

## Action Fiche for Egypt

### 1. IDENTIFICATION

Title/Number	Support to Public Administration and Local Development		
Total cost	€9,000,000		
Aid method / Method of implementation	Project approach – centralised management		
DAC-code	15040	Sector	Government administration

### 2. RATIONALE

#### 2.1. Sector context

"Political Reform and Good Governance" is a main priority for cooperation between the EU and Egypt under the Country Strategy Paper (CSP 2007-13). In the context of the Neighbourhood Partnership Instrument (ENPI), the National Indicative Programme (NIP) 2007-2010 reflects commitment from both parties to develop the legislative and institutional framework of the Egyptian public administration and deepen practices of good governance. Egypt has undertaken gradual steps towards improving transparency and accountability. Against this background, the European Commission is launching the Support to Public Administration reform and Local Development. The proposed intervention will support the Government of Egypt (GoE) in developing relevant frameworks conducive to deepening practices of good governance, focusing on the public policy cycle. The EU contribution is particularly relevant in four closely interconnected areas where the Egyptian authorities plan to upgrade their internal processes:

(I) Public policy cycle management: the project will support the GoE in identifying existing gaps in the public policy cycle management. In particular, it will contribute to developing an in-house capacity to formulate, coordinate, monitor, and advocate public policy in order to ensure policy coherence and consistency. There is a consensus that reforms in the area of monitoring progress of policies and programmes needs increased attention, and that sound monitoring and evaluation mechanisms would significantly contribute to the sustainability of reform efforts. GoE is aiming to upgrade capacities in this area; the Cabinet Secretariat has already begun some concrete steps for partial restructuring. A Department for "Policy Monitoring and Evaluation" has been already established and is functioning under the Cabinet Information and Decision Support Centre (IDSC). One of the two main activities of this Department is to monitor implementation of the Presidential Platform and to report to the Prime Minister through the Cabinet Secretariat on a regular and consolidated annual basis.

(II) Public finance management (PFM): implementation of public policies supposes as a prerequisite a result-oriented budgetary process in line with international standards. Efficient and transparent public finance management (PFM) systems are crucial to maximise the efficiency of public service delivery and better use of public

funds. According to the PEFA results, Egypt's PFM system offers scope for improvement. Current ongoing reforms follow a piece-meal approach and lack an overall medium/long-term reform strategy. Identified shortcomings can negatively impact the government's credibility and accountability.

(III) Evaluation of public policies, in order to fine tune their definition and implementation: The Public Administration reform program will contribute to upgrading national capacities to improve and measure performance of public administrations and services, in line with international best practices. Apart from improving civil servants' regulations, there is a need to develop national principles/guidelines for how public administrations should integrate planning and performance measures consistently and regularly, with an increased focus on "outcome results".

(IV) Decentralization as a tool towards a greater efficiency of civil services: The GoE is in the phase of finalising the National Decentralization Strategy (NDS). Nevertheless, several local officials have limited knowledge of local administration's legal, institutional, and operational best practice in decentralisation. One cross cutting pillar for the NDS is to upgrade and expand the training capacity with respect to planning, coordination, implementation, and monitoring of local development. These interventions are in line with the Government's Five-Year Development Plan for 2007-2012.

## **2.2. Lessons learnt**

This project being the first EU program directly focusing on the core functioning of the Egyptian administration, there are currently no direct lessons learnt from previous experiences in this field. Nonetheless, during the identification and formulation phase, strong commitment to the project was shown by all the Egyptian authorities concerned (Ministries of State for Administrative Development, Local Development, Finance, and the Cabinet Information and Decision Support Center - IDSC). The timing for such a program is particularly relevant, notably for components II and IV, both areas where reforms are already underway.

## **2.3. Complementary actions**

Most of the operations related to institutional building of the Egyptian administration – twinnings, TAIEX, technical assistance under the SAAP programs - could be considered as complementary to the proposed program, as they intend to upgrade the internal processes of the administration. The main added value of this specific operation is that it focuses, in an inclusive and streamlined way, on the successive logical steps of implementation of public policies, from their definition to their evaluation.

## **2.4. Donor coordination**

Member States active in the field of administrative processes are Italy, with a focus on e-Parliament (€0.9 million), Spain on capacity building (€4.1 million), and France (€0.2 million) on support to political reform and rule of law. Regarding decentralization, the donors active in this field are USAID (through the "Egyptian decentralization initiative"), UNDP, Spain and France. Regarding PFM, there is

currently no specific donor sub-group coordinating activity in this sector. However the EU has held numerous meetings with the main donors supporting the GoE in this area, namely: IMF, WB, USAID and Dutch Cooperation. At the moment, only the IMF provides some type of advisory role to the Ministry of Finance (MoF) in fiscal decentralisation and PFM reform, but has no specific project in place.

