

Government of the Arab Republic of Egypt

**Ministry of Local Development
(MOLD)**

And

**United Nations Development Programme
(UNDP)**

Project

**Technical Support to the Ministry of Local Development in support to the Local
Development**

UNDP (supported by UNCDF's technical expertise) will provide technical support to enable the Ministry of Local Development (MOLD) to activate its core functions and operate as the central entity to guide the decentralization reform and guide the development of a "National Decentralization Strategy". The technical support shall house three areas of technical specialization:

- Coordinate and guide the development and modification of the policy and legal environment for the local authorities system.
- Restructuring of MOLD to strengthen its own capacity as the central agency for State's support and supervision of the sub-national authorities' system
- Guide the capacity development of local authorities on administrative and public expenditure and asset management skills (Re-align MISR)

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Country: Egypt

UNDAF Outcome(s): By 2011, State's Regional Human Development Disparities are reduced, Including reducing the Gender Gap and Environmental sustainability improved

Expected Outcome(s): Decentralization policies formulated/reformed, adopted and implemented With improved capacity of institutions at the local level in participatory planning, resource management and service delivery.

Expected Output(s): National capacity strengthened to support policy development for decentralization and regulate integrated & participatory city and village strategy plans
MOLD and Local authority restructured and enabled to guide decentralized reform process

Implementing partner: Ministry of Local Development

Programme Period: 2007-2011
Project Title: Technical Support to the Ministry of Local Development in support to the Local Development
Project ID: 00048600
Award ID: 00036732
Project Duration: 4 years
Management Arrangement: NEX

Total Budget:
Phase 1 (secured): **Total: 3,408,770 (including GMS)**
• TRAC 1 US\$ 966,000
• TRAC 3 US\$ 65,000
• Netherlands: US\$ 2,215,464
• Canada US\$ 162,306

Phase 2:
US\$ 8,366,230 (to be mobilized)

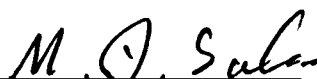
Total Award Programmed US \$11,775,000

Agreed by:

Signature

Date

H.E. Mr. Abdel Salam Al Mahgoub
Minister of Local Development
Ministry of Local Development

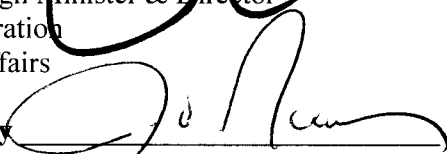


H.E. Mr. Ayman Zaineldine
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29.8.07

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UNDP Resident Representative
UNDP, Egypt



22 August, 2007

**“Technical Support to the Ministry of Local Development in support to the Local
Development”**

**Project Document
for a proposed 4-yr
Technical Assistance project**

MOLD / UNDP

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Acronyms and Abbreviations

AWP	Annual Work Plan
DRC	Decentralization Reform Committee
CD&M&E	Capacity Development & Monitoring & Evaluation Unit
DLDP	National Decentralization and Local development Program
GOE	Government of Egypt
EHDR	Egypt Human Development Report
EDN	Egypt Decentralization Network
GHDR	Governorates Human Development Report
EDI	Egyptian Decentralization Initiative
IDSP	Integrated Decentralization Support Program
IDU	Institutional Development Unit
ISDU	Institutional & Systems Development Unit
LA	Local Administration
LAAT	Local Administration Activation Team
LDIS	Local Development Indicators System
LPC	Local Popular Council
MOAD	Ministry of State for Administrative Development
MOF	Ministry of Finance
MOFA	Ministry of Foreign Affairs
MOED	Ministry of Economic Development
MOLD	Ministry of Local Development
MOP	Ministry of Planning
MISR	Municipal Initiative for Strategic Development
MT	Mobile Team
MYFF	Multi-year Funding Framework
NDC	National Decentralization Committee
NDP	National Democratic Party
NDS	National Decentralization Strategy
NP	National Program
NPD	National Project Director
PU	Policy Unit
PEAM	Public Expenditure and Asset Management
SC	Steering Committee
SFD	Social Fund for Development
SRF	Strategic Results Framework
TOR	Terms of Reference
TSU	Technical Support Unit
UNDAF	United Nations Development Assistance Framework
UNDP	United Nations Development Program
USAID	United States Agency for International Development

PART 1a Situation Analysis

Introduction and Description of the Current Situation

Decentralization has been discussed for many years in Egypt and several Ministries have in recent years made significant interventions at sector decentralization in response to this policy direction. Furthermore, numerous development projects have also responded to this direction by utilizing local level participation to complement decentralization of government functions. The Ministry of Local Development has now been mandated to lead the nation’s decentralization efforts.

The Ministry of Local Development (MOLD) was first established in 1962 (Presidential Decree 68) as the Ministry of Local Administration, becoming the Ministry of Local Development in 1999. In January 2006 it was merged with the Ministry of Planning, as the Ministry of Planning and Local Development and then in September there was a split and the Ministry of Local Development was a separate ministry of state, (Presidential Decree 332) with the Ministry of Planning becoming the Ministry of State for Economic Development.

The Egyptian government’s commitment to decentralization was reconfirmed recently by the President in his statement opening the current session of the Shura Council: “We still have in front of us a number of challenges and major activities to develop the Egyptian Society. This requires redefining the role of government as an effective executive tool, deepening decentralization, reform of local administration, enhancing popular participating, and finding the right distribution of responsibilities between society and the state”.

MOLD’s regular activity plan, approved in September 2004 by the Council of Governors headed by the Prime Minister, remains substantially in force with the additional tasks of preparing for drafting a new mission/vision statement that will lead to a new Law for decentralized administration, and leading a national initiative to develop a national decentralization plan. MOLD needs to restructure itself to meet the above short-term demands and to implement on the longer-term, the new vision in which MOLD would be responsible for:-

- Functioning as the primary central entity responsible for guiding the development and continuous enhancement of the policy and legal framework for local authorities
- Taking a lead role in developing and continuously enhancing the institutional structures, systems and procedures of the local authority system to ensure the efficiency and effectiveness of local governance and service delivery
- Monitor the performance of local authorities and observe progress in overall local development to inform a continuous process of improvement of the system

