

**ADDENDUM NO 1 TO DELEGATION AGREEMENT NO.
ENPI/2012/299-447 (CRIS REFERENCE ENPI/2013/335-490)**

The European Union, represented by the European Commission ('The Commission'),

of the one part,

and

Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, with its concerned Head office at Dag-Hammarskjöld-Weg 1-5 65760 Eschborn, Germany ("the Delegatee body")

of the other part,

(Individually a "Party" and collectively the "Parties"), have agreed as follows:

The following provisions of the Delegation Agreement "Upgrading of Informal Areas Project", Agreement Number ENPI/2012/299-447 concluded between the Parties on 28 August 2012 (the 'Agreement') are hereby replaced/supplemented as follows:

Article 1: Purpose

- 1.4 The Action is not co-financed by the Delegatee body and/or other donors. The Federal Republic of Germany will provide an estimated parallel financing of EUR 6,000,000.

Article 2: Entry into force, implementation period and period of execution

- 2.3 The implementation period of the original agreement financed by decision ENPI /2011/022-764 is of 46 month; the implementation period of this addendum, financed by decision ENPI/2012/024-571 is of 59 months, since the signature of this Addendum.
- 2.5 The period for conclusion of individual contracts and grants agreements implementing the Action and financed by decision ENPI/2011/022-76, referred to in Article 11.2 of Annex II, shall be no later than 19/07/2015. The period for conclusion of individual contracts and grants agreements implementing the Action and financed by decision ENPI/2012/024-571, referred to in Article 11.2 of Annex II, shall be no later than 27/11/2016.

Article 3: Financing the Action

- 3.1 The total cost of the Action eligible for financing is estimated at **EUR 39,200,000**, as set out in Annex III.
- 3.2 The Commission undertakes to finance a maximum of **EUR 39,200,000**, equivalent to **100%** of the estimated total eligible costs of the Action specified in paragraph 1. The final amount will be established in accordance with Articles 14 and 17 of Annex II.

Article 4: Narrative and financial reporting and payment arrangements

- 4.2 Payments shall be made in accordance with Article 15 of Annex II. The following option referred to in Article 15.1 is applicable:

Option 2

Several instalments, according to the following schedule:

Pre-financing EUR 3,205,720

Forecast pre-financing EUR 32,074,280
(subject to the provisions of Annex II)
Forecast final payment EUR 3,920,000
(subject to the provisions of Annex II).

Article 6: Annexes

Annex I: Description of the action and description of the delegated tasks

The new version of Annex I: Description of the action and description of the delegated tasks is attached to this addendum.

Annex III: Budget for the action

The new version of Annex III: Budget for the action is attached to this addendum.

- - -

All other terms and conditions of the Delegation Agreement signed on 28 August 2012 remain unchanged.

This addendum shall enter into force on the later date of signature by the Parties, but it will be effective only after the approval of the Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung (BMZ). GIZ will inform the Commission without delay of the decision of BMZ.

For the Commission

Mr. James Moran

Head of Delegation

Signature

Date

12/12/2013

For the Delegatee Body

Mrs. Maria Schäfer

Director General
Deutsche Gesellschaft für Internationale
Zusammenarbeit (GIZ GmbH)

Signature

Date

17.12.13

For the Delegatee Body

Dr. Thomas Engelhardt

Country Director
Deutsche Gesellschaft für Internationale
Zusammenarbeit (GIZ GmbH)

Signature

Date

12/12/2013



ANNEX I TO DELEGATION AGREEMENT N° ENPI/2012/299-447
(CRIS REFERENCE ENPI/2013/335-490)

DESCRIPTION OF THE ACTION

BENEFICIARY COUNTRY / REGION	Arab Republic of Egypt		
REQUESTING AUTHORITY	Ministry of Planning		
BUDGET HEADING	European Neighbourhood and Partnership financial cooperation with Mediterranean Countries		
TITLE	Upgrading Informal Areas		
TOTAL COST	Total Cost: EUR 39,200,000Parallel co-financing by GIZ/ MoP		
AID METHOD/ MANAGEMENT MODE	Project approach – Standalone project approach Delegated Agreement with GIZ Indirect Centralised Management		
DAC-CODE	43030	SECTOR	Urban Development and Management



TABLE OF CONTENT

1. RATIONALE

- 1.2 Economic and social situation
- 1.2 Sector context
- 1.3 Lessons learnt and complementarity
- 1.4 Donor coordination

2.1. DESCRIPTION

- 2.1 Objectives
- 2.2 Expected results
- 2.3 Activities and implementation timetable

3. LOCATION AND DURATION

- 3.1 Location
- 3.2 Duration

4 IMPLEMENTATION

- 4.1 Organisational set up and Implementation
- 4.2 Reporting
- 4.3 Budget

5. MONITORING AND EVALUATION

- 5.1 Monitoring
- 5.2 Evaluation

6. INFORMATION AND VISIBILITY

7. APPENDICES



1. RATIONALE

1.1 Economic and social situation

The cities of Egypt are growing rapidly, mostly in the absence of governmental planning. Around 20 million people live currently in the Greater Cairo Region (GCR), around 60% thereof in informal, underserved and densely built areas. The latter lack adequate basic social services, access to drinking water, sewage and waste disposal and proper physical, social and economic integration into the metropolitan area. The extreme population density results in high environmental pollution.

The population is mostly poor with a low level of formal education. Residents often develop their living environment themselves without obtaining building permits, often without connection to public infrastructure, while avoiding contact with local administration. Public administration and civil society organizations do not provide sufficient services for improving the living and environmental conditions in the poor urban areas.

The living conditions are deteriorating, especially environmental conditions in informal and poor urban areas. Spatial and social marginalization continues to prevail; poverty is rising, while there is lack of trust by the poor urban population in the basic social services provided by the public administration.

The general macroeconomic situation of Egypt since 2004 has been positive, and even during the 2008-2010 economic crisis GDP growth has slowly dipped but resumed an upwards trend, edging toward pre-crisis levels. Reforms have increased exports, foreign direct investment, and improved the general business and regulatory climate. However, the trickle-down effect of such increase in the economic activity has been slow, and there is a growing economic divide that is trying to be addressed by the Government through an increase in social policies.

