

United Nations Development Programme

Country: Egypt



Project Proposal

Project Title:

Employment Creation in Innovative Public Work programs Phase 2

UNDAF/CPAP Outcome(s):

UNDAF Outcome 3.1: National and local capacities and systems are enhanced for decentralized, inclusive and gender sensitive planning, budgeting, monitoring and evaluation.

UNDAF Outcome 1.4: More and better skilled youth, women and other vulnerable groups have decent job opportunities.

Expected Project Outputs:

1) Local Economic Development Institutional Arrangements, tools and mechanisms established and adopted at the national level and in two of the poorest governorates

2) Short and Medium term employment opportunities for youth, in social services and Public Works programs, created in the poorest governorates

Implementing partner:

Social Fund for Development

Responsible Parties:

Ministry of Local Development with engagement of the Private Sector, CSOs Ministry of Social Solidarity, relevant Governorates and Academic Institutions.

Contents

1. Situation Analysis.....	4
2. Project Strategy.....	5
3. Results and Resources Framework	12
4. Annual Work Plan.....	14
5. Management Arrangements	17
6. Financial Arrangements	19
7. Monitoring Framework and Evaluation	20
8. Legal Context	21
9. ANNEX.....	23
Risk Analysis.....	23

Employment rate declined to 11.4% during the second quarter of 2011 compared to 11.8% during the last quarter of 2010, and 12.0% in 2010. It was estimated that 3.4 million Egyptians were unemployed during the second quarter of 2011. Over the same period, the unemployment rate among youth was 12.1% for those aged between 15-24 years old, 11.4% for ages 15-24 years, and 11.5% among the 25-34 years old. The unemployment rate among women was 14.1% during the second quarter of 2011, which was more than double the unemployment rate for men which stood at 7.1%. This indicates that it remains difficult for women to enter the workforce and gain employment which is challenging given that 14.5% of households are female-headed. Egypt's economic sector continues to be the major employer absorbing about one third of the labor force that is estimated at 26 million, of whom 11% are women. The private sector accounts for 75% of employment and contributes to around 65% of GDP.

After the January 2011 revolution, unemployment rates increased noticeably affected by the slowdown of a number of sectors that have traditionally employed a large percentage of Egyptians both directly and indirectly as in the case of tourism and agriculture. The youth are the most affected by this increase as new jobs for entrants into the labor force are not being created at a pace strong enough to absorb the 600,000 new job seekers every year. Moreover, job loss in the tourism industry hit affected mainly the youth who are usually heavily concentrated in this sector. There was also a significant decline in the volume of domestic as well as foreign investment coupled with stagnation in access to external markets (regional and international) by producers of agricultural and manufactured goods. This situation was further exacerbated by the resultant decline in the purchasing power of most Egyptians that affecting the level of demand for locally produced goods and services causing further slowdown in the economy and an increase in unemployment.

The negative impact of the above was significantly more severe at the local level and particularly in rural governorates that have already been marginalized economically during the decade of concentrated and regulated economic growth that preceded the revolution. In spite of their high potential for achieving sustained and diversified economic growth, many of Egypt's governorates have stagnated economically experiencing only pockets of growth or opportunity driven by tourism related activities or industrial activities that created only direct and limited

employment opportunities but seldom established sustainable linkages with the economies of their host localities.

This project will build on the achievements of the on-going program “Employment Creation in Innovative Public Work programs”, that aims to respond to the urgent need to create short term employment and to build capacities and skills of Egyptian unemployed youth in response to the current economic crisis. It will also build on momentum already initiated through an on-going UNDP programme which provides support in the area of decentralization and local development and which has piloted an LED promotion pilot over the past few months with the technical support of the UN Capital Fund (UNCDF). Based on rapid research and development activities and community appraisal and consultations embedded in broader Local Economy Assessments, it is implementing pilots in different sectors to expand and diversify employment opportunities for both young men and women. It also aims at providing recommendations for enhancing the public policies that foster employment.