Summary assessment of the main weaknesses of the local authority system

<i>Components of the Local Authority System</i>	<i>Challenges</i>

Mandate	<ul style="list-style-type: none"> • Central Ministries possess an all encompassing mandate not limited to setting policy directions, standards and development objectives • Unclear delineation of mandates between central ministries and local authorities • Unclear delineation of mandates between the various levels of the local authority system
Functional Assignment	<ul style="list-style-type: none"> • Unclear (but mainly centrally leaning) delineation of general roles and responsibilities between levels of governance, central, governorate, Markaz, Mother Village and Village in the areas of planning and budgeting, implementation of investment programs, financial management, human resource management and support and supervision • Unclear (but mainly centrally leaning) delineation of functional assignment for service delivery among levels of governance in sectors such as education, health, water, electrification and others
Structure	<ul style="list-style-type: none"> • A high number of local levels of administration increasing cost, leading to redundancy in capacity, confusion in roles and responsibilities and low efficiency in service delivery • Subordination of an authority to another – the Mother Village to the Markaz and the Markaz to the Governorate • Fragmented local authority structures at each level of local administration characterized by disempowered elected councils kept out of decision making processes relating to allocation and expenditure of public resources • Limited accountability of line ministry branches (Directorates) at the local level to the local authority (both governors, or Markaz and Mother Village Heads) – Directorates are mainly accountable to their line ministries • Non-existent accountability of Directorates to elected council members • Very limited accountability of appointed heads of local authorities (Governors, or Markaz and Mother Village Heads) to elected council members • Very weak accountability of elected council members to the population
Capacity	<ul style="list-style-type: none"> • Limited or non existent local authority capacity in the area of public expenditure and asset management • Lack of statutory procedures for guiding the operations of local authorities • Under trained and equipped local authority staff • Low qualification level of elected council members • Low budget allocation for capacity development and limited formal access by local authorities to such budgets
Finance	<ul style="list-style-type: none"> • Budgets for local service delivery (capital & recurrent) managed by central ministries or through their de-concentrated branches with limited allocation to local authorities • Limited budget allocation to meet operating costs for administration and service delivery • Limited budget allocation meet investment needs for improving service quality and coverage • Limited role for local authorities in managing locally expended resources and limited capacity to do so if such a role is designated to them

The challenges facing the Ministry of Local Development

A variety of approaches are being used by a number of donors in support of Egypt's system of decentralization and the transfer of functions from the central to the local level. Various central entities are also experimenting with forms of decentralization for carrying out their functions at the local level. However, an alarming level of inaccuracy prevails in the level of uniformity in defining decentralization, identifying

appropriate modalities for its implementation and even in the terminology used to describe decentralization typologies and their related characteristics.

In order to ensure the coherence of a process of support to Egypt's system of decentralization, an integrated approach must be adopted to provide a unifying framework for accurately defining the policy vision for a system of local governance and then aligning all decentralization support actions to support the implementation of such a vision in a strategic and synchronized manner. This effort must be led by the Ministry of Local Development (MOLD) and must take place with the support, commitment and direct involvement of the Minister in order to ensure that this framework becomes adhered to by all central state entities, national and international players.

A unified framework for supporting decentralization must be guided by a clear vision and policy direction that enables the accurate definition of the characteristics of the desired local authority system. Such clarity would produce a precise decision regarding the Architecture of the Local Authority System – the number of tiers of such a system and the internal functioning of each and the relationship between and within them (accountability, supervisory/monitoring and support roles), the type of decentralization desired – De-concentration, Delegation or Devolution and the Mandate and Functional Assignment of each tier–and the division of labour between tiers and the functions assigned to each, Fiscal decentralization Policies - the financing required to each tier given the scope of designated functions and its sources, capacities in terms of human resources, systems & procedures, operating/service delivery tools and infrastructure.

At this critical stage of the evolution of the local authority system coupled with the strong indicators of a positive political position on decentralization reforms repeatedly articulated by the President and eagerly discussed at the various levels of government, academia and civil society, a focused initiative to capitalize and constructively inform this policy dialogue is very timely. In parallel to this effort, a coordinated initiative must be launched to activate and strengthen MOLD to effectively function as the lead government counterpart institution to this process to provide technical and coordination support and to campaign for the creation of the most viable policy and legal framework for the local authority system. In addition to strengthening the policy avocation role of MOLD, this initiative must support a process of institutional restructuring and development of the Ministry and build its capacities to support and supervise local authorities in line with the direction of a reformed policy direction and an enhanced legal framework.

PART 1B STRATEGY

GOVERNMENT STRATEGY

The Government of Egypt believes there is a strong case for a national decentralization strategy with the goal of enhancing the efficiency and effectiveness of local authorities to generate local development and alleviate poverty. It also appears that support for enhancing the system is grounded in the belief by many within the political and administrative ranks of the government that decentralization in decision-making on the allocation of resources at the local level is more economically efficient and is more likely to accurately reflect and respond to citizen's needs and national targets. Egypt's local authority system has designated a role for elected local councils in decision making on the allocation of local resources but in practice they serve a consultative function at best and frequently powerless beyond articulating the demand for public services and infrastructure improvements, with all approval power remaining with central ministries, who issue their directives via their local branches. It can be said that these are 'frozen' mandates, in which fiscal and executive powers remain with the center with a limited role played by local authorities.

Since 2004, the Cabinet has indicated its desire to further decentralize government functions and has designated the Ministry of State for Administrative Development to spearhead this transformation. A number of ministries have experimented with partial decentralization. Now, however, the vision for a deep national reform is taking shape.

All relevant modifications as well a multitude of others that will have to be articulated through organized policy dialogue must be captured by a comprehensive reform strategy that accurately articulates policy and legal amendments, specifies functional assignments, procedural and institutional modifications, defines fiscal decentralization policies and determines required human and infrastructural capacities. Once this is done, a coherent process for implementing the four dimensions of the reform encompassing clarified mandates, structures, functions, capacities and financing would then follow.

UNDP STRATEGY

UNDP's strategy is to advocate greater commitment and coherence *within the UN system* towards the adoption of an innovative territorial approach to improving governance, achieving sustainable development and reducing poverty.

This approach is both necessary and increasingly feasible, as a result of widespread and evolving decentralization reforms in developing countries. It can be defined as the "*Local Development through Local Authorities*" (LD/LA) approach to poverty reduction and is enacted through *programs* that contribute to the design and implementation of national decentralization *strategies* which are genuinely driven by local development and poverty reduction goals. Such programs should in turn facilitate the alignment and harmonization of UN agencies' and donors' assistance to the local authorities "sector", consistently with the aid principles of the Paris Declaration.