1.2 Sector context

There is growing attention given to informal areas in Egypt. A presidential decree setting-out the right of informal areas' residents to public infrastructure was the beginning of a national program for upgrading informal areas (1993-2003). This was mainly infrastructure and roads improvement financed through the Ministry of Local Development (MoLD) and implemented through local administration. Another national program (2007-2020) led by the General Organization of Physical Planning (GOPP) at the Ministry of Housing, Utilities and New Urban Communities aims at developing strategic urban plans for controlling the growth of informal areas.

A national fund for informal area upgrading (ISDF, Informal Settlements Development Facility) has been established since 2008, but focuses only on those parts of the informal areas considered as unsafe for living, which only represent 5% of the total informal areas of GCR. The remaining informal areas, known also as unplanned areas, are in need of development and improvements in living conditions. The challenge is not only the quantity of needed efforts, but also the approach: sectoral, top-down upgrading does not respond to needs of the residents

of these areas. The promotion of participatory, integrated urban development measures for informal areas has the potential to improve the service delivery and enable residents to play a pivotal role in the development of their own areas.

The GIZ Participatory Development Program in Urban Areas (PDP) is the only international development cooperation program working on improving and developing informal areas. It has run from 2004-2012 with a total budget of EUR 26.8 million.

In June, 2012 the Egyptian Government signed a financing agreement with the EU for €20.0m to upgrade informal areas and in turn, the EU signed a delegated agreement for €19.7m with GIZ to implement this Agreement in August 2012.

Given its multi-faceted contribution to the Egyptian policy framework and its visible results, the Ministry of International Cooperation has requested an addition and extension to this Agreement and has approached the EC to partially cover the budget for the addition and extension phase.

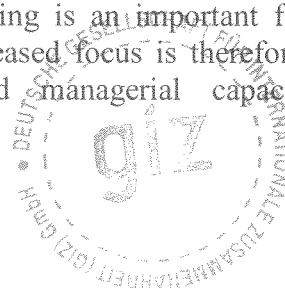
In the context of the SPRING package, in November 2013 the Egyptian Government and the European Union signed a new Financing Agreement on the "Socio Economic and Civil Society Support Programme" by which the EU provides further support to the ongoing operations to upgrade informal areas in Greater Cairo. Additional 19.5 M EURO are made available for the GIZ to expand GIZ's operations under the Delegation Agreement (extra locations are added in Cairo, Giza and Qalyubeya).

1.3. Lessons learnt and complementarity

A monitoring and evaluation mission was carried out in June 2010, yielding positive results of the program's recent phase; an additional post-evaluation has been carried out by the Ministry of International Cooperation also with very positive results. In the frame of the current program and the previous phases, infrastructural improvements were achieved in different urban areas as well as dissemination of new methods and processes of cooperation between public administration and civil society is taking place. Urban Upgrading Units (UUUs) have been established in three governorates in the Greater Cairo Region. This is an important step in the institutional anchoring of participatory development tools.

The main lesson learnt for future support is that the governorate level is the right and effective intervention level for managing the development of informal areas, in addition to linking interventions to national policies. Integrating physical and social aspects in development activities was and is highly appreciated by the beneficiaries. Hence, PDP's approach is combining the implementation of concrete measures with policy advice. Furthermore, diversification of the partner landscape is one of the main factors contributing to success. Therefore it is important to maintain strong relationships to other stakeholders involved.

Another lesson learnt is that capacity building is an important factor to ensure partner ownership and capabilities. An increased focus is therefore being placed upon strengthening the institutional and managerial capacity of public



KfW, for promoting participatory development of informal areas in the three governorates of Greater Cairo Region (GCR).

The 2012 Financing Agreement and Delegated Agreement are to upgrade four informal areas in Cairo and Giza Governorates. The Government of Egypt and GIZ have now designed a new phase of the PDP to extend its implementation and also include the Qalyubeya Governorate and the EC has been requested to partially contribute to its financing.

The overall objective of the proposed extended project is to improve the living conditions of the poor urban population living in deprived informal areas by offering better quality services through both public administration and civil society organizations. This will at the same time improve the environmental conditions in Giza, Cairo and Qalyubeya Governorates, Greater Cairo Region. The project will in addition improve the capacities of the local authorities and civil society organizations to participate in the discussion, design and implementation of interventions related to urban development so that social, environmental and sustainable economic development is taken into account.

The actions covered by the original Delegation Agreement, which target a population of one million, are being implemented in four selected informal areas in Cairo Governorate (Ain Shams and Ezbet el Nasr) and Giza Governorate (El Warraq and, Masaken Gezirit al Dahab including Saquiet Mekki)

With the additional funds coming from the second Financing Agreement, the project will cover an additional estimated one million people located in five additional informal areas, one each in Cairo and Giza Governorates and three areas in the Governorate of Qalyubeya.

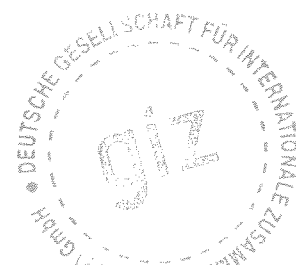
The additional informal areas the election of which has been agreed with the Governorates are as follows:

- Cairo Governorate
 - Matariya
- Giza Governorate
 - Old Boulaq
- Qalyubeya
 - Qalyub
 - Shubra
 - Khosoos

For ease of reference an updated logical framework is attached (Appendix 1b) which reflects the extended program.

2.1. Objectives

The overall objective of the proposed project is to improve the living conditions of the poor urban population living in deprived informal areas by offering better quality services through both public administration and civil society organizations.



administration staff at various levels (district, governorate, and national level) to ensure sustainability of the program's outcome.

