



Version Nr. 1 July 2008 Approved by: HE

Ministry of State for Environmental Affairs (MSEA)

Egyptian Environmental Affairs Agency (EEAA)

Environmental Protection Fund (EPF)

Project Cycle Management Guidelines

Final DRAFT

July 2008

Table of Contents

Acronyms	4
0 Introduction	5
0.1 Why these Guidelines	5
0.2 The EPF Project Cycle	6
0.3 The Structure of the Guidelines	7
0.4 Updating the Guidelines	8
1 The Identification Phase	9
1.1 Identification	9
1.2 Review of Materials	9
1.3 Outreach Activities	10
2 The Appraisal Phase	11
2.1 Screening of the PAF	11
2.1.1 Preliminary Steps	11
2.1.2 Screening of the PAF	12
2.1.3 Screening Passed	14
2.1.4 Screening Failed	14
2.1.5 Duration of the Screening	14
2.2 Scoring and Proposed Selection of Projects	15
2.2.1 Formation of a Scoring and Selection Team	15
2.2.2 Conducting the Scoring and Selection	16
2.2.3 EPF Review of Scoring and Selection	18
2.2.4 Field Visits	18
2.2.5 Completion of Scoring and Selection	20
2.2.6 Final QA and Prioritization of Projects for FMC Approval	20
2.2.7 Duration of the Scoring and Proposed Selection	20
3 Final selection	21
3.1.1 Submission of Documents for the FMC	21

3.1.2	FMC Selection and Approval of Projects to be Funded by the EPF	21
3.1.3	Project Registration	22
3.1.4	Final Notification of Applicants	22
3.1.5	Duration of the Scoring and Proposed Selection	23
4	Negotiation and Award of Contract	24
4.1	Key Documents	24
4.2	Determining the Project Holder	24
4.3	Reviewing the Project Grant Agreement	25
4.4	Introduction to the Project Holders File	25
4.5	Signing the Agreement(s)	25
4.5.1	Project Bank Account	26
4.5.2	Duration of the Negotiation and Award of Contract	26
5	Implementation	27
5.1	Monitoring	27
5.1.1	The Tasks of the Project Holder	28
5.1.2	The role and tasks of the EPF	30
5.2	Disbursement of funds	31
5.3	Project closure	32
6	Evaluation	33
6.1	The Purpose of Evaluations	33
6.2	The Steps in Evaluations	34

Annexes

- 1) Invitation Letter to Organizations
- 2) Project Application Form (PAF)
- 3) PAF Screening Form
- 4) PAF Screening Rejection Letter
- 5) PAF Scoring and Selection Form
- 6) Project Selection Visit Report
- 7) EPF Selection Overview for FMC
- 8) EPF Project File - Content
- 9) PAF Selection Rejection Letter
- 10) PAF Selection Approval Letter
- 11) Project Grant Agreement
- 12) Bank Agreement
- 13) Project Holders File - Content
- 14) Progress Report Format
- 15) Financial Reporting Format
- 16) Request for Release of Installments
- 17) Monitoring Visit Report
- 18) Completion Report Format
- 19) Project Evaluation Format

- 20) EPF Project Status Overview
- 21) Note on Instructions to Applicants

Acronyms

The following acronyms are used in this document:

CPP	Competitive Projects Program
DANIDA	Danish International Development Assistance
EEAA	Egyptian Environmental Affairs Agency
EIA	Environmental Impact Assessment
EMG	Environmental Management in Governorates
EMU	Environmental Management Unit
EPF	Environmental Protection Fund
ESP	Environmental Sector Program
FMC	Fund Management Committee
GEAP	Governorate Environmental Action Plan
MSEA	(Egyptian) Ministry of State for Environmental Affairs
NEAP	National Environmental Action Plan
PAF	Project Application Form
ToR	Terms of Reference
QA	Quality Assurance

0 Introduction

0.1 Why these Guidelines

The overall objective of the Project Cycle Management Guidelines is to enhance the project cycle management capacity of the EPF by providing the management and staff clear, detailed and consistent guidance regarding tasks, responsibilities, timing and documents/formats to be applied at the different phases of the EPF project cycle. This detailing is based on the more general principles as set out in the Operating Manual, the Business Plan and in the Annual Operating Plans.

These Project Cycle Guidelines are applicable to the Competitive Projects Program (CCP) only. However, as all projects need to be well documented right from the design until the closure and the evaluation it is recommended that the PAF structure is applied when preparing project documents for other types of projects as well. It is also recommended that all projects are documented, monitored, closed and evaluated in accordance with the steps 5 to 6 of the EPF project cycle as explained in the chapters 5 and 6 in these guidelines.

One might ask why we need EPF project cycle management guidelines when we already have the Operating Manual and the Annual Operating Plan. The Operating Manual sets out the framework and structures for the management of the fund itself which also includes the general principles for the EPF project cycle.

The Operating Manual is not meant to provide detailed and specific guidance to management and staff on who will be doing what, when and how during the different stages of the project cycle. The Project Cycle Management Guidelines therefore aim at serving this purpose and should also be found useful by the EPF staff and management as checklist when managing the project cycle. Key elements from the Operating Manual are included in these guidelines so that it should be sufficient to consult the guidelines only, on issues related to the EPF project cycle.

Although the Fund may employ different disbursement mechanisms, the project cycle procedures for each mechanism are generally identical with some differences between investment and non-investment projects with respect to application and project selection procedures. Therefore there is also only one application form to be used regardless of which kind of sup-

