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ANNEX

to the Commission Implementing Decision on the Annual Action Plan for Egypt for 2024

Action Document for “EU support to the implementation of socio-economic reforms at local level”

ANNUAL ACTION PLAN

This document constitutes the annual work programme in the sense of Article 110(2) of the Financial Regulation, and action plan/measure in the sense of Article 23(2) of NDICI-Global Europe Regulation.

1. SYNOPSIS

1.1. Action Summary Table

<p>1. Title OPSYS Basic Act</p>	<p>EU support to the implementation of socio-economic reforms at local level Annual action plan in favour of Egypt for 2024 OPSYS business reference: ACT-62665 ABAC Commitment level 1 number: JAD.1499686 Financed under the Neighbourhood, Development and International Cooperation Instrument (NDICI-Global Europe).</p>
<p>2. Economic and Investment Plan (EIP)</p>	<p>Yes VI: Human Development</p>
<p>EIP Flagship</p>	<p>Yes FLAGSHIP 1 –Support to social sectors, education, skills and health</p>
<p>3. Team Europe Initiative</p>	<p>No</p>
<p>4. Beneficiar(y)/(ies) of the action</p>	<p>The action shall be carried out in Egypt.</p>
<p>5. Programming document</p>	<p>Multiannual Indicative Programme for European Union support to Egypt for the period 2021-2027 (MIP)</p>
<p>6. Link with relevant MIP(s) objectives/expected results</p>	<p>Priority 2: Human development, economic resilience and prosperity building through green and digital transition - Specific Objective 2.3 To improve people’s quality of life, providing them with opportunities for human development. Priority 3: Social Cohesion, Modern and Democratic State - Specific Objective 3.3.: To contribute to decent and healthy lives through access to basic services and social inclusion.</p>

PRIORITY AREAS AND SECTOR INFORMATION

7. Priority Area(s), sectors	DAC code 110- Education DAC code 122- Basic health DAC code 160- Other Social Infrastructure & Services			
8. Sustainable Development Goals (SDGs)	Main SDG: SDG 11: Sustainable cities and communities Other significant SDGs: SDG 3: Good health and well-being; SDG 4: Quality education; SDG 10: Reduced inequalities.			
9. DAC code(s)	Main DAC Code : 16050- Multisector aid for basic social services-40% Sub-codes: 43030 - Urban development and management- 30% - 12220- Basic healthcare- 30%			
10. Main Delivery Channel	Channel 1: Channel 2: 11000- Donor Government			
11. Targets	<input type="checkbox"/> Migration <input type="checkbox"/> Climate <input checked="" type="checkbox"/> Social inclusion and Human Development <input type="checkbox"/> Gender <input type="checkbox"/> Biodiversity <input type="checkbox"/> Human Rights, Democracy and Governance			
12. Markers (from DAC form)	General policy objective	Not targeted	Significant objective	Principal objective
	Participation development/good governance	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
	Aid to environment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Gender equality and women’s and girl’s empowerment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Reproductive, maternal, new-born and child health	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Disaster Risk Reduction	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Inclusion of persons with Disabilities	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Nutrition	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	RIO Convention markers	Not targeted	Significant objective	Principal objective
	Biological diversity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

13. Internal markers and Tags

Policy objectives	Not targeted	Significant objective	Principal objective
EIP	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
EIP Flagship	YES <input checked="" type="checkbox"/>		NO <input type="checkbox"/>
Tags	YES		NO
transport	<input type="checkbox"/>		<input checked="" type="checkbox"/>
energy	<input type="checkbox"/>		<input checked="" type="checkbox"/>
environment, climate resilience	<input type="checkbox"/>		<input checked="" type="checkbox"/>
digital	<input type="checkbox"/>		<input checked="" type="checkbox"/>
economic development (incl. private sector, trade and macroeconomic support)	<input type="checkbox"/>		<input checked="" type="checkbox"/>
human development (incl. human capital and youth)	<input checked="" type="checkbox"/>		<input type="checkbox"/>
health resilience	<input checked="" type="checkbox"/>		<input type="checkbox"/>
migration and mobility	<input type="checkbox"/>		<input checked="" type="checkbox"/>
agriculture, food security and rural development	<input type="checkbox"/>		<input checked="" type="checkbox"/>
rule of law, governance and public administration reform	<input checked="" type="checkbox"/>		<input type="checkbox"/>
other	<input type="checkbox"/>		<input checked="" type="checkbox"/>
Digitalisation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Tags	YES		NO
digital connectivity	<input type="checkbox"/>		<input checked="" type="checkbox"/>
digital governance	<input type="checkbox"/>		<input checked="" type="checkbox"/>
digital entrepreneurship	<input type="checkbox"/>		<input checked="" type="checkbox"/>
digital skills/literacy	<input type="checkbox"/>		<input checked="" type="checkbox"/>
digital services	<input type="checkbox"/>		<input checked="" type="checkbox"/>
Connectivity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Tags	YES		NO
digital connectivity	<input type="checkbox"/>		<input checked="" type="checkbox"/>
energy	<input type="checkbox"/>		<input checked="" type="checkbox"/>
transport	<input type="checkbox"/>		<input checked="" type="checkbox"/>
health	<input type="checkbox"/>		<input checked="" type="checkbox"/>
education and research	<input type="checkbox"/>		<input checked="" type="checkbox"/>

	Migration	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Reduction of Inequalities	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	COVID-19	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
BUDGET INFORMATION				
14. Amounts concerned	Budget line(s) (article, item): 14.020110 Southern Neighbourhood Total estimated cost: EUR 80 000 000.00 Total amount of EU budget contribution EUR 75 000 000.00 The contribution is for an amount of EUR 75 000 000.00 from the general budget of the European Union for 2024. This action is co-financed in joint co-financing by: The Federal Republic of Germany (Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung) for an amount of EUR 5 000 000.00.			
MANAGEMENT AND IMPLEMENTATION				
15. Implementation modalities (management mode and delivery methods)	Indirect management with the entities to be selected in accordance with the criteria set out in section 4.3.2. Direct management through grants.			

1.2. Summary of the Action

In March 2024, the European Union (EU) and Egypt have agreed to elevate their relationship and develop a Strategic and Comprehensive Partnership for shared prosperity, stability and security, based on joint interest and mutual trust and building on the already existing positive agenda in EU-Egypt relations. Underpinning the partnership will be a financial package consisting of short- and longer-term support for the necessary macro-fiscal and socio-economic reform agenda composed of Macro-Financial Assistance (MFA), guarantees and blending, as well as programmes and technical assistance for specific priorities. The proposed Action is fully part of this approach, covering the Human capital development's pillar of the package and in line with the 2021-27 Partnership Priorities, notably Priority 1 on Egypt's Sustainable Modern Economy and Social Development.

