

United Nations Development Programme

Country: Egypt

Project Proposal



Project Title:	Employment Creation in Innovative Public Work programs Phase 2
UNDAF/CPAP Outcome(s):	<p>UNDAF Outcome 3.1: National and local capacities and systems are enhanced for decentralized, inclusive and gender sensitive planning, budgeting, monitoring and evaluation.</p> <p>UNDAF Outcome 1.4: More and better skilled youth, women and other vulnerable groups have decent job opportunities.</p>
Expected Project Outputs:	<p>1) Local Economic Development Institutional Arrangements, tools and mechanisms established and adopted at the national level and in two of the poorest governorates</p> <p>2) Short and Medium term employment opportunities for youth, in social services and Public Works programs, created in the poorest governorates</p>
Implementing partner:	Social Fund for Development
Responsible Parties:	Ministry of Local Development with engagement of the Private Sector, CSOs Ministry of Social Solidarity, relevant Governorates and Academic Institutions.

Brief Description

The program aims to respond to the urgent need to create employment and to build capacities and skills of Egyptian unemployed youth in response to the current economic crisis. Based on Rapid research and development activities and community appraisal and consultations that took place in the initial pilot phase, the project will support the institutionalization and launch of an integrated Local Economic Development promotion process and will support interventions that will benefit different economic sectors to expand and diversify employment opportunities for both young men and women while contributing to a sustainable process of equitable economic growth. The project will be implemented in two of the poorest governorates (Fayoum and Sohag), since youth unemployment has a significant rural dimension and since 62% of Egyptian youth live in rural areas. The project will further integrate LED methodologies and tools, which will ensure alignment with the local economic potential

Programme Period: 12 Month
CPAP Programme Component:
Poverty Reduction and Job Creation
Project Title:
Employment Creation in innovative public work programs Phase 2
Atlas Award ID: 00066194
Start Date:
End Date:

PAC Meeting Date

2012 AWP budget

Total resources required	USD 5,600,000
Total allocated resources	USD 5,233,645
GMS	USD 366,355
• Regular	
• Other:	
o Government of Japan	USD 5,600,000

Unfunded budget:
In-kind Contributions

Agreed by MOFA: H.E. Ambassador Omar Ali Abou Aish Minister Plenipotentiary, Department of International Cooperation for Development

Date:

Name:

Agreed by SFD: Ghada Waly, Managing Director

Date:

Name:

Agreed by UNDP: Ignacio Artaza Zuriarrain, Country Director

Date:

Name:

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1. Situation Analysis

Unemployment levels and especially among Egypt's youth as well as rural populations have been historically high and have been on the rise even prior to the January 2011 Revolution. Even though Egypt's economy achieved a steady rate of growth over the past decade, equity of access to such growth was lacking, leaving the larger percentage of the population on the margin and concentrating growth in a few economic sectors and in limited types of economic activities. These conditions left a significant segment of the country's economy and much of its localities in stagnation leading to an increase in the rate of migration of large segments of the population of rural and economically disconnected regions to urban centers in search for better opportunities.

Unemployment rate climbed to 12.6% during the second quarter of 2012 compared to 11.8% during the last quarter of 2011, and 8.9%, in 2010. It was estimated that 3.4 million Egyptians were unemployed during the second quarter of 2012. Over the same period, the unemployment rate among youth was 25.3% for those aged between 25-29 years old; 41.4% for ages 20-24 years; and 77.5% among the 15-29 years old. The unemployment rate among women was 24.1% during the second quarter of 2012 which was more than double the unemployment rate for men which stood at 9.2%. This indicates that it remains difficult for women to enter the workforce and gain employment which is challenging given that 24.8% of households are female-headed. Egypt's agriculture sector continues to be the major employer absorbing about one third of the labor force that is estimated at 26 million, of whom 22% are women. The private sector accounts for 73% of employment and contributes to around 63% of GDP.¹

After the January 2011 Revolution, unemployment rates increased measurably affected by the slowdown of a number of sectors that have traditionally employed a large percentage of Egyptians both directly and indirectly as in the case of tourism and agriculture. The youth are the most affected by this increase, as new jobs for entrants into the labour force are not being created at a pace strong enough to absorb the 600,000 new job seekers every year. Moreover, job loss in the tourism industry has affected mainly the youth who are usually heavily concentrated in this sector. There was also a significant decline in the volume of domestic as well as foreign investment coupled with disruptions in access to external markets (regional and international) by producers of agricultural and manufactured goods. This situation was further exacerbated by the resultant decline in the purchasing power of most Egyptians thus affecting the level of demand for locally produced goods and services causing further slowdown in the economy and an increase in unemployment.