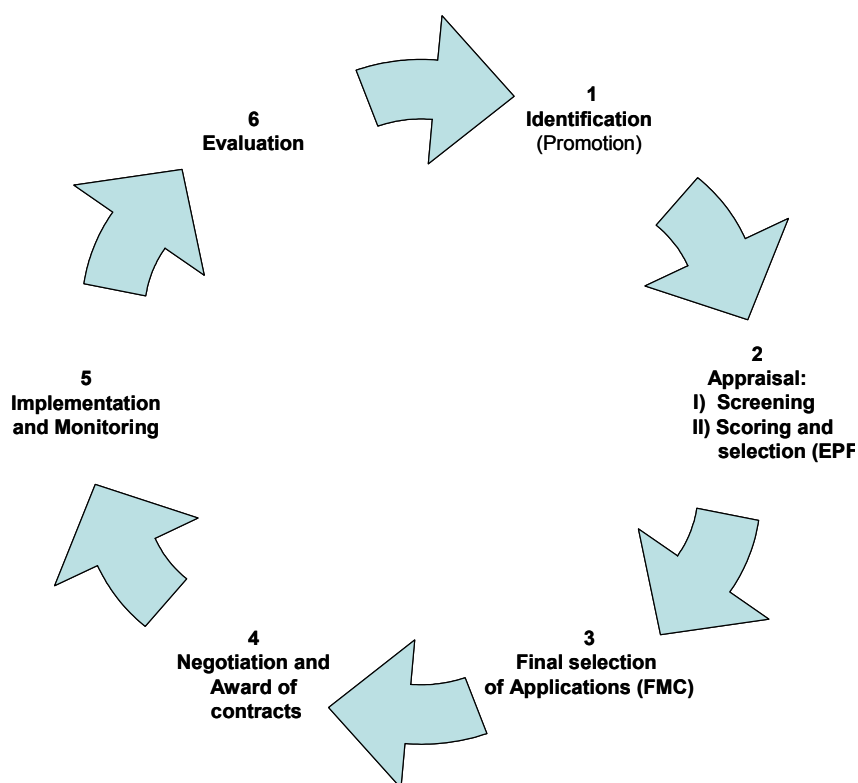
port there is being applied for. Where there are differences in the procedures between different disbursement mechanisms it is explained in the guidelines.

These Guidelines may also help to clarify to its clients the roles and functions of the EPF staff vis-à-vis the clients/project holders during all steps of the project cycle. For the sake of transparency it is therefore recommended that this document is shared with the EPF clients or potential clients, upon request.

0.2 The EPF Project Cycle

The diagram below shows the overall annual EPF project management cycle as outlined in chapter 6 of the Operating Manual. Though the diagram aims at illustrating the overall annual EPF management cycle the various phases also applies to the management cycle of the individual projects. With regard to the individual project the phases of most significance are appraisal and implementation.

Diagram I: The EPF project cycle

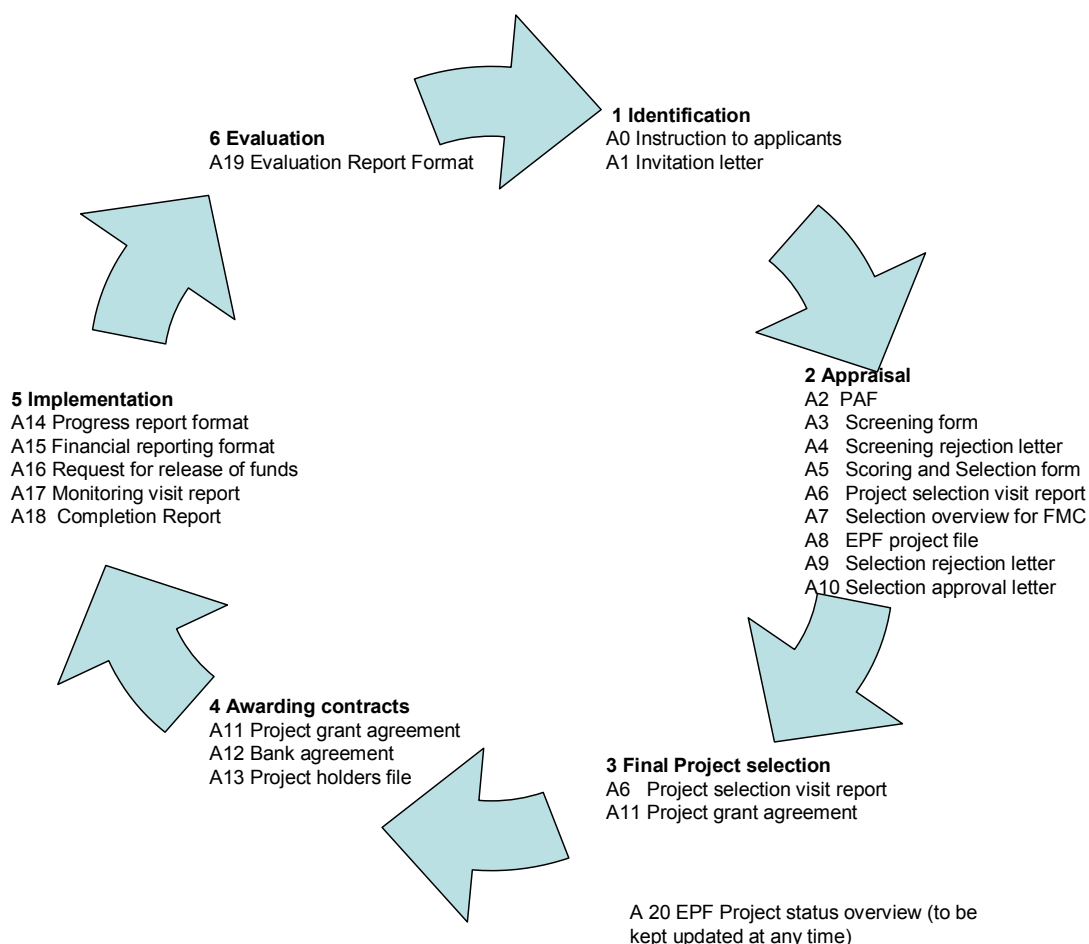


The PAF may be submitted at any time during the project cycle. However, the Fund might establish deadlines for submission of applications to coincide with screening, selection and quarterly FMC meeting schedules. These deadlines are elaborated in application instructions sent to applicants. If applicants miss deadlines at the end of the project cycle they may have to submit a new PAF since the Fund's priorities, eligibility require-

ments and disbursement guidelines may change from year to year. However, the EPF receive, screen and select project all year round. The FMC is at its quarterly Management Committee meetings making the final decision on which projects will receive support from the EPF.

In order also to establish an overview of the various formats and documents to be applied during the EPF project cycle the cycle is shown once more on the following page. However the next diagram shows at which stage of the cycle the different formats and documents are to be applied. All the formats are attached as annexes to the Guidelines.

Diagram II: Application of EPF formats during the project cycle



0.3 The Structure of the Guidelines

The structure of this document follows the stages of the EPF project cycle and accordingly consists of 6 main sections in addition to this introduction. In each of these 6 sections the reader will find that words or sections have been underlined. This has been done in order to highlight documents and/or formats of particular relevance during that phase.

