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ANNEX

to the Commission Decision on the Socio-economic development and civil society support programme in Egypt under the SPRING programme

Action Fiche for Egypt

1. IDENTIFICATION

Title/Number	Socio-economic development and civil society support programme in Egypt CRIS numbers: ENPI/2012/024-570 ENPI/2012/024-571 ENPI/2012/024-572		
Total cost	Total estimated cost: EUR 92 million Total amount of EU contribution: EUR 90 million (financed from the SPRING programme 2011/2012 ¹) Component 2 of this action is co-financed in parallel co-financing by: Gesellschaft für Internationale Zusammenarbeit (GIZ), on behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ), for an amount of EUR 2 million		
Aid method / Method of implementation	Project Approach Joint Management with the World Food Programme (WFP) Indirect Centralised Management with the Gesellschaft für Internationale Zusammenarbeit (GIZ) Direct Centralised: call for proposals, procurements of services		
DAC-code	11220 43030 16050	Sector	Non-formal primary education for children Urban Development and Management Multi-sector Aid for Basic Social Services

2. RATIONALE AND CONTEXT

2.1. Summary of the action and its objectives

A key component of the EU's response to challenges in the southern Neighbourhood is the SPRING programme (Support for Partnership, Reforms and Inclusive Growth). This was established as an innovative "umbrella" programme to channel additional funds to

¹ C(2011)6828 of 26.09.2011.

partner countries to support sustainable inclusive growth and economic development as one of the key objectives.

Egypt's SPRING allocation for 2011-2012, officially announced during the Task force held in Cairo in November 2012, amounts to EUR 90 million. While the Foreign Affairs Council (FAC) of 21 August 2013 expressed concern at the political situation in Egypt, it concluded that EU assistance in the socio-economic sector and to civil society should continue given concerns over the deteriorating economic situation and the negative impact on the most vulnerable groups of the Egyptian society. The proposed Action is in line with the SPRING objectives and the FAC conclusions. It aims at improving the socio-economic conditions of the most vulnerable groups, in particular children affected by child labour and supporting girls' rights to education, implementing actions in favour of women-headed households and the poorest segments of the population located in upper rural Egypt and in the Greater Cairo Region. It will also aim at strengthening the capacity of the civil society to support democratic transition and community service delivery in rural and marginalised communities.

The Action will include 3 components: 1) enhancing access of children to education, targeting girls in particular, and fighting child labour (EUR 60 million) by providing incentives for the poorest families to keep sending children to school, and by implementing a strategy against Child labour; 2) upgrading informal areas (EUR 20 million) in the Greater Cairo Region by offering better quality services both through public administration and civil society organisations; and 3) support to civil society (EUR 10 million) in socio-economic interventions at large in the most deprived areas of Egypt.

2.2. Context

2.2.1. Country context

Egypt's economy is growing at the slowest rate in two decades (2.2 % in the last fiscal year) and unemployment officially stands at 13 %. Youth unemployment, which has been a driver of the revolution of 2011, is 39 % for people between 20 and 24 years old. The poverty rate has increased to 25 %. All social indicators are worse in Upper Egypt and in rural areas. The poor are especially vulnerable to food prices increase.

Tourism, the other principal foreign-currency earner apart from the Suez Canal, is down by at least 30 % since the 2011 uprising. In Upper Egypt, tourism is around 5 percent of what it used to be. The political and institutional uncertainties and the perception of rising insecurity are taking their toll on all sectors of the economy. 57 % of the Egyptian population lives in rural areas. These communities are most badly hit by the unfolding economic crisis. Urgent action at the local level, based on community assets and partnerships between government, private sector and civil society is needed to tackle poverty directly where it is felt.

The new Transition Government has confirmed the priorities of the previous administration on improving the social conditions especially in terms of providing better social services delivery, ensuring higher incomes and long-term community

developments. Policies targeting the poor and the unemployed, while addressing structural weaknesses, have become central.