The negative impact of the above was significantly more severe at the local level and particularly in rural governorates that have already been marginalized economically during the decade of concentrated and inequitable economic growth that preceded the Revolution. In spite of their high potential for achieving sustained and diversified economic growth, many of Egypt's governorates have stagnated economically experiencing only pockets of growth or opportunity, driven by tourism related activities or industrial activities that created only direct and limited

¹ <http://www.africaneconomicoutlook.org/en/countries/north-africa/egypt/>

employment opportunities but seldom established sustainable linkages with the economies of their host localities.

This project will build on the achievements of the on-going program “Employment Creation in Innovative Public Work programs”, that aims to respond to the urgent need to create short term employment and to build capacities and skills of Egyptian unemployed youth in response to the current economic crisis. It will also build on momentum already initiated through an on-going UNDP programme which provides support in the area of decentralization and local development and which has piloted an LED promotion pilot over the past few months with the technical support of the UN Capital Fund (UNCDF). Based on rapid research and development activities and community appraisal and consultations embedded in broader Local Economy Assessments, it is implementing pilots in different sectors to expand and diversify employment opportunities for both young men and women. It also aims at providing recommendations for enhancing the public policies that foster employment.

UNDP will continue to partner with the Social Fund for Development (SFD), who has been a long-term partner of UNDP and has the needed capacity to support the launch and management of the described scope of work, as proven in the first phase of the program.

2. Project Strategy

In the first phase of the Project and in collaboration with the Ministry of Local Development (MOLD) and the Social Fund for Development (SFD) on the ongoing pilot on LED Promotion, the methodology of Local Economic Development (LED) was introduced. Based on the LED process that took place in Fayoum during the pilot phase and the LED process that will be launched shortly in Sohag, technical and institutional support will be provided to the 2 governorates for the institutionalization of the LED process and the implementation of the priority projects identified during the pilot phase. As such funding of infrastructure projects that support LED as well as economic development projects that promote job creation in both governorates will be implemented under this phase.

Moreover, the project will achieve its employment generation objectives through embedding this effort in a well-grounded and institutionalized process for LED promotion within empowered Local Administration structures in the target governorates. Such an integrated LED promotion platform will increase the accuracy of identified interventions, will contribute to their long-term sustainability and most critically, will increase the potential for their contribution to a broader and more strategic process for economic development in target localities. The strategy developed ensures that the projects identified are more relevant and fitting to the local natural resources, finances and the overall local context which will ensure alignment with local economic potential and context and will result in better targeting of interventions promoting investment and ensuring social equality.

The LEDP Pilot has launched the Local Economy and Business Environment Assessment (LEBA) and has contracted a team of local sector experts derived from Fayoum University as well independent local specialists to work in an integrated manner with the LED Facilitation

Team and carryout this assessment. The process has proceeded effectively and in full collaboration with and engagement of the private sector as well as other public sector actors and development partners who are involved directly or indirectly in LED promotion. The LEBA is shedding light on the characteristics and potentials of the main sectors of the local economy including agriculture, tourism, manufacturing and services and has delved in-depth into the nature of their sub-sectors, clusters and value chains and has begun to give initial ideas regarding intervention that are needed to stimulate their growth.

Furthermore the Programme has initiated the process of identification of the most critical and LED impactful macroeconomic policies. A desk review was conducted to synthesis existing analysis of such policies and of their impact on economic development at large and more specifically, at the locality level. This effort is also being supplemented by information being generated through the Local Economy Assessment and the deliberations of the Forum in Fayoum where practical information is being generated regarding the real impact of such policies on economic activities and on specific sectors, clusters and value chains.

The program aims to promote the equitable and sustainable development of local economies and to contribute to the reduction of poverty, in alignment with the Millennium Development Goals (MDGs), particularly MEG 1 – Eradicate Extreme Poverty and Hunger. Program outputs thus directly contribute to the outcomes 02 & 03 of the current UNDAF (2007 -2011 which was extended to 30 June 2013) pertaining to unemployment and disparity reduction including geographic and gender; and to the outcomes 1.4 and 3.1 of the new UNDAF (1 July 2013 – 2017) and the CPAP pertaining to poverty alleviation through pro-poor growth and equity and democratic governance.

Results

Output 1: LED Institutional Arrangements, tools and mechanisms established and adopted at the national level and in the Governorates of Fayoum and Sohag

UNCDF will play a senior technical role to guide the LED process and will support UNDP in providing its quality assurance role in this project.

The LED promotion approach that is being piloted in Fayoum and which will start shortly in Sohag is based on an innovative approach that has been developed by the UN Capital Development Fund (UNCDF) and tested and fine-tuned in Africa over the past few years. This approach is unique in its focus on defining and activating the role of Local Government in LED promotion through developing its role as the convener, coordinator and facilitator of an integrated process for economic development in their locality.

Building on the first phase and on the LED Pilot already active, this phase will strengthen the institutional arrangements that have been created at the national level, within the Ministry of Local Development, and the Social Fund for Development in support of LED promotion. This phase will also formalize and further develop the institutional arrangements and capacities that have been created at the local administration structure in Fayoum and will support this governorate

and the Governorate of Sohag to fully launch the LED process and to implement the following set of activities.

