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ABBREVIATIONS

CDBA	Central Department of Branches Affairs
CDECA	Central Department for Environmental Communication Affairs
CAOA	Central Agency for Organizational Affairs
CEO	Chief Executive Officer
CTA	Chief Technical Advisor
Danida	Danish International Development Assistance
DEM	Decentralised Environmental Management
DKK	Danish currency (Kroner)
EEAA	Egyptian Environmental Affairs Agency
EEPP	Egyptian Environmental Policy & Planning
EIA	Environmental Impact Assessment
EIMP	Environmental Information and Monitoring Programme
EIS	Environmental information System
EMG	Environmental Management in the Governorates
EMS	Environmental Management System
EMU	Environmental Management Unit
EPF	Environmental Protection Fund
ESP	Environmental Sector Programme
ESPS	Environmental Sector Programme Support
FEI	Federation of Egyptian Industries
GEAP	Governorate Environmental Action Plan
GOE	Government of Egypt
HCE	High Committee for Environment
IT	Information Technology
JASR	Joint Annual Sector Review
JICA	Japan International Cooperation Agency
KIMA	Kima Fertilizer and Ferrosilicon Plant
LE	Egyptian Pounds
MoLD	Ministry of Local Development
NCSD	National Committee for Sustainable Development
MSEA	Ministry of State for Environmental Affairs
NEAP	National Environmental Action Plan
NGO	Non Governmental Organisation
PCC	Programme Coordination Committee
PMU	Programme Management Unit
RBO	Regional Branch Office of EEAA
RDE	Royal Danish Embassy
RT	Review Team
SC	Steering Committee
SDEM	Support to Decentralized Environmental Management
TA	Technical Assistance
USAID	United States Agency for International Development

1 INTRODUCTION

The Environmental Sector Programme (ESP) was reshaped during 2005. Following a review in April/May 2005, a revised Component Description was agreed upon merging the Environmental Management in Governorates (EMG), Decentralised Environmental Management (DEM) and Environmental Management Units (EMU) components into the Support to Decentralized Environmental Management (SDEM) component. The private sector component: Achieved Compliance of Industry (ACI) continued unchanged. The programme was now headed by the Programme Management Unit (PMU), embracing the former Programme Support Unit (PSU), Communication in Environmental Management (CEM), and Environmental Information and Monitoring Project (EIMP) components.

The first two years of the programme showed a slow progress. The programme fully set off during 2004.

As the ACI component was subject to review in 2005 and due to the fact that this component has a satisfactory Exit Strategy and the Revolving Fund is functioning well, the focus of the 2007 Sector Review will be on the ESP achievements regarding decentralisation of the environmental management, support to EEAA and especially the EPF.

The review will provide an assessment of the general progress and particularly look into the aspects of sustainability of the established capacities, systems and activities and relate this to a possible strategy for phasing out of the Danish support e.g. expressed through an Exit Strategy.

The Review was jointly carried out with Ministry of International Cooperation and EEAA. The Review Team members were: Ms. Birgit Madsen (Team Leader), Ms. Hanne Bach, Mr. Nigel Hawkesworth, Mr. Morten Elkjær, Mr. Ahmed Shalaby, Ms. Shuraya Wageeh Mahmood, Mr. Mohamed Abdel Azim El Tantawy, and Ms. Mary Edwards.

The Review Team consulted with project partners at all levels (central level (EEAA), Regional Branch Offices (RBO's) and the environmental management units in Governorates (EMU's)). A list of focus issues were prepared beforehand and distributed to the meeting participants in order for them to prepare for the meetings.

The Review Team would like to thank all the officials and individuals met with for their kind support and the valuable information the team received during its visit.

The findings and recommendations are those of the Review Team. They do not necessarily reflect the views of the Governments of Egypt and Denmark.

2 SECTOR PROGRESS

2.1 Overall Sector Progress and GoE contribution

The Egyptian economy has shown a steady increase in the growth rate (6.9% in 2005/06) and in GDP. This has resulted in increased government revenue and increased allocations to the Ministry of State for Environmental Affairs (MSEA) and the EEAA. The MSEA and EEAA combined budget has increased from L.E 82 million in 2003/04 to L.E. 167 million in

2005/06. This is a very small percentage of the overall Government of Egypt budget of approximately L.E. 130 billion. However, the total allocation to the environment sector is much larger than the budget of MSEA/EEAA. A total figure is not available, but it would include the environmental activities in all ministries and Governorates, such as in solid waste disposal, sanitation, sewage treatment, national parks and coastal management. The Five-Year Action Plan Programme Proposal (2007-2012) according to the National Environmental Action Plan priorities has a gross estimated cost of L.E. 5.67 billion.

The present national framework for environmental management in Egypt includes at central level the MSEA with EEAA as central agency with its Regional Branch Offices (RBO) and at local level the Environmental Units (EMU) and the High Committees for Environment (HCE) in the Governorates. A National Committee for Sustainable Development (NCSD) was established in January 2006. It is closely linked with the Egyptian participation in the Arab initiative for sustainable development and the EURO-Mediterranean ministerial conferences on the Environment of which the latest was held in Cairo, November 2006. The Egyptian Minister of State for Environmental Affairs will be hosting the 'Environment 2007' conference in May 2007. The NCSD is headed by the MSEA and has a Secretariat in EEAA. There are 29 stakeholders in the NCSD including all relevant ministries, NGOs and the private sector. The MSEA/EEAA is the responsible line agency at the national level. There is at present no link between the NCSD and the regional RBOs, the local EMUs or HCEs. The Review Team suggests that a clear link be established between the NCSD and the Governorate level with the HCEs and EMUs. The HCE in each Governorate supports the integration of environmental issues in the other sectors/directorates.