2.2.2. Sector context: policies and challenges

Component 1

Child labour remains a widespread phenomenon in Egypt, where at least 2.7 million out of 11 million children are engaged in labour (and 1.6 million are involved in hazardous labour). The bulk of the child labour is in the agriculture sector (67 %). Poverty is the main barrier to education and driver of children engaged in labour. Many children, girls in particular, forgo school or drop out early to contribute to household income. Law sets the minimum age for all types of employment, except for the agriculture sector, at 15 years old. However actual enforcement of the law remains problematic.

Some 1,700 primary community schools have been established in poor, rural and marginalised communities to attract children and to encourage their families to send their children to school to reduce drop-outs. These community schools are created in areas with no direct access to government schools and illustrate collaborative efforts amongst the community members: local community leaders donate the physical space, non-governmental organisations (NGOs) manage the schools operations, the Ministry of Education pays the teachers' salaries and supervises the national curriculum. Organisations such as UNICEF (United Nations Children's Fund) train teachers on the active learning methodologies applied in these schools. WFP then provides the food incentives to the families to send their children, with a special focus on girls, to schools. Currently, more than 55,000 girls and boys are attending community schools with more being established periodically in deprived areas of the country.

The challenges are the limited scale of the successful system of support to primary community schools, and the gap between child labour policy, law and its actual implementation. This results in the continuing prevalence of child labour in rural Upper Egypt (the bulk of the child labour, 67 % is in the agriculture sector).

Component 2

Around 20 million people live in the Greater Cairo Region (GCR), of which 60 % live in informal, underserved and densely built areas. Population growth rate is 3.2 % in slums areas against 1 % outside the slums. These areas lack basic social services, access to drinking water and sanitation, and proper physical, social and economic integration into the metropolitan area. Residents often build without permits and proper connection to public infrastructure. The population is mostly poor and the extreme density results in high environmental pollution. There continues to be a lack of trust towards the efficiency of the public administration to provide basic social services.

A Participatory Development Programme in Urban Areas (PDP) has been implemented since 2004 as a joint development measure between the Egyptian government and the German cooperation. It complements the government's efforts to deal with informal areas and promotes participatory development in 4 governorates of the GCR. At the request of the government, the EU is already co-funding a new phase of the PDP, which started in 2012 and is implemented by the GIZ. The on-going EU funding amounts to EUR 20

million and targets a population of 1 million covering 4 informal areas in the Cairo and Giza Governorates of Cairo. The Transitional Government continues to give the urban upgrading of informal areas a very high priority and has requested the expansion of the PDP.

There is indeed a considerable need to intensify the investments in the upgrading of poor urban areas in order to improve the socio-economic conditions. The Action will allow to cover an additional 1 million population to the ongoing EU funded project managed by the GIZ and to expand activities to further informal areas of the GCR (Governorate of Qalyubeya and additional areas in Giza and Cairo Governorates). The new phase will build on the established successful cooperation with PDP's national partners and provide outreach of proven measures into additional informal areas.

Component 3

Egypt has a vibrant civil society with 45,000 registered organisations. Most of these are grassroots and charity-oriented, and have direct access to the most vulnerable sections of the population ensuring a strong local relevance. The civil society can be usefully mobilised towards involving local communities in an area-based approach to development, providing community services, supporting socio-economic development, and developing strong partnership with the local administration and the private sector.

2.3. Lessons learnt

Recent evaluations of on-going WFP and GIZ managed projects are overall positive.

The support provided to Community Schools through a partnership with NGOs and the civil society at local level had a significant positive impact on school enrolment, retention and prevented children from exploitive labour by addressing the root causes of child labour and promoting alternative income earning opportunities for vulnerable households.

The PDP achieved tangible infrastructural improvement and progress in institutional anchoring of the decentralised participatory development approach involving the local public administration and the civil society. Increased focus should be given to strengthen the institutional and managerial capacity of public administration (to ensure sustainability) and to support the organisational development of the sector.