Under Output 1 the following activities will take place:

1.1. Technical Support/ Institutional development at national and governorate Level

Under this phase, the programme will build on efforts already made and will strengthen the institutional arrangements and further develop the procedures and capacities that are critical to conducting an integrated LED promotion effort at the national and local levels. This will initiate, create and support the formal adoption of an LED Support Unit at the national level and integrated within the Local Administration Support Unit. This Unit will provide the required technical backstopping and guidance to LED promotion processes in participating governorates. It will also provide technical and policy support to a national effort to enhance the macro-policy environment for LED promotion and to help streamline and rationalize LED related institutional arrangements and functional assignments at the central level to ensure coherence of support to LED promotion efforts. In addition to its direct institutional linkages with both the Social Fund for Development and the Ministry of Local Development, the LED Support Unit will establish working relations with other LED critical central ministries and agencies including but not limited to the Ministries of Investment, Agriculture, International Trade, Tourism, communication, transportation and electrification to name only a few. This will be done to strengthen horizontal coordination and integration among LED related sector strategies and initiatives.

At this stage, a basic institutional set-up and a skeletal staff has been recruited to initiate the functions of the LED Support Unit and to backstop governorate level LED promotion activities. During this phase, we will complete the recruitment of the central level LED team, further develop their capacities and fully deploy them in support of the local and national LED promotion processes and efforts.

Under this phase, the programme will also further develop and formalize the adoption of the LED Promotion Units that have been partially established at the Governorate level and mainly in Fayoum at this stage. The Programme will further strengthen this Unit and ensure its effective operations and will do the same in the Governorate of Souhag. This effort will enable the Governorate LED promotion Units to provide the required technical and procedural backing to the LED promotion process in each governorate. This process will update and deepen the implementation of the Local Economy Assessments that have been already applied in the two governorates, will further strengthen the LED Forums that are now already active in both. It will also further refine the LED Strategies that are now in the process of being developed through the support of Phase One of this Programme. Furthermore, it will support the development of Annual Investment/Implementation Plans as part of the annualized process of implementation of the Governorate's LED Strategies.

1.2. Continue to strengthen the role of the LED Forum

The LED Forum is designed to facilitate communication and active exchange between economic actors, to enable local government and other LED promotion actors such as line ministries, agencies, donor partners that are active within a locality to interact substantively with economic

actors; and enables the verification and deepening of the Local Economy and Business Assessment. It also offers the platform for negotiating, formulating the locality's LED Strategy and for coordinating the implementation of its annual action plans and its updating on an annual basis. The Forum is a dynamic instrument and platform for communication and adopts a variety of approaches for outreach and engagement of economic actors, representatives of specific sectors/sub-sectors and value chains as well as of enterprise categories. It is a streamlined structure to ensure its sustainability and avoid burdening its members with activities that needlessly consume their valuable time.

The Forum will be managed by the local administration LED Facilitation Team and will include a Core Committee to be made up of representatives of the various economic sectors, LED relevant public sector institutions and non-state organizations and others who are seen as contributing to or valuable for this effort.

In the first phase, the LEDP pilot in Fayoum has initiated the process of establishing and launching the LED Forum, which is now scheduled to take place during the first week in March 2012. The private sector members of the Forum and their representatives are being identified through the LEBA process while representatives of public sector and nongovernmental institutions are being recommended by the local administration. The Forum in Fayoum will also include representatives of development partners (including the Social Fund for Development) who are active in Fayoum as well as others who are interested in initiating LED relevant interventions in the governorate in the near future.

1.3. The Development of the Annual Investment and Implementation Plan:

Based on the LED Strategies formulated in the pilot phase in Fayoum and Sohag, the process for deriving the Annual Investment and Implementation Plan will be initiated. The Annual Plan will include the various investments, interventions and actions that should be implemented during the following year. It will include interventions and projects that will be financed by the local administration or other public sector agencies through public resources. It will also include projects to be implemented by the private sector or through public private partnerships. It will also include interventions or actions financed/implemented by development partners or non-state actors and others. The goal of including all such projects that will be financed and implemented by a multitude of actors in a single integrated implementation plan is to facilitate synchronization and coordination among all related interventions.

1.4. The Implementation of Annual Investment Programmes:

The LED Strategy implementation phase is a crucial output of the project and is considered to be the most complex phase of the programme and the LED promotion cycle but also its potential most rewarding. Therefore, the Programme applies a significant level of effort in supporting this phase through availing access to project development support services as well as access to responsive financing options through private sector, development partner and public sector sources as well as through the LED Fund. This phase focuses on transforming proposed project or

intervention ideas that are identified through the LED Strategy and included in the Annual Implementation Plan into implementable and bankable projects that are ready for execution. This phase encompasses the following steps:

- a. The development of project and intervention profiles that can be considered prefeasibility project documentation;
- b. Identification and formal engagement of sponsors of project or interventions and securing their commitment to undertake implementation independently or in partnership with others. Such sponsors can be private sector, public sector, nongovernmental or development partner entities.
- c. Supporting and coordinating the carrying out of the needed feasibility and market studies for the proposed project to confirm feasibility and bankability and supporting the assessment of potential impact of proposed interventions to confirm added value.
- d. Support and facilitate access to project finance (grant, debt or equity) through the LED Fund or through financial intermediaries or other public sources or development partners.
- e. Support and coordinate the implementation of the project or intervention and ensure that it establishes the critical links with other actions and interventions and that it connects to the local economy.