Egypt's critical economic and financial situation has been exacerbated by the repercussions of global and regional conflicts. The Russia's war of aggression in Ukraine, the Gaza crisis, and the attacks on vessels in the Red Sea have negatively affected the Egyptian economy, namely because of increase in imported grain prices, of loss of revenues from tourism and Suez Canal traffic, and of protracted capital outflows and decreased remittances inflow. The Sudan conflict is putting extra pressure on social services and communities with 500,000 Sudanese and 8,827 individuals of other nationalities who crossed into Egypt between April 2023 and March 2024.

The aim of the proposed Action is to accompany the implementation of the reform agenda Egypt is undertaking to improve its macro- and socio-economic situation and resilience against external shocks. The Action will seek to support social measures at local level to mitigate the negative impact of these reforms on the less advantaged groups of the population.

Building on successful past and ongoing engagement in local urban development and in health sectors, the Action will focus on enhancing access to quality services, and on complementing social safety nets through increased economic opportunities. The Action's main outcomes are: (1) enhanced access to basic services and social infrastructures, such as education, health, water and sanitation, roads and public spaces; (2)

increased livelihood and economic opportunities, through skills upgrade and employment promotion; (3) targeted support to enhance quality healthcare provision.

To the extent possible, the three outcomes will link the services with local economic activities, in order to maximise sustainability and impact on residents' lives in the less advantaged areas, with a view to building resilience including to climate change. Emphasis will be placed on women, girls and the youth, as well as on communities hosting refugees and asylum seekers and areas prone to irregular migration.

1.3. Beneficiar(y)/(ies) of the action

The Action shall be carried out in Egypt, which is included in the list of ODA recipients published by the OECD Development Assistance Committee.

2. RATIONALE

2.1. Context

Egypt's macro economy had shown some resilience until Russia's war of aggression in Ukraine, partly due to a first wave of structural reforms implemented since 2016 in the context of successive programmes supported by the International Monetary Fund (IMF). However, over the past two years, Egypt's macro-fiscal situation has faced significant challenges as external pressures have intensified. Debt has increased further as well as inflation: external debt reached \$164.7 billion, while food inflation was at 71.7% in August 2023.

Higher inflation resulted in an erosion of real wages, contributing to an increase in poverty rates: while 30% of the population lived below poverty line in 2019, it is estimated that an additional 9 million individuals have fallen into poverty, half of them children (39.5 million poor, including 19.5 million children)¹. The proportion of the population living in poverty in the border governorates of Aswan, Sinai and Matrouh is higher than the national rate, with nearly half of the population living below the poverty line. While the unemployment rate has decreased to reach 7% in 2023, about 60% of workers are employed in the informal sector, with no or little social coverage, and salary levels are not proportionate to the cost of living. The Human Development Index is high in absolute terms (0.73), but significantly lower if adjusted for inequality² (0.56)³.

The increase in the number of vulnerable groups, compounded by a sustained population growth and the influx of a high number of migrants and refugees from Sudan, Syria, Eritrea and Ethiopia, are exerting additional pressure on an already weakened public services provision, while public investments remain limited due to the low fiscal space available⁴. The Egyptian population is currently estimated to be around 113 million, a 1.56% increase from 2022, while vulnerable migrants and refugees are estimated to be over 1.4 million. The age-dependency ratio was at 61.6% in 2022.

In this context, and based on Egypt's reform agenda, the IMF Extended Fund Facility has been augmented to USD 8 billion in March 2024 and the EU committed to mobilise the MFA modality to support the Strategic and Comprehensive Partnership announced in the Joint Declaration between EU and Egypt on 17 March 2024⁵.

The EU Comprehensive Package covers six pillars of intervention, namely: (1) political relations; (2) economic stability; (3) investment and trade; (4) migration; (5) security and law enforcement cooperation;

¹ Impact of inflation of poverty, food and nutrition security, UNICEF & WHO, 2023

² 1% richest population detained 18.1% of country wealth in 2022

³ <https://hdr.undp.org/inequality-adjusted-human-development-index#/indicies/IHDI>

⁴ <https://www.worldbank.org/en/country/egypt/publication/egypt-public-expenditure-review-for-human-development-sectors>

⁵ https://neighbourhood-enlargement.ec.europa.eu/news/joint-declaration-strategic-and-comprehensive-partnership-between-arab-republic-egypt-and-european-2024-03-17_en

(6) demography and human capital. The latter reflects the importance of the human component in achieving sustainable development.

EU support to this Human capital pillar will accompany Egypt's reform programme, which addresses the impact of inflation, in particular on poor and middle-class families, and includes social protection as one important element, besides monetary policy⁶. In this regard, the Takaful and Karama cash transfer programme, worth EGP 500 billion (about EUR 10 billion) per year, was expanded to cover more than 22 million people. In February 2024, the Government announced a social protection package of EGP 180 billion (about EUR 3,6 billion), including an increase in the public sector minimum wage and specific support to teachers and healthcare workers.

Budgetary savings that come from other reform measures will be partially spent on social protection, including food subsidies and targeted social transfers. Priority will also be given to investment in public infrastructure. Over the medium term, progress on a wide-ranging structural reform agenda can help Egypt achieve sustainable, more inclusive, and private-sector-led growth.

2.2. Problem Analysis

Unplanned urban areas

With a population of 113.6 million people and 1.6 % demographic growth per year⁷, Egypt is considered the most populous country in the Arab world and the third most populous country on the African continent. More than 90% of the population lives along the Nile riverbanks and in the Nile Delta, which represent only 6.8% of the total area of the country and are among the most densely populated regions in the world⁸. This has translated into a rapid and often unregulated urban expansion. According to official figures, 43% of the population resides in urban areas. However, under international definitions, the urban population would be over 65% of the total, and steadily growing.

At the same time, Egyptian population residing in informal areas has been increasing since the 1960s, and today, informal areas host about 40% of the total population and 60% of Cairo's residents. Informal urban areas are characterised by small housing units, narrow unpaved streets and extremely scarce public open space. Although most households have water, sewage and electricity connections, the networks are heavily over-used, which often affects the safety and hygiene standards of the neighbourhoods. Basic education provision is gravely inadequate, with decaying facilities, overcrowded classrooms, poor teaching and learning methods, and the widespread need for the families to compensate through private classes. Health centres, although offering preventive and basic services at affordable cost, are often deteriorated and lack the necessary equipment. The offer of cultural and recreational activities is minimal. Unplanned urban areas host many small informal businesses, but often lack adequate livelihoods opportunities and do not offer avenues for social and economic upgrade to the residents, in particular the most vulnerable.

Climate change is an additional source of pressure on the densely inhabited areas of Egypt: due to low elevation in the Nile delta region, Egypt is one of the top five countries expected to be most impacted with sea level rise. An increased incidence of severe heat waves is also adversely affecting urban dwellers' health, because of an urban greenhouse effect and the formation of urban heat islands.

