

## **Second Joint Sector Review**

### **Environmental Sector Programme Egypt**

## **Review Aid Memoire**

Cairo, 28 October 2004

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## Summary of Major Recommendations

It is recommended:

- R1. To clarify the roles and functions of RBOs and EMUs. This issue should be addressed as a precondition in the overall refocusing of the components related to decentralisation. The ESP decentralization components to support the MSEA/EEAA in reaching such clarification.
- R2. To refocus the programme and reallocate the budget within two major areas: (i) capacity building for decentralised environmental management, and (ii) Cleaner Production
- R3. To initiate the process of refocusing the ESP to ensure that a consolidated proposal can be approved at the Annual Consultations planned for March 2005.
- R4. To continue the efforts to prepare operational exit strategies for Danish support on component and programme level, especially focusing on the phasing in of Egyptian counterpart staff and resources.
- R5. To revised the programme management structure and to empower the PSU into a Programme Management Unit (PMU) with clear responsibilities.
- R6. To strengthen performance based monitoring as a management tool for PMU, PCC and CSCs and as a basis for allocation of resources.
- R7. To include Capacity Building at EPF including organisational strengthening, and to support the strategic management of the EEAA;
- R8. To strengthen efforts of the ACI to facilitate the dialogue between FEI and EEAA as stipulated in Immediate Objective 1 of the Component Description.
- R9. To resolve the remaining issues regarding the revolving fund (e.g. legal framework, representation in Fund Management, credit worthiness assessment, and the relationship between the Fund Management Committee and the CSC).
- R10. To focus the CEM in the remaining period on support to the EEAA, and to prepare specific work plans.

## 1. Background

A Government-to-Government agreement between Denmark and the Arab Republic of Egypt for the Environment Sector Programme (ESP) was signed in December 2000 and ratified by the Egyptian Parliament in March 2001. The ESP has five components and one pilot project.:

1. Decentralised Environmental Management (DEM),
2. Communication in Environmental Management (CEM),
3. Environmental Information and Monitoring Programme (EIMP),
4. Achieving Cost-effective Compliance with Environmental Regulation in Industry (ACI),
5. Environmental Management in Governorates (EMG),
6. Pilot Project of Support to Decentralisation of Environmental Management in Governorates and Environmental Management Units (EMUs).

The overall instrument for monitoring and guiding the implementation of the ESP is the Joint Sector Review (JSR). The last Joint Sector Review recommendations were submitted in April 2003, and this particular review will build upon previous recommendations as well as providing revised recommendations in light of the change of the programme.

## 2. Progress of the ESP

### 2.1 The National Framework

The major issues concerning the national sector framework were highlighted in the previous Joint Sector Review of 2003. Some developments have taken place with respect to decentralisation which are described below.

The GOE has recently emphasized decentralization. A committee, chaired by H.E. the Prime Minister and composed of 12 ministers and 4 governors has been formed to promote the decentralization.

Within the environmental sector there is a significant shift towards decentralisation of environmental management. Evidence of the high priority placed by EEAA on the development of decentralised capacity for environmental management includes:

- The creation of an office within the EEAA to support the development of EMUs;
- Re-launching of the EMUs, with associated investments in offices and basic equipment, in accordance with a protocol agreed between the Ministry of Local Development (MoLD) and EEAA in July 2003;
- The upgrading of two EMUs to General Departments;

- Payment of incentives to EMU staff against the production of monthly reports;
- A decision to reserve a percentage of fines imposed for environmental violations to be returned directly to the local entities that led to their imposition.

## 2.2 Overall Progress

The achievements of most of the components are satisfactory, however, the outputs have not always been on time. Some capacity building efforts could be better integrated in EEAA organisational structures and steps should be taken to ensure that they are better in line with future institutional roles and responsibilities.