1.5. Macro- economic policy alignment:

Assessment of relevant macro-economic at national level, identify gaps and bottlenecks and recommendation for adjustments.

Output 2: Short and Medium term employment opportunities for youth, in social services and public works programs, created in Fayoum and Sohag governorates.

The grant will be used to help local government to fully or partially finance infrastructure projects that were identified during the pilot phase through implementation of LED processes, and assessment of local economic context, stakeholder's consultation and the local economic strategy formulation. The LEDP Pilot in Fayoum is now gearing up to initiate the process of LED Strategy formulation. Based on initial analysis results generated through the Local Economy and Business Assessment (LEBA), a few sub-sectors in agriculture such as Dairy Production, Medical and Aromatic Herbs and fisheries are exhibiting potential and will require a variety of interventions (under some of the categories listed above) to unleash their growth. Promise is also being detected in tourism (cultural and agricultural) and in a few light-manufacturing clusters in metalworking, woodworking and construction materials production. Full details on the scope and substantive focus of the Fayoum and Sohag LED Strategy will be available by mid-May 2013.

The number of jobs under this output will depend on the identified and implemented priority economic development infrastructure projects. The preliminary target for Output 2 is to create 75,000 man/day in the identified sectors. The calculation is based on a 20% ratio of the total budget of Output 2, Activity 2.1 (4,100,000 USD) taking into consideration the current wage/day

costs and the shift to the LED process taking place in the identified governorates. Beneficiaries are youth (ages 18 to 29) in the governorates of Fayoum and Sohag, who are most affected by the measurably increase of unemployment after the January 2011 Revolution, as new jobs for entrants into the labour force are not being created at a pace strong enough to absorb the 600,000 new job seekers every year.

Analog to the first phase a monitoring and evaluation framework will be in place in order to closely monitor the quantity and quality of jobs generated.

Under Output 2 the following activities will take place:

- 2.1. Identify and implement priority economic development infrastructure projects such as roads, markets, warehousing, dry storage and cold storage facilities, power generation facilities, landing strips, irrigation infrastructure.
- 2.2. Actively Leverage additional investment flows and improve financial services and the responsiveness of financial service providers to the needs of the various categories of private sector actors.

This includes the setup of the LED Fund and the development of its legal structure and operational procedures to be used for leveraging and disseminating development partner funding for LED promotion.

This Programme will contribute directly to the launch of a full-fledged Local Economic Development programme, which will build on the momentum generated through this Programme at the central level and in the Governorates of Fayoum and Souhag. The Full-Fledge LEDP will expand coverage to 4-6 governorates including Fayoum and Sohag and will leverage the support of additional partners to enable the deepening of the effort and to further strengthen and ensure the sustainability of its core central and governorate level institutional structures.

Strong indication of interest was signalled by the African Development Bank, the Swiss Development Cooperation as well as the Embassy of Denmark. Negotiation is underway to further define their interest and partnership with the project, will be in the scope of an additional estimated amount of USD 6,000,000. Discussions have also been initiated with the Canadian International Development Agency and the Netherlands Embassy where interest was confirmed by both.

Moreover, UNDP and UNCDF will be mobilizing additional resources from external sources to support this programme and will work with Government on ensuring a future stable fiscal allocation for LED promotion through the country's Public Finance System. This is a critical objective of the LEDP, which sees a long-term Government commitment to LED promotion as vital and also very strategic for Egypt. Such a commitment will be instrumental at launching a long-term process of equitable and sustainable economic growth, which will be vital for address youth employment, Women's economic empowerment and the reduction and eventual eradication of economic disparities between Egypt's regions and among rural and urban areas.

We believe that this second Programme Phase will enable us to build significant momentum and to create stable, capable and sustainable institutional arrangements at the national and local levels that will function as the core foundation for launching the full-fledged LEDP in the near future. We also see this support as a message to other development partners, which we anticipate will entice them to join the effort and consolidate their economic development support initiatives in support of this integrated approach.