Today, unplanned urban areas constitute one of the most important challenges facing Egypt, affecting more than half of the country's population and steadily expanding, with more and more pressing problems and a grave level of socioeconomic exclusion, affecting primarily women and children.

At local level, Governorates and Districts are in charge of the daily provision of basic services. However, this is hampered by the absence of fiscal decentralisation and the scarcity of nationally allocated resources,

⁶ [https://www.imf.org/en/News/Articles/2016/08/11/09/49/pr16375-Egypt-IMF-Reaches-Staff-Level-Agreement-on-a-Three-Year-US\\$12-Billion-Extended-Fund-Facility](https://www.imf.org/en/News/Articles/2016/08/11/09/49/pr16375-Egypt-IMF-Reaches-Staff-Level-Agreement-on-a-Three-Year-US$12-Billion-Extended-Fund-Facility)

⁷ <https://www.worldometers.info/world-population/egypt-population/>

⁸ <https://www.britannica.com/place/Egypt/Demographic-trends>

coupled with inadequate management systems and lack of accountability towards the residents. Central Government's investments focus on the construction of new cities and new neighbourhoods, intended for higher income households, and on vast infrastructure projects, including the establishment of a new administrative capital city and road extensions. The new social housing units recently built, and occupied by former residents of unplanned areas, are insufficient in number, and often cause a deterioration of the life conditions of the occupants, who are forced to live far from their centres of interest and their communities.

In the last three years, the central Government entity Urban Development Fund (UDF) has upgraded 60 areas in nine governorates, and is currently upgrading 90 additional areas of different sizes, benefitting 4.4 million residents, for a total cost of EGP 4.2 billion (EUR 82.5 million)⁹. These measures show a new effort towards physical upgrading of deprived areas. However, they cover only 9% of the surface of informal urban settlements, and projects are limited to infrastructure and a few public markets¹⁰.

The Government has also recognised the importance of a more structured local planning, with the participation of the population and of civil society. However, no transformative policy is being considered, neither on governance, nor on fiscal management or in socioeconomic development.

Identification of main stakeholders and corresponding institutional and/or organisational issues (mandates, potential roles, and capacities) to be covered by the action

The two main central institutions in charge of urban development are the Urban Development Fund (UDF) and the Ministry of Housing, Utilities and Urban Communities, in particular the General Organisation for Physical Planning (GOPP). Their mandate does not cover the New Administrative Capital and the new neighbourhoods, which are under the responsibility of the New Urban Communities Authority (NUCA). The Urban Development Fund evolved from the Informal Settlements Development Fund (ISDF), which was set up in 2009 to address the problems of unsafe informal urban areas.

At local level, the Governorates and the Districts are in charge of managing basic service provision and maintenance, however with no local taxes and no decentralised competences. The Governorates are under the authority of the Ministry Local Development. The central Government appoints the Governors and there are no elected local institutions.

Healthcare

The Egyptian healthcare system faces multiple challenges in improving and ensuring the health and wellbeing of residents. Egypt has made progress on improving basic health and education outcomes, as part of its goals to boost human capital over the past two decades, however, large shortcomings remain. Accelerated efforts are needed to address inequalities in health and nutritional outcomes, and to strengthen the health system, including the promotion of integrated multi-sectoral programmes.

The healthcare system is fragmented, with different regulatory and financing structures, uneven and inefficient allocation of resources between different levels of care, and low quality and use of public health sector services. Current health expenditure (CHE) in Egypt represents 4.6% of GDP with high out-of-pocket expenditure constituting 59% of CHE. Public spending on health is low and did not follow the increase of the total health expenditure over the past years. Financial allocations insufficiently match a rapid population growth, diluting per capita spending, and increasing pressure on an already strained health system. In a financing system dominated by user payments, this also negatively impacts service availability indicators (e.g. beds and physicians-to-population ratio) and the maintenance of the public health infrastructure. This pattern draws service delivery practices toward a commercial model, with a negative

⁹ For comparison, the cost of the construction of the New Administrative Capital is estimated to be more than USD 55 billion.

¹⁰ Information included in the EU funded sector-level evaluation "Strategic assessment of the EU cooperation with Egypt in the area of Urban Development", 2023

impact on the workforce, particularly in the public sector, while the country faces a declining number of physicians, who tend to move to the private sector or immigrate overseas.

The Egyptian government is rolling out the implementation of a Universal Health Insurance (UHI) national program that started in 2018 and spans over 6 phases lasting for 15 years to achieve full implementation. Premiums paid by individuals follow a complex scheme with a range of 1% to 5% of individual income to be deducted for UHI coverage and a cap of 7% for an individual including dependents.

According to a report by the African Development Bank (AfDB), Egypt will require approximately 38,000 new hospital beds by 2030 with an estimated investment of between USD 8 billion to USD 13 billion with half of these investments coming from the public sector¹¹. One of the key challenges to establish and operate additional beds will be qualified staff. Analysis identified an additional 88,000 doctors, 73,000 nurses and 18,000 pharmacists will be needed to serve the additional demand by 2030, in a context of low staff retention, as the majority of Egyptian qualified doctors and nurses emigrate to work overseas.

The situation in border governorates, like Sinai and Aswan, is even more problematic. Due to low population density, health services managed centrally are insufficient and access is limited. Unlike in Cairo and Alexandria, the option of private hospitals is either unavailable or of poor quality.

After thirty years of progress in reducing infant and child mortality, the pace of advance has slowed, with an increase in neonatal mortality (death in the first month of life) since 2011. One every eight child under five is stunted (1.8 million children). 420,000 children under the age of five are estimated to be wasted¹², with even higher numbers in some areas¹³. The trends in maternal and child mortality in Egypt are driven by challenges in uneven progress of maternal and child health and nutrition. Inadequate and unequal access to antenatal and postnatal care are subsequently impacting early child malnutrition and unequal access to safe and clean water, as well as hygiene and sanitation practices. In summary, the main issues affecting maternal and child health outcomes are (i) social and economic determinants, (ii) quality of care and (iii) access and availability of care.

Identification of main stakeholders and corresponding institutional and/or organisational issues (mandates, potential roles, and capacities) to be covered by the action.

At national level, the main institutional stakeholders in the health sector are: the Ministry of Health and Population; the Universal Health Insurance Authority (UHIA), responsible for management, investments and payments of public and private health providers; and the General Authority for Healthcare Accreditation and Regulation (GAHAR), which is responsible for developing quality standards and accredit service providers. At local level, besides Governorates and Districts, direct service providers are of foremost importance. In particular, Primary Health Care Units are the cornerstone of the health service delivery and of the implementation of Universal Health Coverage. Civil society, especially community-based organizations, are actively involved in promoting community participation, in awareness raising and in basic health service provision.

