

**European Neighbourhood and Partnership Instrument**  
**Arab Republic of Egypt National Indicative Programme**  
**2011-2013**

## Table of Contents

1. Introduction.....	3
2. National Indicative Programme for 2011-2013 .....	5
2.1. Main priorities and goals .....	5
2.2. Indicative budget for 2011-2013.....	7
2.3. Priority Area I: Supporting reforms in the areas of democracy, human rights, good governance and justice.....	8
2.4. Priority Area II: Developing the competitiveness and productivity of the economy .....	13
2.5. Priority Area III: Sustainability of the development process with better management of human and natural resources.....	19
2.6. Implementation .....	26
2.7. Risks and assumptions .....	28
2.8. Alignment, harmonisation and consultation .....	28
2.9. Budget and phasing of programme .....	30
List of annexes .....	31
Annex 1 – List of abbreviations.....	32
Annex 2 – Egypt map .....	33
Annex 3 – Main macroeconomic indicators .....	34
Annex 4 – Millennium Development Goals - key indicators .....	35
Annex 5 – Egypt Environment Profile.....	39
Annex 6 – Donor Coordination Matrix.....	44

## **1. INTRODUCTION**

### **EU-Egypt relations**

Egypt and the EU established diplomatic relations in 1966, and since then the EU has continued to develop a close relationship with its geographic neighbour. This was significantly strengthened in 2004 with the entry into force of the EU-Egypt Association Agreement (AA), followed by the establishment in 2007 of a joint EU-Egypt Action Plan (AP).

The AP sets a wide-ranging agenda for intensified relations between the two sides in the context of the European Neighbourhood Policy (ENP). Fulfilment of the commitments of the AP contributes to deepening and broadening EU-Egypt relations through closer co-operation in areas of mutual interest and through frequent political dialogue. The implementation of the AP is regularly assessed during technical sub-committee meetings.

To assist Egypt in advancing the implementation of the AA and the AP, the EU offers a number of instruments and incentives within the framework of the ENP. These include trade liberalisation, a stake in the internal market and targeted technical and financial assistance. The most significant bilateral support is allocated in the form of the multi-annual National Indicative Programme (NIP), which in the case of this document covers the period 2011-2013.

In April 2008 Egypt requested to begin a process of enhancing relations with the EU, through further intensifying political dialogue, reinforcing trade and economic relations, and strengthening co-operation in a range of sectors. The EU-Egypt Association Council (AC) in April 2009 politically endorsed the process of enhancing relations and decided to set up an ad-hoc group to guide it. The substance of the enhancing is expected to be discussed by the various technical sub-committees and working groups. The process is expected to be gradual, during which time the AP will remain a key point of reference.

### **Political developments**

Egypt is a key partner for the EU in the region, offering stability and vital Arab leadership on the Middle East Peace Process (MEPP). In 2008 Egypt (together with France) took on the role of Co-President of the Union for the Mediterranean (UfM). The Co-Presidency system and a newly established secretariat will assure the UfM increased visibility and a more project-oriented focus, helping to achieve tangible results for the people of the entire region. Within the context of EU-Africa Joint Strategy, Egypt currently co-chairs the Democratic Governance and Human Rights partnership, established to advance the implementation of the first action plan for 2008-2010.

Egypt's Government continues to place strong emphasis on national security. In May 2008 the Egyptian Parliament extended the national state of emergency, in place since the assassination of President Anwar al Sadat in 1981. The state of emergency was prolonged until 2010 or until new anti-terror legislation is enacted. Elections to the Shura Council (the upper house of Egypt's bicameral parliament) in 2007 and local

municipal elections in 2008 saw a consolidation of National Democratic Party (NDP) control. National parliamentary and presidential elections are scheduled for 2010 and 2011 respectively.

### **Economic developments**

Since July 2004, the Egyptian government has pursued an ambitious agenda of economic reforms in the areas of trade, taxation, the financial system and general economic liberalisation. The success of these reforms has been reflected by increasing foreign investment and growing exports, resulting in GDP figures of 7.1% and 7.2% in 2007 and 2008, respectively. Egypt is also emerging as a key energy partner in the region and has signed a Memorandum of Understanding (MoU) on strategic energy co-operation with the EU, to which it is already the sixth-largest supplier of natural gas.

Economic growth is expected to fall to around 4% in both 2009 and 2010 as a result of the 2008/2009 global financial crisis, as tightening financial markets and reduced foreign investment impede access to capital for Egyptian enterprises. Dampened global demand is also expected to lower revenues from exports and the Suez Canal, as well as having a negative impact on tourist numbers. Nevertheless, the risk of an externally-induced balance of payment crisis remains low, due to diversified sources of foreign capital, favourable short- and long-term foreign debt ratios and low external borrowing needs, as well as relatively high international reserves (approx. US\$ 32 billion).

The Government responded to the effects of the economic slowdown in the first half of 2009 with a limited fiscal stimulus package of US\$2.3 billion. Further injections are possible, but combined with lower tax revenues may lead to a growing fiscal deficit (6.9% in fiscal 2008/2009). Economic growth is projected to recover in 2011 to about 6.5%.

### **Employment and social developments**

In recent years the ruling NDP and President Mubarak have acknowledged the urgency of achieving greater social justice in Egypt. At its annual party conference in 2009, the NDP discussed the need to advance efforts at poverty reduction and extending reforms in sectors such as health and education. This also reflects increasing public demands to for greater linkage between economic growth and improving living standards for average Egyptians.

Egypt's population was hit hard by the global food crisis, which resulted in the prices of basic foodstuffs in Egypt going up by 26.5% by early 2008 - more than double the annual overall inflation rate of 12.5%. This exacerbated social tensions and led to worker strikes and demonstrations in 2008 and in the first half of 2009. The Government introduced a mix of measures to offset social unrest that included raising public sector salaries, increasing supplies of subsidised basic commodities and targeting support to the most vulnerable members of society.

The unemployment rate, already high at around 10%, is likely to increase in the short-term as the effects of the global economic slowdown throughout 2009 force up to 500,000 Egyptian workers employed in the Gulf countries return home due to job losses. Although economic growth in recent years has been robust, this has not been

matched by significant job creation and improvements in social service delivery. This is evidenced by Egypt's fall to the 123<sup>rd</sup> place on the UNDP's Human Development Index in 2009 (down from 112<sup>th</sup> in 2007).

## **2. NATIONAL INDICATIVE PROGRAMME FOR 2011-2013**

### **2.1. Main priorities and goals**

#### **The EU Country Strategy Paper for Egypt**

Since the beginning of the 1990s Egypt has succeeded in introducing a number of reform measures which have resulted in improved economic fundamentals and faster growth. Reforms had been rather unequal however, as political and social development lagged behind economic progress. In recent years, the Government has pledged to attribute special attention to political and social reforms, specifically to improve the political and legislative environment, access and quality of public services, and reduce poverty and regional disparities.

The EU response to these ambitious reform targets is set out in its Country Strategy Paper (CSP) for Egypt. The CSP proposes to work towards further intensification of EU-Egypt co-operation in political, economic, and social relations, eventually seeking to achieve a significant degree of economic integration, modernization of the Egyptian society, and deepening of political dialogue and shared values.

To achieve these objectives, the EU has identified the following priority areas of support to Egypt during the period 2007-2013:

#### **I. Supporting Egypt's reforms in the areas of democracy, human rights, good governance and justice**

#### **II. Developing the competitiveness and productivity of the Egyptian economy**

#### **III. Ensuring the sustainability of the development process with effective social, economic and environmental policies and better management of natural resources**

These priorities were selected based on their consistency with Egypt's national development plans as well as with the strategic interest of the EU. Their wide-ranging scope reflects the richness of the EU-Egypt co-operation agenda as expressed in the AP, and the importance of the EU as one of Egypt's largest co-operation partners.

The three priorities are closely interlinked, and parallel progress across all of them is important to maximise synergies. A number of important cross-cutting issues will also be duly taken into account under these priorities, according to the particular focus and characteristics of the proposed programmes. These include gender equality, the environment and biodiversity, climate change, human rights, good governance, and sustainable development.

Political reform is clearly important for the process of domestic democratization and upholding of human rights, but it can also have a significant impact on the region where Egypt is considered a key player and can lead others by example.

Democratisation can contribute to stronger growth by helping to limit state interventionism in the market, facilitating a more transparent regulatory framework and encouraging private sector actors to participate in the economy.

Faster growth will also depend on generating employment, which can be strengthened by opening the Egyptian economy to the world and facilitating trade, which can in turn help enhance Egypt's competitiveness and attract additional foreign investment. Improved public financial management can meanwhile help to ensure better targeting of subsidies and more effective social safety nets. It is also essential for ensuring the long-term sustainability of sectoral reforms in fields such as education or health, which together with environmental protection can lead to greater life expectancy and higher skill levels in Egyptian society.

### **Mid-Term Review of the CSP**

As stipulated by the ENPI Regulation, in 2009 the CSP underwent a mid-term review (MTR) to ascertain the continued validity of the strategy. The MTR focused on whether the CSP still reflected the realities of EU-Egypt relations, as well as how well it could respond to developments that had taken place in Egypt, the EU and the rest of the world since 2007.

The review found that the overall policy framework guiding EU-Egypt relations – to develop a privileged partnership through deeper political co-operation and economic integration, supported by the appropriate financial assistance and other instruments – had not changed significantly since the current CSP was drawn up. The key strategic importance of Egypt continues to lie in its commitment to political, social and economic reforms, in its potential for deeper economic relations with the EU and in its willingness to co-operate with the EU on promoting peace and security in the region.

The MTR acknowledged that overall progress on implementation of reforms in Egypt can so far be summarised as limited but encouraging, with a stronger commitment to economic reforms, increasingly to social reforms, and to a lesser extent to political reforms. Importantly, Egypt displays a strong desire to advance co-operation beyond current levels of ambition, as evidenced by its 2008 request to begin a process of enhancing relations with the EU.