0.4 Updating the Guidelines

It is important that these Guidelines are considered a living and dynamic document which are adjusted and updated whenever the actual procedures are revised or changed, in order for the Guidelines to reflect the actual procedures and steps at any time.

Having said this it must be emphasized that the Guidelines reflect a (semi-) independent EPF, where the Manager of the EPF has financial responsibility and is therefore e.g. in a position approve release of fund for EPF projects when the Projects have been approved by the EPF Fund Management Committee (FMC). At the time of finalizing these Guidelines the EPF has not yet gained this independence from EEAA. This implies that in reality there are more steps within several of the phases of the EPF project cycle than described in this version of the Guidelines.

This English version of the Guidelines was finalized on the 31st of July 2008.

1 The Identification Phase

The identification which is the first phase of the EPF project cycle consists of the following main steps:

1. *Identification* of the types of projects the EPF will support, which must reflect the EEAA's priorities during the period covered by the Annual Operating Plan;
2. *Review* of material describing the specific features of the Competitive Projects Program (CPP) for the upcoming project cycle, revision and preparation of material if there are changes compared to the previous year and distribution of the material to potential applicants through a variety of delivery mechanisms; and
3. *Organization* of outreach events and training sessions to promote EPF's Annual Operating Plan for potential applicants, meet with industry groups, central, regional and local government representatives to promote the Fund and provide information about the types of projects and forms of support available from the Fund.

1.1 Identification

The Annual Operating Plan is the key document during the identification phase for both the EPF and its potential clients and partners as this document sets out the terms and conditions for disbursements for the year based on the availability of funds and the environmental priorities. The plan also includes the annual activity schedule and the budget for the CPP.

As environmental priorities are not changed annually and as specific project priorities also are expected to stay the same for several years it is not foreseen that procedures and requirements will be changed annually. It is therefore possible to forward applications to the EPF through the whole year.

Both management and staff from all four departments of the EPF must be involved in the preparation of the Annual Plan.

1.2 Review of Materials

Every potential applicant is entitled to get an information package including at least the Annual Operating Plan, The Project Application Form referred

to as the PAF (attached as *annex 2*) and Instructions to Applicants. This requires that the PAF and the instructions are reviewed annually in conjunction with preparation of the Annual Operating Plan and if necessary revised. The interested parties can either get this material from:

- The EPF website;
- By contacting the EPF (the communication & Public Relations Department) directly;
- At EPF outreach meeting or courses; or
- The EPF send the information package together with an Invitation Letter (*annex 1*) to potential applicants.

It is therefore particularly important that no matter from where a potential applicant is requesting information it is the same updated versions that are available. Again, this requires a coordinated cooperation between the different departments of the EPF.

1.3 Outreach Activities

In conjunction with the preparation of the Annual Plan it is important that a detailed plan for the preparation and conduction of outreach activities is prepared and clearly specifies the roles and activities of the Communication Department, the Project Department and the Financial Department. The outreach activities can be conducted all year round, though they should be more intensive at the end and the beginning of the financial year.

In particular when planning the outreach activities it is important that lessons learned and experiences from previous years are reflected in the plan and in the activities in order for these activities to be as cost and time effective as possible.

In order for this phase to run as efficient and smooth as possible it is important that the managers of the Project Department and the Communication & Public Relations Department have a close cooperation and clearly assign staff to the activities during this phase and follow-up on how the activities are progressing. It is therefore important that the departments report on the outreach (e.g. who have been contacted, who have contacted EPF, and who have requested and received an information package, etc.).

All staff members need to have a copy of the Annual Operating Plan and be confident with its content as well as they also need copies of the Operating Manual and the Business Plan.

2 The Appraisal Phase

The second phase of the EPF project cycle is the appraisal of the applications for support from the EPF. Appraisal is an overall assessment of the relevance, feasibility and potential sustainability of a project prior to a decision of supporting it. The appraisal phase consists of two steps:

1. Registration and screening of the PAF - in order to assure that the proposed project, the project holder and the project application meets the criteria, and
2. Scoring and proposed selection of projects.

The PAF (*annex 2*) which is the key document in the appraisal phase consists of two main parts:

1. A summary sheet which provides information about the type of support being applied for, basic information about the applicant, basic project information, a list of documents attached and name, signature and date of the person who has prepared (or updated) the application and the person in the EPF who has received it in the EPF. This summary sheet, which might be updated up until the Gran Agreement is signed, is like the cover sheet of many of the forms to be applied during the EPF project cycle; and
2. The second main part of the PAF is the application itself which also constitutes the project document.

2.1 Screening of the PAF

The PAF's can be received by the EPF all year round. However the Annual Operating Plan establishes the period during which EPF is reviewing and selecting PAF's in order for these steps to correspond to the FMC meetings.

2.1.1 Preliminary Steps

As soon as the EPF has received a PAF four preliminary steps have to follow prior to the Screening:

1. The EPF secretariat register the date application is received in the mail register book;
2. The EPF secretariat forward the PAF to the Project Department,
3. The Head of the Project Department assigns a staff member to be responsible for that Project, and
4. The staff member signs the PAF summary sheet and inserts the date the EPF has received the PAF.

2.1.2 Screening of the PAF

Following the preliminary steps the screening of the PAF is conducted. For this purpose the PAF Screening Form is applied (*Annex 3*). The Screening form consists of two parts:

1. The summary sheet - copied from the PAF, and
2. The Screening table, which is shown below.

Table I: PAF Screening Table

Date of screening:		
Screening conducted by:		
Criteria	Fulfillment of criteria	
	Yes	No
1. Project targets one or more of the environmental fields that address the Fund's environmental priorities		
2. Applicant's institution is a legally registered local entity		
3. Own contribution		
4. Sound reputation of applicant and no problems related to current activities		
5. Non investment project		
6. The application is complete (no missing information)*		
7. Sustainability is addressed in an appropriate manner*		
8. All relevant documents are attached application*		
The application has passed the screening		

*) If no, specify below what is missing.

The above screening criteria are in accordance with the criteria outlined in the Operating Manual. All eight criteria have to be met in order for the application to have passed the screening.

Out of the eight criteria all except criteria 2 and 4 can be assessed by reading through the two parts of the PAF. Criteria 2 and 4 will require that the EPF staff member make an enquiry to the relevant authorities or organizations to confirm the legal status and reputation of the applicant.