3. Results and Resources Framework

INTENDED OUTPUTS	INDICATIVE ACTIVITIES	RESPONSIBLE PARTIES	INPUTS (USD)
<p>Output 1</p> <p>LED Institutional Arrangements, tools and mechanisms established and adopted at the National Level and in Fayoum and Sohag.</p> <p>Indicator:</p> <ul style="list-style-type: none"> - LED Units at Governorates established, staffed and operational and adopted in Local Administration structure - LED National Unit established, staffed and operational and formally adopted in the institutional structure of the Central Ministry of concern - MOLD - LED Process outputs including Local Economy Assessment & Strategy improved and adopted by local administrations and other public and private stakeholders - Number of periodic and field meetings/sessions of forums - Annual development and investment plan in place, adopted and budget allocated partially by the project budget and by Local Administration and other public and private sources <p><i>Baseline: Skeletal institutional structure in place at central and governorate levels and preliminary LED Process launched</i></p> <p>Target:</p>	<p>1.1. Institutional Development and Technical Support to LED process at the National and Local Levels</p> <p>1.2. Continue to strengthen the role of the LED Forum</p> <p>1.3. Develop the Governorate LED Annual Investment and Implementation Plans</p> <p>1.4. Implementation of annual investment programmes Develop project ideas and conduct feasibility studies for projects filling an economic infrastructure gap or a production or service gap, increasing local value addition, entering a new area of production, upgrading the quality of production process of existing activities and others</p> <p>1.5. Macro- economic policy alignment</p>	<p>UNCDF, UNDP, SFD, LED Unit in MOLD</p>	<p>603,645</p> <p>50,000</p> <p>80,000</p> <p>200,000</p> <p>100,000</p>

<ul style="list-style-type: none"> - <i>institutional structure for LED promotion set-up at Governorate and Central Ministry levels</i> - <i>LED projects and interventions identified, developed and slated for implementation</i> 			
<p>Output 2 Short and Medium term employment opportunities for youth, in social services and public works programs, created in Fayoum and Sohag governorates</p> <p>Indicators:</p> <ul style="list-style-type: none"> - <i>Number of identified and implemented priority projects</i> Baseline: 0 projects identified Target: At least 2 projects implemented - <i>Number of jobs created by the above priority projects</i> Baseline: 0 at start of project Target: 75,000 man/day - <i>Parallel investment flows leveraged from public, donor and private sources in support of LED promotion:</i> Baseline: 0 at start of project Target: <i>at least half or same as funds expended by the programme in each governorate</i> 	<p><u>2.1.</u> Identify and implement priority labor intensive economic development infrastructure projects</p> <p><u>2.2.</u> Actively leverage additional investment flows and financing of LED through other development partners and public sector sources</p>	<p>UNCDF, UNDP, SFD, LED Governorate Units</p>	<p><i>4,100,000</i></p> <p><i>100,000</i></p>

4. Annual Work Plan

Year: 2013 and 2014

EXPECTED OUTPUTS <i>And baseline, indicators including annual targets</i>	PLANNED ACTIVITIES <i>List activity results and associated actions</i>	TIMEFRAME					RESPONSIBLE PARTY	PLANNED BUDGET		
		2013			2014			Funding Source	Budget	Amount USD
		Q2	Q3	Q4	Q1	Q2				
Output 1 LED Institutional Arrangements, tools and mechanisms established and adopted at the National Level and in Fayoum and Sohag. Indicator: - LED Units at Governorates established, staffed and operational and adopted in Local Administration structure - LED National Unit established, staffed and operational and formally adopted in the institutional structure of the Central Ministry of concern -	<u>1.1.</u> Technical Support to LED process	X	X	X	X		UNCDF, UNDP, SFD, LED Unit in MOLD		603,645	1,033,645
	<u>1.2.</u> Continue to strengthen the role of the LED Forum	X	X						50,000	
	<u>1.3.</u> Develop the annual investment and implementation plan	X	X						80,000	
	<u>1.4.</u> Implementation of annual investment programmes			X	X				200,000	

<p>MOLD</p> <ul style="list-style-type: none"> - LED Process outputs including Local Economy Assessment & Strategy improved and adopted by local administrations and other public and private stakeholders - Number of periodic and field meetings/sessions of forums - Annual development and investment plan in place, adopted and budget allocated partially by the project budget and by Local Administration and other public and private sources <p>Baseline: <i>Skeletal institutional structure in place at central and governorate levels and preliminary LED Process launched</i></p> <p>Target:</p> <ul style="list-style-type: none"> - <i>institutional structure for LED promotion set-up at Governorate and Central Ministry levels</i> - <i>LED projects and interventions identified, developed and slated for implementation</i> 	<p><u>1.5.</u> Macro- economic policy alignment</p>			x	x				100,000	
<p>Output 2</p> <p>Short and Medium term employment opportunities for youth, in social services and public works programs, created in</p>	<p><u>2.1.</u> Identify and implement priority economic development infrastructure projects</p>	x	x	x			UNCDF, UNDP, SFD, LED Governorate Units		4,100,000	4,200,000

