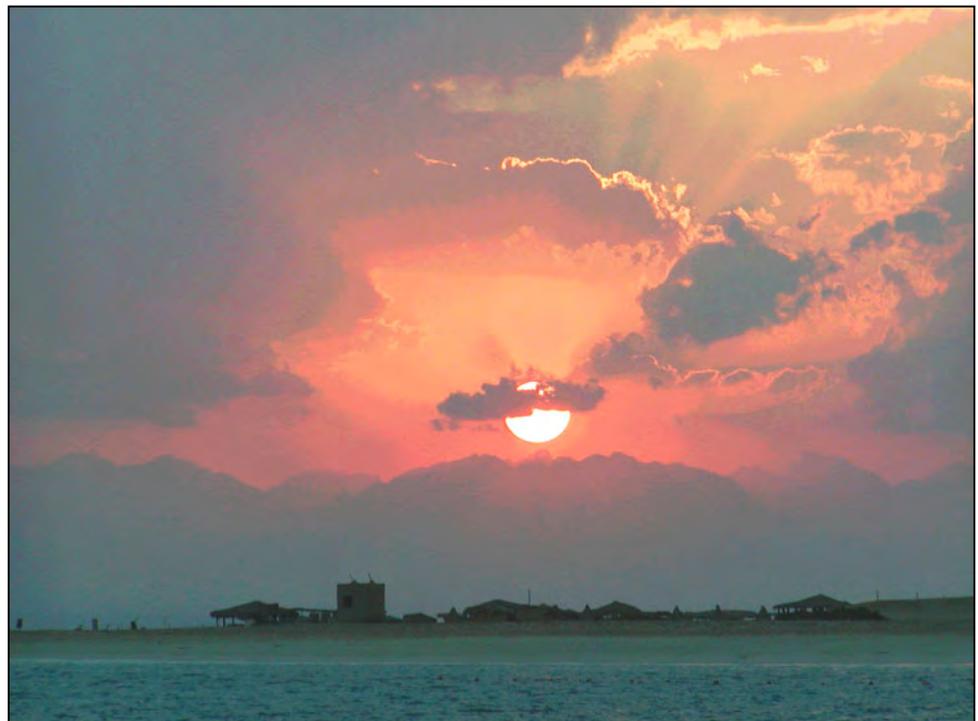




# **Summary Assessment of EEPP Tranche 1 Implementation**

**August 2002**





Monitoring, Verification, and Evaluation (MVE) Unit  
of the Egyptian Environmental Policy Program



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August 2002

Submitted to:

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Executive Committee

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Acronyms and Abbreviations

BOT	Board of Trustees	NO <sub>2</sub>	nitrogen dioxide
CAIP	Cairo Air Improvement Project	O <sub>3</sub>	ozone
CAOA	Central Authority for Organization and Administration	OEP	Organization for Energy Planning, Ministry of Petroleum
CEO	Chief Executive Officer	OSP	Organizational Support Program
CIDA	Canadian International Development Agency	Pb	lead
CO	carbon monoxide	PFTC	EEAA Department for Planning, Follow-up, and Technical Coordination
DANIDA	Danish International Development Assistance	PIU	TDA Policy Implementation Unit
DFID	(British) Department for International Development	PM <sup>10</sup>	Fine particulate matter
EEAA	Egyptian Environmental Affairs Agency	PSU	Program Support Unit, EEPP
EEC	Energy Efficiency Council	RBO	EEAA Regional Branch Office
EEIS	Egyptian Environmental Information System	RSPMP	Red Sea Participatory Management Program
EEPP	Egyptian Environmental Policy Program	SO	Strategic Objective (USAID)
EESBA	Egyptian Energy Services Business Association	SO <sub>x</sub>	Sulfur oxides
EGAC	Egyptian Accreditation Council	SWM	Solid waste management
EI	Environmental Inspection	T1	Tranche (or phase) 1 (of the EEPP, May 1999–March 2001)
EIA	Environmental Impact Assessment	T2	Tranche (or phase) 2 (April 2001–June 2003)
EIMP	Environmental Information Management Program	TA	Technical assistance
EMS	Environmental management system	TDA	Tourism Development Authority, Ministry of Tourism
EMU	Environmental Management Unit	UNDP	United Nations Development Programme
ENR	Environment and natural resources	USAID	United States Agency for International Development
EPAP	Egyptian Pollution Abatement Program		
EPF	Environmental Protection Fund		
ESA	Environmental Sector Assessment		
ESO	Egyptian Standardization Organization		
Finnida	Finnish International Development Agency		
GDP	Gross domestic product		
GEF	Global Environmental Fund		
GOE	Government of Egypt		
JICA	Japanese Inter-Cooperation Agency		
MHUNC	Ministry of Housing, Urban Development and New Communities		
MOSEA	Ministry of State for Environmental Affairs		
MOU	Memorandum of Understanding		
MV	Means of verification		
MVE	Monitoring, Verification, and Evaluation (Project), EEPP		
NEAP	National Environmental Action Plan		
NEES	National Energy Efficiency Strategy		
NGO	Non-governmental organization		

## Executive Summary

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This report is an assessment of Tranche 1 (T1) of the Egyptian Environmental Policy Program (EPPP), completed at the end of March 2001. Tranche 1 began in May 1999 and included specific actions to achieve policy reform objectives targeting several environmental themes such as strengthening institutions, increasing energy efficiency, reducing industrial pollution, improving solid waste management, and enhancing Red Sea natural resources management for environmental sustainability.

The objectives of this assessment were two-fold:

- ♦ Provide information on the progress attained in achieving policy reforms in relation to stated objectives.
- ♦ Recommend general approaches and specific actions by which lessons learned from T1 can be used to overcome any identified barriers and constraints for implementing T2 objectives.

Based on the results of the assessment, the MVE team has developed a summary of significant results, major constraints, and recommendations representing lessons learned during the implementation of T1 activities for each of the 15 objectives. Several crosscutting issues that emerged from reviewing the EPPP objective by objective are also presented.

Overall, EPPP has made tangible progress in creating an institutional framework, strengthening management and technical capabilities, developing strategies and work plans, and developing effective environmental management at national, regional, and local levels. Rules and regulations necessary for the implementation of the policy reforms of the program were also approved. The EPPP can certainly claim achievements in that it achieved 85 percent of its means of verification relating to nearly all the policy measures in T1.

These results constitute a significant step toward the achievement of the intended overall EPPP objective of implementing necessary policy reforms for improving management of the environment and natural resources of targeted areas. However, some of the necessary institutional arrangements are still incomplete and institutional capability is still not strong enough and may eventually impact the sustainability of the policy reforms.

The recommendations reflecting the crosscutting issues covered three broad categories: program design, program implementation process, and institutions and policies.