If the PAF Summary Sheet is filled correctly it should be easy to establish if the PAF meets the screening criteria. If the screening is not completed or it reveals that the criteria have not been met it means that the application has not passed the screening.

Even though the Summary Sheet indicates that the PAF fulfills the screening criteria the Project Proposal and attachments have to be checked for compliance. If this reveals that the Project Proposal template has not been followed either because another structure has been applied or certain sections have not been filled, the application does not pass the screening.

For all screening criteria except number 7 the screening will be straight forward and will not involve a judgment by the staff. However, to assess to what extent a PAF addresses sustainability in an appropriate manner requires a judgment as 'appropriate' is not objective. If sustainability is not addressed at all the PAF has not passed the screening. Sustainability can be defined as: The continuation of benefits from a project after the support from the EPF has been completed.

When reading section 4.5 on sustainability in the PAF (*annex 2*) the EPF staff shall at least be able to reply 'yes' to the four questions below:

- Is it likely that the benefits will continue after the finalization of the project?
- Has relevant and realistic measures been proposed in order to maintain the facilities?
- Is it justified that the stakeholder willing and able to keep the facilities operational?
- Is it realistic that the required capacities (as developed during the project) will be maintained?

If that is not possible to answer these questions then it is not justified that sustainability has been addressed in an appropriate manner and the application has not passed the screening.

If the criteria 6 to 8 are not fulfilled it is important that it is specified in writing below the table exactly what is lacking, as this information is required for the Screening Rejection Letter (see section (3.14)).

With regard to criteria 8 - relevant documents - the project proposal must depending on the type of project include the following major documents:

- A feasibility study,
- A baseline study describing the existing environmental situation,
- List of expected environmental impacts of the project,

- An environmental impact assessment (according to Law 4/1994), and
- The project study.

It is recommended that the EPF staff let a colleague 'quality assure' assure the screening and in particular criteria 7 without letting the colleague know the outcome of screening. After the 'quality assurance' they compare the two results, and the first screening is reviewed once more if there are differences that impact the result of the screening.

2.1.3 Screening Passed

If the PAF has passed the screening the EPF staff will following the registration (see section 3.1.5) proceed with the scoring and proposed selection.

2.1.4 Screening Failed

If the PAF does not meet all 8 screening criteria, the application has not passed the screening and is therefore rejected.

The staff will immediately after having rejected the PAF prepare the Screening Rejection Letter (*annex 4*). The letter must clearly specify why the application did not pass the screening in order to give the applicant a chance to revise and improve the PAF. It is recommended that a copy of the finalized screening table is attached the rejection letter.

It is important that the EPF staff keep a copy of the rejection, and also checks that the letter has been sent.

Registration

Whether a PAF pass or fail the screening it is equally important that basic data is registered and filed in the EPF. For projects that have passed the screening the registration and filing will be initiated after the completion of the scoring and proposed selection.

If an integrated EPF database is established, basic data from failed and approved projects should be entered.

As a minimum the EPF must keep a 'Failed Screening' file in the Project Department where all the PAF Screening Forms for rejected projects are kept. This file shall be structured according type of application (Private sector, public sector, grant, soft loan or interest rate subsidy) and the forms must be filed chronologic order. The EPF staff member must make sure that this is done.

2.1.5 Duration of the Screening

It shall not take more than a maximum of 10 working days from the day the EPF receives the PAF until the screening has been completed and the Form Signed by the EPF staff.

2.2 Scoring and Proposed Selection of Projects

The project proposals that have passed the screening are now ready for the second step of the appraisal - the scoring and proposed selection by the EPF. The same staff member that conducted the screening shall be responsible for the scoring and proposed selection.

The PAF Selection Form (*Annex 5*) which is the key document for scoring and selection of CPP projects consists of three main parts:

1. The summary sheet,
2. The scoring form with project selection criteria, and
3. A narrative page for comments, the recommendation to the FMC, date, and name of the staff who has been responsible for the scoring and proposed selection.

The scoring and selection consists of the following steps:

1. Establishing a scoring and selection team,
2. Conduction of the preliminary scoring,
3. Review of preliminary scoring and selection,
4. Field visits to preliminary selected projects,
5. Completion of scoring and selection, and
6. Final QA and prioritization of projects for FMC approval.

Each of these steps are addressed and explained in the following sections.

2.2.1 Formation of a Scoring and Selection Team

Whereas the screening of the PAF did not require staff outside the EPF Project Department, the scoring and selection of projects will require that the Financial Department is involved as well as specific technical expertise from e.g. EEAA, universities, research institutions or private companies. The scoring and proposed selection consist of the steps outlined below

The staff member from the Project Department responsible of a certain project application shall as soon after the PAF has passed the screening consider which technical expertise to involve in the scoring and proposed selection depending on the technical fields to be covered by the project.

It is important that the EPF keeps an updated list of experts to draw on. In selection of expert it is important to receive a written confirmation stating that expert has no personal interests in the project (no conflict of interest).

A staff member from the Financial Department shall also be identified and in particular to assess the budget and financial sustainability.

2.2.2 Conducting the Scoring and Selection

Before the scoring starts the team must meet and agree who will focus on which aspects or if each of the team members do a full scoring on all categories and criteria.

It is important all team members have a copy of the complete PAF, a PAF Selection Form and the Annual Operating Plan.

They must also at this stage agree on a date for the scoring and selection meeting.

All applications are scored on a 100-point scale. The score is based on the following specific categories:

- Environment & health,
- Sustainability and impact,
- Budget,
- Design,
- Poverty, and
- Women.

These categories are established by the EPF to reflect the priorities of EEAA. For each of these categories there are a number of criteria. The total point awarded to each category is defined to reflect its relative significance (weight). The maximum score behind the main criteria are the weighting factors, i.e. Sustainability & Impact is getting more “weight” than Poverty alleviation, etc. The scoring form is shown on the next page.

The maximum score of each of these six categories is shown in the column to the right. For each of these categories there are a number of criteria and for each of these criteria the scoring is explained. For some of the criteria the scoring includes 0 (zero). However 0 can be applied for all criteria if the PAF complete fails to meet that criteria. It is important that all criteria are applied in the scoring.