The project capitalizes on the PDP's strategic approach which is in line with governmental policy orientation in the following respect:

- Greater involvement of civil society organizations and the private sector in informal areas development (• Building capacities of local administration complements the decentralization efforts led by MoLD.
- Classification of informal areas and determining intervention strategies according to the Unified Planning and Building Law No.119/2008 and strategic planning promoted by GOPP.
- Building capacities of NGOs complements social policy reforms led by the Ministry of Social Solidarity (MoSS).
- Environmental improvement activities are in line with the National Solid Waste Management Strategy and the 2nd National Communication on Climate Change, both coordinated by the Egyptian Environmental Affairs Agency (EEAA).

EC or other donors are currently not active in integrated participatory urban development of informal areas.

GIZ/PDP is participating in all discussions about sectoral interventions of other donors affecting urban issues and informal areas within the Development Partners Group – Urban Development (DPG-UD) group for donor harmonisation (Synergies or complementary actions with donor programs in the urban sector are ensured.

1.4 Donor coordination

GIZ/PDP co-chairs the donor coordination group DPG-UD where the sector role of NGOs and cooperation with the civil society is mainly being discussed, since the PDP can provide its contribution based on its longstanding experience with the civil society. Thus, coordination among EU Member States and other organisations (World Bank (WB), European Investment Bank (EIB) and Agence Française de Development (AFD) as well as relevant Egyptian Ministries is carried out

Three times a year expert meetings are organized by GIZ/PDP, CEDEJ and UNHabitat where experts from different organizations discuss urban issues.

The coordination with the Beneficiary is ensured through the multilevel approach (local, regional and national level) taking into account stakeholders on all levels.

2. DESCRIPTION

The increasing population living in deprived informal areas that lack sufficient services both in quantity and quality is a major concern in Egypt. Complementing the Egyptian Government's efforts to deal with informal areas, the Participatory Development Programme in Urban Areas (PDP) has been implemented since 2004 as a joint development measure between the Egyptian Ministry of Economic Development (MoED) – now the Ministry of Planning (MoP) – as well as GIZ and

This will at the same time improve the environmental conditions in Cairo, Giza and Qalyubeya Governorates, Greater Cairo Region. The project in addition improves the capacities of the local authorities and civil society organizations to participate in the discussion, design and implementation of interventions related to urban development so that social, environmental and sustainable economic development is taken into account.

The related specific objectives are the following:

Component One:

- To improve environmental and socio-economic services in targeted informal areas as well as physical and social infrastructure (including medium sized projects by the extension of this agreement) in both quality and quantity
- To increase the participation of the private sector and the civil society (especially youth and women) in the development of informal areas

The objectives of Component One are to be implemented as follows:

1.1 Grants for calls for proposal:

The details of the fund are designed according to the needs assessments and feasibility studies carried out during the inception phases of the project. Further details regarding the design of the grant scheme will be delivered in due time.

1.2 Fund management through employment contracts:

The Fund Manager is responsible for the design, implementation and monitoring of the Fund. He is supported by technical professionals.

1.3. Fund management through service contracts:

Short term consultants support the Fund management in monitoring the implementation of the initiatives.

1.4. Purchasing of equipment, supplies and consumables

Material purchased under this budget line directly relates to the action of the fund implementation and monitoring of the implementation.

Component Two:

- Improve the management capacities (including environment challenges) for all key stakeholders of informal areas.
- Improve the sector organisational development
- Improve the management of informal area development at a governorate level by using an integrated development approach, where physical, social, environmental and economic aspects are taken into consideration.
- Improve residents, local administration and civil society awareness of the environmental challenges in informal areas

The objectives of Component Two will be implemented as follows:



2.1. Internal employment contracts:

Experts are contracted as staff by GIZ to ensure a sustainable and thorough capacity development of all concerned stakeholders and partners such as local administration staff on regional and local level, NGOs as well as community based organizations for application for funding

2.2 Service contracts (tendering):

Consultancies are contracted for activities like participatory needs assessment, carrying out feasibility studies, collecting baseline data, delivering trainings and conducting specific monitoring tasks.

2.3 Purchasing of the equipment, supplies and consumables:

Material purchased under this budget line benefits the partners on local and regional level (e.g. Urban Upgrading Units, Local Area Dialogue Committees, local districts) in order to apply the tools and instruments put in place through the capacity development packages to ensure a participatory and sustainable approach in implementing all activities. Additional tools and instruments may have to be elaborated.

Hence, the project contributes to the national efforts of developing informal areas through policy advice at various levels, capacity building and the implementation of development measures.

The project addresses a number of cross-cutting issues, such as good governance, gender equality, environmental sustainability and climate change as follows:

Good Governance: Participatory development and strengthening the capacities of public administration staff on various levels are central themes of the proposed project. Activities are contributing to good governance as they promote participation of civil society, decentralisation and transparency.

Gender Equality: All activities are gender mainstreamed. In addition, specific measures focusing on the female empowerment will be identified and implemented (e.g. upgrading of health units, income generating activities). Until now, the PDP has gender mainstreamed its planning, monitoring and implementation as well as all materials/products (manuals, curricula, evaluation questionnaires, etc.), being gender sensitized and all PDP staff members trained in gender mainstreaming.

Environmental Sustainability: The upgrade of poor informal urban areas not only leads to societal benefits but also environmental ones as it improves often deteriorating environmental conditions in these areas. Thus the proposed project will finance measures such as initiatives for waste collection, recycling of solid waste, solar energy systems for health clinics, waste water disposal among other projects carried out by NGOs.

Climate Change: The PDP has introduced in 2011 in the Egyptian context for the first time the topic of adaptation to climate change in informal areas. The objective is to raise awareness and the information level of the public administration, civil society organizations and residents with regard to the consequences of climate change in informal areas. Additionally, small-scale projects to increase the

- Implementation of participatory needs assessment (PNA) in the nine selected areas with the participation of Local Area Dialogue Committees (LADC).
- Identification and implementation of small-scale projects (including medium scale projects in the extension) designed to upgrade physical, environmental and socio-economic infrastructures;
- Address the improvement of living conditions according to PNA and involvement of LADC.
- Coordination and Fund management for Grants for small-scale projects (and medium scale projects in the extension) in nine selected areas (Grant implementation and fund management according to EU regulations, including design of grant scheme, calls for proposal, monitoring of expenditures, performance of implementation of projects and evaluation etc.).
- Promotion of participation of youth, women, civil society and the private sector in informal area development through LADC.