Recommendations to improve program design:

- ◆ Develop an integrated overall vision of the EEPP to clarify the relationship between specific tranche objectives and the overall objective of the program.
- ◆ Choose the most effective partners for implementing policy reforms.
- ◆ Develop policy measures to reflect significant advances in the implementation of the objectives of policy reform.
- ◆ Clarify the link between the implementation of policy measures and disbursement of funds.
- ◆ Link economic analysis with policy reforms to increase their adoption.

Recommendations to improve the EEPP implementation process:

- ◆ Ensure that EEPP activities are integrated with Government of Egypt (GOE) partners' priorities within the national agenda.
- ◆ Ensure that EEPP partners have a sense of program ownership through more complete integration of GOE and EEPP technical assistance (TA).
- ◆ Review project timeframes to allow more time for policy implementation.

Recommendations regarding institutional and policy improvements:

- ◆ Encourage interagency coordination and cooperation among institutions involved with EEPP.
- ◆ Develop a sustainable mechanism for strengthening the capacity of the environmental agencies.
- ◆ Develop effective decentralization of environmental management to regional and local levels.
- ◆ Develop a participatory mechanism to build, share, and disseminate environmental monitoring data.
- ◆ Develop a communication strategy to ensure public support of policy reforms.

Some of these recommendations are already being implemented in the design of Tranche 2.

# 1. Introduction

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## A. BACKGROUND

The United States Agency for International Development's (USAID) strategic plan for Egypt, covering the period 2000–05, includes a Strategic Objective (SO19) that focuses on improving management of the environment and natural resources (ENR) of targeted areas. One of the intermediate results in achieving this strategic objective is the development and adoption of effective ENR policies. In 1999, the GOE and USAID signed an agreement to implement the 5-year EEPP to support the GOE in undertaking reforms to its environmental policy framework and its institutions responsible for environmental management. USAID supports the program with technical assistance and direct monetary disbursements. The program implementation is organized into successive tranches. The objectives, policy measures, and milestone achievement for the disbursement of money are negotiated with GOE partners at the beginning of each tranche.

Tranche 1 of the EEPP, which covered the period from May 1999–April 2001, included specific actions to achieve 15 policy reform objectives targeting several environmental policy issues such as capacity building, decentralization, and financial sustainability of environmental sector institutions; energy efficiency; air quality improvement; solid waste management; and biodiversity and protected areas management and conservation. T2 of the EEPP started in April 2001, with an implementation period initially set for 18 months but now extended through June 2003.

The principal GOE partners involved in the implementation of T1 include the Egyptian Environmental Affairs Agency (EEAA)/Ministry of State for Environmental Affairs, the Tourism Development Authority (TDA)/Ministry of Tourism; and the Organization of Energy Planning (OEP)/Ministry of Petroleum. Secondary partners included governorates and other GOE agencies such as the Ministry of Housing, Urbanization, and New Communities.

USAID technical assistance to support the EEPP activities in T1 is provided through several activities, which include:

- ◆ EEPP Program Support Unit (implemented by International Resources Group)
- ◆ Red Sea Sustainable Tourism (implemented by PA Consulting)

- ◆ Energy Efficiency (implemented by Nexant)

Other technical assistance activities were carried out in the environment sector but, as these were not part of the EEPP policy matrix, they are not directly covered in this assessment.

- ◆ Solid Waste Management Privatization (implemented by Abt Associates) (now explicitly part of T2)
- ◆ Air Improvement (carried out by Chemonics International as the Cairo Air Improvement Project ) (now explicitly part of T2)
- ◆ Public Awareness and Communication (implemented by the Academy for Educational Development)
- ◆ Improved Air Quality Management (implemented by the U.S. Environmental Protection Agency)

## **B. ASSESSMENT OBJECTIVES**

This assessment is not intended to be an evaluation of the entire program and its impacts or of the performance of either the technical assistance contractors or the GOE partners involved in implementing the program. The assessment's objectives were two-fold:

- ◆ Provide information on the progress attained in achieving policy reforms in relation to stated objectives beyond that related strictly to the means of verification.
- ◆ Recommend general approaches and specific actions by which lessons learned from T1 can be used to overcome identified barriers and constraints for implementing T2 objectives.

## **C. ASSESSMENT METHODOLOGY**

To assess progress attained in achieving policy reforms at the end of T1, MVE analyzed EEPP progress reports on all of the 15 objectives of T1 and determined where accomplishments have been made and where constraints and obstacles remain to be addressed. Also, after June 2001, MVE held a series of interviews and discussions with USAID, GOE partners, and contractors implementing EEPP.

The merits of various approaches used to achieve policy objectives of T1 were rapidly assessed to provide information that would be practical and useful for improving the design and implementation of future policy activities, including T2 of the EEPP which started at the end of T1, as well as subsequent policy programs.

This report, originally prepared in the fall of 2001, has undergone a process of consultation, comment, and revision by USAID, GOE, TA contractors, and others. Thus, although only "final" in the fall of 2002, its information and conclusions have been available for use in EEPP before then.

Based on the results of the assessment, the MVE team has developed, for each of the 15 objectives, a summary of significant results, major constraints, and recommendations representing lessons learned during the implementation of T1 activities. In reviewing the objective-by-objective results, several crosscutting themes emerged as keys to achieving EEPP objectives.

The results of the T1 assessment findings are presented in four sections:

- ◆ Section 2 presents overall progress
- ◆ Section 3 describes cross-cutting issues for achievement of the overall policy program goal and objectives
- ◆ Section 4 presents key issues by specific objective
- ◆ Section 5 contains a more detailed assessment of individual policy objectives.



## 2. Overall Progress

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EEPP was designed to achieve policy objectives to improve management of the environment and natural resources of targeted areas. Of the 15 objectives in T1, nine have one or more specific measurable policy results associated with them. Measurable progress was made on all objectives, though not on every policy measure contained in them. A total of 33 of 40 means of verification were achieved while another 6 were partially achieved. A summary of the policy results achieved on each objective is included in the objective-by-objective assessment in chapter 4. For a discussion of each Policy Measure and Means of Verification see the MVE report, “Verification for Disbursement of Policy Reform Implementation: End of Tranche 1” from July 2001.

EEPP has made significant progress in creating an institutional framework, strengthening management and technical capabilities, developing strategies and plans, and developing effective rules and regulations necessary for the implementation of the policy reforms of the program. Examples of some results achieved at the end of T1 include:

- ♦ **Institutional Strengthening.** The EEPP is having important positive impact on the institutional capacity of its partners. Several decrees and directives have been issued enacting organization structures of the EEAA Regional Branch Offices (RBOs), the EEAA Environmental Protection Fund (EPF), the TDA Environmental Management Unit (EMU) and Policy Implementation Unit (PIU), and the EEAA Southern Region Protectorates Management Unit. EEAA staffed and equipped five RBOs and the construction of the remaining three RBOs is planned. It also increased staffing and resources devoted to the management of the Red Sea protectorate. Appropriate functions and responsibilities have been clarified. These institutional reforms, if fully implemented, would have a significant impact on the effective environmental management in Egypt.
- ♦ **Environmental Planning.** Environmental strategies, work plans, and financial plans have been developed for environmental planning units within several partner agencies. EEAA was successful in involving major stakeholders in the process of updating the National Environmental Action Plan (NEAP) and in the development of the National Solid Waste Management Strategy. A framework for a National Energy Efficiency Strategy (NEES) was developed by OEP using a participatory approach. The Red Sea Protectorate developed its work and financial plans to ensure management and conservation of the Red Sea coral reefs and coastal habitats. TDA

incorporated environmental considerations into its development plans by developing work and financial plans for its two environmental units.