As a follow up on recommendations of the first JSR 2003, the PSU has prepared a “Strategic Management Plan”. It was presented to the PCC in September 2004, and commented upon by EEAA in a note presented to the RT. The note also included a request for capacity building at EEAA related to decentralised environmental management.

A more focused approach in accordance with a clear vision and strategic action plan regarding decentralised environmental management would enable the ESP to achieve its objective in a more cost-effective and sustainable manner.

## 2.3 Financial Status

The total revised budget for the ESP components under review is DKK 306.5 million. In addition funds are allocated for a total of 288 person months of Danida advisers. The components have generally had difficulties in spending the amounts made available in the annual budgets. By the end of 2003 only 19 per cent of the grant for these components have been spend. The budget for 2004 is DDK 39.7 million of which 47 per cent has been spend by 15<sup>th</sup> September 2004. (Refer to Annex 2 for details of the financial status).

Four factors will influence the availability of funds for the components in the remaining period of the ESP: (i) the decision by the Danish government to terminate the grant development assistance programme by 2008, (ii) a revision of the Danida country planning figures, which will necessitate a reallocation of funds in the ESP, (iii) the need to reallocate resources in accordance with an ESP exit strategy which will ensure the sustainability of the core results of the cooperation, and (iv) the proposal to initiate a new EMU component and to prepare proposals for several new activities within the existing components.

The RT concludes that:

- There is a need to refocus the ongoing components;
- Any proposed new activity can only be financed from savings on ongoing components.

It is recommended to refocus the Programme and revise the budget in order to utilise synergies and optimise the use of resources.

### 3. Programme Management Issues

#### 3.1. Programme Management

The Programme Management supported by the PSU has improved since the JASR in 2003 which emphasised the need to enhance the strategic management role of the PCC and the PSU. While most of the recommendations of the JASR have been implemented, the issues raised by the 2003 JASR are still relevant. However, there is still a need for the PCC supported by the PSU to undertake a strategic management function. This has become even more critical due to the decision by Danida to adjust the budget and terminate the Danish Egyptian development cooperation ultimo 2008.

According to the PD, the ESP is managed at the component level - by Component Steering Committees (CSC) - and monitored at the programme level - by a Programme Coordination Committee (PCC). The Programme Support Unit (PSU), which serves as the secretariat of the PCC, also provides support functions to the Components with regard to accounting, financial reporting, procurement of goods and services including studies and technical and joint reviews.

However, this clear management structure has over the years been gradually eroded. More ad hoc reporting and “conflict resolution” tasks have been added. The challenge is to achieve the objectives of the Programme in shorter time than initially planned and with a budget which has been reduced. The role of the PSU therefore needs to be revised.

It is recommended that the programme management structure be revised and the PSU be empowered into a Programme Management Unit (PMU) with the responsibilities outlined in the next chapter regarding the reshaping of the ESP.

#### 3.2 Financial Management

Danish funds are disbursed to the ESP partly through the PSU and partly through a special arrangement with the EPF. Significant efforts and funds have been spent on the accounting system in order to meet requirements of the RDE related to disbursement monitoring.

A well functioning accounts system has been established in EPF for the handling of the Danish funds.

In addition, the EEAA is planning to strengthen the internal audit function.

The RT will prepare a Technical Working Paper on financial management and administrative procedures, which will be made available to the PSU, the RDE and the PCC. In sum-

mary, there is no capacity in the ESP to deal with more complex financial issues, but the capacity to deal with routine tasks has been established.

There is a need to change the financial management set up of the ESP to be more focused on the financial management of the components. Each component should be responsible for planning, budgeting, and accounting. The PSU should function as an intermediary to the RDE and deliver reporting specifically related to Danida.

There may be a need for a financial controller to solve complex accounting issues, to give support to components and to alert the component managers of important financial management issues. The RT assumes that such expertise can be resourced from the private sector in Egypt.

It is recommended that financial management of the components from mid 2005 be done at the component level. Support in the form of a financial controller can – if required - be hired from a Cairo based international audit company.