UNDP will continue to partner with the Social Fund for Development (SFD), who has been a long-term partner of UNDP and has the needed capacity to support the launch and management of the described scope of work, as proven in the first phase of the program.

2. Project Strategy

In the first phase of the Project and in collaboration with the Ministry of Local Development (MOLD) and the Social Fund for Development (SFD) on the ongoing pilot on LED Promotion, the methodology of Local Economic Development (LED) was introduced. Based on the LED process that took place in Fayoum during the pilot phase and the LED process that will be launched shortly in Sohag, technical and institutional support will be provided to the 2 governorates for the institutionalization of the LED process and the implementation of the priority projects identified during the pilot phase. As such funding of infrastructure projects that support LED as well as economic development projects that promote job creation in both governorates will be implemented under this phase.

Moreover, the project will achieve its employment generation objectives through embedding this effort in a well-grounded and institutionalized process for LED promotion within empowered Local Administration structures in the target governorates. Such an integrated LED promotion platform will increase the accuracy of identified interventions, will contribute to their long-term sustainability and most critically, will increase the potential for their contribution to a broader and more strategic process for economic development in target localities. The strategy developed ensures that the projects identified are more relevant and fitting to the local natural resources, finances and the overall local context which will ensure alignment with local economic potential and context and will result in better targeting of interventions promoting investment and ensuring social equality.

The LEDP Pilot has launched the Local Economy and Business Environment Assessment (LEBA) and has contracted a team of local sector experts derived from Fayoum University as well independent local specialists to work in an integrated manner with the LED Facilitation

and the Governorate of Sohag to fully launch the LED process and to implement the following set of activities.

Under Output 1 the following activities will take place:

1.1. Technical Support/ Institutional development at national and governorate Level

Under this phase, the programme will build on efforts already made and will strengthen the institutional arrangements and further develop the procedures and capacities that are critical to conducting an integrated LED promotion effort at the national and local levels. This will initiate, create and support the formal adoption of an LED Support Unit at the national level and integrated within the Local Administration Support Unit. This Unit will provide the required technical backstopping and guidance to LED promotion processes in participating governorates. It will also provide technical and policy support to a national effort to enhance the macro-policy environment for LED promotion and to help streamline and rationalize LED related institutional arrangements and functional assignments at the central level to ensure coherence of support to LED promotion efforts. In addition to its direct institutional linkages with both the Social Fund for Development and the Ministry of Local Development, the LED Support Unit will establish working relations with other LED critical central ministries and agencies including but not limited to the Ministries of Investment, Agriculture, International Trade, Tourism, communication, transportation and electrification to name only a few. This will be done to strengthen horizontal coordination and integration among LED related sector strategies and initiatives.

At this stage, a basic institutional set-up and a skeletal staff has been recruited to initiate the functions of the LED Support Unit and to backstop governorate level LED promotion activities. During this phase, we will complete the recruitment of the central level LED team, further develop their capacities and fully deploy them in support of the local and national LED promotion processes and efforts.

Under this phase, the programme will also further develop and formalize the adoption of the LED Promotion Units that have been partially established at the Governorate level and mainly in Fayoum at this stage. The Programme will further strengthen this Unit and ensure its effective operations and will do the same in the Governorate of Souhag. This effort will enable the Governorate LED promotion Units to provide the required technical and procedural backing to the LED promotion process in each governorate. This process will update and deepen the implementation of the Local Economy Assessments that have been already applied in the two governorates, will further strengthen the LED Forums that are now already active in both. It will also further refine the LED Strategies that are now in the process of being developed through the support of Phase One of this Programme. Furthermore, it will support the development of Annual Investment/Implementation Plans as part of the annualized process of implementation of the Governorate's LED Strategies.

