

UNDP Project Document

Government of Egypt
United Nations Development Programme
Executing Agency: Ministry of State for Environmental Affairs/ Egyptian Environmental Affairs Agency,
Government of Egypt

PIMS 3668
Atlas award 00057529; project ID 00071131: 3668

3668 Egypt: Strengthening Protected Area Financing and Management Systems

Brief description

Strategically situated at the intersection of three continents, Egypt's terrestrial and marine habitats support biodiversity of substantial global significance. Even though country terrestrial species diversity is relatively low due to Egypt's general aridity, many species are very narrowly distributed, making habitat conservation crucial to their survival. Marine biodiversity is also significant, with Egypt's Red Sea coral reefs showing considerable endemism. There is also important genetic diversity. At least 143 species of threatened animals are to be found. Three main categories of persisting threats and associated causes of biodiversity loss have been identified. These are: (i) conversion and/or destruction of natural habitats; (ii) degradation of natural habitats, and; (iii) unsustainable utilization of biodiversity resources. Protected areas have a potentially critical role to play in reducing the above threats to Egypt's biodiversity. Egypt's system of protected areas (PAs) is divided geographically into five management units: Sinai, Cairo, Western Desert, Red Sea and Upper Egypt. Currently, Egypt's 27 PAs cover 148,023 km², or about 15% of the nation's total land area. The proposed long-term solution for biodiversity conservation of Egypt's protected areas is an effective and sustainable PA system operated by an autonomous NCS that has the financial wherewithal and management capacities needed for effective management. The foundation of the long-term solution is a sustainable financing system resting on the following three pillars: (i) Legal, regulatory and institutional frameworks that support sustainable PA financing; (ii) Tools and practices for revenue generation and mobilization, and; (iii) Business planning and other tools for cost-effective management. The project **objective** is the establishment of a sustainable protected area financing system, with associated management structures, systems and capacities needed to ensure the effective use of generated revenues for priority biodiversity conservation needs. It will achieve this objective by strengthening each of the above pillars as follows: Outcome 1: Legal, policy, regulatory and institutional frameworks that facilitate revenue generation, revenue retention and other aspects of sustainable PA financing and management are established and functional. Outcome 2: Levels of financial resource mobilization are adequate to ensure effective conservation-oriented management of Egypt's PA system. Outcome 3: Business planning and cost-effective management systems are ensuring the effective allocation and management of mobilized resources.

**United Nations Development Programme
Country: Egypt**

UNDAF Outcome(s)/Indicator(s): Regional human development disparities are reduced, including reducing the gender gap, and environmental sustainability improved

Expected Outcome(s)/Indicator (s): Governments and local communities empowered to better manage biodiversity and the ecosystem services it provides

Expected Output(s)/Indicator(s):

- Legal, Policy, Institutional and Regulatory Framework that facilitates revenue generation, revenue retention and other aspects of sustainable PA financing and management established and functional
- Adequate Levels of Financial Resources Mobilization to ensure effective conservation-oriented management of Egypt's PA system.
- Business Planning and Cost Effective Systems in place, ensuring the effective allocation and management of mobilized resources.

Implementing partner: Ministry of State for Environmental Affairs- Egyptian Environmental Affairs Agency

<p>Programme Period: 2007 - 2011 Programme Component: Biodiversity Project Title: Egypt – Strengthening Protected Areas Financing and Management Systems Project ID: PIMS 3668 Atlas Award: 00057529 Atlas Project ID: 00071131 Project Duration: 6 years Management Arrangement: NEX</p>	<table> <tr> <td>Total budget:</td> <td>US\$</td> <td>18,932,200</td> </tr> <tr> <td colspan="3">Allocated resources (cash):</td> </tr> <tr> <td>• GEF</td> <td>US\$</td> <td>3,616,000</td> </tr> <tr> <td>• UNDP</td> <td>US\$</td> <td>250,000</td> </tr> <tr> <td>• Government (parallel funding)</td> <td>US\$</td> <td>13,800,000</td> </tr> <tr> <td colspan="3">In kind contributions:</td> </tr> <tr> <td>• Government</td> <td>US\$</td> <td>1,266,200</td> </tr> </table>	Total budget:	US\$	18,932,200	Allocated resources (cash):			• GEF	US\$	3,616,000	• UNDP	US\$	250,000	• Government (parallel funding)	US\$	13,800,000	In kind contributions:			• Government	US\$	1,266,200
Total budget:	US\$	18,932,200																				
Allocated resources (cash):																						
• GEF	US\$	3,616,000																				
• UNDP	US\$	250,000																				
• Government (parallel funding)	US\$	13,800,000																				
In kind contributions:																						
• Government	US\$	1,266,200																				

Agreed by: H.E. Amb. Bassem Khalil, Deputy Assistant Foreign Minister & Director of International Cooperation for Development, Ministry of Foreign Affairs

Signature:  **Date:** 24/6/2010

Agreed by: Dr. Mawaheb Aboul Azm, Chief Executive Officer, Egyptian Environmental Affairs Agency (EEAA)

Signature:  **Date:** June 23, 2010

Agreed by: Mr. Mounir Tabet, Country Director United Nations Development Programme (UNDP)


Signature:  **Date:** 23 June 2010

Table of Contents

SECTION I: Elaboration of the Narrative.....	4
PART I: Situation Analysis.....	4
1.1. Context and global significance.....	4
Environmental context.....	4
Protected area system: Current status and coverage.....	6
Institutional context:.....	8
Socio-economic context.....	10
1.2. Threats, causes and impacts.....	11
1.3. Long-term solution and barriers to achieving the solution.....	13
1.4. Stakeholder analysis.....	20
1.5. Baseline analysis.....	23
Part II: Strategy.....	28
2.1 Project Rationale and Policy Conformity.....	28
Fit with the GEF Focal Area Strategy and Strategic Programme.....	29
Rationale and summary of GEF Alternative.....	29
2.2 Project Goal, Objective, Outcomes and Outputs/activities.....	29
2.3 Project Indicators, Risks and Assumptions.....	39
2.4 Incremental reasoning and expected global, national and local benefits.....	43
2.5 Country Ownership: Country Eligibility and Country Drivenness.....	49
2.6 Sustainability.....	50
2.7 Replicability.....	51
PART III: Management Arrangements.....	51
PART IV: Monitoring and Evaluation Plan and Budget.....	52
PART V: Legal Context.....	58
SECTION II: STRATEGIC RESULTS FRAMEWORK (SRF) AND GEF INCREMENT.....	59
SECTION III: Total Budget and Workplan.....	63
SECTION IV: ADDITIONAL INFORMATION.....	71
PART I: Other agreements.....	71
PART II: Terms of References for key project staff.....	71
SIGNATURE PAGE.....	Error! Bookmark not defined.

Acronyms

BioMAP	Biodiversity Monitoring and Assessment Project
EEAA	Egyptian Environmental Affairs Agency
MSEA	Ministry of State for Environmental Affairs
NCS	Nature Conservation Sector
PA	Protected area

SECTION I: Elaboration of the Narrative

PART I: Situation Analysis

1.1. Context and global significance

Environmental context

1. Strategically situated at the intersection of three continents, Egypt's terrestrial and marine habitats support biodiversity of substantial global significance. The country is terrestrially subdivided into about 19 physio-geographic sub-regions. These sub-regions represent the basic conservation units in the country, and include the Red Sea and Mediterranean coastal areas, the Nile valley, mountain regions, and desert habitats.¹

2. The country's species representation includes at least 369 species of non-flowering vascular plants, 2,072 species of flowering plants, 10,000 species of insects, 1,422 other invertebrates, 755 fish, 470 birds, 126 mammals,² and 118 reptiles and amphibians.³ Even though country terrestrial species diversity is relatively low due to Egypt's general aridity, many species are very narrowly distributed,⁴ making habitat conservation crucial to their survival. Marine biodiversity is also significant, with Egypt's Red Sea coral reefs showing considerable endemism. There is also important genetic diversity, including locally adapted plant varieties in the Western Desert oases and locally adapted plant varieties found in isolated oases, on high altitude mountains and across various bio-geographical barriers (such as the Red Sea and Nile River).

3. Egypt hosts a sizeable number of endangered species recognized by IUCN as needing conservation management. At least 143 species of threatened animals are to be found in the country,⁵ including the highly endangered Slender Horned Gazelle (*Gazella leptoceros*) and the Egyptian Tortoise (*Testudo kleinmanni*). The flora includes 82 threatened species.⁶ Finally, Egypt represents a vital artery for bird migration, including 39 threatened species, and serves as a major flyway for migrating soaring birds and an important wintering ground for waterbirds. Thirty four Important Bird Areas have been listed to date by BirdLife International.

4. Egypt's long coastline borders the Mediterranean Sea in the north, and the Red Sea in the east, and is of great environmental and economic importance. The marine habitats along these shores, together with the islands, beaches, the Nile river delta, mountains, plains and other coastal landscape elements, support substantial and critical elements of Egypt's biodiversity. Various types of land and seascape are found within Egypt's coastal areas, where the Red Sea and Mediterranean Sea "represent quite different marine systems, in terms of their ecology, morphology and biota".⁷ The Nile Delta culminates on the Mediterranean coast, and a number of important wetlands are found around this area. The Red Sea coastal area lies at the easternmost edge of the Eastern Desert, and ranges in width from 8-35 km.⁸ It is bounded by the Red Sea Mountains—a continuous chain of mountain ridges that run parallel to the shoreline—and is cut perpendicularly by a series of important wadis. Egypt's coasts act as globally significant bird flyways.

¹ Baha El Din 1998. Towards Establishing a Network Plan for Protected Areas in Egypt. Nature Conservation Sector; Kassas, M. (ed.) 1993. *Habitat diversity: Egypt*. Publication of the National Biodiversity Unit, 1.

² Kassas, M., et al (ed.) 1995. *Egypt country study on biological diversity*. Publication of the National Biodiversity Unit, 3.

³ Baha El Din 2006. *A Guide to the Reptiles and Amphibians of Egypt*. The American University in Cairo Press.

⁴ Egypt State of the Environment Report 2006.

⁵ IUCN 2006. 2006 IUCN Red List of Threatened Species

⁶ IUCN 1998. 1997 IUCN Red List of Threatened Plants

⁷ Baha El Din 1998. Towards Establishing a Network Plan for Protected Areas in Egypt. Nature Conservation Sector.

⁸ Kassas, M., et al (ed.) 1995. *Egypt country study on biological diversity*. Publication of the National Biodiversity Unit, 3.

5. On the terrestrial side, floral species richness is concentrated in the Mediterranean coastal belt due to higher relative rainfall. There is also considerable species richness concentrated in the Nile Delta and along the Nile valley. Finally, mountain areas, especially the south Sinai massif and the Red Sea mountain chain, particularly Gebel Elba, support unique fauna and flora not found elsewhere in Egypt.⁹
6. Biologically significant wetlands are found in Egypt, including two coastal RAMSAR sites and eleven major lacustrine wetlands.¹⁰ In addition, coastal wetlands border the Red Sea, including sandy and rocky beaches, mudflats, sabkha, reef tops, and mangroves.¹¹
7. Egypt has 34 sites listed as Important Bird Areas (IBAs), many of which occur in wetland areas, considered “internationally important staging, wintering and breeding areas for water birds”.¹² Other IBAs are found in high altitude mountains, desert wadis, coastal plains, and marine islands, the latter especially critical for breeding sea birds such as the Osprey and the Sooty Falcon. IBAs are not only important areas for resident and migrating birds, but also include sites with outstanding natural resources and critical ecological functions. Such wetlands include Lake Nasser, which is the main freshwater reservoir for Egypt, and Lake Manzala, one of the country’s most important fisheries,¹³ which contributes 50-60% of the total catch of the northern lakes.¹⁴
8. Oases are the only sources of water and vegetation over much of the so-called ‘Western Desert’ and as such act as refuges for the fauna of the western part of the country. Many are inhabited, but there exist smaller uninhabited oases which act as stops for nomadic communities, and can be considered ecological stepping stones for highly mobile species such as the Slender-horned Gazelle (*Gazella leptoceros*) and the Dorcas Gazelle (*Gazella dorcas*). It is also believed that speciation events are occurring for poorly mobile species restricted to these sites, reflecting elements of island biogeography.¹⁵
9. Approximately 1,000 species of fish have been recorded from the various habitats of the Red Sea.¹⁶ It is also home to important coral reefs, the most extensive of which occur in the Tiran Island area, in Ras Mohammed National Park, and off the coast between Hurghada and Safaga, particularly the offshore reefs and islands. Approximately 200 species of reef corals and 125 species of soft corals are known for the Red Sea, which support a large number of fish species (about 400) that utilize corals for shelter, food as well as a breeding ground. Many fishes are of economic as well as recreational importance.¹⁷ In addition, close to 10% of the coral species of the Red Sea are endemic species.¹⁸ The marine environment off the Red Sea coast also has extensive tracts of seagrass beds, which like mangroves, may have high productivity, and is the main feeding ground for threatened green turtles and dugongs.
10. The Egyptian Red Sea coast is home to turtles, shorebirds, seabirds, dugongs, dolphins, and whales. Sea birds restricted to the Red Sea and the northern Indian Ocean include the Sooty Gull, the Brown Booby, the White-Cheeked Tern, Saunders’ Tern, and the Crab Plover, as well as the threatened White-Eyed Gull, which is endemic to the Arabian region.¹⁹

⁹ Baha El Din 1998. Towards Establishing a Network Plan for Protected Areas in Egypt. Nature Conservation Sector.

¹⁰ *Ibid.*

¹¹ *Ibid.*

¹² First National Report to the CBD. NCS.

¹³ http://www.eea.gov.eg/English/main/protect_bird.asp

¹⁴ National Biodiversity and Action Plan. NCS 1998.

¹⁵ See Nour El Din, M. 1996. Ecology of Reptilian communities in habitat patches of the hyper-arid Western Desert. M.Sc.

Thesis, Faculty of Science Ain Shams University; Hassan, A. 1996. Mammalian communities in habitat islands of the hyper-arid Western Desert of Egypt. M.Sc. Thesis, Faculty of Science Ain Shams University.

¹⁶ GEF Red Sea Baseline Report, 1998.

¹⁷ *Ibid*

¹⁸ Habib, Mohamed 2004. The Coral Reefs of Egypt.

¹⁹ GEF Red Sea Baseline Report, 1998.

Protected area system: Current status and coverage

11. Protected areas have a potentially critical role to play in reducing the above threats to Egypt's biodiversity. Egypt's system of protected areas (PAs) is divided geographically into five management units: Sinai, Cairo, Western Desert, Red Sea and Upper Egypt. Currently, Egypt's 27 PAs cover 148,023 km², or about 15% of the nation's total land area. **Table 1** provides a breakdown according to the three established categories.

Table 1: PA areas by type

PA type	Number	Total area (km ²)	Mean PA area (km ²)
National parks	6	97,424	16,237
Managed resource areas	15	48,068	3,205
Natural monuments	6	2,531	422
Total	27	148,023	5,482

12. New areas continue to be added, with three new PAs covering over 53,000 km² created in 2006-2007, including the largest PA in the system, Gilf El Kebir. A system plan adopted by the EEAA in 1998 calls for a total of 40 PAs covering about 20% of the country's area. Two of the country's PAs, St. Katherine and Wadi El Rayan, encompass UNESCO World Heritage Sites,²⁰ while two others, El Omayed and Allaqi, are Biosphere Reserves.

13. Existing PAs cover an important and largely representative portion of Egypt's biologically significant terrestrial and marine habitats. The network hosts pockets of incredibly diverse and fragile ecosystems, such as the coral reefs of the Red Sea, the mountains of South Sinai, and the Gebel Elba region. It includes several important stop over, bottleneck and wintering sites for internationally significant numbers of threatened bird species. Although there are no comprehensive assessments of species representation within the system yet, most biodiversity hotspots are well covered, with the exception of two gaps identified in the Mediterranean coastal desert and northeast Sinai. Using herpetofauna as an indicator, Baha El Din²¹ estimated that 93% of species are represented in the PA network. Thus, on paper at least, the PA system has the potential to conserve a large and representative portion of Egypt's biodiversity, including most of its globally significant elements.

14. Several of Egypt's PAs experience high levels of visitation. As seen in **Table 2** below, during the period 2003-2008, an average of 1.6 million annual visits were recorded, 87% of which were by foreign tourists. The average annual increase in visitation during this period was 9.5%. **Table 2** also shows the high degree of concentration of visitation. Of the 27 PAs, three received nearly 90% of recorded visitors. Not surprisingly given this high level of visitation, some 95% of revenues generated by the PA system were in the form of entrance fees and more than 90% consisted of entrance fees from these three sites.

15. Management of the PA system is the responsibility of the Nature Conservation Sector (NCS), one of five technical sectors within the Egyptian Environmental Affairs Agency (EEAA).²² The NCS is legally tasked with governing and administering PAs and is also responsible for issues related to biodiversity conservation within the broader landscape. NCS drafts policies, creates programs, undertakes studies, and

²⁰ http://whc.unesco.org/en/list/?search=&search_by_country=Egypt&type=&media=®ion=&order=

²¹ Baha El Din, S. M. (2001). The herpetofauna of Egypt: species, communities and assemblages. Unpublished PhD thesis, University of Nottingham.

²² The others are Environmental Protection, Environmental Quality, Regional Affairs and Financial and Administrative Affairs.

conducts other activities meant to ensure compliance with habitat and species protection legislation and commitments to international conventions for the conservation of nature.²³

Table 2: Visitation to Egypt’s PAs, 2003-2008

	Total 2003-2008	Avg. annual	% of total
By nationality			
Foreign	7,094,907	1,418,981	87.3%
Egyptian	1,032,918	206,584	12.7%
Totals	8,127,825	1,625,565	100.0%
By site			
Red Sea	3,827,633	765,527	47.1%
Ras Mohamed	1,798,547	359,709	22.1%
St. Katherine	1,631,893	326,379	20.1%
Other sites	869,752	173,950	10.7%
Totals	8,127,825	1,625,565	100.0%

16. Each protected area is led by a manager. Rangers with various kinds of technical training and experience are hired to staff the protected areas and are afforded the ranking of senior and junior rangers depending upon their qualifications and level of experience. Unfortunately, in recent years many of the better qualified and more experienced rangers have left NCS for better paying jobs in the Gulf; this exemplifies the difficulty NCS is facing in terms of retaining qualified staff, an issue that is largely associated with the incentive system and career development opportunities. Community guards are also employed to work with the rangers and complement their activities. Other employees are hired as needed, including consultants to provide technical and scientific advice.²⁴ In terms of staff numbers, 44 staff are employed at the central office, while 595 staff are employed in the protected areas.

17. To date, NCS has produced 15 management plans, which delineate management zones and provide guidelines to direct activities inside these areas. One of NCS’ long-term goals is to produce and effectively implement management plans for all of Egypt’s PAs to ensure the sustainability of the PA network. However, there is a need for much greater resources, both material and in human capacity, than are currently available before this goal can be achieved. Harmonization of the management planning process, its link with business planning and adaptation to incorporate results of monitoring and evaluation of ecosystem integrity, all need to be strengthened as well.

18. Entrance fees account for 95% of income generated by PAs in Egypt and these fees are heavily concentrated in terms of sites. As shown in **Table 3** below, five PAs generate almost 100% of fee-related revenues. Current fees for foreign visitors range USD 2-5, while fees for Egyptian visitors range LE 2- 5 (US\$0.40 -\$1.00). NCS collects fees directly from visitors or through arrangements with tourist operators. Concessions account for about 4% of total revenues generated in PAs. The existing concessions are mostly related to infrastructure such as mobile phones antennas, electricity towers, cafeterias, shrimp farms and advertisements. Concessions are found in about 11 PAs. In previous years, concessions were charged for extractive activities such as oil, mining and fish farming; however, these payments have stopped since affected companies perceived it as a double payment as they were already paying concessions to operate to their respective ministries. Finally, other mechanisms such as photo and film

²³ *Ibid.*

²⁴ A status report on the protected area network of Egypt. NCS, 2003.

permits, hunting permits and revenues generated through the Training Center in South Sinai, account for 1% of total revenues.

Table 3: Annual entrance fees paid, by site, 2003-2008 (in LE)

Protected Area	Fees		2003 2004	2004 2005	2005 2006	2006 2007	2007 2008	Total	%
	\$	LE							
Ras Mohamed	5	5	2,099,698	2,012,262	1,443,753	1,927,670	1,682,779	9,166,163	0.53
Nabq	5	5	88,502	71,619	68,953	104,318	248,800	582,193	0.03
St. Katherine	3	5	-	522,303	821,575	937,622	1,274,747	3,556,247	0.21
Red Sea	5	5	823,529	1,300,338	467,567	591,434	535,809	3,718,678	0.22
Wadi Rayan	3	2	22,214	17,594	25,058	47,983	64,866	177,715	0.01
Others	2-5 LE		355	533	178	35,010	39,986	76,062	0.004
Total			3,034,299	3,924,649	2,827,084	3,644,038	3,846,988	17,277,057	1.00

Note: During this period, the Egyptian Pound (LE) fluctuated between roughly 5.5 and 5.7 per US\$1.

19. According to the analysis undertaken as part of the financial scorecard preparation, financial resources available to NCS are well below what is required under even a basic needs scenario. According to the analysis, average annual NCS expenditures from 2003/04 to 2007/08 were US\$2.4 million from the Government budget and \$3.1 million from various donor projects. However, basic annual financial needs projected for 2009-2014 are US \$14.5 million, while meeting an optimal management scenario would require US\$29 million per year. Thus, if future annual expenditures were the same as in the previous period, only 16.5% of basic financial needs and 8.3% of optimal financial needs would be met.

20. NCS funding is also well below the international spending average on PAs and inadequate to manage Egypt's large PA system. According to NCS / EEAA five-year financial records, expenditures on PAs (including staff costs) averaged 108 LE (\$19) per km² per year, or approximately 11% of the average for developing countries. In order to match regional or developing countries norms, Egypt would need to invest between \$7.4 million and \$15.7 million annually in its national protected area system.²⁵ In recent years, extensive donor support has helped to meet the resulting financing gap; this, however, is clearly not a sustainable solution. Finally, NCS administrative and financial dependence makes personnel, financial and administrative management unnecessarily complex, opaque and subject to haphazard infringements from external sources. These factors further serve to reduce cost effectiveness.

Institutional context:

21. The Egyptian Environmental Affairs Agency (EEAA) is the executive arm of the Ministry of State for Environmental Affairs (MSEA), and is the highest authority in Egypt responsible for promoting and protecting the environment. This central authority, located in Cairo, has three technical sectors in its current structure: Environmental Quality, Environmental Management, and Nature Protection (the Nature Conservation Sector, or NCS). The latter is the organization entrusted with undertaking the necessary policies, programs, studies and other actions to ensure compliance with the habitat and species protection legislation and commitments to international conventions for the conservation of nature. According to its mandate, "the NCS is entrusted to protect, manage and develop Egypt's wild resources on behalf of its people, by conserving the nation's biological diversity, preserving representative samples of the country's natural landscape, and ensuring that the use of the nation's wild resources is sustainable and economically productive". The NCS is comprised of two sub-departments, Protected Areas and Biodiversity. The

²⁵ See "A status report on the protected area network of Egypt." NCS, 2003; Management Effectiveness Evaluation of Egypt's Protected Area System. NCS 2006.

former oversees the National Protected Area Network, while the latter provides supporting studies, information and other services. The Director of the Protected Area Department oversees management of the national network and reports to the Director of the Nature Conservation Sector.

22. The NCS is the sole institution responsible for the management of protected areas, the implementation of conservation measures therein, and the enforcement of environmental law within them. According to Law 4/1984 amended by Law 9 for 2009 “the Agency's Board of Directors is the supreme authority governing its affairs, running its business and drawing up the general policy it will follow. The Board may adopt whatever resolutions it deems necessary to fulfill the objects for which the Agency was established, within the framework of the national plan and in accordance with the executive regulations of this Law.”²⁶

23. The NCS mandate includes not only natural resources within PAs, but national biodiversity and environmental concerns within the broader landscape. Therefore, NCS needs to maintain an active engagement with key stakeholders throughout the country in order to ensure that pressures emanating from unmanaged areas do not overwhelm conservation efforts.

24. Naturally, multiple stakeholders have key interests in Egypt’s PA estate. Even though these stakeholders do not have a final say in decision-making for PAs, they can influence the decision-making process greatly, or even circumvent it. Key stakeholders include various ministries, such as the Ministry of Tourism, the Ministry of Agriculture, and the Ministry of Water Resources and Irrigation, as well as local government (governorates), civil society, the private sector, and universities/research institutes. Because biodiversity conservation is such a cross-cutting issue, the NCS has tried to maintain clear communication pathways with these key stakeholders. Stakeholders participation has been achieved through different approaches in the various PAs. For example, protected area management boards have been established in three PAs (Burullus, Zaranik, and El Omayed), while consultative approaches (White Desert, Elba) and informal co-management agreements (White Desert) have also been utilized. One way the EEAA disseminates information and involves stakeholders is by having key stakeholders represented on its board (although this board convenes infrequently). However, severe resource shortages has left much room for improvement and strengthening of communication pathways.

Legal context

25. Two complementary laws provide the legal framework for nature conservation in Egypt. Law 102/1983 was the first legislation to set the legal framework with which to establish PAs in Egypt. It is a simple, clear, and straightforward piece of legislation, with little room for maneuvers or loopholes, which makes it quite powerful and effective. Egypt’s terrestrial and marine PAs are defined by Law 102/1983 as follows: “any area of land or coastal or inland water characterized by flora, fauna and natural features having cultural, scientific, touristic or aesthetic value”.

26. Law 4/1994 amended by Law 9 for 2009 defines Environmental Protection as “Protecting and promoting the components of the environment and preventing or reducing their degradation or pollution. These components encompass air, seas, internal waters, including the river Nile, lakes and subterranean water, land, natural protectorates, and other natural resources.” This law also invests the EEAA with the authority to:²⁷

- a) Recommend taking the necessary legal procedures to adhere to regional and international conventions related to the environment and prepare the necessary draft laws and decrees required for the implementation of such conventions, and follow up the implementation of international and regional conventions related to the environment.

²⁶ Law 4/1984.

²⁷ Following are citations from Law 4/1994

- b) Prepare draft laws and decrees related to the fulfillment of its objects and express its opinion on proposed legislation related to the protection of the environment.
- c) Prepare studies on the state of the environment, formulate the national plan with the projects included for the protection of the environment, and prepare the estimated budgets
- d) Administer and supervise natural protectorates.