It appears that the Egyptian Government priorities in regards to environmental issues have increased remarkably in recent years.

A Decentralised Environmental Management Strategy has been prepared by EEAA with the assistance of the ESP. The strategy envisages focal points for the NCSD in each stakeholder organisation, and EEAA representatives sitting on environmental sector committees in each relevant central ministry. It is proposed to link together the NCSD at central level supported by the EEAA and the line ministries, and the plans also show a linkage with the HCE at Governorate level. The Review Team finds this proposed strategy and framework to be relevant and appropriate. The strategy has not yet been approved by the MSEA.

Recommendation

- 1. MSEA approves the decentralisation strategy as soon as possible, and the ESP facilitates implementation of the framework to ensure strong coordination within the whole environmental sector with the NCSD as the focal point.**

2.2 Donor Harmonisation

Donor harmonisation in the sector seeking to achieve uniformity in operational issues such as flow of funds, monitoring mechanisms, financial management and procurement aspects is weak due to lack of a general framework.

Denmark should support any efforts other donors of the DAC environment group may initiate concerning the harmonisation and alignment process.

3 PROGRAMME PROGRESS

3.1 General Progress

The general progress is on track with expectations according to the plans of the reshaped programme document. The demand for external resources (Danida funds) as well as the partner contributions largely follow (or are above) the expectations laid out in the work plan for 2006. There are some delays, for example the issuance of the decree on the roles and responsibilities of EEAA, RBOs and EMUs and approval of the strategy for decentralisation.

The SDEM and ACI components progressed according to the 2006 plans. The SDEM is a merger of three components with now eight sub-components. The effects of the proposed synergies, exchange of experience and lessons learned, which should be expected according to the reshaped programme document, are not very clear to the Review Team. The coordination between sub-components is ensured through discussion of annual work plans for each sub-component, but true synergies could be better communicated and documented. The Review Team finds that there is a high potential for synergies and should be exploited to the extent possible.

The ESP supports demonstration and community projects. One of the criteria for selection of these projects is the extent to which it benefits poor people. Empowerment of women activities are demonstrated in several specific environmental awareness projects and water supply and sanitation projects are directed towards poor women through Community Based Organisations at Governorate level. The field visit in Aswan demonstrated that poor people are well represented as beneficiaries of the environmental improvements.

3.2 Follow-up Recommendations from JSR 2005

The recommendations of the 2005 Review in relation to the support to EEAA were followed up by the ESP. The request for institutional anchoring of the support in the Planning and Follow-up Department of EEAA has proven somewhat difficult to fulfil due to changes in management of that Department. This has also delayed the approval of the developed strategy for decentralised environmental management.

The position of ESP National Coordinator has, as recommended, been extended up to the end of the programme period and the title and job description adjusted to clearly reflect the responsibility of strategic support to EEAA.

The ESP has provided support for an institutional analysis and development of an outline business plan for the EPF. The implementation of the plan and the final decisions about the status of the EPF is currently discussed. The Review Team was informed that the EPF and the PMU of the ESP has been merged as proposed by the 2005 Review. The EPF has however not yet developed into the organisation imagined by the 2005 Review.

With regard to strategic monitoring and use of strategic impact indicators, the PMU has worked with a set of operational indicators. This set of indicators however does not fulfil the goals set for the strategic impact indicators as described in the reshaped programme document. This is further elaborated in section 8.

3.3 Component Support to Decentralised Environmental Management (SDEM)

The SDEM component promotes decentralisation from three different angles:

- support to EEAA concerning decentralisation efforts including their regional branch offices concentrating on Suez, Greater Cairo and Assuit
- support to in-depth capacity building and demonstration and community projects in two Governorates: Aswan and Beni Suef
- support to other EMUs concerning capacity building, establishment of High Committees for Environment (HCE), environmental profiles, Governorate environmental action plan (GEAP) and demonstration and community projects.

Description of the Danish support to the environmental sector in Egypt can also be viewed from an output oriented angle:

- environmental management capacity improved including decentralization
- environmental information systems established
- demonstration and community projects implemented

3.3.1 Capacity Building related to decentralisation in EEAA and Governorates

The Sector for Branch Affairs in EEAA, which is responsible for the regional branch offices and for cooperation with the EMUs in the Governorates, was lifted one level up in the organisational structure from Central Department to Sector. Within this Sector, a General Department on Environmental Management and Planning holds the responsibility for supporting Governorates preparing their GEAPs. These organisational changes are seen as indications of an Egyptian recognition of the importance of the local level in environmental management.

Capacity in RBOs was improved by means of restructuring the offices, improving equipment and QA systems, development of a targeted environmental information system (EIS) and training. There are at present 8 RBOs established with a geographical perspective each of them covering an area including two or more Governorates. This structure of regional environmental management is presently being further developed. EEAA is considering increasing the number of RBOs with another 15 offices concentrating on industrial zones facing particular pollution problems and hence a need for increased attention. The Review Team supports the general idea of each RBO serving two or more Governorates.