The MTR also analysed the impact of major events on the relevance of the current CSP, focusing in particular on the rapid rise of prices of foodstuffs of 2007/2008, the international financial and economic crisis of 2008/2009, and the creation of the UfM in 2008. The review also analysed the implications for the CSP of new EU priorities that emerged since 2007, including climate change, migration, aid for trade, and illegal narcotics. The review concluded that, in the case of Egypt, the political, economic and social consequences of these developments did not invalidate the CSP.

Overall, it was determined that the strategy's priorities and key areas of emphasis continued to offer an appropriate response to the challenges facing EU-Egypt relations. It was thus decided that the current CSP should be maintained, and should inform the preparation of the NIP for 2011-2013.

## 2.2. Indicative budget for 2011-2013

The bilateral ENPI budget allocation for Egypt for the period 2011-2013 has been proposed at €149.29 million. This is an average of €149.76 million per annum, which represents a 5.4% increase in comparison to the previous programming period. This is in line with Egypt's commitment to advancing the implementation of the AP, as well as its demonstrated capacity to effectively absorb ENPI funds.

The allocation is divided as follows between the three CSP priorities:

- |                                                                                                                                                                   |       |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|
| I. Supporting Egypt's reforms in the areas of democracy, human rights, good governance and justice                                                                | 11.1% |
| II. Developing the competitiveness and productivity of the Egyptian economy                                                                                       | 42.2% |
| III. Ensuring the sustainability of the development process with effective social, economic and environmental policies and better management of natural resources | 46.7% |

Detailed proposals for programmes under each of the three priority areas are presented in the following chapters. All financial allocations to individual programmes are indicative.

### **2.3. Priority Area I: Supporting reforms in the areas of democracy, human rights, good governance and justice**

#### **Strategic context and justification**

Ongoing political reform is a central element of the relationship between Egypt and the EU. This is a challenging area of support that will require significant effort from both sides to exploit the opportunities for co-operation offered by the AP. The EU's approach to supporting this sector is based on the recognition that it is Egypt's own wish to pursue an internal political reform agenda, and that the scale of support will depend on the extent to which reforms are carried through.

Under the NIP 2007-2010 this component was allocated €9 million (7% of the total budget). That period saw increasing co-operation between the EU and Egypt in this priority area, as evidenced by deepening dialogue (particularly in the context of the sub-committee for "Political matters: Human Rights and Democracy - International and regional issues") and by the implementation of programmes for improving the legislative process, fighting corruption in the administration, improving the protection of human rights and fundamental freedoms and modernisation of the justice system.

During 2011-2013, it is proposed that the EU continues to target the same three sub-priorities as during 2007-2010:

1. Support for political development, decentralisation and promotion of good governance
2. Promotion and protection of human rights
3. Support for modernisation of administration of justice

Continued EU support in these sub-priority areas is critically important to consolidate achievements made so far and to encourage further bold steps towards political reform. As explained in section 2.1, besides being important in its own right this priority area of co-operation can have a strong positive multiplier effect on the economic and social sectors in Egypt.

In addition, a fourth component is proposed to be included under this priority, as an allocation to be used for promoting legislative and procedural harmonisation between Egypt and the EU, whenever necessary and relevant. This amount would also be used for providing technical assistance (TA) to various projects on a demand-driven basis to facilitate the implementation of AP priorities.

The total proposed allocation to this priority for 2011-2013 is €50 million (11.1% of the total budget).

#### **SUB-PRIORITY 1: SUPPORT FOR POLITICAL DEVELOPMENT, DECENTRALISATION AND PROMOTION OF GOOD GOVERNANCE**

Successful implementation of far-reaching socio-economic reforms entails political commitment towards introducing measures for accountability, transparency and contestability of all government operations and introducing mechanisms for effective citizens' participation in decision-making processes.

In 2007-2010 the EC began to support Egypt in this area with programmes that strengthened the legislative capacity of the Egyptian parliament, supported measures to prevent and fight corruption in the public administration, and improved the efficiency, effectiveness, accountability and transparency of the public administration. The total allocation to this sub-priority was €12 million.

The programmes funded under the NIP 2007-2010 have not yet produced definitive results at the time of writing. Nevertheless, Egypt continues to be characterised by limited participation of civil society in political life and its culture of democracy, while continuing to improve, remains fragile. Voter participation in elections is particularly low amongst women and young people. It is therefore proposed that during 2011-2013 the EU again assists Egypt with the enhancement of the effectiveness of institutions entrusted with strengthening democracy and the rule of law, and that co-operation be extended to support to the electoral system.

Egypt recently began a process of administrative decentralisation, which has the potential to enhance democratic practices, encourage public participation in the decision making process and improve the management and standards of public services at the local level. The EU should therefore continue its support to the process of decentralization and reform of local administrations, as well as promoting further advances in good governance including ongoing support to legislative institutions, addressing corruption and encouraging transparency in public financial management.

### **Specific objectives**

- Reform of local administration
- Improved management of public finances
- Improved capacity of institutions responsible for the electoral process

### **Expected results**

- More effective administration at the local level
- Improvement in transparency of public funds management
- Greater voter registration and voter turnout at elections, in particular for women

### **Indicators of achievement**

- Increase in percentage of public budget administered at the local level
- Reduction in number of complaints of mismanagement of public funds
- Increase in number of voters registered to take part in elections, in particular women

### **Indicative budget**

- Approx. €5 million allocated at the end of the programming period

## **SUB-PRIORITY 2: PROMOTION AND PROTECTION OF HUMAN RIGHTS**

Human rights are an area which has seen perhaps the most significant intensification of dialogue between Egypt and the EU in the context of the ENP during 2007-2010. Egypt is committed to strengthening its culture of respect for human rights and fundamental freedoms, and recent significant successes include the establishment of the National Council for Human Rights, reducing the prevalence of Female Genital Mutilation (FGM), improving girls' access to education, assisting the plight of street children and strengthening women's rights.

During 2007-2010 the EU was the largest foreign donor in this sector, focusing on support to the Ombudsman of the National Council for Human Rights and the National Council of Women, to the National Council for Childhood and Motherhood, to Civil Society Organisations involved in awareness raising and defence of rights, and to developing the capacity of institutions responsible for protecting human rights and fundamental freedoms. The total allocation to this sub-priority was €17 million.

Despite encouraging progress, this field continues to offer many opportunities for further improvements and deeper co-operation. In particular, the EU should continue to help raise the profile and capacity of the national councils, which as domestic institutions have the unique capacity to influence to Egypt's legal and administrative environment. Additional support is also proposed to further raise the capacity of the police and prisons systems to ensure that fundamental human rights are protected.

Additional assistance is also proposed in the areas of independence of the media and freedom of expression and assembly. The role of CSOs in promoting these rights and relevant dialogue between these organisations and the Government will also be supported. Specific attention will also be paid to encouraging enforcement of protocols and international conventions related to human rights to which Egypt is party – on political and civil rights, economic, social and cultural rights, women's rights, children's rights, torture, racial discrimination, the death penalty and the status of refugees.

Further support will be provided to strengthening the status of women in society and addressing challenges that include remaining reservations to the CEDAW, a low level of participation in the public sphere and limited awareness of their rights. A possible new area of co-operation between Egypt and the EU is the field of migration, including regular migration as well as the protection of the rights of migrants and asylum seekers.

### **Specific objectives**

- Strong culture of respect for human rights and fundamental freedoms of all competent institutions, including the security apparatus and the police
- National institutions more effective in defending human rights and fundamental freedoms
- Improved awareness of rights amongst women and children

- Enhanced dialogue between CSOs and the Government on the promotion and protection of human rights and fundamental freedoms
- Greater freedom of expression and independence of the media
- Full application of international conventions and protocols related to human rights to which Egypt is a party

#### **Expected results**

- Enhanced protection of human rights and fundamental freedoms
- Improved freedom of expression and independence of the media
- Application of protocols and international conventions related to human rights

#### **Indicators of achievement**

- Reduction in number of reports of human rights violations
- Reduction in number of prosecutions and convictions for publishing crimes
- Reduction in number of outstanding conventions to be applied

#### **Indicative budget**

- Approx. €15 million allocated in the middle of the programming period

### **SUB-PRIORITY 3: SUPPORT FOR MODERNISATION OF ADMINISTRATION OF JUSTICE**

The Egyptian government has undertaken a number of reform initiatives to ensure its citizens to have full access to the justice system and to guarantee its effective and transparent administration. The Egyptian justice reform programme aims to enhance efficiency and professionalism through greater automation of courts and the development of e-justice, enhancing access to information, and capacity building and training through the National Centre for Judicial Studies.

During 2007-2010 the EU allocated €10 million to this sector in support of the strategy of the Egyptian Ministry of Justice, focusing on three main elements of training and capacity building, automation and e-justice as well as improving institutional capabilities.

Support during 2011-2013 will build upon the programme initiated in 2007-2010, taking into consideration progress made and consolidating its results. It will further modernise the administration of the Egyptian justice system, strengthen the independent judicial framework and develop the capacity and efficiency of the judiciary through measures such as training of judges and prosecutors and improvements to court procedures.

The new programme will gradually shift the emphasis from a mainly quantitative and technical approach aimed at modernizing the court system and reducing the huge backlog of case files in Egyptian courts to a more qualitative one, focusing on the

challenges facing specialised judicial mechanisms such as family courts or fast-track economic courts.

The EU will also aim to co-operate with Egypt in a number of areas where the two sides share common interests in the field of justice and security. These include trafficking of human beings, illegal narcotics, intellectual property rights (IPR), money laundering and company law.