<p>Fayoum and Sohag governorates</p> <p>Indicators:</p> <ul style="list-style-type: none"> - <i>Number of identified and implemented priority projects</i> Baseline: 0 projects identified Target: At least 2 projects implemented - <i>Number of jobs created by the above priority projects</i> Baseline: 0 at start of project Target: 75,000 man/day - <i>Parallel investment flows leveraged from public, donor and private sources in support of LED promotion:</i> Baseline: 0 at start of project Target: at least half or same as funds expended by the programme in each governorate 	<p><u>2.2.</u> Actively leverage additional investment flows and financing of LED through other development partners and public sector sources</p>	x	x	x	x								100,000		
TOTAL												5,233,645	5,233,645		
GMS														366,355	
TOTAL														5,600,000	

5. Management Arrangements

Project Board: A Project Board takes executive management decisions and provides guidance to the Project Manager, including approval of project revisions and of the project's annual workplan. Project assurance reviews by this group are made at designated decision points during the running of the project, or as necessary when raised by the Project Manager. The Board contains three roles: an Executive to chair the group, a Senior Supplier to provide guidance regarding the technical feasibility of the project, and a Senior Beneficiary to ensure realization of project benefits from the perspective of project beneficiaries. This group is consulted by the Project Manager for decisions when PM tolerances (i.e. constraints normally in terms of time and budget) have been exceeded.

The Group will meet annually (or more frequently if necessary).

Potential members of the Project Board are reviewed and recommended for approval during the Programme Advisory Committee (PAC) meeting.

The Project Board will be composed of:

Chairman (Executive): Social Fund for Development

- Senior Supplier: MoFA, MoLD (LED Programme Team (central and governorate levels)
- Senior Beneficiary: Representatives from NGOs and governorates, the Private sector (formal and informal) in target localities
- Representatives from Participating donor agencies in the project and UNDP & UNCDF

Ex officio: The Project Manager and/or Coordinator

Minutes: The Project Manager/Coordinator will act as secretariat for the committee, being responsible for convening the meetings, preparing the agenda, overseeing preparation of materials for presentation to the meeting and for preparing and distributing minutes of the meetings.

Project Assurance is the responsibility of each Project Board member, but the role can be delegated. The Project Assurance role will support the Project Board by carrying out objective and independent project oversight and monitoring functions. This role of the Project Assurance ensures appropriate project management milestones are managed and completed. UNDP in collaboration with UNCDF will be responsible for designating a person to provide this oversight, which is mandatory for all projects.

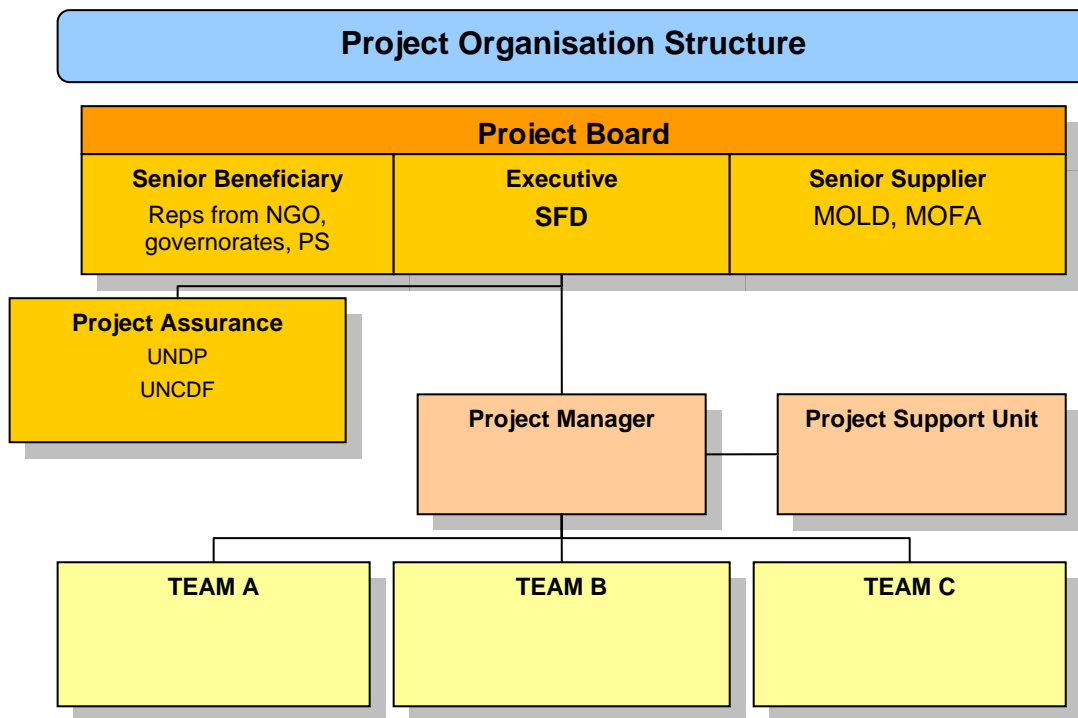
Project Manager: The Project Manager has the authority to run the project on a day-to-day basis on behalf of the Project Board within the constraints laid down by the Project Board. The Project Manager is responsible for day-to-day management and decision-making for the project. The Project Manager's prime responsibility is to ensure that the project produces the results specified

in the project document, to the required standard of quality and within the specified constraints of time and cost. The Project manager will be responsible for coordinating the implementation of all project activities, developing action plans and reporting progress to UNDP and in close coordination with LED Teams at the LARU and at participating Governorates. He/she will also be responsible for coordinating, networking and soliciting the participation of all others concerned. The Project Manager will be responsible for regular progress reports, identifying bottlenecks and suggesting corrective measures when necessary. The Project Manager is appointed jointly by the UNDP and the Implementing Partner.