27. Law 4/1994 amended by Law 9 for 2009 has become the primary legislation protecting biodiversity outside PAs. Article 28, among others, includes provisions for the management of hunting and collection of wildlife. However, these provisions are not comprehensive, are not clear and do not list clearly the taxa they are concerned with, which has rendered it difficult to implement and of limited impact on hunting management. Law 4/1994 amended by Law 9 for 2009 also makes provisions for the protection of the terrestrial environment from pollution, development and the environment (EIA), hazardous materials and waste, protection of water environment from pollution, pollution from sewage and garbage, pollution from land based sources, rights to implement the law, and penalties.

Socio-economic context

28. Egypt is the second most populous country in Africa, with a population of about 70 million, an annual population growth rate of 2.2% and an average population density of 68 persons per km².²⁸ There are six geographical and population regions: the Nile Delta, the Nile Valley and Fayoum, the Suez Canal, the Western Desert, the Eastern Desert, and the Sinai Peninsula. The vast majority of the population is concentrated in the first three of these regions.²⁹ In terms of administrative units, Egypt is divided into 26 governorates, of which four are urban, 17 are rural, and five are desert governorates.³⁰ Eighteen of the 26 governorates host PAs.

29. As for PAs, they can be roughly subdivided into non-inhabited, thinly populated, and heavily occupied.³¹ Economic activities for populations in relatively heavily populated PAs, such as Burullus, Lake Qarun and the Nile Islands, are only minimally natural-resource based, with most activities concentrated in the government, commercial, agriculture, and industrial sectors. In contrast, PAs with sparse populations, such as Siwa, St. Katherine, Nabq, and Wadi El Gimal, are often home to tribal communities whose livelihoods are closely connected to the natural environment; cultivation, livestock rearing, fishing, and medicinal plant collection.

30. Egypt is classified as a middle-income country, with a Gross Domestic Product (GDP) of \$89 billion and GDP per capita of \$ 1,529. GNP grew from US\$ 660 in 1993 to \$1,290 in 1998, but this growth is unevenly distributed, with 34% of the urban and 18% of the rural population falling below the poverty line (defined at LE 697 and LE 438 respectively) and 17% of the urban population and 8 % of the rural population considered to be living below the ultra poverty line (in 1994, LE 527 for urban and 356 LE for rural population).³² It can be said that the impressive GNP growth rate has also largely side-stepped populations living within PAs, many of whom live well below the poverty line.

31. Tourism in particular has grown very rapidly in Egypt, with coastal tourism leading the way. The contribution to GDP from the tourism sector in 2003-2004 was 2.3%, and the industry's rate of growth

²⁸ UNDP Human Development Report 2005.

²⁹ Kassas, M., *et al* (ed.) 1995. *Egypt country study on biological diversity*. Publication of the National Biodiversity Unit, 3.

³⁰ *Ibid*

³¹ Dr. M. Kassas – personal communication

³² Legal and Institutional Framework Project Document 2002. Egyptian-Italian Environmental Cooperation Program – Phase II.

was the highest of any economic sector, at 38.4%.³³ It is estimated that there are upwards of two million tourists, including around 1.5 million foreigners, annually visiting the Red Sea Governorate.³⁴ These figures are likely to increase dramatically given the large tourism development plans that are currently being implemented for the Mediterranean coast as well as for the southern Red Sea coast. Most of Egypt's tourism can be considered mass tourism. Recently, however, there have been notable success stories in the field of ecotourism, which may indicate a nascent trend for the future.

32. Egypt's urban population represents 41.6% of the total,³⁵ a figure which is expected to grow. Within PAs, urbanization is increasingly becoming a threat, especially with the expected boom in the tourism industry along both the Mediterranean and Red Sea coasts. For example, the Red Sea Governorate projects its population will reach 1.26 million by the year 2022, from the more recent 89,000 due to rapid tourism development and urbanization pressure. Most of this increase will be concentrated in Hurghada and Ras Ghareb whose boundaries will move south as more tourism development occurs.³⁶ This is in addition to the expected urbanization further south in Marsa Alam.

33. An estimated 99.5% of the Egyptian population is sedentary, with 0.5% being nomadic and living mostly in the frontier governorates of Matrouh, Sinai, and the Red Sea governorates,³⁷ which also happen to host Egypt's largest PAs. There is generally limited available data that clearly identifies the demographic characteristics of these groups,³⁸ and data is usually collected on a piecemeal basis. Available data, for example, shows that the Red Sea coastal area on the Egyptian side is home to about 84,000 inhabitants, mostly concentrated in Hurghada, with the rural/nomadic communities of mainly Ababda and Bishari people making up less than 15% of this figure.³⁹ In addition, the population in the western part of the Mediterranean north coast, mostly in and around the Sallum area, is approximately 11,000,⁴⁰ with general low resident population densities across the remainder of this coastline.⁴¹

34. The main economic activities for populations living in and around most PAs are traditional artisanal activities such as livestock herding, fishing, and medicinal plant collection, in addition to agriculture, and to varying degrees, activities within the tourism industry. The NCS is making ongoing efforts to ensure local community involvement within PAs and in the tourism sector. For example, in St. Katherine's, as a result of EU support to the NCS, the Al Karm Ecolodge was established, which is owned and operated by the local Bedouin community. The same effort established a local handicrafts outlet, stocked with handicrafts produced by the local community. In the Red Sea, the Samadai reef, which is home to a school of dolphins that came under pressure from over visitation, is now managed by a local NGO (the Abu Salama Society) that employs local people to regulate the site, and that levies a visitation charge for a set limit of divers and snorkelers per day.

1.2. Threats, causes and impacts

35. Despite ongoing efforts led by government and international partners, Egypt's biodiversity remains seriously threatened. Three main categories of persisting threats and associated causes of biodiversity loss have been identified. These are: (i) conversion and/or destruction of natural habitats; (ii) degradation of natural habitats, and; (iii) unsustainable utilization of biodiversity resources. These are described below.

³³ *Ibid*

³⁴ Cesar, H. 2003. Economic Valuation of the Coral Reefs of Egypt. Report for EEPP-MVE. Funded by USAID.

³⁵ UNDP Human Development Report 2005.

³⁶ GEF Red Sea Baseline Report, 1998.

³⁷ Kassas, M., *et al* (ed.) 1995. *Egypt country study on biological diversity*. Publication of the National Biodiversity Unit, 3.

³⁸ The National Environmental Action Plan 2002/2017.

³⁹ GEF Red Sea Baseline Report, 1998.

⁴⁰ Dr. Mohamed Soliman, pers. com

⁴¹ Supporting Egypt in Designating its First Marine Protected Area on the Mediterranean Coast. IUCN, 2005.

i. **Conversion and/or destruction of natural habitats:** In the 1960s, Egypt adopted major industrialization programs in many regions of the country, and demand for raw materials and sites for industry, housing and waste disposal has driven these activities up to this day with little regard for their impact on the environment.⁴² Currently in some areas, *industrial activities* are near enough to PAs that sizeable negative impacts occur. For example, the Wadi Digla PA is situated on the outskirts of Cairo near a major urban and industrial area, except now there exist upwards of 80 marble processing factories dangerously near the PA's buffer zone – in fact these have extended into the gazetted boundaries which were subsequently redefined to exclude these factories. St. Katherine's PA has two designated industrial zones within its borders. In the Red Sea area, Safaga Island is an important area for bird and turtle nesting as well as diving and local fishing. It is threatened from pollution due to its close proximity to Safaga, where industrial activities occur that are not stringently regulated.⁴³ *Urbanization* is expected to increase exponentially along the Red Sea coast due to planned large-scale tourism developments centered on natural resource attractions inside PAs. *Coastal infilling* is a real threat associated with tourism expansion on both of Egypt's coasts; on the Red Sea, reef beds are cut and cleared for resort building. Although this has largely been controlled in recent years (through ranger efforts), in Hurghada approximately 50 km² of the reef system have been lost to infilling and dredging during the 1990s. This activity still occurs on a much smaller scale, but violators are usually fined heavily if caught. *Quarrying* and *mineral extraction* also threaten natural habitats. Granite, gravel, sand, and limestone are extensively quarried inside some PAs, such as in Wadi Allaqi, where granite is quarried to an extent that the entire northern section has been disfigured and its unique landscape characteristics are disappearing. The same situation occurs in Wadi El Gemal and St. Katherine, where privately owned granite quarries operate at the expense of these national assets. Titanium ore and quartzite extraction in Wadi El Gimal PA is also degrading its landscape qualities. *Land conversion* to agriculture is another significant threat, given that Egypt has adopted policies for intensive agriculture in order to meet the needs of a rapidly growing population. These policies promote the horizontal expansion of agricultural land and also the maximization of unit productivity through intensive use of fertilizers and other agrochemicals. Land reclamation for agriculture in desert environments increases this threat, which is especially notable along the Mediterranean coast and in the Western Desert oases, including Siwa. Lands converted to agriculture included some of Egypt's richest areas in biodiversity including wetlands, marginal lands, semi-deserts, large fertile desert wadis, Mediterranean coastal desert and uninhabited oases.⁴⁴ Evidence of this can be seen in the Wadi El Rayan PA as well as in the Zaranik PA, where agricultural areas are encroaching on core zones.

ii. **Degradation of natural habitats:** The exponential *increase in coastal hotels, resorts and ancillary facilities*, particularly along the Red Sea coast, is causing unsustainable pressure on natural resources. Poor planning for these activities has caused the degradation of coral reefs and sea grass beds, along with the destruction of marine turtle nesting sites. They also significantly impact important breeding seabird populations in the region, such as the Osprey, Sooty Falcon, White-Eyed Gull and the Spoonbill.⁴⁵ Associated with this exponential increase in construction are increased impacts *from tourism activities*, including diving, snorkeling, and off-road vehicle use. Heavy uncontrolled visitation not only damages fragile reefs, but unregulated terrestrial visitation also scars the landscape, damages top soil, and degrades seed banks. Evidence of this is seen throughout Egypt's PAs, most notably in the Western Desert where the topography is fragile and more susceptible to compaction and scarring. Rangelands inside PAs are also under pressure from *overgrazing, fuel wood collection* and *charcoal making*. In the Elba PA, local communities have resorted to commercial fuel wood collection and charcoal making as they have few

⁴² Institutional Strengthening of the Nature Conservation Sector and National Biodiversity Department for Monitoring and Assessing of Biodiversity and Natural Heritage (BioMAP). Proposal Document, NCS 2004.

⁴³ GEF Red Sea Baseline Report, 1998. This is 10 years old, are there any new references?

⁴⁴ Institutional Strengthening of the Nature Conservation Sector and National Biodiversity Department for Monitoring and Assessing of Biodiversity and Natural Heritage (BioMAP). Proposal Document, NCS 2004.

⁴⁵ GEF Red Sea Baseline Report, 1998.

alternative sources of revenue. However, due to increased demand for these products to service the growing tourism industry further north, the risks posed by this pressure are growing. Pollution, especially tourism-associated pollution from *solid waste*, including *construction waste*, and *inadequate wastewater treatment and disposal*, is also a cause for concern. The provision of environmental infrastructure and services, such as appropriate wastewater treatment and solid waste disposal facilities, have not kept-up with the extensive tourism developments particularly those along the southern Red Sea. As a result there is extensive littering of the desert landscape with solid waste, particularly plastic receptacles, and heavy contamination of the coastline with flotsam and other pollutants, much of which originates from illegal dumping by the large fleet of dive boats. In addition to these threats, *invasive species* and *over-extraction of freshwater for agriculture* also put strain on the integrity of PAs.

iii. **Unsustainable utilization of biodiversity resources:** Egypt's terrestrial and marine areas support an abundance of renewable resources which represent important elements of the country's natural capital. However, overuse of these resources is leading to their rapid erosion. *Poaching, trapping, over-fishing and unsustainable collection of fauna* for the pet trade and, to a lesser extent, for scientific purposes are severely reducing the population size of many species,⁴⁶ including critically threatened species, such as the Egyptian Tortoise and the Slender-Horned Gazelle, the latter of which is hunted for sport. These practices are widespread throughout most of Egypt's PAs, and pass undetected or undeterred due to the enormous areas that require patrolling and are severely understaffed, making detection impossible. Even when caught, violators are seldom prosecuted. The *unsustainable collection of medicinal plants* has also reduced the abundance of important medicinal plants to the extent that donor intervention (UNDP-GEF) was required to regulate this unsustainable practice. In the absence of effective regulation, resource users have incentives to maximize their individual harvests and little incentive to conserve.

1.3. Long-term solution and barriers to achieving the solution

36. The proposed long-term solution for biodiversity conservation of Egypt's protected areas is an effective and sustainable PA system operated by an autonomous NCS that has the financial wherewithal and management capacities needed for effective management. A PA system which is effective in conserving biodiversity, run on a solid economic basis, well marketed and seen as playing a positive role in the future economic development of Egypt, will be able to secure substantial political and popular support and leverage. The foundation of the long-term solution is a sustainable financing system resting on the following three pillars:

i. *Legal, regulatory and institutional frameworks that support sustainable PA financing:* Sustainable PA financing in Egypt requires highly supportive legal, regulatory and institutional frameworks. These must include legal, policy and regulatory support for, *inter alia*, the following processes: revenue generation and retention by NCS, as the agency directly responsible for PA management; financial planning and management; alternative institutional arrangements such as concessions; clearly defined institutional responsibilities for financial management, and; national PA financing strategies. At the institutional level, responsibilities need to be clearly delineated and agreed, together with effective, transparent mechanisms for thematic and site-level allocation of funds (e.g., for hiring staff, etc.) and for management and accounting of revenues and expenditures.

ii. *Tools and practices for revenue generation and mobilization:* PA systems must be able to attract and take advantage of all existing and potential revenue mechanisms within the context of their overall management priorities. Diversification of revenue sources is a powerful strategy to reduce vulnerability to external shocks. Sources of revenue for protected area systems include traditional funding sources – government subsidies and donor projects – along with innovative ones such as debt swaps, tourism

⁴⁶ Fouda, Mostafa 2002. Nature Conservation in Egypt.

concession arrangements, and in some cases, carefully controlled levels of resource extraction. Egypt's protected area system possesses highly significant opportunities for resource mobilization. These include user fees that can be derived from high levels of visitation at several of its PAs, as well as revenue-generating opportunities associated with concessions. There is also substantial scope for the development of cost-recovery mechanisms, as well as for investments for the development and enhancement of such services, including ecosystem services. Furthermore, the use of fee levels as a management tool, to maintain visitation levels within the carrying capacity of protected areas and in a way that is commensurate with the biodiversity values of the sites, has not yet been explored due to the rigidity of the fee-setting system. Finally, it remains important to maintain and increase levels of Government direct budgetary support linked to the system's provision of public goods, which requires awareness raising and marketing of the ecological and economic benefits provided by the PA system. By taking full advantage of these opportunities, it is believed that the PA system could quickly increase overall levels of revenue mobilization by a substantial percentage.

iii. Business planning and other tools for cost-effective management: Effective management of financial resources is also essential to the sustainability of Egypt's PA system. The systematic and integrated use of financial planning, accounting, management and business planning tools, along with management effectiveness assessments, therefore represent a second pillar of PA financial sustainability in Egypt. Effective financial planning requires accurate knowledge not only of revenues, but also of expenditure levels, patterns and requirements. Balancing the cost/revenue equation requires consideration of both revenue increases and cost controls. Effective and integrated planning tools enable PA managers to make strategic financial decisions, such as how to allocate spending to match management priorities, and how to identify appropriate cost reductions and potential cash flow problems. Effective and cost effective management would help to increase the confidence and support of Egypt's Ministry of Finance, as well as donors, by demonstrating not only that invested funds are being used wisely and cost effectively but by showing more broadly the PA system's ability to contribute to Egypt's sustainable development while simultaneously conserving its globally and nationally significant biodiversity. Such a demonstration would provide NCS with a powerful set of arguments for continued long-term investment in, and expansion of, Egypt's PA system, mainly through self-generated revenues. Conversely, higher levels of resource mobilization unaccompanied by demonstrably improved and cost-effective management could lead to wasteful spending and little real improvement in management effectiveness or conservation outcomes, with a resulting fall off in domestic and international support. Furthermore, the PA system is currently perceived as a resource sink rather than a value to the economy and productive sectors it interacts with. Strengthening the capacity of the NCS – and providing it with the necessary enabling environment to engage with the private sector and other interest groups and to provide service-oriented management, will on the one hand contribute to reducing management costs, while on the other, will enhance its image as a service provider, in particular to the tourism sector.

37. At present, Egypt's PA financing system is falling well short in each of the above three areas. *Barriers* to achieving the above long-term solution are preventing the emergence and effective operation of the three pillars and their associated elements.⁴⁷ They are described in detail below, according to component and element.

⁴⁷ This section, and the project design as a whole, draws on Bovarnick, Andrew. 2008. *Financial Sustainability Scorecard for National Systems of Protected Areas*. Panama City: UNDP-GEF. The scorecard defines three fundamental components of a fully functional and sustainable protected area financing system; each component in turn is broken up into a number of discrete 'elements.' Through in-depth consultations with NCS management, NCS staff and other stakeholders during the PPG, each component and each element of the scorecard was examined in some detail. In addition to generating baseline scores for each component and element (see **Annex F**), the exercise was used as a framework for identifying key associated barriers (see following paragraphs), together with project outcomes, outputs and activities aimed at removing these barriers.

i. *The existing governance framework, including legal, regulatory and institutional components, provides inadequate support to sustainable PA financing:* Overall, legal, regulatory and institutional frameworks are failing to provide an adequate enabling environment for sustainable PA financing. Specific shortcomings are described below, under headers defining the relevant element.

- Legal, policy and regulatory support for revenue generation by PAs: Revenue generating mechanisms are allowed under Law 102 of 1983 and Law 4 of 1994 amended by Law 9 for 2009. Key governance-related barriers to increasing revenue generation include: (1) difficulty justifying and getting approval for new fees, which require issuance of a Ministerial Decree, is linked to resistance from line ministries and business groups—including investors in the real estate and tourism sectors—who believe that increased or new fees will have a negative impact on their sectors; (2) the fact that generated funds are not re-injected at either site or system level (see following bullet point) means that NCS has little incentive either to collect fees or to seek fee increases and that local partners (e.g., tourism operators) have no incentive to support them either; (3) certain revenue generation approaches, such as new taxes or PES, would require legislative changes, which are not informed by the kinds of robust assessments that would be needed to establish the potential and feasibility of such mechanisms; (4) NCS has a limited role in negotiating or approving concessions, which are instead the responsibility of a EEAA Committee, and concession-related revenues remain extremely low. 5) capacity related barriers. There is few if any staff with management oriented vision/experience and background to undertake serious sustainable finance processes.
- Legal, policy and regulatory support for revenue retention and sharing within the PA system: A consistently held goal of NCS management and staff has been financial autonomy and, in particular, the right to retain and share revenues generated. Currently, revenues generated by entrance fees, concessions and other sources go directly into an Environmental Protection Fund (EPF). However, EPF funds are not easily available to PA managers in NCS. Meanwhile, the EPF supports a wide range of EEAA activities, not just those related to protected areas, thus, the PA system partially subsidizes the rest of EEAA activities. In addition to the low level of fund re-injection, the selection of projects funded in this way tends to be biased in favor of pressing national environmental priorities, rather than those supported by NCS.⁴⁸ Despite this, there are no legal constraints limiting either revenue retention by NCS or sharing of revenues among sites ('cross-subsidization') within the system.
- Legal, policy and regulatory support for alternative institutional arrangements for PA management to reduce cost burden to government: New types of PA management arrangements can help to increase the cost-effectiveness of PA management and associated government investments. However, they require a clear legal and regulatory basis for operation. Currently, there are no clear and formal objectives, procedures, and rules for arrangements such as concessions, co-management and other partnerships. Concessions are charged for activities such as cafeterias and antennas, but the amounts charged are so low that revenues do not even meet the costs assumed by the PA in letting the concessions operate. In the case of co-management, outsourcing, partnerships, and other kind of participation arrangements, there are so far only two co-management schemes in place, neither of which is fully regulated, formal and functional. Key barriers include: (1) NCS has only a limited role in negotiating concessions.⁴⁹ (2) There is an absence of economic skills needed to properly value assets and licenses; (3) Egyptian environmental associations have limited ability to mobilize popular constituencies or influence policy-making. (4) Systemic centralization of decision-making and resource allocation limits opportunities for local and provincial governments to experiment with more innovative forms of public-private partnerships. (5) Previous efforts to increase the decision-making authority of NCS in matters such as these have failed to mobilize adequate support and been

⁴⁸ A recent example was a 6 million LE (US \$1.1 million) allocation from the Fund for the establishment of a Peace Park.

⁴⁹ The NCS Director, together with Directors of the Legal and Financial Sectors, EPF and others, participates in a Concession Committee headed by the CEO of EEAA

unsuccessful, a result which has diminished NCS capacity to establish credible commitments and linkages with local resource users and tourism investors.

- National PA financing policies and strategies: National PA financing strategies can help in establishing spending priorities, defining policies related to revenue generation and retention (e.g., fee pricing), clarifying institutional lines of responsibility, defining instruments such as Trust Funds and establishing incentive structures and tools such as business planning. Presently, Egypt has a Biodiversity Strategy and Action Plan (1997-2017) covering the PA system as a whole, but no explicit policy or strategy for sustainable PA finance. However, there is a clear indication that NCS considers sustainable finance to be a top priority. There is also strong political will within NCS to make progress towards sustainable financing. Barriers include: (1) NCS enthusiasm is not accompanied by a commensurate level of relevant technical skills and practical tools. (2) There is an overall absence of planning culture; plans are either not properly formulated, implemented, monitored / evaluated or adapted to changing circumstances. (3) No formal procedure or policy ensures that resource allocation criteria are fully implemented, leaving too much room for discretionary allocations. (4) Non-explicit policies and informal agreements guide activities and decisions regarding sustainable finance.
- Economic valuation of protected area systems: Thus far, no serious, system-level economic valuation exercise has been undertaken. As a result, NCS does not have an economic case to prove current benefits of PAs to Egyptian society, nor does it have an assessment of tangible and intangible ecosystem services provided by the PA system. The lack of such information prevents NCS from building a strong case to elevate PAs' profile in public and private spheres. This information problem is tied to a lack of national capacities in environmental economic valuation methodologies.
- Improved government budgeting for PA systems: Treasury allocations channeled through government budgets need to be both adequate in magnitude and predictable in order to facilitate effective management and financial planning. The current system is adequate neither in terms of magnitude nor predictability. Direct budgetary allocations are estimated at 19% of 'basic' financing needs. Predictability and timing are further problems: it can take up to three months to start spending direct governmental allocations, and up to six months in the case for EPF resources. As a result, in 2007/08, only 64% of available resources were expended by the government. Other problems include changes in expenditure priorities and lengthy processes for bidding and agreements for resource allocation. For example, in 2008, four million Egyptian Pounds were supposed to be expended for vehicles and other items but the process took so long that the year ended and NCS lost these funds. Specific barriers include: (1) Many PAs have neither a management plan nor a detailed needs assessment, leaving a large space for resource allocation in many cases to issues of lower priority to PAs. (2) There is no formal procedure for budgeting involving different levels at NCS. (3) The financial system does not facilitate expenditure; on the contrary, according to different levels at NCS, it is one of the major financial barriers they face.
- Clearly defined institutional responsibilities for financial management of PAs: Unclear relationship in this regard is mostly between NCS and EPF, whereby the latter receives the revenues from the PAs while the accumulated revenues are not necessarily used to support PAs. Also, NCS has limited authority to set fees and other mechanisms. Operational areas affected by this situation include resource allocation to specific PAs, participation of public and private sector stakeholders in CSR opportunities, improving or generating new mechanisms related to concessions, increasing fees and implementing new revenue generating mechanisms. There have also been conflicts between NCS and other ministries, including Ministry of Petroleum and Mining, Ministry of Agriculture and Fishing, and Ministry of Tourism, all regarding concessions.
- Well-defined staffing requirements, profiles and incentives at site and system level: Management skills and tools are not in place for effective use of existing planning resources. The PA system does not have enough human capital with background in economics, business and financial planning.

Specialization and professional management of revenues and PA expenditures might be affected by the lack of a specific unit within NCS that ensures an integral approach towards financial sustainability. Very limited incentives are in place to attract and retain quality profiles that complement existing capacities and competencies at central and site level. NCS has difficulties getting approval for hiring individuals; as a result, it can months and even years to fill vacant posts.

ii. *Existing tools for resource mobilization are operating well below their potential:* Under Egypt's baseline system, revenues generated by the PA system consist mainly of funds collected from visitors to five of the 27 PAs. From 2005/06 to 2007/08, an average of \$3.7 million in revenues were generated annually by the system as a whole; about 70% of these revenues consisted of entrance fees collected at only three of these PAs – Ras Mohamed, St. Katherine and Red Sea Islands. At least nine other PAs have substantial potential for revenue generation, but no institutional framework or mechanisms have so far been established to generate revenues there effectively. Revenues generated through concessions and other sources remain at low levels. Overall, there is clearly substantial room for enhancing revenue generation by the system. Barriers related to individual elements are described below.