- ◆ **Rules and Regulations.** EEAA developed the EPF operations manual for processing funding applications, completed an assessment of air emission standards, and developed a proposal for the implementation of a system for periodic review and modification of air emission standards. It also defined the roles and responsibilities for Environmental Impact Assessment (EIA) review and approval and coordinated with TDA's initiatives in designing EIA review instruments for tourism projects.

However, some specific constraints lessened the achievement of the intended policy measure for certain T1 policy reforms (see chapter 4). Examples of objectives with limited success at the end of T1 include:

- ◆ Expansion of the Red Sea Protectorate to other zones was postponed (see Objective 12)
- ◆ Establishment of an environmental management system (EMS) for the 10th of Ramadan industrial city that will lead to self compliance by individual industrial units (see Objective 9) was not completed. The Environmental Fund that will support this initiative is pending a decree from the Minister of Housing.
- ◆ The steps taken by TDA to improve and tighten the EIA system for tourism development projects still need further efforts. Though system leakage regarding submission of EIA by new projects is now controlled, EIA quality, internal TDA review, and compliance monitoring need further improvements and measures to increase their effectiveness (see Objective 14).

Overall, with the results achieved at the end of T1, one can say that the GOE's EEPP partners gained more knowledge and are now more technically capable. They are better organized to carry out their mandates. They have established better institutional structures and developed better participatory mechanisms with respect to other governmental entities and even to other parts of society.

To what extent the achievement of these specific measures will culminate in the long run with the achievement of the EEPP overall purpose will depend largely on the sustainability of institutional capabilities and the implementation of EEPP policy reforms. Political commitment and strong environmental institutions are necessary to support the policy reforms to achieve the intended EEPP objectives and to ensure the sustainability of the program results.

Although this was written originally while the intention of having both a second and third tranche within the scope of the EEPP was still in force, EEPP has now been re-planned for T2 only. This radically alters the prospects for what will be accomplished by EEPP overall and for what the situation will be like at the end of the project. T1 was to set the institutional base for T2 and T3 policy reforms. Now T2 has been redesigned, with much of the focus remaining on institutional strengthening. The likelihood is that, in the end, EEPP will have accomplished a high degree of institutional strengthening for

environmental management institutions at various levels but will have accomplished a limited amount of reform of actual environmental management policies and little actual change in the environmental conditions. Even if that is the case, accomplishments through EEPP still will have been substantial.

This document has been adjusted to reflect an awareness of the T2 plans as of Spring 2002.



### 3. Crosscutting Issues

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The issues developed in this section cut across the experience implementing various objectives of T1, building upon both successful approaches from one or more of these objectives as well as lessons learned from some of their shortcomings. Recommendations on these issues are organized hierarchically into three broad categories: program design, program implementation, and institutions and policies.

In the program designed before T1 was actually signed there was a clear concept for the progression from T1 through T3. When this existed what were called the End Results were a combination of results from T1 and from the full program. Although the T1 matrix was taken out of this T1–T2–T3 context, the existing End Results named in those documents were retained. This meant that the link between the T1 Policy Measures and the End Results was incomplete, as often T1 was to set the institutional base for the reforms in later tranches that would accomplish the End Results. When some of the T1 Policy Measures were turned into “non-policy measures” that had no explicit reforms to be achieved nor cash associated, the link between actions and results became even more tenuous. Therefore, because T1 activities were not necessarily expected to accomplish the End Results named in the Memorandum of Understanding (MOU), it has been difficult in some cases for MVE to determine whether T1 achievements are consistent with intended End Results.

#### A. PROGRAM DESIGN

Recommendations for improving the EEPP design include development of the overall vision, improvement of policy measures, linking the disbursement with EEPP implementation, and linkage of economic with policy reforms.

##### **A1. Develop an integrated overall vision of EEPP to clarify the relationship between specific tranche objectives and the overall objective of the program**

The Environmental Sector Assessment (ESA) suggested that the principal problem in environmental management in Egypt was the inability of GOE agencies to formulate and carry out policy. It follows that the purpose of T1 was setting the institutional base for

carrying out actual policy reforms in T2 and T3. In this way, the institutions would gain experience and “learn by doing.”

In T1, the policy measures were grouped under 15 objectives, some of which bear clear relationships with others, while others are essentially stand-alone initiatives. The T1 objectives were not presented in a structured and integrated way to show the relationships between the achievement of specific objectives in each tranche and the overall program objectives at the end of the EEPP. It is not clear that, if completed, all the various policy measures would contribute directly to the overall EEPP purpose, as was originally intended.

Some of the policy objectives are general and include the work under other specific policy objectives. For example, the policy objective *increased integration of environmental dimensions in national planning and development* (Objective 2) is very broad in nature and many other objectives could be listed under it. Other objectives are very specific and could be easily grouped together under a broader objective. For example, *strengthening the policy monitoring capacity within TDA* (Objective 14) is closely linked to *strengthening the capacity of TDA to develop and disseminate environmental best practices* (Objective 15). Also, Objectives 8 and 9 deal with the same policy issues that lead to *increasing compliance with environmental standards*. This fact was recognized in T2, where both objectives were grouped under a single objective promoting compliance with Law 4/1994 (T2, Objective 2). Similar consolidation of objectives reduced the number of objectives in T2 to 10 but while a step forward, these changes did not solve the problem completely.

It is necessary to develop a conceptual framework to demonstrate to EEPP partners how the various program objectives are complementary and how their results would add up to achieve the overall EEPP goal. The conceptual framework would help the program to focus on a few overall objectives. Several objectives can be easily grouped into one objective with few effective policy measures.

**Recommendation:** There should be a clear vision of what EEPP is trying to accomplish in terms of various policy reforms versus building sustainable policy analysis and implementation capabilities. The vision for how much each tranche is going to contribute to those must be made clear. Develop a structured conceptual framework for EEPP with a clear integrated vision of objectives and definition of the relationships and links between the implementation of various policy reforms and the achievement of the overall program objectives. This process will help establish greater clarity regarding the overall vision for the program and help in the evaluation of its impacts.