The support to civil society component must take into account the existing and possible future modifications of the Egyptian legal context governing NGOs funding. Experience of centralised management of grants to NGOs shows that the amounts awarded should be in line with the local NGOs limited absorption capacity and the need to manage the language barrier.

2.4. Complementary actions

In relation to component 1, several donors are currently supporting the primary school delivery systems, including the development of community schools. The major bilateral donors are the German and the Italian governments through debt swaps, the Netherlands, Norway, US Agency for International Development (USAID), Canadian International Development Agency (CIDA), Saudi Arabia and Qatar. The main multilateral donors include the World Bank, WFP and others UN agencies. Local donors are essentially

private companies. International NGOs focus on children's access to basic education. Local NGOs are supporting the establishment of new primary community schools in vulnerable areas.

Concerning component 2, apart from the GIZ/PDP programme there is no other major donor currently active in the participatory development of urban informal areas.

For component 3, there is in Egypt a growing EU portfolio of projects and instruments dedicated to civil society. This implies the need to ensure coherence between all activities in this sector.

2.5. Donor coordination

At the EU level, the coordination is covered by the EU Development Counsellors Group.

At the overall development partner's level, a number of specific thematic coordination groups have been established.

A specific thematic donor coordination group does not presently cover the child labour issue. However, in future the theme could be discussed in the context of the Donor Partner Group- Education, which is co-chaired by the EU.

GIZ/PDP co-chairs the Donor Partner Group- Urban Development, ensuring synergies with donor programmes in the urban sector.

There is no donor coordination structure dealing with the support to civil society as a whole. Nonetheless, the Donors Partners' Group sub-group on Democracy and Governance Group also deals with civil society issues and has dedicated strong attention to the drafting process of the NGO Law.

3. DETAILED DESCRIPTION

3.1. Objectives

The **overall objective** is to improve the socio-economic conditions of the poorest and most vulnerable segments of the population.

The Action will focus in particular on children affected by child labour, on girls' access to education, on marginalised communities located in rural areas in Upper Egypt and in informal areas of the Greater Cairo region and on enhanced support to Civil Society. The Action will make extensive recourse to civil society organisations to contribute to the implementation of the various components, strengthen their capacity to provide community services through socio-economic interventions, in collaboration with local authorities and communities, as well as to support NGOs in human rights activities and advocacy (especially for women and children rights).

The **specific objectives** are:

Component 1: Enhancing access of children to education and fighting child labour

i) To provide incentives for the poorest families to keep sending children to school, targeting girls in particular,

- ii) To implement a strategy against Child labour,
- iii) to improve the legal framework on child labour protection as well as its enforcement at local level.

Component 2: Upgrading informal areas in the Greater Cairo Region

- i) To improve environmental and socio-economic services in targeted informal areas as well as physical and social infrastructure (including medium sized projects) in both quality and quantity;
- ii) To increase the participation of the private sector and the civil society (especially youth and women) in the development of informal areas;
- iii) To improve the management capacities (including environment challenges) for all key stakeholders of informal areas;
- iv) To improve the sector organisational development.

Component 3: Supporting civil society in socio-economic development at local level

- i) To improve socio-economic conditions in targeted areas;
- ii) To establish workable mechanisms for participation of grassroots civil society in local governance;
- iii) To increase mutual trust between civil society, government and the private sector.

3.2. Expected results and main activities

Component 1

The World Food Programme will implement the component. The Action will provide support to children under 14 years old to increase enrolment and attendance at community-based primary schools, in priority the community schools that are not covered by the ongoing WFP country programme. Families of the targeted children will receive vocational training and will be linked up with social safety nets, credit providers and health services including nutrition awareness. Finally the Action will support the enforcement of the legislative environment on child labour protection and the child labour monitoring. The Action will be located in Upper Egypt. It will expand the geographical coverage of the ongoing WFP country programme, adding 7 governorates to the 9 governorates already targeted and will also support new schools in the 9 initial governorates. The EU funding will allow covering about 3.800 additional community based schools and directly benefit 90,000 children (among which 65,000 girls) attending community schools and benefiting from the comprehensive assistance package.