2.3. Lessons Learned

Community development and enhanced access to quality public services has been an important Team Europe approach in Egypt over the last decade. The EU has implemented assistance using a wide array of modalities, for a total budget of about EUR 283 million. This has included: EUR 89 million in Budget Support to the Health Sector in 2020; EUR 161 million in blending operations with the European Investment Bank (EIB) and the Agence Française de Développement (AFD); EUR 64.5 million in

¹¹ https://www.afdb.org/sites/default/files/aoh_esia_full_report.pdf

¹² I.e. low weight-for-height

¹³ The Governorate of Sinai counted for the highest rate of wasting, with 5 times more than the average 3 percentage on national level.

delegated cooperation with the Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (GIZ); EUR 47.5 million from the Emergency Trust Fund for stability and addressing root causes of irregular migration and displaced persons in Africa (EUTF for Africa); and EUR 20 million under the Haya Karima (Decent Life) programme adopted in 2022.

The programmes have focused on upgrading physical infrastructure and enhancing access and quality basic public services; improving the planning process at local level through a participatory approach; supporting grass-root organisations in service provision; increasing livelihoods opportunities and promoting job creation, through direct employment in construction and through vocational training and accompanying measures. The positive impact of these programmes was underlined through multiple channels, including by the local communities¹⁴. The line entities at central level and the local administration are keen on receiving further support.

Apart from Team Europe, very few development partners are active in the sector. As national policies and investments priorities still need time to adequately recalibrate fiscal space available to target the less advantaged areas, including in particular unplanned urban areas, EU-funded programmes play therefore a crucial role in filling a gap and focusing on ensuring that no one is left behind, while the country embarks on ambitious macro-economic reforms.

This Action will build up on past and on-going programmes, taking as a basis the integrated local planning frameworks established and continuing to involve the citizens and local civil society organisations, as foreseen under SDG 17. On the planning process, it will take as a basis the Local Areas Development Plans (LADPs), which have been developed in fifteen areas under previous EU-funded programmes by applying a participatory approach at neighbourhood level and were endorsed by the responsible Governorates and line central institutions. The Action will expand the use and scope of the Plans and support their institutionalisation. The Plans are also the basis for defining for each neighbourhood which infrastructures to prioritise for renovation by the Action itself and potentially by other Government initiatives.

While past programmes have focused on infrastructure upgrade, the present Action will strive to go beyond that, and use the upgraded facilities as catalysts for local economic development, fostering an environment conducive to local employment and small-scale enterprises to the extent possible. The Action will also include specific measures for climate change adaptation, in response to extreme weather events and resource scarcity.

Given Egypt's invaluable and diverse heritage, and the significant contribution of the cultural and tourism sector to the country's economic development, Gross Domestic Product (GDP), employment, foreign exchange reserves and society more broadly, a particular emphasis will be placed on the link between culture, cultural heritage preservation as drivers of local economic development. The programme will in particular capitalise on EU and Egypt's past and ongoing cooperation in this field, with a view to enhancing livelihood, employment and economic opportunities in particular in urban areas in the Greater Cairo region.

The health component will also build on lessons learnt of the ongoing intervention funded through the EU's Rapid Response Instrument to enhance the resilience and capacities of the health sector in Egypt during the Gaza crisis that started in the first quarter of 2024. With a duration of 18 months, this project has allowed to bridge the gap towards mid to longer-term support that would promote more structural reforms. Capitalising on the World Bank's "Transforming Egypt's Healthcare System Project", and France's continued support to the health sector in Egypt through policy-based loans, the Action will support enhanced access to quality healthcare services, as well as effective mechanisms for the retention of qualified medical staff, in areas that need these the most. The Action is expected to build on a study that will be undertaken in 2024, to assess the causes and possible remedies, that could prevent brain drain, enhance private sector investment, and act as catalysts to support the wider reforms undertaken in the sector. Synergies with the Team Europe Initiative on the Manufacturing and Access to Vaccines, Medicines and

¹⁴ EU funded "Strategic assessment of the EU cooperation with Egypt in the area of Urban Development", 2023

Health Technologies (MAV+) component in Egypt will also be sought, once the Financing Agreement is signed with the Government of Egypt, in the course of 2024.

3. DESCRIPTION OF THE ACTION

The first two outcomes of the Action will target deprived unplanned urban areas, selected based on the Urban Development Fund's classification and on Central Agency for Public Mobilisation and Statistics (CAPMAS)¹⁵ Poverty Map, combined with the ongoing update of the Egypt Household International Migration Survey (Egypt-HIMS) undertaken by CAPMAS. The third outcome will focus on supporting the healthcare system at national and local levels.

3.1. Objectives and Expected Outputs

The Overall Objective/Impact of this Action is to enhance decent and healthy lives for all in Egypt.

The Specific Objectives (Outcomes) of this Action are:

1. To improve residents' access to basic and quality services in selected areas, with a focus on sustainability and citizens' participation in the planning process;
2. To increase residents' livelihoods in selected areas, in particular for women and the youth;
3. To improve healthcare quality in selected areas with a focus on women and children's needs.

The **Outputs** to be delivered by this Action contributing to the corresponding Specific Objectives (Outcomes) are:

Contributing to Outcome 1 (or Specific Objective 1): To improve residents' access to basic and quality services in the selected areas, with a focus on sustainability and citizens' participation in the planning process:

- 1.1. Strengthened central and local institutions' capacities to expand the urban planning methodologies developed by previous projects, in particular the Local Areas Development Plans;
- 1.2. Improved facilities and providers' capacities in social services, such as education and healthcare, in selected areas;
- 1.3. Upgraded water and sanitation networks and expanded public and gathering spaces (e.g. streets, public parks, community centres) in selected areas;
- 1.4. Strengthened local civil society capacities in basic services provision in selected areas.

Contributing to Outcome 2 (or Specific Objective 2): To increase residents' livelihoods in selected areas, in particular for women and the youth:

- 2.1. Improved the matching of stakeholders' skills to the labour market needs in selected areas;
- 2.2. Increased job offers and potential livelihood opportunities for unemployed residents in selected areas.

Contributing to Outcome 3 (or Specific Objective 3): To improve healthcare quality in selected areas with a focus on women and children's needs:

- 3.1. Strengthen the availability and use of quality health services, including community-based prevention and promotion services targeted in Outcome 1.
- 3.2. Strengthen the capacity of health services to attract and meet the health needs of the target group, including women and children, improving the interface between facility and community-based health services.

¹⁵ Egypt Central Agency for Public Mobilization and Statistics

3.3. Increase human resources skills and capacity, increase retention and promote job satisfaction.

3.2. Indicative Activities

Activities related to Output 1.1:

- Review planning methodologies, in particular the Local Areas Development Plans;
- Review Local Areas Development Plans to include economic development assessment;
- Provide capacity building for line entities at central and local level;
- Develop new climate vulnerability assessments;
- Conduct residents' consultations, through community meetings, focus groups discussions, surveys and feedback collection.

