

**Environmental Sector Programme
ESP
Danida**

Exit Strategy and Action Plan
Version 7

***For
Environmental Sector Programme***

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List of Abbreviations

| | |
|--------|---|
| ACI | Achieving (Cost Effective) Compliance in Industry |
| CDBA | Central Department of Branches Affairs |
| CEM | Communication Environmental Management |
| CEO | Chief Executive Officer |
| CP | Cleaner Production |
| CTA | Chief Technical Advisor |
| Danida | Danish International Development Assistance |
| DKK | Danish currency (Kroner) |
| ECO | Environmental Compliance Office |
| EEAA | Egyptian Environmental Affairs Agency |
| EIA | Environmental Impact Assessment |
| EMG | Environmental Management in the Governorates |
| EMS | Environmental Management System |
| EMU | Environmental Management Unit |
| EPF | Environmental Protection Fund |
| ESP | Environmental Sector Programme |
| EREMIS | Egyptian Regional Environmental Management Information System |
| FEI | Federation of Egyptian Industries |
| GEAP | Governorate Environmental Action Plan |
| GOE | Government of Egypt |
| HEC | High Environmental Committee |
| IT | Information Technology |
| JASR | Joint Annual Sector Review |
| LE | Egyptian Pounds |
| PMU | Programme Management Unit |
| RBO | Regional Branch Office of EEAA |
| RDE | Royal Danish Embassy |

| | |
|------|--|
| RF | Revolving Fund |
| SC | Steering Committee |
| SDEM | Support for Decentralization of Environmental Management |
| SME | Small and Medium Enterprises |
| SPS | Sector Programme Support |

1. Background

The Danish support for the Egyptian government started back in 1969 and during the years Denmark has supported Egypt with approximately 2 Billion DKK in various sectors such as Environment, Water and Energy.

The Environmental Sector Programme Support SPS was structured around 2000 resulting in the development of the Environmental Sector Programme ESP. The ESP programme implementation started in 2002. The total ESP is budgeted at DKK 305 million. The Egyptian contribution to the programme was specified in each of the components. A major element was provision of adequate staff and office facilities in EEAA, as well as staff in the Regional Branch Office, RBO's, governorate EMUs and the Federation of Egyptian Industries FEI.

By 2008, the ESP is coming to an end resulting in 7 years of Danish active support to the Egyptian Environmental Sector. The components are gradually phasing out, handing over the lead to their relevant governmental entities in accordance to the agreement between the Egyptian and Danish governments.

2. ESP Exit Strategy and Action Plan

The document in hand aims at ensuring the ESP programme sustainability, providing guidance for the future and describing activities which were agreed upon with the governmental entities to continue after the termination of the programme. The document mentions the risks and assumptions which might face the implementers and actions to be taken in order not to lose the momentum.

The period during which the ESP is phasing out is called "the transition period". The transition period started in September 2007 and is expected to continue till end of 2008 focusing on activities which will be continued in the future. The activities are described in this document ensuring a smooth exit of the programme. The main activities are:

- Continuation of ECO office and Revolving Fund for Cleaner Production Implementation in Federation of Egypt Industries (FEI). The ACI component has developed the ACI component Exit Strategy which can be referred to in October 2007.
- Semi-Independency of Environmental Protection Fund (EPF) enable EPF to receive applications for projects and to fund the implementation of proper projects
- Dissemination of Environmental Data on web site and through State of Environment Reports
- Continuation of building the capacity of the EMU offices in governorates to a level which enable them to have key executive environmental functions, to develop Environmental profiles, Governorate Environmental Action Plan (GEAP) and to implement environmental project

- Continuation of elevating the remaining RBO office up to a level which enable them to coordinate and support EMU office in the overall environmental strategy of Egypt.
- Continuation of Bezra activities in terms of web site, magazines, exhibition tours and TV spots

The Exit Strategy and Action Plan is the result of a long process initiated at the ESP Management Forum Meeting in December 2006 in which the out line for phasing out was presented. During the last year a number of documents have been produced and discussed at component level and at programme level two main document has been develop and presented;

- ESP Exit Strategy for discussion, Review Team and ESP management. 6 February 2007
- Activities to Continue, Delivered and presented to CEO Dr. Mawaheb. 17 July 2007

3. Objective of the ESP Exit Strategy and Action Plan

The objective of this Exit Strategy and Action Plan is to secure an effective and transparent transition of the ESP Programme to relevant local entities in order to ensure sustainability and independency and self-finance for future activities.