- Number and variety of revenue sources used across the PA system: The number and variety of revenue sources in use within a PA system can be an important indicator of the reliability and stability of income sources. In financial terms, diversification can provide important benefits in terms of reduced volatility. Egypt's current 'portfolio' is very limited, and relies almost exclusively on tourist fees. The existing mechanism exclusively affects visitors directly at the entrance gate; there are no other related mechanisms, such as permits, patents, parking fees, hotel fees, etc. In addition, existing mechanisms are applied in only a few PAs. Barriers to improving this situation include the absence of any feasibility assessment or formal process to explore new mechanisms and sources of funding, together with the limited understanding of different potential sources of income for the PA system. Separately, an important opportunity to develop a branding strategy involving origin denomination "products from Egypt's PAs," for products created by local communities, has not been fully explored or pursued.
- Setting and establishment of user fees across the PA system: In theory, user fees should reflect the cost of supplying recreational services, the demand for natural resources, and the value that visitors place on their experience at the site. The direct link between maintaining natural areas and income from user fees is often a strong economic incentive for conservation. In Egypt's case, the setting and establishment of user fees across the PA system does not follow either a national strategy or a technical method (e.g., willingness to pay estimates) to define the appropriate level of fees to be charged in each PA. The existing policy allows fees to be charged only after investments in infrastructure are in place. Across the system there are only two categories of entrance fees for nationals and foreigners, which were established years ago without periodic revisions. User fees are not yet used as management tools, e.g., using higher fees as an economic instrument to help contain visitation levels at high value, ecologically sensitive locations. Specific barriers include: (1) There is limited capacity to assess/ analyze the correct level of fees or to establish an overall system wide strategy for the PA system. (2) User fees are not perceived as management tools, but exclusively as sources of income. (3) Negotiation capacity of NCS is low and there is no technical support to present the case for increasing fees or creating new ones to other more powerful governmental entities. (4) There is no analysis or assessment of the potential for environmental services associated with the PA system. (5) There is a perception that, as a 'mass' tourism market, particularly in its coastal areas, Egypt cannot easily market 'exclusivity.'
- Effective fee collection systems: Once user fees are agreed and applied, it is important to implement a system for collecting the fees which is professional in appearance, transparent and cost-effective. Fee collection systems can influence both how much a park visitor is willing to pay and the percentage of visitors who actually pay. Transparency will ensure all fees levied are channeled into the appropriate

accounts and recorded. Reasonably effective fee collection systems based on existing guidelines for visitor fees are currently implemented in five PAs. Effective measures were incorporated in recent years such as opportunities for tour operators to purchase tickets in advance. Shortcomings include: (1) There is no survey in place in order to assess visitor satisfaction. (2) Fee evasion is relatively high due to the lack of personnel and lack of incentives to improve. (3) PA staff lack incentives to increase fee collection since they do not see the benefit of it given the limited levels of re-injection. (4) NCS might not be the most effective and best collector of fees, in comparison with a private or community partner. 5) Anyone can operate tourism within the PA system; the system does not allow for exclusive operators that commit towards playing by the rules

- Marketing and communication strategies for revenue generation mechanisms: It is important to communicate to service users what they are paying for. The better this is communicated and the greater confidence consumers have that their fees are going to conservation investments, the more they will be willing to pay. Effective communications can also act as a tool to better connect consumers to conservation practices by allowing them to understand better the costs of conservation and to realize that they are playing a role in conservation and sustaining the services they are paying for through their payments. In Egypt's case, there is a written strategy for branding and marketing that hasn't yet been implemented. An important number of brochures and promotional material are still available in few PAs, but this material does not provide information about fees. At the site level, tour operators play an active role in communicating fees and general conditions for entrance to their clients. As is the case with several of the elements mentioned above, NCS does not have capacities in place to implement and update existing tools such as marketing plans, communication strategies and other materials. The alternative of relying on partnerships with private sector or other governmental entities to use and implement existing tools has not yet been developed.
- Operational PES schemes for PAs: The economic and social value of goods and ecosystem services produced by protected areas—such as fisheries, non-timber forest products, genetic resources, water security, and flood and storm control—represents an important opportunity for PA financing, one which can be captured through tools such as payments for ecosystem services (PES). In Egypt, no payment for ecosystem services are in place, and no attempt has been made so far to test or promote these mechanisms. The current legal framework states that no fees are possible without service, and the national legal framework does not recognize or acknowledge environmental services. This means strictly that NCS can charge visitor fees because of PA efforts to protect and manage natural resources or for the infrastructure placed in PA for tourists (toilets, visitor centers, camps), but not for the environmental service itself of enjoyment of nature. These factors represent significant barriers to the development of PES schemes.
- Concessions operating within PAs: In the case of tourism or mineral extraction, the financial contribution from operational concessions can be considerable. Concessionaires generally pay a concession fee as a down payment plus periodic payments throughout the life of the concession contract. An important issue is to ensure that the uses permitted by the concession, and the terms of the concession agreement, provide benefits to conservation and minimize incidental consequences such as increased hunting or land encroachment.⁵⁰ Indeed, some uses, particularly related to extractive industries (mining, oil, etc.) should be avoided altogether. For other, more ecologically sensitive activities, concessions should be carefully negotiated. Currently, concessions are enforced through ministerial decrees, but an adequate strategy, procedures and technical definition of values that are charged to concessionaires are all lacking. In the case of oil and mining companies, there is a clear conflict of interest since companies perceive that they are paying the same concession fee twice, to EEAA and to the Ministry of Oil and Mining. Concessions are defined, negotiated and valued outside of NCS; however, the cost of monitoring and follow up is assumed by each PA. Rarely are damages associated with concessions valued, or cleanup costs assumed by concessionaires. Current

⁵⁰ GEF, 2003.

charges to concessionaires are very low, and do not generate positive net revenues, i.e., NCS spends more on monitoring than they recover from these mechanisms

- PA training programmes on revenue generation mechanisms: Training programmes can help to build the capacity of PA agencies in these areas, e.g., tools for making financial projections, identification of suitable mechanisms and in-depth feasibility studies. However, no formal training and capacity building efforts are currently been developed. Current job descriptions do not include revenue generation as a responsibility of staff. This means that staff is neither evaluated according to their revenue generation performance nor against management effectiveness (\$/conservation outcomes). In general, the current institutional framework does not provide incentives for staff to innovate and apply acquired knowledge.

iii. *Inadequate processes for business planning and cost effective management*: While NCS currently lacks funds to undertake its critical management and protection tasks, it would likely fail in meeting its conservation goals, even if adequate funding were available, due to its limited capacities, and lack of systems to effectively prioritize, plan, manage and monitor. Most PA management systems established to date remain ineffective due to inadequacy in design and limited capacity and funding. Together, these factors serve to undermine cost effectiveness. Barriers related to individual elements of this component are described below.

- PA site-level management and business planning: Management plans define priorities for protected areas. Business plans enable the systematic assessment of financing needed to implement priority actions and of the viability of new revenue sources. They can also be used as a powerful marketing tool for donors, the private sector, to influence funding decisions in the Ministry of Finance and to enable resource distribution issues to be addressed across the system. Only six PAs have updated management plans. Two business plans have been completed (Wadi Rayan, Wadi Gemal) and one is in process (Ras Mohamed). Only the first one is more or less ready for implementation, while the second was not fulfilling NCS expectations, and the plan for Ras Mohamed was interrupted due to the lack of skilled personnel to finish it. None of the existing business plans includes management needs and costs based on cost effective analysis. Thus, there are in no cases any formal links between management plans, management effective assessments, business plans and annual operative plans. Key barriers include: (1) No appropriate policy and institutional framework for planning in a broader perspective: plans are not monitored, resources are not allocated to their implementation, and responsibilities for implementation are frequently unclear; (2) No general policy or practice of updating and generating management or business plans where needed. (3) In some PAs, management and business plans are not developed because of potential political repercussions in terms of zoning, regulation of activities, definition of threats and vulnerable values, etc. (4) NCS lacks personnel with experience in the design and implementation of management and business plans.
- Operational, transparent and useful accounting and auditing systems: A prerequisite for financial planning is cost and revenue data at both site and system levels. In addition to accounting systems, financial flows need to be transparent to show how much funding PAs are obtaining and to help determine how effectively they are spending their funds. This requires a system-level tracking system. Such systems increase donor and investor confidence about putting funds into PA systems. Baseline NCS accounting and auditing systems respond to standard financial operating requirements of governmental institutions in Egypt, i.e., they are not designed to feed decision making and promote sound management at central and site levels. This problem is linked to the fact that the current system only tracks the governmental budget, which represents only about one third of the total resources invested in the PA system; there is no system in place to integrate investments from EPF and donors or the private sector, with a resulting risk of duplication and overlapping. In regard to revenue tracking, the current system is manual and thus highly labor intensive. Finally, there is limited

capacity at site level to generate financial information and operate accounting systems, which further impedes cost-recovery and NCS' ability to justify new or increased fees/revenues.

- Systems for monitoring and reporting on financial and management performance: Monitoring management performance and effectiveness is essential to ensuring accountability of funds expended. Current monitoring and reporting systems are mostly designed to fulfill the needs of governmental accounting and reporting systems. However, financial information is not publicly disclosed, but is shared with other ministries and governmental offices upon request. No analysis or reporting regarding return on investments is undertaken, although baseline data does exist. An informal monitoring tool is in use to indicate how and why funds are allocated across PA sites.
- Methods for allocating funds across individual PA sites: Resource allocation needs to be based on a set of criteria linked to management objectives and performance in order to optimize the efficient allocation and distribution of funding and resources. Among the key criteria are biodiversity importance and imminence of threat to (globally) significant biodiversity. Under the existing system of financing, approximately 30% of funds, corresponding to Government's direct budgetary allocation, are allocated by NCS management according to general, but informal, criteria that do take into account biodiversity importance and the imminence and severity of threats. Likewise, donor funding is to a certain extent guided by such criteria. The third source of funding, grants awarded through the EPF, scarcely takes such criteria into account. Overall, although some allocation criteria exist, there is no method or clear procedure for annual financial allocations among individual PAs. Part of the problem is that NCS lacks financial and administrative autonomy, and does not have enough leverage to influence budgeting and resource allocations to PAs. Overall, there is no financial needs assessment available to guide effective resource allocation to PAs.
- Training and support networks to enable PA managers to operate more cost effectively: Training and support networks to enable cost-effective management tend to be informal practices based on site visits and verbal guidance. Resources are shared across the protectorates based on needs and opportunities. NCS possesses a reasonable level of flexibility to promote cross sharing of expertise across the system. No technical assessments or tools are in place to promote or facilitate cost-effective operation. There is also a lack of capacities to provide training in the use of cost-effective management tools. Finally, public sector hiring rules typically require government agencies to hire laid-off older public sector workers, making it difficult to hire young, well-trained, and committed graduates. Together with the very poor incentive structure (see last bullet under i. above), these barriers make it extremely difficult for NCS to attract and retain highly qualified staff.

1.4. Stakeholder analysis

Stakeholder Identification

38. The Nature Conservation Sector (NCS) will be the main body for the project implementation process and work in close cooperation with the Ministry of Tourism and associated authorities, the Ministry of Agriculture, the Ministry of Local Development, the Ministry of Petroleum and Mining, governors, heads of municipalities, national and local NGOs, and representatives of the local people.

39. **Table 4** below describes the major categories of stakeholders and their involvement in the project.

Table 4: Key stakeholders and roles and responsibilities

Stakeholder	Roles and Responsibilities
Nature Conservation Sector (NCS)/ Ministry of Environment	NCS will be responsible for the overall coordination of the project. It will also be a primary beneficiary of project activities.
Ministry of Tourism	Will participate in agreements on entry fees and tourism related concessions, and participate in identifying additional revenue generating options related to the tourism sector. Will be a member of the Project Steering Committee.
Tourism Development Authority (TDA)	To provide data on tourism development activities in different areas relevant to PAs along with associated EIAs of tourism investment projects which will help identify obstacles and opportunities for project implementation.
Ministry of Petroleum and Mining (including the General Department of Petroleum and the Mining Authority)	To provide information on mining and extraction activities, ensure the application of responsible extraction principles and take the lead in combating oil spills as participation in the protection of the natural resource base within PAs.
National Federation for Tourism Chambers	An important umbrella organization (NGO) which includes the Association for Diving and Marine Sports and an Environmental Affairs Department. This NGO will promote partnerships and communication with other NGOs and private sector actors involved in the tourism industry. Will also ensure that its network of NGOs and private sector partners keeps abreast of developments regarding fees and other project interventions. Will also play a role in identifying additional revenue generating options within PAs.
Private sector	To play an important role as partner in the project. In tourism, this includes hotels, resorts, dive centers, local craft shops and other businesses. In petroleum and mining, private sector companies should apply CSR principles and engage in responsible extraction practices. Telecom companies such as Mobinil and Vodafone also to apply CSR principles.
Authority of Fisheries Resources within the Ministry of Agriculture	To apply regulations with regards to fishing in and around PAs.
Local fishing associations	To apply regulations with regards to fishing in and around PAs and participate in biodiversity conservation through involvement in local ecotourism initiatives.
Environmental and coastal police, the latter affiliated with the Ministry of Defense and the former with the Ministry of Interior	Participate in the enforcement of regulations and aid in responses to environmental accidents.
Governorates	Governorates in selected pilot area will be represented in all Local Committees and involved in relevant project activities.
Municipalities	Municipalities in selected pilot areas will be represented in all Local Committees and involved in relevant project activities.

Stakeholder	Roles and Responsibilities
Health and Environment Committee of the People's Assembly and Shura Council	Can ensure the wide dissemination of the PA system's contribution to the national economy, shoring up wider support for the project.
National NGOs	Relevant national NGOs will act as important partners in selected PAs, and will be represented on Local Committees.
Local NGOs	Local NGOs (such as handicraft NGOs such as Fansina in St. Katherine, environmental NGOs such as the Abu Salama Society in Marsa Alam, fishing cooperatives, etc.) based in the selected pilot project areas will be invited to local committees and will be encouraged to take an active role in implementing project activities.
Representatives of local communities	Inhabitants of the selected pilot project areas will be made aware of the issues and invited to take part in the decision making process. They will be represented in the local committees and actively involved in the project activities. Their cooperation will be sought in project implementation including, alternative income development (ecotourism, organic agriculture), awareness raising, etc. Heads of local tribes and respected community leaders will be the main counterparts in linking the project objectives and activities to the needs of the people in the project area.

Long-term stakeholder participation

40. One of the project's aims is to ensure that there will be long-term involvement in decision making and implementation. This will be encouraged through support to the development of co-management models.

41. A collaborative management approach, in which some or all of the relevant stakeholders in the selected PAs are involved in a substantial way in management activities, is proposed by this project. Specifically, by this approach, NCS with jurisdiction over the PAs should develop partnerships with other relevant stakeholders and specify and guarantee their respective functions, rights and responsibilities with regard to PAs. In general the partnership should identify:

- the range of sustainable uses PAs can provide,
- the relevant stakeholders in the PAs,
- the functions and responsibilities assumed by each stakeholder,
- the specific benefits and rights granted to each stakeholder,
- an agreed set of management priorities and management plan,
- procedures for dealing with conflicts and negotiating collective decisions about all of the above,
- procedures for enforcing such decisions,
- specific rules for monitoring, evaluating and reviewing the partnership agreement, and the relative management plan, as appropriate.

42. The proposed model will contribute to better coordination and collaboration between the authorities responsible for conservation and sustainable development. It will be more effective in resolving management problems, and avoiding duplication of efforts in and around the PAs. The efforts of various stakeholders in areas such as conservation, development, education and awareness, research, etc., will be better coordinated and oriented towards common goals.

43. In addition, the setup of local committees/local resource user groups, to meet at regular intervals, will be explored on a case by case basis depending on the management objectives of individual PA sites.

1.5. Baseline analysis⁵¹

Research, data collection and planning

44. Because environmental issues are cross-cutting, baseline data are collected by most ministries and other relevant entities to inform planning decisions or in response to development requests. The different types of data collected depend on the planning issue and the ministry involved, and generally involve, *inter alia*, collection of information on tourism, agriculture, fisheries, land use, and biodiversity.

45. Within the Ministry of Environment, the Biodiversity Department under the NCS is responsible for biodiversity data collection, which is meant to inform the Protected Areas Department that is responsible for overall PA management. However, data are currently collected on an *ad hoc* basis, and information exists as stand-alone reports that are difficult to put in a context that would be most useful for informing management-related decision-making at the central level. Data collection is also not standardized, and the research is generally not sufficiently driven for management purposes. The situation has been described as follows:

there is no department-level group tasked with the responsibility to assess the multiple social, economic and legal issues that often drive unsustainable activities throughout the country and thus result in loss of biodiversity. Nor is there a group that is developing uniform policies and strategies to ensure that protected area management activities complement biodiversity conservation strategies envisioned for areas lying outside the protectorate boundaries. The NCS needs to increase its capacity to distinguish biodiversity policy issues yet to be addressed and then to frame the questions to be answered by information resources.⁵²

46. The NCS utilizes its staff in the different PAs to collect baseline data, fortified by other relevant information collected by stakeholders in the area, such as local NGOs, universities/research centers, and donor-funded projects. So far, data collection within PAs is undertaken to address very localized environmental issues, or in response to development requests within specific PA boundaries. At the central level, it is important to organize data collection in such a way as to have maximum utility in informing PA management plans that, all together, would present a coherent and effective management strategy for the entire PA network. As things stand,

there exists a great deal of information about Egypt's natural resources, which is scattered between institutions, lacking in some fields and outmoded in others. Where there are available referral collections (of plants, insects and other groups), these are seldom coordinated or linked. The result is that although there may be a wealth of information, it is generally not easily accessible or current. This makes it unusable for taking management decisions about natural resources and biodiversity conservation.⁵³

47. The above process as a whole is far from systematic. It tends to be more reactive than proactive, responding to perceived increases in pressures at given sites, e.g., tourist infrastructure expansion plans.

⁵¹ Paragraph 37 above presents baseline information concerning each of the elements and pillars of protected area financing. The present section presents more general information concerning baseline activities related to PA management in Egypt.

⁵² Institutional Strengthening of the Nature Conservation Sector and National Biodiversity Department for Monitoring and Assessing of Biodiversity and Natural Heritage (BioMAP). Proposal Document, NCS 2004.

⁵³ *Ibid.*

For example, planned tourism expansions in and around Wadi El Gemal National Park has led to questions about sustainability there, and data have been collected in response. It is expected that similar *ad-hoc* reactions will characterize research, data collection and planning during the project period under the business as usual baseline.

48. One of the government's strategic objectives is to introduce and integrate biodiversity concerns relevant to the management of natural resources into national policies, plans, and Programs. In response, a large effort has been made to better integrate biodiversity aspects into the NCS's data collection and planning process. The Biodiversity Monitoring and Assessment Project (BioMAP) was one such recent initiative, focused on expanding the monitoring and assessment capabilities of the Biodiversity Department and on strengthening MSEA/EEAA's capacity for analyzing and developing biodiversity policy within the Nature Conservation Sector. Its goals are "to strengthen the capacity of the Biodiversity Department as a focal point for coordinating and facilitating biodiversity research and monitoring, to strengthen the Biodiversity Department management structure by creating a Biodiversity Strategy Working Group, and to create an internet-based Clearing House Mechanism to assist other organizations to obtain and exchange information about biodiversity in Egypt". However, weaknesses within the institutional framework of the NCS have proven a barrier to properly integrating the results of projects such as BioMAP.

49. While biodiversity considerations should be incorporated into the government's overall environmental strategy, the most practical entry point for informed planning is through integrated management plans for protected areas. Management plans have been prepared for Wadi Rayan, St. Katherine, Wadi El Gemal and 12 other protectorates.

50. There have been concerted efforts made to standardize and institutionalize the PA management planning process. In 2002, a participatory workshop was held with the PA managers and other NCS staff to formalize a standardized framework and process for PA management planning. Subsequently all management plans have been produced according to the agreed format; the NCSCB project made a direct contribution to capacity building of the NCS in this regard. However the fact that most management plans have not been adequately implemented is a matter of serious concern. This is largely a result of shortage of staff, equipment and financial resources.

Nature protection and conservation

51. Conservation activities include patrolling and monitoring by rangers (of which there are 186 in Egypt) and others; reporting to central management and evaluating results; issuing licenses and permits for activities that need to be regulated; promoting public awareness and education at all levels of interaction, from local communities to visitors to the areas, and the general public.⁵⁴

52. PA management plans incorporate zoning and site planning. Zoning delineates areas within PAs according to their most appropriate type of use, while site planning, which is being pioneered in the Wadi El Gemal National Park, provides specific and detailed management guidance for small, discrete sites that are of particular concern due to their conservation importance or sensitivity to heavy human use pressures. Management plans incorporate action plans prepared for species of fauna and flora that are endangered or of particular concern, such as marine turtles, dugongs, gazelles, and medicinal plants.⁵⁵

⁵⁴ Protected Areas of Egypt: Towards the Future. NCS 2006.

⁵⁵ *Ibid*

53. Current baseline activities within PAs include wildlife monitoring, such as using camera traps, bird ringing, and monitoring gazelle populations, grazing studies, such as using GPS attached to goats to track grazing patterns (South Sinai), habitat assessments, habitat monitoring (e.g. coral reefs), and resource damage assessment (e.g. collision damage on reefs, impact on corals of recreational diving, impacts of international rallies). In addition, the NCS has the occasional opportunity, and means, to undertake proactive conservation actions through a habitat and species rehabilitation program. Examples of this are efforts to protect the habitat of the endangered Egyptian Tortoise, the establishment of plant conservation and monitoring enclosures and the Acacia Regeneration Programme.

Environmental infrastructure

54. Even though the NCS is not the responsible authority for developing environmental infrastructure, it has a role in identifying and lobbying for areas in need of appropriate infrastructure (within PAs), and in approving planned interventions. It is currently heavily involved in identifying solutions for solid waste and wastewater treatment for various PAs around the country, such as Wadi El Gemal and St. Katherine. In St. Katherine, an integrated waste management system has been instituted, which involves collection and sorting/recycling to reduce the waste stream headed to the sanitary land fill.

55. The NCS has taken the lead in developing eco-architectural models for infrastructure inside PAs. In recognition that each PA is unique, the NCS has actively promoted design solutions for its infrastructure that reflect the Park's setting. The designs established so far, including the Visitor's Center in St. Katherine National Park, and the ranger outposts, information post and park entrances built for Wadi El Gemal National Park, typify the vernacular architectural traditions, have minimal physical footprint on the site, and blend with the landscape. It is hoped that these structures will serve as a demonstration model for sustainable building techniques and heighten awareness of the possibilities for environmentally sensitive design and fabrication elsewhere in Egypt.⁵⁶

Monitoring and evaluation

56. At present, there are no clear mechanisms for biodiversity monitoring. While the BioMAP project did help to build capacities in the National Biodiversity Department, the process remains incomplete due to shortage of qualified staff. Overlaps between the Biodiversity Department and other related departments are being identified, and a monitoring and assessment program for biodiversity is being developed, to include a biodiversity database and national natural heritage sensitivity map. This will allow for the integration of land use and development/ conservation of biodiversity and natural resources on the national and regional level. BioMAP also carried out policy activities including identifying gaps and weaknesses with regards to biodiversity in the present environmental administration and legislative structure of the NCS and the government at large. It also developed alternative economic, legal and social activities or policies to encourage sustainable use of biodiversity and other natural resource assets.

57. In 2006, NCS conducted a critical self-analysis using the Rapid Assessment and Prioritisation of Protected Areas methodology (RAPPAM) to determine management effectiveness. Its key findings identified the main PA strengths and weaknesses, as well as the key threats to the PA system and the important barriers to effective management. This was followed by management effectiveness evaluations for four PAs, conducted in 2007. In addition, the NCS has commissioned multiple studies to identify barriers to its management effectiveness, which includes assessments conducted under the NCSCB project, among others.

Public awareness and participation

⁵⁶ Protected Areas of Egypt: Towards the Future. NCS 2006.

58. Twenty years ago most Egyptians did not know what a protected area was or could not name a single protected area in Egypt. Today, most Egyptians are familiar with protected areas and can name more than one PA. This is a result of the public awareness and education activities of the NCS. Interpretive programs for visitors from Egypt and abroad, hosting school visits inside PAs, and developing education programs that cater to a wide variety of target audiences, including visitors, school children, universities, the media, tour operators and local communities, have established PAs as valuable centers for education and training. Special education facilities, in addition to visitor centers, are being established and educational and promotional materials produced, such as posters, brochures, books, CDs, videos, stickers and T-shirts. Internet is increasingly utilized as an important means to reach a wide audience to promote awareness of the protected areas, such as for tourism. A web page exists for the EEAA, which contains basic information on the PAs and several sites are online, such as Zaranik, Burullus, Wadi El Rayan and the Red Sea.⁵⁷ Egypt's BioMap Forum won first prize in the 2009 International Youth Competition on Environment and Health, in which about 100 countries participated.

59. The NCS acknowledges that "people most dependent and associated with the Protectorate's resource base are usually the best stewards for these resources and should be enabled to help manage these resources locally".⁵⁸ A number of successes in integrating the local community in economic activities that are natural-resource based and completely in line with PA management objectives have been documented, and show promise for expansion. A prime example would be the efforts made to integrate the local community in St. Katherine. Besides establishing a local community support programme that provides health and veterinarian services, three successful economic ventures were established that involve the local community in various capacities. First, an ecolodge was established within the protectorate that is entirely owned and operated by the local community. Second, a locally owned and managed hand crafts company was established that provides over 300 local women with employment opportunities. And third, all signage within the park is created by local craftsmen using natural materials.

60. Another example of successful community participation can be seen in St. Katherine. A research project in the high mountains of the St. Katherine Protectorate discovered that the tiny endemic butterfly *Pseudophilotes sinaica* was critically endangered and restricted to an area of about 4km². In an attempt to protect this butterfly, the local Bedouin, with the support of the Protectorate management, declared in 2002 the Farsh Shayeb near the summit of Gebel Safsafa a traditional *hilf*, which is a type of agreement deeply rooted in the Bedouin tribal system, with conservation elements at its core. It controls seasonal uses of pasture or personal actions, usually in connection with the use and protection of trees. These systems are enforced by tribal law (*'urf*). When a person pledges to uphold a principle that all tribal people consider just, acting against it violates both a person's honor and *'urf* itself. Though the traditional conservation systems are now largely a thing of the past, *'urf* still operates, and several Bedouin still claim a traditional responsibility for wildlife protection in some areas. This is the first newly established *hilf* in the living memory of the local Bedouin communities.⁵⁹

61. Recently, the NCS has embarked on a participatory planning and management process with two local communities for the management of the White Desert National Park. Following a successful participatory planning workshop the local communities have been involved with the development of the management plan, deciding on and delineating management zones and access restrictions. It is proposed that in the future this co-management arrangement will be formalised through an official agreement. Even though there are a number of notable examples of community involvement in Egypt's PAs, there is still much room for improvement to enhance community participation on a broader scale.

62. According to the NCS 2003 status report:

⁵⁷ A status report on the protected area network of Egypt. NCS, 2003.

⁵⁸ Grainger, John. St. Katherine Protectorate Development Project. Final Report. NCS, 2003.

⁵⁹ Protected Areas of Egypt: Towards the Future. NCS 2006.

declaration of new protected areas is determined by two main factors; the inherent value of the resource and the degree of threat it is subjected to. The value of a site is assessed upon: its intactness; significance for biodiversity conservation; importance of contribution to network representatives (i.e. introducing new physiographic regions or important biological resources not represented in the existing protected area network); and its potential for generating direct financial gains to society”.⁶⁰

63. Even though PA selection criteria have proven useful in ensuring a good representation of Egypt’s different biodiversity elements, there still remain important areas that need to be considered for PA status, especially in the northern Mediterranean coastal area. This is currently being addressed in the system plan and in the IUCN supported project at Sallum.