## **A2. Choose the most effective partners for implementing policy reforms**

Why were these partners chosen for Tranche 1 of EEPP? A question remains as to whether or not the partners were chosen on the basis of existing relationships in previous

projects or whether they were chosen based on a new analysis of the requirements for carrying out important policy reforms. EEPP may need to engage the more powerful players. Would it be effective to have an explicit relationship with the Cabinet of Ministers or with the Minister of Environment directly? Would it have been more effective to have included others such as the Ministry of Planning or the Ministry of Finance? It does seem that for sustainable tourism, TDA was a necessary partner but that for sustainable protection of the Red Sea, the Red Sea Governorate would also be an indispensable partner. Involving the Ministry of Electricity and Energy would have been of major importance in addressing issues related to reduction of air pollution and emissions of greenhouse gases. Similarly, the Ministry of Planning is a major player if the integration of environmental management in national planning and development programs is an objective. If institutional reforms were the focus of T1, ministries such as Finance and Administrative Development should have been considered as major partners.

**Recommendation:** GOE entities with adequate authority to implement intended policy reforms should become direct partners of EEPP and be entitled to receive TA and cash disbursements.

### **A3. Develop policy measures to reflect significant advances in the implementation of the objectives of policy reform**

The T1 policy measures, in most cases, did not achieve as much as needed to reach the End Results described in the MOU to be reached by the end of the Program. Some T1 policy measures were actually only limited, partial, or preliminary steps in the entire policy reform process necessary.

A large number of policy measures focused on drafting protocols or agreements, or issuing decrees necessary for the eventual formulation and implementation of necessary policy reforms. For example, the expected measurable policy results at the end of T1 for the objective of *reduction of air pollution and emissions of greenhouse gases* (Objective 7) was to establish a protocol with participating public and private entities for developing a NEES. Because of the delay in the start-up of T1, the protocol was already established before the inception of T1. Even though a participatory approach is required to develop efficient codes and standards, using the protocol as a policy measure does not reflect any level of commitment to advancing development, endorsement, and implementation of the policy. There is a large gap between development of the NEES itself and signing a protocol for among major players to undertake such development.

Another example is signing an Executive Decree establishing a PIU as one of the policy measures for *strengthening of TDA capacity to develop and disseminate best practices in the tourism development in the Red Sea coast* (Objective 15). The submitted executive directive naming a committee to establish the PIU was dated 24 April 1998, indicating that the TDA was in the process of establishing the unit before the start of T1. Another TDA directive was

submitted during T1 that outlined the actual responsibilities and establishment of the PIU.

Though means of verification requirements were met by issuing a decree or an executive order and developing work and financial plans, the environmental management function is still not fully operational because of a lack of permanent staffing and financial resources. This is the case, for example, for the establishment of both environmental units within the TDA: Environmental Monitoring Unit (Objective 14) and Policy Implementation Unit (Objective 15). Though the PIU did hire additional staff members and receive additional office space, the EMU really is an internal reorganization of existing staff, with the addition of limited new staff.

Defining policy measures often requires considering the whole policy developmental process. Policy measures should be developed to include all phases of the process needed to implement a specific policy and ultimately achieve the overall objective. Policy measures should be satisfactory for measuring both short-term results (end of tranche) as well as long-term results (end of the program).

Some policy reforms, including institutional changes, take a long time to implement. Therefore policy measures should be developed that show clearly-defined incremental progress toward the eventual policy reform or objective.

**Recommendation:** EPPP represents a major programming shift for the targeted GOE partners. Therefore, neither major changes in policy nor in institutions should be expected in initial stages. Each stage or tranche should be progressively more challenging. Still, even first policy measures should be formulated to achieve real progress.

#### **A4. Clarify the link between the implementation of policy measures and disbursement of funds**

It is not clear how the incentives created by the disbursement of funds are impacting the policy changes. The link between disbursed funds and achievement of the EPPP objectives has not been explicitly defined. Some partners view the disbursement of funds as one means of operationalizing new capabilities created in T1. An assumption was made that the prospects of an eventual cash disbursement would be an incentive to the GOE to undertake difficult policy reforms. An example of this is reforms that need a certain type of expertise, or large budgets for awareness/communication of the general public or of decision makers. In addition, having partners implement activities before receiving cash disbursements demonstrates their commitment to the reforms. Otherwise, the cash disbursement is essentially just directly paying for these reforms. However, in some cases, partners indicated that in light of resource constraints they would be unable to implement reforms until they received the cash disbursement. Adding to the complexity of the incentive structure, it may have been unclear to all Program partners: (a) how long the time lag would be for the receipt of disbursed funds by the agencies;

and (b) what percentage of the value of each means of verification would flow back to the agencies.

**Recommendation:** It is critical that all parties have a realistic understanding of the linkage between achieving policy measures and receiving cash disbursements, including the timeframe for receiving disbursement and the percentage of the total value of a given means of verification that the relevant agency will receive. If disbursement will occur only after the achievement of policy measures, it is important that GOE partners understand this principle, and that they therefore do not expect to receive part or all of the cash disbursement in order to implement specified policy reforms.

#### **A5. Link economic analysis with policy reforms to increase their adoption**

The Ministry of State for Environmental Affairs and EEAA are seeking cooperation with stakeholders for industrial compliance by providing technical assistance and funding mechanisms for industrial pollution control activities. The industries willing to comply are the ones who see a direct economic return on their environmental investment. Usually the policies that appear to negatively affect economic growth or business investment are likely to command more critical attention from policy makers than those that appear more economically acceptable. Export-oriented industries and enterprises selling to global markets such as tourism are the type of industries that have seen a direct economic return on their environmental investment.

EEAA has to develop standards and define acceptable pollution levels, recommend economically efficient technologies, develop monitoring and licensing programs, and reinforce non-compliance laws. This process would require a lot of time and resources and good partner cooperation for its successful implementation. Even severe penalties for non-compliance would not encourage the polluters to adhere to the required pollution standards without any economic incentives. Using economic incentives in addition to or instead of the traditional standards-and-enforcement approach in an effort to secure compliance with environmental regulations is likely to be more broadly effective.

**Recommendation:** Link economic analysis with policy reforms design and formulation to increase their economic benefits.

#### **B. PROGRAM IMPLEMENTATION**

The issues presented in this group include EEPP integration with GOE priorities, ownership of program activities and development of practical schedules for completion of policy reforms.

**B1. Ensure that EEPP activities are integrated with GOE partner priorities within the national agenda**

Integrating program activities with national and regional policy strategies is the most efficient way to increase GOE involvement, and ultimately the effectiveness of the program. Policy reforms should support current government priorities. When the policy objective is among the GOE partners' priorities, the policy process moves faster. For example, the policy objective aimed at improving the efficiency of solid waste management systems through a strategy that includes more active participation of the private sector achieved significant progress during T1. One of the reasons for this success is that the strategy had high level political support.

However, when an EEPP policy reform is not a GOE priority, implementation may be slow. This constraint prevented the achievement of the T1 policy measure meant to *extend the Red Sea Protectorate to other areas by issuance of a Ministerial Decree* (Objective 12). In this case, EEAA wanted to have in place greater management capacity and resources before extending protectorate status to new areas of the region. Developing a common understanding of the EEPP policy objectives among USAID, GOE partners, and other stakeholders is an essential step in the successful formulation and implementation of any policy reform.