Component 2:

- Develop capacities of local administration, private sector and civil society organisations on methods and instruments for participatory urban development through:
 - a) trainings offered in national training institutes (develop training curricula, carry out training of trainers and technical support to trainers)
 - b) on the job training and mentoring for local administration staff, NGOs etc.
- Develop capacities of NGOs to participate in the call for proposal and essential requirements for grant implementation (off- and on-job-training).
- Develop capacities of local administration and NGOs on gender mainstreaming and environmental sound urban development
- Provide advisory services to local government decision-makers on participatory, sustainable and environmental sound informal area upgrading
- Carry out awareness raising campaigns to promote participation in urban development and engagement in the development of the community (through LADC)
- Carry out awareness raising on environmental topics

Appendix 2 includes the implementation timetable.

3. LOCATION AND DURATION

3.1. Location

The project will be implemented in nine informal areas in the Cairo (Ain Shams, Ezbet el Nasr and Matariya), Giza (El Warraq, Masaken Gezirit al Dahab including



resilience of informal areas towards climate change will be piloted. The project will benefit from these experiences and lessons learned.

2.2. Expected results

The project will focus geographically in the Governorates of Cairo, Giza and Qalyubeya in Greater Cairo Region in order to capitalize on the existing successful cooperation between GIZ/PDP and these Governorates. Following the lessons learned from GIZ/PDP's experience and earlier institutional assessments of partner structures, the management of the proposed project will be multi-levelled:

- Program management at MoP will provide managerial, administrative and technical support for the project overall as well as coordination with other national and international stakeholders.
- Management Committees units at Cairo, Giza and Qalyubeya Governorates for the management of upgrading and intervention activities and partner (Governor) coordination
- Implementation and monitoring at local level in the selected informal areas.

The project gives special attention to the direct involvement of the local community through participatory techniques in the identification and selection of projects in order to ensure full engagement from local communities and NGOs in the identification of needs. In line with the general and specific objectives the projects expected results are:

Component One

- Improved basic services and environmental conditions for the targeted urban poor referring to physical and socio-economic infrastructures
- Enhanced role for the private sector (including in the form of financial contribution) and civil society in informal areas development

Component Two:

- Upgraded partners (NGOs, community-based organisations, local authorities at the governorate level) management capacities for informal areas development, using participatory approaches
- Participatory planning and implementation of urban development is structurally integrated within the working process of existing central and local institutions.
- Awareness on environmental challenges among residents, local administration and civil society is raised.

2.3. Activities and implementation timetable

Main activities are:

Component One



Saquiet Mekki and Old Boulaq) and Qalyubeya (Qalyub, Shubra and Khosoos) Governorates.

The project team will be located in the existing project offices (at the Ministry of Planning and in Zamalek); with technical assistance experts based in the Urban Upgrading Units (UUU) at the Governorate offices. Altogether, the beneficiaries in the nine informal areas amount to approximately 2,000,000.

3.2. Duration

The execution period of the Agreement will be as specified in Article 2 of the Special Conditions.

4. IMPLEMENTATION

4.1 Organisational set-up and responsibilities

The method of implementation is indirect centralised management. The project is being implemented by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH through the Participatory Development Programme in Urban Areas (PDP), in accordance with Article 54(2) (c) of the Financial Regulations. GIZ has successfully implemented the predecessor programme and is successfully implementing the present Delegation Agreement and the Egyptian authorities have requested to use GIZ as implementing body also for the extension.

The Egyptian partner of the delegate body for the implementation of the project is the Egyptian Ministry of Planning (MoP). This arrangement is due to the previous and current good cooperation experience among the Egyptian authorities, as well as GIZ and the latter's experience in this area.

A Steering Committee has been set up to oversee and validate the overall direction and policy of the project. The Steering Committee meets normally two or three times per year or exceptionally when requested by the EU Delegation. The Steering Committee is made up of representatives of:

- The Ministry of Planning
- The Ministry of International Cooperation
- GIZ, the supervisor,
- a representative of the EU Head of Delegation (as observer)
- other selected stakeholders:
 - the Governorates
 - the Ministry of Social Solidarity
 - the Ministry of State for Youth
 - the Ministry of State for Environment
 - the Ministry of Local Development
 - the Ministry of Higher Education
 - the Ministry of Housing and Urban Development (incl. GOPP)



- the Ministry of Industry and Trade
- Informal Settlements Development Facility (ISDF)

Additionally, the EU Delegation will be invited to participate as observer in the periodic project revision and implementation meetings held with the beneficiary Governorates.

The overall organisational set-up of the PDP includes the programme management and four administrative units (PR & Visibility, Monitoring & Evaluation, Management Assistance, and Finance) as well as four components (1. Capacity Building for Urban Development, 2. Cities & Climate Change/Resilience, 3. Solid Waste Management, 4. Upgrading of Informal Areas). The EU will contribute mainly to component number 4 and partially to component number 1.

Following the lessons learned of PDP/GIZ's experience and earlier institutional assessments of partner structures, the management of the proposed project will be multi-levelled:

- Program management at MoP providing managerial, administrative and technical support for the overall project as well as coordination with other national and international stakeholders.
- Management Committees at Cairo, Giza and Qalyubeya Governorates for the management of upgrading and intervention activities and the coordination with partners (Governors).
- Implementation and monitoring at the local level in the selected informal areas.

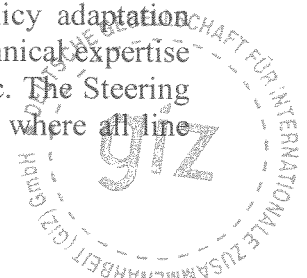
Cooperation with the Egyptian partners is set as follows:

On the national level:

- The Ministry of Planning (MoP) is the formal counterpart. MoP demonstrates ownership of the programme's objectives and supports its operations being open to cooperate with other partners on the national and implementation levels. It is the official partner for the program to operate. Regular reporting is ongoing.
- The PDP also cooperates with other Ministries for policy adaptation based on local practice, replication in other locations, technical expertise and capacity building in thematic, cross-cutting fields, etc. The Steering Committee meets on a regular basis at the national level where all line ministries are represented.