Potential new areas of co-operation between Egypt and the EU include improving places of detention and prison conditions, as well as addressing challenges faced by women in access to justice and in obtaining legal redress (particularly in the case of divorce),

#### **Specific objectives:**

- Independent and effective administration of justice
- Greater capacity to fight against drugs and human trafficking
- Improved economic justice: more efficient fight against money laundering, protection of IPR, enforcement of investment and company laws
- Improved places of detention and prison conditions

#### **Expected results**

- Improved administration of and access to justice, in particular by women
- Reduction of drug usage and of trafficking in human beings
- Better information collected about money laundering activities, IPR better protected, investment climate and business confidence improved
- Shorter times of pre-trial detention, improvement of detention and prison conditions, in particular for women

#### **Indicators of achievement**

- Reduction of delays and complaints related to the administration of justice
- Reduction of the number of cases related to drugs and trafficking in human beings
- Increase in foreign direct investment; less backlogged cases in courts relating to money laundering, IPR and foreign investment
- Reduction of average duration of pre-trial detention, increase in average space per detainee/prisoner in police cells and prisons

#### **Indicative budget**

- Approx. €10 million allocated at the end of the programming period

#### **SUB-PRIORITY 4: UPGRADING OF REGULATORY, INSTITUTIONAL AND LEGISLATIVE**

## **ENVIRONMENT**

To further advance the implementation of the AP, an amount of funding will be allocated specifically to capacity building of the Egyptian public sector. The tools most commonly employed to achieve this are institutional twinning support and technical assistance (TA).

Twinning is a capacity building tool generally used to transfer EU public administration best practices between EU Member States and relevant Egyptian institutions, or to facilitate legislative and procedural harmonisation. TA, often provided via the Technical Assistance and Information Exchange (TAIEX) tool, can also be a means of building institutional capacity. In addition, it can be applied to provide technical support to the execution of specific projects.

### **Specific objectives**

- Institutional framework and legislation adjusted to match European and international best practices
- Technical assistance provided to ensure successful implementation of cooperation projects

### **Expected results**

- Improved performance of the Egyptian public administration
- Successful implementation of projects concerned

### **Indicators of achievement**

- Increase in number of laws and procedures that approximate to the EU *acquis*
- Increase in proportion of projects related to AP implementation executed with adequate TA

### **Indicative budget**

- Approx. €20 million allocated towards the end of the programming period

## **2.4. Priority Area II: Developing the competitiveness and productivity of the economy**

### **Strategic context and justification**

Strong economic growth in Egypt is essential for tackling the interlinked problems of high unemployment and widespread poverty. The Government aims to achieve this by developing the private sector and reducing the state's role in the economy through reforms in the areas of trade, finance and taxation. Egypt actively participates in activities related to the Euro-Mediterranean Charter for Enterprise, which aims to guide reforms for spurring business competitiveness in the region's countries. Further relevant actions at the national level will help to advance entrepreneurship and SME

development in Egypt, as well as building greater coherence between the regional and national dimensions in the application of the provisions of the Charter.

The EU fully supports these measures and promotes increased economic integration between Egypt and the EU through trade liberalisation, improving macroeconomic governance, strengthening the role of the private sector and enhancing the business climate.

This component was allocated €160 million (28% of the total budget) under the NIP 2007-2010, of which the largest share (€80 million) supported the first phase of the reform of the transport sector. That programme assisted the implementation of a series of administrative, regulatory and legal measures to improve access and quality of transport as well as the restructuring of the different financial flows in the sector to enhance efficient use of resources.

During 2011-2013, it is proposed that the EU targets the following three sub-priorities:

- (1) Transport sector reform
- (2) Energy sector reform
- (3) Trade enhancement measures

The proposed allocation for 2011-2013 places emphasis on continuing support to the comprehensive long-term reform of the transport sector, which is critical to the further economic growth of this large country with a population of over 80 million. It also supports the comprehensive reform of the energy sector, which is in line with the EU-Egypt Memorandum of Understanding on a Strategic Partnership on Energy and aims to increase energy security and promote sustainable development in both Egypt and the EU. Finally it offers a package of support measures that aim to reduce regulatory and administrative constraints on trade, with increased trade volumes expected to stimulate growth and job creation in Egypt.

Other donors are also active in this area, focusing on employment creation, support to the financial system, entrepreneurship and SME development, energy and environmental protection. Co-ordination during planning and implementation of the projects will ensure complementarity and enhanced aid effectiveness, and avoid overlapping support.

The total proposed allocation to this priority for 2011-2013 is €189 million (42.2% of the total budget).

#### **SUB-PRIORITY 1: TRANSPORT SECTOR REFORM**

The Government of Egypt has made the sector one of its key priorities, and has recently allocated an additional 1,4 billion Egyptian Pounds (€178 million) under the 2008/2009 national budget to its development. It is expected to allocate a further 33 billion EGP (€4,2 billion) to transport-related infrastructure and reforms (including restructuring of institutions) under the 5-Year Plan for 2007-2012.

The EU recognises the importance of this sector to Egypt's long-term economic development. It is identified as a key area for co-operation in the AA, the AP and the EUROMED Regional Transport Action Plan. Other donors are also active in supporting transport in Egypt (in particular the World Bank), and the EU advocates close co-operation between all relevant actors as a key element of advancing reforms in the sector.

The EC started assistance to Egypt's transport sector reforms in 2008 with a budget support operation of €80 million. The programme is expected to run from 2009-2012 and supports a series of administrative, regulatory and legal measures to improve access to and quality of transport, as well as the restructuring of various financial flows managed by the state to enhance efficient use of resources in the sector. It targets rail, road and inland waterway transport and is compliant with the actions foreseen in the Regional Transport Action Plan.

This budget support operation aims to improve governance in the sector through strengthened institutional capacity and separation of policy/planning, regulatory/executive and operational functions. It also entrenches the principle of financial sustainability based on a transparent budgetary planning and monitoring system and the promotion of financially viable transport services. It supports the establishment of policies, regulations and technical applications for improved transport safety, security and environmental sustainability, and helps to improve interoperability of different transport modes.

This proposed follow up support is expected to further advance administrative and regulatory reforms to assure the safety and quality of transport services, including setting service standards for transport operators. The programme will also help to leverage investment in transport infrastructure and related systems through tailor-made or innovative financial instruments or mechanisms.

The programme will pursue complementarity with regional initiatives such as the Regional Transport Action Plan for the Mediterranean, the East Mediterranean Motorways of the Sea and the De-pollution of the Mediterranean. Environmental considerations, including energy efficiency, the promotion of public transport as well as safe and secure conditions for maritime transport will be considered as horizontal elements and will be applied to help mitigate climate change and promote sustainable development of the transport sector.

### **Specific objectives**

- Separated regulatory, management and operational functions in the transport sector
- Greater private sector involvement in transport projects and services
- Improved application of air, waterway and road safety measures

### **Expected results**

- More effective regulation, management and operation of the transport sector
- Improved performance of different modes of transport services

- Increased safety for users and operators in transport sector

### **Indicators of achievement**

- Establishment of clear mandates for entities related to the transport sector
- Increase in share of transport services provided by the private sector
- Reduction in number of transport-related accidents

### **Indicative budget**

- Approx. €85 million allocated towards the end of the programming period

## **SUB-PRIORITY 2: ENERGY SECTOR REFORM**

Egypt is a rapidly expanding natural gas producer and offers significant opportunities for increasing exports. It also has large potential for renewable energy production from hydro, wind and solar resources, and in 2006 the country announced that it intended to re-launch its civilian nuclear energy programme. Despite this, until recently Egypt lacked either a long-term strategy or a market-based legal and regulatory environment for the energy sector, despite energy contributing substantially to the economy.

Now however Egypt finds itself on the verge of a far-reaching reform programme in the energy sector, with the development of a new long-term strategy that includes ambitious targets for production, efficient use and greater reliance on renewables. The objectives of the planned reform are fully coherent with the EU-Egypt MoU on a Strategic Partnership on Energy that identified a number of common challenges facing both partners, such as energy security, development of regional energy markets and improving energy efficiency and renewable energy use.

This programme is therefore proposed as a timely means of assisting Egypt's energy sector reform and advancing the objectives of the energy MoU for the purpose of improved energy security and sustainable development in both Egypt and the EU. It will comprise technical assistance in support of convergence of energy sectors between Egypt and the EU, regional energy market integration, development of renewable energy production and infrastructure development. Investment in energy infrastructure and related systems will be leveraged through tailor-made or innovative financial instruments or mechanisms.

Wherever possible the programme will build complementarity with other relevant initiatives, including ongoing support under bilateral, NIF and regional programmes such as the EuroMed energy co-operation and the Mediterranean Solar Plan. It will also be used to promote energy efficiency and renewable energy as fundamental elements of Egypt's new energy strategy, to help mitigate the effects of climate change and promote sustainable development of the energy sector. The EU will promote close co-operation with all other donors in the sector.

### **Specific objectives**

- Convergence of Egypt's energy market regulations with those of the EU

- Development of energy interconnections with the EU and the region
- Development of policies on energy demand management, energy efficiency, energy savings and renewable energy sources
- Adoption and consultation with the EU of a long-term energy strategy, including renewable energy targets

### **Expected results**

- Reliable supply of electricity and gas to Egyptian customers
- Increased interconnectivity and energy exchange between Egypt, the EU and other regional partners
- Increased harnessing of renewable energy potential

### **Indicators of achievement**

- Increase in share of population with access to affordable and stable supplies of energy
- Increase of energy transferred between Egypt, the EU and other regional partners
- Increase in share of energy produced from renewable resources

## **Indicative budget**

Approx. €84 million allocated towards the start of the programming period

### **SUB-PRIORITY 3: TRADE ENHANCEMENT MEASURES**

Trade-related assistance plays an important role in advancing common economic integration objectives between Egypt and the EU, while at the same time helping Egypt meet key social targets such as higher job creation, lower unemployment and poverty reduction. The EC has contributed decisively over the last years to the opening of the Egyptian economy, and Egypt and the EU continue to negotiate further trade liberalization in the service sector, and are moving towards the ambitious goal of establishing a free-trade area.