**Recommendation:** Ensure that EEPP partners and stakeholders have a common understanding of the project objectives and policy reforms and that the policy reforms are among GOE partners' priorities to ensure their full support.

**B2. Ensure that the EEPP partners have a sense of program ownership through more complete integration of GOE and technical assistance activities**

USAID provided significant technical assistance to help GOE partners accomplish the T1 policy measures. The program was originally envisioned to have GOE partner staff work side by side with the TA providers. However, because of limited capacity at program start up, the participation of the GOE partner staff was limited in some cases to review and comments on the products developed by the technical assistance providers. Therefore, the partner staff involved with the program were often unable to participate in the whole process of developing the required products. In some cases, opportunities for on-the-job training of partner staff were extremely limited. And given their limited involvement, partners did not have a strong sense of ownership regarding the Program activities.

The partners should take advantage of the EEPP technical assistance to strengthen their capacity. They need to be more engaged in the whole process of policy formulation and implementation and drive the process to ensure the sustainability of the program. They should feel responsible for achieving the intended policy measures and program

objectives. This sense of ownership can make them an active and effective partner in supporting the implementation of the program. They will assume ownership of the developed policy reform and consequently work to support its implementation to ensure the program's success and long-term sustainability.

**Recommendation:** Ensure that the staff of concerned environmental agencies take an important role in the development of EEPP technical assistance products to develop a sense of ownership of the program objectives and willingness to achieve them. In particular, TA contractors should be seen as advisors and not as the parties actually carrying out the work.

### **B3. Review project timeframes to allow more time for policy implementation**

T1 was used principally to develop institutional capacity necessary to implement the policy reforms necessary to achieve the program's overall objectives. Creating regulations and building institutional capacity to execute a complex policy program such as EEPP is time-consuming. During T1, the GOE partners were understaffed and lacked policy and strategic planning experience. These limitations impacted their participation in the formulation and implementation of some policy measures. For some policy measures, there was not enough time to undertake appropriate steps to implement the enacted policy reforms.

**Recommendation:** Review project schedules to ensure that there is sufficient time for effective achievement of EEPP policy reforms. This recommendation is being addressed in T2.

## **C. INSTITUTIONS AND POLICIES**

This section presents the recommendations dealing with interagency coordination and cooperation, institutional strengthening, decentralization, data sharing and dissemination, and public awareness.

### **C1. Encourage interagency coordination and cooperation among institutions involved with EEPP**

A diverse set of administrative agencies shares increasing responsibility for environmental management, and with it the enormous power to implement the law. Often organizations tend not to share information or coordinate with one other. The implementation of EEPP is complex: involving all relevant institutions will help guarantee their cooperation and effectiveness. Several EEPP policy objectives were formulated to ensure the development of systems and procedures to achieve effective coordination throughout the implementation of the program, with little progress. Better

coordination between different EEPP stakeholders would certainly be a positive development. The most important and most visible environmental agency is EEAA.

Joint programming, monitoring, and evaluating of environmental programs is one solution proposed to improve interagency communication. As an example, a joint committee composed of senior representatives from EEAA, TDA, and the Red Sea Governorate, was a good cooperation mechanism in solving problems related to tourism development in the Red Sea (Objective 13 and Objective 14). The implementation of the Solid Waste Management objective (Objective 11) is another example of successful interagency cooperation in defining the role of the lead coordination agency (EEAA) versus the roles of other stakeholders. This is compatible with the already existing legal mandates and does not interfere or overlap with the domain of other parties while at the same time allows for adequate input from them through a consultative process.

The EEPP has recently activated technical working groups to coordinate and supervise the implementation for each objective of the program. This is a good initiative to get counterpart representatives more actively involved. Technical working groups may represent a forum where different stakeholder agencies can discuss, debate, and develop policies and interagency mechanisms for their engagement in the implementation process.

**Recommendation:** Develop more effective mechanisms to ensure interagency coordination and collaboration at national, regional, and local levels, tailored to achievement of each specific objective. A detailed analysis would be highly recommended to address this issue.

## **C2. Develop a sustainable mechanism for strengthening the capacity of the environmental agencies**

Lack of institutional capacity has been a key issue in implementing EEPP T1. In general, the current GOE partners are not sufficiently staffed to implement, in a short timeframe, a large and complex policy program such as the current EEPP.

For example, EEAA, the main agency responsible for setting national environmental policies and coordinating environmental management activities, is still understaffed and has limited capacity to develop strategic plans and work plans without technical assistance. The limited number of qualified staff in EEAA to review proposals and manage the allocation of funds has also hampered the full implementation of a mechanism for broadening the utilization of the Environmental Protection Fund to support a wide range of environmental policies and activities.

At the regional level, the newly created EEAA/RBOs still have a limited capacity in terms of resources and qualified technical staff to operate in accordance with their new approved policies and procedures. At the local level, the Environmental Management Units (EMUs) in the governorates are very limited in terms of resources and environmental planning experience.

Neither the EMU nor the PIU established by TDA during T1 is yet fully functional. Both were anticipated to begin functioning directly following the end of T1, based on the institutional development accomplished and financial planning. However, both units still need permanent staffing, sustainable budgetary resources and other inputs to initiate full-fledged operation.

The Red Sea Protectorate PIU requires more staff and resources to implement its management plan and to expand the Red Sea Protectorate to include other important threatened coastal ecosystems. The program has been implemented with considerable support from development programs funded by donors. This raises questions of operational sustainability after these programs end. Are there enough allocated budgetary funds and resources to ensure that the Red Sea Protectorate PIU functions in a sustainable manner without external financial resources? EEPP is addressing this issue in T2.

Given the constraints above it is even more imperative that EEPP find a way to more fully integrate technical assistance with GOE priorities. The use of EEPP cash disbursements may address staff and resources needs in the short term. However, long-term sustainability of the EEPP partners should be given a high priority.

**Recommendation:** The GOE should provide more human resources to allow effective and sustainable implementation of the environmental policy reforms. More budgetary resources are needed for hiring new and qualified staff in the areas of policy formulation, planning, and analysis. New revenue generating mechanisms are needed to finance some of the environmental operations, such as the protectorate programs.

### **C3. Develop effective decentralization of environmental management to regional and local levels**

One of the objectives of the EEPP program is to decentralize core environmental management functions to regional and local levels. To achieve this objective, T1 defined a set of measurable results that included the development and approval of decrees and executive orders defining the roles and responsibilities of EEAA/RBOs. The financial plan for operationalizing all the RBOs within EEAA was approved during T1. However, the implementation of the decentralization measures is still in its initial stage and environmental authority is still highly centralized.