Activities related to Output 1.2:

- Assess and rehabilitate schools and primary health centres in selected areas, integrating climate change resilience elements;
- Build new school classrooms where possible;
- Provide schools and health centres with new equipment, in particular up-to-date medical equipment;
- Offer training for teachers on teaching methods, class management, child-centred learning, and positive education;
- Offer training for healthcare staff on the use of the new equipment and communication with patients;
- Support the organisation of health awareness initiatives, for instance on reproductive health and hygiene.

Activities related to Output 1.3:

- Renovate and expand water and wastewater networks;
- Pave and, when possible, widen selected streets, install public lightening and renovate bus stations;
- Introduce climate change adaptation measures, such as barriers against water flooding;
- Renovate or create small public parks and pedestrian areas, increasing green spaces when possible;
- Rehabilitate youth centres, libraries and community centres;
- Organise cultural and sports activities for the residents, in particular children and youth;
- Organise community activities bringing together migrants, refugees and host communities.

Activities related to Output 1.4:

- Organise consultations with civil society operating at community level in selected areas;
- Offer capacity building activities for local CSOs;
- Allocate direct grants for service delivery to local CSOs.

Activities related to Output 2.1:

- Mapping local economic activities and socio-economic opportunities;
- Identify potential project bundles, where services' upgrade can be combined with support to the development of economic activities and skills improvement;
- Select project bundles to be covered by the Action and define implementation plans;
- Provide tailored vocational training short-courses;
- Provide business development support.

Activities related to Output 2.2:

- Offer direct employment opportunities through labour intensive works on infrastructures;
- Offer counselling services for unemployed residents looking for paid employment;

- Provide training to initiate or expand self-owned businesses;
- Reinforce networking among local economic activities and employment services.

Activities related to Output 3.1.:

- Conduct needs assessment with the relevant stakeholders;
- Upgrade of primary healthcare facilities in selected areas (linked to output 1.2.);
- Streamline service availability in selected areas to ensure efficient referral from community to primary health care facilities and higher-level hospitals;
- Enhance fiscal space available for the maintenance of upgraded primary healthcare facilities.

Activities related to Output 3.2.:

- Increase the referral to health services within the less advantaged groups (especially women and children) with a focus on ensuring access to basic preventive and promotive care;
- Support the development of local service provision to expand access to basic health care;
- Support the set-up of dedicated referral systems and specialised training and capacity building related to survivors of gender based violence and victims of human trafficking.

Activities related to Output 3.3:

- Enhance capacities of medical staff, with particular emphasis on liaising with women and children, in the selected areas;
- Review the Human Resources strategy and needs in the sector, with specific emphasis on addressing attrition in areas where staff turnover is high;
- Provide technical support for the development and introduction of retention and incentive measures especially in primary and community level services.

3.3. Mainstreaming

Environmental Protection, Climate Change and Biodiversity

Outcomes of the Environmental Impact Assessment (EIA) screening (relevant for projects and/or specific interventions within a project).

The EIA screening classified the Action as Category B (not requiring an EIA, but for which environment aspects will be addressed during design).

Outcome of the Climate Risk Assessment (CRA) screening (relevant for projects and/or specific interventions within a project).

The CRA screening concluded that this Action is no or low risk (no need for further assessment).

The Action will use the “climate vulnerability assessment” method that is being developed and piloted in one of the on-going projects. It will apply it further in other areas, integrating it into strategic urban planning in national and local frameworks.

Gender equality and empowerment of women and girls

As per OECD Gender DAC codes identified in section 1.1, this Action is labelled as G1. This implies that gender equality is a significant objective of the the Action which will mainstream gender equality in all components, through gender-sensitive indicators, activity designs, training materials, and ensuring equal participation of women.

Besides, the Action will include specific support for women and girls in different ways: by including gender-responsive approaches in capacity building for the administration; by ensuring that infrastructure renovation and service upgrade are gender sensitive; by promoting women economic empowerment,

through support to income-generating activities; by dedicating community and awareness activities to women.

Human Rights

The Action approach is in line with SDG commitments and puts a particular emphasis on social rights, women’s rights, and children rights in the less advantaged areas.

Disability

As per OECD Disability DAC codes identified in section 1.1, this Action is labelled as D1. This implies that the Action will promote inclusion of persons with disabilities in different ways: by making project activities and local consultations accessible, for instance through barrier-free venues; by renovating infrastructures (schools, healthcare centres, and public spaces) making them accessible to persons with disability; through outreach and, when possible, affirmative action in employment promotion. Capacity building of education and healthcare staff will also encompass inclusiveness in service provision.

Democracy

The Action will promote citizens’ participation in decision making, in particular by applying a participatory approach to local planning at community level. The Action will expand the existing Local Areas Development Plans and design new ones. It will then implement part of the measures indentified in the Plans and will gather the residents’ feedback after implementation.

The Action will also offer community activities, for example recreational or on education or health, in cooperation with the local civil society.

Conflict sensitivity, peace and resilience

The Action contributes to resilience and social cohesion in deprived urban areas communities, addressing inequalities, improving the quality of life and promoting social and economic inclusion of the less advantaged groups.

Disaster Risk Reduction

The action will address disaster risk reduction through contributing to local urban resilience. In particular, the action will support the Egyptian Urban Development Fund and line institutions in integrating Climate Urban Resilience Plans in the Local Areas Development Plans and in urban planning in general. In this aspect, the action will align with the Sendai Framework for Disaster Risk Reduction.

3.4. Risks and Assumptions

Category	Risks	Likelihood (High/Medium/Low)	Impact (High/Medium/Low)	Mitigating measures
External Environment	Global and regional crises and security issues hamper the implementation of activities.	Medium	Medium	Collaborating with governmental entities and implementing partners to explore implementation alternatives and redesign outputs if necessary.

Planning, Processes and System	Lack of full political support to the programme, for instance if the programme objectives are not considered a political priority anymore.	Medium	High	Political dialogue and close communication with line Government entities; policy advice; consultations; transparent procedures.
Planning, Processes and System	Lack of coordination among involved institutions	Medium	Medium	Coordination supported by the programme.
Planning, Processes and Systems	Longer than planned time for granting government security clearances for project interventions and partners	Medium	High	Starting the process of approval requests as soon as possible; to the extent possible, involve the administration at central and local level in the design of activities and identification of local partners.
Planning, Processes and Systems	Maintenance of facilities and equipment is not adequate.	Medium	Medium	Designing maintenance plans with central and local responsible authorities; line staff training; including maintenance commitments and budget in the agreements with the Governorates.
Planning, Processes and Systems and People and the organisation	Residents' and local civil society's participation is (or perceived as) partial or biased.	Low	Medium	Regular and wide communication with local communities and leaders; use of structured participatory methods (like surveys and focus group discussions); establishment of clear and fair criteria for CSOs selection for grants; involvement of the EU Delegation in selection processes; regular monitoring by the EU Delegation, the implementing partners and local entities involved; gathering residents' feedback.
Communication and information	Because of the implementation in indirect management, the EU is less visible as a partner.	Medium	High	A strict implementation of contracts' visibility provisions; clear communication and visibility plans, foreseeing EU presence and the EU Delegation approval of all communication activities.