This support follows on from the successful implementation of the Trade Enhancement Program (TEP) during 2004-2007, which addressed key trade-related issues including export development, commercial diplomacy services and border-based conformity assessments. The capacity-building component of that programme (TEP A) strengthened the Ministry of Trade and facilitated EU-Egypt sectoral regulatory and technical dialogue. The sector budget support (SBS) and customs components (TEP B & C) enhanced the foreign trade facilitation policies and the development of a comprehensive customs reform plan.

This programme is intended to implement further measures to reduce regulatory and administrative constraints on trade and help to strengthen Egypt's competitive export capacity. It is fully in line with the Government's policy of raising living standards by promoting faster economic growth.

#### **Specific objectives**

- Gradual liberalization of trade in services and trade facilitation for industrial products
- Enhance Egypt's export potential to the EU
- Enhance Egypt's participation in regional and sub regional trade arrangements

#### **Expected results**

- Further liberalisation of trade between Egypt and the EU, adoption of EU technical regulations and standards for some industrial products
- Increased exports from Egypt to the EU
- Increased intra-regional trade between Egypt and its neighbours

#### **Indicators of achievement**

- Growth rates of overall exports and imports between Egypt and the EU, in particular for agricultural products and for services, negotiation of an agreement on conformity assessment for industrial products (ACAA)

- Growth rates of overall exports and imports between Egypt and other Mediterranean countries
- Market access figures for key products, in particular for agricultural products and services. Egypt's exports rates from Egypt to the EU; improved balance of payments (reduction of current account deficit)
- Growth rates of overall exports and imports between Egypt and other Mediterranean countries

### **Indicative budget**

- Approx. €20 million allocated towards the start of the programming period

## **2.5. Priority Area III: Sustainability of the development process with better management of human and natural resources**

### **Strategic context and justification**

Egypt's unemployment and poverty rates have not fallen significantly despite the high rates of economic growth recorded in recent years, and further efforts at job creation and the development of targeted social safety nets remain critical for effectively addressing these challenges. This is acknowledged in the country's latest five-year socio-economic plan for 2007-2011, which focuses *inter alia* on raising living standards and improving social security. Key targets of the plan include a reduction of poverty to 10% and unemployment to 5.5% by 2012, from respective levels of around 20% and 10% in 2007. The MDG Mid-Term Report for 2008 shows that Egypt is making gradual progress towards achieving its MDG targets, which are considered to be feasible in the longer-term.

Egypt's current National Environmental Action Plan covers the period 2002-2017, encompassing priority areas such as water quality, air quality, management of land resources, desertification, protection of the marine environment, solid waste management, biodiversity and biological safety. Integration of environmental considerations into all relevant national policies, plans and programmes is considered an overall strategic objective of Egypt's environment policy. The EU supports these efforts in line with the AP priorities of strengthening co-operation on poverty reduction, social development and the environmental dimension of public policy.

This component was allocated €299 million (53% of the total budget) under the NIP 2007-2010, which supported comprehensive reforms programmes in the education and health sectors, as well as leveraging investment in production capacity of renewable energy. Although the final impact on the education and health sectors is unlikely to be known for some time to come, EC support has been able to exert a catalytic effect by strengthening the reform programmes with targeted technical assistance and support to key components of ministries responsible for their implementation.

During 2011-2013, it is proposed that the EU targets the following four sub-priorities:

- (1) Support for reform of education as well as technical and vocational education and training

- (2) Water sector reform
- (3) Support for solid waste management
- (4) Local community development

The proposed allocation for 2011-2013 continues the EU's long-standing support to the reform of Egypt's education system, based on positive results achieved to date and on the importance of this sector to Egypt's social and economic development. This assistance will also aim to support Egypt's follow-up on the objectives of the Framework of Actions for employment, employability and decent work, agreed at the first Euro-Mediterranean Employment and Labour Ministers Conference in Marrakesh.

EU support will continue to assist Egypt to take measures to preserve its natural environment and biodiversity and to adapt its policies to promote sustainable economic development. The EU will support the achievement of the objectives contained in Egypt's National Environmental Action Plan for 2002-2017, by continuing to provide assistance to reforms in the water sector and to improvements to solid waste management systems.

The EU will also help to strengthen the capacity of public agencies and non-state actors involved in the provision of services and support to local communities. The health sector reform is not being targeted for support under the NIP 2011-2013, as it is expected that the funds it received in 2009 are going to be disbursed over the same period.

The total proposed allocation to this priority for 2011-2013 is €10 million (46.7% of the total budget).

#### **SUB-PRIORITY 1: SUPPORT FOR REFORM OF EDUCATION AS WELL AS TECHNICAL AND VOCATIONAL EDUCATION AND TRAINING**

In 2007 the Egyptian Government launched an ambitious reform of the education sector that targets improvements in the quality, access and management of pre-university education. It is embodied in the National Strategic Plan for Education Reform, which recognises that investing in people is critical for achieving sustainable development and is in line with Egypt's commitments to achieving the Millennium Development Goals.

The urgency of the reform is borne out by the fact that in 2008 Egypt again dropped in the global rankings on education<sup>1</sup>. Poor quality of education and inadequate anticipating and matching of labour market and skills needs remain as some of the core obstacles to the development of Egypt's human capital, which is essential for achieving political, social and economic progress. Unequal access to education for boys and girls has meanwhile contributed to limiting the role of women in society. Under the current reform, Egypt has already achieved some improvements in enrolment rates and a decrease in the gender gap in basic education, previously as high as 25% in some rural parts of the country.

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<sup>1</sup> Ranking by the Global Competitiveness Report 2008-2009 (World Economic Forum)

Improved literacy rates and better skills training are expected to enhance the earning potential of graduates and trainees, thus helping to break the cycle of inter-generational transmission of poverty. Technical and vocational education and training (TVET) currently absorbs over 60% of Egypt's secondary students. The reform of TVET focuses on establishing closer cooperation between the Ministries of Industry and Education and a reform of teaching curricula to ensure better anticipation and matching of skills development with Egypt's labour market needs. It will also contribute to more effective co-operation between training institutes and public employment services. Where appropriate, the reform will benefit from the EU's experience in this field, including through initiatives such as "New Skills for New Jobs".

The ongoing legislative and fiscal reforms and the sustained increase in budget resources allocated to this sector underscore the Government's commitment to education reform. There is a clear need for additional resources (human and financial) to sustain the implementation of the reform plan. The national pre-university education and TVET reforms currently benefit from EU support of €140 million and €33 million respectively. Both programmes are expected to conclude in 2011. Previously the EC had also supported the sector with €100 million in 1998-2006, and indirectly with €20 million in 2005-2009 through the Children at Risk programme.

Although monitoring results of education reform is difficult in the short- to medium-term, the impact of these support programmes sector has been rather consistent. They have succeeded in mainstreaming a number of best practices in the ongoing reform, including fiscal decentralization, programme-based budgeting, school-based reform and quality accreditation. It is proposed that the support to this critical sector be continued, to consolidate results achieved so far and to further strengthen the ongoing reform process.

Education reform is an area of close co-ordination with other donors currently supporting the National Strategic Plan. These include USAID, CIDA, KfW, World Bank, UNICEF and UNESCO.

### **Specific objectives**

- More effective public spending in education
- Better training and human resource administration
- Increased community participation in education programmes, including increased number of CSOs involved in discussions about education reform
- Improved capacity to anticipate and match skills needs
- More effective co-operation between training facilities and public employment services
- Improved correlation between education and training curricula and labour market needs

### **Expected results**

- Equitable access to education for all children at all levels, particularly for girls, children with special needs and vulnerable groups
- Improved quality of teaching, pedagogical achievement and student development
- Improved learning outcomes and higher pupil retention between elementary school and secondary school
- Increased uptake of graduates and trainees in the labour market

#### **Indicators of achievement**

- Increase in enrolment and intake rates and lower dropout rates, particularly amongst girls, children with special needs and vulnerable groups
- Increase in average teachers' qualifications reduction in student/teacher ratios
- Increase in literacy rate, transition to tertiary education rate and general secondary certificate exam results
- Increase in employment rate amongst graduates and trainees

#### **Indicative budget**

- Approx. €105 million allocated towards the middle of the programming period

#### **SUB-PRIORITY 2: WATER SECTOR REFORM**

Egypt's almost complete reliance on the waters of the Nile make preservation of the river's resources and water management in general critical for the future of the country. Despite this fact, Egypt's water sector is characterised by a weak regulatory framework in the sector, low efficiency in water use, very high leakages (estimated at more than 50% on average) and poor average quality of the water itself. This sector continues to require enormous amounts of capacity building and billions of Euro of investment over the coming decades to cope with challenges.

Egypt's National Water Resources Plan and the Governorate-Based National Master Plan for Water Supply and Sanitation now aim to assure a sustainable supply of clean water and effective waste water treatment for Egypt's population. The EU is committed to helping Egypt transform national water resources into significant factors for sustainable long-term growth. EU involvement in the sector began in 2005 with support of €80 million, followed by another programme of €34 million in 2008. This support is proposed as an extension of the Water Sector Reform Programme II (WSRP II), which received funding of €70 million in 2010. This additional allocation would bring the total level of support under WSRP II to €120 million.

The programme will contain a strong capacity building component with continued emphasis on more effective management and planning within the sector. This includes better public finance planning, private sector participation, involvement of CSOs, decentralisation and monitoring of water quality. The programme will also consider possible measures for adapting to the impact that climate change may have on Egypt's water resources, which could be severe given the country's reliance on the Nile waters

and the high concentration of its population in the low-lying Nile Delta region. Where appropriate, complementarity will be sought with relevant activities undertaken by Egypt in the context of the Nile Basin Initiative.