This project falls within one of UNDP's three thematic areas of support for Egypt, namely "Fostering democratic governance" (Multi-year Funding Framework Goal 2) with a core result of "Urban governance and rural-urban relations improved" and is a clear expression of the new social contract articulated in the Egypt Human Development Report EHDR 2005 whereby UNDP will promote the formulation and adoption of decentralization as a policy package for service delivery, empowerment of the citizenry and building local institutional capabilities. UNDAF Outcome 04 states: 'Decentralization policies formulated/reformed, adopted & implemented with improved capacity of institutions at the local level in participatory planning, resource management & service delivery'.

TARGET BENEFICIARIES

The direct beneficiaries of project activities is the Ministry of Local Development, its Minister, his support team and the various departments of the Ministry and their staff to be activated and strengthened over the life of the project and beyond. Also directly, the local authorities, their departments and staff at the governorate, Markaz and Village levels to be activated and strengthened as a result of the mobilization of LA support functions of the MOLD. Indirectly, all citizens will benefit through the improvement in the capacity of MOLD to effectively support and supervise local authorities for enhanced administrative efficiency, improved service delivery leading to local development.

PROJECT STRATEGY

The Ministry of Local Development has requested the support of UNDP to provide the necessary technical support to enable the Ministry to activate its core functions and operate as the central entity to guide the process for articulating the desired reforms for enhancing the system of local authorities. This proposed project also responds to the Cabinet's desire to modernize Local Administration and support decentralization through clarifying and strengthening the capacities of MOLD and equipping it to better define, develop and activate the role of local authorities in managing their affairs relating to the delivery of services and the promotion of local development.

The Ministry of Local Development and the UNDP have a long history of cooperation. The strong ties of cooperation are reflected in several initiatives between the two entities. In 2001, 7 Governorates Human Development Reports were issued. Moreover, with the support of the Ministry of Local Development, the Egypt Human Development Report is issued on a yearly basis. Last but not least, The Enhancing Local Development project which enhances the information network for local administration; develops the websites of local authorities; pilots local e-administrations and enhances the real estate database systems in local government.

During the course of the upcoming programming cycle (2007-2011) UNDP will consolidate its support to the government of Egypt through strengthening its efforts to refine the policy and legal framework for decentralized governance, the activation of effective and coherent local authority institutions and the promotion and implementation of the concept of local development through efficient local authorities. Towards this objective, UNDP will support the Government of Egypt on launching Program that will enable MOLD to effectively lead and direct the all

initiatives aimed at enhancing, activating and strengthening the local authority system.

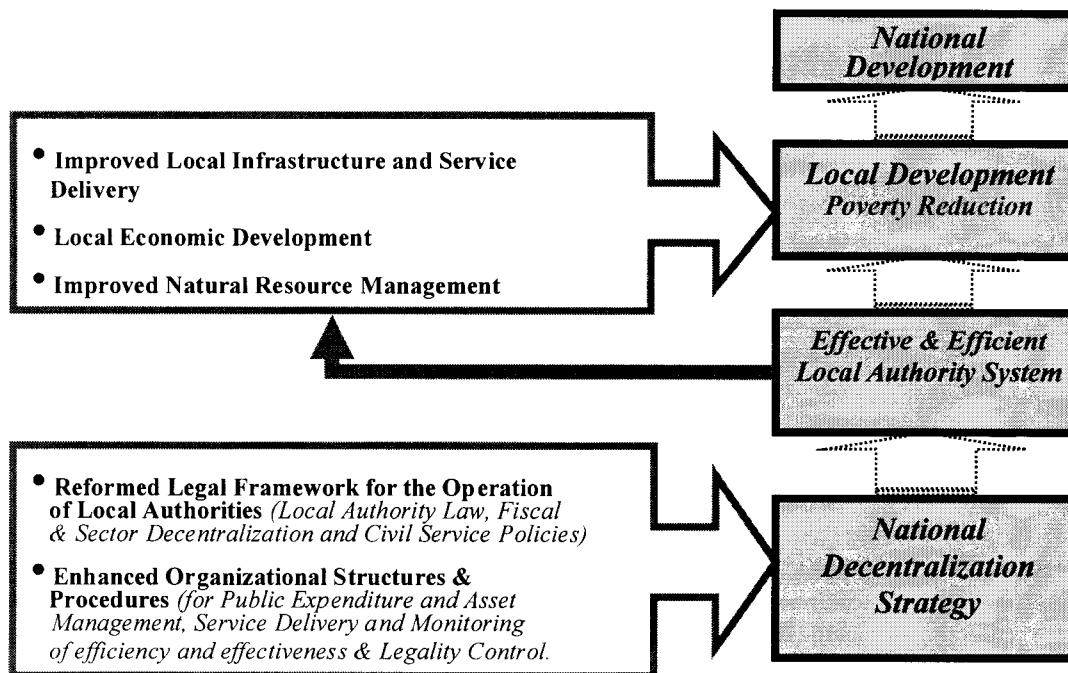
Worldwide democratic decentralization reforms hold major promises for development and poverty reduction, as they can empower communities and induce greater locative and productive efficiencies in public expenditures for the delivery of basic services and promotion of local economic development. *Yet these promises are far from being fulfilled.*

Commonly driven by politics, decentralization processes all too often stop short of the administrative and fiscal reforms that would actually enable the newly elected authorities to assume greater responsibilities and muster greater resources for services delivery and development promotion. Matters are made worse by the lack of investment by decentralizing states in the building of capacity of sub-national governance and administrative bodies and in the development of a system of cooperative inter-governmental relations.

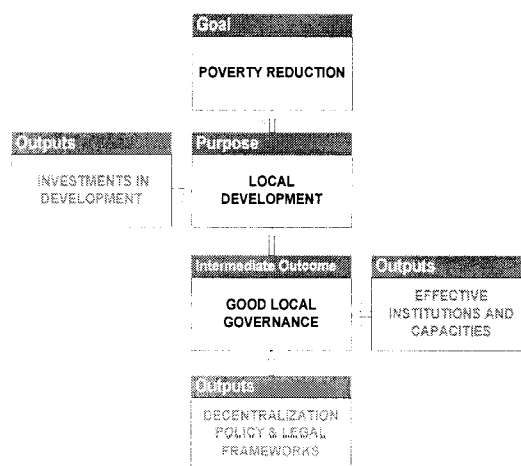
As a consequence, local authorities have remained *marginalized* from the design and implementation of national poverty reduction strategies. Where such strategies have been adopted, the potential of democratic local authorities to contribute to their efficient and effective design, financing and implementation has been grossly undervalued and underutilized, thus limiting progress in the achievement of the MDG's.