Project Support:

The Project Support will provide project administration and management support to the Project Manager as required by the needs of the project or Project Manager.

The above project management structure can be illustrated as follows:



Audit Arrangements:

According to UNDP Financial Rules and Regulations, each UNDP programme is audited “at least once in its lifetime”. In that respect, a total of USD 2,000 will be allocated to conduct the annual project audit.

Communication Strategy and Donor Visibility

Unless the Government of Japan requests or agrees otherwise, UNDP and the project shall take appropriate measures to publicize and make visible the partnership and funding from the

Government of Japan. Information given to the press and beneficiaries, all related publicity material, official notices, reports and publications shall acknowledge the Government of Japan and shall display in an appropriate way the logo of the development partner.

6. Financial Arrangements

The value of the payment, if made in a currency other than United States dollars, shall be determined by applying the United Nations operational rate of exchange in effect on the date of payment. Should there be a change in the United Nations operational rate of exchange prior to the full utilization by the UNDP of the payment, the value of the balance of funds still held at that time will be adjusted accordingly. If, in such a case, a loss in the value of the balance of funds is recorded, UNDP shall inform the Government with a view to determining whether any further financing could be provided by the Government. Should such further financing not be available, the assistance to be provided to the project may be reduced, suspended or terminated by UNDP.

The above schedule of payments takes into account the requirement that the payments shall be made in advance of the implementation of planned activities. It may be amended to be consistent with the progress of project delivery.

UNDP shall receive and administer the payment in accordance with the regulations, rules and directives of UNDP.

All financial accounts and statements shall be expressed in United States dollars.

If unforeseen increases in expenditures or commitments are expected or realized (whether owing to inflationary factors, fluctuation in exchange rates or unforeseen contingencies), UNDP shall submit to the government on a timely basis a supplementary estimate showing the further financing that will be necessary. To such aim, UNDP shall submit a formal written request to the Government of Japan for prior approval to project extension and/or re-deployment of funds between previously approved project budget components amounting to an increase or decrease of more than 20% of funds. The Government shall use its best endeavors to obtain the additional funds required.

In the event that the objectives, activities, or budget of an on-going project must be modified, UNDP will consult with the Ministry of Foreign Affairs of Japan or the Embassy of Japan in Egypt in advance for informal approval/objections. In the event that the Ministry is favourably inclined, UNDP will submit a revised project proposal to the Ministry of Foreign Affairs of Japan through its Permanent Mission in New York for formal approval.

If the payments referred above are not received in accordance with the payment schedule, or if the additional financing required in accordance with paragraph above is not forthcoming from the Government or other sources, the assistance to be provided to the project under this Agreement may be reduced, suspended or terminated by UNDP.

Any interest income attributable to the contribution shall be treated in accordance with the Japan-UNDP agreement on Arrangement for the Interest income derived from Japan-UNDP Partnership Fund.

UNDP will consult with the Government of Japan on the use/disposal of any remaining fund balance which might exist upon termination of the project.

In accordance with the decisions and directives of UNDP's Executive Board:

The contribution shall be charged:

- (a) 7% cost recovery for the provision of general management support (GMS) by UNDP headquarters and country offices
- (b) Direct cost for implementation support services (ISS) provided by UNDP and/or an executing entity/implementing partner.

Ownership of equipment, supplies and other properties financed from the contribution shall vest in UNDP. Matters relating to the transfer of ownership by UNDP shall be determined in accordance with the relevant policies and procedures of UNDP.

The contribution shall be subject exclusively to the internal and external auditing procedures provided for in the financial regulations, rules and directives of UNDP.