The water sector has received significant donor support over the years, in particular from the World Bank, KfW, EIB and AFD. As during the implementation of previous programmes in this sector, EU support will serve to promote co-operation among donors and promote coherence with national development priorities.

### **Specific objectives**

- Better management of water production, delivery and treatment facilities
- More effective public expenditure for providing water services to consumers on a sustainable and fiscally decentralized basis
- Increased co-ordination with all relevant stakeholders, including private sector and CSOs

### **Expected results**

- Improvement of public water delivery and water quality
- Effective treatment of waste water
- Better financial performance of public water facilities

### **Indicators of achievement**

- Increase in share of population with access to public water and effective sanitation systems
- Improvement in quality of public water
- Increase in ratio of treated waste water
- Improved cost recovery in operation of public water facilities

### **Indicative budget**

- Approx. €50 million allocated towards the start of the programming period

### **SUB-PRIORITY 3: SUPPORT FOR SOLID WASTE MANAGEMENT**

Egypt's major urban agglomerations are estimated to produce over 15 million tonnes of solid waste per year, and it is estimated that in the next 10 years Egypt will produce 35% more waste than at present. The accumulated hazardous and non-hazardous municipal, agricultural, construction/demolition and industrial waste, plus residues from dredging of waterways along with inefficient waste prevention, collection, transport, treatment, recovery and final disposal pose a serious threat to the health and wellbeing of Egypt's citizens and to the natural environment.

Current waste collection systems leave large areas of towns and cities underserved, and the majority (85%) of collected waste ends up in open dumps lacking effective treatment or control procedures. While significant recycling activities do occur in some cities (particularly Cairo), they often take place at sites where hazardous waste is inappropriately managed together with non-hazardous municipal waste.

This programme will support the implementation of the Government's National Strategy for Integrated Municipal Solid Waste Management, through the introduction of efficient and cost-effective systems for dealing with large volumes of solid waste, with the objective of improving the safety and quality of life for the populations concerned. It will focus on the modernisation of solid waste management policies, the establishment of a functioning administrative institutional structure, increasing private sector and CSO involvement and the development of socially, environmentally and financially sustainable systems and infrastructure.

Climate change and sustainable development considerations will be closely integrated in this co-operation programme whenever possible, including management of the marine space, coastal areas and fisheries resources. Synergies will also be pursued with the De-Pollution of the Mediterranean project.

### **Specific objectives**

- Improved solid waste management, including collection, recycling, disposal and treatment of domestic, industrial and agricultural waste
- Sustainable county-wide waste management policies and related institutional structures
- Increased co-ordination with all relevant stakeholders, including private sector and CSOs

### **Expected results**

- Extension of municipal solid waste collection services in urban areas
- Strengthened oversight, evaluation and monitoring of the implementation of solid waste management policies
- Establishment waste management partnerships between the central government, the governorates and private sector actors

### **Indicators of achievement**

- Increase in share of population with access to solid waste collection services
- Increase in share of collected/recycled/composted solid waste
- Increase in share of solid waste collected by private sector contractors

### **Indicative budget**

- Approx. €20 million allocated towards the start of the programming period

#### **SUB-PRIORITY 4: LOCAL COMMUNITY DEVELOPMENT**

Poverty reduction is one of the main socio-economic targets of the Egyptian Government. Experience from poverty reduction programmes in Egypt and elsewhere suggests that empowerment and capacity building of local communities as well as support to demand-driven local initiatives are some of the most effective means of addressing poverty.

Since 2006 the EC has been providing assistance to local development in the South Sinai region. This support of €64 million was the first decentralised programme to be implemented by a governorate rather than by a government ministry. Its purpose was the promotion of local development through sustainable, diversified and environmentally adapted economic activities, as well as social development and the preservation of the social, cultural and natural resources of South Sinai. It is expected to conclude in 2010. Based on its results, it is proposed to expand community development support to other parts of the country.

The currently proposed programme would reinforce Egypt's anti-poverty strategy by promoting innovative community-based approaches, focusing in particular on enhancing the capacity of public agencies, non-state actors and local communities to contribute to improving living standards and generating employment opportunities for people living in areas where poverty is concentrated. The assistance would target improved service provision (including targeted basic social protection measures) and capacity building for local communities affected by high poverty levels, which remain at a national average of 19.6% despite declining annually over the past 15 years.

Participatory bottom-up approaches and close collaboration with public agencies, civil society organisations, business and other donors would be key elements of the programme.

#### **Specific objectives**

- Better capacity of non-state actors to identify needs of local communities and develop proposals for responding to such needs
- Better capacity of public agencies at national and local level to provide basic services to local communities

#### **Expected results**

- Improved capacity at the local level to monitor and analyse social protection needs
- Improved provision of basic services to local communities
- Increased employment opportunities in local communities

#### **Indicators of achievement**

- Better availability of information about social protection needs at the local level
- Increase in access to effective public services in target communities

- Reduction of unemployment in target communities

### **Indicative budget**

- Approx. €35 million allocated towards the middle of the programming period

### **2.6. Implementation**

The implementation of most of the programmes financed under the NIP 2007-2010 has started relatively recently, limiting the ability to make comprehensive conclusions. Nevertheless, several observations could be drawn to inform the process of preparing the NIP 2011-2013.

The wide-ranging scope of EU assistance to Egypt has been a consequence of the complex and interrelated nature of Egypt's development challenges, as well as the richness of the EU-Egypt co-operation agenda as expressed in the AP. It has cemented the EU's position as one of Egypt's closest partners in all fields of co-operation.

Early results from programmes under the NIP 2007-2010 are encouraging, particularly in the social and economic sectors. The EC has demonstrated comparative advantage in supporting comprehensive reforms that address sector-wide challenges in Egypt. The shift to a sector-wide focus, and the application of a participatory, bottom-up approach to programme identification and design have been major factors in raising the effectiveness of EU assistance.

In areas where the Government has started ambitious sector-wide reforms, direct budget support has proven itself to be an efficient mechanism of aid delivery. Use of budget support operations has been made possible by the high level of control exercised by the Ministry of Finance over public funds, the Government's reforms to improve public financial management and the move toward higher fiscal discipline.

The increasing use of SBS as a financing modality over the last years coincided with the Government's policy shift toward economic reforms accompanied by sector policy dialogue from 2004 onwards, and addressed the problems faced by projects that relied on parallel management structures. The introduction of SBS in Egypt also encouraged the use of hard deadlines in the implementation of reform measures. SBS has also helped to gear reforms towards improved sector management, better organization, improved regulatory frameworks, and enhanced institutional capacities.

Budget support has facilitated the provision of direct budgetary reinforcements to specific units in the line ministries responsible for implementing reform programmes, which has made it easier for them to carry out their reform activities. Sector reforms can, however, be sustained only if the overall budget systems are also reformed. The EU will further strengthen policy dialogue on public finance management under the NIP 2011-2013.

Although the EU is the only donor undertaking SBS in Egypt, this has indirectly had a positive impact upon harmonization of donors and alignment with national priorities in several sectors. While they typically offer reduced visibility to the EU as a donor, budget support programmes have helped to enhance policy dialogue while ensuring that donor support is aligned to government policy and fully respects national ownership of the reform process. Their design has been coherent with the

commitments undertaken in the AP and their implementation is closely connected with the policy dialogue taking place as part of the existing contractual framework. Approximately 50% of NIP 2011-2013 funds are expected to be allocated in the form of sector budget support.

The EC's major sector budget support programmes are complemented with a number of project-based initiatives in areas that do not lend themselves to, or do not require, budget support operations. EC funding has in the past supported initiatives in areas such as information society, innovation, rural and local development, SME development as well as environmental protection.

The EU further supports Egypt in implementing the joint Action Plan by offering specialised capacity building for public institutions and targeted technical assistance measures that complement reform programmes. This assistance is provided via the longer-term (2 to 3 years) Twinning of experts from public EU institutions relevant Egyptian counterparts, as well as more short-term support from the TAIEX instrument (e.g. in the form of workshops or study visits to EU states).

A number of sectors related to Egypt's development priorities have also benefitted from infrastructure financing from European development banks. NIP and Neighbourhood Investment Facility (NIF) funding can be applied to help mobilize these resources for projects requiring large-scale investment, including water supply and energy infrastructure. The NIP and NIF funds can be made available as grants, or can be used to offset interest payments for infrastructure development loans from financing institutions.

NIP funds may also be applied to co-finance participation by Egypt in relevant Community programmes that are open to it<sup>2</sup>. Enhanced sector cooperation between relevant EU agencies and interested public bodies and authorities in Egypt will be supported as appropriate under the ENPI Inter-Regional Programme 2011-2013.

The reform measures supported by the EU also depend upon the development of effective statistical capacity in Egypt, which provides accurate statistical data for improved sectoral analysis and policy making. Egypt has already participated in the MEDSTAT II programme, oriented towards institutional capacity building. This will be followed by the MEDSTAT III programme from 2010.

Finally, climate change is a key challenge affecting the global community across a wide range of policy areas (*inter alia* air, water, waste, nature protection, industrial pollution, agriculture, forestry, fisheries, energy, transport, infrastructure and urban planning, tourism, human, animal and plant health, education, and research). In the implementation of this indicative programme, considerations with regard to climate change causes (mitigation) and effects (adaptation) will be integrated into relevant areas of intervention. The different stages of the implementation process will make use of available climate risk screening methodology to improve climate resilience of the activities in the chosen area of co-operation.

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<sup>2</sup> This support must not exceed 10% of the programme budget, should be digressive, phased out overtime and, as a general rule, cannot cover more than 50% of the costs of the participation.