At regional level:

- The Governorates of Cairo, Giza and Qalyubeya are the main partners for the implementation of the project. The Urban Upgrading Units (UUU), established by governors' decrees and capacitated by GIZ, act as focal points within the local administration coordinating the project activities horizontally (with other departments at the governorates) and



All contracts and payments are made by the delegated body (GIZ), except the Audit and Evaluation budget line, which will be implemented directly by the EC. The project will be subject to an annual external audit mission, to be contracted by the EC, which will assess the eligibility of the funds disbursed during its implementation.

The payment schedule is specified in Article 4 of the Special Conditions of the Delegation Agreement.

Procurement and Grant Award Procedures:

Contracts

All contracts implementing the action are awarded and implemented in accordance with the procedures and standard documents laid down and published by the GIZ, with the exception of grant contracts for which the following rules will apply:

Grants

Participation in the award of grants contracts for the present action shall be open to all natural and legal persons covered by the ENPI Regulation. Further extensions of this participation to other natural or legal persons by the concerned authorising officer shall be subject to the conditions provided for in Article 21(7) ENPI.

The essential selection and award criteria for the award of grants are laid down in the Practical Guide to contract procedures for EC external actions. They are established in accordance with the principles set out in Title VI 'Grants' of the Financial Regulation applicable to the general budget. When derogations to these principles are applied, they shall be justified, in particular in the following cases:

- Financing in full (derogation to the principle of co-financing): the maximum possible rate of co-financing for grants is 80%. Full financing may only be applied in the cases provided for in Article 253 of the Commission Regulation (EC, Euratom) No 2342/2002 of 23 December 2002 laying down detailed rules for the implementation of the Financial Regulation applicable to the general budget of the European Communities.
- Derogation to the principle of non-retroactivity: a grant may be awarded for an action which has already begun only if the applicant can demonstrate the need to start the action before the grant is awarded, in accordance with Article 112 of the Financial Regulation applicable to the general budget

5. MONITORING AND EVALUATION

5.1 Monitoring

Monitoring and Evaluation will be conducted on a permanent basis by a Monitoring and Evaluation Expert according to the system applied by GIZ, entailing regular reporting responsibilities of GIZ. These will include performance indicators designed and measured within 6 months of the effective start date of the Delegation Agreement.



vertically (with district administration). The Governors and the UUs receive technical advice by GIZ staff.

At local level:

- District administration, including executive administration and the Local Popular Council (elected representatives), and UUs at district level, will be involved in the direct implementation of interventions and acquiring skills for managing participatory processes leading to integrated development of four selected informal areas.
- Local communities, including youth, women and natural leaders as represented by the Local Area Dialogue Committees will be directly involved from the initial (participatory needs assessment) to the implementation stage.
- Local civil society plays a role in the development process including the operation and management of improved urban services.

The end beneficiaries of the proposed projects are:

- Urban poor residents of nine selected areas in Cairo, Giza and Qalyubeya Governorates (approximately two million inhabitants in total), including women and youth groups.

Intermediaries:

- Local administration staff at the governorate and district level in Cairo, Giza and Qalyubeya Governorates.
- Civil Society Organizations.

4.2 Reporting

The GIZ will provide yearly progress reports for approval by the EC. Financial reports should also accompany every pre-financing payment request, as specified in the Special and General Conditions of the Delegation Agreement. Progress reports may also be requested on an ad-hoc basis by the EC. Performance indicators for the implementation of the project will be prepared by GIZ and subject to EC approval before the first request for pre-financing.

4.3 Project Budget

The total project cost is estimated at EUR 45,200,000, of which EUR 39,200,000 shall be financed by the EU, through a Delegation Agreement with GIZ, and EUR 6,000,000 by BMZ as parallel financing.

Details are attached in Annex III.

Procurement procedures and calls for proposals will indicatively start to be launched within 6 months following the signature of the Delegation Agreement and Financing Agreement and after approval of the Inception Report



Furthermore, field visits, regular reporting from staff located in regional advisory units in Cairo and Giza Governorates and different partner evaluation workshops will take place to evaluate achievements.

Finally, an annual report will be submitted by GIZ highlighting the progress of implementation, obstacles faced and the extent to which the project is achieving its objectives.

The Commission may carry out Results Oriented Monitoring (ROM) via independent consultants, starting from the sixth month of project activities, which will be finalised at the latest 6 months before the end of the operational implementation phase. Regular annual reporting to the political counterpart as well as upon special request is ongoing.

5.2 Evaluation

All evaluation and audit contracts will be awarded and implemented by the EC in accordance with the procedures and standard documents laid down and published by the Commission for the implementation of external operations, in force at the time of the launch of the procedure in question. The programme will be also subject to an annual financial and system audit launched by the EC.

- a) The Commission will carry out external evaluations [via independent consultants], as follows:
 - possibly, a mid-term evaluation mission;
 - a final evaluation, at the beginning of the closing phase;
 - possibly, an ex-post evaluation.
- b) The Beneficiary and the Commission shall analyse the conclusions and recommendations of the mid-term evaluation and jointly decide on the follow-up action to be taken and any adjustments necessary, including, if indicated, the reorientation of the project. The reports of the other evaluation and monitoring missions will be given to the Beneficiary, in order to take into account any recommendations that may result from such missions.
- c) The Commission shall inform the Beneficiary at least 1 month in advance of the dates foreseen for the external missions. The Beneficiary shall collaborate efficiently and effectively with the monitoring and/or evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

6. COMMUNICATION AND VISIBILITY

Communication and visibility are considered a key component of the project and will be implemented by GIZ. A comprehensive communication strategy will be developed. Activities to improve awareness are envisaged including workshops and dissemination events, visibility materials and the media. All communication and visibility activities are aligned with the EU Communication and Visibility Manual (http://ec.europa.eu/europeaid/work/visibility/documents/communication_and_visibility_manual_en.pdf) and the GIZ guidelines. The EU Manual will take

precedence where incompatibility may arise. GIZ will prepare a visibility manual within the first 6 months of project implementation.