Technical co-operation and other partnerships

64. On the level of regional cooperation, Egypt has adopted or otherwise participates in, *inter alia*, the following agreements and conventions:

- Barcelona Convention (1975), which concerns controlling marine pollution and formulating environmental policies for the Mediterranean region.
- Protocol Concerning Specially Protected Areas and Biological Diversity in the Mediterranean in June 1995.
- Red Sea and Gulf of Aden Action Plan proceedings, which were adopted in 1982.
- Council for Arab Ministries for Environment as well as the Organization for African Ministries Responsible for Environment.
- Agreement on establishing General Fisheries Council for the Mediterranean, (Rome 1951)
- Phyto-Sanitary Convention for Africa (Kinshasa 1968)
- Convention for protection of the Mediterranean Sea against pollution, (Barcelona 1976)
- Agreement on conservation of African-Eurasian Migratory waterbirds (Hague 1995)
- Agreement on the establishment of the Near East Plant Protection Organization (Rabat 1993)

65. Egypt has also taken part in bilateral and international agreements with regards to technical and institutional support. The Danish Development Agency has provided the EEAA with support to monitor air quality and water quality of the Mediterranean and Red Seas, the Canadian International Development Agency (CIDA) provided the EEAA with technical and institutional support to establish an environmental information system, and the UNDP has contributed with the Capacity 21 Program, designed to update the National Environmental Action Plan (NEAP) and build the capacities of the Sustainable Development Unit at the Ministry of Foreign Affairs.

66. For nature conservation specifically, the European Union from 1988 to 2002 provided the EEAA with finances to: develop and manage the Gulf of Aqaba protectorates, including establishing a conservation training centre, support the development of the St. Katherine Protectorate, and establish an emergency center at Sharm El Sheikh to combat marine pollution. More recently the Italian government has provided finances to support Wadi El Rayan, Gabal Elba, and Siwa. Furthermore, USAID has supported Egyptian efforts to protect the environment through the Sustainable Development of the Red Sea project, and the subsequent Red Sea LIFE project, which is still ongoing. In the northern part of the country, GEF has financed a project for an engineered wetland to biological treat Lake Manzala at the Bahr El Baqar drain (ongoing).

67. Additional support has included the following:

⁶⁰ A status report on the protected area network of Egypt. NCS, 2003.

- European Union support was provided for South Sinai PAs from 1998 to 2008 through different projects; Ras Mohamed National Park, Gulf of Aqaba PAs, Saint Katherine PA and recently South Sinai Regional Development Program.
- USAID supported efforts in the Red Sea PAs from 1999 to 2008 through two multiple party projects of Egyptian Environmental Policy Program (EEPP) and Livelihood and Income from Environment (LIFE).
- Italian Cooperation PA projects started in Wadi El Rayan in 1998 and continued to 2008 including NCS Capacity Building, BioMAP, Gabel Elba, Siwa, and New Valley PAs (ongoing).
- GEF projects of Conservation of Wetlands and Coastal Ecosystems on Mediterranean Coast (MEDWET) 2000-2006 and Conservation and Sustainable Use of Medicinal Plants in Egypt 2004 – 2009.
- Japan Cooperation in Mangrove Development project 2003-2006.

68. Several NGOs' activities are interlinked with those of the NCS, such as The Egyptian Society for Entomology, which is one of the oldest NGOs in the country and houses the largest referral collection of insects. Other NGOs have made valuable contributions for species protection, such as the Friends of the Environment Association in Alexandria, who have undertaken a marine turtle conservation project. In addition, the Friends of Siwa NGO is a strong lobbying voice for conservation issues in Siwa Oasis, and Nature Conservation Egypt (NCE) is working towards biodiversity conservation through lobbying and practical interventions. Finally, the Egyptian Federation for Tourism Chambers and Diving Associations of the Red Sea and South Sinai, who are very supportive of ecotourism activities.

Baseline assessment and forward-looking scenario

69. To date, the NCS' management effectiveness in conserving globally significant and other biodiversity within PA boundaries is limited. In the case of sites such as Gabal Elba and Wadi Allaqi, biodiversity remains largely intact due to the isolation of these PAs from significant human habitation and from development pressures. On the other hand, Ras Mohamed, Siwa, and other PAs that are more under pressure from exploitation, especially for tourism, require more and sustained funding and resources for their effective management to protect them against identified threats. The foregoing analysis of threats, causes, barriers and baseline activities suggests that globally significant terrestrial and marine biodiversity will remain under significant threat under the baseline scenario, i.e., in the absence of GEF support. This scenario is closely linked to fundamental weaknesses in the NCS' management framework, as discussed under the barriers section. Thus, existing degradation trends may be expected to persist in the absence, *inter alia*, of more effective management efforts. This conclusion represents the fundamental logic underlying the proposal for a UNDP-GEF project.

70. It should be noted that the above conclusion, while considered reliable, is based on limited data that could be examined during preparation of this Concept Paper. Among the key tasks of the PDF-B stage will be to develop a more carefully estimated scenario. This refined baseline will then be used as a tool to help formulate the final proposed GEF Alternative Strategy.

Part II: Strategy

2.1 Project Rationale and Policy Conformity

Fit with the GEF Focal Area Strategy and Strategic Programme

71. The project objective is the establishment of a sustainable protected area financing system, with associated management structures, systems and capacities needed to ensure the effective use of generated revenues for priority biodiversity conservation needs. This places the proposal firmly within Strategic Objective One. The proposal is being designed based on a thorough understanding of the system's strengths and weaknesses at system and national institutional levels.⁶¹

72. Strategic Objective One identifies several elements of sustainability which are to be encouraged within a PA systems context. Support to these sustainability elements will include the following:

- *Institutional sustainability* will be strengthened at systemic level through changes in the institutional structure—including greater autonomy—for the PA management authority. It will also be improved through capacity building at institutional and individual levels.
- *Financial sustainability*, which is closely tied in with the institutional aspect, will be strengthened through an emphasis on generation, retention and improved management of financial resources, together with enhanced decision-making responsibilities within the PA management authority over such resources.
- *Political sustainability* will also be enhanced through the institutional work, which will raise the management authority's political profile and reduce its vulnerability to political influences.
- *Ecological sustainability* will be enhanced through an emphasis on reducing the system's vulnerability to climate change and by improved capacities for threat mitigation by a strengthened PA management authority.

Rationale and summary of GEF Alternative

73. The project will directly target the previously described barriers through a series of critical, priority steps aimed at enhancing PA system effectiveness by moving forward in the direction of the above-described long-term solution.

74. The global and national significance of the PA system's biodiversity, its recognized value to the national economy, the nature and severity of ongoing threats to the system, and the persistence of important barriers limiting its effectiveness have led the Government to prioritize the present project for GEF support. By enabling the efficient and sustainable functioning of the national PA management apparatus, the project will help to ensure the long term effective management of globally significant biodiversity resources. Greater institutional capacity will significantly enhance Egypt's compliance with international conventions and commitment, thereby improving the country's contribution to global conservation efforts. A dynamic and responsive PA management authority will, for the first time, tap into the full economic potential of Egypt's natural history resources, establishing PAs as a primary contributor to the country's economy, which will in turn ensure their long-term sustainable use and conservation. Finally, enhanced financial sustainability will further increase the viability of existing PA system expansion plans and thereby help to fill minor gaps in representativeness.

2.2 Project Goal, Objective, Outcomes and Outputs/activities

⁶¹ This understanding has been greatly aided by work done under the institutional assessment and strengthening project funded by the Egyptian-Italian Environmental Cooperation Program (EIECP). See www.eiecop.org/ambiente2/program.html

75. The project **objective** is the establishment of a sustainable protected area financing system, with associated management structures, systems and capacities needed to ensure the effective use of generated revenues for priority biodiversity conservation needs. The strategy for achieving this objective may be briefly summarised as follows. The project aims to remove or significantly reduce a wide range of barriers to sustainable financing, as identified in the preceding paragraphs. Given the policy-related roots of certain key barriers, the project is taking a cautious approach to this issue, with substantial discussions held during the PPG Phase, along with benchmarks and triggers in the present document, designed to raise confidence levels regarding the realization of essential policy changes. These policy changes will enable NCS to substantially increase its levels of revenue generation, while also ensuring that the bulk of these revenues remain easily available to NCS for hiring and compensating staff, developing site infrastructure, etc.

76. But additional revenues are only a means to an end, the end being conservation and sustainable use of Egypt's protected area assets. Thus, the key to ensuring the sustainability of the above policy changes will be to ensure that the funding thereby made available to NCS is disbursed in an efficacious and cost-effective manner. In this case, cost effectiveness is defined both in terms of biodiversity benefits as well as strictly national benefits such as employment creation and associated multiplier effects. Utilizing a significant sum of re-injected revenues as co-financing—with the likelihood of additional leveraged amounts depending on revenue generation levels—together with a set of planning, allocation, management and monitoring tools to be developed through GEF support, the project will guide investment of re-injected funds into a number of high priority sites and activities. By demonstrating the impact and cost effectiveness of these investments, the project will provide NCS with a powerful set of arguments for continuing long-term investment, financing and expansion of Egypt's PA system, mainly through self-generated revenues.

77. The project's outcomes and outputs are described below.

Outcome 1: Legal, policy, regulatory and institutional frameworks that facilitate revenue generation, revenue retention and other aspects of sustainable PA financing and management are established and functional

78. Under Outcome 1, policy, regulatory and institutional frameworks governing Egypt's PA financing systems will be substantially revised to enable efficient and appropriate financial and management planning and improved revenue generation by NCS and retention and disbursement on PAs, while barriers preventing potentially useful legal reforms will be addressed. A first step in this direction took place during the preparation of the PIF for this project, when it was agreed an equivalent sum to the revenues generated by PAs – which totaled \$4.76 million in 2007/08 – would be made directly available as co-financing for the present project.⁶² The equivalent of \$13.8 million in Egyptian Pounds, (US\$1=EGP 5.6), cash co-financing agreed to at the time of PIF signing represents re-injected PAs revenues of approximately \$2.3 million per year, which is the equivalent of nearly 50% of 2007/08 PA system revenues. By comparison, during the three-year period from 2005/06 to 2007/08, less than 20% of revenues generated were re-injected.

The co-financing agreement represents an important step in that it firmly establishes the principle of re-injection of revenues to NCS. It represents a necessary, though not sufficient, step towards financial sustainability, given that it covers a limited time period and that it still leaves NCS with an annual budget

⁶² Co-financing for the present project has emerged from this agreement.

of only 36% of estimated basic needs and 18% of estimated optimal financing needs.⁶³ As a result, the agreement regarding re-injection of financial resources equivalent to a percentage of the revenues is being codified and extended in the form of a recommended Ministerial Decree to be signed by the Minister of State for the Environment and appended to the final Project Document.

79. The envisaged Ministerial Decree will commit the Ministry of State for Environmental Affairs to eliminating, over a 10-year timeframe, the currently substantial gaps between actual funding levels and so-called ‘basic’ and ‘optimal’ funding scenarios. Actual funding levels needed under each of these scenarios will be calculated through a system-level financial needs assessment (see Output 1.2 below). The financial gaps will be closed largely through re-injected revenues, which will be readily available for disbursement on the PA systems and tracked within the internal registry system for NCS established within EPF. The Decree will include an interim timetable for closing the gaps, which will also constitute the basis for benchmarks and triggers under the present project. Financial resources sufficient to meet these benchmarks will be made available to the PA system through a special arrangement that will be established by the project board, for disbursement from the EPF. Surplus revenues, i.e., revenues generated in excess of the benchmarks, will support other environmental priorities through the EPF. During an initial two-year phase in, funds will be allocated according to NCS annual budgets, which will be based in turn on existing or revised management plans and operative plans at priority sites. Subsequently, NCS disbursements will be in line with priorities established under an agreed National PA Financing Policy (see Output 1.2), a System-level Management Plan (see Output 3.4) and approved NCS’ annual budgets, the latter based in turn on site-level operative plans (see Output 3.4).

80. The Decree will further lay the foundation for sustainable PA financing in general, and for the success of the present project in particular, by promulgating urgent changes needed to provide regulatory streamlining and flexibility to NCS in areas such as setting and approval of fees and other revenue-generating mechanisms, staff hiring and retention policies, etc. Procedures to ensure timely approval of new fees, fee levels and concessions will be essential to ensuring that increases in revenue generation are sufficient to meet, and even exceed, NCS financial needs under the benchmarks, while timely recruitment of new and well-qualified staff will be equally important to ensuring increased management effectiveness.

81. In summary, the Ministerial Decree is expected to be an essential step in inducing the following positive changes: (i) a substantial increase in revenues generated by the system (see Outcome 3 for additional details); (ii) the re-injection of a major portion of the revenues generated by Egypt’s PAs for management and expansion of these areas; (iii) the step-wise closure of PA system financing gaps; (iv) major reductions in the long-term cost to Egypt’s State Budget of establishing and maintaining a financially and ecologically sustainable system of protected areas; (iv) enhanced conservation effectiveness at PA sites, and; (vi) the establishment of PA management as an appealing career for qualified and dedicated professionals.

82. While the Ministerial Decree will thus establish a broad policy framework for sustainable PA financing, that framework will require a set of detailed policy and regulatory measures to become effective in practice and to institutionalize a new approach to sustainable PA financing and management. For example, governance structures, including devolved and other partnership arrangements, will enable and require the use of effective, transparent mechanisms for allocation, management and accounting of revenues and expenditures. At project’s end, an effective set of institutional responsibilities will be in place, along with a comprehensive enabling policy and regulatory environment.

83. Outcome 1 consists of eight outputs designed to consolidate and extend the policy gains already made during project development. These are outlined below.

⁶³ In addition to the \$2.3 million from re-injected revenues, these figures include funding from the Government’s central budget, which mainly covers NCS staff salaries. This funding, which totaled approximately US\$2.9 million in 2007/08, is assumed to remain stable in \$ terms during the project period.

84. Output 1.1 – Economic valuation of protected area systems (ecosystem services, tourism-based employment, etc.): Under this output, NCS will receive technical support to conduct a system-level economic valuation of the benefits of the PA system in terms of poverty alleviation, tourism development, employment creation, etc.

85. Output 1.2 - National PA financing policies and strategies: Under this output, NCS will develop and gain Government buy-in, support and approval for a National PA financing strategy, including targets, policies, tools and approaches. In particular, the following will be prepared: (i) a system-level financial needs assessment which will be used to update and fine-tune existing basic and optimal funding scenarios, and; (ii) a system-level business plan providing targets and strategies for achieving these scenarios. These documents will incorporate, *inter alia*, plans for expanding the PA system in order to ensure that funding is available for land tenure studies, legal fees and other costs associated with legal establishment of new PAs, as well as for subsequent management costs. Overall, the strategy will provide a technical and political framework for business planning and a financial sustainability strategy. This process will help to promote a stronger constituency to ensure that the government meets past, current and future commitments.

86. Output 1.3 – Effective and efficient institutional responsibilities for financial management of PAs: Under this output, periodic consultation and coordination spaces will be established among key ministries and governorates. This will include improving inter-sectoral information exchange and co-ordination at local and regional levels. Using this mechanism, procedures, policies and inter-institutional agreements will be developed to define clear roles and competencies to operate resource generating mechanisms and to make associated investment decisions. In the area of concessions, NCS will develop a policy and procedures (supported by appropriate capacity building – see 1.8 below) that will allow it a greater role in negotiating, monitoring and evaluating concessions. Overall, the aim here is the emergence of a coherent and competent NCS that is simultaneously ‘embedded’, through a variety of formal and informal linkages, with business, NGO and civil society groups necessary to successfully design and implement policy initiatives.

87. Output 1.4 – Improved government budgeting and allocation of funds for PA systems: There is a risk that the increasing importance of revenue generation and retention may lead Government to reduce its annual budgetary allocations to NCS. In order to guard against this eventuality, which would create risks in case of instability in the levels of generated revenues, the project will work to maintain current levels of central Government allocations while enhancing the efficiency with which such allocations are requested and disbursed. To this end, spending requests will be more carefully defined and linked to management plans. In addition, improved administrative procedures will be developed to facilitate higher levels of disbursement of allocated budgets. Finally, agreement will be sought for continued central Government funding of basic recurrent costs, regardless of changes in levels of revenue generation and retention.⁶⁴

88. Output 1.5 – Improved policy and regulatory environment for revenue generation by PAs: The project will prepare and gain approval for a new policy framework and set of rationalized procedures by which appropriate new revenue-generating mechanisms are designed by NCS, approved by Government and put into effect. These will include new user fees, concessions and fiscal instruments, which are to be developed under Outcome 3. An important part of this process will be raising awareness among decision-makers and private sector operators in Egypt about the importance of sustainable financing, revenue generation and associated environmental economic concepts. This will be achieved through willingness-

⁶⁴ It should be noted that, based on the revenue allocations agreed to in the final Ministerial Decree, revenues generated by the protected areas will, in the medium-long term, become a source of net revenue to the rest of Egyptian Government (i.e., excluding NCS), exceeding the level of State Budgetary allocations to NCS.

to-pay and related assessments and will be linked to economic valuation efforts being made under Output 1.1.

89. Output 1.6 – Improved policy and regulatory environment support for revenue retention and sharing within the PA system: A key step under this theme will have been taken by the time of project signature, namely the issuance of a Ministerial Decree under which NCS will henceforth have the right to retain a majority of the revenues generated through user fees, concessions and selected fiscal instruments. The Decree will also give specific approval to the idea of revenue sharing ('solidarity') among protected areas. Under this output, the specific details of revenue sharing will be elaborated. Key principles expected to guide the arrangement include: (i) that funds will be available across sites according to a 'solidarity principle,' rather than being retained at site level; (ii) that, despite (i), revenue allocation formulae will reflect sites' success in generating revenues, in order to retain site-level incentives in this regard; (iii) that management performance will also be among the criteria for budgetary allocations, with well managed sites rewarded for their good performance, and; (iv) that a portion of revenues, as appropriate, may under certain circumstances be made available to support sustainable, biodiversity-friendly development efforts of local communities. On the whole, the revenue-sharing system to be developed will aim to ensure that site-level managers, as well as stakeholders who may be paying into the system, remain incentivized by the fact that a significant portion of locally-generated revenues are being made available for site-level management. Based on the arrangements arising from this output, annual and longer-term site-level and system-level budgetary allocations will be prepared under Outcome 2 below.

90. Output 1.7 – Improved legal, policy and regulatory environment for alternative institutional arrangements, including concession and other partnerships: Under this output, a policy framework will be developed and approved, including clear rules specifying operating arrangements with NGOs, private sector and civil society. This may include legally revised and approved standard templates for concession contracts with private sector with clear guidelines and procedures for bidding and selection. It will also work towards addressing legal and other barriers to co-management by local communities, NGOs, resource user groups, etc., while developing modalities for benefits sharing with such groups. Existing informal institutional arrangements will be formalized through decrees, agreements and other legally binding mechanisms.

91. Output 1.8 - Well-defined staffing requirements, profiles and incentives at site and system levels: Overall, the project will aim to build corporate coherence for NCS by ensuring recruiting based on merit, to develop systems of remuneration that will help to attract and retain high-quality staff—including performance evaluations and a reward and incentive structure for long-term and/or meritorious service—and to promote corporate identification with the organization's mandate. It will support the creation of an environmental economics and sustainable finance unit to ensure professional and full time dedication to the design and implementation of revenue generating mechanisms. It will set up sustainable finance teams in selected PAs as a means to achieve a wider stakeholder involvement in the design and implementation of financial mechanisms. This will be particularly important in the search for innovative ideas, for which site-level and grassroots knowledge from NCS' more than 500 staff will be tapped into through, *inter alia*, online collaborative tools. It will also develop and institutionalize a system that links performance with incentives and enables benefit sharing depending on PA performance and income generation. Finally, continuous learning programs and specific training to implement business plans and other related tools will be developed and implemented.

Outcome 2: Levels of financial resource mobilization are adequate to ensure effective conservation-oriented management of Egypt's PA system

92. The project will work with NCS to develop and implement tools and practices for enhancing and diversifying revenue sources. This will lead to NCS having the capacity to attract and take advantage of a variety of revenue generating mechanisms within the context of its overall management priorities. This will include updating user fee levels across the PA system (including through ‘willingness to pay’ studies), establishing effective fee collection systems, marketing and communication strategies aimed at tapping into potential latent demand associated with Egypt’s massive tourist industry, establishing operational mechanisms and associated capacity building. In addition, diversified revenue sources such as tourism services arrangements or even carefully controlled levels of resource extraction,⁶⁵ will be explored in order to offer additional sources of revenues and reduce reliance on a single revenue source (user fees). Efforts to increase levels of revenue generation are expected to focus on a dozen sites, three of which are already generating substantial revenues. While many of the remaining sites have not yet set up agreements or systems for revenue generation, all are considered to have substantial potential in this regard. **Annex G** presents a summary of possible revenue generating tools.⁶⁶

93. Under this outcome, an increased and more consistent level of financial resources will be mobilized by the protected area system. The use of tools for revenue generation, including user fees, concessions, environmental offsets, payment for environmental services, user permits, publicity, corporate social responsibility schemes and donation programmes, will be expanded and diversified. **Table 5** below summarises the project’s median scenario for increased levels of revenue mobilization. The table shows net revenues projected to be available to NCS in accordance with targets to be specified in the final Ministerial Decree (see para. 32 above). Altogether, the project forecasts mean annual increases in revenue mobilization of 33%, with a total 460% increase from 2007-08 baseline expenditures of \$2.84 million to a projected level of \$15.93 million by project’s end. Although some of the increase in revenue generation will be due to increased visitation, this will be achieved with a reduced level of overall degradation, as user fees and penalties begin to be implemented as management tools in order to limit and redistribute pressure on resources.

Table 5: Projected annual resource mobilization by NCS under the GEF project (US\$, Median scenario)

Type of funding	Year					
	1	2	3	4	5	6
Entrance fees	3,185,000	5,250,000	6,300,000	7,350,000	8,400,000	9,100,000
Governmental budget	2,900,000	2,900,000	2,900,000	2,900,000	2,900,000	2,900,000
Concessions	170,000	218,000	279,000	357,000	456,000	585,000
New mechanisms	553,000	885,000	1,416,000	2,265,000	2,718,000	3,262,000
Special seasonal tourist fees	7,000	14,000	28,000	56,000	70,000	88,000
TOTAL	6,815,000	9,267,000	10,922,000	12,928,000	14,545,000	15,934,000

Notes: Table does not include donor funds.

⁶⁵ Possible examples include medicinal plants and fisheries.

⁶⁶ See **Table 2** for details on baseline revenue generation by site. The final selection of pilot sites will be based on a system-wide feasibility assessment to be conducted during the project’s inception phase.

94. Output 2.1 – Strategy and action plan to increase the number and variety of revenue sources: The strategy and action plan, building on **Table 3**, will identify a diversified portfolio of income sources at approximately twelve pilot sites that will increase income levels for the system, reduce long-term dependency on governmental and international cooperation resources and increase revenues from mechanisms not related to tourism. The process will begin with an up-to-date analysis of revenue options including relevant feasibility studies, based on which the pilot site selection will be finalized and a menu of revenue-generating options agreed. Technical support for implementing the selected options will be provided under outputs 2.3-2.6. Overall, options are expected to include a diverse set of sources and mechanisms, and will include new products and market opportunities for PAs based on market intelligence and continual research of opportunities and business trends that offer potential for mutual benefit with public, private and social partners. Among other options, activities and products produced by local communities will be integrated into a larger branding strategy, resulting in reduced threats to the PAs and a stronger positioning of PA benefits to local communities. In addition to raising revenues for PAs, this work will help demonstrate one mechanism for sharing benefits with local communities.

95. Output 2.2 - Marketing and communication strategies for revenue generation mechanisms: The NCS website will be updated with complete information about PA features, services and facilities for visitation. National- and site-level communication campaigns and marketing efforts, including signage and brochures, will be made to inform tourists and the Egyptian public about user fees, conservation taxes, etc. Media exposure will be encouraged. Promotional materials will be developed and distributed in cooperation with relevant stakeholders.

96. Output 2.3 – Setting and establishment of appropriate user fees at pilot sites: User fees, particularly entrance fees, will continue to represent an important part of NCS revenue sources and will be developed further under Output 3.2. As part of the work aimed at implementing new user fees, governmental entities and private parties will be engaged in order to increase support for the system. With respect to tourism, this will include raising awareness of PAs as exclusive destinations with a capacity to attract higher-end visitors. Management-related infrastructure investments will be proposed and developed for priority PA sites under Outcome 3, using Government co-financing and based on analysis of revenue potential and return on investment. Wherever infrastructure and services are developed, PA managers will be encouraged to seek increased fee levels, whilst not threatening PA conservation objectives. Non-tourism user fees, such as aquaculture farms and agriculture-related fees, will also be applied and will generate additional revenue.

97. Output 2.4 - Efficient fee collection systems: Under this output, system-wide guidelines for fee collection will be completed and approved by NCS. Fee collection systems will be implemented at pilot PA sites in a cost-effective manner, including schemes involving private and community participation, which are expected to help reduce fee evasion. Fee collection systems will be subject to adaptive management tools, i.e., they will be monitored and evaluated, with findings acted upon. PA visitors should be satisfied with the professionalism of fee collection and the services provided. Expanded use of information technologies will improve fee collection and allow real-time monitoring.

98. Output 2.5 – New and/or improved concessions operating at pilot PAs: Under this output, an action plan for PA concessions will be implemented for improving existing concession schemes and developing new ones, particularly with the private sector. The former might include technical support for, *inter alia*, concessions that fulfill a social function (e.g., gift shops, small-scale fish farming), while the latter would involve economic analysis of potentially larger-scale concession agreements. The project will support the operationalization of agreed concessions to administer certain infrastructure such as visitor centers and cafeterias, or to provide services such as fee collection, general maintenance, and visitor management, at

pilot sites. Government co-financing will be made available to support national-level commitments (e.g., infrastructure) vis-à-vis concessionaires. Operational performance (environmental and financial) of pilots will be monitored, evaluated, reported and acted upon. In the case of concessions relating to minerals and/or oil extraction, a revised approach will be put in place including: the development of operational standards and requirements for strategic impact assessment for proposed new concessions; economic analysis of potential damages and valuation of corresponding offset requirements, and; the gradual application of new measures to pre-existing concessions.