## **2.7. Risks and assumptions**

Egypt presents a medium- to low-risk environment for EU assistance programmes. The state and its institutional components have shown continuity and stability over the last 30 years. The Government's economic reform agenda launched in 2004 has shown positive results, and any successor government is expected to show the same level of commitment to economic liberalisation. Despite the dramatic regional and global events of recent years, Egypt's Government was able to maintain internal stability and continued to focus on reducing poverty and unemployment by promoting equitable and sustainable economic growth, combined with gradual political and social reforms.

EU-Egypt co-operation within the context of the AP continues to strengthen gradually. This is evidenced by early signs of success from programme activities undertaken as part of the NIP 2007-2010, providing a strong base for further co-operation in 2011-2013. Egypt has shown a keen desire to continue to build on the achievements to date, as evidenced by its request to begin a process of enhancing relations with the EU.

Egypt is an active partner in the regular dialogue conducted through the vehicle of the sub-committee meetings. Egypt continues to show commitment to implementing social, economic and sector reforms, and to a lesser extent to political reform. Egypt continues to make good use of the TAIEX and twinning instruments, which are an effective mechanism of transferring EU public administration best practices and facilitating legislative and procedural harmonisation between Egypt and the EU in a wide range of sectors.

Expected lower economic growth in 2009 and 2010 may hamper the government's poverty reduction efforts and result in increased unemployment. The situation may become exacerbated by the return of a significant number of Egyptians previously employed abroad (mainly in other Arab countries), currently estimated at 2 to 3 million. Despite the economic slowdown however, the Government is expected to press ahead with its economic reform programme, in the hope that sustainable economic development can contribute to raising living standards and creating jobs. Developing the private sector and deepening financial markets will continue to be key elements of this process.

Egypt is scheduled to hold parliamentary and presidential elections in 2010 and 2011, respectively. External risk factors include the consequences of a possible deterioration of the situation in Sudan and intensification of the Israeli-Palestinian conflict.

## **2.8. Alignment, harmonisation and consultation**

The EC's primary interlocutor in the Egyptian Government for programming assistance is the Ministry of International Co-operation (MIC), which promotes coherence amongst donors and Egyptian line ministries.

The NIP document was drawn up with reference to the EU's CSP and to Egypt's long-term development goals of growth with equity, as set out in its National Plan for 1997-2017. In line with the principles of the Paris Declaration on Aid Effectiveness, consultations on the NIP 2011-2013 were held at an early stage with the Government, civil society, other donors and EU Member States to maximise potential for co-ordination and harmonisation of efforts.

Egyptian line ministries were consulted initially in February 2009, followed by the presentation of a concept note in April and follow up consultations in May, then by a presentation of an outline draft in July to the MIC. Follow-up dialogue was conducted with the MIC, the MFA and other government counterparts to ensure that its programmes are fully aligned with Egypt's national reform priorities. The complementarity of the interventions is designed to facilitate the task of implementing a multi-sectoral programme, while closer co-operation with other donors is expected to result in effective division of labour.

Where relevant, stakeholders including CSOs will be consulted on the design of the measures to be implemented under this programme and may be involved in the monitoring process. As appropriate, CSOs should be supported in promoting reforms and increasing public accountability in the sectors targeted by the NIP.

The Commission's Delegation in Cairo continues to play a key role in donor co-ordination. The Delegation co-ordinated the drafting of the 2007-2013 CSP with all relevant donors, ensuring that current and future priorities of other donors are factored into the strategy to ensure coherence and complementarity. Co-ordination of implementation of assistance programmes between the EU Delegation and the member states is ensured through regular meeting of Development Counsellors in Cairo.

The Delegation has previously chaired the Development Partnership Group (DPG) and co-chairs several of its thematic sub-groups (on health, gender and water/agriculture). The DPG has endeavoured to link all existing donor assistance to the government's reform agenda, and through its activities has continued to improve overall donor coordination. The DPG has drawn up the Cairo Road Map, translating the ambitions of the Paris Declaration and Accra Agenda into the Egyptian context. The Road Map has been consulted with the Egyptian Government, and the DPG makes concerted efforts to promote a structured process of co-ordination and policy dialogue with the Egyptian authorities.

## 2.9. Budget and phasing of programme

Figures shown in millions of Euros

		2011-2013	%
<b>Reforms in the areas of democracy, human rights &amp; justice</b>	Political development, decentralisation & promotion of good governance	5	
	Promotion and protection of human rights	15	
	Modernisation of administration of justice	10	
	Upgrading of regulatory, institutional and legislative environment	20	
		<b>50</b>	<b>11,1%</b>
<b>Competitiveness &amp; productivity of the economy</b>	Transport sector reform	85	
	Energy sector reform	84	
	Trade enhancement	20	
		<b>189</b>	<b>42,2%</b>
<b>Sustainability of development &amp; better management of human &amp; natural resources</b>	Education & TVET reform	105	
	Water sector reform	50	
	Solid waste management	20	
	Local community development	35	
		<b>210</b>	<b>46,7%</b>
<b>TOTAL</b>		<b>449</b>	

## **LIST OF ANNEXES**

Annex 1 – List of abbreviations

Annex 2 – Egypt map

Annex 3 – Main macroeconomic indicators

Annex 4 – Millennium Development Goals - key indicators

Annex 5 – Egypt Environment Profile

Annex 6 – Donor Coordination Matrix

## **ANNEX 1 – LIST OF ABBREVIATIONS**

AC	Association Council
AP	Action Plan
CSO	Civil Society Organisation
CSP	Country Strategy Paper
DPG	Development Partnership Group
EC	European Commission
EIB	European Investment Bank
ENPI	European Neighbourhood Partnership Instrument
ENP	European Neighbourhood Policy
EU	European Union
GDP	Gross Domestic Product
MoU	Memorandum of Understanding
NDP	National Democratic Party
NGO	Non-Governmental Organisation
NIP	National Indicative Programme
NIF	Neighbourhood Investment Facility
SBS	Sector Budget Support
SAPP	Support to Action Plan Programme
SME	Small and Medium Enterprise
TA	Technical Assistance
TAIEX	Technical Assistance and Information Exchange
TVET	Technical and Vocation Education and Training

ANNEX 2 – EGYPT MAP



## ANNEX 3 – MAIN MACROECONOMIC INDICATORS

Table III.5.2:

### Egypt - Main economic indicators

	2005	2006	2007	2008 prel.	2009 proj.
<b>Real sector</b>					
Real GDP growth (domestic currency, % change)	4.5	6.8	7.1	7.2	4.1
GDP (Egyptian pounds, billion)	539	618	745	897	1032
GDP nominal (EUR, billion)	73	89	97	111	145
GDP nominal (USD, billion)	93	108	127	163	199
GDP per-capita (EUR)	1004	1196	1289	1441	1847
GDP per-capita (USD)	1276	1456	1682	2114	2527
Inflation (consumer price, average)	11.4	4.2	11.0	11.7	17.1
<b>Social indicators</b>					
Unemployment (off. registered, average, %)	10.5	11.5	9.5	8.5	8.9
Life expectancy at birth (years)		70.2	70.7	71.6	
Adult literacy (% ages 15 and older)		71.4			
Domestic population	72.9	74.2	75.5	77.1	78.6
Income inequality (Gini, %)			34.4		
Human development index	0.575	0.613	0.659	0.708	
<b>Fiscal sector</b>					
General government revenues (% GDP)	24.8	28.6	27.7	27.8	26.2
General government expenditures (% GDP)	31.8	36.3	32.9	34.1	32.3
General government balance (% GDP)	-8.4	-9.2	-7.5	-7.5	-7.8
General government primary balance (% GDP)	-2.3	-3.4	-2.3	-3.2	-3.2
Gross public debt (% GDP)	112.8	98.8	87.1	76.5	70.0
<b>Monetary sector</b>					
Broad money M2 (% change)	13.6	13.5	18.3	15.7	12.2
Dollar/Euro/other currency-isation (% of broad money)	24.5	24.4	23.2	20.8	
Credit to private sector (%)	3.6	8.6	12.3	12.6	13.5
<b>External sector</b>					
Current account balance (% GDP)	3.2	1.6	1.7	0.5	-1.8
Trade balance (% GDP)	-11.6	-11.2	-12.5	-14.4	-14.0
FDI (net, % GDP)	4.3	5.6	8.1	7.5	4.0
Remittances (% GDP)	4.9	5.0	4.9	4.9	4.3
Import cover of reserves (months)	5.8	5.9	5.2	6.4	
<b>External vulnerability</b>					
External public debt (% GDP)*	19.6	17.6	14.9	12.9	13.7
Gross reserves (USD, billion)**	19.3	22.9	28.4	32.2	
<b>Financial sector</b>					
Official discount rate (end-of-period, %)	10.0	9.0	9.0	10.0	
Lending rate (average, on less than one year loans, %)	13.4	12.7	12.6	12.2	
Exchange rate (LE per EUR, average)	7.2	7.2	7.5	8.1	
Exchange rate (LE per USD, mid FY)	6.0	5.8	5.7	5.5	
Real effective exchange rate (% + is apprec.)	4.2	8.1	4.4	3.0	
Stock market (CASE-index, % change FY)	235	-1	63	26	

\*For FY09 December 08. \*\*End-October 2008.

Sources: Central Bank of Egypt, CAPMAS, Ministry of Finance of Egypt, IMF, EUROSTAT, EIU, Commission.