There are of course situations where it is difficult to distinguish between *much* and *some* or *some* and *little*. However, all through the scoring it is recommended that each member of the scoring selection team for each category writes a few keywords on a copy of the scoring form to explicitly explain the reasons for the selected score. It might turn out that it is just impossible to do the scoring because some information is missing or there are contradictions in the application.

Table II: PAF Selection Form

PROJECT SELECTION CRITERIA one page deleted		Maximum Score	PAF Score
1 Environment & Health	In accordance with EEAA priorities - Water quality & quantity: 10; Air Pollution Control: 7; Hazardous and solid waste management: 5; Nature Conservation and Management: 2 <i>(Must be updated whenever EEAA priorities are adjusted/ changed)</i>	30	
	Addresses serious environmental problems in their specific geographic areas, e.g. priority projects in the GEAP - yes: 5; to some extent: 2		
	Environmental benefits are quantified - high: 5; medium: 3; low: 1		
	Reduction in use of natural resources, e.g. water, energy and raw materials - much: 5; some: 3; little: 1		
	Reduction in risk of diseases, e.g. diarrhea, respiratory diseases - much: 5; some: 3; little: 1		
2 Sustainability & impact	The implementation strategy and proposed activities include specific measures to mitigate identified risks for not meeting the objectives - strategy and risks are specific, relevant and realistic: 5; to some extent specific, relevant or realistic: 3; only a little: 1	30	
	Share of own contribution - 50 % and up: 5; between 20 and 49%: 3; below 20 %: 1		
	The project holder has previous project implementation experience - much: 5; some: 3; little: 1		
	Relevant studies and assessments of acceptable quality have been prepared - all: 5; some: 3; few: 1		
	The project organization structure is well integrated in existing structures and involves several key stakeholders - much: 5; some: 3; little: 1		
	Number of beneficiaries - more than 1000: 5; between 500 and 1000: 3; less than 500: 1		
3 Budget	The budget is sufficient, detailed and cost effective - much: 5; some: 3; little: 1	10	
	Cost norms and unit rates are reasonable, all inputs necessary and none are forgotten - much: 5; some: 3; little: 1		
4 Design	The Implementation schedule is realistic, all major steps included and none forgotten - much: 5; some: 3; little: 1	10	
	The strategy is well conceived and based on rigorous technical feasibility and the proposed technical solution is appropriate - much: 5; some: 3; little: 1		
5 Poverty	The project will improve the population's access to power, water, sanitation or waste management systems - much: 5; some: 3; little: 1	10	
	Expected job and/or income generation- Specific, large compared to population in target area, and long term - much to some: 3; little or none: 0		
	The project stimulates human capacity development (knowledge, skills, awareness) - much to some: 2; little or none: 0		
6 Women	Number of women directly effected by project benefits - many: 5; some: 3; few/not clear: 1	10	
	Number of women involved in selection, preparation and implementation of the project - Specific and large compared to population in target area, and long term: 5; moderate: 3; little or not specific: 1		
TOTAL		100	

During the selection and scoring meeting the team might be able to agree on the final score, or it will be agreed to contact the potential Project Holder for additional or clarifying documentation/information as they are not able to

finalize the scoring due to lacking information. If the information can not be provided the score of that criteria must be 0.

In case the Project Holder is being contacted this should be reported on the narrative part of the Scoring and Selection Form.

At the meeting the preliminary score and recommendation to the FMC is decided.

The team members will meet and agree on the scoring of the project and on the preliminary recommendation to the EPFA. It is again important to consult the Annual Operating Plan to check for specific requirements, e.g. minimum score for the projects to be able to pass the selection process.

The score and recommendation is written on the Scoring and Selection Form.

2.2.3 EPF Review of Scoring and Selection

When all Scoring and Selection Forms for the following FMC meeting has been prepared the Head of the Project Department call for a meeting where the staff goes through the forms and explain the scoring and recommendation to their colleagues. In the case some of the scorings and recommendations have raised questions or discussions the Scoring and Selection is reassessed by the staff member in charge of that project proposal and the Head of the Project Department facilitates this step. Also if a team has not been able to reach a conclusion the Head of Department will make the preliminary decision.

2.2.4 Field Visits

For all projects which the EPF intends to recommend to the FMC for support from EPF a field visit shall be conducted.

Ideally the full team that has scored and recommended a project should participate in the field visit. If this is not possible at least the staff member from the Project Department and the technical expert must.

The staff member agrees timing for the visit with the project holder.

For the field visit the Project Selection Visit Report (*annex 6*) must be applied. It is important that the visit is well prepared and particular issues of interest are identified and noted in the report prior to the visit. These issues can e.g. be maintenance & operational costs, revenues to cover these costs etc.

Furthermore as indicated in the report format the following general issues must be addressed:

- Validity of information as stated in the project document,
- Coherence between project document and actual situation, and if not a description of the differences,

- Additional information not mentioned in the project document (if relevant), and
- Additional documentation or clarification required.

If additional information, studies, assessment or approvals are required it is important that it is agreed and specified in the report. The report must state exactly what is required, by whom, when and how, including how costs of assessments etc. are covered. If a consultant is required to conduct any of these or other tasks a sufficient budget for this must be included in order to get the appropriate specialist with practical experience.

Another issue that must be addressed during the visit is the budget. It is a common problem that even though the budget is realistic at the time of application it is not enough 1 or 2 years later as price increases have not been considered. Therefore the budget shall ideally be adjusted with a contingency reflecting the expected duration of project implementation, a time buffer for delays and an annual percentage increase depending on the expected price index. The total budget must be adjusted accordingly.

Either during the visit or at a later stage following a survey, study etc. it might be necessary to adjust the project document and/or updating the Project Summary Form. This must also be clearly agreed in the report. It might also be useful to take pictures in order to document the state of the project site prior to implementation.

The most likely outcome of the field visits is probably that the proposed project continues to be recommended for support by the EPF.

Another outcome of the visit might be that it is clear that the project is not what it appeared to be, and that it can not be supported by the EPF. This must then be the only conclusion of the visit.

Yet another possible outcome is that the scoring has to be redone.

Whatever the outcome and agreed action of the visit it must be stated clearly in the report, after which the report has to be signed by the EPF staff, the expert and project holder representatives.

Experience has shown that these field visits, both prior to approval, during implementation and after finalization of the projects are very important in order to see what is actually planned and what is going on. It is therefore important that the general EPF administrative procedures and the operational budget ensure that the staff can get transport, accommodation and per diem in order to conduct these visits. The EPF Manager will be required to approve these expenses prior to the visit.