The capacity building of the EMUs relates to office and field measuring equipment, training, assistance with regards to development of environmental profiles and GEAPs and support to the established HCEs. The assessment of the capacity of the Aswan EMU revealed that it has reached a level with regards to facilities, staff and skills that seems to compare well with its tasks and responsibilities. The Review Team understands that the situation in Beni Suef is similar. This means that the project has achieved its goals in this respect and the capacity

building foreseen in the other Governorates can continue along these lines. The EMU generally has as a Unit a low ranking in the Egyptian government hierarchy. Status as a Unit does not release an allocated budget. This may result in a situation where lack of available resources hampers the efficiency of the EMUs when the Danish support has come to an end. However some EMUs have been upgraded to Department or General Department. The Review Team supports that the ESP and EEAA push for a change in the status of the EMUs to enable allocation of sufficient resources to sustain and further improve the capacity of the EMUs.

3.3.2 Roles and responsibilities of the three levels in environmental management

The three levels of environmental management called for a clear description of tasks i.e. role and responsibilities between the EEAA, RBOs and EMUs. The SDEM component has supported this. A decree describing this is drafted and agreed between the involved parties. The Review Team finds the decree appropriate serving the overall goal of decentralisation of environmental management. It awaits the final approval by the Minister of State for Environmental Affairs. The decree calls for a 6 months testing period before the final decree is issued.

Recommendations:

- 2. MSEA ensures that the decree on roles and responsibilities between EEAA, RBOs and EMUs is finally approved by the Minister of State for Environmental Affairs. The ESP/SDEM should find ways to support the 6 months testing period facilitating a final version to be issued as soon as possible.**

3.3.3 IT systems at the three levels of environmental management

EEAA is with support from the ESP developing an Environmental Information System (EIS) consisting of a database called EREMIS and tailor made applications for the three levels of the environmental management. Applications are being developed to serve the EEAA level, the RBO level and the plan is to also develop an application suited for the EMU level. The idea is then to link the various users of the system through the internet. This requires some modifications and further development of the system into web-based applications. The system is developed and functions as stand alone applications in Suez RBO and is also installed and almost finalised in Greater Cairo and Assuit. The system at central level is planned to be implemented in 2007. About 11 EMUs have been equipped with GIS software in order to prepare for the installation of the information system application.

The Review Team compliments the ESP and all involved parties with the development of a system that functions well. The functionalities of the system seem to match very well with the environmental management tasks in the EEAA, RBOs and EMUs. It appears, however, that there may be a gap between the resources needed to finalize the system and the resources allocated according to the present plans. It is important that the necessary resources are secured to finalize the system as planned within the ESP. The EIS is seen as one of the important tools to support decentralisation of environmental management.

Recommendation:

- 3. ESP programme management ensure that resources including international and local consultants, investments and operational costs are available to finalise the development and installation of the EIS at all three management levels within the project period. A plan for this should be prepared by September 2007.**

3.3.4 Demonstration and community projects in Governorates

The decentralisation efforts and the capacity building in Governorates are accompanied by demonstration and community projects that aim at providing solutions to identified environmental problems at local level and testing of the regulatory framework including e.g. procedures for EIA, evaluation and monitoring.

Demonstration and community projects were so far implemented in Aswan and Beni Suef, the two Governorates receiving in-depth capacity building for the EMUs. Project implementation was successful and the agreed co-financing of projects was fully met in 2006 and the plans for 2007 show a similar picture. The main sources for co-financing are the Governorate and EEAA. The sector ministries and their representation in the Governorates (i.e. the Directorates) are when relevant involved in the project identification, design and implementation. It is important in the future to involve the sector ministries and directorates in project co-financing. The projects are selected and approved by the HCE of the Governorate according to the priorities laid down in the GEAP. Directorates are represented in the HCE together with RBO managers, information centre manager, the director of the women council, private sector representatives and NGOs. The Governor is heading the HCE and the EMU manager is the technical secretariat. This mechanism ensures that the selection of projects is in line with local Governorate priorities.

Demonstration projects in Aswan and Beni Suef are planned to continue in 2007 and 2008 with procedures and plans well established and expected to continue with success. An achievement of a 35% co-financing in 2006 is very promising for the perspectives of reaching the goals also for 2007 and 2008. The Review Team acknowledges the work done so far and expects the success to continue.

A second pool of demonstration and community projects are foreseen for the 6 other Governorates who have or will (in 2007) prepare a GEAP with support from SDEM. The procedure for selection and implementation of these projects are expected to start in 2007 after the finalization of the GEAPs. The agreed co-financing of these Governorates is 30%. A selection procedure on a competitive basis between the Governorates is foreseen. A general framework for the projects including selection criteria will be established in 2007 based on the experiences from Aswan and Beni Suef. It seems very ambitious to expect the following to happen within less than two years:

- establish GEAPs in the 6 Governorates,
- agree on selection criteria for projects,
- design and prepare projects including preparation of environmental and occupational safety assessment and commitment of co-financing,
- agree on selection on a competitive basis,

- implementation of projects with a total value including the local contribution close to 10 mio. L.E.

The planned TA to the SDEM is ending by the end of 2007. This seems to be contra-productive compared with the above mentioned ambitious plan for project implementation in the 6 new Governorates.

Recommendations

- 4. HCEs be strengthened through support from ESP to effectively serve their function as project selection and monitoring committees.**
- 5. SDEM establishes by mid 2007 a plan for implementation of demonstration and community projects in the 6 new Governorates in order to ensure that the available funds are used to support the implementation of the developed GEAPs. The ESP planning for TA should allow for support to this. It is important to build on experience, lessons learned and focus on replication of projects implemented in Aswan and Beni Suef in order to maximize efficiency and minimize risks.**

3.4 Programme Management Unit

The PMU manages three activities: strategic support to EEAA, support to the Environmental Protection Fund (EPF), and programme management.