4. ESP Scope

The ESP Programme is composed of three components;

- ACI, Achieving Compliance in Industry
- SDEM, Support to Decentralized Environmental Management and
- PMU, Programme Management Unit

The ESP Programme is implemented through the Egyptian Environmental Affairs Agency EEAA. The Programme started in 2002. The partners that the ESP is working with are EEAA, 3 RBOs, FEI and 18 governorates in particularly Aswan and Beni Suef governorates.

ACI component focused on supporting the establishment of the Environmental Compliance Office (ECO). The ECO is now an operational entity within the FEI, an achievement that is leading to an increasing number of enquiries from the business community. The ECO office has proven success in implementing Cleaner Production technologies in many factories, to sustain itself and be a part of FEI which provide consultancy services. The ECO office provides consulting services on pollution abatement to SMEs in Egyptian industry (members of FEI) under the concept of Cleaner Production (CP). ECO operates within five industrial sectors through a Revolving Fund (RF) providing loans to SMEs on attractive conditions. ECO should be able to handle all sectors and the revolving fund should be able to attract various donors in the future.

SDEM component has raised the capacity of three RBOs (Cairo, Suez and Assuit) to fulfil their mandates. The component has also raised the capacity of 11 EMUs to be able to produce EPs and GEAPs. There are still five RBOs which didn't get the ESP support and a number of EMUs that got limited donors support and didn't develop their GEAPs yet. ESP would like to ensure the continuation of the training activities for the remaining RBOs as well as the continuation of the GEAPs development in the remaining governorates.

SDEM has completed the instalment of the EREMIS in Greater Cairo, Suez and Assuit RBOs. The applications cover activities in EIA, inspections, legal actions, planning, laboratory and monitoring. SDEM is supporting EEAA IT department in building the central data ware house which is planned to serve information needs of central departments as well as the needs of a portal for environmental information dissemination in support for decentralization of environmental management.

SDEM component has built the capacity in Aswan and Beni Suef governorates enabling the two EMUs to identify, design and implement projects. It is the intension of ESP to spread the knowledge, methodologies and capacity of projects implementation to the remaining EMUs. The EMU Round table established has been an important forum for disseminating the lessons learned.

SDEM component has built the capacity of EMUs in 18 governorates. Training field equipment and technical support to EPs, GEAPs and projects have been important elements in the capacity building process.

PMU has supported EPF reviewing procedures. PMU is building the EPF capacity enabling it to be the financing body for Environmental projects implementation. PMU is also working closely with the EMUs office in order to raise the capabilities of projects implementation at the governorates level. PMU has supported EEAA in developing a Strategic Environmental Reporting System which consists of the development of three State of Environment reports. PMU has supported EEAA extensively in IT system for dissemination of reliable environmental information. ESP has changed the approach to enable EEAA to publish internal ad external reliable environmental data. PMU has also supported Quality systems for the EIA department in EEAA. CEM was gradually dissolved into PMU and the CEM component activities and resource were integrated into Environmental Communication and Awareness Department.

PMU has over the 7 years of the ESP been responsible for monitoring of the various components of the programme.

5. Local Contribution

ESP programme has over the last year (2007) defined long and short term activities. Long term activities are the activities which will continue after the termination of the programme while the short term activities are activities which will stop by the termination of the programme.

Long term activities require necessary national budgets to be allocated and effectively/efficiently used for implementing those activities.

In 2008, ESP is mainly focusing on consolidation of the activities ensuring the sustainability of long term activities, proper documentation and dissemination of lessons learnt during the ESP life time in order to ensure replicability of the Danida support.

ESP is trying to embed ESP methodologies and approach in EEAA, RBO, EMU and in FEI. ESP is continuing the decentralization and involvement of stakeholders especially on the local level.

The Egyptian contribution as per the SDEM document was DKK 5.2 million in direct budget contribution + considerable in kind contribution of staff and logistics + a minimum of DKK 10 million as contribution to demonstration projects. Local contribution should be used to hire consultants, hold workshops and other necessary activities to continue long term activities. Ideal phasing in/ phasing out strategy was that EEAA covers a certain percentage of the SDEM capacity cost (25 % in 2006, 50 % in 2007 and will reach 75% in 2008). In terms of projects, it was agreed that local contribution should be at least 10 Million. Governorates with the highest local contribution will be favoured.