## ANNEX 4 – MILLENNIUM DEVELOPMENT GOALS - KEY INDICATORS

	1990	1995	2000	2007
<b>Goal 1: Eradicate extreme poverty and hunger</b>				
Employment to population ratio, 15+, total (%)	43	42	42	42
Employment to population ratio, ages 15-24, total (%)	22	23	24	22
GDP per person employed (annual % growth)	2	3	5	4
Income share held by lowest 20%	8,7	9,5	9,0	9,0
Malnutrition prevalence, weight for age (% of children under 5)	..	10,8	4,3	5,4
Poverty gap at \$1.25 a day (PPP) (%)	1	1	1	1
Poverty headcount ratio at \$1.25 a day (PPP) (% of population)	4	2	2	2
Prevalence of undernourishment (% of population)	5	5	..	5
Vulnerable employment, total (% of total employment)	..	26	23	25
<b>Goal 2: Achieve universal primary education</b>				
Literacy rate, youth female (% of females ages 15-24)	..	67	..	82
Literacy rate, youth male (% of males ages 15-24)	..	79	..	88
Persistence to last grade of primary, total (% of cohort)	..	..	99	97
Primary completion rate, total (% of relevant age group)	..	..	98	98
Total enrolment, primary (% net)	..	..	97	98
<b>Goal 3: Promote gender equality and empower women</b>				
Proportion of seats held by women in national parliaments (%)	4	2	2	2
Ratio of female to male enrolments in tertiary education	..	..	..	..
Ratio of female to male primary enrolment	84	86	92	95
Ratio of female to male secondary enrolment	79	..	93	..
Share of women employed in the non-agricultural sector (% of total non-agricultural employment)	20,5	18,9	18,6	20,7
<b>Goal 4: Reduce child mortality</b>				
Immunization, measles (% of children ages 12-23 months)	86	89	98	97
Mortality rate, infant (per 1,000 live births)	68	54	40	30

Mortality rate, under-5 (per 1,000)	93	72	51	36
<b>Goal 5: Improve maternal health</b>				
Adolescent fertility rate (births per 1,000 women ages 15-19)	..	53	51	39
Births attended by skilled health staff (% of total)	37	46	61	74
Contraceptive prevalence (% of women ages 15-49)	47	48	56	59
Maternal mortality ratio (modelled estimate, per 100,000 live births)	..	..	..	130
Pregnant women receiving prenatal care (%)	52	39	53	70
Unmet need for contraception (% of married women ages 15-49)	20	16	11	10

	1990	1995	2000	2007
<b>Goal 6: Combat HIV/AIDS, malaria, and other diseases</b>				
Children with fever receiving antimalarial drugs (% of children under age 5 with fever)	..	..	..	..
Condom use, population ages 15-24, female (% of females ages 15-24)	..	..	..	..
Condom use, population ages 15-24, male (% of males ages 15-24)	..	..	..	..
Incidence of tuberculosis (per 100,000 people)	37	34	27	21
Prevalence of HIV, female (% ages 15-24)	..	..	..	..
Prevalence of HIV, male (% ages 15-24)	..	..	..	..
Prevalence of HIV, total (% of population ages 15-49)	..	..	..	..
Tuberculosis cases detected under DOTS (%)	..	50	54	72
<b>Goal 7: Ensure environmental sustainability</b>				
CO2 emissions (kg per PPP \$ of GDP)	0,6	0,5	0,6	0,5
CO2 emissions (metric tons per capita)	1,4	1,6	2,3	2,4
Forest area (% of land area)	0	0	0	0
Improved sanitation facilities (% of population with access)	50	55	61	66
Improved water source (% of population with access)	94	96	97	98
Marine protected areas, (% of surface area)	..	..	..	..
Nationally protected areas (% of total land area)	..	..	..	5,3
<b>Goal 8: Develop a global partnership for development</b>				
Aid per capita (current US\$)	98	33	20	14
Debt service (PPG and IMF only, % of exports, excluding workers' remittances)	24	15	8	5
Internet users (per 100 people)	0,0	0,0	0,7	14,0
Mobile cellular subscriptions (per 100 people)	0	0	2	40
Telephone lines (per 100 people)	3	4	8	15
<b>Other</b>				
Fertility rate, total (births per woman)	4,3	3,7	3,3	2,9

GNI per capita, Atlas method (current US\$)	770	940	1.460	1.580
GNI, Atlas method (current US\$) (billions)	42,5	57,1	97,3	119,5
Gross capital formation (% of GDP)	28,8	20,1	19,6	20,9
Life expectancy at birth, total (years)	62	66	69	71
Literacy rate, adult total (% of people ages 15 and above)	..	56	..	66
Population, total (millions)	55,1	60,6	66,5	75,5
Trade (% of GDP)	52,8	50,2	39,0	65,1
Source: World Development Indicators database				
Figures in italics refer to periods other than those specified.				
<b>Page:</b> Country: Egypt, Arab Rep. <b>Row:</b> Series <b>Column:</b> Time				

## ANNEX 5 – EGYPT ENVIRONMENT PROFILE

### 1 State of the environment

The key environmental issues in Egypt are air and water quality, waste management, coastal pollution, nature protection and desertification.

**Air quality** is deteriorating in Egypt, particularly in Cairo and Alexandria, where more than 80% of industrial activity takes place. In addition to burning of agricultural waste the main causes are energy-inefficient production techniques, smelters and solid waste dumps, mobile sources on congested roads and natural environmental hazards, such as dust and seasonal sand storms.

As regards **water quality**, the scarcity of freshwater resources, mainly from the Nile, has intensified with population growth and the expanding economy (the Nile provides more than 95% of Egypt's water). The lack of proper sanitation systems, particularly in rural areas, requires attention.

Regarding **waste management**, the accumulated hazardous and non-hazardous municipal, agricultural, construction/demolition and industrial waste, plus residues from dredging of waterways along with inefficient waste prevention, collection, transport, treatment, recovery and final disposal are major concerns. A large amount (85%) of waste ends up in open dumps. Composting is an important method of waste treatment in this country. It is expected that in the next 10 years Egypt will produce 35% more waste than currently.

With regard to **nature protection**, Egypt has many rare species and unique habitats as well as coastal and marine resources. However, the country is suffering from loss of biological diversity due to modest public awareness and lack of resources.

The **marine environment and coastal zones** are under heavy pressure both from industrial, urban and tourist development and from agriculture. These are causing shoreline erosion and flooding, water pollution and deterioration of natural resources and habitats. Oil spills in the Gulf of Suez and the Red Sea are a major concern. Tourism development along the Red Sea coastline requires extensive space.

Regarding **land use**, farmland is scarce and does not meet the needs of a growing population. Human settlements show huge regional disparities and urban primacy along with the spread of informal areas inside and on the fringes of cities. Desertification – degradation of irrigated and rainwater farmland – is spreading as a result of the inherent fragility of the ecosystem.

As regards **industrial pollution**, the main industries in Egypt are textiles, wood, chemicals, building materials, metal industries and food products. Industrial emissions are affecting air and water quality, and old technologies and production processes are resulting in inefficient use of natural resources.

Key **trans-boundary environmental issues** which affect Egypt include pollution of the Mediterranean and Red Seas as well as the scarcity of the Nile's water resources. Egypt is also a major contributor to trans-frontier shipments of hazardous waste.

Regarding **global environment issues**, Egypt is expected to be seriously affected by the consequences of **climate change**, especially sea level rise and a decrease of freshwater resources. Egypt ratified the Kyoto Protocol to the UN Framework Convention on Climate Change in January 2005 and therefore needs to implement its relevant provisions and, where appropriate, concrete

policies and measures to reduce greenhouse gas (GHG) emissions, in particular in the energy sector and heavy industry. Egypt is currently preparing a second national communication on climate change, a greenhouse gas inventory, an assessment of climate impacts and adaptation measures. Four CDM projects have been registered at UN level.

## 2 Environment policy

The first National Environment Action Plan (NEAP) was prepared in 1992, with the aim of improving incentives for environmental management. A number of measures were envisaged for different areas of the environment and also to strengthen the administrative set-up.

In 1998 the Minister of the Environment published a seven-point policy implementation framework: to foster partnerships and coordination at national level; to enhance partnerships at bilateral, regional and global levels; to implement the 1994 Environment Protection Law; to enhance nature protection; to strengthen the Egyptian Environmental Affairs Agency (EEAA); to support environmental management systems; and to use market-based instruments.

The 1992 NEAP was updated in 2002 to cover a further period of 15 years (2002-2017) focusing on water quality, air quality, management of land resources, desertification, protection of the marine environment, solid waste management, biodiversity and biological safety. The Plan comprises 14 sub-programmes on specific issues, in which reduction of pollution, minimisation of health hazards and improvement of quality of life are Egypt's short-term environmental objectives, while preservation of the natural resource base, national heritage and biodiversity are regarded as medium-term objectives. Integration of environmental considerations into all relevant national policies, plans and programmes is considered an overall strategic objective of Egypt's environment policy.

The Inter-ministerial meeting to discuss sustainable development and environmental protection in May 2002 resulted in a set of Presidential Directives, in particular on freshwater, air pollution, environmental impact assessment and the administrative set-up for the environment in the country. A *Committee on Sustainable Development* and its corresponding technical secretariat were established in the Ministry in 2006.

With regard to reporting, the *Egyptian Environmental Information System* (EEIS) and the *Environmental Information and Monitoring Programme* (EIMP) are in place. The EEIS produces environmental status reports, based on real-time data on air and water quality generated by the EIMP. The latest *State of the Environment Report* was published in 2008.

## 3 Environmental legislation and implementation

The *Environment Protection Law* adopted in 1994 serves as the basic legal framework for environmental protection. It came into force in 1998, combining existing legislation and penalties with provisions on hazardous waste and environmental management. It also provides the possibility to adopt sectoral and issue-specific Presidential Decrees. In addition, it enhanced the powers of the Environmental Affairs Agency and made environmental impact assessments mandatory. The *regulations* implementing the Environment Protection Law were amended in November 2005. Amendments to the Environment Protection Law were adopted in 2009.

With regard to **horizontal issues**, the *Environment Protection Law* and its implementing regulations require an **environmental impact assessment** (EIA) to be conducted for all new projects and whenever existing projects are reviewed or changed. The EIA procedure is part of the permit system run by the competent authority. The administrative capacity of the authorities is insufficient to

conduct EIAs properly, in particular for the fast-growing tourism sector. Nor do EIAs include regional or sectoral environmental assessments (there is no legislation on strategic environmental assessment). Consultation and public participation in the process of preparation and review of EIAs are not mandatory, although the improved EIA procedures introduced in November 2005 make greater provision for public consultation. However, this still does not apply to all EIAs.