3.4.1 Strategic Support to EEAA

Strategic support to EEAA includes the following:

Adjustment of the EEAA Organisational Structure:

The structure has been adjusted and approved. The ESP has not been invited to play a role in the development of the organisational structure, so there is little that the programme can do in the remaining period to support this process.

Operationalisation of Quality Assurance Systems

Satisfactory progress has been made in this area since the 2005 Review. The ISO 9001:2000 Certificate has been awarded to the EIA Department and 3 RBOs. However, there is still a need for changes to work procedures in order to continue to reach the required standards. Development of the QA systems will continue with other departments.

Operationalisation of the Information System on a Decentralised Basis

The IT Department of EEAA is responsible for the development of the Environmental Information System. The ESP has supported this Department with respect to capacity development and technical assistance to develop the IT system. The methodologies applied and the plans of having web-based applications to enable communication between the central EEAA level, the regional RBO level and the local EMU level represent state-of-the-art. The capacity was improved for the staff at all three levels. This has resulted in technically highly qualified staff particularly in EEAA and the three RBOs. The sustainability of the IT system

depends on maintenance of hardware and software as well as maintaining the qualified staff in EEAA and RBOs.

Recommendation

- 6. ESP and EEAA develop a plan for maintenance and further development of the EIS from 2009. This should cover all aspects of the maintenance including decisions on who is responsible for maintaining and running the system, hardware and software maintenance and suggestions for measures to maintain qualified staff.**

ESP has supported development of an environmental reporting system in EEAA. This consists of e.g. annual EEAA report and State of the Environment (SOE) reports. MSEA published the first SOE report covering 2004 and has also published the report for 2005. The SOE reports largely follow the international guidelines for such reports and are at state-of-the art level.

Support to the Finance and Administration Department

Satisfactory progress has been made in this area since the 2005 Review. Equipment and IT systems have been provided, and improvements have been made in most procedures and systems such as: budget and accounts, cashier, inventory, purchasing, supplies, staff attendance, and fixed assets.

Support to the Planning and Follow-up Department

This department plays a key role in the strategic development of EEAA, and has developed the decentralisation strategy. The manager of this department resigned 2 months ago. When the decentralisation strategy is approved this department will play a key role in its implementation, with particular emphasis on establishing the coordinating linkages between the various levels of stakeholders. As strategic development and implementation of the decentralisation strategy is clearly a high priority for EEAA, it is important to have this department under competent leadership.

3.4.2 Environmental Protection Fund (EPF)

The effective functioning of the EPF was identified by the JSR 2004 as a strategic issue in the overall perspective of decentralised environmental management. An assessment of the institutional context was conducted in November 2005 recommending an integrated legal and institutional reform as well as capacity building of the EPF, transforming it into an independent organisation. The Review Team was informed by the Director of the EPF that an outline Business Plan has been accepted by the Fund Management Committee (FMC) and that an amendment to Law 4/1994 is now before Parliament that includes clauses making the EPF into a semi-independent government organisation with the Minister of State for Environmental Affairs as the Chairman of the FMC. Furthermore, new financial procedures have been approved by MSEA that simplify the financial flows from the EPF account in the Central Bank to designated accounts in commercial banks that can then be disbursed directly by the EPF. The Review Team compliments EEAA on the progress in this regard.

The Review Team finds that the Business Plan is still an outline, and that it needs to be further developed to include aspects such as the following: list of staff; job descriptions; budget for recurrent expenditures; identification of revenue sources; a rolling financial plan with indicative targets for income and disbursements over a two-year period; detailed procedures for financial analysis, disbursement, accounting, and control of funds; and detailed procedures for application, appraisal, implementation and quality control of projects. The Business Plan should be complete by 1st July 2007. The Minister of State for Environmental Affairs requested the Review Team to consider the possibility for further funding for the EPF that could be taken from unutilised investment funds in the previous KIMA component.

The Review Team finds that the EPF is in concept an innovative and useful mechanism for environmental mitigation measures and improvements in Egypt. It is also noted that there are a number of similar programmes promoted by other donors, such as the multi-donor EPAP 2 and a KfW programme. It is important that the EPF establishes itself as a necessary and sustainable actor in this field. It can do this by demonstrating that it is capable of successfully completing project cycles using its new procedures.

The Review Team finds in line with the 2005 Review, that the EPF should have as core competences financial analysis and management while technical appraisals, monitoring and evaluations should be carried out by EEAA, RBOs and EMUs with appropriate assistance from consultants. The primary purpose of the EPF should be to support the implementation of the GEAPs.

Recommendation

- 7. Danida may consider the allocation to EPF of some of the investment budget from the KIMA project by September 2007 if: 1) a satisfactory Business Plan is completed, and 2) the new financial procedures are functioning satisfactorily. In case extra funds will be allocated to EPF the Danida country frame to Egypt will have to be raised for the year of disbursement.**

3.4.3 Capacity Building

The ESP has supported capacity building in EEAA within several fields e.g. with regards to decentralisation (supporting the CDBA), capacity building in the IT department, QA/QC, EIA, and the administrative affairs department.