Key results:

- i) Increased number of children exposed to child labour, especially girls, who attend classes (up to 100,000 children);
- ii) Reduced dependence of poor households (especially women-headed) to child labour (up to 50,000 heads of household enabled to start a new income generating activity);
- iii) Improved legal framework on child labour (with a strong focus on girls labour) as well as its enforcement and monitoring at local level.

Indicative key activities:

- Provision of training to household's heads (especially women) to design, implement and manage income-generating activities and microcredit for mothers, apprenticeship programmes;
- Provision of small grants to local cooperatives or savings & loans groups;
- Provision of technical expertise to support the enforcement of the legislation and the implementation of the National Action Plan on Child Labour;
- Technical support to the child labour policy dialogue between stakeholders on issues related to working conditions, employment and social policy (in particular in the agriculture sector);
- Provision of technical assistance to support the establishment and operations of community based child labour monitoring committees;
- Provision of training to community members and NGOs to monitor child labour and link the monitoring activity to local government, especially labour inspection.
- Distribution of in-kind incentives to all the children attending the community-based schools (the fortified date bars will be manufactured locally contributing to the sustainability of local producers); conditional transfer of take-home rations to female children (attending at least 80 % of the classes) and their families;
- Gradual introduction of a voucher system, allowing beneficiaries to make choices about the food they consume and to encourage dietary diversity; it also contributes to the stimulation of the local economy.

Component 2

The GIZ will implement the component. The Action will contribute to efforts of developing deprived informal areas through grants to NGOs and local administrations for small and medium-sized infrastructure projects, policy advice and capacity building to relevant stakeholders. It will cover an additional 1 million people located in 4 additional informal areas (of which 2 areas will be in the Governorate of Qalyubeya that was not part so far of the on-going EU funded project).

Key results:

- i) Improved basic services and environmental conditions for the targeted urban poor referring to physical and socio-economic infrastructures;
- ii) Enhanced role for the private sector (including in the form of financial contribution) and civil society in informal areas development;
- iii) Upgraded partners (NGOs, community-based organisations, local authorities at the governorate level) management capacities for informal areas development, using participatory approaches;

iv) Participatory planning and implementation of urban development is structurally integrated within the working process of existing central and local institutions.

Indicative key activities:

- Implementation of participatory needs assessment in the selected areas;
- Identification and implementation of initiatives to be financed through grants, designed to upgrade physical, environmental and socio-economic infrastructures;
- Capacity development for local administration, private sector and civil society: training and participatory methodology and tools, support structures and processes, enforcement of legislation, management skills (planning, finance, M&E, etc), and coordination between different stakeholders;
- Policy advice for developing an overall strategy for upgrading of informal areas for the GCR and supporting its implementation.

Component 3

The Action will seek to support civil society in advocacy, human rights, women and children rights, but also to achieve tangible socio-economic improvements in rural and marginalised communities through area-based development initiatives. Overlap in targeted areas will be avoided or synergies will be created. The activities will be across sectors, inclusive (linking a variety of stakeholders in communities), participatory and responsive to changes. A Technical assistance may be contracted to support the implementation of this component (base line studies, identification of targeted areas, populations and partners, development of an intervention strategy and action plan, definition of indicators, training, advisory services, support to the governance structures of the Action, etc.).

Key results:

- i) Community-level socio-economic projects are implemented with measurable benefits for the targeted population;
- ii) Capacities of civil society are enhanced towards advocating (especially in women and children rights) as well as assisting targeted communities in identifying, designing and implementing priority projects for socio-economic developments;
- iii) Partnerships are established with the private sector and local governments for identifying and implementing solutions to local socio-economic challenges and improving local governance.