7. APPENDICES

Appendix 1a – Logical Framework-Original Delegation Agreement (as updated in the first implementation report)

Appendix 1b – Logical Framework -Extended Delegation Agreement

Appendix 2 – Implementation Timetable



Appendix 1a: Logical Framework -Original Delegation Agreement updated and approved in First Implementation Report

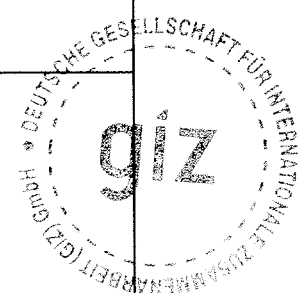
Overall Objective / Impact Indicator	Project Description	Indicators	Source of Verification	Assumptions	Timeframe	Budget
	To contribute to improve the living and environmental conditions of the poor population living in informal areas by offering better quality services through public administration and civil society organizations	1) 50% of the interviewees in the four selected intervention areas/informal areas are satisfied with the improved services	1) Representative sample (Baseline Study) at the beginning and end of project	The improvements made to the public services are felt by the residents. Public administration, civil society organisations and the private sector work in tandem to improve the quality of public services and address the problems identified by the residents; Risk: improvements carried out do not satisfy the target groups as they remain generally unsatisfied with other, larger issues on the general political and social level.	48 months, including 9 months inception phase (needs assessment) and 3 months closure phase	
Component 1	Development of informal areas including fund management					
Development Outcome / Outcome Indicator	Improved basic services referring to physical and socio-economic measures Improved environmental conditions Youth, women, civil society and private sector are active participants in the development of informal areas	2) 70% of implemented small-scale measures (infrastructure and services) are operational and used by residents	2) Monitoring project documents and ex-post evaluations 6 months after implementation of small scale projects	Small-scale projects are corresponding to the real needs of the residents. Real needs are identified through PNAs in four areas Implementation and all administrative procedures are running smoothly and are not negatively affected by political volatility Implemented small-scale projects are functional and maintained (communities develop ownership)		
Output, Tangible Results/ Output Indicator	Community priorities are identified Social and physical infrastructure (health units, schools, hospitals, streets paving, etc.) upgraded corresponding to the needs Small-scale projects for environmental improvement implemented Employment prospects and skills levels are enhanced (population has increased access to income possibilities by better vocational training) Enhanced role for youth, women, civil society and private sector Local Area Dialogue Committees - representing local leaders, representatives of youth, women, private sector, local administration - are created and accompany the process of participatory urban development of four selected informal areas	3) 90% of those residents trained in employability and vocational skills a) state that they have better access to employment vacancies, b) improved income levels and/or c) have a job within six months after the trainings 4) Increased availability and utilization of diversified community assets and services (e.g. cultural, educational, sports) by youth 5) Local Area Dialogue Committees - representing local leaders, representatives of youth, women and private sector and local administration - accompany the process of participatory urban development of four selected informal areas in Cairo and Giza Governorates and provide semi-annual assessments (including recommendations) of measures implemented in the areas	3) Monitoring project documents, ex-post evaluations 6 months after trainings 4) Project documentation and monitoring sheets; Representative sample/Baseline of youth offers at the beginning and end of project 5) Minutes of Meetings, monitoring and assessment reports by LADCs	Unemployed are interested in improved skills enhancement and vocational training There is an increased interest in diversified community assets and services LADCs are representatives of their communities		
Activities	Implement participatory needs assessment (PNA) in four selected areas with participation of LADC Identify and prioritize small-scale projects to tackle improvement of living conditions according to PNA and involvement of LADC Coordinate and manage Fund for Grants for small-scale projects in four selected areas (Grant implementation and fund management according to EU regulations, including design of grant scheme, call for proposal, monitoring of expenditures, performance of implementation of small-scale projects and evaluation etc.) Promote participation of youth, women, civil society and private sector in informal area development	6) PNA Processes are concluded in the four areas	PNA reports		Build-up project team and provide equipment: 3 months Participatory needs assessment and identification of small-scale projects: 9 months Implementation of small-scale projects: 36 months Monitoring: ongoing	

Component 2		Capacity Building Including technical assistance					
Development Outcome / Outcome Indicator	Improved management of informal area development through application of participatory tools by local administration at district and governorate level	7) At least 3 participatory tools have been applied for the development in each of the four selected areas	6) Project documentation and monitoring sheets	Local administration, civil society organisations and private sector have the capacities and resources to apply participatory tools and methodologies			
Output, Tangible Results/ Output Indicator	<p>Improved capacities of public administration staff and organisations of civil society related to informal area development and participatory tools including creation of transparent databases</p> <p>Institutionalisation of participatory methodologies (including national level) through training institutes and direct cooperation with relevant institutions at national level</p> <p>Awareness of residents, public administration and civil society organisations concerning environmental topics and options for participation in urban development of their community is raised</p>	<p>8) At least 4 training courses on methods and instruments of participatory urban development are carried out in the national training institutes</p> <p>9) Local administration staff have participated in training courses on participatory tools for informal area development (relevant staff to be identified) and operationalise knowledge obtained from training courses</p> <p>10) 30% of informal areas residents in the 4 selected areas confirm that their knowledge about environmental challenges has improved</p>	<p>7) Annual training plans and curricula of training institutes</p> <p>8) Training reports of training measures implemented</p> <p>9) Assessment at beginning and end of project on environmental knowledge</p>	<p>Qualified local and national administration staff are appointed by Governors/Ministries to attend trainings</p> <p>Environmental challenges are considered as a problem by residents</p>			
Activities	<p>Develop capacities of local administration, private sector and civil society organisations on methods and instruments for participatory urban development through</p> <p>a) trainings offered in national training institutes (develop training curricula, carry out training of trainers and technical support to trainers)</p> <p>b) on the job training and mentoring for local administration, NGOs etc.</p> <p>Develop capacities of NGOs to participate in the call for proposal and support by explaining essential requirements for grant implementation (off- and on-job-training)</p> <p>Carry out awareness raising campaigns to promote participation in urban development and engagement in the development of the community (through LADO)</p> <p>Carry out awareness raising on environmental topics</p>				Capacity Development: 39 months		