The ESP has started to compile the developed training courses into a so-called unified training system (UTS). The ambition is to develop a system covering 8 main subjects related to environmental management and to identify relevant competences within each subject. The idea is that these competences are achieved through training. The training undertaken so far in the SDEM is used as inspiration for this exercise. The outstanding issues are a description of the functions within environmental management in Egypt and the required competences to execute these functions. Through linkages between functions and competences a list can be provided showing relevant training courses or other training activities that would meet the requirements of each function. This approach is theoretically speaking very sound, but also very ambitious. It assumes that recruitment processes assess the competences of the recruited person and assign a

training programme in order for this person to meet the requirements of the job function. There is at present no link between the recruitment process and procedures and the General department responsible for training in EEAA. It is furthermore difficult to see to which extent the chosen approach ensures that the large amount of training courses developed in the SDEM will be directly incorporated into the UTS.

Recommendation

- 8. ESP ensures that the UTS effectively utilises the large amount of training courses that have been developed in the programme.**

4 PROGRAMME DISBURSEMENT AND BUDGETS

The ESP budget covers support to PMU, SDEM and ACI in total about 305,9 mio. DKK over the full programme period. The PMU receives about 52 mio DKK, the SDEM about 152 mio and the ACI component about 101mio. DKK. Disbursement until the end of 2006 was about 210 mio. DKK. This is about 68% of the total. The ACI component shows a disbursement rate close to the overall rate, whereas the SDEM has used about 60% of the total budget and the PMU about 80% until the end of 2006. The programme budget for 2007 is about 55,6 mio DKK and for 2008 39,5 mio. DKK. The programme budget and disbursement until late January 2007 is included as Annex 2.

5 MANAGEMENT ISSUES

The overall management of the programme through the Programme Steering Committee has been satisfactory. Satisfactory Work Plans have been produced by SDEM. The PMU Work Plan for 2007 is only an input budget, which is not sufficient. This has to be detailed and expanded to cover the Exit Strategy (see section 10).

Programme management prepares consolidated progress reports based on reports received from the two components. Quarterly financial statements are also forwarded to the RDE and the EEAA Financial Affairs Department. The advisors maintain co-signatures. While Progress Reports have been produced on time, it appears to the Review Team that they are not very informative on the challenges and issues that exist at any one time in such a programme. It has only been through on-the-spot presentations and discussions that the Review Team has been made aware of where there are crucial issues to be tackled. In this regard the Progress Reports are not sufficient, as they should highlight such issues for action by authorities in Egypt and Denmark. It is also noted that the progress reports should include reports on the inputs and outputs of short-term technical assistance.

The Review Team notes that there should be a clear process of handing over management responsibility from the advisers to EEAA as part of the Exit Strategy.

6 TECHNICAL ASSISTANCE

The Review Teams notes that one of the two Danida Advisor positions will be completed by the end of 2007 and the other position will continue until January 2009. It is also noted that under the present plan there is an excess amount for TA in the COWI contract of DKK 2.1 million by the end of 2007. The Review Team notes that it is not a requirement to use all the

man-months that are available, and that all advisor inputs have to be justified on the basis of the Work Plans and Exit Strategy.

Recommendation

- 9. The ESP programme management makes a consolidated plan for long- and short-term TA inputs in 2007 and 2008 that is justified on the needs identified in the Work Plans related to the finalised Exit Strategy.**

7 CROSS CUTTING ISSUES

7.1 Gender

The ESP/PMU is preparing a practical guide for gender mainstreaming, which will be finalised in 2007. Activity reporting for capacity building and for the individual demonstration projects show gender aggregated data. An example is training where 34% of trainees in 2006 were women. For demonstration projects, gender aspects are taken into consideration in identification, design and implementation. The Review Team visited Aswan, where it became clear that gender issues in demonstration projects were taken very seriously through surveys and focus group interviews in the communities involving young women as surveyors in order to facilitate communication with women. Apart from training, reporting does not include overall programme output data aggregated according to gender e.g. related to beneficiaries.

7.2 Environment

The objective of the programme is as such to improve the environment. The strategic impact indicators can provide insight into the actual achievements of the programme in this respect. This is further elaborated in chapter 8. The demonstration projects are all subject to environmental assessment in order to assure that projects do not affect the non-target parts of the environment negatively.

7.3 Governance

The programme focuses on decentralisation of management which is regarded an important aspect in relation to good governance. Another aspect is public access to environmental information. The programme has supported the publication of the first two Egyptian State of the Environment reports and development of a system for environmental information publication. EEAA has furthermore plans to publish the data in the EIS on the EEAA web site and Governorates are moving in the same direction. The type of data to be published includes GIS maps showing environmental status and different types of management data. This demonstrates willingness towards improving information of the public. The Review Team finds that this development is very important.

Recommendation

- 10. ESP management should compile the recording of the number of beneficiaries and expenditures of GEAP projects disaggregated with respect to gender and poverty, in order to assess the outcome of the activities related to enhancing empowerment of women and poverty eradication in quantitative terms in progress reports.**

8 INDICATORS

The programme has output indicators at SDEM and ACI component level. These are reported in the annual progress reports. In addition to this, performance indicators (3) and strategic impact indicators (2-4) exist at ESP programme level and also at component level. The performance indicators are reported in the progress reports whereas the strategic impact indicators are absent.

8.1 Strategic indicators

The strategic indicators were developed by the ESP in response to a recommendation of the 2003 review and they were directly integrated into the reshaped programme in 2005. The progress report shows very limited information related to the strategic impact indicators. It seems that the activities required to make these indicators operational i.e. establishing precise definitions and compilation procedures were not undertaken. The Review Team finds in line with earlier reviews that this task is very important and considers it doable. The required information exists leaving as the outstanding task to develop the definitions and compilation prescriptions.