### **3. DESCRIPTION**

#### **3.1. Objectives**

The Overall objective of the program is to support the GoE in its efforts to improve good governance practices. In particular, it will contribute to enhancing capacities of the selected key beneficiaries to further enhance the efficiency, effectiveness, accountability and transparency of the public administration. Specific Objectives: (i) Contributing to improving national capacities in public policy formulation, coordination, monitoring, and communication; (ii) Supporting the GoE in improving the transparency and efficiency of public finances through the implementation of Public Finance Management (PFM) reforms; (iii) Strengthening the capacity of the GoE to improve and measure performance of public administrations and services; (iv) Supporting the GoE to reinforce its capacity to perform successfully its decentralization process.

#### **3.2. Expected results and main activities**

##### **Component I: Improving the effectiveness and efficiency of Public Policy Management**

Expected results: (i) National guidelines for improving public policies developed; (ii) Ground work initiated to set up Policy units/impact monitoring systems in selected pilot(s), with linkages to the Cabinet of Ministers, and capacity at the Cabinet of Ministers upgraded; (iii) National Capacity building program implemented, with Training of Trainers components on different stages of the policy cycle; (iv) Action Plan is developed to roll-out the application of impact monitoring systems/development of policy units.

Activities: (i) Conducting an assessment/review of policy capacity, and developing national guidelines for improvement; (ii) Designing specific reform measures for selected pilots and Cabinet of Ministers' focal point and initiating implementation, (iii) Designing and implementing a National Capacity Building Program, with training of trainers (ToT) component - the programme will address policy formulation and analysis, coordination, monitoring and evaluation, and communication.

##### **Component II: Strengthening PFM to better implement public policies**

Expected results: (i) Building on the PEFA diagnostic, enhanced and strengthened PFM systems in key areas identified by the PFM Reform and fiscal decentralisation strategy including prioritisation, sequencing and budgeting of reforms, approved and coordinated by the MoF; (ii) Design key building blocks for an MTEF, initiate its implementation process and support it with comprehensive capacity building and technical assistance.

Activities: The main indicative activities to achieve Result (i) would be (a) supporting the MoF to finalise a comprehensive PFM Reform and fiscal decentralisation strategy and (b) support the implementation of prioritised PFM reforms identified in the strategy. Result (ii) would be envisaged under two components: (a) Strengthening technical capacity in the MoF; (b) Strengthening technical capacity in central ministries and related institutions.

### **Component III: Improving and Measuring Performance of Public Administrations**

Expected results: (i) National Guidelines/Principles for improving and measuring performance of public administrations and services drafted; (ii) Improved capacity to upgrade and measure performance of public administrations and services.

Activities: (i) Reviewing the legal and regulatory framework that governs the measurement of public administrations' performance and linked services (this activity will build on SIGMA reviews and other previously conducted assessments); (ii) Supporting the GoE to develop National principles to improve and measure the performance of public administrations and linked services; (iii) Techniques/approaches for continuous improvement and measurement of performance such as Results Oriented Management and Accountability (ROMA) and Service Delivery Surveys (SDS) introduced into the planning, directing, implementation, and monitoring of operations; (iv) Developing capacity in strategic planning, administrative simplification, process reengineering, and relevant processes to facilitate the implementation of identified techniques; (v) Designing specific reform measures for the improvement of the effectiveness and efficiency of the public administration; (vi) Adoption of reform measures to selected pilots' administrations; (vii) Preparation of monitoring/Evaluation units in pilot administrations; (viii) Adoption of monitoring/evaluation mechanism in selected pilot administrations; (ix) training for civil servants in order to enhance the relation between the Administration and Egyptian citizens.

### **Component IV: Supporting Local Development/Decentralisation**

Expected results: (i) institutional and human training capacity is upgraded at the national level and expanded at the local level (capacities of Local/Regional Training Centres); (ii) Capacity for awareness and advocacy is upgraded, and staff trained; (iii) Assessment of progress achieved in the National Plans for training and advocacy is conducted (in line with the pertinent national priorities/approved NDS), National Guidelines for Communication of Local Development are drafted, and Roll-out plans are developed (for training and advocacy); (iv) Improved awareness and better informed public debate on decentralization/local development.

Activities: (i) Proposing reform measures for institutional, technical, and human capacity building of the training facility at central level; (ii) Drafting an Action Plan to upgrade/set up training facilities at the regional/local level and initiate the execution of the proposed reforms- at central and local level (selected pilot/s); (iii) Develop manuals of operations and deliver training modules and curricula; (iv) Design and conduct train for trainer modules (including ToT modules); (v) Review advocacy and awareness activities, and develop Communication Guidelines for Local Development and Action Plan for roll-out/expanding advocacy and awareness

activities; (vi) Initiate the implementation of selected number of awareness and advocacy activities.