Taking the above into consideration, this programme aims to address poverty reduction through adopting a strategic approach for decentralization reforms within local development context. If decentralization has to have an impact on poverty reduction, the reforms must re-distribute services delivery and development management responsibilities as well as financial and human resources and capacities across the entire sub-national system of governance and public administration. This requires a well developed legal and regulatory framework, but also effective sub-national institutions and capacities and a considerable increase in the flow of resources for investment in local development that is channelled through local authorities.

Objectives of an effective Decentralization system of Local Governance



The link between *decentralization* and *poverty reduction* is complex and mediated by two equally critical concepts: *good local governance* and *local development*. In its simplest and most general form this is illustrated by the diagram below. A key factor contributing to *poverty reduction* is indeed *local development* (improved local-level infrastructure and services, a better managed local environment and growth in local employment and revenue), which in turn depends on improvements in *local governance* (including performing local authorities, popular participation in public decision-making and effective public-private partnerships) but also requires a substantial increase in the flow of public and private, domestic and external, resources for *investments* in local development. And it recognizes that improvements in local governance, in turn depend critically on both an enabling *decentralization* policy and legal framework and a parallel effort of institutional development and *local authorities capacity building*.



To realize the promises of decentralization for poverty reduction, this programme aims at ensuring that the reform process is actually *driven by the objectives of local development and good local governance*. This requires the adoption of comprehensive national decentralization and local development *strategies* (NDLDS). I.e. decentralization strategies which are driven by local development objectives. Helping national governments to develop such strategies *is a major task* that this programme will address.

To ensure the effectiveness of this initiative and to build on other UNDP efforts already underway, UNDP will align its current initiatives supporting local authorities undertaken through its MISR project to accurately fit within this approach and to become an integral component of this program and to ensure it can play a major role in support of the implementation of the formulation of the National Decentralization and Local Development strategies. With this realignment, MISR will go beyond participatory planning and will focus on the extension of a technically sound participatory procedure for local-level Public expenditures Management. MISR will also become the instrument in the hand of MOLD for introducing the necessary capacity within local authorities to deploy these procedures through on the job capacity building programs to be implemented in pilot governorates, Markaz and Mother Villages.

Part Two: Project Results & Resources Framework

Project description

The project will provide the technical support the Ministry of Local Development utilizing a team of qualified core Ministry staff to be augmented by externally recruited technical personnel to avail immediate capacity to the Minister to activate core Ministry functions. This involves three areas of technical specialization which in essence, represent the typical scope of functions that normally represent the mandate of a ministry dedicated to supporting and supervising local authorities.

- The first area of capacity is the ability to coordinate and guide the development and modification/enhancement of the policy and legal environment for the local authorities system. This would encompass the amendment of the local administration law, the alignment of sector laws and the reform of fiscal decentralization and civil service policies to facilitate the effective operations of local authorities and to enable them to perform their mandate and functions.
- The second will focus on developing the architecture of the sub-national system of governance and public administration. It addresses the institutional structure of the Ministry of Local Development, restructuring the institutions of the local authorities at its various tiers, activate and build the capacities of departments in both and guide the system of development of statutory procedures for administrative and public expenditure and asset management functions.

- The third area of capacity is the assignment, development and management of human resources at all levels of the system. It will support the ministry to guide the capacity development of local authorities on administrative and public expenditure and asset management skills through a program of learning through doing and to develop a system to monitor and evaluate the performance of local authorities and their effectiveness in promoting local development.

The above will initiate a systematic process of restructuring of the Ministry and the activation of its core departments to immediately begin to coordinate and guide the process of development of local authority procedures and operating systems and to oversee a coordinated campaign for local authority capacity development and activation. Simultaneously, it will enable the Ministry to immediately function as a competent counterpart and technical secretariat to the process of formulation of a Local Development (LDS) and National Decentralization Strategy (NDS).

Description of Project Components/Outputs:

The project will help creating a number of departments/units with MOLD that will encompass the nuclei of the scope of specializations required to launch the functions of the Ministry enabling it to competently operate in the three areas that represent the scope of its mandate. Policy and regulatory reforms must constantly be informed by the experience of local authorities (conveyed through the Capacity Development, Monitoring & Evaluation Department) as they operate within the provided decentralization policy and legal environment. The development and modification of local authority systems and procedures and the restructuring of LA institutional structures must also be informed by LA experience and performance as they perform their functions. Such interdependencies between the areas of specialization make it imperative that both entities function in a fully integrated manner.

A. Policy Support Output:

There will be a number of units established to produce the deliverables in this output, with the primary functions of coordination along with the *Reform & Align the Policy and Legal Framework for Local Authorities*:

Policy Unit:

To ensure the effective engagement of MOLD in the reform and alignment of the policy and legal framework effort and to gradually introduce this type of capacity into the relevant ministry departments, a Policy Unit (PU) will be established and staffed with competent ministry staff and supplemented through externally hired national and international specialists (if needed and upon agreement with MOLD) to fill capacity gaps in this area of focus within the Ministry. The PU will take the lead in providing technical support to the process of formulating the Local Development Strategy and the National Decentralization Strategy.

The PU shall call upon the capacities of the other two areas of specialization namely, Institutional and Capacity Development, to support this effort and contribute towards the formulation of the components of the Local Development Strategy and the National Decentralization Strategy, that address institutional structures, functional assignments and capacities of the LA system.

It is anticipated that the reform of the legal and regulatory framework of the LA system will require a high level of attention and will demand much of the initial capacities of the above units. Therefore, select staff members from the Ministry should be recruited to staff the above entities with support from externally recruited technical advisors as needed. In addition to the analysis of the existing legal framework, the compilation and categorization of reform recommendations generated over the past few years as well as other reform recommendation to be generated through coordinated policy dialogue which will be initiated by the Decentralization Network and other, the Policy Unit will provide support to the Ministry to engage in demanding negotiations with the various sector ministries in addition to Finance, Economic Development and Administrative Development. This scope of activity will require a very high level of effort and thus, a corresponding level of staff and capacity must be made available to effectively manage such activity.