1.2. Continue to strengthen the role of the LED Forum

The LED Forum is designed to facilitate communication and active exchange between economic actors, to enable local government and other LED promotion actors such as line ministries, agencies, donor partners that are active within a locality to interact substantively with economic

intervention ideas that are identified through the LED Strategy and included in the Annual Implementation Plan into implementable and bankable projects that are ready for execution. This phase encompasses the following steps:

- a. The development of project and intervention profiles that can be considered prefeasibility project documentation;
- b. Identification and formal engagement of sponsors of project or interventions and securing their commitment to undertake implementation independently or in partnership with others. Such sponsors can be private sector, public sector, nongovernmental or development partner entities.
- c. Supporting and coordinating the carrying out of the needed feasibility and market studies for the proposed project to confirm feasibility and bankability and supporting the assessment of potential impact of proposed interventions to confirm added value.
- d. Support and facilitate access to project finance (grant, debt or equity) through the LED Fund or through financial intermediaries or other public sources or development partners.
- e. Support and coordinate the implementation of the project or intervention and ensure that it establishes the critical links with other actions and interventions and that it connects to the local economy.

1.5. Macro- economic policy alignment:

Assessment of relevant macro-economic at national level, identify gaps and bottlenecks and recommendation for adjustments.

Output 2: Short and Medium term employment opportunities for youth, in social services and public works programs, created in Fayoum and Sohag governorates.

The grant will be used to help local government to fully or partially finance infrastructure projects that were identified during the pilot phase through implementation of LED processes, and assessment of local economic context, stakeholder's consultation and the local economic strategy formulation. The LEDP Pilot in Fayoum is now gearing up to initiate the process of LED Strategy formulation. Based on initial analysis results generated through the Local Economy and Business Assessment (LEBA), a few sub-sectors in agriculture such as Dairy Production, Medical and Aromatic Herbs and fisheries are exhibiting potential and will require a variety of interventions (under some of the categories listed above) to unleash their growth. Promise is also being detected in tourism (cultural and agricultural) and in a few light-manufacturing clusters in metalworking, woodworking and construction materials production. Full details on the scope and substantive focus of the Fayoum and Sohag LED Strategy will be available by mid-May 2013.

The number of jobs under this output will depend on the identified and implemented priority economic development infrastructure projects. The preliminary target for Output 2 is to create 75,000 man/day in the identified sectors. The calculation is based on a 20% ratio of the total budget of Output 2, Activity 2.1 (4,100,000 USD) taking into consideration the current wage/day

We believe that this second Programme Phase will enable us to build significant momentum and to create stable, capable and sustainable institutional arrangements at the national and local levels that will function as the core foundation for launching the full-fledged LEDP in the near future. We also see this support as a message to other development partners, which we anticipate will entice them to join the effort and consolidate their economic development support initiatives in support of this integrated approach.

<p>1. Programme</p> <p>The Programme is designed to support the Government of the Republic of the Philippines in the implementation of the LEDP. The Programme is organized into four main components:</p> <ul style="list-style-type: none"> Component 1: Institutional Strengthening Component 2: Policy and Regulatory Framework Component 3: Technical Assistance Component 4: Monitoring and Evaluation 	<p>2. Objectives</p> <p>The Programme has the following objectives:</p> <ul style="list-style-type: none"> Strengthen the institutional capacity of the LEDP implementing agencies. Develop and implement policies and regulations that support the LEDP. Provide technical assistance to the LEDP implementing agencies. Monitor and evaluate the progress of the LEDP. 	<p>3. Activities</p> <p>The Programme will undertake the following activities:</p> <ul style="list-style-type: none"> Conduct training and capacity building for LEDP staff. Develop and implement policies and regulations. Provide technical assistance to LEDP staff. Monitor and evaluate the progress of the LEDP.
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<ul style="list-style-type: none"> - institutional structure for LED promotion set-up at Governorate and Central Ministry levels - LED projects and interventions identified, developed and slated for implementation 			
<p>Output 2</p> <p>Short and Medium term employment opportunities for youth, in social services and public works programs, created in Fayoum and Sohag governorates</p> <p>Indicators:</p> <ul style="list-style-type: none"> - Number of identified and implemented priority projects - Baseline: 0 projects identified - Target: At least 2 projects implemented - Number of jobs created by the above priority projects - Baseline: 0 at start of project - Target: 75,000 man/day - Parallel investment flows leveraged from public, donor and private sources in support of LED promotion: - Baseline: 0 at start of project - Target: at least half or same as funds expended by the programme in each governorate 	<p>2.1. Identify and implement priority economic development infrastructure projects</p> <p>2.2. Actively leverage additional investment flows and financing of LED through other development partners and public sector sources</p>	<p>UNCDF, UNDP, SFD, LED Governorate Units</p>	<p>4,100,000</p> <p>100,000</p>