External Assumptions

The Action assumes that Egypt will continue to enjoy relative stability in spite of the geopolitical context.

The Action builds on past and on-going assistance on community development and basic services upgrade in deprived informal urban areas, which all stakeholders recognise as highly valuable. It has been designed in close dialogue with line institutions, which are likely to remain interested in assistance in the sector.

The healthcare support component stems from a request for assistance by the Egypt Ministry of Health and Population in the aftermath of the Gaza crisis. The Government's focus on the sector is likely to remain high, also in the framework of the on-going Universal Health Insurance reform, encompassing quality improvement of healthcare facilities and services.

As implementation will require a number of approvals by the national authorities, the Action assumes that the Egyptian administration will process requests smoothly so that the projects can keep the pace of work plans and objectives.

3.5. Intervention Logic

The underlying intervention logic for this Action is that IF basic services access and quality are improved, and IF livelihood opportunities and employability of the target groups increase; and IF Egypt will continue to enjoy relative stability despite the geopolitical context and that line Ministries and relevant stakeholders will continue to be committed to the implementation of the EU-Egypt Strategic and Comprehensive Partnership (assumptions), THEN decent and healthy lives will be enhanced, making sure that no-one is left behind in the targeted areas, in line with Egypt's Sustainable Development Strategy "Agenda 2030".

3.6. Indicative Logical Framework Matrix

Results	Results chain: Main expected results [maximum 10]	Indicators [it least one indicator per expected result]	Baselines (values and years)	Targets (values and years)	Sources of data	Assumptions
Impact	To enhance decent and healthy lives for all in Egypt.	1 Human Development Index 2 Gender Inequality Index	1 2	1 2	1 2	<i>Not applicable</i>
Outcome 1	Improved residents' access to basic and quality services in selected areas, with a focus on sustainability and citizens' participation in the planning process.	1.1. Number of residents of selected areas benefitting from upgraded basic services (by sector, by sex, by age). 1.2. Number of climate change plans incorporated in urban plans. 1.3. Number of maintenance plans adopted by line authorities. <i>1.4. GERF 2.38 Number of people with access to improved drinking water source and/or sanitation facility with EU support [NDICI-Global Europe][SP][EFSD]# and MIP*</i> <i>1.5. GERF 2.29 Number of government policies developed or revised with civil society</i>	1.1 0 (2024) 1.2 0(2024) 1.3. 0 (2024) 1.4. 0 (2024) 1.5. 10 Local Areas development Plans (2024)	1.1 5 million residents (2030) 1.2. 20 Plans 1.3. TBD 1.4. 2 million people 1.5. 20 Local Areas Development Plans	1.1 Baseline and post assessments carried out by the projects funded by the action 1.2 Projects reports 1.3 Corporate reporting on GERF	Relevant stakeholders maintain interest in integrated urban management and in participatory planning after the intervention

		<i>organisation participation through EU support [SP]†</i>				
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<p>Outcome 2</p>	<p>Increased residents' livelihoods in selected areas, in particular for women and the youth.</p>	<p>2.1 Number of residents of the selected areas who have improved their income levels (disaggregated by sex, age and persons with disabilities)</p> <p>2.2. Number of individuals who found a job within 6 months after having received support, disaggregated by sex, age and persons with disabilities</p>	<p>2.1 0 (2024) 2.2. 0 (2024)</p>	<p>2.1 TBD 2.2. TBD</p>	<p>2.1 Projects' baseline and post assessments and surveys 2.2 Projects reports</p>	<p>All relevant stakeholders maintain Institutional support in the long term</p>
<p>Outcome 3</p>	<p>Improved healthcare quality in selected areas with a focus on women and children's needs.</p>	<p>3.1 Coverage of new or upgraded essential health services</p> <p>3.2 Skilled health professionals' density (per 10,000 habitants)</p> <p>3.3. <i>GERF 2.33 Number of women of reproductive age, adolescent girls and children under 5 reached by nutrition related interventions supported by the EU [NDICI-Global Europe][SP]†(MIP)*</i></p>	<p>3.1 0 (2024) 3.2. 0 (2024) 3.3. 0 (2024)</p>	<p>3.1 TBD 3.3 TBD 3.3 TBD</p>	<p>3.1.WHO 3.2. WHO 3.3. Intervention's Monitoring System</p>	<p>All relevant stakeholders maintain Institutional support in the long term</p>

<p>Output 1 related to Outcome 1</p>	<p>1.1. Strengthened central and local institutions' capacities to expand the urban planning methodologies developed by previous projects, in particular the Local Areas Development Plans</p>	<p>1.1.1. Number of residents involved in local planning through a participatory process with EU support (disaggregated by sex, age and persons with disabilities). 1.1.2. Number of trained civil servants declaring having strengthened their capacities with EU support 1.1.3. Number of local urban plans incorporating socio-economic assessments</p>	<p>1.1.1 0 (2024) 1.1.2 0 (2024) 1.1.3 1.1.3. 0 (2024)</p>	<p>1.1.1. 1 million (2026-2030) 1.1.2. 500 (2030) 1.1.3. 10 (2030)</p>	<p>1.1.1 Decisions and policy documents adopted by the central and local authorities 1.1.2 Official urban plans 1.1.3 Projects reports 1.1.4. After training questionnaire</p>	<p>Security clearances provided as needed. Willingness of responsible institutions to amend urban planning policies and procedures. Interest of the local communities in participating in urban planning and monitoring</p>
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<p>Output 2 related to Outcome 1</p>	<p>1.2. Improved facilities and providers' capacities in social services, such as education and healthcare, in selected areas</p>	<p>1.2.1 Capacity of rehabilitated pre-primary and primary schools (in number of children);</p> <p>1.2.2. Number of basic service facilities upgraded in the selected areas (by sector)</p> <p>1.2.3. Number of teachers trained who demonstrate increased skills (by sex);</p> <p>1.2.4. Number of healthcare staff trained who demonstrate increased skills (by sex);</p>	<p>1.2.1 0 (2024)</p> <p>1.2.2 0 (2024)</p> <p>1.3.1 0 (2024)</p> <p>1.3.2 0 (2024)</p>	<p>1.2.1 Indicatively 9,000 (2030)</p> <p>1.2.2 Indicatively 20</p> <p>1.2.3. TBD</p> <p>1.2.4. TBD</p>	<p>1.2.1 Baseline and post assessments</p> <p>1.2.2 Residents' feedback</p> <p>1.2.3 Projects reports</p>	<p>Line institutions, in particular the Ministry of Education, the Ministry of Health, and local authorities ensure support and maintenance of the services and facilities upgraded.</p>
<p>Output 3 related to Outcome 1</p>	<p>1.3. Upgraded water and sanitation networks and expanded public and gathering spaces (e.g. streets, public parks, community centres) in selected areas</p>	<p>1.3.1. Number of efficient, sustainable and resilient water supply and sanitation systems a) developed in domestic, municipal and industrial sectors centres with EU support (by type of system water/sanitation)</p> <p>1.3.2. GEF 2.18 Total length of transport infrastructure supported by the EU (kms): (a) roads,</p> <p>1.3.3. Number of renovated public parks, community centres and youth centres with EU support (by type of facility)</p>	<p>1.3.1 0 (2024)</p> <p>1.3.2 0 (2024)</p> <p>1.3.3 0 (2024)</p>	<p>1.3.1 TBD</p> <p>1.3.2 TBD (by 2028)</p> <p>1.3.3 Indicatively 6 (2030)</p>	<p>1.4.1 Projects reports</p>	<p>Line institutions' support at central and local level.</p>