Indicative key activities:

As the methodology will favour a bottom-up process, a predefined list of thematic areas will not be imposed. Eligible activities will include:

- Small-scale social projects, public works and space improvements;

- Participatory design and implementation of local economic development plan;
- Micro-finance, micro-insurance and grass roots safety nets;
- Social entrepreneurship and pro-poor value chain development;
- An allocation will be reserved for undertaking strategic activities in support to the Action, such as studies, publications, consultations, workshops, etc.

3.3. Risks and assumptions

Risks will be mostly associated to the political and institutional changes resulting from the transitional period the country is facing.

Other main risks:

- High turnover of key stakeholders especially government representatives at central, governorate and district levels;
- Sustainability of the services provided by the Action;
- Low absorption capacity of grass roots NGOs.

Mitigation:

- Through reinforced coordination at local level and signing of “Cooperation Protocol” between implementing agencies and central or local authorities. These non-legally binding protocols will define the roles and the responsibilities of the concerned authorities to increase their ownership and commitment;
- Development and implementation of sustainability plan and exit strategies;
- Adapted technical assistance to support NGOs operations.

3.4. Cross-cutting issues

The Action will address the following crosscutting issues:

Good Governance: all activities are contributing to good governance as they promote participation of civil society in local development in cooperation with the authorities.

Gender Equality: activities specifically target girls, women-headed households and overall will contribute to improving women conditions and empowerment, and reducing gender disparities.

Environmental Sustainability: the upgrading of local infrastructures will have a positive impact on the environmental conditions.

3.5. Stakeholders

The Action will involve a large diversity of stakeholders beyond the implementing agencies (WFP and GIZ) and key donors in the sectors.

At the Government level it will include a number of line ministries and official agencies (main ministries: Education, Manpower, Migration, Planning, Environment, Local Development, Housing, Youth), 3 Governorates of the Greater Cairo Region and 16 Governorates in Upper Egypt.

At the local level it will involve local administrations, communities, private sector, civil society organisations and NGOs.

4. IMPLEMENTATION ISSUES

4.1. Financing agreement

In order to implement this action, it is foreseen to conclude a financing agreement with the partner country, referred to in Article 184(2)(b) of the Financial Regulation.

4.2. Indicative operational implementation period

The indicative operational implementation period of this action, during which the activities described in sections 3.2. and 4.3. will be carried out, is 60 months, subject to modifications to be agreed by the responsible authorising officer in the relevant agreements.

4.3. Implementation components and modules

Component 1

Joint Management with an international organisation: This component, with the objective to fight against child labour, will be implemented in joint management with the World Food Programme (WFP). This implementation is justified because WFP is already successfully implementing similar programmes in Egypt, has accumulated the necessary experience to carry-out the intervention, and has stable working modalities with local NGOs and administrations in the target areas. Joint management with this international organisation, in accordance with Article 53d of Financial Regulation 1605/2002, is possible because the organisation is bound by a long-term framework agreement (FAFA).

The WFP will implement all budgetary tasks related to the contracts-management cycle.

Component 2

Indirect centralised management with a Member State agency: This component, with the objective of upgrading informal areas in the Greater Cairo region will be implemented in indirect centralised management with the German development Cooperation (GIZ) through the Participatory Development Programme in Urban Areas (PDP), in accordance with Article 54(2)(c) of Financial Regulation 1605/2002. This implementation is justified due to GIZ previous and ongoing successful experience in managing similar activities in the sector.

The GIZ will implement all budgetary tasks related to the contracts-management cycle.

The change of method of implementation for the components 1 and 2 constitutes a substantial change except where the Commission "re-centralises" or reduces the level of budget-implementation tasks previously entrusted to the international organisation and to the agency.

Component 3

Grants: calls for proposal (direct centralised management)

(a) This component aims at strengthening the capacity of the civil society to support socio-economic developments at the local level in cooperation with other stakeholders. The activities will be across sectors and no thematic areas will be predefined to favour a bottom-up approach.