### 3.3 The Environmental Protection Fund

EPF was established by Law 4/1994 with a dual purpose to receive and retain revenue from earmarked taxation and fees to finance i.a. (i) external projects and (ii) EEAA operational costs. The management structures and procedures were established by decree in 1999.

EPF has been identified as the fund disbursement mechanism for several of the ESP components and special efforts have been undertaken by PSU to build the necessary accounting and financial mechanisms. In the overall perspective of decentralised environmental management the effective functioning of the EPF is considered a strategic issue. Without such a financial mechanism the capacity established at the EMUs may not be fully utilised.

MSEA recognises the need to strengthen EPF management and has requested capacity building support in the following three areas:

- Management of the EPF;
- Promotion of the EPF and resource mobilisation and management of donor funds;
- Capacity building for project appraisal and project implementation monitoring and evaluation.

In the short-term perspective of the ESP it would be possible to continue to disburse funds for EMU pilot projects through the EPF. However, it is unlikely that EPF in its pre-

sent set-up is the only long-term solution to the issue of financial mobilisation for environmental management in the Governorates.

It is recommended that Organisational Development and Capacity Building at EPF be included in the ESP.

#### 4. Reshaping the ESP

It is recommended to refocus the ESP within two areas (i) capacity building for decentralised environmental management, and (ii) promotion of cleaner production.

Activities currently undertaken by the DEM, EMU Pilot Programme and EMG should be placed under a common umbrella. A clear description of this umbrella mechanism should be designed, discussed, agreed and disseminated before March 2005 and this should be done with a view to:

- Identify areas of synergy and opportunities for alignment of work plans;
- Ensure that the components retain sufficient autonomy, resources and flexibility, especially in activities implemented at the Governorate level;
- Provide a mechanism for accessing financial resources on a competitive basis between the components;
- Provide a vehicle for sharing of experiences and lessons learnt between the components;
- Avoid the slowing down and complications at the decision making and implementation levels.

The capacity building for decentralised environmental management will be managed by a revised management set-up, and supported by a Danida advisor, and with the overall day-to-day implementation responsibility of the programme in close liaison with the Egyptian partners.

The ACI component will still be based upon the existing component description. However, it may also finance energy efficiency CP projects. It will operate through a revolving fund legally established as a Trust with the EEAA and FEI as trustees. Funds will initially be disbursed from the RDE through the EPF to the bank account of the Trust.

The support to Cleaner Production will be managed in accordance with the ACI component description.

Responsibilities and tasks of the revised PSU (named PMU) need to be defined, but will include:

- Capacity building with regard to (i) the strategic level at EEAA with a focus on decentralisation, the EPF, and Public-Private Sector Partnership (ii) the financial management aspects of EPF, and (iii) the project appraisal aspects of the EPF financed projects at the Governorates;
- Support to the ACI Component - through the CSC - in order to enhance the Public Private Sector strategy of the component through component monitoring and pro-active partnership building;
- Managing the support – possibly by outsourcing to private sector professional specialists - and monitoring the performance of the following services which are at the moment provided by staff and consultants contracted by PMU;
- Developing management systems and progress reporting procedures in line with GOE standards.

It is recommended to initiate the process of refocusing the ESP components related to decentralisation to ensure that a consolidated proposal can be approved at the Annual Consultations planned for March 2005.

## 5. Programme Components

### 5.1 The ACI Component

Generally, the RT finds that the ACI Component is being implemented according to plans, that capacity has been developed in the ECO (Environment Compliance Office) of the FEI, and that the facility for cleaner production projects is attracting significant interest from enterprises. The RT has noticed the need for improved dialogue between FEI and EEAA.

The RT finds that the Component has taken adequate steps to implement the recommendations from the Technical Review carried out in December 2003, or to incorporate them in the proposal for ACI Phase 2. An exception is the recommendation on CSR (corporate social responsibility), however, the RT agrees with the Component management that it is important to keep the focus of the Component on environmental compliance through cleaner production.