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Output 4 related to Outcomes 1	1.4. Strengthened local civil society capacities in selected areas in basic services provision	1.4.1. Number of CSO staff trained with EU support reporting increased skills for the delivery of basic services (by sector, by sex)	1.4.1 0 (2024)	1.4.1 TBD	1.4.1. Baseline and post assessments	CSOs' willingness to participate in the capacity development programmes
Output 1 related to Outcome 2	2.1. Improved the matching of stakeholders' skills to the labour market needs in selected areas	2.1.1. <i>GERF 2.14 Number of people who have benefited from institution or workplace based VET/skills development interventions supported by the EU: (a) all VET/skills development, Europe][SP]#</i> 2.1.2. Number of people who have benefited from business support counselling. 2.1.3. Number of local economic activities mapping developed 2.1.4. Number of events organised to bring supply and demand of the job market closer to each other	2.3.1 0 (2024) 2.3.2 0 (2024) 2.1.3.0 (2024) 2.1.4. 0 (2024)	2.3.1 TBD (2030) 2.3.2 TBD (2030) 2.1.3. 10 (2030) 2.1.4. TBD	2.3.1 Projects reports 2.2.1 Mapping documents	Residents' interest in the proposed activities.
Output 2 related to Outcome 2	2.2. Increased job offers and potential livelihood opportunities for unemployed residents in selected areas	2.2.1. <i>GERF 2.13 Number of (a) jobs [linked to construction], supported/sustained by the EU [SP][EFSD]#</i> <i>2.2.2.GERF 2.13 Number of (b) green jobs supported/sustained by the EU [SP][EFSD]#</i> 2.2.3 Number of project bundles supported	2.4.1. 0 (2024) 2.4.2. 0 (2024)	2.2.1. 1,000 temporary jobs (2030) 2.2.2. TBD 2.2.3. Indicatively 20 (2030)	2.4.1. Baseline and post assessments 2.4.2 Projects reports	Residents' interest in new livelihoods opportunities. Local businesses' interest in new activities.

						Sufficient availability of potential sites for project bundles creation.
Output 1 related to Outcome 3	3.1. Strengthened availability and use of quality health services, including community-based prevention and promotion services targeted in Outcome 1	3.1.1 Number of health facilities with quality systems supported by the EU	3.1.1.0	3.1.1 TBD	3.1.1 Intervention's reports	Line institutions' willingness and capacities.
Output 2 related to Outcome 3	3.2. Strengthened capacity of health services to attract and meet the health needs of the target group, including women and children, improving the interface between facility and community-based health services	3.2.1. Extent to which the in-service and pre-service training curriculum has been updated or adapted based on new needs and requirements	3.2.1. The current curricula in the health sector needs comprehensive update	3.2.1. TBD	3.2.1. Intervention's progress report based on expert analyses	

Output 3 related to Outcome 3	3.3. Increase human resources and skills capacity, increase retention and promote job satisfaction. .	3.2.1. % of skills retained by relevant institutions out of these proposed.	3.2.1. 0	3.2.1. TBD	3.2.1. Project reports	
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4. IMPLEMENTATION ARRANGEMENTS

4.1. Financing Agreement

In order to implement this Action, it is envisaged to conclude a financing agreement with the Arab Republic of Egypt.

4.2. Indicative Implementation Period

The indicative operational implementation period of this Action, during which the activities described in section 3.2 will be carried out and the corresponding contracts and agreements implemented, is 72 months from the date of entry into force of the financing agreement.

Extensions of the implementation period may be agreed by the Commission's responsible authorising officer by amending this financing Decision and the relevant contracts and agreements.

4.3. Implementation Modalities

The Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the Action with EU restrictive measures.

4.3.1. Direct Management (Grants)

4.3.1.1. Grants

The global budgetary envelope reserved for grants under this work programme is EUR 5 million.

a) Purpose of the grant(s)

The grants will partially contribute to outcomes 1, 2 and 3 of the action.

b) Type of applicants targeted

Non-governmental organisations (NGOs).

4.3.2. Indirect Management with a pillar-assessed entity

4.3.2.1. Indirect Management with a pillar-assessed entity – Component 1

A part of this Action may be implemented in indirect management with a pillar-assessed entity, which will be selected by the Commission's services using the following criteria: (i) adequate operational and financial capacities, (ii) presence in the country, (iii) solid experience in the sectors covered by the Action.

The implementation by this entity entails the implementation of the Specific Objectives/ Outcomes number 1.

4.3.2.2. Indirect Management with a pillar-assessed entity – Component 2

A part of this Action may be implemented in indirect management with a pillar-assessed entity, which will be selected by the Commission's services using the following criteria: (i) adequate operational and financial capacities, (ii) presence in the country, (iii) solid experience in the sectors covered by the Action.

The implementation by this entity entails the implementation of the Specific Objectives/ Outcomes number 2.

4.3.2.3. Indirect Management with a pillar-assessed entity – Component 3

A part of this Action may be implemented in indirect management with a pillar-assessed entity, which will be selected by the Commission's services using the following criteria: (i) adequate operational and financial capacities, (ii) presence in the country, (iii) solid experience in the sectors covered by the Action.

The implementation by this entity entails the implementation of the Specific Objectives/ Outcomes number 3.

4.3.3. Changes from indirect to direct management (and vice versa) mode due to exceptional circumstances

If the implementation modality under indirect management as defined in sections 4.3.2 cannot be implemented due to circumstances beyond the control of the Commission, the modality of implementation by a combination of procurements and grants under direct management will be used according to the following parameters:

- a) Purpose of the procurements and grant(s): The procurements and grant(s) foreseen under this Action will contribute to achieving Specific Objectives 1,2,3 of the Action, with 50% of the budget implemented through procurements and 50% through grants;
- b) Type of applicants targeted for grants: Non-Governmental Organisations (NGOs), International Non-Governmental Organizations (INGO).