2.2.5 Completion of Scoring and Selection

After the field visits the EPF staff review and if necessary revise the Scoring and Selection Form including the recommendation and insert the date of its finalisation. If additional information or surveys have been required the form is reviewed and revised as soon as the agreed documentation has been received by the EPF. If there are any changes to the first scoring and recommendation to the FMC the Head of the Project Department will review and approve the adjustments.

2.2.6 Final QA and Prioritization of Projects for FMC Approval

After the scoring and proposed selection of all projects to be presented at an upcoming FMC meeting has been finalized, the staff in the Project Department shall, at a meeting called by the Head of the Project Department, briefly go through all the proposed projects and prioritize them according to the score. The project with the highest score will be the first priority, the second highest score will be the second priority and so forth. The project must be presented in this order in the Project Selection Table for the FMC (*annex 7*). It is important that all columns in the table are filled for each project.

2.2.7 Duration of the Scoring and Proposed Selection

It shall not take more than a maximum of 40 working days from the day the EPF receives the PAF until the screening has been completed and the Form Signed by the EPF staff.

3 Final selection

The third stage of the EPF project cycle covers final selection of applications by the FMC based on the recommendation of the EPF.

This stage consists of three main steps:

1. Submission of documents for the FMC,
2. FMC selection and approval of projects,
3. Project registration, and
4. Notification of the applicants.

3.1.1 Submission of Documents for the FMC

At least 15 work days prior to the next scheduled FMC meeting the EPF must have provide all members of the FMC with the following documents which already have been prepared during the previous phase:

1. Project Selection Table for the FMC.
2. Scoring and Selection Form for all CPP projects to be recommended to the FMC for approval, and
3. List of projects that did not pass the scoring and the proposed selection.

3.1.2 FMC Selection and Approval of Projects to be Funded by the EPF

The Fund Manager will present to the Fund Management Committee (FMC) the scoring results and recommendations of the portfolio of projects, which the Fund proposes to support. The FMC is responsible for the final selection of the projects to receive funding from the EPF.

The FMC will select CPP applications under the open tender option to receive funding based on the results of the EPF scoring and selection proce-

dures.

Therefore it should not be possible that projects with priority (higher score) projects are rejected and lower priority projects (lower score) then are approved. However if this happens the FMC must justify its decision which shall be included in the minutes of the FMC selection meeting.

Just after the FMC meeting the EPF Project Status Overview (*annex 20*) must be updated.

3.1.3 Project Registration

At this stage when it is clear which projects have been approved by the FMC the EPF shall register those projects that failed and those that have been approved.

For those projects that are not proposed for support all document shall be compiled and kept in a 'Failed Selection' file in the Project Department. This file shall be structured according type of application (Private sector, public sector, grant, soft loan or interest rate subsidy) and the forms must be filed chronologic order. The EPF staff member must make sure that this is done. A list of the projects that did not pass the selection for a specific FMC meeting must be prepared.

Regarding those projects that are expected to receive support from the EPF it is important the project staff in the EPF prepare an EPF Project File for each of these projects. The structure of the folder (ring-binder) which must be followed is attached as *annex 8*. All documents, notes etc. related to a specific project must included in this file.

When the file is established the latest version of the project summary sheet must be updated as each project that is expected to receive support from the EPF must have a project number. The number is inserted in the first row to the right. This project number will follow the project through to the finalization and evaluation.

Whenever additional documentation related to a specific project is received or prepared it must be included here. The file is kept open as long as the EPF is supporting that project. The EPF project staff is responsible for keeping the file updated at any time.

Whenever documents are taken out of the Project File it should noted on a blank page to be inserted where document was, when it was taken out and who has got it. If it is a key document a copy should be inserted.

If an integrated EPF data base is in place at least key data from the Project Summary Sheet and score must be entered.

3.1.4 Final Notification of Applicants

Once the FMC has been conducted the EPF must inform all applicants whose applications have been through the scoring and selection process.

The project staff prepares for those projects in which they are in charge ei-

ther Projects Selection Rejection Letter (annex 9) or Project Selection Approval Letter (annex 10). The Fund Manager approves and signs these letters.

It is recommended that the EPF attach the rejection letters a copy of the Scoring and Selection Form in order for the applicant to be fully informed about the reasons for not approving the project.

Again copies of these letters have to be included in the relevant files.

The letter of acceptance will include a request by the EPF staff to meet the project holder to negotiate the contract. A draft Grant Agreement including all annexes shall be attached to the letter.

3.1.5 Duration of the Scoring and Proposed Selection

It shall not take more than a maximum of 60 working days from the day the EPF receives the PAF until the FMC has made its final decision. If for reasons, e.g. additionally requested information or surveys delays the process, the EPF shall inform the application about the delay in writing. This letter must if possible also inform the applicant about when a decision is expected.

4 Negotiation and Award of Contract

The fourth and last phase of the project cycle prior to commencement of implementation of the project is negotiation and award of the contract.

4.1 Key Documents

The key document is the Project Grant Agreement (*annex 11*). If the project holder has applied for a loan the Bank Agreement (*annex 12*) is also important at this stage. The Project Holders File is also important at this stage, as the EPF project staff has to introduce the project holder to the file and how it has to be managed during the implementation phase. The structure for the file is attached as *annex 13*. It might also be useful to use the Project Selection Visit Report during this phase as it helps to structure and focus the visits if there are specific issues to discuss in addition the Grant Agreement in general.

Even though this phase often is short and mainly addresses contractual arrangements it is important that the EPF staff spent sufficient time with the project holders Project Coordinator and maybe other staff in order to explain and agree in details on what is required during the Implementation phase.

4.2 Determining the Project Holder

The Project Selection Approval Letter states that the EPF requests to visit the project again. If for some reasons this is not feasible or necessary the Project Coordinator can be requested to visit the EPF, in which case the standard text of the letter must be changed. As the example below shows it might even be feasible to invite a group of project holders if they are part of the same kind of project.

Sometimes it can be difficult to consider who the Project Holder is. In general the project holder must be the one who signs the grant, which implies that he/she will hold the legal responsibility and be accountable for the way the grant or loan is used. It is also important that the Project Holder is close to the implementation and management of the project, or he/she can dele-

gate the responsibility to some one close to the implementation site, and that he/she has the authority sign documents and reports on behalf of the organization and project he/she is representing.