The local contribution status in October 2007 is as follows;

| | 2005 | | 2006 | | 2007 | | 2008 | |
|--|----------------|-----------------|----------------|-----------------|----------------|-----------------|---------------------|-----------------|
| | Planned Budget | Actual spending | Planned Budget | Actual spending | Planned Budget | Actual spending | Planned Budget | Actual spending |
| EEAA Contribution in Capacity Building | 255 | 0 | 309 | 179.4 | 455 | 742 | | |
| Governorate Contribution in Capacity Building | 0 | 0 | 522 | 360 | 235 | 190 | | |
| Total Contribution for Capacity Building | 255 | 0 | 831 | 539.4 | 690 | 932 | | |
| Governorate Contribution in Projects | 0 | 0 | 909.25 | 800 | 3667 | 5869 | | |
| EEAA Contribution in Projects | 0 | 0 | 0 | 3065 | 0 | 0 | | |
| Total Contribution to projects | 0 | 0 | 909.25 | 3865 | 3667 | 5869 | | |
| GRAND TOTAL | 255 | 0 | 1740.25 | 4404.4 | 4357 | 6801 | Minimum 1500 | |

The amounts mentioned in the table above are in 1000 L.E and are extracted from the SDEM progress reports for 2005, 2006 and 2007.

The actual spending of Local contribution in Cash transfer for capacity building activities reaches 1,471,400 L.E which is the sum of (539,400 + 932,000) in 2006 and 2007. The spending should reach 5.2 Million by end of 2008 as stipulated in the SDEM component document.

The idea behind the cash transfer for capacity building activities was to ensure that the local authorities (EEAA and governorates) would secure the continuation of the long term activities.

The local contribution fund in cash transfer for capacity building should be spent on 4 main items;

- a- Maintenance of equipment such as vehicles, office and laboratory equipment.
- b- Supplies for office equipment and vehicles.
- c- Workshops per diem and transportations.
- d- Short term staff.

EEAA started spending on the first three items (a, b and c) while the fourth item (d) was not initiated yet.

ESP is still concerned about the sustainability of the capacity building activities since no fund was allocated for transferring the ESP short term staff to the local relevant authorities. The ESP recommends that the local authorities allocate funds and speed the process of hiring the ESP staff in order not to loose the momentum for long term activities.

The local contribution fund for projects implementation has reached approximately 10 Million L.E which is the sum of (3,865 and 5,869) in 2006 and 2007. ESP expects that the governorates will exceed the 10 Million which were stipulated in the component document. ESP is working on reconciliation of the local contribution for projects.

The FEI has contributed as agreed and is paying the salaries of the staff.

6. ESP Sustainability

Long term activities which local authorities have to contribute to, so as to sustain the ESP, could be summarised as follow:

For the ACI:

A- FEI has proven success in institutionalising ECO office. ECO is a department called "Environmental Compliance Office and Sustainable Development". ECO aims at generating funds from the consultancy services of the department to be more independent. FEI has also succeeded in transferring ACI component staff to ECO office.

The funds necessary to continue ECO office is app *1.2 million LE annual*. The funds will be provide from fees that ECO office collect for services they provide for there clients.

B- Activities related to the Revolving Fund should continue. RF procedures manual will be developed focusing on ownership of the fund, SC members, meeting frequency, agenda, procedures for managing the fund in terms of technical and financial aspects and auditing of fund.

Funds for continuations of Revolving Fund *are at the moment available but will run out* in 2017. ECO has to look for extra funds from e.g. EPF and others.

For the SDEM:

A- The ESP has developed a methodology raising the capacity in 18 EMUs. The methodology should be implemented in all Governorates. Capacity building of the EMUs in the governorates should continue and be transferred to the remaining governorates. An EMU office in EEAA as a focal point should be able to continue supporting EMUs developing their capacity, the Environmental Profiles/GEAPs and implementing environmental projects in their respective governorates.

The necessary funds are estimated to *2.5 million LE* annual and should be provided by EPF, EEAA or Ministry of Local Development

B- The capacity raising activities which were carried out by the SDEM in 3 RBOs should be replicated in the remaining RBOs making use of the ESP methodology and Unified training system which was developed by SDEM.

Fund is estimated to be around *1.5 million LE* annual and should be provided through EEAA budget.

C- CDBA should enforce its role being the overall provider of guidelines, benchmarking of RBOs performances and mainstreaming of quality systems in RBOs and EMUs.

Fund is estimated to be around *400.000 LE* annual and should be provided through EEAA budget

D- EEAA should continue the IT efforts in connecting RBOs, EMUs with the Central EEAA through the dataware house and make use of the EREMIS Dbase as well as allocating funds for maintaining IT equipment.

Fund is estimated to be around *1.4 million LE* annual and should be provided through EEAA budget. Half of the fund – for 26 EMU office – could be provide by EPF or Ministry of Local Development.

For the PMU:

A- EEAA should continue the PMU efforts supporting EPF to be independent so that it becomes a fund which operates according to international standards in terms of transparency and good governance. EEAA should also secure funds so as to transfer PMU staff to the EPF in order to follow up on projects implementation and be able to enhance revenues.

Funds for operating EPF *3 to 5 million are available in EPF*. It is estimated that 3 to 5 million annual is necessary in order to operated EPF at a level were it can implement projects for minimum 50 million annual as well as increasing revenues..

