

Government of Egypt

United Nations Development Programme

Country: Egypt Project Document

UNDAF Outcome(s):	UNDAF Outcome 2
Expected CP Outcome(s):	CPAP outcome 1
Expected CPAP Output(s):	Egyptian National CSR and Global Compact Center Established
Implementing partner:	Egyptian Institute of Directors, Ministry of Investment
Responsible Parties:	Ministry of Investment and UNDP

Brief Description

The purpose of this project is to support the Ministry of Investment (MOI) and the Egyptian Institute of Directors (EIoD) to promote the practice and awareness on corporate social responsibility and the Global Compact. The project will: a) Support the establishment and set up of the national Center; b) Develop the capacity of the staff at the center and the Ministry on CSR and GC; c) Support the center in availing services for the private sector.

Programme Period: 2007-2011
CPAP Programme Component: _____
Project Title: National CSR and Global Compact Center
Atlas Award ID: 00049649
Start date: 2008
End Date: 2011

PAC Meeting Date: 16 March 2008

YYYY AWP budget:

Total resources required: \$1,000,000
Total allocated resources: \$100,000


- Regular \$100,000
- Other:
 - Donor _____
 - Government _____

Unfunded budget: _____

In-kind Contributions: Premises at Egyptian Institute of Directors

Agreed by: H.E. Dr. Mahmoud Mohieldin, Minister of Investment

Signature:

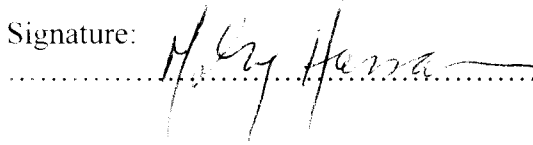


Date:

24/03/08

Agreed by: H.E. Ambassador Mahy Hassan Abdelattif, Deputy Assistant Foreign Minister and Director of International Cooperation – Ministry of Foreign Affairs

Signature:

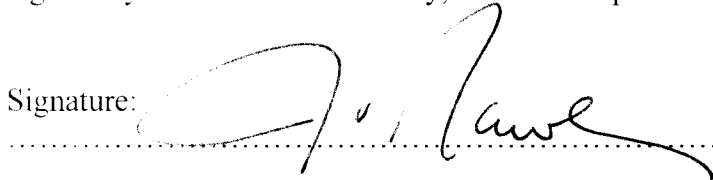


Date:

24/3/08

Agreed by: Mr. James W. Rawley, Resident Representative, UNDP

Signature:



Date:

24/3/08

* In Witness of:

His Excellency, Dr. Ahmed Nazif, Prime Minister of Egypt

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Acronyms and Abbreviations

CCF	Country Cooperation Framework
CSOs	Civil Society Organizations
CSR	Corporate Social Responsibility
GOE	Government of Egypt
EIoD	Egyptian Institute of Directors
ISS	Implementation Support Service
MDG	Millennium Development Goals
MOI	Ministry of Investment
MOFA	Ministry of Foreign Affairs
MYFF	Multi-year Funding Framework
PMU	Project Management Unit
SME	Small and Medium Enterprise
SRF	Strategic Results Framework
TOR	Terms of Reference

Part I. SITUATION ANALYSIS

The Egyptian economy has continued on its path of growth – 7.5 percent during the first half of FY 2007/08 with the Government of Egypt removing barriers to investment and marketing Egypt as an export hub to Europe, Africa and the Middle East. Solid growth performance exhibited during the first half of FY 2007/08 has been driven by a number of sectors which achieved marked growth levels, most notably tourism (28.9 percent), C.I.T (15.6 percent), construction (15.6 percent), manufacturing (7.8 percent) and transportation (8.1 percent).

Also much of the growth has been driven by local and foreign investment – FDI was USD 7.8 billion during the first half of FY 2007/08 , against USD 7.2 billion during the first half of FY 2006/07. This can be explained by a number of triggers. Firstly, investment inflows for incorporations or for capital increase remained almost unchanged at USD 3.5 billion. Secondly, FDI in the oil sector stepped up to post a net inflow of USD 2.9 billion, against USD 1.2 billion. Finally, privatization proceeds registered USD 1.4 billion, against 2.6 billion.

The government has also reached agreements in 2007 with China, Russia, Turkey, Jordan and Qatar on the construction of industrial zones. Egypt has succeeded to attract investors from as far a field as China and as close to home as Jordan. Falling unemployment, record foreign investment and official reserves up to USD 33 billion at the end of February 2008 – another high – suggest the Egyptian economy is motoring ahead on the back of three years of fiscal reforms and trade liberalization. Moreover, the World Bank has listed Egypt as number one in terms of introducing investor-friendly reforms in this year's Doing Business Report, although its overall ranking remains a lowly 126 out of 178 nations.