99. Output 2.6 – Innovative revenue mechanisms designed and operational: The project structure aims to combine traditional and non-traditional sources of revenues for PAs. The first group of traditional and existing mechanisms such as tourist fees and concessions will be further developed, strengthened, and expanded to new PAs (see above, Outputs 2.y and 2.z). Under the present output, innovative revenue mechanisms and opportunities beyond the traditional and existing ones will be researched, designed and implemented. Based on market intelligence and feasibility assessments, the sustainable finance unit will explore, and where possible develop, the potential of mechanisms such as:

- Tradeable development rights (biodiversity offsets and easements)
- Reform environmentally-harmful subsidies (e.g. agriculture, fisheries, water, energy)
- Dedicated fund-raising campaigns or events
- Social marketing, lotteries, donation programs
- Biodiversity-friendly products and services
- Certified fisheries products
- Markets for ecosystem services such as bio-prospecting agreements, carbon sequestration in biomass, watershed protection incentives, etc.
- Public-private-community partnerships

100. Output 2.7 - PA training programmes on financial resources mobilization: Managing a broader and wider range of revenue generating mechanisms will pose new challenges to NCS staff. Specific curricula will be designed and implemented to address learning needs at central and site levels. One approach will be to establish relationships with private sector and universities to borrow some business capacity to provide support in this area.

Outcome 3: Business planning and cost-effective management systems are ensuring the effective allocation and management of mobilized resources

101. The revenue generation and retention policies developed under Outcome 1, together with the revenue generation tools being developed under Outcome 2, should help to ensure a substantial increase in funding available to NCS. However, as revenues increase, and are increasingly available for conservation, NCS capacities will need to be increased in order to ensure cost-effective use of funds. This will include the development of transparent methods for allocating available funds across sites and activities and for monitoring both the conservation effectiveness and broader cost effectiveness of associated spending. In addition, site-level management and business planning will become increasingly important tools for cost-effective management and will be essential in determining budgetary allocations both among and within individual PAs. Cost effectiveness will be enhanced through factors such as the efficient deployment of human and other resources and avoiding duplication of tasks between individuals,

departments and institutions. Monitoring of management effectiveness will become an increasingly important tool in measuring and improving cost-effectiveness. Finally, arrangements that enable stakeholders such as communities, NGOs and/or the private sector to be actively involved with management will be tested as cost-effective ways of dealing with capacity gaps where the required skills are not available within NCS.

102. The question of whether and where—in terms of sites—to concentrate efforts has been given extensive consideration during the PPG Phase and has ultimately been resolved as follows. It is estimated that the level of Government cash co-financing which has been made available (EGP 77.3 million equivalent to \$13.8 million at the time of drafting this document) should be sufficient to bring eight ‘priority’ PA sites⁶⁷ to a level where basic management costs are being sustainably covered, with some amount remaining.⁶⁸ Among these sites are the major actual and expected revenue generating sites, which would in any case have a ‘claim’ on a portion of this funding. To measure the extent to which these expenditures translate into improved management, a set of eight baseline METT analyses has been prepared and will be updated regularly during the project.

103. In order to make further, necessary progress towards financial sustainability, and to make full use of expected increases in revenues, the project will support efforts by NCS to allocate and disburse additional generated and re-injected revenues⁶⁹—as per the terms of the proposed Ministerial Decree—more widely across the system of 27 PAs. These additional funds may eventually be used for any combination of the following purposes: (i) to raise one or more of the eight priority sites from the level where basic management costs are covered to one where a so-called ‘optimal’ level of financial resources is available; (ii) to raise additional sites (beyond the original eight) to a level where basic needs are covered; (iii) for infrastructural investments, and; (iv) to strengthen NCS Headquarters capacities. The overall project target is to surpass 100% of the basic funding scenario by Year 5 and to reach 62% of the optimal funding scenario by the end of the project.⁷⁰ Meeting these targets would put Egypt’s PA system on track to achieve the optimal funding scenario by the end of year 10 (following project completion), as per the expected targets of the proposed Ministerial Decree. Decisions on how to allocate funds beyond the initial \$12 million will be made based on: (i) the guidelines put forward under the National Strategy for PA financing, and; (ii) annual prioritization exercises in which managers of all 27 sites will have an opportunity to participate (see Output 3.4 below).

104. Outcome 3 consists of seven outputs, as described below.

105. Output 3.1 – Site-level planning tools at eight priority sites: A good deal of work has been done under previous projects to develop planning instruments; however, the result is something of a patchwork, with gaps, inconsistencies and outdated elements. Launching major new spending programmes in this environment would be tricky. Therefore, under this output, a framework for integrating and harmonizing planning tools developed under the previous Italian Co-operation, USAID and other projects—including Management Effectiveness Assessments, Management Plans, Annual Operational Plans and Business Plans—will be developed and implemented at the eight priority sites. Support will be provided to fill gaps in the necessary components, e.g., to update management plans, draft new business plans where these are lacking, prepare operational plans, etc. At the end of this initial phase, all eight sites will have inter-comparable business and management plans, monitoring systems, etc., which together will constitute the

⁶⁷ The selected priority sites are as follows: Ras Mohamed, Nabq, St. Katherine, Wadi El-Gemal/Hamata, Red Sea Northern Islands, White Desert, Wadi Degla and Wadi El-Rayan..

⁶⁸ A mean annual cost per site of \$250,000 has been estimated, amounting to approximately \$12 million to be allocated amongst these eight sites. These funds are in addition to current funding being received from central government to cover staff and very minimal expenses. The remaining \$1.8 million in committed cash co-financing will be available to other sites on a competitive basis.

⁶⁹ In GEF terms, these funds will represent leveraged co-financing.

⁷⁰ Note that these scenarios will themselves be refined during project implementation, with \$ targets to be revised accordingly, but % targets expected to remain steady.

basis for site-level allocations of re-injected revenues for the remainder of the project. Throughout this process, the project will seek to identify opportunities for in-kind contributions from the business sector to mobilize their human resources and talent in order to generate business plans.

106. Output 3.2 - Operational, transparent and efficient accounting and auditing systems at priority site and central system levels: A transparent and coordinated cost accounting system will be put in place, and associated management capacities built. This will include revenue tracking systems for each of twelve PAs where revenues are expected to be generated. Accounting data will be packaged and presented in ways that contribute to system-level decision making, planning and budgeting. Training in the use of the systems will be provided.

107. Output 3.3 - Systems for monitoring and reporting on financial and management performance: A reporting and evaluation system will be developed to report on how effectively PAs use their available finances in achieving their stated objectives. This will include both system and site-level management effectiveness assessments and will serve as an important mechanism for linking financial and management performance and will support annual reviews in which site level re-allocations will be possible. As a result, PA revenues and expenditures will be fully and accurately reported by PA authorities to stakeholders. This will include financial returns on tourism-related investments.

108. Output 3.4 – Well tested methods for allocating funds across individual PA sites and objectives: Under this output, NCS will develop and implement a revised and transparent, bottom up annual budgeting exercise for allocating financial resources across PAs and objectives, together with revenue generating strategies. Resources programmed under this exercise will include Government budgetary allocations, re-injected revenues and donor funds. The exercise will depend on a system-level strategic evaluation—perhaps done once every five years—along with annual inputs from individual protected area managers, who will learn to assess financial needs for their sites and to propose and defend site-level priorities based on an agreed set of criteria, including biodiversity criteria and, in the case of certain infrastructure, potential return on investment. A number of cross-site objectives, or themes, e.g., conservation of migratory birds, will also be elaborated. External parties, including UNDP and other representatives, will be invited as observers to improve transparency of this process. Monitoring systems developed under Output 2.2 will help to ensure that resource allocation follows financial needs assessment. The process will include a periodic international cooperation and donors’ roundtable to ensure harmonization and alignment of donor resources to PA priorities and needs; in this way, it will help to align and harmonize international donors to the sector with NCS goals, objectives and priorities. A monitoring and reporting system will be put in place to show how and why funds have been allocated across PA sites and to the central PA authority. Aside from fixed expenditures, such as salaries, and minor exigencies, spending on the remainder of funds available to NCS is expected to be channeled through this annual exercise. It should be noted that, at first, a high percentage of programmed funds will end up being allocated to the eight ‘priority’ sites, as per the formula described above. However, as time goes on, and as levels of re-injected revenues rise, funds will be spread increasingly widely throughout the system.

109. Output 3.5 – Implementation of system-level management plan at priority and other sites: Under this major output, the bulk of Government co-financing will be utilized to raise the capacities and improve the management performance of eight priority sites, as well as other sites throughout the PA system. A substantial portion of co-financing budgets will be allocated for achieving sustainable operating and maintenance budgets at priority sites, including: (i) recruitment and retention of well-qualified staff, (ii) patrolling and related operations, (iii) fee collection, and (iv) maintenance of existing equipment and infrastructure. In addition, funds will be available for investment in areas such as the following: (i) investments in new infrastructure such as visitors’ centers, show rooms, housing facilities and offices for rangers, tourist facilities, etc.; (ii) other infrastructural investments agreed to as part of concession arrangements; (iii) piloting of low-cost technologies for wastewater treatment or solid waste management

projects to reduce impacts within protected areas; (iv) biodiversity research and monitoring; (v) support for local community income generating activities and engagement in conservation activities, (vi) purchase of equipment and; (vii) activities aimed at reducing degradation of natural habitats (including those identified above in section on the threats). GEF funds will be utilized for implementation of demonstration activities included under management plans at priority sites.

110. Output 3.6 – Training and support networks to enable PA managers to operate more cost-effectively and deliver client-oriented services: Guidance on cost-effective management will be developed for use by PA managers. PA site managers will be trained in finance-related areas such as financial management and cost-effective management, along with overall PA management, such as visitor management, based on operational plans. Managers will learn to develop annual action plans that fit allocated budgets, meet targets and objectives and are linked with monitoring and performance evaluations. An inter-PA site level network will be established for PA managers to share information with each other on costs, practices and impacts. Monitoring and learning systems regarding cost-effectiveness will be in place and fed into system management policy and planning. Furthermore, and given the current emphasis on payment for services, PA staff and managers will be supported (either through training or the hiring of dedicated staff) to deliver client-oriented services with the aim to increase client satisfaction and henceforth willingness to pay for PA services. Such clients include, but are not limited to, tourists, concessionaires, private sector companies and other user groups. Outputs under component 2 will provide feedback mechanisms to training and staffing, allowing NCS to adjust its service levels – or decide to outsource them – based on industry reactions to changes in fee levels, concessions and demand for PA services.

111. Output 3.7 – PA-related BD 2010 indicators for Egypt operationalized and feedback mechanisms with financing and management established: The purpose of this output is to ensure that a conservation monitoring and evaluation system, meaningful at both site and system levels, is put in place to act as a safeguard against potential drifts to focus solely on revenue generation which could undermine biodiversity conservation. This output will ensure that BD conservation remains the end, and revenue generation and management effectiveness remain means to this end. By adopting the BD 2010 indicators developed by the NCS as part of its national reporting and planning under the CBD, the project aligns with NCS’s priorities and obligations under the CBD.

2.3 Project Indicators, Risks and Assumptions

113. The project indicators are detailed in the [Logical Framework](#) – which is attached in Section II, Annex A of this Project Document.

Table 7: Indicators

Project strategy	Objectively verifiable indicators	Target
Objective: Establishment of a sustainable protected area financing system, with associated	Level and diversity of financing for the PA system	At least two new, reliable sources of funds are established Financing for Pas reaches 64% of optimal scenario

Project strategy	Objectively verifiable indicators	Target
management structures, systems and capacities needed to ensure the effective use of generated revenues for priority biodiversity conservation needs	Levels of live coral coverage in dive sites and non-dive sites	No significant degradation measured in new dive sites to be opened to special seasonal tourists Degradation in old dive sites does not increase
	Flagship species at priority PAs	Flagship species in PAs of terrestrial biomes recover or maintained, including: (Species to be defined)
Outcome 1: Policy, regulatory and institutional frameworks that facilitate revenue generation, revenue retention and other aspects of sustainable PA financing and management are established and operational	National PA financing strategy	<ul style="list-style-type: none"> Comprehensive 5-year financing strategy, including a financial needs assessment defining targets, standards, procedures and criteria for resource allocation, is approved at ministerial level by end of year 2
	Institutional arrangements	<ul style="list-style-type: none"> Explicit policies and procedures to negotiate, monitor and implement institutional arrangements with business and social actors
	Financial arrangements for revenue re-injection	<ul style="list-style-type: none"> Independent NCS account established within EPF by end of project inception period
	Policy regarding re-injection	<ul style="list-style-type: none"> Revenue re-injection: A Ministerial Decree establishing a 10-year policy of achieving an optimal financing scenario largely through re-injected revenues.
	Institutional structure and human capacities	<ul style="list-style-type: none"> Financial sustainability unit established at Headquarters level
	Legal and regulatory framework	76% - 72 out of 95
<u>Outcome 2: Levels of financial resource mobilization are adequate to ensure effective conservation-oriented management of Egypt's PA system</u>	Improved financial sustainability for PAs, as measured by the Financial Sustainability Scorecard	
	Business planning	
	Tools for revenue generation	82% - 50 out of 61 88% - 50 out of 57 Total 76% - 172 out of 227
	Revenues generated	<ul style="list-style-type: none"> Revenues generated by PA system over 6-year project duration total approximately \$74 million with final exact figures depending on final financial needs assessments and basic and optimal scenarios

Project strategy	Objectively verifiable indicators	Target
	Revenues re-injected	<ul style="list-style-type: none"> Revenues re-injected into PA system over 6-year project duration total approximately \$53 million, with final exact figures depending on final financial needs assessments and basic and optimal scenarios
	Diversified revenues	<ul style="list-style-type: none"> At least 25 % of revenues are being generated by sources other than user fees No single site generating more than 40% of PA system revenues
Outcome 3: Business planning and cost-effective management systems are ensuring the effective allocation and management of mobilized	METT Scores	<ul style="list-style-type: none"> Improved management effectiveness in eight PAs altogether covering 1.85 million ha., as follows: <p>Ras Mohamed – 85 Wadi El-Gemal/Hamata – 85 Wadi-el Rayan – 80 St. Katherine – 80 White Desert – 75 Nabq – 80 Wadi Degla – 75 Red Sea Northern Islands – 75</p>
	Business planning	<ul style="list-style-type: none"> By end of project, eight priority PAs are operated according to a full and consistent set of business and management planning tools Standardized, high quality
	Alternative management	<ul style="list-style-type: none"> Community partnership system tested in at least one PA
	Accounting, audit & reporting	International standards systems in place by end of project

Table 8. Risks facing the project and the risk mitigation strategy

Risk	Risk rating	Risk mitigation strategy
Financial risk: Tourist sector revenue fluctuations affect revenue generation at PA sites and system. Egypt's tourist industry has in the past been subject to fluctuating demand. External conditions affecting the industry may have resulting impacts on revenues generated through user fees.	Medium	<ul style="list-style-type: none"> Revenue generation efforts will extend beyond user fees to include concessions, together with a series of mechanisms that are 'new' to Egypt, thereby ensuring diversification of the system's revenue generating portfolio and increasing its resilience to financial shocks in specific sectors; Financial planning skills will be raised to ensure planning for possible 'lean' years; Continued State Budget support will provide an additional cushion and will help meet basic PA management costs
Strategic risk: Resource	Medium	<ul style="list-style-type: none"> Ecosystem and species status monitoring is incorporated

Risk	Risk rating	Risk mitigation strategy
mobilization becomes an end in itself rather than a means to an end		at the objective level and also as one of the outcomes of the project. This is intended to ensure resource mobilization is: (i) channeled for conservation, and (ii) does not lead to excessive loads on carrying capacity and impacts on GEBs.
Political risk: Change in leadership in relevant governmental bodies could have unforeseen impacts, e.g., reducing support for extension or increases of user fees or for re-injection of revenues	Low	<ul style="list-style-type: none"> • Triggers and benchmarks will ensure that the policy agreements reached during the PPG and Inception Phases remain in place • The ministerial decree and other policy and institutional instruments pursued under component 1 of the project will ensure the viability of the systems in the face of political changes and pressures. • The communication and awareness efforts supported by the project will ensure support and understanding for the project within concerned institutions; specifically on willingness-to-pay and other issues associated with elasticity of demand with respect to user fees will enable the proposed changes to be supported throughout the lifetime of the project.
Operational risk: Limited local expertise to carry out implementation	Low	<ul style="list-style-type: none"> • For project implementation purposes, a combination of national and international expertise is envisaged to provide the technical competencies and skills necessary. However this external expertise is not deemed sustainable and support will include transfer of knowledge, mentoring and training of NCS staff. • Training and on the job training / and capacity building will be a significant project activity to instill new skills and competencies within the NCS outfit • For the long-term, the Ministerial decree will provide additional flexibility to enable NCS to recruit highly qualified staff, in particular in areas that are currently not recognized as relevant expertise for NCS.
Financial risk: Financial instability and unexpected exchange rate fluctuations	Low	<ul style="list-style-type: none"> • Financial outlook for Egypt is stable and any fluctuations are unlikely to affect project activities; • As part of the annual reporting, the financial situation of the project will be tracked and project interventions adjusted in accordance with changes/ fluctuations. Such modifications will be reported to the GEF through the PIRs.
Climate change risks: Egypt is one of the global hotspots in terms of vulnerability to climate change. In particular, coral reefs are suspected (not yet proven bleaching) to be sensitive to climate change and lessepsian migration is partly attributed to the warming of the eastern Mediterranean. Climate change impacts on terrestrial species and ecosystems is yet to be determined.	Low/Medium	<ul style="list-style-type: none"> • Climate change risks are likely to affect Egypt's protected areas individually and as a network over the long term. The ecosystems and species monitoring system will address potential climate change impacts (on corals and migrating bird species in particular) and track changes in species range in terrestrial protected areas. • While the project is designed to address financial sustainability as a primary objective, this monitoring system will feed into the national PA planning and management framework of the NCS and recommend expansion/modifications to the system as needed. • Entrance fee levels are intended to reduce visitation impacts on key and vulnerable biodiversity; this management approach is expected to subsequently reduce the vulnerability of such species and ecosystems to external pressures, such as climate change.

Risk	Risk rating	Risk mitigation strategy
		<ul style="list-style-type: none"> Additional GoE/UNDP interventions in the Red Sea State will provide an analysis of key vulnerabilities and potential adaptation measures.

2.4 Incremental reasoning and expected global, national and local benefits

114. In recent years, the PA system has grown substantially both in area and in numbers of employees. However, growth in financial resources has not kept pace. Instead, revenues generated by the PA system have been used to subsidize spending in other thematic areas. Substantial sums of foreign aid have been made available in the past, largely to support site-based efforts to raise capacity, develop infrastructure, etc. While these projects have accomplished quite a lot, they have for the most part failed to address key underlying issues of financial sustainability.

115. Baseline trend of development of Egypt’s PA financing system: The baseline may be divided into three main areas, corresponding with the project outcomes.

(i) Legal, regulatory and institutional frameworks: The existing governance framework, including legal, regulatory and institutional components, provides inadequate support to sustainable PA financing. While the legal framework is largely in place, policy, regulatory and institutional frameworks in particular are failing to provide an adequate enabling environment for sustainable PA financing. For example, while revenue generating mechanisms are allowed under Law 102 of 1983 and Law 4 of 1994 amended by Law 9 for 2009, NCS has difficulty in justifying and getting approval for new fees. In addition, generated funds are not re-injected at either site or system level, leaving NCS with little incentive either to collect fees or to seek fee increases. NCS also has a limited role in negotiating or approving concessions. Revenues generated by entrance fees, concessions and other sources go directly into an Environmental Protection Fund (EPF), another example of the adequacy of the legal framework; however, EPF funds are not made easily available to PA managers in NCS. The EPF supports a wide range of activities, not just those related to protected areas. During the three-year period from 2005/06 to 2007/08, less than 20% of revenues generated was re-injected. Other key areas of sustainable PA financing, including government budgeting, national financing strategies and staffing requirements, profiles and incentives, likewise are characterized by barriers which are further limiting the effectiveness of these enabling frameworks.

(ii) Tools for revenue mobilization: Under Egypt’s baseline system, revenues generated by the PA system consist mainly of funds collected from visitors to five of the 27 PAs. From 2005/06 to 2007/08, an average of \$3.7 million in revenues were generated annually by the system as a whole; about 70% of these revenues consisted of entrance fees collected at only three of these PAs – Ras Mohamed, St. Katherine and Red Sea Islands. At least six other PAs have substantial potential for revenue generation, but no institutional framework or mechanisms have so far been established to collect fees there effectively. Revenues generated through concessions and other sources remain at low levels. Overall, there is clearly substantial room for enhancing and diversifying revenue generation by the system.

(iii) Processes for business planning and cost effective management: While NCS currently lacks funds to undertake its critical management and protection tasks, it would likely fail in meeting its conservation goals, even if adequate funding were available, due to its limited capacities, and lack of systems to effectively prioritize, plan, manage and monitor. Most PA management systems established to date remain ineffective due to inadequacy in design and limited capacity and funding. Together, these factors serve to undermine cost effectiveness.

116. Under the baseline scenario, due to the barriers discussed above, effective and well financed institutional arrangements for PA management would have difficulty emerging. In this case, rapid economic development would place increasingly severe pressures on biodiversity, losses of which would be expected to continue at their current substantial rate, and possibly even intensify. The threats discussed above (see para. 32) would be unlikely to abate. It is expected that under this scenario, limited progress would be made towards reaching either basic or optimal financing scenarios, which currently (2007/08) stand 16.5% and 8.3% achieved, respectively. As a result of this under-investment, the existing human and material capacities built up over recent years would continue to erode, together with the natural values that the PAs have ostensibly been established to protect.

117. Under the alternative scenario, Egypt is expected to significantly enhance the effectiveness and sustainability of its PA system. The GEF intervention will energize NCS efforts to strengthen the national PA system. By seizing this opportunity, NCS can achieve the levels of financial, institutional, and human capacities needed to begin effectively conserving biodiversity within the substantial boundaries of Egypt's PA system. The GEF intervention is providing an opportunity for NCS to obtain dramatic increases in baseline funding levels, while providing technical support to ensure that funds are spent effectively. According to the project's median financial scenario, which projects out over the ten-year period to be covered by the Ministerial Decree, the following results are obtainable:

- From the first year of the project, the PA system can be considered as financially self-sufficient, i.e., it will generate greater revenues for EEAA that will be allocated from EEAA to the PA system.
- By the end of year 4, the PA system will achieve its basic financing scenario
- By the end of the project (year 6), the PA system will reach 64% of total optimal scenario;
- By the end of year 6, all PAs directly involved in the project will cover 100% of recurrent costs in relation to the optimal scenario.
- By the end of year 6 at least 22% of total sources of income will be entirely new and would be independent of the tourism sector.
- Over ten years, the project will generate an estimated US\$ 188 Million in revenues..
- The net present net value of this investment over the 10-year period is US\$106 Million, as compared with a total investment of US\$19 million
- At the end of year 10, the PA system will achieve its ideal management scenario.
- Governmental budget contribution will remain stable throughout the 10 years timeframe. It will decrease from 46% in year 1 to 16% at the end of the project. After 10 years, it will be 11% of the total sources of revenues

118. It is essential to keep in mind that increased funding is a means to an end, the end in this case being a system of protected areas with systems of management that are capable of ensuring conservation of biodiversity, together with benefits associated with sustainable use of its natural resources. The alternative scenario therefore pays substantial attention to the importance of cost effective and prioritized management and allocation of funds. While several factors will come into play in determining funds allocation among sites and objectives, biodiversity importance, as well as imminence and severity of threats, will be important among them. Biodiversity benefits expected to accrue through the project include enhanced viability for many of the estimated 93% of threatened species that are found in Egypt's PAs.

119. System boundary: The intervention is system-wide in scope, thus expected to touch in some way or another on each of Egypt's 27 PAs. However, Components 2 and 3 do adopt a site-based focus for

revenue generation and management planning / implementation, respectively. For revenue generation, 12 sites will be involved and for

Summary of Costs

120. The total cost of the project, including co-funding and GEF funds, amounts to \$18.93 million. Of this total, co-funding constitutes 80.8%, or \$US 15.31 million. GEF financing comprises the remaining 19.2% of the total, or US\$3.616 million. The incremental cost matrix in the Project Document provides a summary breakdown of baseline costs and co-funded and GEF-funded alternative costs.

Table 1. Incremental Cost Matrix

Benefits and Costs	Baseline (US\$)	Alternative	Increment (US\$)
Global benefits	Continued reduction in populations of threatened, near threatened and vulnerable species. Degradation of key ecosystems.	The alternative scenario will ensure improvement of local populations of all IUCN vulnerable, threatened and near threatened species supported by Egypt's more effectively managed PA system	Barriers to financial sustainability have been removed
National and local benefits	Reduced ecosystem services derived from ecosystems due to habitat damage, negative impacts on intra-species and inter-species population structures and pollution	Under the alternative scenario, Egypt will benefit from medium-long term increases in ecosystem services and other economic benefits in recreation due to increased populations, increased ecosystem resiliency and reduced levels of contamination.	The legal and institutional basis for sustainable PA financing is set; systems structures and procedures for budget allocation, revenue generation and retention and management effectiveness are established; cost effective management is enhanced, and financially viable investments are identified and supported.
Outcome 1: Legal, policy, regulatory and institutional frameworks that facilitate revenue generation, revenue retention and other aspects of sustainable PA financing and management are established and functional	GoE: \$680,520 Total NCS 640 people: 100% of time from 12 NCS lawyers; and 40% time from 28 consultants and directors; All other costs (equipment, operation, vehicles) are considered as a % from salaries	GoE: \$1,430,520 GEF: \$714,900	GoE: \$750,000 GEF: \$714,900
	Sub-total baseline: \$680,520	Sub-total alternative: \$2,145,420	Sub-total increment: \$1,464,900

Benefits and Costs	Baseline (US\$)	Alternative	Increment (US\$)
Outcome 2: Levels of financial resource mobilization are adequate to ensure effective conservation-oriented management of Egypt's PA system	GoE: \$1,324,737 50% of 48 accountants; 50% of 41 financial & administrative staff; 100% of 27 ticket collectors; All other costs (equipment, operation, vehicles) are considered as a % from salaries	GoE: \$2,071,537 GEF: \$2,300,000	GoE: \$746,800 GEF: \$2,300,000
	Sub-total baseline: \$1,324,737	Sub-total alternative: \$4,371,537	Sub-total increment: \$3,046,800
Outcome 3 : Business planning and cost-effective management systems are ensuring the effective allocation and management of mobilized resources	GoE: \$555,015.3 10% of 28 consultants and directors + 10% 186 environmental researchers; All other costs (equipment, operation, vehicles) are considered as a % from salaries	GoE: \$11,305,015.3 GEF: \$1,794,300	GoE: \$10,750,000 GEF: \$1,794,300
	Sub-total baseline: \$ 555015	Sub-total alternative: \$13,099,315	Sub-total increment: \$12,544,300
Project management	NA	GoE - \$1,266,200 GEF - \$360,000 UNDP - \$250,000	GoE - \$1,266,200 GEF - \$360,000 UNDP - \$250,000
	Sub-total baseline: \$0	Sub-total alternative: \$1,876,200	Sub-total increment: \$1,876,200

Benefits and Costs	Baseline (US\$)	Alternative	Increment (US\$)
TOTAL	TOTAL BASELINE: GoE: \$ TOTAL: \$	TOTAL ALTERNATIVE: GoE: \$ GEF: \$ TOTAL: \$	TOTAL INCREMENT: GoE: \$ GEF: \$ TOTAL: \$

2.5 Country Ownership: Country Eligibility and Country Drivenness

121. Egypt ratified the United Nations Convention on Biological Diversity on 25/11/96 and is eligible to receive financial assistance from UNDP.