7. Monitoring Framework and Evaluation

In accordance with the programming policies and procedures outlined in the UNDP User Guide, the project will be monitored through the following:

Within the annual cycle

- On a quarterly basis, a quality assessment shall record progress towards the completion of key results, based on quality criteria and methods captured in UNDP Quality Management tables (to be completed following the signing of the project document).
- An Issue Log shall be activated in Atlas and updated by the Project Manager to facilitate tracking and resolution of potential problems or requests for change.
- Based on the initial risk analysis submitted (see annex 1), a risk log shall be activated in Atlas and regularly updated by reviewing the external environment that may affect the project implementation.
- Based on the above information recorded in Atlas, a Quarterly Progress Reports (QPR) shall be submitted by the Project Manager to the Project Board through Project Assurance, using the standard report format available in the Executive Snapshot.
- Accordingly, UNDP shall submit to the Government of Japan a final report and a mid-term report (capturing progress of activities and disbursements and with photographs, if possible) together with the financial report capturing progress and disbursement of activities agreed upon in the present proposal.
- A project Lesson-learned log shall be activated and regularly updated to ensure on-going learning and adaptation within the organization, and to facilitate the preparation of the Lessons-learned Report at the end of the project
- A Monitoring Schedule Plan shall be activated in Atlas and updated to track key management actions/events

Annually

- **Annual Review Report.** An Annual Review Report shall be prepared by the Project Manager and shared with the Project Board and the Outcome Board. As minimum requirement, the Annual Review Report shall consist of the Atlas standard format for the QPR covering the whole year with updated information for each above element of the QPR as well as a summary of results achieved against pre-defined annual targets at the output level.
- **Annual Project Review.** Based on the above report, an annual project review shall be conducted during the fourth quarter of the year or soon after, to assess the performance of the project and appraise the Annual Work Plan (AWP) for the following year. In the last year, this review will be a final assessment. This review is driven by the Project Board and may involve other stakeholders as required. It shall focus on the extent to which progress is being made towards outputs, and that these remain aligned to appropriate outcomes.
- **A Final Project Review** shall be conducted during the fourth quarter of the last year of the project by the Project Board as basis for assessing performance, contribution to related outcomes, and determining lessons for broader application. Using the final Project Review Report, the Lessons Learned Report and other documentation as appropriate, the Project Board should assess in this meeting the performance and success of the project, and its contribution to related outcomes.

Project Evaluation: The project will be evaluated according to UN Rules and Regulations.

Monitoring and Evaluation Resources:

Appropriate financial resources must be allocated to ensure that the above proper project monitoring and review/evaluation is carried out. Therefore, up to USD 70,000 will be allocated to monitoring and evaluation activities.

8. Legal Context

This document together with the CPAP signed by the Government and UNDP which is incorporated by reference constitute together a Project Document as referred to in the SBAA [or other appropriate governing agreement] and all CPAP provisions apply to this document.

Consistent with the Article III of the Standard Basic Assistance Agreement, the responsibility for the safety and security of the implementing partner and its personnel and property, and of UNDP's property in the implementing partner's custody, rests with the implementing partner.

The implementing partner shall:

- a) put in place an appropriate security plan and maintain the security plan, taking into account the security situation in the country where the project is being carried;

- b) assume all risks and liabilities related to the implementing partner's security, and the full implementation of the security plan.

UNDP reserves the right to verify whether such a plan is in place, and to suggest modifications to the plan when necessary. Failure to maintain and implement an appropriate security plan as required hereunder shall be deemed a breach of this agreement.

The implementing partner agrees to undertake all reasonable efforts to ensure that none of the UNDP funds received pursuant to the Project Document are used to provide support to individuals or entities associated with terrorism and that the recipients of any amounts provided by UNDP hereunder do not appear on the list maintained by the Security Council Committee established pursuant to resolution 1267 (1999).

The list can be accessed via <http://www.un.org/Docs/sc/committees/1267/1267ListEng.htm>. This provision must be included in all sub-contracts or sub-agreements entered into under this Project Document”.

- c) UNDP shall report any unforeseen incident of major significance to the Embassy of Japan in Egypt and MOFA for consultation and agreement on the most appropriate means to address/redress the agreed upon course of action.

9. ANNEX

Risk Analysis

Use the standard [Risk Log template](#). Please refer to the [Deliverable Description of the Risk Log](#) for instructions. **OFFLINE RISK LOG**



Project Title:	Award ID:	Date:
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#	Description	Date Identified	Type	Impact & Probability	Countermeasures / Mngt response	Owner	Submitted, updated by	Last Update	Status
1	Risk of changes in costing of infrastructure projects	29 Jan 2013	Financial	Probability = 1 (low) Impact = 1 (low)	- will account for inflation during the design stage				
2	Civic unrest / strikes	29 Jan 2013	Operational	Probability = 4 (high) Impact = 1 (low)	- close follow-up on local level to ensure timely delivery of project activities.				
3	Unstable volatile political situation, in process of new government and parliament	29 Jan 2013	Political	Probability = 4 (high) Impact = 1 (low)	- promoting LED is a national priority, directly responsive to needs of revolution, regardless of upcoming regime.				
4	Limited/changing political commitment on local, governorate and central level	29 Jan 2013	Political	Probability = 2 (medium) Impact = 2 (medium)	- Continue dialogue at various levels to create more demand				
5	Deteriorating economic situation	29 Jan 2013	Economical	Probability = 2 (medium) Impact = 2 (medium)	- Continue to build on available resources				