If the implementation modality under direct management (Grant(s)) as defined in section 4.3.1 cannot be implemented due to circumstances beyond the control of the Commission, the modality of implementation under indirect management with a pillar assessed entity will be used. The entity will be selected by the Commission's services using the following criteria: (i) adequate operational and financial capacities, (ii) presence in the country, (iii) solid experience in the sectors covered by the Action.

4.4. Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply, subject to the following provisions.

The Commission's authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of services in the markets of the countries or territories concerned, or in other duly substantiated cases where application of the eligibility rules would make the realisation of this Action impossible or exceedingly difficult (Article 28(10) NDICI-Global Europe Regulation).

4.5. Indicative Budget

Indicative Budget components	EU contribution (amount in EUR)	Third-party contribution (amount in EUR)
Implementation modalities – cf. section 4.3		
Outcome 1 composed of		
Indirect management with a pillar assessed entity – cf. section 4.3.2.1	30 000 000.00	2 500 000
Outcome 2 composed of		

Indirect management with a pillar assessed entity – cf. section 4.3.2.2	9 500 000.00	2 500 000
Outcome 3 composed of		
Indirect management with a pillar assessed entity – cf. section 4.3.2	30 000 000.00	
Grants – Total amount cf. section 4.3.1	5 000 000.00	
Evaluation – cf. section 5.2 Audit – cf. section 5.3	500 000.00	N/A
Strategic communication and Public diplomacy – cf. section 6	will be covered by another Decision	N/A
Totals	75 000 000.00	5 000 000.00

4.6. Organisational Set-up and Responsibilities

A Steering Committee (SC) for each component will be set up in the first three month of operation of the Action to oversee and guide the overall direction and policy of the Action. It shall meet twice a year. It could also be convened whenever the project implementation requires strategic decisions.

The SC shall be chaired by the Ministry of International Cooperation (MoIC) on behalf of the GoE and will be composed of the Government line ministries and comprise representatives of other relevant ministries and Government entities and a representative of the EU Delegation. The SC has the right to invite other stakeholders whenever deemed appropriate, including representatives of the private sector and NGOs. The MoIC will act as SC secretariat. The SC will receive, discuss and review the periodical work plans, budgets, technical and financial reports of the programme.

A Technical Committee will be set up for each component of the Action and shall meet every 3 months. It will involve the other donors present in the sectors, as appropriate, to ensure complementarity.

As part of its prerogative of budget implementation and to safeguard the financial interests of the Union, the Commission may participate in the above governance structures set up for governing the implementation of the Action.

5. PERFORMANCE MEASUREMENT

5.1. Monitoring and Reporting

The day-to-day technical and financial monitoring of the implementation of this Action will be a continuous process, and part of the implementing partner's responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the Action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the Action, difficulties encountered, changes introduced, as well as the degree of achievement of its Outputs and contribution to the achievement of its Outcomes, and, if possible at the time of reporting, contribution to the achievement of its Impact, as measured by corresponding indicators, using as reference the log frame matrix.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

Arrangements for monitoring and reporting, including roles and responsibilities for data collection, analysis and monitoring: Data will be sex disaggregated and, when possible, include data on persons with disabilities involved in the Action. Feedback from the involved stakeholders will be collected through civil society partners and feedback mechanisms and will be integrated in the monitoring exercises.

5.2. Evaluation

Having regard to the nature of the Action, a mid-term evaluation and a final evaluation will be carried out for this Action or its components via independent consultants contracted by the Commission.

The mid-term evaluation will be carried out for problem solving, learning purposes, in particular with respect to possible changes in the needs of the final beneficiaries and adjustment of project activities.

The final evaluation will be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular the fact that the Action aims at supporting local interventions.

The Commission shall form a Reference Group (RG) composed by representatives from the main stakeholders at both EU and national (representatives from the government, from civil society organisations (private sector, NGOs, etc.) levels. If deemed necessary, other donors will be invited to join. The Commission shall inform the implementing partner at least four months in advance of the dates envisaged for the evaluation exercise and missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

The evaluation reports shall be shared with the partner country and other key stakeholders following the best practice of evaluation dissemination. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

Evaluation services may be contracted under a framework contract.

5.3. Audit and Verifications

Without prejudice to the obligations applicable to contracts concluded for the implementation of this Action, the Commission may, on the basis of a risk assessment, contract independent audit or verification assignments for one or several contracts or agreements.

6. STRATEGIC COMMUNICATION AND PUBLIC DIPLOMACY

All entities implementing EU-funded external actions have the contractual obligation to inform the relevant audiences of the Union's support for their work by displaying the EU emblem and a short funding statement as appropriate on all communication materials related to the actions concerned. To that end they must comply with the instructions given in the 2022 guidance document [*Communicating and raising EU visibility: Guidance for external actions*](#) (or any successor document).

This obligation will apply equally, regardless of whether the actions concerned are implemented by the Commission, the partner country, service providers, grant beneficiaries or entrusted or delegated entities such as UN agencies, international financial institutions and agencies of EU Member States. In each case, a reference to the relevant contractual obligations must be included in the respective financing agreement, procurement and grant contracts, and contribution agreements.

For the purpose of enhancing the visibility of the EU and its contribution to this Action, the Commission may sign or enter into joint declarations or statements, as part of its prerogative of budget implementation and to safeguard the financial interests of the Union. Visibility and communication measures should also promote transparency and accountability on the use of funds. Effectiveness of communication activities on awareness about the Action and its objectives as well as on EU funding of the Action should be measured.

Implementing partners shall keep the Commission and the EU Delegation/Office fully informed of the planning and implementation of specific visibility and communication activities before the implementation. Implementing partners will ensure adequate visibility of EU financing and will report on visibility and communication actions as well as the results of the overall action to the relevant monitoring committees.

Appendix 1: IDENTIFICATION OF THE PRIMARY INTERVENTION LEVEL FOR REPORTING IN OPSYS

A Primary intervention (project/programme) is a coherent set of results structured in a logical framework aiming at delivering development change or progress. Identifying the level of the primary intervention will allow for:

- ✓ Differentiating these Actions or Contracts from those that do not produce direct reportable development results, defined as support entities (i.e. audits, evaluations);
- ✓ Articulating Actions and/or Contracts according to an expected common chain of results and therefore allowing them to ensure a more efficient and aggregated monitoring and reporting of performance;
- ✓ Having a complete and exhaustive mapping of all results-bearing Actions and Contracts.

The present Action identifies as

Contract level (i.e. Grants, Contribution Agreements, any case in which foreseen individual legal commitments identified in the budget will have different log frames, even if part of the same Action Document)		
<input checked="" type="checkbox"/>	Single Contract 1	Contribution Agreement
<input checked="" type="checkbox"/>	Single Contract 2	Contribution Agreement
<input checked="" type="checkbox"/>	Single Contract 3	Contribution Agreement