Egypt has a programme in place on participation by *NGOs and civil society* in environmental activities. The 1994 Environment Protection Law requires representation of NGOs on the board of the EEAA and provides the possibility for NGOs to take legal action in order to enforce environmental requirements. More than 270 NGOs are increasingly involved in project implementation, in public debate and in ensuring compliance with environmental laws. However, very few NGOs manage to influence the public. The media are becoming increasingly interested in environmental issues. A *Communication Strategy* addressing environmental education and public participation, among other issues, is in place.

Improvement of **air quality** is high on the agenda. The main legal provisions are found in the 1994 *Environment Protection Law* and its *implementing regulations*. There is also a *Law on Air Pollution from Transport*, which was adopted in 1973. The air quality standards are broadly in line with WHO guidelines. The air quality improvement programme targets the two main sources of pollution: industrial emissions and vehicle emissions. However, the decrees on the emission limits for stationary sources do not provide for any significant improvement, and the standards on vehicle emissions are not enforced. Agricultural residues are not considered solid waste and burning of such residues therefore remains unregulated. Improvements in air quality could be achieved by making wider use of natural gas in industry.

As regards **water quality**, numerous laws and Presidential and Ministerial decrees have been adopted. The most important are the 1982 *Law on protection of the River Nile*, the 1984 *Law on irrigation and drainage* and the 1994 *Environment Protection Law*. However, the legislation does not appear to provide sufficient clarity on institutional matters. The Ministry of Water Resources and Irrigation has updated the *National Plan for the Protection of Water Resources from Pollution* (2005-2017). A *National Programme for the Prevention of Polluted Industrial Discharge to Water Resources* is being implemented, and the Ministry of Water Resources and Irrigation (MWRI) carries out inspection visits to large industrial establishments, which are responsible for the largest share of the untreated industrial waste in the Nile. The *Rural Sanitation Strategy* has been finalised. In addition to this, the Government of Egypt has recently endorsed the first *National Master Plan for Water and Wastewater* with the main objective of enhancing the access to drinking water supply and to hygienic sanitation.

As regards **waste management**, the key legislation is the 1967 *Law on control of solid waste management* (including hazardous waste) and the 1994 *Environment Protection Law*. Egypt adopted a *National Strategy for Integrated Municipal Solid Waste Management* in 2000. Waste management continues to be a challenge, particularly prevention, collection, treatment, recycling, recovery and final disposal. The administrative implementation capacity of institutions in charge of waste management is a challenge for the country.

There is no specific legislation governing **industrial pollution**. Instead, industry should comply with legislation governing waste, water and air pollution. The second phase of the *Egyptian Pollution Abatement Programme* which began in 2007 will last till 2012.

With regard to **nature protection**, the 1983 *Law on Natural Protectorates and Biological Diversity* empowers the Prime Minister to declare certain areas natural protectorates. Currently, there are 24 protectorates in Egypt covering about 10% of the country's total surface area. The Ministry plans to extend this to 17% by 2017. The *National Strategy and Action Plan for Biodiversity Conservation* exists since 1997, and to last until 2017. A *National Programme for the Safe Use of Treated Sewage Water for Afforestation* is being implemented, to respond to the ongoing deforestation.

As regards the **marine environment and coastal zones**, the 1994 Environment Protection Law assigns the EEAA responsibility for initiating and coordinating integrated coastal zone management (ICZM). A National ICZM Committee has existed since 1994, but is not currently active. A National ICZM Plan was initiated in 1996, and a plan was adopted for the Egyptian Red Sea Coastal Zone in 1998. A, Integrated Coastal Zone Management Strategy is in preparation.

Overall, framework legislation on environmental protection and individual sub-sectors is in place but needs to be further developed. However, some of the implementing legislation is missing and in a number of cases emission standards cannot be enforced.

#### **4 Administrative capacity**

Seventeen institutions are involved in environmental matters in Egypt. The main impediment to efficient and effective implementation and enforcement of legislation is the fragmentation of responsibilities between the authorities at both national and Governorate levels. Enhanced coordination and cooperation are therefore needed.

In 1997 the Ministry of State for Environmental Affairs (MSEA) was established. The Egyptian Environmental Affairs Agency (EEAA) is the executive arm of the Ministry. It develops policies for the MSEA. The Ministry and the Agency are responsible for strategic planning, i.e. adoption of action plans. The EEAA oversees implementation of the policy and monitors progress on action plans. The MSEA and other relevant Ministries are responsible for licensing. The EEAA is involved in enforcement, including in inspections, together with the Ministry of Manpower and the Ministry of Health. Traditional legal process is required for enforcement.

A number of other Ministries are involved via their environment units. Inter-ministerial coordination should be ensured by a variety of means, such as cooperation protocols and representation of various Ministries on the EEAA's Board of Directors. The EEAA plays a role in integrating environmental considerations into discussions in working groups.

The financial and human resources currently available at the MSEA, the EEAA and in the regional offices fall short of what is needed. It is generally recognised that, due to lack of information, general awareness of global and national environmental issues in Egypt remains low. A programme to add an environmental dimension to school curricula is currently being undertaken. The Environment Protection Fund (EPF) was established in 2000 to provide financial assistance on a competitive basis for projects that benefit the environment.

In order to ensure strategic planning and to implement and enforce environmental legislation, strengthening administrative capacity at national, regional and local levels poses a major challenge for Egypt, including in terms of coordination between relevant authorities.

#### **5 Participation in regional and international processes**

Egypt has ratified several international and regional environmental conventions to which it is party, with the exception of the amendments to the Land-Based Sources Protocol to the Barcelona Convention. Egypt has not signed the new Emergency Protocol to the Barcelona Convention or the Integrated Coastal Zone Management Protocol to the same Convention.

At regional level, Egypt is a central participant in the **Council of Arab Ministers for the Environment** (and signatory of the Abu Dhabi Declaration on water, land, marine, coastal and wetland protection), **the African Ministers Conference on the Environment**, **the Mediterranean Action Plan** and the **Regional Convention for the Protection of the Red Sea**.

Egypt participates in environment cooperation within the **Union for the Mediterranean**, for which it is the currently co-chairman. In November 2006, with the other Euro-Mediterranean partners, it committed to the **Horizon 2020 initiative** to tackle major sources of pollution including industrial emissions, municipal waste and urban waste water. Successful achievement of the goal will require a combination of both regional and national actions with the support of all actors in the Mediterranean.

Egypt participated in the **Third Euro-Mediterranean Conference on Water** in December 2008, which launched the process for the drawing up and adoption of a Mediterranean Water Strategy. This strategy will focus on integrated water resources management, water and climate change (including water scarcity), water financing and water demand management. Egypt also participates in the **Mediterranean component of the EU Water Initiative**, a regional component of the EU Water Initiative as announced at the 2002 World Summit on Sustainable Development. . . The initiative aims to promote better water governance and coordination between stakeholders.

At **bilateral level**, cooperation agreements on environmental issues exist between Egypt and, for example, Morocco, Tunisia, Syria, Sudan and Jordan.

## **6 Key areas where action is required**

Egypt faces significant challenges in order to promote environmental protection. Key areas include air and water quality, waste management, coastal pollution, nature protection and desertification.

As regards climate change, Egypt needs to implement the relevant provisions of the Kyoto Protocol to the UN Framework Convention on Climate Change and to prepare for the implementation of a new agreement to succeed the Protocol. Particular attention needs to be devoted to mitigation and adaptation issues, and to ensuring the inclusion of relevant actions in all national plans and budgetary processes. Egypt has significant possibilities to use flexible mechanisms under this Protocol.

Its institutional and administrative capacity requires strengthening, in particular as regards implementation and enforcement.

The key areas where action is required are identified in the environment section of the EU-Egypt Action Plan, established in the framework of the European Neighbourhood Policy. It defines a set of priorities for action with regard to environmental governance, issue-specific activities and international and regional cooperation on environmental issues. Progress towards implementing the Action Plan will also contribute to meeting the objectives of the Association Agreement.

## ANNEX 6 – DONOR COORDINATION MATRIX

<b>Donor Coordination Matrix Egypt 2009*</b>		
<b>Action Plan Area / Sector identified for reform</b>	<b>EC</b>	<b>EU Member States</b>
<b>Political dialogue and reform</b>		
Governance and Democracy		
Rule of Law		
Human Rights		
Cooperation with Civil Society		
<b>Peace and Security</b>		
Conflict Prevention		
Crisis Management		
Military and De-mining		
Fight against Terrorism		
<b>Cooperation on Justice and Home Affairs</b>		
Border management		
Migration and Refugees		
Organised Crime		
Police and Judicial Cooperation		
<b>Economic and social reform</b>		
Macro-Economic Reforms		
Debt relief		
Employment, Poverty Reduction and Social Policy		
Industry		
Agriculture, Forestry and Fisheries		
Water and Sanitation		

Sustainable Development		
Regional Development		
<b>Trade-related issues, market and regulatory reform</b>		
Enterprise Policy / Private Sector		
Customs		
Public Procurement		
Intellectual Property Rights		
Technical Standards and Regulations		
Auditing and Accounting		
<b>Sectoral Support</b>		
Transport		
Energy		
Environment (incl. water) and Climate Change		
Information Society and Audiovisual Cooperation		
Research and Innovation		
<b>People-to-people contacts</b>		
Education		
Culture and Recreation		
Health		
Tourism and Antiquities		
<b>Other</b>		
<p><i>*) The Donor Matrix is based on the inputs received from the Member States in the first half of 2009. The matrix is however a 'living document' and will be routinely updated by the Delegation to ensure the most effective coordination on the ground.</i></p>		