The RT strongly supports the shift from grants to soft loans for cleaner production projects. The RT finds that grants are not required to promote cleaner production and may in fact distort competition between enterprises. The shift to loans is also part of the sustainability of the Component.

Loans cannot be disbursed before a revolving fund is legally established. A legal framework has been prepared suggesting the establishment of a CP Fund as a separate civil institution under Law 84/2002 with EEAA/EPF and FEI as trustees. Repayments of loans and fees from participating enterprises will be collected in the Fund by a contracted commercial bank. The RT supports this model.

The ACI Component presently covers four specific sectors/chambers. After Danida's withdrawal in 2008, the ECO must be able to offer its services on CP to all of FEI's 15 chambers.

It is recommended that

- the ACI Component should strengthen its effort to facilitate the dialogue between FEI and EEAA as stipulated in Immediate Objective 1 of the Component Description;
- all projects should be supported with soft loans instead of grants;
- remaining issues regarding the revolving fund (e.g. legal framework, representation in Fund Management, credit worthiness assessment, relationship between the Fund Management Committee and the CSC) should be clarified immediately;
- renewable energy, CDM and CSR should not be included;
- the use of international TA in Phase 2 should be further justified and specified for each activity; the Business Plan and a plan for expansion to all industrial sectors should be incorporated into the Phase 2 description; an additional co-ordinator for energy efficiency should be included in the original budget for Phase 2; enlargement of the revolving fund should remain an option if additional ESP funding is found.

## 5.2 The DEM Component

Capacity has been built in Suez and Greater Cairo RBO's, whereas the Assiut RBO has just recently started its activities, due to delay in recruitment of staff for the RBO. The CDBA has carried out a number of training courses for RBO staff, and the capacity building efforts of CDBA has been continued. So far the DEM component has managed to build up valuable capacity, especially in the RBO's, and it is important that these achievements are maintained and utilised.

However, the capacity building efforts are constrained by the lack of clarity on the division of roles and functions between the RBO's and the EMU's. Without an established division of labour between these institutions it will not be possible to decide what capacity building activities to carry out.

The liaison between the RBOs and EEAA through the CDBA may constrain communication to the technical departments of the EEAA. The RBO's will have to liaise with a num-

ber of different departments and units in the EEAA, and a restructuring will be needed in order to avoid bottlenecks in the communication and cooperation.

The present structure of the component, with a number of subcomponents will have to be changed in order to reduce transaction costs and complicated management mechanisms, and a more simple management arrangement will have to be developed. This will not prevent the component to retain separate actions plans for the various RBO's etc.

To clarify the roles and functions of RBOs and EMUs. This issue should be addressed as a precondition in the overall refocusing of the components related to decentralisation. The ESP decentralization components to support the MSEA/EEAA in reaching such clarification.

The issues raised above should be addressed in the overall refocusing of the components related to decentralisation.

### 5.3 The EMG Component

Generally the EMG has progressed well since the last JASR. The capacity building activities have been continued, and a number of projects have been identified, formulated and financed in the two Governorates. Environmental profiles and GEAP's have been prepared, and have resulted in a better understanding of the issues and priorities in the Governorates. The co-operation between EMG and the other components in the ESP has been limited in the past period, besides minor consultations between ACI and EMG in early 2003.

The EMG is well integrated into the Governorate administration, and the liaison appears to function well. The cooperation between the EMU's and the EMU Unit in EEAA is performing efficiently, and there seems to be a good platform for transferring the experiences from EMG to other Governorates. The identification of suitable projects for funding has been associated with discussions between EMG and the EMU's, and these discussions have let to reformulation of projects, in order to align the projects with the objectives of the Component.