4.3 Reviewing the Project Grant Agreement

It is required that the EPF staff goes through each paragraph of the grant agreement with the project holders and explains the implications in particular with regard to tasks and responsibilities of the Project Holder and the EPF. As the Project Document (including the Summary) is an integrated part of the Grant Agreement it is important also to go through the Project Document even if it has been done before. The major issues to be reviewed a last time agreed by the EPF and the project holder are:

- The timing of project implementation,
- Timing of disbursements,
- Repayment schedule in the case of soft loans,
- Reporting requirements including frequency which will depend on the size and duration of the project (financial reporting, progress reporting and final report),
- EPF field visits, and
- Project management issues (in particular how to keep and maintain the Project Holders File.

If any of the above issues have changed from when the project document was prepared it must be updated and adjusted accordingly.

4.4 Introduction to the Project Holders File

During this visit or meeting the EPF will also bring a Project Holders File (ring-binder with separators) containing copies of the key documents (so far). The Project Holder and staff will be instructed on how to use and keep the file updated. It is in particular important to emphasize that originals of all project related invoices must be kept in this file, and that it is only original copies of the invoices that are sent to the EPF.

4.5 Signing the Agreement(s)

If adjustments needs to be made to the Grant Agreement it might not be possible for the Project Holder to sign the agreement during the first meeting after the FMC approval of the project. In this case the EPF will prepare the necessary adjustments after which the project holder signs two sets of the Grant Agreement.

Following the signature of the Project Holder the EPF Manager signs the

two sets Grant Agreement and one set is sent to the project holder.

In the case of interest rate subsidies and soft loans, contracts will also be signed by a designated official of the participating bank (or separate agreements between the various parties as agreed upon with the bank).

4.5.1 Project Bank Account

It is as requirement that the Project Holder opens a bank account or sub-account in the project's name in one of the registered banks in the Central Bank of Egypt.

4.5.2 Duration of the Negotiation and Award of Contract

It shall not under normal circumstances take more than a maximum of 30 working days from the day the FMC has approved an application until the Grant Agreement has been signed by the EPF and the Project Holder.

5 Implementation

Once the contract has been signed the EPF transfers the agreed amount to the account of the Project Holder and implementation of the project starts. The requirements are specified in the Grant Agreement. It is however important to emphasize that the project holder must open a separate account for the project.

During implementation the main tasks and responsibilities rests with the project holder including monitoring and reporting. Seen from the perspective of the EPF its role during project implementation is mainly related to follow-up on project monitoring (both financial and physical progress). The EPF staff must make sure that reports are received on time, review the reports, pay a monitoring visit to the project site, disburse funds attend to the formalities related to project closure.

In addition to overseeing the CPP projects the EPF staff shall during the implementation phase also oversee implementation of other projects where the project funds are or will be managed by the EPF - mainly projects supported by DANIDA as part of EMU or EMG components under the ESP.

5.1 Monitoring

In relation to the implementation of projects it is important that accountability and transparency comply with the highest standards. This compliance has to be verified through monitoring and assessment of procedures and records. Here as well, simplicity should be maintained as much as possible, as it allows for a wider audience to understand the process and its transparency. The results of project monitoring forms one of the inputs for evaluation, i.e. the quality of the monitoring process influences directly the evaluation of a project and its outcome.

Monitoring is primarily about comparing what was originally planned with what actually happens, and this analysis should therefore form the base of any monitoring, review and reporting system.

Monitoring is a management tool for on-going analysis of progress towards planned results (targets) with the purpose of improving management decision making, analyze the causes in case of deviations and determine an appropriate course of remedial action.

The major purpose of monitoring is to ensure the project's objectives de-

scribed in the project document are realized in a timely manner.

5.1.1 The Tasks of the Project Holder

According to the Grant Agreement the project holder is committed to prepare and send the EPF the following two monitoring reports attached to Request for Release of Funds:

- Progress Report (*annex 14*), and
- Financial Report (*annex 15*).

Progress Reporting

The Progress Report describes the actual progress (activities and outputs) within the period between two disbursements compared to the implementation plan.

The main part of the report is the following table.

Table III: Project Progress

Activity (Work)	Planned Implementation												Progress				
	1	2	3	4	5	6	7	8	9	10	11	12	On time	Delayed	Target	Actual perfor- mance	Comments
Output 1																	
Activity 1.1																	
Activity 1.2																	
Activity 1.3																	

Output 2																	
Activity 2.1																	
Activity 2.2																	
Activity 2.3																	
Output 3																	

It is in particular important that this part is filled correctly by the project holder. In addition to this part there is also a narrative part, which is structured as follows:

- Overall status,
- Comments on deviations from planned per output and activity (comments to the progress table),
- Required action; and
- Any other issues.

It is not expected that the project holder writes long sections, however it is important that deviations from the implementation plan (in the Project Document attached to the Grant Agreement) are addressed.

It is important that relevant documentation such as inspection reports etc. is attached.

Financial Report

Only grant projects require financial reports. Other types of support where banks are responsible for administration of loans, the bank will be required for to forward copies of statements to the EPF.

The Financial Report explains the status of spending within the period between two disbursements compared to the budget. The report must be attached copies of all relevant invoices for the period covered by the report. The Project Holder is responsible for submitting an original copy of all invoices received and settled within the reporting period attached to the Financial Report in order to document that reconciliation has been done.

The main part of the report is the Expenditure Statement, which is shown below.

Table IV: Expenditure Statement

Item	Activity/ item	Accumulated spending (from project start including this period)	Actual expenditures this period (actual spending only include <u>reconciled expenses</u> , documented by original copy of invoice)									Comments
			Project holder			EPF			Total			
			Plan	Actual	+/-	Plan	Actual	+/-	Plan	Actual	+/-	
1												
2												
3												
4												
5												
6												
Total												

The project staff must write the item number on the top to left of the original copy of each invoice corresponding to a certain activity/item.

It is in particular important that this part is filled correctly by the project holder.

In addition to this part there is also a narrative part, which is structured as follows:

- Overall status,
- Comments on deviations from budget and reconciled,
- Required action, and
- Any other issues.

It is not expected that the project holder writes long sections, however it is important that deviations from the original budget as well as outstanding issues in the reconciliation process are addressed.