Recommendation

- 11. ESP develops the required definitions and compilation prescriptions for the strategic impact indicators and reports the data for 2001-2006 in a specific report in mid 2007 and continues the reporting of the strategic impact indicators in the ordinary progress report for 2007 and in the final report for 2008.**

9 RISKS AND ASSUMPTIONS

The main critical assumption to the attainment of the objective of the SDEM Component is the continued GoE decentralisation process. The ESP is monitoring this assumption through the status of the upgrading of EMUs to General Departments at Governorate level and the transfer of funds to cover their recurrent costs.

There is a strong political will to improve environmental management and with the establishment of the NCSd the institutional cooperation between ministries and directorates may improve and thereby reduce this risk factor.

10 EXIT STRATEGY AND PROCESS ACTION PLAN

The SDEM Component has prepared a proposal to start the process for sustainability of component outputs and discussed it with the respective EEAA Departments at a symposium in June 2006. There are 6 consolidated SDEM outputs that are intended to be sustained after programme completion. A draft Process Action Plan (PAP) to achieve the sustainability of the outputs was presented to the Review Team. Activities that are included in the PAP will be incorporated in the Work Plans for 2007 and 2008.

An overall draft Exit Strategy was presented to the Review Team that included PMU, SDEM and ACI activities. The Exit Strategy was presented to the Review Team by the CTA. The Exit Strategy appears to have been prepared by the CTA with little consultation with counterpart staff. The Review Team finds that it is important that the Exit Strategy is prepared with

thorough consultations with counterpart staff. Activities in support of the strategy in 2007 and 2008 were presented in outline. An estimate was made of the recurrent and some capital costs of the activities that are to be sustained. The Review Team finds that it would be best if the costing was done after the respective EEAA departments have discussed and agreed on the activities. The Programme Coordination Committee (PCC) would approve the overall strategy.

The Review Team finds that it is important that the activities in the remaining period ensure that the results are disseminated according to a well structured plan and sees this as a very important measure in securing the sustainability of programme outputs. It is furthermore very important to find ways to disseminate lessons learned to a broader community e.g. in alignment with the Arab initiative for sustainable development and the EURO-Mediterranean Ministerial conferences on Environment.

Recommendations

- 12. As part of the Exit Strategy, ESP management finalise the Process Action Plans for PMU and SDEM outputs and activities that are to be sustained showing time lines, responsibilities and risks. The respective EEAA departments should then work out the annual costs involved and start the process of approval in EEAA and the PCC. Thereafter, EEAA would ensure the integration of the costs into the GoE annual budget process for the financial year 2008/09.**
- 13. Detailed PMU Work Plans for 2007 and 2008 be prepared that include the activities in the PAPs on sustainability. The SDEM Work Plans be revised to fit the PAP.**
- 14. The PCC closely monitor the implementation of the exit strategy Process Action Plans.**

The Review Team does not anticipate any further need for a Review of the ESP Programme before termination at the end of 2008.

Cairo, 22nd February, 2007

Birgit Madsen
Team Leader, Senior Technical Advisor, TAS

ANNEX 1: Process Action Plan for Recommendations

No.	Text	Responsible	Action by
1.	MSEA approves the decentralisation strategy as soon as possible, and the ESP facilitates implementation of the framework to ensure strong coordination within the whole environmental sector with the NCSD as the focal point.	MSEA/ESP	Immediately
2.	MSEA ensures that the decree on roles and responsibilities between EEAA, RBOs and EMUs is finally approved by the Minister of State for Environmental Affairs. The ESP/SDEM should find ways to support the 6 months testing period facilitating a final version to be issued as soon as possible.	MSEA/EEAA ESP/SDEM	Immediately
3.	ESP programme ensures that resources including international and local consultants, investments and operational costs are available to finalise the development and installation of the EIS at all three management levels within the project period. A plan for this should be prepared by September 2007.	ESP	September 2007
4.	HCEs be strengthened through support from ESP to effectively serve their function as project selection and monitoring committee.	ESP	2007-2008
5.	SDEM establishes by mid 2007 a plan for implementation of demonstration and community projects in the 6 new Governorates in order to ensure that the available funds are used to support the implementation of the developed GEAPs. The ESP planning for TA should allow for support to this. It is important to build on experience, lessons learned and focus on replication of projects implemented in Aswan and Beni Suef in order to maximize efficiency and minimize risks.	SDEM/ESP	June 2007
6.	ESP and EEAA develop a plan for maintenance and further development of the EIS from 2009. This should cover all aspects of the maintenance including decisions on who is responsible for maintaining and running the system, hardware and software maintenance and suggestions for measures to maintain qualified staff.	EEAA/ESP	June 2008
7.	Danida may consider the allocation to EPF of some of the investment budget from the KIMA project by September 2007 if: 1) a satisfactory Business Plan is completed, and 2) the new financial procedures are functioning satisfactorily. In case extra funds will be allocated to EPF the Danida country frame to Egypt will have to be raised for the year of disbursement.	EPF	September 2007