Despite the impressive economic figures, ordinary Egyptians are having to grapple with some pain that is in part a result of the successes, including inflation – which peaked at 12.8 percent in March 07 before easing slightly to around 10.5 percent in January 08 – and concerns about the slow pace of trickle-down and a widening wealth gap. These issues not only threaten to take the edge off the economic gains as the poor feel they are suffering as the rich get richer, but also help highlight that the promise that the wealth generated by the economic successes will be channeled into social sectors like health, housing and education. When it comes to the social dimension, it's much more complicated than the economic one. Egypt while continuing with its economic momentum needs to ensure addressing social needs.

Thus, while the government of Egypt has been shifting its approach from a centrally planned economy to a more private sector driven economy, the private sector is increasingly perceived as the major engine for creating jobs and growth. However, the potential investments, innovations, social contribution and opportunities that remain untapped within the private sector and specially the SMEs sector needs to be unleashed.

The main expected result of the project is building the capacity of the private sector to positively influence the development situation in Egypt, through more structured work in CSR, better respect of labor rights and for the environment and more outreach to the community.

The Global Compact and Corporate Social Responsibility

Realizing the growing importance of the private sector as an engine of growth and a key contributor with the potential to support the process of development and poverty alleviation and that business, trade and investment are essential pillars for prosperity and peace; yet in many areas, business is too often linked with serious dilemmas - for example, exploitative practices, corruption, income equality, and barriers that discourage innovation and entrepreneurship. Responsible business practices can in many ways build trust and social capital, contributing to broad-based development and sustainable markets. With this understanding, the former Secretary General of the UN Mr. Kofi Anan launched The Global Compact (GC) in Davos 1999. The GC was set as a framework for businesses that are committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labor, the environment and anti-corruption. In few years the GC became the world's largest, global corporate citizenship initiative; it is first and foremost concerned with exhibiting and building the social legitimacy of business and markets.

In Egypt, the national network of the GC was formally launched on 9 February 2004 with the Chief of Staff of the UN EOSG representing the UN Secretary General. Some 200 participants from government, the private sector, chambers of commerce, academia and civil society attended the event and 55 companies joined the Global Compact (now 63).

The launch was preceded by a series of workshops and a mega event held at the **Bibliotheca Alexandrina**, commemorating one year of compact and CSR in Egypt, organized by the Office of the Resident Coordinator with a view to popularize the Compact and the concept of corporate social responsibility.

To ensure national ownership and further spread of the GC and CSR in the country, UNDP, the Global Compact Office and The Egyptian network started to plan for the establishment of the **National GC and CSR center in Egypt**. The newly created institution will become a vehicle of enhancing and encouraging business contribution into developing an internal compliance of the sector in Egypt.

In the advance of this process, UNDP Egypt started discussions with the Ministry of Investment (MOI) in Egypt resulting in the establishment of a key partnership which lead to the set up of the first transparency center and the launch of the Business Solutions for Human Development report, and the Cairo international conference on CSR in December 2007. The report presented a new vision for scaling up corporate social responsibility in Egypt through a set of recommendations for creating a better enabling environment. With regards to civil society organizations and intermediaries, the report recommends that their role be strengthened by:

- Business associations and international development agencies have a major intermediary role, bringing clusters of companies together with clusters of smaller community development associations (CDAs), collaboratively drawing up specific business sector plans, obtaining relevant data and validating needs etc.
- Grassroots organizations have the greatest insights into community needs. Larger NGOs can build bridges between them and local and international businesses to ensure maximum impact derive from corporate engagement on the MDGs
- Assisting companies to comply with labor and environmental standards as partners in Egypt's development by enhancing transparency and accountability

- Adopting transparent and democratic practices to protect their own integrity and independence

Similarly, the report recommends that the government adopt the following actions to promote CSR:

- Actively seek participation from civil society and business as equal partners
- Reduce and simplify regulations and procedures affecting businesses wishing to register and operate in Egypt
- Build and encourage innovation, ingenuity and pragmatic, scalable solutions
- Reward good corporate performance with instruments such as fiscal incentives, procurement policies, endorsements, labelling, training and information
- Develop and enforce laws, rules and regulations that mandate appropriate business behaviour (for example, creating and enforcing legal requirements for mining companies to eliminate negative environmental impacts)
- Facilitate private sector CSR programs (for example, developing codes and standards that serve as a guide/ direction for CSR activities)
- Step in to encourage private financial institutions to provide services to informal settlements, rural and underserved areas
- Public investment in facilitating land titling, land tenure and registration of businesses in informal settlements and the informal economy

Challenges facing the MOI

- Developing the capacity of its staff on understanding corporate social responsibility
- Ensuring the delivery of services that would attract private sector membership
- Bureaucratic practices that would slow down the workflow

Target Group

The primary beneficiaries of the project are the public and private enterprises who will directly benefit from the services offered by the center. Another group of direct beneficiaries are the poor whom will receive increased support from the private sector. The Media will also be the focus of a number of orientations and discussions on concepts of “inclusive markets” and CSR. This will allow the media to play a more active role in advocating to the public at large the key role of the private sector in development as well as raise awareness on the concept and implications of CSR work within the Egyptian context. The success of the project will be judged by its impact on the ultimate beneficiaries-the citizens and businesses of Egypt.