List of expected functions to be undertaken by the PU:

1. This entity will undertake the compilation and review of the existing laws and regulations of the local authority system as well as the review and compilation of all other laws and regulations that interact with this body of laws including fiscal, sector and civil service laws.
2. Compile all recommendations for policy and legal framework reform proposed by the Minister and generated through local authority officials (governors, Markaz Heads, elected council members), Ministry staff and academics and organize by topic (Architecture of the sub-national system, functional assignments, financing and financial management, capacities (human resources & administrative and service delivery infrastructure) to be used for informing policy dialogue and the drafting of the strategy.
3. Compile all policy papers and studies on the system of local authority as well as proposed amendments to the LA legal and regulatory framework.
4. Supports any policy dialogue on the LA legal framework as well as during negotiations with other ministries regarding fiscal, sector or civil service reforms as part of the decentralization strategy formulation process.
5. Lay the institutional foundation for an institutional set-up for a ministry department/s to be in charge of the development and refinement of legal and regulatory framework for local authorities and activate this function within the Ministry.

The PU will carry the following deliverables:

A1: Formulation of a Local Development Strategy: The Policy Department will provide support to the formulation of local Development strategy. This Document is a contribution towards the definition of the nature, purpose and scope of the Decentralization strategy. In other words, it will completely support the process of producing the strategy and its action plan, which will frame the work of local development over many years ahead and will be the articulation through which the functions of MOLD will be drawn.

The Local Development Strategy will identify pillars of local development. It will also frame the role of key players in the local as well as central levels; shed the light of rural as well as urban strategies of development. Moreover, it will link local development local development to competitiveness. This strategy will produce a new frame for social and economic planning for local communities and to link that on the national level as well as recommendations to foster the role of local communities in growth generating and networking growth poles.

A2: Formulation of the National Decentralization Strategy (NDS):

This document will entail a comprehensive review of the local authority law and all other relevant laws that constitute the legal framework for the operations of local authorities. It will also provide the necessary support and facilitation on the development of the Policy Position Paper with recommendations for enhancing the LA systems.

A3: Design the National Program (NP) for implementing the National Decentralization Strategy and the Local Development Strategy:

- The PU, with support from the other departments shall function as the Ministry's designated entities to participate, provide technical guidance and facilitate the process of designing the National Program for implementing the LDS and the NDS. The PU shall call upon the capacities of the other Departments to support the process of designing the Institutional and Capacity segments of the National Program.
- During NP implementation, the PU shall closely support the implementation of policy and regulatory reforms outlined in the LD & NDS to ensure adherence and identify implementation bottlenecks. The Institutional Development Unit (IDU) shall engage in the implementation of the institutional restructuring and development components of the MOLD and LA subprograms. Following the same logic, the Capacity Development Departments and capacities at MOLD shall be called upon to manage the implementation of the capacity development component of the MOLD and LA subprograms under the NP.
- Elaborate the structure, scope and institutional set-up for the implementation of the NP

A4: Egypt Decentralization Network Support Unit:

A forth unit will be established within this output, that will provide policy and facilitation support to the newly established Egypt Decentralization Network and will function as its technical secretariat. It will give support to research centers and think tanks to get networked to produce research with quality to serve the process of decentralization in terms of public awareness as well as policy advice. Also this unit will foster the forum of Local Popular Councils (LPCs) to carry on its functions as stated in the mission and vision of the EDN. In addition the unit will exert an effort to gather NGOs willing to participate in community activities

for decentralization such as participation and support to planning the local priorities.

B: Institutional & Systems Development Output:

Primary Function: Restructure and Activate the Institutional Structures of MOLD & LA:

Institutional & Systems Development Unit:

In order to ensure the gradual and accurate restructuring and activation of the institutional structure and departments of MOLD, and its ability to effectively function as the provider of support and supervision to local authorities, an Institutional & Systems Development Unit (ISDU) will be established to provide immediate capacity in this field. The ISDD department will be staffed with competent/select MOLD personnel who have lived through the various transitions in functions of the Ministry through the past few years and who could bring grounded experience in the institutional and systems development requirements of the ministry and the local authorities. This team would be augmented by externally recruited (national or international) specialists to temporarily fill capacity gaps and transfer skill to the core ISDU team and the relevant Ministry departments.

This function will require that the ISDU team be organized in **two** sections. The first shall focus on launching and guiding the institutional development process of MOLD and the process related to the restructuring and activation of the local authority institutional structure, in coordination with and building on the efforts done by the Ministry of State for Administrative Development. The second section shall focus on guiding the development of systems for basic administrative functions of the local authority to enable them to perform their scope of functions. It is recommended that each of the two sections be allocated staff members each to be seconded from among Ministry Cadres and external advisors/specialists (national or international) to be assigned to the first section as needed.

- a. Restructuring and activating the Ministry of Local Development
 - Carryout an institutional assessment of MOLD and develop an Institutional Development Strategy (IDS) for the Ministry
 - Implement the IDS – Introduce the new institutional structure and develop the capacity and activate the functions of MOLD departments according to the new structure

- b. Carryout an Institutional restructuring, development and activation of the Governorate, Markaz and Village LAs
 - Carryout an institutional assessment of the local authority structure at the Governorate, Markaz and Mother Village and develop a Local Authority Institutional Development Strategy (LA-IDS) for each to be aligned with the recommendations of the NDS under the section on the architecture of and functional assignments of the local authority system.

- Implement the LA-IDS in pilot governorates, Markaz and mother villages – Develop the capacity and activate the functions of local authority departments at each level according to the new structure recommended and adopted through the LD & NDS

C: Capacity Development & Monitoring & Evaluation and LA procedures:

Primary Function: *Introduction of PEAM and basic Administrative Capacities at the appropriate level of Local Authority and Develop Statutory Procedures for LA Functions;*

Within this output there will be two departments, one focussing on the capacity development and the other focussing on the development of Systems and Procedures for Local Authorities (for public expenditure and asset management procedures to be adopted by local authorities). These functions will be supported by the ongoing capacity development programs including MISR (which will be restructured to fit in this model), EDI, SFD and others. These operations will be initiated through the shift of the personnel of the MISR program to take on the responsibility of supporting the Ministry to initiate these functions.