The two EMUs have identified a number of areas, in which they would need capacity building in the second phase of the Component. These areas include inspection, public complaints, and EIA. The capacity building effort in these areas would all require close cooperation with RBOs and the DEM component, in order to avoid parallel activities.

EMG has taken steps to ensure the sustainability of the component achievements. The international consultant has refocused the TA input in such a way that the TA volume is reduced gradually over the coming three years. The EMG has proposed that the CSC is

phased out and the High Environmental Committee (HEC) in the Governorates takes over the management functions.

It is recommended that the HEC takes over the management functions of the SCS within the coming twelve months. Furthermore, the issues raised above should be addressed in the overall reshaping of the components related to decentralisation.

#### 5.4 The EMU Pilot Project

The EEAA has signed a protocol with MoLD to re-launch the EMUs by using indigenous resources, and at the same time EEAA has requested support to this process under the ESP programme in the remaining period of the programme, under certain conditions.

The proposed EMU Component supports this effort by reducing the heterogeneity of the different Governorates' capacity in environmental management in a way that can be later sustained by the GOE.

It will not be possible to support all Governorates through the ESP. In order to identify Governorates that are able and committed to join the Component with human resources and co-financing, a pilot project will work with the EMU Unit in EEAA. The pilot project started end of July 2004 and a first progress report has been issued.

The pilot project is well underway, and the process of supporting the EMUs has started in a good way. The EMU Unit in EEAA is implementing the pilot project in a timely and concise manner.

However, the capacity building efforts are constrained by the earlier mentioned lack of clarity on the division of roles and functions between the RBO's and the EMU's. Without an established division of labour between these institutions it will not be possible to decide what capacity building activities to carry out. It is also not clear how the experiences gained from the EMG and the DEM components will be used in the EMU Component, and it is important that the activities related to decentralised environmental management are implemented in a coherent manner, should it be decided to launch the EMU component at the finalisation of the pilot project.

It is recommended that the issues raised above should be addressed in the overall refocusing of the components related to decentralisation.

If the pilot project proves successful the RT recommends to implement the proposed EMU Component.

## 5.5 The CEM Component

A technical review of the component was carried out in July 2004 for the period from June 2002 to July 2004. The main conclusion from the technical review was, that although the CEM has achieved a number of results during the period, the progress of the CEM was not satisfactory. It was also concluded that most of the shortcomings of the CEM were created by external factors, such as interference in the component work plans, long and complex decision making procedures in the EEAA, insufficient co-operation with the CDECA, and lack of support from the CSC.

The RT does not support the recommendation to expand the portfolio of the CEM to include decentralised environmental communication. The Component needs to focus on a more simplified approach in order to achieve the original objectives of the Component, and in order to rely less on coordination mechanism of the Programme. Since the other components of the Programme either have their own communication advisors, or can implement their activities without support from CEM, the focus for CEM should be to provide support to the EEAA. EEAA has a substantial uncovered need for support in the field of environmental communication, and the Agency should benefit from an effective support mechanism in that respect to make the results in the Agency more transparent and available to the public. Another important responsibility of the CEM would also be to continue to disseminate data into formats that can be used by the staff of the Agency and other relevant stakeholders.

The new component manager has been able to improve the management of the Component in a short time, and the Component has produced a number of new results during the last six months. It is therefore important that the CM can continue to devote sufficient time to the management of the component.

In the view of the phasing out of the ESP, steps should be taken immediately to integrate CEM in CDECA, in order to ensure knowledge sharing and transfer of know how to CDECA, and to ensure that the capacity of the CEM is built into the General Department. The contract of the Component Advisor will expire in one month.

It is recommended that the CEM in the remaining period focus on support to the EEAA, and that specific work plans are prepared. The present long term Danida Advisor should be replaced by short-term advisors. The CEM should be integrated into the CDECA over the next twelve months, and the management functions of the CSC phased out within this timeframe.