PART II. STRATEGY

In the spirit of continuing this partnership and further develop the notion of CSR and GC in Egypt, UNDP and MOI - EIoD, in partnership with the Egyptian GC network and the GC office in New York, are mutually embarking on the establishment of the **National GC and CSR center in Egypt**. The chosen name for the Center is **The Egyptian Corporate Responsibility Center (ECRC)**. The project is to be done in the true sense of a rights-based approach, looking into raising capacity of both the Center and private sector sides to push the agenda of corporate social responsibility.

The project will contribute to the CPAP outcome 1. Improved national capacity to design, apply and monitor pro-poor policies while addressing geographical disparities. UNDP is well positioned to manage the project as it has developed a track record and a certain market niche in supporting private sector engagement and development, policy reform and capacity building.

The national Corporate Social Responsibility (CSR) and Global Compact (GC) Center project aims at supporting a number of ongoing activities these being:

a) Support the establishment and set up of the national Center

The CSR and GC Center will fit in the organization structure of EIoD and will be hosted in its premises. The Center will benefit from the available human resources within the EIoD. The departments which will be working closely with the Center include training, finance and marketing and in return will be compensated for the assignments they undertake.

This component will cover all logistical arrangement needed for the set-up of the ECRC such as staff salaries and office utilities and other items as deemed necessary.

b) Develop the capacity of the staff at the center and MOI - EIoD on CSR and GC

In order to achieve the objectives of this project, capacity building and training for the staff at the Center, MOI and EIoD is essential. In order to strengthen their institutional capacity, on-site and off-site training will be needed for staff. The staff deployed in the Center and EIoD will need training to develop:

- A clear understanding of Corporate Social Responsibility, Global Compact and related issues
- Knowledge of steps and skills required in development and implementing the Center's proposed activities.
- Capacity building for private sector outreach and engagement strategies

c) Support the center in availing services for the private sector;

The project will support the Center through availing the following services to its private sector members. These being:

- Capacity Building
 - A peer to peer support system should be implemented where multinational companies with CSR experience can advise and support national companies and SMEs
 - Private sector in Egypt needs education and guidance on CSR, based on international norms and standards. Hence, the Center will prepare and provide training programs on various aspects of CSR.
 - In addition, the Center will be providing consultancy services to private sector companies in setting the CSR strategy and the application of CSR.
- Encouragement of Multilateral Partnerships

- Due to the fact that it has been difficult however to bring multilateral corporations into a co-operative effort, this initiative must be a multi-stakeholder operation.
 - Cooperation with international organizations and professional entities to create a specialized Index to measure and evaluate the company's strategy and performance towards the application of CSR,
- Knowledge Center
 - The Knowledge Center is a knowledge integration system and corroboration engine designed to facilitate access to information and provides an up-to-date data base of information, figures, and statistics on CSR related issues. The pool of beneficiaries range from Businesses, media, policymakers to NGOs and other stakeholders.
 - The Knowledge Center should conduct the following;
 - periodic awareness events (conferences, seminars, and workshops)
 - Information bank of figures, and statistics correlating to CSR
 - Web Portal where the Center publishes information and updates on CSR in Egypt. It can also have database of NGOs and companies involved in CSR activities.
 - Publications that could include awareness brochures, guidelines, best practices and case studies.
 - Policy Advocacy
 - The Center will provide a forum where private sector can participate in policy dialogue. However, there will be a need to prioritize policies where the Center's intervention is needed
 - Priority will be given to working with policies that directly effect CSR activities

PART 3 MANAGEMENT ARRANGEMENTS

The proposed implementation period of the project is three years. The project will be executed by the Ministry of Investment and the Egyptian Institute of Directors. The project will operate in accordance with UNDP regulations, including those for procurement and accounting. The National Project Director's selection will be in accordance with UNDP's principles of transparency and openness, 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 also be made by consensus between MOI, EIOD and UNDP and at least one UNDP staff member should be present on the interview panel. The TORs for all staff should clearly identify the outputs, remuneration and evaluation process and should be agreed upon by both the MOI - EIOD and UNDP. There will be annual assessment of the performance of the national Project Director, against criteria specified at the commencement of their contracts.

The National Project Director is responsible for the overall management and day-to-day operations of the project. He/She will prepare and update the yearly project work plan. The partnership strategy will include the Ministry of Investment, EIOD, private sector and the Global Compact Network in Egypt.