C1: Develop Statutory Procedures for LA Functions in Public Expenditure & Asset Management as well as Administrative Processes and Procedures:

Develop statutory procedures for Public Expenditure and Asset Management (PEAM) as well as Administrative systems for the Governorate, Markaz & Village local authorities, each according to their role and scope of functions. This activity will be performed by team made up of the staff of the repositioned MISR in coordination with EDI, the USAID project supporting local authorities and other involved in capacity building support to local authorities. In addition to the technical staff provided by the repositioned MISR, EDI and others, select/competent staff with relevant experience or potential absorptive capacity should be seconded from MOLD cadres. The systems & procedures team shall produce or guide the production of the following:

- Governorate; Strategic and Integrative Planning + Administrative Systems/Procedures
- Markaz; Public Expenditure Management procedures for Local Development and Service Delivery to address local needs and respond to national development objectives for service delivery. Introduce Administrative Systems/Procedures for secretarial/archiving skills, information management and other basic administrative capacities required by LA operations at the Markaz level.
- Village; Participatory data collection and needs assessment, prioritization and articulation of development objectives for groupings of villages or Mother Village & Administrative Systems/Procedures

C2: Capacity Development:

In addition to the technical staff required to develop or guide the development of LA systems and procedures operating through the ISDU, this function will require the deployment of two teams of trainers and support personnel to be distributed between the central and local levels. The first, a Mobile Team (MT), will be stationed at MOLD and despatched to disseminate LA systems and procedures developed by the

ISDU and to support LA capacity development initiatives at the various governorates, Marakez, Mother Villages being piloted by the program. The second team, an LA Activation Team (LAAT) will be positioned at each Governorate and derived from its cadres to function as the on-call capacity development and activation team providing responsive support to piloted governorates, Markaz and Mother Villages engaged in the program on the use of the adopted systems and procedures.

The size of the MT shall be determined by the number of governorates to be piloted and the number of Markaz to be engaged in each. 1-2 MT members per governorate could be sufficient to initiate the program. The size of the LAAT would depend on the number of Markaz and/or Mother Villages to be piloted in a given governorate however, 4-5 could be sufficient to initiate program activities with a possibility of adjustment (up or down) as the begins its operations.

The LAAT with support from the MT shall carryout the following activities along an LA capacity development strategy to be determined by MOLD and to be based on viability of geographic coverage of the capacity development pilot, the size of available resources to fund it and the size of the support teams (MT & LAAT) to carry it out:

a) At the Governorate Local Authority Level:

- Develop (though on-the-job-training) the capacity of the relevant Governorate departments/entities in PEAM with a focus on skills in Integrative & Strategic Planning
- Develop (though on-the-job-training) the capacities of the governorate support departments in general administrative skills

b) At the Markaz Local Authority Level:

- Develop (though on-the-job-training) the capacity of the relevant Markaz departments/entities in PEAM with a focus on skills in Development Planning and the implementation of service delivery interventions and others that stimulate local economic development
- Develop (though on-the-job-training) the capacities of the Markaz support departments in general administrative skills

c) At the Mother Village Local Authority Level:

- Develop (though on-the-job-training) the capacity of the relevant Mother Village institutional structure to enable the carrying out of participatory data collection on local development needs (services, economic development & the environment and natural resources) and the prioritization of such needs
- Develop (though on-the-job-training) the capacities of the Mother Village departments in administrative skills required to support participatory data collection and the prioritization of needs

d) LA capacity Development Strategy and local Development Training Plan

The production of a national strategy for training. It could entail upgrading Sakkara training Institute, twining it with similar institutes, producing training curricula, establishing network among trainees or accrediting trainees and curricula.

C3: Monitoring & Evaluation of the Performance of Local Authorities:

This entity will kick start the critical MOLD function of monitoring the performance of the local authorities and evaluating their effectiveness in promoting Local Development. 1 or 2 staff members with capacity and experience in M&E and MIS would be needed to initiate this function.

This unit will engage with the LA capacity development initiatives to design and test a local authority Management Information System at the Markaz and Governorate levels with a direct link to MOLD to enable the following:

- Benchmarking and evaluation of the performance of local authorities as they carry out their functions through the utilization of statutory procedures in basic administration and PEAM.
- Monitor progress made in local development and specifically, improvements in service coverage, quality and level of citizen satisfaction
- Monitor the state of the environment and impact on natural resources
- Monitor local economic development indicators
- Initiate a MOLD based capacity/department for M&E to gradually take-on this function