The promulgation of the ministerial decree defining the management responsibilities of the RBOs is only one basic step in achieving the intended objective of decentralization of environmental management. Further essential steps addressing the decentralization process are required.

Lack of sufficient resources at the regional and local level is considered one of the major constraints in the achievement of effective decentralization in environmental

management. The EMUs within the governorates have limited staffing and resources to implement their environmental management programs at the local level.

The cooperation mechanism for the implementation of the EIA process by EEAA and TDA in the Red Sea is still in its initial phase. One of the major achievements during T1 was to have a TDA Working Group, chaired by an EEAA department head, successfully design and begin implementing new EIA mechanisms for TDA projects.

**Recommendation:** Develop mechanisms to strengthen the decentralization of environmental management at regional and local levels, which include capacity building, improvement of coordination and communication with local environmental partners, and fostering local public participation. Much of this is addressed in T2. A specific institutional analysis is recommended to identify real constraints to decentralization within the GOE's system and to develop specific recommendations. In fact, MVE currently is undertaking an analysis of decentralization of environmental management. This analysis will include recommendations to improve environmental management at local levels.

#### **C4. Develop a participatory mechanism to build, share, and disseminate environmental monitoring data**

One of the most important aspects of environmental policy formulation is the availability of supporting environmental data. The MVE analysis, "Towards a Common Information Base for Egyptian Red Sea Protection and Development," found that the ecological data needed to plan and manage sustainable development of the area are not available either because they do not exist or because they cannot be accessed. This finding is confirmed for the whole environmental sector in Egypt. This was also made clear in the MVE report on development of environmental indicators for the EEPP Monitoring System.

Baseline environmental data is generally limited and if it exists it is in a non-standard format and is dispersed among several agencies with limited information exchange. Each GOE agency has developed some kind of data information tools and sources to support its environmental management decisions. The spatial and temporal resolution of the available data collection depends on the needs of each institution. However, to many stakeholders involved in EEPP and related programs, the data and information contained in these sources are not easily accessible.

To track environmental conditions in Egypt and evaluate performance and impacts of programs in targeted sectors of the environment, including the policy reforms, periodic data must be produced and accessible to those who need it. Air emissions data and industrial waste and municipal solid waste generation are examples of data needed in EEPP to support its policy formulation and implementation.

Sharing of environmental monitoring information is an important part of building interagency coordination and should be encouraged. It will also help advance policy

formulation and implementation. Much of the demand for data and information by different stakeholders would be met by upgrading and standardizing the existing information systems and developing mechanisms to facilitate accessibility.

**Recommendation:** Develop a participatory mechanism to build and standardize environmental monitoring information systems and improve information sharing and access by stakeholders. Not all data and information need be publicly available, but information should be shared with the appropriate partners at the appropriate level. A detailed analysis is needed to look at the demand and supply of data and information to support EEPP implementation.

#### **C5. Develop a communication strategy to ensure public support of policy reforms**

Most senior officials in the GOE partner organizations understand the key environmental policy issues in each sector and what is needed to overcome the implementation constraints. However, there is a large gap in awareness between the regulatory agencies, the regulated entities, and the public about environmental degradation, existing laws, and regulations. Awareness about available funding for environmental services also is lacking. For example, a large percentage of Egyptian industries still have little or no knowledge of existing and new environmental laws and regulations and the available alternatives to ensure their compliance with the law. There is a need to build institutional capacity to develop an effective communications strategy that educates polluters and the public in general about existing environmental laws and their compliance requirements.

The development of an effective public awareness strategy can help build a consensus among all stakeholders about environmental policy issues and overcoming implementation constraints to move the adopted policies from intention to implementation. Public support for policy is the key to its successful implementation.

The current focus of EEPP is on strengthening GOE environmental agencies. There is a need for the formulation and implementation of a communication strategy to broaden public support for EEPP policy reforms. NGOs could play a key role in public overall environmental awareness.

**Recommendation:** Develop institutional capacity for the development and implementation of an effective communication strategy to increase public awareness and gain public support for EEPP environmental policy objectives.



## 4. Key Issues by Specific Objective

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T1 of EPPP was designed to achieve 15 specific objectives with a set of specific policy measures defined in the MOU between the GOE and USAID. These specific policy measures involved multiple agencies at different levels of government in different environmental sectors at the local, regional, and national levels. The extent to which one can say these objectives and related specific policy measures were achieved at the end of the tranche depends largely on the specificity of each objective. The following sections present a summary of key achievements, constraints to implementation, and recommendations for improvements for each objective. The objectives are grouped, in accord with the MOU, into five sectors: institutional strengthening and legal reforms, energy efficiency, air pollution reduction, municipal solid waste management, and Red Sea environmentally sustainable tourism.

### A. INSTITUTIONAL STRENGTHENING AND LEGAL REFORMS

The policy issues developed in T1 to improve overall institutional capacity and legal reforms included:

- ◆ Objective 1: Capacity building of the environmental institutions to improve strategic planning and analysis.
- ◆ Objective 2: Integration of the environmental dimension in national planning and development programs.
- ◆ Objective 3. Decentralization of core environmental management functions to regional, governorate, and local levels.
- ◆ Objective 4. Establish system for periodic review and modification of air emission standards.
- ◆ Objective 5. Establish and activate a mechanism through which Environmental Protection Fund (EPF) resources are broadly used to support a range of environmental policies and activities.
- ◆ Objective 6: Promotion of policies that increase the availability and ability to afford equipment, spare parts and inputs for environmental control, and monitoring and pollution prevention. Note that this objective would have been better placed in the “Reduced Industrial Pollution” area.

EEAA is the primary agency responsible for the development and implementation of these objectives with USAID technical assistance provided mainly by the Program Support Unit (PSU).

In an overall sense, the EEPP T1 MOU identified the EEPP as a program “to support policy, institutional, and regulatory reforms . . .”. The primary constraint to good policy and policy reforms was identified in the ESA as the insufficient ability to analyze and formulate policy and thus much of T1 was to be directed at institutional strengthening, as noted in the “EEPP Policy Objective Background Document,” Annex A:

## II. Reforms Overcoming Cross-cutting Institutional, Financial and Economic Constraints

Several areas affect the ability of Egyptian organizations to formulate and implement environmental policies effectively. Areas that require strengthening are: policy formulation and analysis; the availability of information for policy-making and implementation of environmental programs; institutional capabilities to implement environmental policies and enforce environmental regulations; mechanisms that provide awareness of environmental policies and issues.

And yet, in terms of actual attention, it should be noted that in T1 there were ultimately no policy measures that directly addressed three of the four areas named: policy formulation and analysis; the availability of information for policy-making and implementation of environmental programs; [and] mechanisms that provide awareness of environmental policies and issues. The replacement of policy measures in these areas with non-policy measures that were “steps and tools” significantly lowered attention devoted to these issues in T1. This change is exceptionally unfortunate as the principal purpose of T1 of EEPP should have been building capability for policy formulation and analysis.