### 3.3. Risks and assumptions

Due to the nature of the operations proposed, the success of the program relies upon the assumption that the Egyptian authorities will continue to demonstrate strong political commitment to introduce reforms in the good governance area, and that a good coordination among implementing bodies will take place. Concerning the PFM component, the main identifiable risk is the lack of effective leadership of the reforms by the MoF, which would hinder their progress. However, the MoF is setting up a Fiscal Decentralization and PFM unit, which should ensure the cooperation from the different departments in the implementation of reforms. It is assumed that MoF's strong commitment towards developing a PFM reform strategy and following through the implementation of the reforms will be sustained. As to decentralization, EU support will be fully efficient as long as progress towards upgrading the legal framework in the area of local development is achieved prior or during the early phase of implementing the program (or at least approved National Decentralization Strategy). The sustainability of the action relies upon the internal capacities of the GoE to implement and carry out reforms after the project is finalized.

### 3.4. Crosscutting Issues

As regards cross-cutting issues, gender and the environment will be addressed directly, through activities that relate to impact monitoring and assessment (policy capacity), and more generally with good governance practices that benefit women as a promoting factor of the rule of law and development.

### 3.5. Stakeholders

Major stakeholders and target groups/beneficiaries of the project are as follows:

Component	Main interlocutor	Stakeholders and beneficiaries
Component I	Cabinet of Ministers (Cabinet Secretariat)	IDSC, Ministry of Administrative Development, the Parliament, Ministry of Finance, Central Agency for Organization and Administration (CAOA), Ministry of Local Development.
Component II	Ministry of Finance	Selected pilot ministries and administrations
Component III	Ministry of State for Admin. Development	Central Agency for Organisation and Administration (key stakeholder/partner, selected pilots).
Component IV	Ministry of Local Development	Governorates, Local Councils/administrations' representatives and citizens

## 4. IMPLEMENTATION ISSUES

### 4.1. Method of implementation

The program will be implemented in centralized management mode, through the signature of a Financing Agreement with the GoE. The European Union Delegation

will ensure that the relevant stakeholders will be associated throughout the project cycle, and will be represented within the evaluation committees. A steering committee comprising all the stakeholders will be set up, in order to ensure ownership and leadership of the project by the Egyptian Authorities.

#### 4.2. Procurement procedures

1) Contracts: All contracts implementing the action must be awarded and implemented in accordance with the procedures and standard documents laid down and published by the Commission for the implementation of external operations, in force at the time of the launch of the procedure in question. Participation in the award of contracts for the present action shall be open to all natural and legal persons covered by ENPI regulation. Further extensions of this participation to other natural or legal persons by the relevant authorising officer shall be subject to the conditions provided for in *Article 21(7) ENPI*.

#### 4.3. Indicative Budget and calendar

Components	Euro
I. Improving the effectiveness and efficiency of Public Policy Management	800,000
II. Strengthening Public Finance Management	2,600,000
III. Improving and Measuring Performance of Public Administrations	2,400,000
IV. Supporting Local Development/Decentralisation	2,500,000
Audit and Evaluation, visibility	300,000
Technical Assistance Component	300,000
Contingencies	100,000
<b>Total</b>	<b>9,000,000</b>

The foreseen operational duration is 48 months from the signature of the Financing Agreement to the end of project activities. A 24 months closure phase will follow.

#### 4.4. Performance monitoring

The indicators will be reviewed during the inception phase of the project in order to establish an initial baseline. The indicators will be monitored throughout the project's internal biannual progress reports and/or by external monitoring missions. ROM monitoring can also be used.

#### 4.5. Evaluation and audit

The project will be subject to a mid-term review and a final ex-post evaluation. The mid-term review and the final evaluation will compare the design and implementation of the project through an analysis of the relevance, efficiency, effectiveness, impact and sustainability of the project. Independent evaluators will be contracted by the Commission services in accordance with its internal procedures.

#### 4.6. Communication and visibility

The program will be implemented in such a way that the best visibility is given, at all times, to the support of the EU for the program, the achievements of its objectives

and results obtained. The EU Visibility Guidelines shall be used as guidelines. All involved stakeholders will take appropriate action in order to avoid any confusion between the present program and those supported by other international donors so as to ensure the best visibility of the cooperation between EU and Egypt. [http://ec.europa.eu/europeaid/work/visibility/documents/communication\\_and\\_visibility\\_manual\\_en.pdf](http://ec.europa.eu/europeaid/work/visibility/documents/communication_and_visibility_manual_en.pdf).