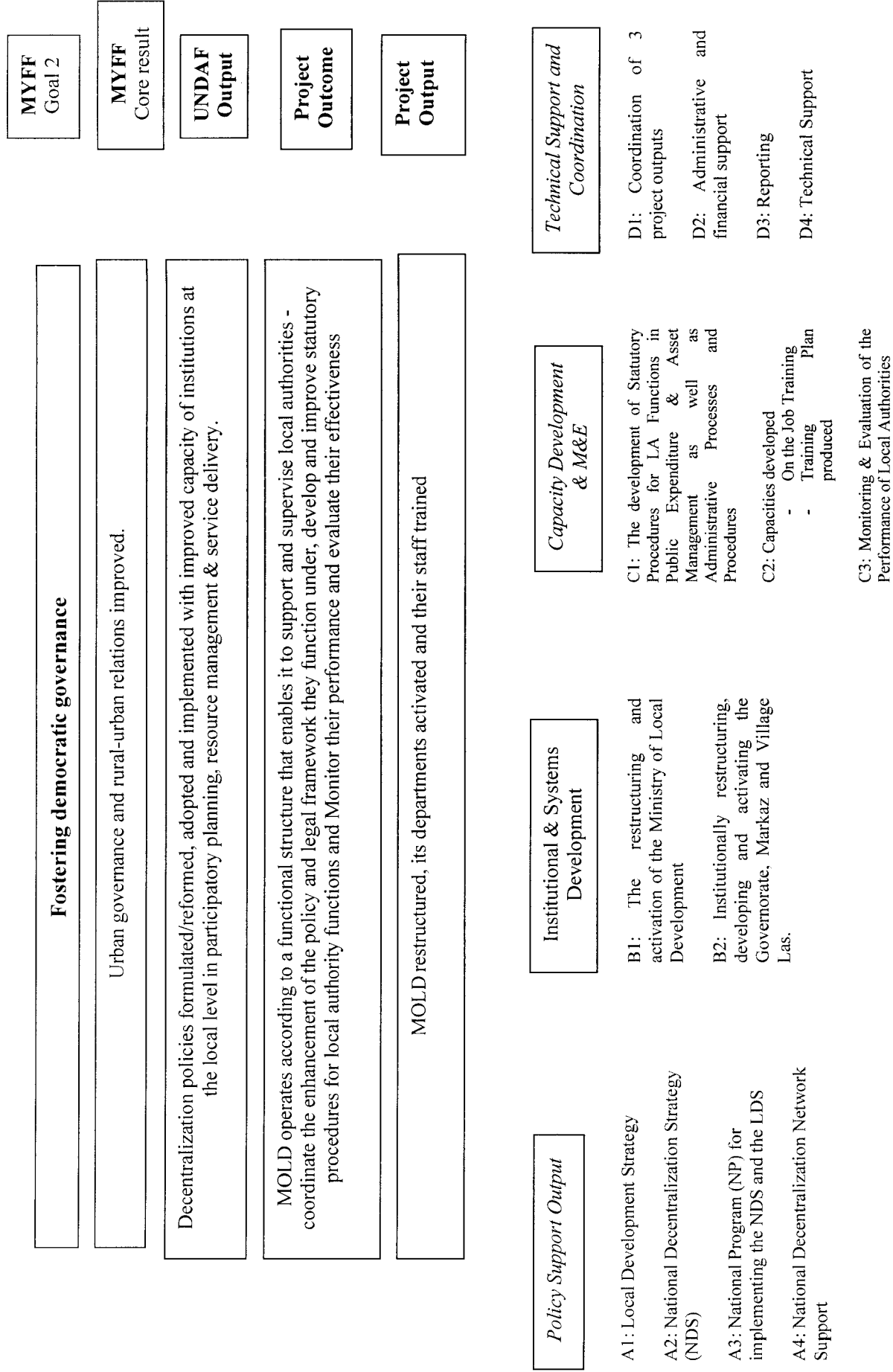
D) Technical Support and Coordination Output:

The fourth output will entail the Coordination unit which should function as an integrated unit maintaining a direct partnership and coordination between the three areas of specialization mentioned above, and will ensure proper coordination with the existing High Committee for Decentralization.

Technical Support Unit:

Another unit that will be established is the Technical Unit that will be responsible for providing support to technical office of the Minister in its daily operations.

Figure 2: SRF under UNDAF and UNDP Multi-year Funding Framework (MYFF)



The project anticipates implementing its activities on 2 phases:

Phase one:

Phase one will start with the signature of the project (anticipated in August 07) and will last for 2 years. This phase will focus on providing direct technical support in the following areas:

- the creation and activation of the different units specified above
- the development of the Local Development Strategy and National Decentralization strategy
- the design, re-engineering, restructuring and activation of MOLD:
- *Pilot testing of LA systems and procedures developed by the ISDD and support to LA capacity development initiatives at a number of governorates, Markaz, Mother Villages being piloted by the program*

The budget of phase one is estimated at approximately US3.3million the funding of which is secured from UNDP, Canada, and Netherlands (as specified in the budget sheet attached)

Phase Two

This will be followed by a second phase in which a similar process of institutional restructuring and activation will begin to be implemented at the governorate and then the Markaz level along with the rest of relevant activities specified in the document. The budget of this phase is estimated at approx US8.5 million, to be mobilized based on a resource mobilization strategy that will be developed and supported by UNDP.

Annual Work Plan (AWP)

The Project is planned over a four year period, from September 2007 to December 2011. The major achievements planned for each year will be formulated by the project team, upon signature of the project, and will be the basis for the project yearly performance assessment and review by the management board.

Part III Management Arrangements

The project will be executed by the Egyptian National Ministry of Local Development (MOLD) and is planned to run for four years commencing September 2007 and ending December 2011. The project will be implemented in accordance with UNDPs' rules and regulations. MOLD and the project will provide space for the different units to be established, while the project will provide funding for the position, office furniture and IT support, required for the proper functioning of the project.

This institution-building project will require a great deal of committee and coordination work to ensure that the new vision and mission will be implementable.

Many ministries will be critically involved and the management arrangements will be complex, requiring the support of skilled facilitators and a follow-up team. The implementation modality consists of three types of committees, supported by administrative and technical units. Three Project Directors will be recruited and will be responsible for the management of the 3 main components/outputs specified in the document and will appoint staff according to the project needs in accordance to UNDP rules and regulations. All TOR's prepared by the project will be submitted to UNDP for comment prior to being issued.

Steering Committee (or output committee under new UNDP rule)

This Committee has overall oversight of the project's strategic objectives and is responsible to identify when a meeting of the advisory committee is needed. The Steering Committee must approve each year's annual work plan and any variations that alter the Project Outputs or overall budget figure (variations to indicative activities and lower levels in the work plans can be made by the Management Committee). The Steering Committee will meet bi-annually (or more frequently if necessary) and will be composed of:

Chairman; Minister of Local Development.

- UNDP Representative
- MOFA Representative

Ex officio: The Programme Coordinator;

- Other persons with information relevant to the agenda.

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

Management Committee (or Executive Committee)

This Committee is responsible for approving quarterly work plans (including variations up to the level of Indicative Activities) and budget line changes within activities. The Project Management Committee will meet at least every quarter and will be composed of:

- MOLD Representative
- UNDP Responsible Program Officer
- The Programme Coordinator
- Output Managers (3)
- The programme's financial officer

A record of decisions taken will be kept at the project office.

Implementation Support Services (ISS)

ISS costs will be recovered and charged the same budget line as the project input itself, based on the universal price list. The budget includes 5% Facilities and Administration to UNDP.

Project Management Units

These units are composed of existing Ministry staff plus some extra national people hired because of specific skills needed to manage the implementation of each component/output.

Staff appointments

Staff selection will be made in accordance with the principles of UNDP and should therefore be transparent and open, giving full and equal opportunities to all candidates. Selection should be made on a competitive basis with paramount consideration to efficiency, competence and integrity. Selection should be made by a Committee composed of:

- UNDP Responsible Program Officer
- The Project Director or his nominee.
- A representative of MOLD

Monitoring & Evaluation

Project monitoring will be through comparing quarterly reports against the detailed work plans and annual progress reports, which should be explicitly related to the annual work plan. Other sources of information for monitoring are the minutes of Management and Steering committee meetings as are presentations prepared for the Steering Committees and JMCs. These presentations provide the basis for internal project evaluation.