## 5.6 SPA-2

The SPA Component will be phasing out by 2005. Following the first JASR, a proposal for ICZM was presented to the PCC in April 2004. The proposal focused on equipment and was not given priority by the PCC.

## 5.7 EIMP

A completion report for the EIMP is under preparation. The exit strategy for the EIMP implied a complete phasing in of GoE coverage of recurrent costs during the Project. The RT finds that this has been successful and could serve as a model.

It is recommended that the request for support to replacement of monitoring equipment should be met within the allocated budget.

## 6. Cross-cutting issues

The mainstreaming of cross cutting issues into the Components was recommended in the first JSR. This recommendation has been implemented.

An overall poverty reduction strategy has been developed at programme level, and procedures are being introduced.

All components have dealt with governance issues, due to the institutional development elements in their scope. The gender aspect has been introduced as a cross cutting issue in all the components.

## 7. Donor Coordination

Major activities by international donors within the environmental sector are listed in Annex 1.

In some programmes like the EU South Sinai Development Project and the Italian activities in the Governorates of Fayoum and Marsa Matrouh there is support for three EMUs. It would be relevant to share experiences and - when relevant - cooperate with these programmes.

Similarly, there might be areas of common interest for the ACI component within the CIDA activities on support for SMEs (e.g. within CP), the KfW's funds for industrial pollution and the WBs Pollution Abatement Fund.

Finally, there might be opportunities for collaboration in relation to new support activities, e.g. from EU, JICA and Finnida, in relation to raising the interest of other donors to support Danida initiated activities after the phasing out of the ESP.

It is recommended that the MSEA continues dialogue and coordination with international donors in the environmental sector within areas of interest for improving sustainability of Danida activities and with respect to modalities for exit strategies.

## 8. Indicators and monitoring

Based on a recommendation from the 2003 JASR, a thorough review of the ESP programme indicators was carried out in July 2004. The Indicator Review formulated Strategic Impact Indicators and Important Milestones for all components. The RT agrees with these suggestions, except for the ACI Component, where the RT agrees with the Component management that reductions of emissions rather than financial savings should be used as an overall indicator. The RT recommends that the indicators for ACI should be adjusted accordingly.

The RT finds that monitoring of impact indicators at the objective level will provide information with a considerable time delay and perhaps too late to enable corrective measures in view of the phasing out of the ESP.

The RT recommends that more efforts should be put into performance monitoring with immediate feed back to the component management and SC.

## 9 Sustainability and Related Risks

### 9.1 Sustainability issues

In order to address the issue of institutional sustainability a Phasing Out Plan (or exit strategy) should be established to which the Government of Egypt should gradually commit human and financial resources. The phasing out should be simple and focus on a few clearly defined areas, including the establishment of deadlines for certain phasing out actions as well as the EEAA and Governorates' personnel responsible for each target in order to secure accountability in the system.

The EPF will be an important tool for financial sustainability. However, EPF does not at the moment attract adequate funds to meet the requirement and may therefore not be sustainable. Moreover the financial and administrative regulations and procedures need to be developed further. These issues need to be addressed within the proposed capacity building support for EEAA.

It is recommended to continue the efforts to prepare operational exit strategies on component and programme level, especially focusing on the phasing in of Egyptian counterpart staff and resources.

## 9.2 Risks Related to Sustainability

The following risks are identified for the future sustainability :

- Inability to develop consensus between EEAA, MoLD, Governorates and other stakeholders on the role and responsibilities between RBOs and EMUs within the framework of decentralized environmental management.
- Failure to establish proper management mechanisms for the EPF and the revolving fund for Cleaner Production.
- Developed capacity lost due to failure to retain staff.
- Discontinuity in management at all levels.

These risks should be mitigated through institutional development, systems and mechanisms, and the fostering of partnerships between stakeholders.