122. The importance of institutional reform and sustainable financing for NCS is highlighted in the National Biodiversity Strategy and Action Plan for Egypt (1998), which is the main policy instrument guiding biodiversity conservation in Egypt over the past decade. The first component in the Action Plan calls for a programme for institutional development and capacity building for nature conservation in Egypt. The National Environmental Action Plan (NEAP) identifies the need for capacity building, institutional reform and sustainability of the PA system as priorities for action. In particular, the election Manifesto of President Mubarak and the current Governmental programme confirms a commitment to reform of governmental bodies in line with changing international norms. The project also contributes towards two of the Government of Egypt's main developmental directives: financial sustainability and introduction of innovative approaches.

123. Egypt's biodiversity-related priorities are also outlined in documents such as the National Environmental Action Plan (NEAP 2002/2017), the Egyptian Protected Area Work Plan in response to the CBD Program of Work on Protected Areas, the Management Effectiveness Evaluation for Egypt's Protected Area System document, and the NCS Director's 2002 synopsis on Nature Conservation in Egypt. Project design has been guided by the national priorities and analyses that these documents highlight.

124. While the above policy documents give a good general sense of Egypt's priorities related to biodiversity, its recent technical co-operation activities are of particular importance in identifying national priorities with respect to strengthening PAs. Previously, most technical co-operation efforts had focused on supporting single PAs, but these efforts have been shown to be largely unsustainable due to a limited capacity at the central systemic level to maintain this level of input sustainably.⁷¹ More recently, project support has begun to focus on some of the more fundamental, systemic barriers and challenges which are limiting PA system effectiveness and sustainability. Recent projects supported under the Egypt-Italy debt swap, particularly the Nature Conservation Sector Capacity Building project (NCSCB), have been focused at this level. Through close co-operation with NCS and with staff of the NCSCB, the present project proposal is ensuring that its design will closely reflect the latest thinking and priorities concerning PA system reform and will build on the achievements and conclusions of, and lessons learned by, its predecessors.

125. The completed Egyptian-Italian Environmental Cooperation Programme (EIECP) funded through bilateral and debt- for development swap programme focused on improving management of PAs as well as providing the institutional capability to effectively manage and monitor them. Different studies and projects have identified the need to strengthen policy and institutional development in Egypt's Nature Conservation. This proposal is the most recent illustration of the need for the development of the institutional and managerial capacity of the NCS, having also been outlined in several earlier proposals.⁷² In addition, multiple donor agencies (EU, USAID, GEF/UNDP, and the Italian Cooperation) have stressed the importance of management planning for PAs by supporting management plans for St. Katherine, Wadi El Gimal, and Wadi El Rayan Protected Areas, respectively.

⁷¹ Child, Graham 2000. Concepts for Modernizing the Egyptian Nature Conservation Agency. NCSB project document produced for NCS/EEAA.

⁷² Pearson, Michael 1995. The Nature Conservation Section of the Egyptian Environmental Affairs Agency: Framework for the Development of Institutional and Managerial Capacity an Essential Element for the Sustainable Future of Natural Protectorates in the Arab Republic of Egypt.

2.6 Sustainability

126. Environmental sustainability: There is always a potential for protected areas financing projects to shift focus from conservation and management to resource mobilization at the expense of natural assets. This is a key reason why one of the outcomes of the project relates to the establishment and adoption by the NCS of social and environmental safeguard measures and monitoring system; similarly, objective-level indicators relate to ecosystem health, species and functions. These element should help to curb potential tendencies to prioritize resource mobilization. In the context of this project, feedback mechanisms and management effectiveness tracking tools will also specifically safeguard natural resources and ensure their sustainability. As and when necessary, in particular for outcomes 2 and 3, environmental and social impact assessments will be undertaken in line with UNDP's Program and Operations Policies and Procedures (POPP) and Egyptian national legislation, in order to negative avert impacts of investments on ecosystems and species. Environmental sustainability of the PA system is also threatened by climate change. While this does not fully fall within the remit of the project, measures to reduce the vulnerability of individual sites and the system as a whole will be assessed and identified during implementation, with routine updating and monitoring to determine the most viable approaches.

127. Financial sustainability: The NCS has undertaken scenario planning exercises regarding financial needs for the management of its protected areas system. The project interventions are specifically geared to lift barriers preventing the financial sustainability of protected areas management in Egypt. Projections undertaken during the PPG, which build on scenario planning undertaken by the NCS, indicate that at the end of the project 64% of the optimal scenario will be secured. The project also proposes some policy, institutional and legal reforms that will ensure the reinvestment of protected areas revenues into the system, therefore increasing prospects of financial sustainability. However, given that there are risks that these measures may not be implemented in a timely manner, a set of triggers has been appended to the project to ensure the PA system is set on the right track towards financial sustainability.

128. Social sustainability: In line with the UNDP POPP, social and environmental assessments will be undertaken in cases where the interventions are deemed to have a potential social and environmental impact. However, the need for inclusive approaches in the implementation of the project has been identified, and the social sustainability of the intervention will be secured through the following measures included in the project approach and methodology:

- (i) As indicated in the stakeholder engagement plan, resource users and local community groups will be particularly engaged in decision-making processes at sites where they are affected;
- (ii) Depending on the situation of each individual protected area, the management plan and approach will involve resource users, local communities and other stakeholders to ensure full consensus on the management approach and proposed measures to conserve and manage protected areas. In addition, new management modalities and co-management approaches will be supported at policy and applied in ways that are acceptable within the Egyptian context.
- (iii) A key positive effect of the project will be in terms of the social impact of mining and other extractive and productive activities in protected areas. For example, through the involvement of NCS in the negotiation of concession agreements, tradeoffs and other contracts, it is expected that economic and environmental standards will be better applied and therefore impacts on social groups will be reduced.

- (iv) Benefit sharing modalities, with local resource users, local authorities and other stakeholders, will be explored and set up during project implementation. As resource access and economic benefit often constitute primary motivations against protected areas, these two aspects will be duly assessed and mitigated during project implementation.
- (v) Finally, community-based natural resource management approaches, building on the on-going UNDP/GEF project in St Katherine and on the expertise developed within the NCS will be promoted and applied at diverse sites and in particular at sites where local communities constitute resource user groups that may be deprived from access to resources.

129. Institutional sustainability: As with financial sustainability, the project is intended to support NCS in developing the systems, structures and processes that will enable long term management of protected areas. Institutional sustainability will be secured in two ways: (i) as the executing agency for the project, NCS capacities to sustain protected areas management will be directly developed by the project; (ii) institutional sustainability is usually undermined at the end of projects by lack of financing to perpetuate and continue with efforts initiated by projects. Given the focus of this project on securing the financial viability of the protected areas system, and given the selection of a median scenario where basic operations will be supported through government financing, institutional sustainability is strongly anchored in the project approach.

2.7 Replicability

130. The project will put in place a set of systems, structures and processes that will facilitate (i) resource mobilization; (ii) management effectiveness; (iii) conservation action. Coupled with the legal, policy and institutional reforms promoted by the project, these will constitute the backbone for the replication of the processes established by the project. While the project intends to test novel financial mechanisms at eight sites, these processes are intended to be institutionalized and replicated throughout the PA system.

131. Based on the monitoring and evaluation processes, successful pilots will be retained and a replicability strategy developed at the end of year 3 of the project. Replication of successful experiences is also fostered through the proposed organigram and staff deployment system which will ensure transfer of expertise within the PA system and not only from the center to the field.

132. Financing for replication is expected to be generated through the project itself. Indeed, if the project's financial projections are proven right, then replication will be an essential element of ensuring that generated funds continue to be spent wisely and cost effectively.

PART III: Management Arrangements

133. The Implementing Partner of the project will be the Ministry of State for Environmental Affairs/ Egyptian Environmental Affairs Agency following the UNDP national execution modality. The NCS and the EPF will be the key departments within EEAA responsible for project implementation. .

134. The project will establish a Project Management Unit (PMU) which will be located in Cairo to manage the project and provide coordination among stakeholder organizations at central level during the project period, and a Project Board to steer the activities of the PMU. The PMU will be instrumental in

conveying the messages/ outcomes of actual site work to relevant central bodies and make use of them in developing new policies.

135. The UNDP country office in Cairo will be responsible for monitoring and ensuring proper use of UNDP-GEF funds to assigned activities, timely reporting of implementation progress as well as undertaking of mandatory and non-mandatory evaluations. In this context, UNDP will provide necessary support and backstopping to ensure proper implementation progress, convene weekly meetings with project management, provide feedback and revision to products and documents and where necessary filter project results to be in line with overall objectives as well as GEF-UNDP requirements.

136. **Project Management Unit (PMU):** The day-to-day implementation and management of the project will be undertaken by the project management unit, under the overall guidance of a **Project Board**, which will be responsible for steering the activities of the PMU. Heading the project board will be the CEO of EEAA and members will include the director of the NCS, director of the EPF a representative from UNDP, selected PA Managers and the PMU. If deemed necessary a higher level Steering Committee might be established to include the Ministry of Petroleum, Ministry of Tourism, Ministry of Economic Development, a representative from the GEF National Steering Committee, a UNDP/GEF representative, representatives from the private sector and selected nature conservation experts (including representatives from civil society organizations and NGOs, where appropriate). Additional members will be decided during the project inception phase. For the PMU, a full time project manager, project coordinator, and technical, administrative and financial staff, will be selected jointly by the Implementing Partner and UNDP, in consultation with the UNDP/GEF Regional Co-ordination Unit. The role of the PMU will be to: a) ensure overall day-to-day project management and monitoring according to UNDP rules on managing UNDP/GEF projects, b) facilitate communication and networking among key stakeholders in Cairo, c) organize the meetings of the PSC, and d) support Local Committees.

PART IV: Monitoring and Evaluation Plan and Budget

137. Project monitoring and evaluation will be conducted in accordance with established UNDP and GEF procedures and will be provided by the project team and the UNDP Country Office (UNDP-CO) with support from the UNDP/GEF Regional Coordination Unit for Arab States. The Logical Framework Matrix in Annex A provides performance and impact indicators for project implementation along with their corresponding means of verification. The METT tool (see Annex E), Financial Scorecard (Annex F) and Capacity Assessment Scorecard (Annex G) will all be used as instruments to monitor progress in PA management effectiveness. The M&E plan for progress, process and implementation includes: inception report, project implementation reviews, quarterly and annual review reports, a mid-term and final evaluation. Ecological, technical and impact evaluations are included as part of the project and reflected in the logframe matrix. The following table outlines the principal components of the Monitoring and Evaluation Plan and indicative cost estimates related to M&E activities. The project's Monitoring and Evaluation Plan will be presented and finalized in the Project's Inception Report following a collective fine-tuning of indicators, means of verification, and the full definition of project staff M&E responsibilities.

Monitoring and reporting⁷³

Project Inception Phase

⁷³ As per GEF guidelines, the project will also be using the BD 1 Management Effectiveness Tracking Tool (METT). New or additional GEF monitoring requirements will be accommodated and adhered to once they are officially launched.

138. A Project Inception Workshop will be conducted with the full project team, relevant government counterparts, co-financing partners, the UNDP-CO and representation from the UNDP-GEF Regional Coordinating Unit, as well as UNDP-GEF (HQs) as appropriate. A fundamental objective of this Inception Workshop will be to assist the project team to understand and take ownership of the project's goal and objective, as well as finalize preparation of the project's first annual work plan on the basis of the logframe matrix. This will include reviewing the logframe (indicators, means of verification, assumptions), imparting additional detail as needed, and on the basis of this exercise, finalizing the Annual Work Plan (AWP) with precise and measurable performance indicators, and in a manner consistent with the expected outcomes for the project. Additionally, the purpose and objective of the Inception Workshop (IW) will be to: (i) introduce project staff with the UNDP-GEF team which will support the project during its implementation, namely the CO and responsible Regional Coordinating Unit staff; (ii) detail the roles, support services and complementary responsibilities of UNDP-CO and RCU staff vis à vis the project team; (iii) provide a detailed overview of UNDP-GEF reporting and monitoring and evaluation (M&E) requirements, with particular emphasis on the Annual Project Implementation Reviews (PIRs) and related documentation, the Annual Review Report (ARR), as well as mid-term and final evaluations. Equally, the IW will provide an opportunity to inform the project team on UNDP project related budgetary planning, budget reviews, and mandatory budget rephasings. The IW will also provide an opportunity for all parties to understand their roles, functions, and responsibilities within the project's decision-making structures, including reporting and communication lines, and conflict resolution mechanisms. The Terms of Reference for project staff and decision-making structures will be discussed again, as needed, in order to clarify for all, each party's responsibilities during the project's implementation phase.

Monitoring responsibilities and events

139. A detailed schedule of project review meetings will be developed by the project management, in consultation with project implementation partners and stakeholder representatives and incorporated in the Project Inception Report. Such a schedule will include: (i) tentative time frames for Project Board Meetings and (ii) project related Monitoring and Evaluation activities. Day-to-day monitoring of implementation progress will be the responsibility of the Project Manager based on the project's Annual Work Plan and its indicators. The Project Manager will inform the UNDP-CO of any delays or difficulties faced during implementation so that the appropriate support or corrective measures can be adopted in a timely and remedial fashion. The Project Manager will fine-tune the progress and performance/impact indicators of the project in consultation with the full project team at the Inception Workshop with support from UNDP-CO and assisted by the UNDP-GEF Regional Coordinating Unit. Specific targets for the first year implementation progress indicators together with their means of verification will be developed at this Workshop. These will be used to assess whether implementation is proceeding at the intended pace and in the right direction and will form part of the Annual Work Plan. Targets and indicators for subsequent years would be defined annually as part of the internal evaluation and planning processes undertaken by the project team.

140. Measurement of impact indicators related to global biodiversity benefits will occur according to the schedules defined in the Inception Workshop, using METT scores. The measurement of these will be undertaken in-house through NCS's scientific and technical team, supplemented as necessary by subcontracts or retainers with relevant institutions. Periodic monitoring of implementation progress will be undertaken by the UNDP-CO through quarterly meetings with the Implementing Partner, or more frequently as deemed necessary. This will allow parties to take stock and to troubleshoot any problems pertaining to the project in a timely fashion to ensure smooth implementation of project activities.

141. Annual Monitoring will occur through the Project Board Meetings (PBM). This is the highest policy-level meeting of the parties directly involved in the implementation of a project. The project will be subject to PBMs two times a year. The first such meeting will be held within the first six months of the start of full implementation. At least one PBM will be scheduled to coincide with PIR/ARRs; the other will be held as necessary and deemed relevant by the board members and/or project team.

142. The Project Manager in consultations with UNDP-CO and UNDP-GEF RCU will prepare a UNDP/GEF PIR/ARR and submit it to PBM members at least two weeks prior to the PBM for review and comments. The PIR/ARR will be used as one of the basic documents for discussions in the PB meeting. The Project Manager will present the PIR/ARR to the Project Board, highlighting policy issues and recommendations for the decision of the PBM participants. The Project Manager also informs the participants of any agreement reached by stakeholders during the PIR/ARR preparation on how to resolve operational issues. Separate reviews of each project component may also be conducted if necessary. The Project Board has the authority to suspend disbursement if project performance benchmarks are not met. Benchmarks will be developed at the Inception Workshop, based on delivery rates, and qualitative assessments of achievements of outputs; such benchmarks will cover both GEF and co-financed results as well as identified triggers referred to in appendix 2 of the project document.

143. The terminal PBM is held in the last month of project operations. The Project Manager is responsible for preparing the Terminal Report and submitting it to UNDP-CO and UNDP-GEF RCU. It shall be prepared in draft at least two months in advance of the terminal PBM in order to allow review, and will serve as the basis for discussions in the PBM. The terminal meeting considers the implementation of the project as a whole, paying particular attention to whether the project has achieved its stated objectives and contributed to the broader environmental objective. It decides whether any actions are still necessary, particularly in relation to sustainability of project results, and acts as a vehicle through which lessons learnt can be captured to feed into other projects under implementation of formulation.

144. UNDP Country Offices and UNDP-GEF RCU as appropriate, will conduct yearly visits to project sites based on an agreed upon schedule to be detailed in the project's Inception Report/Annual Work Plan to assess first hand project progress. Any other member of the Project Board can also accompany. A Field Visit Report/BTOR will be prepared by the CO and UNDP-GEF RCU and circulated no less than one month after the visit to the project team, all Project Board members, and UNDP-GEF.

Project Reporting

145. The Project Manager in conjunction with the UNDP-GEF extended team will be responsible for the preparation and submission of the following reports that form part of the monitoring process. The first six reports are mandatory and strictly related to monitoring, while the last two have a broader function and the frequency and nature is project specific to be defined throughout implementation.

146. A Project Inception Report will be prepared immediately following the Inception Workshop. It will include a detailed First Year/ Annual Work Plan divided in quarterly time-frames detailing the activities and progress indicators that will guide implementation during the first year of the project. This Work Plan will include the dates of specific field visits, support missions from the UNDP-CO or the Regional Coordinating Unit (RCU) or consultants, as well as time-frames for meetings of the project's decision making structures. The Report will also include the detailed project budget for the first full year of implementation, prepared on the basis of the Annual Work Plan, and including any monitoring and evaluation requirements to effectively measure project performance during the targeted 12 months time-frame. The Inception Report will include a more detailed narrative on the institutional roles, responsibilities, coordinating actions and feedback mechanisms of project related partners. In addition, a section will be included on progress to date on project establishment and start-up activities and an update of any changed external conditions that may effect project implementation. When finalized, the report will be circulated to project counterparts who will be given a period of one calendar month in which to respond with comments or queries. Prior to this circulation of the IR, the UNDP Country Office and UNDP-GEF's Regional Coordinating Unit will review the document.

147. An Annual Review Report shall be prepared by the Project Manager and shared with the Project Board. As a self-assessment by the project management, it does not require a cumbersome preparatory process. As minimum requirement, the Annual Review Report shall consist of the Atlas standard format for the Project Progress Report (PPR) covering the whole year with updated information for each element of the PPR as well as a summary of results achieved against pre-defined annual targets at the project

level. As such, it can be readily used to spur dialogue with the Project Board and partners. An ARR will be prepared on an annual basis prior to the Project Board meeting to reflect progress achieved in meeting the project's Annual Work Plan and assess performance of the project in contributing to intended outcomes through outputs and partnership work. The ARR should consist of the following sections: (i) project risks and issues; (ii) project progress against pre-defined indicators and targets and (iii) outcome performance.

148. The Project Implementation Review (PIR) is an annual monitoring process mandated by the GEF. It has become an essential management and monitoring tool for project managers and offers the main vehicle for extracting lessons from ongoing projects. Once the project has been under implementation for a year, a Project Implementation Report must be completed by the CO together with the project team. The PIR should be participatorily prepared in July and discussed with the CO and the UNDP/GEF Regional Coordination Unit during August with the final submission to the UNDP/GEF Headquarters in the first week of September.

149. Quarterly progress reports: Short reports outlining main updates in project progress will be provided quarterly to the local UNDP Country Office and the UNDP-GEF RCU by the project team.

150. UNDP ATLAS Monitoring Reports: A Combined Delivery Report (CDR) summarizing all project expenditures, is mandatory and should be issued quarterly. The Project Manager should send it to the Project Board for review and the Implementing Partner should certify it. The following logs should be prepared: (i) The Issues Log is used to capture and track the status of all project issues throughout the implementation of the project. It will be the responsibility of the Project Manager to track, capture and assign issues, and to ensure that all project issues are appropriately addressed; (ii) the Risk Log is maintained throughout the project to capture potential risks to the project and associated measures to manage risks. It will be the responsibility of the Project Manager to maintain and update the Risk Log, using Atlas; and (iii) the Lessons Learned Log is maintained throughout the project to capture insights and lessons based on good and bad experiences and behaviours. It is the responsibility of the Project Manager to maintain and update the Lessons Learned Log.

151. Project Terminal Report: During the last three months of the project the project team will prepare the Project Terminal Report. This comprehensive report will summarize all activities, achievements and outputs of the Project, lessons learnt, objectives met, or not achieved, structures and systems implemented, etc. and will be the definitive statement of the Project's activities during its lifetime. It will also lay out recommendations for any further steps that may need to be taken to ensure sustainability and replicability of the Project's activities.

152. Periodic Thematic Reports: As and when called for by UNDP, UNDP-GEF or the Implementing Partner, the project team will prepare Specific Thematic Reports, focusing on specific issues or areas of activity. The request for a Thematic Report will be provided to the project team in written form by UNDP and will clearly state the issue or activities that need to be reported on. These reports can be used as a form of lessons learnt exercise, specific oversight in key areas, or as troubleshooting exercises to evaluate and overcome obstacles and difficulties encountered. UNDP is requested to minimize its requests for Thematic Reports, and when such are necessary will allow reasonable timeframes for their preparation by the project team.

153. Technical Reports are detailed documents covering specific areas of analysis or scientific specializations within the overall project. As part of the Inception Report, the project team will prepare a draft Reports List, detailing the technical reports that are expected to be prepared on key areas of activity during the course of the Project, and tentative due dates. Where necessary this Reports List will be revised and updated, and included in subsequent ARRs. Technical Reports may also be prepared by external consultants and should be comprehensive, specialized analyses of clearly defined areas of research within the framework of the project and its sites. These technical reports will represent, as appropriate, the project's substantive contribution to specific areas, and will be used in efforts to disseminate relevant information and best practices at local, national and international levels.

154. Project Publications will form a key method of crystallizing and disseminating the results and achievements of the Project. These publications may be scientific or informational texts on the activities

and achievements of the Project, in the form of journal articles, multimedia publications, etc. These publications can be based on Technical Reports, depending upon the relevance, scientific worth, etc. of these Reports, or may be summaries or compilations of a series of Technical Reports and other research. The project team will determine if any of the Technical Reports merit formal publication, and will also (in consultation with UNDP, the government and other relevant stakeholder groups) plan and produce these Publications in a consistent and recognizable format. Project resources will need to be defined and allocated for these activities as appropriate and in a manner commensurate with the project's budget.

Independent evaluations

155. The project will be subjected to at least two independent external evaluations as follows: An independent Mid-Term Evaluation will be undertaken at exactly the mid-point of the project lifetime. The Mid-Term Evaluation will determine progress being made towards the achievement of outcomes and will identify course correction if needed. It will focus on the effectiveness, efficiency and timeliness of project implementation; will highlight issues requiring decisions and actions; and will present initial lessons learned about project design, implementation and management. Findings of this review will be incorporated as recommendations for enhanced implementation during the final half of the project's term. The organization, terms of reference and timing of the mid-term evaluation will be decided after consultation between the parties to the project document. The Terms of Reference for this Mid-term evaluation will be prepared by the UNDP CO based on guidance from the UNDP-GEF Regional Coordinating Unit.

156. An independent Final Evaluation will take place three months prior to the terminal Project Board meeting, and will focus on the same issues as the mid-term evaluation. The final evaluation will also look at impact and sustainability of results, including the contribution to capacity development and the achievement of global environmental goals. The Final Evaluation should also provide recommendations for follow-up activities. The Terms of Reference for this evaluation will be prepared by the UNDP CO based on guidance from the UNDP-GEF Regional Coordinating Unit.

Learning and knowledge sharing

2. Results from the project will be disseminated within and beyond the project intervention zone through a number of existing information sharing networks and forums. In addition, the project will participate, as relevant and appropriate, in UNDP/GEF sponsored networks, organized for Senior Personnel working on projects that share common characteristics. UNDP/GEF Regional Unit has established an electronic platform for sharing lessons between the project coordinators. The project will identify and participate, as relevant and appropriate, in scientific, policy-based and/or any other networks, which may be of benefit to project implementation through lessons learned. The project will identify, analyze, and share lessons learned that might be beneficial in the design and implementation of similar future projects. Identifying and analyzing lessons learned is an on-going process, and the need to communicate such lessons as one of the project's central contributions is a requirement to be delivered not less frequently than once every 12 months. UNDP/GEF shall provide a format and assist the project team in categorizing, documenting and reporting on lessons learned.

Table 9. Project Monitoring and Evaluation Plan and Budget

Type of M&E activity	Responsible Parties	Budget US\$ <i>Excluding project team Staff time</i>	Time frame
Inception Workshop	<ul style="list-style-type: none"> ▪ Project Coordinator ▪ UNDP CO ▪ UNDP GEF 	10,000	Within first two months of project start up
Inception Report	<ul style="list-style-type: none"> ▪ Project Team ▪ UNDP CO 	None	Immediately following

Type of M&E activity	Responsible Parties	Budget US\$ <i>Excluding project team Staff time</i>	Time frame
			Inception workshop
Measurement of Means of Verification for Project Purpose Indicators	<ul style="list-style-type: none"> ▪ Project Manager will oversee the hiring of specific studies and institutions, and delegate responsibilities to relevant team members 	To be finalized at Inception Phase and Workshop. Indicative cost: 115,000.	Start, mid and end of project
Measurement of Means of Verification for Project Progress and Performance (measured on an annual basis)	<ul style="list-style-type: none"> ▪ Oversight by Project Manager ▪ Project team 	To be determined as part of the Annual Work Plan's preparation. Indicative cost: 8,000 (annually); total: 48,000	Annually prior to ARR/PIR and to the definition of annual work plans
ARR and PIR	<ul style="list-style-type: none"> ▪ Project Team ▪ UNDP-CO ▪ UNDP-GEF 	None	Annually
Quarterly progress reports	<ul style="list-style-type: none"> ▪ Project team 	None	Quarterly
CDRs	<ul style="list-style-type: none"> ▪ Project Manager 	None	Quarterly
Issues Log	<ul style="list-style-type: none"> ▪ Project Manager ▪ UNDP CO Programme Staff 	None	Quarterly
Risks Log	<ul style="list-style-type: none"> ▪ Project Manager ▪ UNDP CO Programme Staff 	None	Quarterly
Lessons Learned Log	<ul style="list-style-type: none"> ▪ Project Manager ▪ UNDP CO Programme Staff 	None	Quarterly
Mid-term Evaluation	<ul style="list-style-type: none"> ▪ Project team ▪ UNDP- CO ▪ UNDP-GEF Regional Coordinating Unit ▪ External Consultants (i.e. evaluation team) 	40,000	At the mid-point of project implementation.
Final Evaluation	<ul style="list-style-type: none"> ▪ Project team, ▪ UNDP-CO ▪ UNDP-GEF Regional Coordinating Unit ▪ External Consultants (i.e. evaluation team) 	100,000	At the end of project implementation
Terminal Report	<ul style="list-style-type: none"> ▪ Project team ▪ UNDP-CO ▪ local consultant 	0	At least one month before the end of the project
Lessons learned	<ul style="list-style-type: none"> ▪ Project team ▪ UNDP-GEF Regional Coordinating Unit (suggested formats for documenting best practices, etc) 	18,000 (average 3,000 per year)	Yearly
Audit	<ul style="list-style-type: none"> ▪ UNDP-CO ▪ Project team 	18,000 (average 3,000 per year)	Yearly
Visits to field sites	<ul style="list-style-type: none"> ▪ UNDP Country Office ▪ UNDP-GEF Regional Coordinating Unit ▪ Government representatives 	Paid from IA fees and operational budget	Yearly
TOTAL INDICATIVE COST (Excl. project team staff time and		US \$ 349,000	

Type of M&E activity	Responsible Parties	Budget US\$ <i>Excluding project team Staff time</i>	Time frame
UNDP staff and travel expense			

PART V: Legal Context

137. This Project Document shall be the instrument referred to as such in Article I of the Standard Basic Assistance Agreement between the Government of Egypt and the United Nations Development Programme, signed by the parties on 19 January 1987. The host country implementing agency shall, for the purpose of the Standard Basic Assistance Agreement, refer to the government co-operating agency described in that Agreement.

