil society reform movement will keep its strength;
- Current economic growth is sustained;
- Regional situation will not further deteriorate

3.4. Crosscutting Issues

Promoting good governance practices will have a substantial impact on crucial cross-cutting issues such as gender and the environment.. The need for transparency will be tackled in the framework of this project through the implementation of ad-hoc visibility actions (knowledge management, publications, press conferences, awareness campaigns) related to each of the activities envisaged to attain the defined objectives.

3.5. Stakeholders

Major stakeholders and target groups of the project are:

Component 1: the MPs and staff of the Egyptian Parliament, and the public at large.

Component 2: the Administrative Control Agency (ACA), the Administrative Prosecution (AP), the Attorney General (AG), the Public Prosecution (PP), the Ministry of Finance, the Ministry of State for Administrative Development, the Ministry of Interior, and the Ministry of Justice are the main stakeholders; the main target groups are the staff of the ACA, AP, PP and civil society organizations. UNODC as implementing partner is also a stakeholder.

4. IMPLEMENTATION ISSUES

4.1. Implementation method

The implementation method for the project will be decentralised management (ex-ante). A financing agreement will be signed with the Ministry for International Cooperation.

A Project Implementation Unit (PIU) will provide operational support to the beneficiary and it will work in close collaboration with the Ministry of International Cooperation and other stakeholders. The PIU will support the implementation of the envisaged activities in conformity with the objectives of the project and according to the overall and the annual workplans.

The Commission controls ex ante the contracting procedures for procurement contracts > 50.000 EUR and ex post for procurement contracts ≤ 50.000 EUR. The Commission controls ex ante the contracting procedures for all grant contracts.

Through the programme estimates, payments are decentralised for operating costs and contracts up to the following ceilings:

The Authorising Officer will ensure that, by using the model of financing agreement for decentralized management, the segregation of duties between the authorising officer and the accounting officer of the decentralized entity will be effective, so the decentralization of the payments can be carried out within the limits specified below.

<u>Works</u>	<u>Supplies</u>	<u>Services</u>	<u>Grants</u>
<u>< 300 000 EUR</u>	<u>< 150 000 EUR</u>	<u>< 200 000 EUR</u>	<u>≤ 100 000 EUR</u>

The Commission will be responsible for the procurement and payment of the technical assistant services and for evaluation, audit and part of the visibility activities.

For component 2, the method of implementation that applies is **joint management**. **The choice of UNODC is coherent with the Egyptian will to** establish a National strategy to prevent and reprimand corruption and build the capacities of its anti-corruption authorities in line with the provisions of the United Nations Convention against Corruption (UNCAC) ratified by Egypt on 25 February 2005. UNODC has a central role (a *de facto monopoly*) as the custodian of the elaboration and implementation of the UNCAC Convention. UNODC has also a recognized expertise in drafting legislations to assist governmental authorities in bringing national laws into consistency with UNCAC. This expertise includes the ability to assist Egypt in

drafting strong measures related to combating corruption and promoting transparency.

The prior assessment of the management procedures and structures of UNODC has proven satisfactory and thus UNODC is eligible to implement as delegatee of the EU under joint management..

4.2. Procurement and grant award procedures

All decentralised contracts implementing the action must be awarded and implemented 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.

Participation in the award of contracts for the present action shall be open to all natural and legal persons covered by 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 EC 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 of the European Communities.
- 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.

All programme estimates must respect the procedures and standard documents laid down by the Commission, in force at the time of the adoption of the programme estimates in question.

A standard contribution agreement as agreed with the UN under the FAFA (Framework Agreement) will be signed with UNODC.

4.3. Budget and calendar estimates

The indicative breakdown of the budget is as follows:

<u>Expenses category</u>	<u>Amount in EUR</u>
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<u>Services¹</u>	<u>300 000</u>
<u>Supplies and works</u>	<u>100 000</u>
<u>Grant (anti-corruption component) (implementation through UNODC)</u>	<u>2 500 000</u>
<u>Audit/evaluation and visibility²</u>	<u>60 000</u>
<u>Contingencies³</u>	<u>10 000</u>
<u>Support to PMU</u>	<u>30 000</u>
<u>TOTAL</u>	<u>3 000 000</u>

The programme duration will be 48 months from the date of signature of the Financing Agreement.

4.4. Performance monitoring

Regular monitoring will be ensured by the EU Delegation in Cairo and a project monitoring unit operating at the level of the Ministry for International Cooperation. Performance monitoring missions will be undertaken in order to measure progress in the implementation.

4.5. Evaluation and audit

An independent evaluation will be carried out by the European Commission via a service contract. An annual certification of expenditures will have to be submitted as part of the contract requirements.

4.6. Communication and visibility

Communication and visibility are considered a key component of the project. A comprehensive communication strategy will be developed in coordination with all the stakeholders. Activities to improve awareness are envisaged, including workshops, visibility materials and the media.

EU visibility guidelines are to be respected by the respective Beneficiaries. The EU Delegation in Cairo will check the visibility component of the actions through field visits and will increase visibility when it is appropriate.

¹ TA to be managed directly by E.C.

² Audit evaluation and a part of visibility to be managed directly by E.C.

³ May only be used with written prior agreement of the E.C.