8.	ESP ensures that the UTS effectively utilises the large amount of training courses that have been developed in the programme.	ESP	2007
9.	The ESP programme management makes a consolidated plan for long- and short-term TA inputs in 2007 and 2008 that is justified on the needs identified in the Work Plans related to the finalised Exit Strategy.	ESP	June 2007
10.	ESP management should compile the recording of the number of beneficiaries and expenditures of GEAP projects disaggregated with respect to gender and poverty, in order to assess the outcome of the activities related to enhancing empowerment of women and poverty eradication in quantitative terms in progress reports.	ESP/PMU	Immediately
11.	ESP develops the required definitions and compilation prescriptions for the strategic impact indicators and reports the data for 2001-2006 in a specific report in mid 2007 and continues the reporting of the strategic impact indicators in the ordinary progress report for 2007 and in the final report for 2008.	ESP/PMU	June 2007
12.	As a part of the Exit Strategy, ESP management finalise the Process Action Plans for PMU and SDEM outputs and activities that are to be sustained showing time lines, responsibilities and risks. The respective EEAA departments should then work out the annual costs involved and start the process of approval in EEAA and the PCC. Thereafter, EEAA would ensure the integration of the costs into the GoE annual budget process for the financial year 2008/09.	ESP	Immediately
13.	Detailed PMU Work Plans for 2007 and 2008 be prepared that include the activities in the PAPs on sustainability. The SDEM Work Plans be revised to fit the PAP.	PMU/SDEM	Immediately
14.	The PCC closely monitor the implementation of the exit strategy Process Action Plans.	PCC	2007-2008

ANNEX 2

ESP budget and disbursement								
Component UMF No.	Name	Total Grant	Disbursed until 31.12.06	21-01-07	2007	2008	Total disb.	Balance
Sector:	Environment Sector Program	-	-	-	-	-	-	0
		-	-	-	-	-	-	0
418.6101.20	PMU local Grant	4.282	19.223	989	4.748	3.560	27.531	(3248)
418.6101.22	PMU Int'l Consultants	14.216	12.226	-	700	270	13.196	1020
418.6101.60	PMU Tech.Reviews	9.000	4.222	-	900	-	5.122	3879
418.6101.70	PMU RDE Share	600	2.229	-	-	-	2.229	(1629)
418.6101.80	PMU exchange rate	4.267	4.253	-	-	-	4.253	14
	PMU	2.365	42.152	989	6.348	3.830	52.330	35
		-	-	-	-	-	-	0
418.6011.20	SDEM local Grant	47.870	38.473	1.483	7.574	5.002	51.049	(3179)
418.6011.21	SDEM Projects	2.844	26.404	-	13.873	19.568	59.845	2999
418.6011.22	SDEM Int'l Consultants	1.980	34.504	-	5.557	1.799	1.860	120
418.6011.80	SDEM exchange rate	(300)	(357)	-	-	-	(357)	57
	SDEM	52.394	99.024	1.483	27.004	6.369	152.397	(3)
		-	-	-	-	-	-	0
418.6051.20	ACI local Grant	12.863	10.171	395	1.938	-	12.109	754
418.6051.21	ACI Projects	69.000	42.414	17.200	17.300	9.286	69.000	0
418.6051.22	ACI Int'l Consultants	19.237	16.953	-	3.020	104	20.077	(840)
	ACI exchange rate	74	25	-	-	-	25	49
	ACI	101.174	69.562	17.595	22.258	9.390	101.210	(37)
		-	-	-	-	-	-	0
418.6901	Unallocated	-	-	-	-	-	-	0
		-	-	-	-	-	-	0
	Total ESP	305.933	210.739	20.067	55.610	39.589	305.938	(5)

ANNEX 3: TOR for the Joint Review.

**Terms of Reference
for
a Joint Egyptian - Danish Review of the
Environment Sector Programme in Egypt
February 2007**

1. Background

The environmental development cooperation between the governments of Egypt and Denmark was initiated in 1991 with special emphasis on capacity building in the centralised environmental departments and institutions. In connection with the preparation of the country strategy for Egypt in 1996 it was agreed that the environmental sector should be included as one of the priority sectors in the Egyptian-Danish development cooperation. The Environment Sector Programme (ESP) Document was finalized in April 2000, however due to delays the Programme only became fully operational from 1 January 2002.

In 2003, the two governments decided during the annual consultations that the Environment Sector Programme should phase out by December 2008. Based upon this decision, the ESP was reshaped during 2005, and after a review in April/May 2005, a revised Component Description was agreed upon for the SDEM component, merging the former Environmental Management in Governorates (EMG), Decentralised Environmental Management (DEM) and Environmental Management Units (EMU) components. The Achieved Compliance of Industry (ACI) component remains the same. The total programme is headed by the Programme Management Unit (PMU), embracing the former Programme Support Unit (PSU), Communication in Environmental Management (CEM), and Environmental Information and Monitoring Project (EIMP) components.

As the ACI component was subject to review in 2005 and due to the fact that this component has a good exit strategy and the Revolving Fund is functioning well, the focus of the 2007 Sector Review will be on the ESP support to EEAA and especially the EPF.

Some of the main conclusions of the Aide Mémoire 2005 Joint Review were:

Concerning EEAA

- All strategic support to EEAA should be institutionally anchored in the EEAA section responsible for strategic development
- According to the organisational structure of EEAA, the ESP would give technical assistance to organisational development according to needs identified

- The position of ESP National Coordinator should be extended up to the end of the programme period and the title and job description adjusted to clearly reflect the responsibility of strategic support to EEAA, he/she supporting the EEAA section responsible for strategic development.
- A provision should be included in the ESP for technical and financial assistance to the enhancement of a vision and an overall strategy for the EEAA (including the National Strategy for Decentralised Environmental Management), if requests may be received from the Minister of State for Environmental Affairs.