5. Management Arrangements

Project Board: A Project Board takes executive management decisions and provides guidance to the Project Manager, including approval of project revisions and of the project's annual workplan. Project assurance reviews by this group are made at designated decision points during the running of the project, or as necessary when raised by the Project Manager. The Board contains three roles: an Executive to chair the group, a Senior Supplier to provide guidance regarding the technical feasibility of the project, and a Senior Beneficiary to ensure realization of project benefits from the perspective of project beneficiaries. This group is consulted by the Project Manager for decisions when PM tolerances (i.e. constraints normally in terms of time and budget) have been exceeded.

The Group will meet annually (or more frequently if necessary).

Potential members of the Project Board are reviewed and recommended for approval during the Programme Advisory Committee (PAC) meeting.

The Project Board will be composed of:

Chairman (Executive): Social Fund for Development

- Senior Supplier: MoFA, MoLD (LED Programme Team (central and governorate levels)
- Senior Beneficiary: Representatives from NGOs and governorates, the Private sector (formal and informal) in target localities
- Representatives from Participating donor agencies in the project and UNDP & UNCDF

Ex officio: The Project Manager and/or Coordinator

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

Project Assurance is the responsibility of each Project Board member, but the role can be delegated. The Project Assurance role will support the Project Board by carrying out objective and independent project oversight and monitoring functions. This role of the Project Assurance ensures appropriate project management milestones are managed and completed. UNDP in collaboration with UNCDF will be responsible for designating a person to provide this oversight, which is mandatory for all projects.

Project Manager: The Project Manager has the authority to run the project on a day-to-day basis on behalf of the Project Board within the constraints laid down by the Project Board. The Project Manager is responsible for day-to-day management and decision-making for the project. The Project Manager's prime responsibility is to ensure that the project produces the results specified

Government of Japan. Information given to the press and beneficiaries, all related publicity material, official notices, reports and publications shall acknowledge the Government of Japan and shall display in an appropriate way the logo of the development partner.

6. Financial Arrangements

The value of the payment, if made in a currency other than United States dollars, shall be determined by applying the United Nations operational rate of exchange in effect on the date of payment. Should there be a change in the United Nations operational rate of exchange prior to the full utilization by the UNDP of the payment, the value of the balance of funds still held at that time will be adjusted accordingly. If, in such a case, a loss in the value of the balance of funds is recorded, UNDP shall inform the Government with a view to determining whether any further financing could be provided by the Government. Should such further financing not be available, the assistance to be provided to the project may be reduced, suspended or terminated by UNDP.

The above schedule of payments takes into account the requirement that the payments shall be made in advance of the implementation of planned activities. It may be amended to be consistent with the progress of project delivery.

UNDP shall receive and administer the payment in accordance with the regulations, rules and directives of UNDP.

All financial accounts and statements shall be expressed in United States dollars.

If unforeseen increases in expenditures or commitments are expected or realized (whether owing to inflationary factors, fluctuation in exchange rates or unforeseen contingencies), UNDP shall submit to the government on a timely basis a supplementary estimate showing the further financing that will be necessary. To such aim, UNDP shall submit a formal written request to the Government of Japan for prior approval to project extension and/or re-deployment of funds between previously approved project budget components amounting to an increase or decrease of more than 20% of funds. The Government shall use its best endeavors to obtain the additional funds required.