**10. Process Action Plan**

Time	Task	Responsible
13 November 2004	Decision on Revolving Fund for CP	EEAA, FEI
13 November 2004	ToR for refocusing of ESP	GOE, RDE
13 November 2004	ToR for Capacitating EPF and Strategic Support to EEAA	EEAA
November 2004	Contract signed for ACI phase 2	RDE
November 2004	Contract signed for EMG phase 2	RDE
23 November 2004	Contracting consultants for refocusing of ESP	RDE
23 November 2004	Contracting consultants for capacity building within EPF and EEAA	ESP
December 2004	Decree on division of roles and responsibilities of RBOs and EMUs	MSEA
January 2005	ToR for two Danida Advisors	RDE
Medio February 2005	Preparation of proposal for refocusing of ESP – draft report for PCC	RDE and EEAA
Medio February 2005	Proposal for capacity building of EPF and strategic support to EEAA	RDE and EEAA
Ult. February 2005	Recruitment of two Danida advisors initiated	Danida
Ult. February 2005	PCC meeting. Follow up on PAP.	ESP
1 March 2005	Preparation of decision note for Annual Consultations	RDE
March 2005	Annual Consultation to agree on ESP refocusing and capacity support for EEAA and EPF	GOE, Danida
April – July 2005	Incorporate preparatory activities for refocusing ESP and capacity building of EPF and EEAA in 2005 work plans	ESP
June 2005	Phasing out plans prepared and approved	CSCs and PCC
July 2005	New programme management structure in place	ESP
October 2005	Work plan and budgets for ESP 2006 and indicative for 2007-2008.	ESP
1 November 2005	Work plan and budgets approved in the new ESP management structure	ESP
February 2006 (tentative)	Third Joint Sector Review	GOE, Danida
March 2006	Annual Consultations	GOE, Danida

Signed in Cairo 28<sup>th</sup> October, 2004

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Maged George

HE Minister of State for Environmental Affairs

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Bjarne Henneberg Sørensen

HE Ambassador of the Kingdom of Denmark

**Annex 1: Examples of Donor Coordination****CIDA:**

Under the CenACT programme support is given for Solid Waste Management (especially through NGOs), environmental education and the general support for SMEs, that also may involve environmental aspects like CPTs.

**EU:**

South Sinai Development Project with support for related EMUs.

**Finnida:**

Fact finding mission conducted in October 2003 with the view to transform the assistance for the environmental sector. Initial focus on CDM and eco-tourism.

**Netherlands:**

Support given for water and environment.

**KfW:**

Interventions for solid waste management in two governorates (feasibility level), support for sanitation improvement and support for two funds for industrial pollution, one targeting the public sector and one the private sector.

**JICA:**

New identification planned for December 2004 with focus on air pollution, waste, water, CDM (legal framework) and CPT.

**Italy:**

Interventions within five areas: cultural/environmental heritage, eco tourism, solid waste management, legal and institutional support for EEAA and EMUs in two governorates (Fayoum and Masa Matrouh).

**World Bank:**

Pollution Abatement Fund, part II

**UNDP:**

Some activities within GEF

**Annex 2: Financial Status**

Existing Components	Grant	Accumulated expenditure by 31.12. 2004	Adjustment	Balance 31.12.2004
DEM	20,700,000	10,611,811	751,599	9,336,590
CEM	19,700,000	5,845,216	570,304	13,284,480
EIMP	7,050,000	4,977,519	182,324	1,890,157
EMG	101,300,000	26,456,348	6,490,042	68,353,610
EMU Pilot/decentralisation	5,147,000	1,894,000	0	3,253,000
PSU	24,530,000	18,212,041	-4,041,746	10,359,705
ACI	100,550,000	29,612,883	-3,952,523	74,889,640
Total Ongoing Components	278,977,000	97,609,818	0	181,367,182
Uncommitted unallocated	32,680,000		5,147,000	27,533,000
Balance revised ESP (including EMU pilot)	311,657,000	97,609,818	5,147,000	208,900,182