Concerning the Environmental Protection Fund (EPF)

- The ESP should support the institutional analysis of the EPF and the legal context in which it operates. The aim should be to make its legal status more responsive to the needs of the environmental sector including making its financial management independent of EEAA.
- The ESP should support EPF in developing a business plan. The aim should be to modernise the Fund with a clear focus on strengthening the financial management, communication and project cycle management functions. The EPF should be a lean organisation with core competence in financial analysis and management. Other competences, such as technical appraisal of project proposals, monitoring and evaluations, should be carried out by EEAA technical departments, regional branch offices, environmental management units and consultants under the overall responsibility of EPF.
- Based on the needs established in the EPF business plan for financial management systems and related capacity building, it should be decided whether, or not, it is appropriate to transfer the ESP financial management function – or parts thereof – to EPF.

Concerning the Programme Management Unit (PMU)

- The PMU functions relating to Danida regulations automatically cease to exist at the end of the programme period, except for the financial management functions, which may be transferred to the EPF to support the implementation of the new EPF business plan.
- Strategic monitoring of critical factors in the national framework is the responsibility of EEAA (e.g. Central Department for Branch Affairs, General Department for Planning and Follow-up). The PMU should provide technical assistance/guidance to these departments, as appropriate.

The Aide Mémoire and thus the reshaped Programme was approved by the High Level Consultations of November 2005 between the Republic of Egypt and the Kingdom of Denmark.

2. Objectives

A review is a key management tool that allows national partners and Danish authorities to assess progress and adjust their support in light of changes in programme context, sector development, and effectiveness. The Sector review of February 2007 has the following objectives:

- An external evaluation of the Programme's progress provided to EEAA and the Royal Danish Embassy
- Good ideas and valuable guidance provided to the ESP for the rest of the Programme period.

3. Outputs

The review team will deliver the following output prior to its departure from Egypt:

- An Aide Mémoire with the Review Team's findings and recommendations to the ESP on the basis of the present ToR, the recommendations of the Joint Review Aide Mémoire of May 4, 2005 and Danida's Aid Management Guidelines. The Review Aide Mémoire will be signed by the Team Leader from the Danish Ministry of Foreign Affairs (according to 6th edition, September 2006 of Danida's Guidelines for Programme Management).

4. Scope of Work

The Review Team will consult with the Royal Danish Embassy in Cairo and the EEAA Management as well as with the Programme Advisers and staff. The Team will further pay a visit to one or two Governorates, of which at least one should have an Environmental Management Unit, which has been upgraded to Department in the Governorate Administration.

The scope of work will include but not necessarily limited to the following:

4.1 General assessment

- Assess progress in the Environment Sector in Egypt and its impact on the ESP and the ESP outcome indicators.
- Overall progress of the ESP and execution of major activities.
- Assess how the Danida prioritized cross-cutting issues are included in the ESP activities.
- Assess the development of risks and assumptions in the reshaped SDEM Component and the ESP in general.
- Assess quality of reporting and financial management.

4.2 Support to EEAA

- Review the activities of the ESP, which directly aim at strengthening various sections of the EEAA (Central Department of Branch Affairs – CDBA -, Quality Section which among others include Environmental Impact Assessments), and propose improvements, or give recommendations, if relevant.
- Review how EEAA is using the advisors' capabilities. What has EEAA central level gained from the ESP?
- Review the exit strategy: what is going to continue in EEAA, when the ESP ends and what are the necessary requirements for the responsible structures (EEAA, Regional Branch Offices, Environmental Management Units in the Governorates) to do so (encouragement from management, trained staff, budget).
- Assess the newly signed decree on roles and responsibilities of the Regional Branch Offices (RBO) and the Environmental Management Units (EMUs).

4.3 Support to the Environmental Protection Fund (EPF)

- a. Assess the functioning of the EPF
- b. Assess the Fund Management Committee work
- c. Follow-up on the joint review recommendations from 2005 and assessment of progress of development of an EPF business plan.

5. Timing and composition of the Joint Review Team

The mission will take place in Egypt from 12th to 22nd February 2007. The team will be composed of the following:

Mr. Kurt Moerck Jensen, Team Leader, Danida Senior Technical Adviser, Environment, Water & Sanitation Section.

Ms. Birgit Madsen, Senior Technical Adviser, Environment, Water & Sanitation Section

Ms. Hanne Bach, Environmental Management Specialist, External Consultant to Danida

Mr. Nigel Hawkesworth, Management and Institutional Specialist, External Consultant to Danida

Mr. Ahmed Shalaby, General Director, Ministry of International Cooperation

Ms. Riham Fourad, Economic Researcher

Mr. Mohamed Abdel Azim El Tantawy, International Department, EEAA

Ms. Mary Edward, International Department, EEAA

Ms. Bente Schiller, Royal Danish Embassy, Mrs. Dr. Fatma Abu Shouk, National Programme Coordinator and Mr. Anders Bjoernshave, Chief Technical Adviser will function as Resource Persons.

6. Reporting

Prior to departure from Egypt, the Review Team will deliver its Review Aide Memoire to EEAA and the Royal Danish Embassy and the Egyptian Authorities.

21st December, 2006

Kurt Moerck Jensen
Senior Technical Advisor
Ministry of Foreign Affairs, Denmark

Background Documents

- Final Reshaped Sector Programme Document, Danish Support to the Environment Sector, July 2005
- Government Agreement, 11 December 2000
- The EEAA 5-year plan (2002 – 2007)
- Review Aide Memoire, 4th May 2005
- SDEM Component Description, September 2005
- Latest Progress Reports from Components, 2006
- ESP annual Progress Report 2006 (will only be ready end of January, beginning of Feb. 07)
- ESP Work Plan 2007
- ESP budget 2007
- Human Development Report, UNDP, 2006