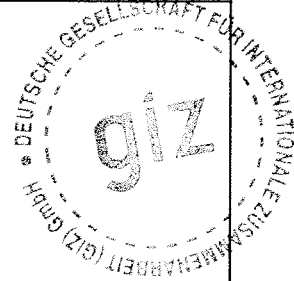
APPENDIX 1b: Logical Framework of the Extension of the Delegation Agreement

Overall Objective / Impact Indicator	Project Description	Indicators	Source of Verification	Assumptions	Timeframe	Budget
	To contribute to improve the living and environmental conditions of the poor population living in informal areas by offering better quality services through public administration and civil society organizations	1) 70% of the interviewees in the four selected intervention areas/informal areas are satisfied with the improved services	1) Representative sample (Baseline Study) at the beginning (2014) and end of project (2018).	The improvements made to the public services are felt by the residents. Public administration, civil society organisations and the private sector work in tandem to improve the quality of public services and address the problems identified by the residents; Risk: improvements carried out do not satisfy the target groups as they remain generally unsatisfied with other, larger issues on the general political and social level.	60 months, including 6 months inception phase (needs assessment) and 3 months closure phase	
Component 1 Development Outcome / Outcome Indicator	Development of informal areas including fund management Improved basic services referring to physical and socio-economic measures Improved environmental conditions Youth, women, civil society and private sector are active participants in the development of informal areas	2) 70% of implemented small- and medium scale measures (infrastructure and services) are operational and used by residents	2) Monitoring project documents and ex-post evaluations 6 months after implementation of small scale projects	small- and medium scale projects are corresponding to the real needs of the residents. Real needs are identified through PNAs in four areas Implementation and all administrative procedures are running smoothly and are not negatively affected by political volatility Implemented small- and medium scale projects are functional and maintained (communities develop ownership)		



APPENDIX 1b: Logical Framework of the Extension of the Delegation Agreement

Output, Tangible Results / Output Indicator	Community priorities are identified	3) 30% of those residents trained in employability and vocational skills a) state that they have better access to employment vacancies, b) improved income levels and/or c) have a job within six months after the trainings	3) Monitoring project documents, interviews with training participants, ex-post evaluations 6 months after trainings	Unemployed are interested in improved skills enhancement and vocational training	
	<p>Social and physical infrastructure (health units, schools, hospitals, streets paving, etc.) upgraded corresponding to the needs</p> <p>small- and medium scale projects for environmental improvement implemented</p> <p>Employment prospects and skills levels are enhanced (population has increased access to income possibilities by better vocational training)</p> <p>Enhanced role for youth, women, civil society and private sector</p> <p>Local Area Dialogue Committees - representing local leaders, representatives of youth, women, private sector, local administration - are created and accompany the process of participatory urban development of four selected informal areas</p>	<p>4) Increased availability and utilization of diversified community assets and services (e.g. cultural, educational, sports) by and youth</p> <p>5) Local Area Dialogue Committees - representing local leaders, representatives of youth, women and private sector and local administration - accompany the process of participatory urban development of four selected informal areas in Cairo and Giza Governorates</p>	<p>4) Project documentation and monitoring sheets; Representative sample / Baseline of children and youth offers at the beginning and end of project</p> <p>5) Minutes of Meetings, monitoring reports by LADCs</p>	<p>There is an increased interest in diversified community assets and services</p> <p>LADCs are representatives of their communities</p>	
Activities	<p>Implement participatory needs assessment (PNA) in four selected areas with participation of LADC</p> <p>Identify and prioritize small- and medium scale projects to tackle improvement of living conditions according to PNA and involvement of LADC</p> <p>Coordinate and manage Fund for Grants for small- and medium scale projects in five selected areas (Grant implementation and fund management according to EU regulations, including design of grant scheme, call for proposal, monitoring of expenditures, performance of implementation of small- and medium scale projects and evaluation etc.)</p> <p>Promote participation of youth, women, civil society and private sector in informal area development</p>	6) PNA Processes are concluded in the five areas	6) PNA reports	<p>Build-up project team and provide equipment: 3 months</p> <p>Participatory needs assessment and identification of small- and medium scale projects: 6 months</p> <p>Implementation of small- and medium scale projects: 51 months</p> <p>Monitoring: ongoing</p>	



APPENDIX 1b: Logical Framework of the Extension of the Delegation Agreement

Component 2 Development Outcome / Outcome Indicator	Capacity Building including technical assistance					
	Improved management of informal area development through application of participatory tools by local administration at local and governorate level	7) At least 3 participatory tools have been applied for the development in each of the nine selected areas	7) Project documentation and monitoring sheets	Local administration, civil society organisations and private sector have the capacities and resources to apply participatory tools and methodologies		
Output, Tangible Results / Output Indicator	Improved capacities of local administration staff and organisations of civil society related to informal area development and participatory tools including creation of transparent databases	8) At least 4 training courses on methods and instruments of participatory urban development are carried out in the national training institutes	8) Annual training plans of training institutes 9) Training reports of training measures implemented directly by PDP	Qualified local administration staff is appointed by Governors and national staff by Ministries to attend trainings		
	Institutionalisation of participatory methodologies (including national level) through training institutes and direct cooperation with relevant institutions at national level Awareness of residents, local administration and civil society organisations concerning environmental topics and options for participation in urban development of their community is raised	9) Local administration staff has participated in training courses on participatory tools for informal area development (relevant staff to be identified) and operationalizes knowledge obtained from training courses 10) 30% of informal areas residents in the 4 selected areas confirm that their knowledge about environmental challenges has improved	10) Assessment at beginning and end of project on environmental knowledge	Environmental challenges are considered as a problem by residents		