In the event that the objectives, activities, or budget of an on-going project must be modified, UNDP will consult with the Ministry of Foreign Affairs of Japan or the Embassy of Japan in Egypt in advance for informal approval/objections. In the event that the Ministry is favourably inclined, UNDP will submit a revised project proposal to the Ministry of Foreign Affairs of Japan through its Permanent Mission in New York for formal approval.

If the payments referred above are not received in accordance with the payment schedule, or if the additional financing required in accordance with paragraph above is not forthcoming from the Government or other sources, the assistance to be provided to the project under this Agreement may be reduced, suspended or terminated by UNDP.

Any interest income attributable to the contribution shall be treated in accordance with the Japan-UNDP agreement on Arrangement for the Interest income derived from Japan-UNDP Partnership Fund.

Annually

- **Annual Review Report.** An Annual Review Report shall be prepared by the Project Manager and shared with the Project Board and the Outcome Board. As minimum requirement, the Annual Review Report shall consist of the Atlas standard format for the QPR covering the whole year with updated information for each above element of the QPR as well as a summary of results achieved against pre-defined annual targets at the output level.
- **Annual Project Review.** Based on the above report, an annual project review shall be conducted during the fourth quarter of the year or soon after, to assess the performance of the project and appraise the Annual Work Plan (AWP) for the following year. In the last year, this review will be a final assessment. This review is driven by the Project Board and may involve other stakeholders as required. It shall focus on the extent to which progress is being made towards outputs, and that these remain aligned to appropriate outcomes.
- **A Final Project Review** shall be conducted during the fourth quarter of the last year of the project by the Project Board as basis for assessing performance, contribution to related outcomes, and determining lessons for broader application. Using the final Project Review Report, the Lessons Learned Report and other documentation as appropriate, the Project Board should assess in this meeting the performance and success of the project, and its contribution to related outcomes.

Project Evaluation: The project will be evaluated according to UN Rules and Regulations.

Monitoring and Evaluation Resources:

Appropriate financial resources must be allocated to ensure that the above proper project monitoring and review/evaluation is carried out. Therefore, up to USD 70,000 will be allocated to monitoring and evaluation activities.

8. Legal Context

This document together with the CPAP signed by the Government and UNDP which is incorporated by reference constitute together a Project Document as referred to in the SBAA [or other appropriate governing agreement] and all CPAP provisions apply to this document.

Consistent with the Article III of the Standard Basic Assistance Agreement, the responsibility for the safety and security of the implementing partner and its personnel and property, and of UNDP's property in the implementing partner's custody, rests with the implementing partner.

The implementing partner shall:

- a) put in place an appropriate security plan and maintain the security plan, taking into account the security situation in the country where the project is being carried;

9. ANNEX

Risk Analysis

Use the standard Risk Log template. Please refer to the Deliverable Description of the Risk Log for instructions. **OFFLINE RISK LOG**



Project Title:

Award ID:

Date:

Description	Date Identified	Type	Impact & Probability	Countermeasures / Mngt response	Owner	Submitted, updated by	Last Update	Status
Risk of changes in costing of infrastructure projects	29 Jan 2013	Financial	Probability = 1 (low) Impact = 1 (low)	- will account for inflation during the design stage				
Civic unrest / strikes	29 Jan 2013	Operational	Probability = 4 (high) Impact = 1 (low)	- close follow-up on local level to ensure timely delivery of project activities.				
Unstable volatile political situation, in process of new government and parliament	29 Jan 2013	Political	Probability = 4 (high) Impact = 1 (low)	- promoting LED is a national priority, directly responsive to needs of revolution, regardless of upcoming regime.				
Limited/changing political commitment on local, governorate and central level	29 Jan 2013	Political	Probability = 2 (medium) Impact = 2 (medium)	- Continue dialogue at various levels to create more demand				
Deteriorating economic situation	29 Jan 2013	Economical	Probability = 2 (medium) Impact = 2 (medium)	- Continue to build on available resources				