B- EEAA has established a reporting unit affiliated to the CEO which will be responsible for the annual reporting system. EEAA should allocate fund for the continuation of the development and printing of different reports since those reports are an important tool for EEAA and for donors to follow up on the yearly efforts and achievements.

Fund is estimated to be around *300.000 LE* annual mainly for printing reports. Funds from EEAA.

C- EEAA should allow dissemination of environmental information to public as well as allow the continuation of implementing the Dataware house.

Fund is estimated to be around *200.000 LE* annual for operating the Data ware house data base, renewing licence and equipment. Funds from EEAA budget.

D- EEAA should support printing and publishing Bezra magazine since Bezra can play a major role in awareness raising among all groups in Egypt.

Fund is estimated to be around *2.5 million LE* annual including Bezra Magasin, TV spots, on going campaigns. Funds can be provided by sponsoring contracts or EPF.

Danish Technical Assistance is phasing out gradually; the SDEM Danida Senior Advisor is phasing out by end of 2007, SDEM COWI advisor by end of 2007, SDEM Carl Bro advisor by mid 2008, ACI COWI/ DTI advisor by beginning 2008, Danida Chief Advisor by 2nd of 2009 and the RDE Counsellor by beginning of 2009.

ESP is working within a transition period which started in September 2007 and is expected to continue till end of 2008 focusing on activities which will be continued in the future.

7. Future activities during the transition period

This section describes activities which will take place during the transition period.

7.1 Training/ Capacity building activities

ESP will continue the training and capacity building activities in EPF, EMUs and EEAA. For EPF, the basic training as well as the project monitoring/evaluation will continue during the year 2008. The ESP is continuing training activities with EMUs in order to improve their executive functions and implement projects in the governorates. For EEAA, PMU is carrying out training activities for the EIA department in strategic impact assessment.

7.2 Exit / phasing out meetings and workshops

A number of meetings and workshops will be held in order to embed the ESP methodologies and secure necessary local funding to continue the long term activities. Below are the major workshops, meetings and event listed.

➤ Thematic Workshops

- **Decentralization**
- **Roles and Responsibilites**
- **Dissemination of environmental data**
- **Investor Workshop GEAP/EPF**
- **EIA and Inspections workshop**

- **Meetings with EEAA top**
 - **Fund allocation**
 - **Transfer of asset**
 - **Environmental data Dissemination**
 - **EPF semi independency**
- **Exit Event**
 - **ACI January 2008**
 - **SDEM September 2008**
 - **ESP December 2008**

More detailed information is available at component level

7.3 Dissemination plan

ESP is developing a dissemination plan aiming at spreading the knowledge, experience and lessons learnt acquired along the implementation of the programme.

The dissemination is focusing on preparing the list of ESP publications in order to print some to the important publications. ESP will design a media campaign and a short documentary in order to raise the Danida profile among the target groups. ESP is also working on developing the ESP website.

Below are the major manuals, guideline, brochures mentioned

- **EMU Office Manual**
- **RBO ISO Manuals**
- **EREMIS Manual**
- **EPF Business Plan**
- **EPF Procedures Plan**
- **EPF Project Holder File**
- **Revolving Fund Operational Manual**
- **Environmental Profile Guideline**
- **GEAP Guideline**
- **21 Environmental Profile**
- **14 GEAPS**
- **Roles and responsibilities Decree**
- **Decentralization Strategy**
- **Unified Training System**
- **Articles in News papers**
 - **RBO bench mark**
 - **ISO certification**
 - **Unified Training System**
 - **EPF**
- **TV/video documentation of projects in governorates**

- **Project case stories ACI**
- **Project case stories SDEM**
- **Reports**
 - **Completions Report**
 - **ESP achievements in glance**

A number of brief papers on lessons learnt will also be produce like Awareness raising and Community Mobilization, Solid Waste in Governorates, Upgrading EMU office to General Departments.

Finally brochures, flyers and articles will be produced e.g. project case stories, EPF, RBO office, EMU office, achievement in general.

8. Staff and methodology

ESP has defined long term activities and trained the staff to carry out the activities.

Therefore it is important to take necessary actions to hire the ESP staff in the relevant local authorities in order to continue with long term activities.

There is a need to discuss the possibility of staff transfer with EEAA and governorates in a series of meeting.

9. ESP assets

All tangible assets which were funded by Danida – including computers, laptops, toolkits, laboratory equipment, equipment for measuring emission, cameras, photocopier, office furniture, vehicles etc. will be the property of the relevant local authority by the end of the programme.

RDE will issue donation letter transferring the ownership of the assets to the actual user.