APPENDIX 1b: Logical Framework of the Extension of the Delegation Agreement

Activities	Develop capacities of local administration, private sector and civil society organisations on methods and instruments for participatory urban development through a) trainings offered in national training institutes (develop training curricula, carry out training of trainers and technical support to trainers) b) on the job training and mentoring for local administration, NGOs etc. Develop capacities of NGOs to participate in the call for proposal and essential requirements for grant implementation (off- and on-job-training) Carry out awareness raising campaigns to promote participation in urban development and engagement in the development of the community (through LADC) Carry out awareness raising on environmental topics				Capacity Development: 51 months	
------------	---	--	--	--	------------------------------------	--



Upgrading Informal Areas in the Greater Cairo Region

[illegible]

Component 2		Capacity Building including technical assistance develop capacities of local administration (including Urban Upgrading Units), private sector and civil society organisations on methods and instruments for participatory urban development															
2.1	2.1.1	Carry out needs assessment studies of UUUs and civil society	1														
	2.1.2	Carry out physical upgrading of Governorate Urban Upgrading Unit Offices		1	1										2	2	
	2.1.3	Hold dialogue workshops with partners															
	2.1.4	Carry out mapping and needs assessment of civil society organisations		1	1	1								1/2	1/2	1/2	2
	2.1.5	Local Authority regulatory and legal framework review		1	1										2	2	
	2.1.6	Carry out capacity building needs assessments of community-based organisations (CBOs), develop training programmes and deliver training to CBOs		1	1										2	2	
	2.1.7	TOT and on-the-job training of local administration/selected staff/NGOs/civil society for implementation of participatory needs assessment													1/2	1/2	1/2
	2.1.8	TOT and on-the-job training of local administration and NGOs for application of GIS (production and understanding of maps)		1	1	1									1/2	1/2	1/2
	2.1.9	TOT and on-the-job training of local administration, NGOs and private sector for implementation of small-scale projects		1	1	1									1/2	1/2	1/2
	2.1.10	TOT and on-the-job training of local administration and NGOs for monitoring of small-scale projects		1	1	1									1/2	1/2	1/2
	2.1.11	Capacity Building for women, youth and civil society in order to participate in development processes of local community/informal areas		1	1	1									1/2	1/2	1/2
2.2		Provide technical support for capacity development															
2.2	2.2.1	Hire urban planner for capacity development	1												2		
	2.2.2	Advise local government (including Urban Upgrading Units) and other decision-makers on participatory and sustainable informal area upgrading		1	1	1	1								1/2	1/2	1/2
	2.2.3	Coordinate with all stakeholders on issues related to urban planning		1	1	1	1								1/2	1/2	1/2
	2.2.4	Advise private sector on implementation activities for informal area development		1	1	1	1								1/2	1/2	1/2
	2.2.5	Ensure gender mainstreaming in informal area upgrading		1	1	1	1								1/2	1/2	1/2
2.3		Carry out awareness raising campaigns															
2.3	2.3.1	Design and produce visibility strategy and manual and agree with EU	1	1													
	2.3.2	Develop visibility tools		1	1	1									2		
	2.3.3	Implement awareness campaigns		1	1	1	1								1/2	1/2	1/2
3		Support Activities															
3	3.1	Recruit staff and establish project office	1	1	1	1									2		
	3.2	Establish and support Steering Committee	1	1	1	1	1								1/2	1/2	1/2
	3.3	Establish and support Local Area Development Committees (LADCs)		1	1	1	1	1							1/2	1/2	1/2
	3.4	Establish and support Evaluation Committee													1/2	1/2	1/2
	3.5	Establish and support Management Committees													1	1	1
	3.6	Establish Finance and Contracts Office and then strengthen													1/2	1/2	1/2
	3.7	Establish Grant scheme manuals, training materials and tools	1	1	1	1	1								2		
	3.8	Establish and support Project Implementation Support Units													1/2	1/2	1/2
		LEGEND															
		1 Delegation Agreement															
		1/2 Overlapping period															
		2 Extended Delegation Agreement															

There will be parallel financing from other stakeholders as specified in the following table:

Name of Organization:	Contribution
Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH on behalf of BMZ	€ 6,000,000
Ministry of Planning	Estimated at LE 5,000,000 plus office space



**ANNEX III TO THE EUROPEAN UNION DELEGATION AGREEMENT
NUMBER ENPI/2012/299-447 (CRIS REFERENCE ENPI/2013/335-490)**

BUDGET FOR THE ACTION

The total cost of the programme is estimated at EUR 40.000.000. The total EU contribution to the programme is EUR 40.000.000, to be implemented through a Delegated Agreement with GIZ of EUR 39.200.000 and EC centralised management of EUR 800.000 (audit and evaluation budget line).

	EU Contribution		
	Financing Agreement 1	Financing Agreement 2	Total
	EUR (000)	EUR (000)	EUR (000)
1- Development of informal areas including fund management, medium and small size infrastructure	12,000	14,000	26,000
1.1. Grants through call for proposal	10,950	13,300	24,250
1.2. Fund management through employment contracts (internal)	842	500	1,342
1.3. Fund management through service contracts (tendering)	100	100	200
4. Purchasing of equipment, supplies and consumables (e.g. IT, vehicles, furniture); running costs for offices and communication	108	100	208
2- Capacity building including technical assistance	5,600	4,000	9,600
2.1. Employment contracts (internal)	2,620	1,900	4,520
2.2. Service contracts (tendering)	2,300	1,600	3,900
2.3. Purchasing of equipment, supplies and consumables (e.g. IT, vehicles, furniture); running costs for offices and communication	680	500	1,180
3. Visibility	280	225	505
4. Contingencies*	568.4		568
5. EU's share of Administrative Costs (7%)	1,251.6	1,275	2,527
TOTAL	19,700	19,500	39,200

* The European Union's contribution to the "Contingencies" heading may be used only with prior agreement of the Commission