138. The UNDP Resident Representative in Egypt is authorized to effect in writing the following types of revision to this Project Document, provided that he/she has verified the agreement thereto by the UNDP-GEF Unit and is assured that the other signatories to the Project Document have no objection to the proposed changes:

- a) Revision of, or addition to, any of the annexes to the Project Document;
- b) Revisions which do not involve significant changes in the immediate objectives, outputs or activities of the project, but are caused by the rearrangement of the inputs already agreed to or by cost increases due to inflation;
- c) Mandatory annual revisions which re-phase the delivery of agreed project inputs or increased expert or other costs due to inflation or take into account agency expenditure flexibility; and
- d) Inclusion of additional annexes and attachments only as set out here in this Project Document

SECTION II: STRATEGIC RESULTS FRAMEWORK (SRF) AND GEF INCREMENT

Annex A: Project logical framework

Project strategy	Objectively verifiable indicators	Baseline	Target	Sources of verification	Assumptions
Objective: Establishment of a sustainable protected area financing system, with associated management structures, systems and capacities needed to ensure the effective use of generated revenues for priority biodiversity conservation needs	Level and diversity of financing for the PA system	Financing of protected areas is below 20% of basic scenario Only two predominant sources (government and tourism) in use	At project end, achieved levels of revenue are within 10% of projection and the trend in growth rates sets the NCS on track to meet the optimal scenario by year 10 ⁷⁴ At least two new, reliable sources of funds are established	NCS financial	External shocks do not affect flagship species and corals External financial fluctuations do not affect financial projections and revenues
	Levels of live coral coverage in dive sites and non-dive sites	Most Red Sea dive sites are being degraded by heavy and careless diving	No significant degradation measured in new dive sites to be opened to special seasonal tourists Degradation in old dive sites does not increase	Field surveys	
	Flagship species at priority PAs	Flagship species at several priority PAs have been declining, including: (Species to be defined)	Flagship species in PAs of terrestrial biomes recover or maintained, including: (Species to be defined)	Field surveys	

⁷⁴ Achievement at year 6 to be measured by applying following formula : $R_n = \text{Net PA System revenue for year } n$; $(\text{actual } R_6 - \text{scenario } R_6) / \text{scenario } R_6$ should be between -0,1 and 0,1.; $GR_6 = \text{growth rate of } R \text{ from year } 5 \text{ to year } 6$; $\text{actual } R_6 * (1 + GR_6)^4 - \text{scenario } R_10 / (\text{scenario } R_10)$ should be between -0,1 and 0,1

Project strategy	Objectively verifiable indicators	Baseline	Target	Sources of verification	Assumptions
Outcome 1: Policy, regulatory and institutional frameworks that facilitate revenue generation, revenue retention and other aspects of sustainable PA financing and management are established and operational	National PA financing strategy	No strategy	<ul style="list-style-type: none"> Comprehensive 5-year financing strategy, including a financial needs assessment defining targets, standards, procedures and criteria for resource allocation, is approved at ministerial level by end of year 2 	Project reports	Changes in political leadership and priorities remain conducive to action on protected areas conservation and financing.
	Institutional arrangements	Ad-hoc arrangements	<ul style="list-style-type: none"> Explicit policies and procedures to negotiate, monitor and implement institutional arrangements with business and social actors 	Project reports	
	Financial arrangements for revenue re-injection	Generated revenues are co-mingled with revenues from other sources and allocations to NCS are ad-hoc and minimal	<ul style="list-style-type: none"> Internal registry system (accounting system) for NCS established within EPF, accounting for revenues generated and disbursements, by end of project inception period. 	Project reports	
	Policy regarding re-injection	No policies to guide level of re-injection	<ul style="list-style-type: none"> Revenue re-injection: A Ministerial Decree establishing a 10-year policy of achieving an optimal financing scenario largely through re-injected revenues. 	Published Ministerial Decree	
	Institutional structure and human capacities	Minimal human capacities or institutional structure to address issues of financial sustainability	<ul style="list-style-type: none"> Financial sustainability unit established at Headquarters level 	Project reports	
	Legal and regulatory framework	41% - 39 out of 95	76% - 72 out of 95	Financial sustainability scorecard	

Project strategy	Objectively verifiable indicators	Baseline	Target	Sources of verification	Assumptions
<u>Outcome 2: Levels of financial resource mobilization are adequate to ensure effective conservation-oriented management of Egypt's PA system</u>	Improved financial sustainability for PAs, as measured by the Financial Sustainability Scorecard			Financial Sustainability scorecard	EEAA and other relevant agencies agree to allow NCS to adopt more aggressive revenue generating options, once these have been developed and their potential impacts, e.g., on demand, are better understood
	Business planning				
	Tools for revenue generation	41% - 25 out of 61 43% - 31 out of 57 Total 42% - 95 out of 227	82% - 50 out of 61 88% - 50 out of 57 Total 76% - 172 out of 227		
	Revenues generated	2005-2008 annual average of \$3.7 million USD	<ul style="list-style-type: none"> Revenues generated by PA system over 6-year project duration total approximately \$74 million with final exact figures depending on final financial needs assessments and basic and optimal scenarios 	NCS audited accounts/EPF accounts	
	Revenues re-injected	2005-2008 annual average of \$595,000	<ul style="list-style-type: none"> Revenues re-injected into PA system over 6-year project duration total approximately \$53 million, with final exact figures depending on final financial needs assessments and basic and optimal scenarios 	NCS audited accounts/EPF accounts	
Diversified revenues	95% of revenues generated by fees; Entrance fees at Ras Mohamed generating 53% of total system revenues	<ul style="list-style-type: none"> At least 25 % of revenues are being generated by sources other than user fees No single site generating more than 40% of PA system revenues 	NCS audited accounts		

Project strategy	Objectively verifiable indicators	Baseline	Target	Sources of verification	Assumptions
Outcome 3: Business planning and cost-effective management systems are ensuring the effective allocation and management of mobilized	METT Scores	Baseline scores Ras Mohamed – 69 Wadi El-Gemal/Hamata – 64 St. Katherine – 63 White Desert – 60 Nabq – 59 Wadi Degla – 51 Red Sea Northern Islands – 47	<ul style="list-style-type: none"> Improved management effectiveness in eight PAs altogether covering 1.85 million ha., as follows: Ras Mohamed – 85 Wadi El-Gemal/Hamata – 85 Wadi-el Rayan – 80 St. Katherine – 80 White Desert – 75 Nabq – 80 Wadi Degla – 75 Red Sea Northern Islands – 75 	METT's	NCS and local partners are open to change in management styles and modalities and engage in meaningful management and partnerships.
	Business planning	Business plans in 2-3 sites, but not operational Management plans in several sites, but lacking funds for implementation	<ul style="list-style-type: none"> By end of project, eight priority PAs are operated according to a full and consistent set of business and management planning tools Standardized, high quality 	Project reports	
	Alternative management	Ad-hoc arrangements	<ul style="list-style-type: none"> Community partnership system tested in at least one PA 	Partnership agreement	
	Accounting, audit & reporting	Systems in place do not reach international standards	International standards systems in place by end of project	Published audits	

SECTION III: Total Budget and Workplan

Award ID:	00057529												
Award Title:	PIMS 3668 BD FSP: Strengthening Protected Areas Financing and Management Systems												
Project ID:	00071131: 3668												
Project Title:	PIMS 3668 BD FSP: Strengthening Protected Areas Financing and Management Systems												
Executing Agency :	Egyptian Environmental Affairs Agency												
GEF Outcome/Atlas Activity	Res Party (IA)	SoF	Atlas Budget Account Code	Input	Amount (USD) Year 1 (2009)	Amount (USD) Year 2 (2010)	Amount (USD) Year 3 (2011)	Amount (USD) Year 4 (2012)	Amount (USD) Year 5 (2013)	Amount (USD) Year 6 (2014)	Amount (USD) Year 7 (2015)	Total (USD)	Budget Notes
OUTCOME 1:		GEF	71200	International Consultants	5,000	40,000	30,000	30,000	30,000	20,000	13,000	168,000	1
		GEF	71300	Local Consultants	5,400	40,000	30,000	30,000	15,000	15,000	6,500	141,900	2
		GEF	72100	Contractual Services - Companies	10,000	50,000	50,000	50,000	50,000	30,000	25,000	265,000	3
		GEF	71600	Travel	3,000	12,000	12,000	12,000	12,000	12,000	12,000	75,000	4
		GEF	72200	Equipment and furniture	5,000	10,000	10,000	4,000	4,000	4,000	3,000	40,000	5
		GEF	74200	Audiovisual and printing production	1,000	3,500	3,500	3,500	3,500	3,000	2,000	20,000	6
		GEF	74500	Miscellaneous Expenses	500	800	800	800	800	800	500	5,000	7
					Total Outcome 1	29,900	156,300	136,300	130,300	115,300	84,800	62,000	714,900
OUTCOME 2:			71200	International Consultants	4,000	20,000	20,000	15,000	10,000	10,000	5,000	84,000	8
			71300	Local Consultants	8,800	25,000	25,000	20,000	20,000	20,000	10,000	128,800	9
			74100	Professional Services	1,000	3,000	3,000	43,000	3,000	3,000	82,000	138,000	10
			72100	Contractual Services - Companies	3,000	60,000	60,000	60,000	45,000	35,000	27,000	290,000	11
			71600	Travel	1,000	10,000	10,000	10,000	7,000	6,500	6,500	51,000	12
			72200	Equipment and furniture	1,000	8,000	8,000	8,000	7,000	4,000	4,000	40,000	13
			74200	Audiovisual and printing production	500	2,000	2,000	2,000	1,500	1,000	1,000	10,000	14
		GEF		74500	Miscellaneous Expenses	500	800	800	800	800	800	500	5,000

				Total Outcome 2	19,800	128,800	128,800	158,800	94,300	80,300	136,000	746,800	
OUTCOME 3:	GEF	71200	International Consultants	5,000	40,000	50,000	50,000	20,000	20,000	16,000	201,000	16	
		71300	Local Consultants	5,000	40,000	40,000	40,000	40,000	30,000	27,900	222,900	17	
		72100	Contractual services	5,000	100,000	200,000	200,000	200,000	100,000	95,400	900,400	18	
		71600	Travel	5,000	20,000	20,000	15,000	15,000	15,000	10,000	100,000	19	
		72200	Equipment & Furniture	5,000	60,000	60,000	60,000	30,000	20,000	15,000	250,000	20	
		74200	Audiovisual & Printing Production	2,000	20,000	20,000	20,000	20,000	15,000	13,000	110,000	21	
		74500	Miscellaneous Expenses	1,000	1,600	1,600	1,600	1,600	1,600	1,000	10,000	22	
				Total Outcome 3	28,000	281,600	391,600	386,600	326,600	201,600	178,300	1,794,300	
Project Management	GEF	71400	Contractual services / individual	9,100	43,600	43,600	43,600	43,600	43,600	35,900	263,000	23	
		71600	Travel	1,500	3,300	3,300	3,300	3,300	3,300	2,000	20,000	24	
		72500	Office Equipment	15,000	15,000	10,000	5,500	5,500	5,500	5,500	62,000	25	
		74500	Miscellaneous	1,000	2,500	2,500	2,500	2,500	2,500	1,500	15,000	26	
				SUBTOTAL GEF	26,600	64,400	59,400	54,900	54,900	54,900	44,900	360,000	
	UNDP	71400	Contractual services / individual	6,750	29,500	29,500	29,500	29,500	29,500	23,750	178,000		
	UNDP	71600	Travel	1,000	1,600	1,600	1,600	1,600	1,600	1,000	10,000		
	UNDP	72500	Office supplies	2,000	7,100	7,100	7,100	7,100	7,100	5,500	43,000		
	UNDP	74500	Miscellaneous	2,000	3,000	3,000	3,000	3,000	3,000	2,000	19,000		
			SUBTOTAL UNDP	11,750	41,200	41,200	41,200	41,200	41,200	32,250	250,000		
		Total Project Management	38,350	105,600	100,600	96,100	96,100	96,100	77,150	610,000			
		TOTAL (GEF)	104,300	631,100	716,100	730,600	591,100	421,600	421,200	3,616,000			
		TOTAL (UNDP)	11,750	41,200	41,200	41,200	41,200	41,200	32,250	250,000			
		PROJECT TOTAL	116,050	672,300	757,300	771,800	632,300	462,800	453,450	3,866,000			
		Total budget											

TOTAL BUDGET SUMMARY

Responsible Party/ Implementing Agent	Amount Year 1 (USD)	Amount Year 2 (USD)	Amount Year 3 (USD)	Amount Year 4 (USD)	Amount Year 5 (USD)	Amount Year 6 (USD)	Amount Year 7 (USD)	Total (USD)
GEF	104,300	631,100	716,100	730,600	591,100	421,600	421,200	3,616,000
UNDP	11,750	41,200	41,200	41,200	41,200	41,200	32,250	250,000
Government of Egypt (In cash)	1,000,000	2,300,000	2,300,000	2,300,000	2,300,000	2,300,000	1,300,000	13,800,000
Government of Egypt (In kind)	10,000	212,500	212,500	212,500	212,500	212,500	193,700	1,266,200
GRAND TOTAL	1,126,050	3,184,800	3,269,800	3,284,300	3,144,800	2,975,300	1,947,150	18,932,200

Part II: Budget Notes

General Cost Factors:

Local consultants are budgeted at anywhere from \$164 per week (for a project assistant) to \$1,100 per week (for senior experts). International consultants (IC) are budgeted at \$3,000 per week.

Outcome 1:

1. **International technical assistance outputs** (\$168,000, consisting of 56 consultant weeks of short-term consultant support at the rate of US\$3,000/week; for travel and per diem costs, see travel budget).
 - PA system-level economic valuation (Output 1.1, 6 p/w)
 - PA financing strategy, incl. financial needs assessment and system-level business plan (Output 1.2, 13 p/w)
 - Financial management responsibilities (Output 1.3, 6 p/w)
 - Streamlining and strengthening budgeting processes (Output 1.4, 5 p/w)
 - Willingness-to-pay and other assessments related to setting fees (Output 1.5, 10 p/w)
 - Policies and procedures for revenue retention and sharing (Output 1.6, 3 p/w)
 - Alternative institutional arrangements, incl. legal aspects (Output 1.7, 8 p/w)
 - Human resource management (Output 1.8, 5 p/w)

2. **Local consultancy outputs** (\$141,900, consisting of 45 weeks of short-term consultant support at the rate of US\$ 1,100/week and 132 weeks of long-term support at \$700 per week):
 - PA financing strategy, incl. financial needs assessment and system-level business plan (Output 1.2, 18 p/w)
 - Financial management responsibilities (Output 1.3, 27 p/w)
 - Streamlining and strengthening budgeting processes (Output 1.4, 7 p/w)
 - Willingness-to-pay and other assessments related to setting fees (Output 1.5, 57 p/w)
 - Policies and procedures for revenue retention and sharing (Output 1.6, 4 p/w)
 - Alternative institutional arrangements, incl. legal aspects (Output 1.7, 34 p/w)
 - Staffing requirements, profiles and incentives (Output 1.8, 27 p/w)
 - Lessons learned and replication (3 p/w)

3. **Contractual services** US\$265,000 has been budgeted for contractual services, to be allocated as follows:
 - Training and capacity building programs for continuous learning programs, materials and specific training to implement business plans and related tools, primarily for Environmental Economics and Finance Unit and other HQ staff (Output 1.8, \$150,000)
 - Workshops and consultations (All Outputs, \$60,000)
 - Monitoring and measurement of project indicators (All outputs, \$55,000)

4. **Travel:** \$75,000 has been budgeted for economy class travel under this outcome by national and international consultants to undertake the required reviews, stakeholder consultations, capacity assessments, training material development and actual training and field-based work. Consultants

will be selected on a competitive basis and may not necessarily be based at the project sites. Consultants would need to travel to Cairo where NCS and other relevant Government agencies are located, as well as to the field sites.

5. **Equipment and furniture:** \$40,000 has been budgeted for equipment for the newly established Environmental Economics and Sustainable Finance Unit.
6. **Audiovisual and printing production:** \$20,000 has been budgeted for costs of printing and distributing materials such as the System-level Economic Valuation and the National PA Financing Policy, being produced under this Outcome.
7. **Miscellaneous** \$5,000 has been budgeted under miscellaneous for Outcome 1. The precise costs of the site-based activities are difficult to anticipate. Travel and other costs are also likely to rise over the life of the project due to inflation and foreign currency fluctuations. The project will look for cost-savings wherever possible, particularly in relation to travel to the field sites, for example, where it makes sense to pool activities required to deliver outputs under different outcomes and where it is possible to identify qualified consultants capable of delivering these outputs to reduce the number of visits to a particular field site.

Outcome 2:

8. **International technical assistance outputs** (\$84,000 consisting of 28 consultant weeks, at the rate of US\$3,000/week; for travel and per diem costs, see travel budget):
 - Revenue sources strategy and action plan (Output 2.1, 4 p/w)
 - Fee setting (Output 2.3, 6 p/w)
 - Fee collection systems (Output 2.4, 4 p/w)
 - New and improved concessions (Output 2.5, 6 p/w)
 - Innovative revenue mechanisms (Output 2.6, 8 p/w)
9. **Local consultancy outputs** (\$128,800, consisting of 42 weeks of short-term consultant support at the rate of US\$1,100 /week and 118 weeks of long-term consultant support at US\$700/week):
 - Revenue sources strategy and action plan (Output 2.1, 43 p/w)
 - Marketing and communications (Output 2.2, 4 p/w)
 - Fee setting (Output 2.3, 25 p/w)
 - Fee collection systems (Output 2.4, 32 p/w)
 - New and improved concessions (Output 2.5, 22 p/w)
 - Innovative revenue mechanisms (Output 2.6, 23 p/w)
 - Training (Output 2.7, 8 p/w)
 - Lessons learned and replication (3 p/w)
10. **Professional services:** \$138,000 has been budgeted for the costs of auditing and evaluating this project.
11. **Contractual services:** US\$290,000 has been budgeted for contractual services, to be allocated as follows:

- Implement marketing and communications strategy related to PAs and fees (Output 2.2, \$60,000)
 - Training and capacity building programs for continuous learning programs, materials and specific training on financial resource mobilization (Output 2.7, \$125,000)
 - Workshops and consultations (\$50,000)
 - Monitoring and measurement of project indicators (All outputs, \$55,000)
12. **Travel:** \$51,000 has been budgeted for economy class travel under this outcome by national and international consultants to undertake the required reviews, stakeholder consultations, capacity assessments, training material development and actual training and field-based work. Consultants will be selected on a competitive basis and may not necessarily be based at the project sites. Consultants would need to travel to Cairo where NCS and other relevant Government agencies are located, as well as to the field sites.
13. **Equipment and furniture:** \$40,000 has been budgeted for communications and related equipment for enhanced fee collection and concession monitoring.
14. **Audiovisual and printing production:** \$10,000 has been budgeted for costs of printing materials being produced under this Outcome.
15. **Miscellaneous:** \$5,000 has been budgeted under miscellaneous for Outcome 2. The precise costs of the site-based activities are difficult to anticipate. Travel and other costs are also likely to rise over the life of the project due to inflation and foreign currency fluctuations. The project will look for cost-savings wherever possible, particularly in relation to travel to the field sites, for example, where it makes sense to pool activities required to deliver outputs under different outcomes and where it is possible to identify qualified consultants capable of delivering these outputs to reduce the number of visits to a particular field site.

Outcome 3:

16. **International technical assistance outputs** (\$201,000, consisting of 67 consultant weeks, at the rate of US\$3,000/week; for travel and per diem costs, see travel budget):
- Management planning (Output 3.1, 20 p/w)
 - Business planning (Output 3.1, 16 p/w)
 - Accounting and auditing systems (Output 3.2, 12 p/w)
 - Management effectiveness assessment methods (Output 3.3, 6 p/w)
 - Funding allocation systems (Output 3.4, 7 p/w)
 - Indicators (Output 3.7, 6 p/w)
17. **Local consultancy outputs** (\$222,900, consisting of 111 weeks of short-term consultant support at the rate of US\$1,100/week and 144 weeks of long-term consultant support at US\$700/month):
- Management planning (Output 3.1, 70 p/w)
 - Business planning (Output 3.1, 34 p/w)
 - Accounting and auditing systems (Output 3.2, 28 p/w)
 - Financial and management performance monitoring (Output 3.3, 8 p/w)
 - Funds allocation (Output 3.4, 15 p/w)
 - Management plan implementation (Output 3.5, 10 p/w)
 - Training and support networks (Output 3.6, 51 p/w)
 - Indicators (Output 3.7, 35 p/w)

- Lessons learned (3 p/w)
18. **Contractual services** (\$900,400 has been budgeted for contractual services, to be allocated as follows:
- Workshops and consultations (All outputs, \$75,000)
 - Training and capacity building programs for continuous learning programs, materials and specific training on service provision and cost-effective management (Output 3.6, \$125,000)
 - Demonstration activities for management plan implementation at priority sites (Output 3.5, \$645,400)
 - Monitoring & measurement of project indicators (All outputs, \$55,000)
19. **Travel:** \$100,000 has been budgeted for economy class travel under this outcome by national and international consultants to undertake the required reviews, stakeholder consultations, capacity assessments, training material development and actual training and field-based work. Consultants will be selected on a competitive basis and may not necessarily be based at the project sites. Consultants would need to travel to Ankara where NCS and other relevant Government agencies are located, as well as to the field sites.
20. **Equipment:** \$250,000 has been budgeted for equipment needed for implementation of priority site management plans, including one vehicle estimated at US\$50,000..
21. **Audiovisual and printing production:** \$110,000 has been budgeted for costs of printing materials being produced under this Outcome, including site interpretation materials.
22. **Miscellaneous** \$10,000 has been budgeted under miscellaneous for Outcome 3. The precise costs of the site-based activities are difficult to anticipate. Travel and other costs are also likely to rise over the life of the project due to inflation and foreign currency fluctuations. The project will look for cost-savings wherever possible, particularly in relation to travel to the field sites, for example, where it makes sense to pool activities required to deliver outputs under different outcomes and where it is possible to identify qualified consultants capable of delivering these outputs to reduce the number of visits to a particular field site.

Project Management:

23. **Local Consultants:** \$263,000 in GEF funds have been allocated to support the costs of staff of the Project Management Office (PMO). This amount includes 234 weeks at the rate of \$1,048 for a project manager, 250 weeks at the rate of \$323 for a deputy project manager, 312 weeks at the rate of \$206 for an accountant and 312 weeks at the rate of \$164 for a project assistant.⁷⁵
24. **Office equipment and supplies:** A total of \$62,000 has been budgeted for office supplies. To make the PMO operational stationery, communication materials, telephone and internet connectivity, and office equipment is necessary.

⁷⁵ The remaining portion of the time of the project manager and deputy project manager has been allocated to tasks associated with implementation of technical components.

25. **Travel:** A total of \$20,000 in GEF funds has been budgeted for travel by staff of the PMO to allow for effective project coordination between the PMO and the different field sites.
26. **Misc.:** A total of \$15,000 in GEF funds have been budgeted under miscellaneous for project management. Travel and other costs are also likely to rise over the life of the project due to inflation and foreign currency fluctuations

SECTION IV: ADDITIONAL INFORMATION

PART I: Other agreements

The Letters of Cofinancing are attached as separate files.

PART II: Terms of References for key project staff

The ToRs for key project staff and consultants are presented in Annex C of the CEO Endorsement Document

PART III: Stakeholder Involvement Plan

PART IV: Basic information on PAs being supported by the project

PART V: Triggers, Benchmarks and Responses

Section IV, Part III: Stakeholder engagement Plan

Stakeholder Identification

The Nature Conservation Sector (NCS) and the Environment Protection Fund (EPF) will be the main bodies for the project implementation process and work in close cooperation with the Ministry of Tourism and associated authorities, the Ministry of Agriculture, the Ministry of Local Development, the Ministry of Petroleum and Mining, governors, heads of municipalities, national and local NGOs, and representatives of the local people.

Table 1 below describes the major categories of stakeholders and their involvement in the project.