### **Objective 1: Build capacity of EEAA to provide long-term strategic planning and environmental policy formulation and analysis (no policy measures)**

EEAA is facing many challenges trying to assume responsibility as the primary agency responsible for formulating strategies to address environmental issues in Egypt. It is under-funded and therefore cannot properly staff, train, equip, or manage its environmental tasks. It also lacks the organizational structure to develop and implement its planning function. This policy objective aims at strengthening the institutional capacity of EEAA to provide long-term strategic planning policy formulation and analysis. Even though no policy measures were set for this tranche, two anticipated results at the end of T1 were listed: (a) complete EEAA needs assessments and work plan: and (b) initiate a consultative process to update the National Environmental Action Plan (NEAP). Table 1 illustrates the implementation process for Objective 1.

**Table 1 Objective 1 Implementation Process**

Situation before T1	Anticipated policy results at the end of T1	Actual policy results at the end of T1
Lack of organizational and planning capacity of EEAA (insufficient staff, limited planning capability)	EEAA completes a needs assessment and work plan to meet strategic planning, monitoring, and evaluation	EEAA carried out an organizational assessment and produced a proposal for the development of Department of Planning, Follow-up, and Technical Coordination (PFTC).
Lack of long-term national strategic planning. Efforts to update the NEAP, developed in 1990, were initiated in 1999.	A consultative process to update the 1992 NEAP and production of work plan is initiated	The process of updating the NEAP was successful in involving the major stakeholders. The first draft of the updated NEAP will be completed by the end of 2001.

Supported by the United Nations Development Programme (UNDP) and Capacity 21, EEAA is in the process of updating the NEAP, including a plan for the agency projects up to 2017. The process of updating the NEAP was successful in terms of involving major stakeholders technically, and in some cases operationally, in the process. However, political acceptance of the plan is still unsecured.

Even though the results achieved at the end of T1 constitute progress compared to the situation prior to the start of EEPP, there is still significant need to improve EEAA capacity to provide strategic planning and environmental policy formulation and analysis. While this was to have been the actual focus of the work for this objective, and, indeed, more broadly of EEPP, no explicit technical assistance was directed at building up the actual strategic planning and work plan development capacity of EEAA. Also, the EEAA Planning Department remains understaffed and overburdened relative to the responsibilities that it should carry out in a system adequate to EEAA's needs.

**Recommendation:** EEAA should allocate more resources and effort to strengthen its planning capabilities and building an applicable and practical system of strategic planning and follow up. T2 is addressing these issues more intensively.

## **Objective 2. Integrate the environmental dimension in national planning and development programs (no policy measures)**

Law No. 4 of Year 1994 was issued to set the framework for environmental protection in Egypt, and is commonly called the Environmental Law. One of the EEAA responsibilities is to develop mechanisms of cooperation and coordination with other

national agencies for enforcing Law 4/1994. Objective 2 aims at integrating the environmental dimension in national planning and development programs.

This broad policy objective had no related policy measure. The T1 actions intending to contribute to the accomplishment of the policy objective were that EEAA initiate a study to define requirements for area-wide EIAs and the identification of priority zones. Ultimately, what was done was less than what was originally envisioned.

Despite the comprehensive nature of this policy objective, the actions proposed are limited to the EIA process which, in spite of its importance for environmentally-sound planning and management, could prove to be limited in scope. Support and cooperation from the major stakeholders is essential for the achievement of this important policy objective. Establishing operational mechanisms between EEAA and governmental and non-governmental funding agencies could perhaps lead to a more effective approach to integrating environmental management into national and development programs. An additional approach could have been the implementation of the parts of Article 5, Law 4/1994, mandating that EEAA issue environmental criteria for the planning and development of new development projects. Table 2 illustrates the implementation process for Objective 2.

**Table 2 Objective 2 Implementation Process**

Situation prior to T1	Anticipated policy results at the end of T1	Actual policy results at the end of T1
Limited integration of the environmental dimensions in both national planning as well as development programs	EEAA initiates a study to define area-wide EIAs and the identification of priority zones	Study of conceptual issues of area-wide EIA (with focus on irrigated agriculture)

Developing the negotiation skills of EEAA staff and the ability to channel resources (national as well as donor) to other stakeholders in order to integrate environmental management in the planning and development process has not been thoroughly assessed. Devoting additional resources to these issues could be more effective in achieving the policy objective. On the other hand, the wording of the objective, “Integrate the environmental dimension in national planning and development programs,” left scope for EEPP to work at “national planning and development,” perhaps with the Cabinet or other high level GOE entities, rather than only with those national policies that are under EEAA’s purview.

**Recommendation:** If EEPP is not going to work at the truly national level then EEPP should focus more on the achievement of specific objectives such as the introduction of market-based economic incentives and improvement of its coordination and collaboration with institutions. This is partially covered under other specific objectives in both T1 and T2. Also, the general

recommendation should be that EEPP should not adopt objectives that are:  
 (a) neither policy nor institutional reforms but rather a strategic approach:  
 and (b) as broadly defined as this objective. This recommendation is similar  
 to the one made earlier in the Crosscutting Issues section (A.3).

### **Objective 3. Decentralize core environmental management functions to regional, governorate, and local levels**

Placing core environmental responsibility at the local level, closest to the problem is essential for achieving efficient and effective environmental management. Law 4/1994 authorizes EEAA to establish RBOs to decentralize some of its environmental management functions to key regions of Egypt. This policy objective aims at supporting the policy of the effective implementation of the decentralization of environmental management to local levels. Two policy results were expected at the end of the tranche: operationalization of RBOs in accordance with new institutional arrangements and development of a comprehensive structure for effective decentralized environmental management at regional levels. The policy measure attached to this objective specifies that EEAA develop and issue a decree approving policies and operational procedures for RBOs.

BOs.		
P		

The actions taken by EEAA have led to the achievement of the anticipated policy measures. This constitutes good progress in the implementation of the policy and in the achievement of the policy objective. The Ministerial decree clarified the roles and responsibilities and other operational policies among EEAA central departments, its branches at the regional level, and the EMUs at the local level. In addition, four new RBOs were constructed and partly staffed and plans for the construction of the remaining three RBOs were being implemented.

In terms of impact, even with the development and approval of existing policies and operational procedures, there is not yet any clear evidence of real decentralization of environmental management from the central departments to regional branches. Most EIA reviews and inspection activities that could be developed at the local or regional levels, are still undertaken by the central departments with limited participation from RBOs. Table 3 illustrates the Objective 3 implementation process.

**Table 3 Objective 3 Implementation Process**

Situation prior to T1	Anticipated policy results at the end of T1	Actual results at the end of T1
In 1995, a ministerial decree established eight RBOs. Five branches were	RBOs operating in accordance with new institutional arrangements, support	– Administrative and financial plan for establishing and operationalizing the rest

constructed and construction of others initiated. Only one RBO was operational (Cairo RBO).	environmental management objectives of Ministry of State for Environmental Affairs (MOSEA) on regional basis.	of the RBOs was approved. – Functions, responsibilities, organizational structure, and operational policies of RBOs defined.
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The major constraints encountered in the decentralization of environmental activities include limited qualified staff at the regional (RBO) level and insufficient coordination and exchange of information between the EEAA central departments and the RBOs and between RBOs and EMUs at the local (governorate) level.