Part IV Legal Context

This project document shall be the instrument referred to as such in Article 1 of the Standard Basic Assistance Agreement between the Government of Egypt and the United Nations Development Programme, signed by the parties on January 19, 1987. The host country-implementing agency shall, for the purpose of the Standard Basic Assistance Agreement, refer to the government cooperating agency described in that agreement. The following types of revisions may be made to this project document with the signature of the UNDP Resident Representative only, provided he or she has assured that the other signatories of the project document have no objections to the proposed changes:

- Revisions in, or additions of, any of the annexes of the project document; and
- Revisions, which do not involve significant changes in the immediate objectives, outputs or activities of the project, but are caused by the rearrangement of inputs already agreed to or by cost increases due to inflation.
- Mandatory annual revisions to re-phase the delivery of agreed project inputs or increased expert or other costs due to inflation or take into account agency expenditure flexibility.

Part V Budget

Activities		2007	2008	2009	Total
<i>A -Policy Support Output</i>					
A1: Local Development Strategy formulated	TRAC 1	0	25,000	0	25,000
	Neth	80,000	25,000	25,000	130,000
A2: National Decentralization Strategy (NDS) formulated	TRAC 1		30,000	20,000	50,000
	Neth	50,000	45,000	50,000	145,000
A3: National Program (NP) for implementing the NDS designed	TRAC 1	0	25,000	10,000	35,000
	Neth	0	25,000	12,500	37,500
A5: National Decentralization Network Support Unit established	TRAC 1	0	12,500	10,000	22,500
	Neth	25,000	12,500	12,500	50,000
Total TRAC		0	92,500	40,000	132,500
Total Neth		155,000	107,500	100,000	362,500
Total		155,000	200,000	140,000	495,000

<i>B- Institutional & Systems Development</i>					
B1: The Ministry of Local Development is restructured and activated	TRAC 1	0	27,030	20,000	47,030
	Neth	80,000	71,376	0	151,376
B2: The Governorate, Markaz and Village Las are institutionally restructured, developed and activated.	TRAC 1	0	50,000	20,000	70,000
	Neth	0	50,000	25,000	75,000
Total TRAC		0	77,030	40,000	117,030
Total Neth		80,000	121,376	25,000	226,376
Total		80,000	198,406	65,000	343,406

<i>C- Capacity Development & M&E Department</i>					
C1: Statutory Procedures for LA Functions in Public	TRAC 1	436,470	80,000	50,000	566,470

Expenditure & Asset Management as well as Administrative Processes and Procedures are developed	Canada	162,306	0	0	162,306
	Neth	1,097,574	80,000	75,000	1,252,574
C2: Capacities developed - On the Job Training - Training Plan produced	TRAC 1	0	20,000	20,000	40,000
	TRAC 3	65,000	0		65,000
	Canada	0	0		0
	Neth	0	30,000	20,000	50,000
C3: Monitoring & Evaluation of the Performance of Local Authorities	TRAC 1	0	20,000	20,000	40,000
	Canada	0	0		0
	Neth	52,500	30,000	20,000	102,500
Total TRAC		436,470	120,000	90,000	646,470
Total Canada		162,306	0	0	162,306
Total Netherlands		1,150,074	140,000	115,000	1,405,074
Total TRAC 3		65,000	0	0	65,000
Total		1,813,850	260,000	205,000	2,278,850

<i>D- Coordination</i>					
D1: Activities of all outputs coordinated	TRAC 1	0	10,000	10,000	20,000
	Neth	23,797	10,000	15,000	48,797
D2: Administrative and financial support	TRAC 1	0	5,000	10,000	15,000
	Neth	21,500	15,000	15,000	51,500
D3: Reporting	Neth	11,217	10,000	10,000	31,217
A4: Technical Support Unit established	TRAC 1	0	25,000	10,000	35,000
	Neth	40,000	30,000	20,000	90,000
Total TRAC		0	40,000	30,000	70,000
Total Neth		96,514	65,000	60,000	221,514
Total		96,514	105,000	90,000	291,514

Total for all Activities					
Total TRAC		436,470	329,530	200,000	966,000
Total Canada		162,306	0	0	162,306
Total Netherlands		1,481,588	433,876	300,000	2,215,464
Total TRAC 3		65,000	0	0	65,000
Total		2,145,364	763,406	500,000	3,408,770

Part VI: PROJECT RESULTS AND RESOURCES FRAMEWORK

Intended Outputs	Indicative Activities	Responsible parties	Inputs
A. <i>Policy Support</i>	A1: Local Development Strategy A2: National Decentralization Strategy (NDS) A3: The design of the National Program (NP) for implementing the NDS A4: Egypt Decentralization Network Support Unit	Policy Unit Egypt Decentralization Network Support Unit	US \$ 1,000,000 (Total) US \$ 475,000 (secured) US \$ 525,000 (to be mobilized)
B. Institutional & Systems Development	B1: The restructuring and activation of the Ministry of Local Development B2: Institutionally restructuring, development and activation of the Governorate, Markaz and	Institutional & Systems Development Unit	US \$ 2,500,000 (Total) US \$ 398,406 (secured) US\$ 2,101,594 (to be mobilized)

<p><i>C. Capacity Development & M&E Department</i></p>	<p>Village</p> <p>C1: Statutory Procedures for LA Functions in Public Expenditure & Asset Management as well as Administrative Processes and Procedures are developed</p> <p>C2: Capacities developed</p> <ul style="list-style-type: none"> - On the Job Training - Training Plan produced <p>C3: Monitoring & Evaluation of the Performance of Local Authorities</p>	<p>Project Management Unit (MISR)</p>	<p>US\$ 7,275,000 (Total) US\$ 2,338,850 (secured) US\$ 4,936,150 (to be mobilized)</p>
<p><i>D. Coordination</i></p>	<p>D1: Coordination of 3 project outputs</p> <p>D2: Administrative and financial support</p> <p>D3: Reporting</p> <p>D4: Technical Support</p>	<p>Coordination Unit</p> <p>Technical Support Unit</p>	<p>US\$ 1,000,000 (Total) US\$ 96,514 (secured) US\$ 903,486 (to be mobilized)</p>