It is also important that copies of all relevant invoices for the period covered in the reports are attached.

5.1.2 The role and tasks of the EPF

The EPF staff, and if possible the staff member from the Project Department that has screened and scored the project, will monitor project implementation, review progress reports prepared by applicants and conduct one or more monitoring visits, in accordance with what is stipulated in the Grant Agreement. Both the Project Department and the Financial Department are involved in the ongoing project monitoring. The Project Department staff member in charge of a project will request the Finance Department to review and comment on the financial reporting from the Project Holder.

The staff member in charge of a particular project must also be the focal person in EPF regarding communication between the project holder and the EPF. This means that all correspondence to and from the project passes through the project officer in order for her/him to register all actions regarding that project to file, copy documents to the file and keep track of deadlines, and notify either relevant EPF staff or the project holders in case of delays. Consequently the staff member in the Project Department must pass on the Financial Report to the Financial Department.

It is important that there is a close and continuous cooperation and coordination between the Project Department and Financial Department throughout project implementation.

The Project Department and the Financial Department must check the reports from the project holder for conformity with the standard formats, the requirements and the contract. In case of deviations the project holder must be contacted and the EPF management informed.

Most of the monitoring and follow-up by the EPF is done at the EPF office. However, it is important that planned visits to the project site during implementation are conducted in order to verify the physical progress. Both staff from the Project Department and the financial Department must ideally participate in the visits.

In case of serious problems or deviations it is also recommended that additional visits are conducted at the project site and it might be required to bring along technical expertise.

The Progress Visit Report Format (*annex 17*) must be used for the visits. The following general issues must be addressed:

- Is the physical progress in accordance with the status described in the progress report?
- Is the physical implementation progressing in accordance with the project document?
- Status of project file:
 - Fully updated?
 - If not, specify deviations from EPF procedures
- Confirm that all project expenses have been reconciled. If this is not the case the EPF must assist in this task.
- Are relevant stakeholders involved in implementation?

The report must also clearly state the conclusion of visit, including any actions agreed with the implementing party.

5.2 Disbursement of funds

When the Project Contract is signed the EPF starts disbursing the funds for the project holders.

In case of the Soft Loans program, the funds will be managed by the participating bank. However, the grants will be managed by the EPF directly as the beneficiary will be required to periodically submit a progress report describing the project implementation and expenditures.

Disbursement will be done upon request from the project holder by using the Request for Release of Funds Format (*annex 16*). The requirement is that all relevant documentation is produced, reports delivered on time and approved, and that the disbursement is in accordance with the disbursement plan unless other arrangements have been made. The Financial Department will be based on the previous reports and based on inputs from the Project Department recommend to the Fund Manager when to disburse funds to the project. If the project has not reconciled all project expenses within the reporting period, the release of next release of funds will be postponed until it is documented that this has been done. In case of lack of relevant documentation or lack of compliance with procedures the project holder must be contacted immediately, as it is critical that the project holders to the extent possible receive the expected funding as planned and without delays.

5.3 Project closure

After having received and approved the Project Completion Report (*annex 18*) from the project holder, the Project Department and the Financial Department can close the project (File) if the report meets the requirements.

The Completion Report must be presented after 2 months from the end of the project implementation.

The report consists of the summary sheet and the main completion reporting part.

The completion reporting part consists of the following sections:

- Impact, or expected impact of the project,
- Project implementation
 - Outputs and indicators
 - Main activities (including the project progress table similar to the one in the Progress Report)
 - Inputs (including the financial status table similar to the one in the Financial Report)
 - Assumptions, risks and sustainability (in order to address the relevance of the risks and assumptions as stated in the Project Document. Also explain if any unforeseen risks became obvious during implementation. Explain to what extent the above circumstances are expected to have any impact on the sustainability of the project,
- Overall assessment of lessons learned (self evaluation), and
- Declarations on full implementation in accordance with the project Document - if this part is not signed by the project Coordinator the project can not be closed.

If the Completion Report does not meet the requirements of the EPF the Project Staff must contact the Project Coordinator and support the finalization of the report.

When the report has been approved the project and therefore also the project file can be closed.

6 Evaluation

The last step of the project cycle is the evaluation of the projects.

6.1 The Purpose of Evaluations

An evaluation is an independent in-depth assessment, as systematic and objective as possible, of on-going or completed projects, their design, implementation and results. The aim is to determine the relevance and fulfillment of objectives and:

- Efficiency - The productivity of the implementation process,
- Effectiveness -The extent to which the objective has been achieved,
- Impact - All positive and negative changes and effects caused by the aid intervention,
- Relevance -Whether the objectives are still in keeping with the donor's and local and national priorities and needs, and
- Sustainability -Whether the positive effects will continue after external support has been concluded.

Evaluations take place as time-bound exercises one or more times during the implementation of projects, either as interim reviews, end-of project or ex-post evaluations.

End-of-project evaluations shall be conducted for all EPF projects to assess the effectiveness, the impact, and sustainability of the project. In particular in order to address sustainability and impact it is ideal to conduct the evaluations approximate 1 year after finalization of a project.

Evaluations also aim at serving to improve the quality of EPF support through better knowledge of the content and consequences of projects in addition to documenting the results to governmental authorities, concerned agencies and the general public.

It is important that the evaluations are conducted by a team of both internal EPF staff and external specialists. It is important that the external members of the evaluation team are not the same persons that were involved in the

scoring and selection of the same project they are to evaluate. It is also important that at least one of team members is experienced in conducting evaluations.

In addition to evaluation of a single project the EPF can also initiate thematic evaluations of several projects in order e.g. to compare a number of projects within a specific field, compare and evaluate different of similar approaches, technologies etc.

6.2 The Steps in Evaluations

The key steps in preparation and conduction of evaluations will normally be:

1. Decide timing and establish the evaluation team (make sure that the project holders are informed well in advance),
2. Prepare Terms of Reference (ToR) for the evaluation,
3. Conduct desk study (review of all relevant documents),
4. Conduct field trips and interview,
5. Draft report (Format for Project Evaluation Report is attached as *annex 19*),
6. Present draft report to project holder and the Head of the EPF Project Department for presentation and discussion of findings, and
7. Finalize Evaluation Report and present it to the FMC.

It is important that all evaluations are presented to the FMC and shared with staff in order to learn from the experience the EPF gain.