(b) Essential selection and award criteria: i) the essential selection criteria are financial and operational capacity of the applicant; ii) the essential award criteria are relevance of the proposed action to the objective of the call; design, effectiveness, feasibility, sustainability and cost-effectiveness of the action.

(c) Maximum rate of financing: the maximum possible rate of co-financing for grants under these calls is 90 %.

The maximum possible rate of co-financing may be up to 100 % in accordance with Articles 192 of the Financial Regulation if full funding is essential for the action to be carried out. The essentiality of full funding will be justified by the responsible authorising officer in the award decision, in respect of the principles of equal treatment and sound financial management.

(d) Indicative trimester to launch the calls: the date will be defined during the inception phase of this part of the Action.

Procurement (direct centralised management)

Subject in generic terms, if possible	Type (works, supplies, services)	Indicative number of contracts	Indicative date of launch of the procedure
Technical Assistance for the component 3	Services	2	1st Semester 2014

4.4. Scope of geographical eligibility for procurement in direct centralised and decentralised management

Subject to the following, the geographical eligibility in terms of place of establishment for participating in procurement procedures and in terms of origin of supplies and materials purchased as established in the basic act shall apply.

The responsible authorising officer may extend the geographical eligibility in accordance with Article 21(7) of the basic act on the basis of the unavailability of products and services in the markets of the countries concerned, for reasons of extreme urgency, or if

the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

4.5. Indicative budget

Component / Module	EU contribution (in EUR thousands)	Third party contribution (indicative, in EUR thousands, where known)
<u>Component 1</u>		
Joint management with the World Food Programme	60,000	
<u>Component 2</u>		
Indirect centralised with Gesellschaft für Internationale Zusammenarbeit (GIZ)	20,000	2,000 (GIZ)
<u>Component 3</u>		
Call for proposals (direct centralised)	9,000	
Procurements – Services Contracts (direct centralised)	1,000	
TOTAL	90,000	2,000 (GIZ)

Out of that total amount of EUR 90 million, a EUR 1 million allocation will be reserved and distributed across the 3 components for Monitoring, Visibility, Audit and Evaluation activities (Direct centralised).

4.6. Performance monitoring

The Commission will participate in supervision missions carried out on a continuous basis by the implementing agencies (WFP and GIZ). The logical framework will serve as the basis for measuring progress and final assessment. Baseline and performance indicators of ongoing WFP and GIZ projects will be refined and adapted during the inception phase of the Action to take into account the new parameters. For component 3, the Technical Assistance will develop specific baselines and indicators during the inception phase.

The EU Delegation will carry out regular internal monitoring. The Commission may also carry out Results Oriented Monitoring Missions via independent consultants.

4.7. Evaluation and audit

All evaluation (mid-term and final) and audit contracts will be awarded and implemented by the EU in accordance with the procedures and standard documents laid down and published by the Commission for the implementation of external operations, in force at the time of the launch of the procedure in question. The Action will be also subject to an annual financial and audit system audit launched by the EU.

Subject in generic terms, if possible	Type (works, supplies, services)	Indicative number of contracts	Indicative date of launch of the procedure
Evaluations, Monitoring, Audit, Visibility (all components)	Services	5	Mid-term and during the closure phase of the implementation of the Action; on an ad-hoc basis for monitoring and visibility.

In addition, the WFP will conduct audits, internal and external in accordance with the Financial and Administrative Framework Agreement (FAFA).

4.8. Communication and visibility

Communication and visibility are considered a key component of the Action.

For component 1, WFP will be responsible for the development and implementation of a communication and visibility plan in the line with the UN-EU visibility guidelines. The plan will be prepared during the first quarter of the implementation in consultation with the EU delegation and implemented throughout the all implementation period.

For component 2, a comprehensive strategy has already been established by the on-going project and approved by the EU Delegation. It will be reviewed and further extended to encompass additional activities covered by the new Action. All communication and visibility activities are aligned with the EU Communication and Visibility Manual.

For component 3, the contracted technical assistance will develop a visibility strategy as part of the intervention strategy and will support its implementation.