Table 1: Key stakeholders and roles and responsibilities

Stakeholder	Roles and Responsibilities
Nature Conservation Sector (NCS)/ Environment Protection Fund (EPF)	NCS and EPF will be responsible for the overall coordination of the project.
Ministry of Tourism	Will participate in agreements on entry fees and tourism related concessions, and participate in identifying additional revenue generating options related to the tourism sector. Will be a member of the Project Steering Committee.
Tourism Development Authority (TDA)	To provide data on tourism development activities in different areas relevant to PAs along with associated EIAs of tourism investment projects which will help identify obstacles and opportunities for project implementation.
Ministry of Petroleum and Mining (including the General Department of Petroleum and the Mining Authority)	To provide information on mining and extraction activities, ensure the application of responsible extraction principles and take the lead in combating oil spills as participation in the protection of the natural resource base within PAs.
National Federation for Tourism Chambers	An important umbrella organization (NGO) which includes the Association for Diving and Marine Sports and an Environmental Affairs Department. This NGO will promote partnerships and communication with other NGOs and private sector actors involved in the tourism industry. Will also ensure that its network of NGOs and private sector partners keeps abreast of developments regarding fees and other project interventions. Will also play a role in identifying additional revenue generating options within PAs.
Private sector	To play an important role as partner in the project. In tourism, this includes hotels, resorts, dive centers, local craft shops and other businesses. In petroleum and mining, private sector companies should apply CSR principles and engage in responsible extraction practices. Telecom companies such as Mobinil and Vodafone also to apply CSR principles.
Authority of Fisheries Resources within the Ministry of Agriculture	To apply regulations with regards to fishing in and around PAs.
Local fishing associations	To apply regulations with regards to fishing in and around PAs and participate in biodiversity conservation through involvement in local ecotourism initiatives.
Environmental and	Participate in the enforcement of regulations and aid in responses to

Stakeholder	Roles and Responsibilities
coastal police, the latter affiliated with the Ministry of Defense and the former with the Ministry of Interior	environmental accidents.
Governorates	Governorates in selected pilot area will be represented in all Local Committees and involved in relevant project activities.
Municipalities	Municipalities in selected pilot areas will be represented in all Local Committees and involved in relevant project activities.
Health and Environment Committee of the People's Assembly and Shura Council	Can ensure the wide dissemination of the PA system's contribution to the national economy, shoring up wider support for the project.
National NGOs	Relevant national NGOs will act as important partners in selected PAs, and will be represented on Local Committees.
Local NGOs	Local NGOs (such as handicraft NGOs such as Fansina in St. Katherine, environmental NGOs such as the Abu Salama Society in Marsa Alam, fishing cooperatives, etc.) based in the selected pilot project areas will be invited to local committees and will be encouraged to take an active role in implementing project activities.
Representatives of local communities	Inhabitants of the selected pilot project areas will be made aware of the issues and invited to take part in the decision making process. They will be represented in the local committees and actively involved in the project activities. Their cooperation will be sought in project implementation including, alternative income development (ecotourism, organic agriculture), awareness raising, etc. Heads of local tribes and respected community leaders will be the main counterparts in linking the project objectives and activities to the needs of the people in the project area.
UNDP-Cairo	The roles and responsibilities of UNDP-Cairo will include: Ensuring professional and timely implementation of the activities and delivery of the reports and other outputs identified in the project document; Coordination and supervision of the activities; Assisting and supporting the NCS for organizing coordinating and where necessary hosting all project meetings; Contracting of and contract administration for qualified project team members; Manage and be responsible of all financial administration to realize the targets envisioned in consultation with the NCS; Establishing an effective networking between project stakeholders, specialized international organizations and the donor community.

Information dissemination, consultation, and similar activities that took place during the PPG

During the project preparation stage, a stakeholder analysis was undertaken in order to:

- identify key stakeholders;

- review stakeholder interests and associated impacts on the project;
- identify and develop opportunities for the project to work with and benefit stakeholders.

As part of this analysis, a series of consultations took place during the PPG in Cairo, Sharm-El-Sheik and at other priority sites. At site level, consultations included: (i) meetings with PA staff to complete eight METT analyses; (ii) round-table discussions with private sector representatives, including dive operators, tourism operators and representatives of business associations; (iii) representatives of other key ministries, e.g., Ministry of Tourism, and; (iv) visits to local people involved in resource-related activities, including handicrafts production. Meetings in Cairo included the following: (i) a project development workshop involving participants from NCS, EEAA, academia, private sector, etc.; (ii) a meeting to consult with representatives of the private sector, including oil sector and tourism interests; (iii) extensive consultations with NCS management and staff aimed at completing the Financial Scorecard. Finally, discussions were held with potential international co-operation partners, including Italian Co-operation and the U.S. Forest Service.

Activities planned during implementation and evaluation

The stakeholder participation plan has been developed based on the principles outlined in **Table 2** below.

Table 2: Stakeholder participation principles

Principle	Stakeholder participation will:
Value Adding	be an essential means of adding value to the project
Inclusivity	include all relevant stakeholders
Accessibility and Access	be accessible and promote access to the process
Transparency	be based on transparency and fair access to information
Fairness	ensure that all stakeholders are treated in a fair and unbiased way
Accountability	be based on a commitment to accountability by all stakeholders
Constructive	Seek to manage conflict and promote the public interest
Redressing	Seek to redress inequity and injustice
Capacitating	Seek to develop the capacity of all stakeholders
Flexible	be flexibly designed and implemented
Rational and Coordinated	be rationally planned and coordinated, and not be ad hoc
Excellence	be subject to ongoing reflection and improvement

The project proposes a mechanism to achieve broad-based stakeholder involvement in the project preparation and implementation processes. Stakeholder participation will include the following components:

Project Management Unit (PMU): The day-to-day implementation and management of the project will be undertaken by the project management unit, under the overall guidance of a Project Board, which will be responsible for steering the activities of the PMU. Heading the project board will be the CEO of EEAA and members will include the director of the NCS, the director of EPF, a representative from UNDP, selected PA Managers and the PMU. If deemed necessary a higher level Steering Committee might be established to include the Ministry of Petroleum, Ministry of Tourism, Ministry of Economic

Development, a representative from the GEF National Steering Committee, a UNDP/GEF representative, representatives from the private sector and selected nature conservation experts (including representatives from civil society organizations and NGOs, where appropriate). Additional members will be decided during the project inception phase. The role of the PMU will be to a) ensure overall project management and monitoring according to UNDP rules on managing UNDP/GEF projects, and b) facilitate communication and networking among key stakeholders in Cairo. The Project Board will ensure the participation of key stakeholders at central level.

The PMU will be located in Cairo to ensure coordination among stakeholder organizations at central level during the project period. The PMU will be instrumental in conveying the messages/outcomes of actual site work to relevant central bodies.

2. Site-level Participation: Resource users and local community groups will be particularly engaged in decision-making processes at sites where they are affected. Depending on the situation of each individual protected area, the management plan and approach will involve resource users, local communities and other stakeholders to ensure full consensus on the management approach and proposed measures to conserve and manage protected areas. In addition, new management modalities and co-management approaches will be supported at policy level and applied in ways that are acceptable within the Egyptian context.

Long-term stakeholder participation

One of the project's aims is to ensure that there will be long-term involvement in decision making and implementation. This will be encouraged through support to the development of co-management models. Community-based natural resource management approaches, building on the on-going UNDP/GEF project in St Katherine and on the expertise developed within the NCS will be promoted and applied at diverse sites and in particular at sites where local communities constitute resource user groups that may be deprived from access to resources. Also benefit sharing modalities, with local resource users, local authorities and other stakeholders, will be explored and set up during project implementation. As resource access and economic benefit often constitute primary motivations against protected areas, these two aspects will be duly assessed and mitigated during project implementation.

A collaborative management approach, in which some or all of the relevant stakeholders in the selected PAs are involved in a substantial way in management activities, is proposed by this project. Specifically, by this approach, NCS with jurisdiction over the PAs should develop partnerships with other relevant stakeholders and specify and guarantee their respective functions, rights and responsibilities with regard to PAs. In general the partnership should identify:

- the range of sustainable uses PAs can provide,
- the relevant stakeholders in the PAs,
- the functions and responsibilities assumed by each stakeholder,
- the specific benefits and rights granted to each stakeholder,
- an agreed set of management priorities and management plan,
- procedures for dealing with conflicts and negotiating collective decisions about all of the above,
- procedures for enforcing such decisions,
- specific rules for monitoring, evaluating and reviewing the partnership agreement, and the relative management plan, as appropriate.

The proposed model will contribute to better coordination and collaboration between the authorities responsible for conservation and sustainable development. It will be more effective in resolving management problems, and avoiding duplication of efforts in and around the PAs. The efforts of various stakeholders in areas such as conservation, development, education and awareness, research, etc., will be better coordinated and oriented towards common goals.

The project will also provide the following opportunities for long-term participation of all stakeholders, with a special emphasis on the active participation of local communities:

Decision-making – through the establishment of the Project Management Unit and the associated Project Board. The establishment of the structure will follow a participatory and transparent process.

Capacity building – at systemic, institutional and individual level – is one of the key strategic interventions of the project and will target all stakeholders that have the potential to be involved in brokering, implementing and/or monitoring management agreements related to activities in and around the selected sites. The project will target especially organizations operating at the community level to enable them to actively participate in developing and implementing management agreements.

Communication - the project will be launched by a well-publicized multi-stakeholder inception workshop. This workshop will provide an opportunity to provide all stakeholders with updated information on the project as well as a basis for further consultation during the project's implementation, and will refine and confirm the work plan.

Section IV, Part IV: Basic information on PAs being supported under the project⁷⁶

Ras Muhammad National Park is Egypt's oldest and best known protected area. The headland, overlooking the juncture of the Gulfs of Suez and Aqaba at the southernmost tip of the Sinai Peninsula, is fringed by sheer cliffs of coral that descend 100 meters into the sea, affording some of the best diving sites in the world. Littoral habitats include a mangrove community, salt marshes and intertidal flats. The Park protects reefs to the east, as well as the islands of Tiran and Sanafir, breeding grounds for globally threatened seabirds and marine turtles. Adjoining sea grass beds are feeding sites for the rare Dugong. The Park also harbors a diversity of desert mountain and wadi habitats, gravel plains and sand dunes, and the area is an internationally important concentration point for migratory soaring birds. The majority of White Storks, some 250,000, breeding in Central and Eastern Europe pass through the Ras Muhammad National Park every year in late summer and autumn.

Zaranik Protected Area is on the Mediterranean coast of North Sinai and protects the lagoon at the eastern end of Lake Bardawil and the beaches to the east. Zaranik is an important bottleneck and staging area for hundreds of thousands of migrant palaeartic waterbirds in the autumn. Many birds, such as Greater Flamingo, overwinter while large numbers of terns and waders breed during the summer months. The area is one of the largest nesting sites of sea turtles on the Egyptian Mediterranean coast. Due to the absence of pollution, the lake produces some of the highest quality fish and salt in the country. The park's interior consists of undulating sand dunes interspersed with salt marshes and palm groves harboring several globally threatened species including the Egyptian Tortoise, Sand Cat and Fennec Fox. The Protected Area includes several archaeological sites and a traditional Bedouin community.

El Ahrash Reserve is a tiny area of coastal dunes in North Sinai near the border with Gaza that has good plant cover, much of it introduced species planted to stabilize the sand dunes. Several rare, endemic and restricted animals and plants occur in this protected area and benefit from its conservation status.

Elba Protected Area is a huge reserve at the southeastern corner of the Eastern Desert, comprising an enormous variety of habitats and landscape features. The most prominent component is Gebel Elba which, due to its proximity to the sea and its latitude, receives the edges of Indian Ocean monsoon weather. Its summit is a "mist oasis," creating a unique and rare ecosystem supporting a biological diversity unparalleled in any other desert environment in Egypt. Many Afro-tropical elements have their northern limits at Gebel Elba. The mountain has exceptionally diverse flora, with some 458 species of plants, and the only natural woodland in Egypt. Globally threatened species, archaeological sites including rock drawings, and outstanding natural scenery are found in other desert mountains, plains and wadis of the Protected Area. The area also has important marine and coastal habitats, including extensive fringing coral reefs, islands, seagrass beds and the largest mangrove stands in Egypt.

Islands off the coast and south of Hurghada, as well as mangrove stands along the entire south Red Sea coast, were included in the Prime Ministerial Decree for Elba Protected Area, and are managed as a separate unit. The islands are internationally important breeding sites for seabirds, with over 30% of the world's population of the globally threatened White-eyed Gull breeding there, while endangered sea turtles also nest on islands. The northern islands are situated on major migration routes for soaring birds. Mangroves on the coast and islands are vital nurseries for Red Sea fisheries, and marine animals such as the rare Dugong and dolphins frequent the offshore waters.

El Omayed Protected Area encompasses a small segment of the Mediterranean coastal desert, a distinct habitat and one of the richest in terrestrial biodiversity in Egypt. It is the only protected area of this habitat

⁷⁶ Taken from: Protected Areas of Egypt: Towards the Future. NCS, 2006

type and includes biological components not found in other protectorates. The area has high floral diversity and good vegetation cover, as well as several endangered, endemic and restricted range animal species such as Pallid Gerbil, Four-toed Jerboa and the Egyptian Tortoise.

Saluga and Ghazal Protected Area, two small granitic islands in the Nile at Aswan, support a luxuriant natural vegetation cover including some of the only remnants of natural nilotic vegetation existing in the Nile Valley before cultivation by man. The islands protectorate shelters a botanical diversity of some 94 species, but many characteristic Nile fauna are also present, particularly birds. The Protected Area plays an important role in preserving an exceptionally beautiful natural landscape of the Nile River at Aswan, which has long been one of the city's primary tourist attractions.

Ashtum El Gamil Protected Area is part of Lake Manzala, the largest and most productive of the Nile Delta wetlands. Formerly, the lake was one of the most important wetlands in Egypt and the Mediterranean for wintering waterbirds, and some 35 species are known to still breed here. Ashtum El Gamil protects gravid fish during passage to and from the Mediterranean from Manzala. Ruins of a Roman city are found on Tennis Island in the protected area.

St. Katherine Protectorate occupies much of the central part of South Sinai, a mountainous region of Precambrian igneous and metamorphic rock which includes Egypt's highest peaks. The Monastery of St. Katherine and Mount Sinai are only two of the area's outstanding cultural and religious heritage sites. The mountain setting is one of the country's biodiversity hotspots, supporting a diverse and unique assembly of flora. Some 419 plant species, representing almost 40% of Egypt's total flora, are found in this region, and nearly half of the 33 known plants endemic to Sinai are found there, many of them rare and endangered. The St. Katherine region is equally rich in fauna, with several species not found elsewhere in Egypt or the world. Bedouin communities living within the Protectorate pursue their traditional ways of life, and now participate in and benefit from the activities of Protected Area, as community guards, manufacturers of handicrafts, guides, and hosts for ecotourism activities.

El Hassana Dome Protected Area encloses a unique geologic formation on the outskirts of Cairo, where an Upper Cretaceous dome appears amidst the dominant Eocene plateau.

Lake Qarun Protected Area occupies the lowest part of the Fayum Depression, at 43m below sea level. The lake is slightly more saline than sea water, and is a wetland of international importance for wintering waterbirds. Dahab Island is an important breeding site for the Slender-billed Gull. The surrounding desert contains spectacular geologic formations, important fossil deposits, and cultural heritage sites that include Neolithic sites and Roman cities and temples.

Wadi El Rayan Protected Area is comprised of two man-made wetlands formed by the flooding of a desert depression. In winter the lakes teem with waterbirds, while the deserts of the Protectorate offer scenic landscape features including limestone escarpments, sand dunes, sand sheets, gravel flats and an excellent and rare example of an uninhabited Saharan oasis. Several threatened animal species are found in the deserts along with internationally known marine fossil deposits and archaeological sites from the Graeco-Roman period. Given its proximity to Cairo and other urban centers in the Nile Valley, Wadi El Rayan is becoming a popular destination for recreation, education and scientific research.

Maadi Petrified Forest Protected Area encompasses a segment of Egypt's Eastern Desert limestone plateau that contains the petrified remains of a 35 million year old forest. The area is one of the only remaining sites within the bounds of Greater Cairo where desert wilderness and some of its wildlife can still be seen.

Wadi El Allaqi Protected Area protects one of the most significant wadis in the southern Eastern Desert, including parts of the largest inlets on Lake Nasser. This vast desert region has diverse habitats ranging from the western flanks of the Red Sea mountains to an extensive network of wadis and hills approaching the shoreline of the lake. The newly established aquatic habitats in and around Lake Nasser are home to several species that have lost most of their habitats elsewhere in Egypt, such as Nile Crocodile, Nile Monitor Lizard, and Nile Soft-shelled Turtle. The lake has become an increasingly important wintering ground for waterbirds and is situated on major flyways for migrating birds. The downstream portion of Wadi El Allaqi supports desert plants and animal communities including the largest Dorcas Gazelle population remaining in Egypt. The area is also an important center for scientific research on desert plants and traditional natural resources used by the local Ababda and Bisharin communities.

Sannur Cave Protected Area safeguards a cave, a rare geologic feature in Egypt, which is of interest for paleoclimatological records.

Abu Galum Protected Area includes a remote and pristine stretch of beach along the Gulf of Aqaba coast fringed by species rich coral reefs. The high basement complex coastal mountains are well represented in this area, containing faunal and floral components characteristic of the hinterland of South Sinai. Abu Galum has the most southerly distribution of a number of Mediterranean plants, and Nubian Ibex is a prominent mammal species. Fishing communities practice traditional artisanal fishing in coastal waters. This Protected Area plays an important role in regulating land use, acting as a buffer between tourist development and protecting natural resources in the area that forms the backbone of the region's economy.

Nabq Protected Area, lying along the Gulf of Aqaba Coast, is an area of outstanding natural beauty that features one of the northernmost mangrove communities in the world. Other representative Red Sea habitats include sea grass beds, coral reefs and tidal flats. The inland desert supports rich plant and animal life, including one of the largest populations of gazelles in southern Sinai. There is a small artisanal fishing community and Bedouin communities are participating in and benefiting from tourism to the area.

Wadi El Assiuti Protected Area is a small example of a desert wadi ecosystem in the limestone portion of the Western Desert. Much of the wadi is still in its natural state and undisturbed.

Taba Protected Area conserves the inland highlands of the northern Gulf of Aqaba. The area called the Colored Canyon, a 700m long narrow winding canyon of remarkably colored sandstones, is a major tourist attraction. Bedouin communities cultivate numerous oases in the protected area which are also sites of important examples of biodiversity and which have high esthetic value for tourism. The area has a wealth of cultural heritage sites dating from prehistoric to Islamic times, including rock drawings, Nabatean inscriptions and nawamis, the world's oldest roofed structures dating back 5000 years.

Lake Burullus Protected Area plays a primary role in preserving one of Egypt's most important wetlands. The large lagoon on the Nile Delta Mediterranean coast has fresh water swamps, reed beds, salt marshes and mudflats. Sand dunes rich in flora dominate the sand bar separating the lake from the sea. Exchange between the brackish lake and marine waters provides an ecotonal zone where many marine and aquatic organisms proliferate. Lake Burullus is by far the least disturbed and polluted of the Delta wetlands and its environs still retain some aspects of wilderness which have been lost throughout most of the Delta. The lake is internationally important as a wintering and breeding site for waterbirds, and its fisheries are among the country's most productive.

Nile River Islands Protected Area consists of some 144 islands scattered along the Nile River in Egypt. These islands are important enclaves of biodiversity and wilderness even though situated near some of the

most heavily populated areas of the world. Many of the islands are partly cultivated, grazed and even inhabited, but on most of them good natural habitats remain. A dense fringe of swamp vegetation, mainly reed beds, surrounds most of the islands and abundant bird, amphibian, fish and invertebrate life can be found. The islands and associated habitats of the River Nile represent one of the most important wintering grounds for waterbirds in Egypt today.

Wadi Digla Protected Area covers a large and steeply sided wadi stretching 30 km from east to west, cutting through Eocene limestone hills of the northern Eastern Desert. A fair amount of vegetation cover in the wadi bed is composed of a variety of perennial and annual species, and bats inhabit caves in the surrounding hillsides. The Protected Area is an important recreation and birding area for Cairo residents and offers excellent opportunities for educational programs, as well as sites for university level field research.

Siwa Protected Area extends from the Libyan border in the west to the western flanks of the Qattara Depression in the east, and from the Difta Plateau in the north to the Great Sand Sea in the south. Siwa and its vicinity represent one of Egypt's most distinct regions geomorphologically, biogeographically and ethnically. The Siwa region supports several localized, rare, endangered and endemic species and their habitats, including Slender-horned Gazelle, Dorcas Gazelle, Fennec Fox, and is possibly still home to the North African Cheetah. The region is rich in cultural heritage and the local inhabitants have a colorful traditional culture forming an integral part of the region's landscape that is attracting growing tourist interest.

The White Desert Protected Area is located in one of the most attractive and astonishing landscapes of Egypt. Limestone erosional features create a spectacular landscape that has made the region world famous. Relict oasis habitats represent some of the largest extents of remaining natural vegetation in the Western Desert. The region includes assemblages of fauna and flora characteristic of the Saharan biome, including several rare and highly endangered biological components. Cultural heritage sites date from prehistoric times to the recent past.

Wadi El Gamal National Park represents an integrated land and sea ecosystem containing a wide variety of habitats. The coral reefs that fringe the coast are among the best and most diverse in the Egyptian Red Sea and the area includes a significant proportion of the mangrove resources of Egypt. Substantial sea grass beds provide food for the threatened Green Turtle and the Dugong, while the coastal islands are important breeding sites for sea turtles and sea birds. The interior of the Protected Area is a complex and pristine mountain and wadi wilderness inhabited by a diversity of wildlife including several endangered species. The Wadi El Gemal watershed, over 1400 km², is one of the largest drainage basins and probably the best vegetated wadi in the Eastern Desert. The area is inhabited by a pastoral people, the Ababda, who maintain their traditional lifestyle. The area has many archaeological sites including ancient trade routes, Roman gold and emerald mines and tombs of Muslim holy men.

Section IV, Part V: Triggers, Benchmarks and Responses

Trigger	Benchmark	Timing	Response
Issuance of Ministerial Decree	Codification of: Revenue generation Revenue reinjection Staff profiling, hiring and retention Target financing for protected areas Delegation of management priorities and modalities to PA management plans.	Prior to signature of the Project Document	Signature of the project document and initiation of the project withheld until issuance of the Ministerial Decree
Internal registry system for NCS established within EPF		During the first 6 months of the project document signature	Project board called for if the account is not created 6 months following project document signature
Allocation of resources to 8 PA sites according to management/business/operative plans	Funding allocation commensurate with NCS annual requests aggregating PA needs	During the first two years of project implementation	Project Board at end of year 1 will take stock and recommend corrective measures . If during year 2 funding allocations do not meet requirements, project board to be called upon and corrective measures considered, including freezing of the project.
Endorsement of National PA financing Policy and System level Management Plan		End of year 2 at the latest	Project board to consider progress 18 months from start of the project Freezing of the project in case both documents are not endorsed by end of year 2.
Investment in PAs according to PA financing Policy and System level Management Plan	As per projections to be produced during the first year of the project	As of year 2	Project Board to consider corrective measure including closing of the project should funding allocations be more than 10% below projections

Annex 1: Egypt's Protected Areas

	Name	Declaration Details	Location	Area (km ²)	Governorate
1	Ras Mohamed National Park	Prime Ministerial Decree 1068/1983 adjusted by Prime Ministerial Decree 2035/1996	27°44'N 34°15'E	850	South Sinai
2	Zaranik Protected Area	Prime Ministerial Decree 429/1985	31° 02'-31° 06'N 33° 22'-33° 28'E	230	North Sinai
3	El Ahrash Reserve	Prime Ministerial Decree 429/1985	31°10'N34°10'E	8	North Sinai
4	Elba Protected Area (including the Red Sea Islands and Mangroves)	Prime Ministerial Decree 450/1986, adjusted by Prime Ministerial Decree 1186/1986 and Prime Ministerial Decree 642/1995	22°00'-27°23'N 35°00'-37°00'E	35,600	Red Sea
5	El Omayed Protected Area	Prime Ministerial Decree 671/1986, adjusted by Prime Ministerial Decree 90/1996	30°45'N 29°10'E	700	Matruh
6	Saluga & Ghazal Protected Area	Prime Ministerial Decree 928/1986	24°05'N 32°50'E	0.5	Aswan
7	Ashtum El Gamil Protected Area	Prime Ministerial Decree 459/1988	31°15'N32°10'E	180	Port Said
8	St. Katherine Protectorate	Prime Ministerial Decree 613/1988, adjusted by Prime Ministerial Decree 90/1996	27°55'-28°55'N 33°20'-34°30'E	5,750	South Sinai
9	Hassana Dome Protected Area	Prime Ministerial Decree 94/1989	29°01'N 31°04'E	1	Giza
10	Lake Qarun Protected Area	Prime Ministerial Decree 943/ 1989	29°33'-29°24'N 30°25'-30°51'E	1,385	El Fayoum
11	Wadi El Rayan Protected Area	Prime Ministerial Decree 943/1989	29°05'-29°20'N 30°20'-30°25'E	1,759	El Fayoum
12	Maadi Petrified Forest Protected Area	Prime Ministerial Decree 944/1989	29°56'N31°24'E	7	Giza
13	Wadi Allaqi Protected Area	Prime Ministerial Decree 945/1989, adjusted by Prime Ministerial Decree 2378/1996	23°00'-22°00'N 33°00'-35°00'E	30,000	Aswan
14	Sannur Cave Natural Monument	Prime Ministerial Decree 204/1992	28°30'N31°30'E	12	Beni Suef
15	Abu Galum Protected Area	Prime Ministerial Decree 511/1992	28°35'N 34°30'E	500	South Sinai
16	Nabq Protected Area	Prime Ministerial Decree 511/1992	28°04'N 34°33'E	600	South Sinai
17	Wadi El Assiuti Protected Area	Prime Ministerial Decree 942/1992	27°15'N 31°20'E	35	Assiut
18	Taba Protected Area	Prime Ministerial Decree 316/1997	28°40'-29°30'N 34°15'-34°45'E	3,595	South Sinai
19	Burullus Protected Area	Prime Ministerial Decree 444/1998	°05'N 32°50'E	460	Kafr El Sheikh
20	Nile Islands Protected Area	Prime Ministerial Decree 969/1998	24°05'-31°30'N	160	Aswan, Qena, Sohag, Assuit, Menya, Beni

					Suef, Cairo, Giza, Dakhaliya, Damietta.
21	Wadi Degla Protected Area	Prime Ministerial Decree 47/1999	29°55'N 31°24'E	60	Cairo
22	Siwa Protected Area	Prime Ministerial Decree 219/2002	28°37'-29°40'N 24°51'- 27°00'E	7,800	Matruh
23	White Desert Protected Area	Prime Ministerial Decree 220/2002	27°24'-28°48'N 24°51'- 27°00'E	3,010	New Valley
24	Wadi El Gemal National Park	Prime Ministerial Decree 143/2003	24°52'-24°05'N 34°28'- 35°35'E	7,450	Red Sea
25	Islands off the coast and south of Hurghada	To be provided	To be provided	1,991	Red Sea
Total Area				102,144	

Source: A status report on the protected area network of Egypt. NCS, 2003 and http://www.eaa.gov.eg/English/main/protect_desc.asp