Relations and co-ordination with other government, private bodies and others will be the responsibility of the project, its national Project Director and its Project Executive Group.

The project will also be managed by the following:

Outcome Board:

Each Country Programme Action Plan outcome has an Outcome Board that is responsible for the monitoring progress on achievement and the extent to which lessons are being fed back into programming. The Board will meet annually and base its assessment on annual reviews from relevant UNDP projects, supported by available evidence from the activities of other agencies contributing in the same outcome area.

The Project Board

The Project Board has the responsibility to review project plans and changes, including project revisions and issues raised to them by the Project Manager. The Project Board recommends the approval of the next cycle's Annual Work Plan to the Outcome Board, UNDP Resident Representative and Implementing Partner, who have the authority to approve any project Annual Work Plan.

The Project Board reviews and approves project details, schedule, deliverables and budget as articulated in the Annual Work Plan. The Resident Representative or the Deputy Resident Representative will approve and sign the project Annual Work Plan, based on the advice and recommendations of the Project Board and the Implementing Partner.

The Project Board will meet regularly and will be composed of:

Chairman: Minister of Investment (or a representative)

- EIOD Representative
- UNDP Representative
- Private Sector Representatives
- Business Chamber Representatives

Ex officio: The Project Director

- Advisor group members
- Other persons relevant to the agenda.

Minutes: The National Project Director will act as secretariat for the Board 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:

The Project Assurance role will support the project 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 is

responsible for designating a Programme Officer to provide this oversight, which is mandatory for all projects.

Project Staff

The Project will have, other than NPD, at a minimum the following full time staff:

1. A Program Researcher to design, formulate, and conduct social research projects. He/She should collect, manage and analyse information, using a variety of computer software packages to organise the data, which needed to be presented in any form.
2. An Admin Assistant (to carry out these functions in accordance with UNDP regulations, to prepare Terms of Reference for Short Term Assistance contracts and job descriptions for monthly contracts, and act as liaison between persons hired by the project and the finance department).

Implementation Support Service (ISS)

ISS costs will be recovered and charged to budget code 73500 as the project input itself, based on the universal price list.

General Management Services

The budget includes 7% General Management Services (GMS) to UNDP.

PART IV. MONITORING & 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 the Quality Management table below.
- 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.
- 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.

M&E Resources:

Appropriate financial resources must be allocated to ensure that project monitoring and review/evaluation in addition to communication on project results is carried out. Therefore, an estimate amount of \$25,000 will be allocated for monitoring and evaluation activities. Such activities will include, at least, a final project evaluation at the end of the project. Such an evaluation would include fees for both a National Consultant, who would carry out preparatory work for about a month's time, in addition to a two weeks visit by an International Consultant (ticket and DSA). Another estimated amount of \$5000 will be allocated for activities related to communication.

PART V 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.

SECTION II: PROJECT RESULTS AND RESOURCES FRAMEWORK

Intended Outcome as stated in the Country Programme Results and Resource Framework:

Improved national capacity to monitor poverty & to stimulate national debates towards policy action for human development and achieving the MDGs

Outcome indicators as stated in the Country Programme Results and Resources Framework, including baseline and targets.

Promoting entrepreneurship and enhancing enabling environment for pro poor private sector interventions such as global compact. This will include empowering private sector to design and implement such interventions.

Applicable MYFF Service Line: 1.1 Improved national capacity to monitor poverty & to stimulate national debates towards policy action for human development and achieving the MDGs

Partnership Strategy: Partnership between UNDP, Ministry of Investment/Egyptian Institute of Directors and Private Sector

Project title and ID (00049649): “The National Corporate Social Responsibility (CSR) and Global Compact (GC) Center”

SECTION III: BUDGET

Section III: Budget	2008	2009	2010	2011
Egyptian CSR Center				
Activity 1: Support the establishment and set up of the national Center;	50000	100000	100000	50000
Activity 2: Develop the capacity of the staff at the center and the Ministry on CSR and GC;	25000	100,000	100,000	25000
Activity 3: Support the center in availing services for the private sector	25000	200000	200000	25000
	100000	400000	400000	100000
	1,000,000			

Section IV: Annual Work Plan (AWP)

Year: 2008

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	
		Q1	Q2	Q3	Q4		Funding Source	Budget Description
Output 1 <i>Baseline: No local unit available to host the local network for Global Compact members and coordinate efforts towards CSR activities</i> <i>Indicators: Center is established and functioning,</i> <i>Targets: 60 GC members involved with the Center</i>	Establishment and set up of the national Center (recruitment of staff)		X			TRAC		50,000
	Capacity Building activities for staff at the center and MOI - EIoD on CSR and GC			X				25,000
	Availing services for the private sector				X			25,000
TOTAL								