**Recommendation:** Take necessary actions that lead to implementing the approved policies and operational procedures for effective decentralization of core environmental management functions to regional, governorate, and local levels such as staffing the RBOs with qualified staff and implementation of regional EIA reviews and inspections by RBOs.

#### **Objective 4. Establish system for periodic review and modification of air emission standards (no policy measures)**

Poor air quality is a major concern in Egypt, particularly in Cairo. Some air pollutants, such as nitrogen dioxide, sulfur dioxide, carbon monoxide, and lead regularly exceed international standards in certain locations. Currently air emission standards are not adequate and need revision. Objective 4 seeks to establish a sustainable mechanism for periodic review and modification of air emission standards.

The establishment of a system for review and modification of air emission standards (the objective) would complement the other ongoing policy activities within EEAA to develop and implement a national strategy for air quality management with support from USAID projects (EEPP and the Cairo Air Improvement Project [CAIP]) and the Danida-funded Environmental Information Management Program (EIMP) project. Although clearly an important area, no policy measure was attached to this objective. The action that would contribute to the achievement of this objective was that EEAA complete an assessment of existing air emission standards by the end of T1

Regarding activities that directly address the revision of the air emission standards, EEAA has undertaken to conduct a preliminary assessment of air quality and emissions standards that will be used by the technical working group assigned to submit amendments and changes to air quality and emissions standards as part of ongoing activity addressing a comprehensive review of Law 4/1994 and its executive regulations. The preliminary assessment was supported by the PSU/EEPP, and the comprehensive review of Law 4 will be supported by Danida's Organizational Support Program (OSP). In addition, emissions standards for brick factories were developed and issued by a ministerial decree.

During T1, significant progress was achieved in the development of the initial base needed to establish and adopt a system for revision of ambient air quality standards. However, key institutional issues still must be addressed to be able to revise these standards in the context of a well-structured national air quality strategy that improves air quality management. Implementation of new standards is a long-term process. The results achieved exceed what was anticipated at the end of T1 though this work was not part of a Policy Measure so the activities undertaken were modest. However, the progress that was made likely is a result of this policy being a high priority on the national environmental agenda. Table 4 illustrates the Objective 4 implementation process.

**Table 4 Objective 4 Implementation Process**

Situation prior to T1	Anticipated policy results at the end of T1	Actual results at the end of T1
Air emission standards not adequate and need revisions	EEAA completes an assessment of existing air emissions standards	– Assessment of the current air emissions standards completed.
No mechanism for the periodic review and modification of air emission standards		– Emissions standards for brick factories developed and approved.
		System for periodic review and modification of air emission standards proposed

**Recommendation:** Build on the results achieved in T1 to move forward in the process of approving new emission standards in the context of a well-defined national strategy and implementing the system for periodic review of emission standards. This is in the scope of what is proposed in the T2 program.

**Objective 5. Establish and activate a mechanism through which Environmental Protection Fund (EPF) resources are broadly used to support a range of environmental policies and activities**

Law 4/1994 established the EPF to provide assistance to a wide range of projects and services that contribute to environmental protection and improvement. The revenue resources of the EPF are broadly defined and come from several sources. EEAA has tended to use these funds principally to supplement its modest operating budget. The intent of this policy objective is to use the EPF to extend environmental investments to finance innovative and sustainable environmental activities on a national level, supporting established GOE policies as well as those under consideration.

The activities implemented during T1 are major steps toward establishing a mechanism for use by the EPF to support a wide range of environmental activities. The EPF Management Committee is working and its operations manual completed. The composition of the EPF Management Committee encourages a participatory approach to management of the fund. The implementation of the policy measures has led to funding new environmental activities which include nine SWM-related projects implemented by private sector and non-profit organizations. The significant progress on building an institutional base for EPF achieved during T1 provides a foundation to use the funds as an important mechanism for financing environmental activities in Egypt.

The full activation of the EPF will depend heavily on the availability of qualified staff for general funding operations and management, project follow up, and evaluations. It will also depend on increasing EPF revenues for these purposes. However, the EPF is still relying heavily on the initial sources of financial resources, which are not sufficient to meet the ambitious program of using the funds to support a wide range of services to increase investment in the environment. In addition, while the calibre of staff has improved, more qualified staff are still needed. Table 5 illustrates the Objective 5 implementation process.

**Table 5 Objective 5 Implementation Process**

Situation prior to T1	Anticipated policy results at the end of T1	Actual results at the end of T1
<ul style="list-style-type: none"> <li>– EPF management committee not active.</li> <li>– No capability to review proposal for financing environmental activities.</li> </ul>	<ul style="list-style-type: none"> <li>– The EPF Management Committee appointed and operational.</li> </ul>	<ul style="list-style-type: none"> <li>– EPF Committee members appointed.</li> <li>– EPF active in financing new environmental activities.</li> </ul>
EPF operations not following standardized procedures.	<ul style="list-style-type: none"> <li>– Development and adoption of the EPF operations manual.</li> <li>– The EPF financial regulations approved.</li> </ul>	<ul style="list-style-type: none"> <li>– EPF operations approved.</li> <li>– EPF revenue enhancement plan proposed.</li> </ul>

Was the objective formulated because private sector investment in the environment was insufficient, with the intent that the EPF should be strengthened to address that concern? If so, the barriers and constraints to solving this problem should be clearly defined, along with how the EPF would address these issues. If not, what else would be necessary? If getting more money to the EPF is sufficient, decreasing the percentage of its funds that go to support the EEAA budget would also be a solution. Other solutions could involve restructuring the fund so that its resources could be invested so as to generate income for environmental management or to take an equity position in private sector activities. These ideas and others should be considered.

**Recommendation:** Develop new mechanisms to increase and diversify the EPF revenue resources and expand the role of EPF beyond supporting governmental functions to actively financing a broad range of environmental activities, including private sector credits. This is being partly addressed in T2.

**Objective 6. Promote policies that increase the availability and ability to afford equipment, spare parts and inputs for environmental control, and monitoring and pollution prevention (no policy measures)**

Enforcement of Law 4/1994 requires that appropriate equipment and spare parts needed for environmental compliance and enforcement be available in the Egyptian market at affordable prices. Objective 6 seeks to develop policies that boost both the availability and affordability of environmental equipment within suitable market conditions. The specific anticipated result under this objective within T1 is that EEAA undertakes technical analysis of equipment needs and cost/availability constraints.

Actions taken constitute a first step toward identifying major barriers and constraints hampering the development of an environmental services market in Egypt. However, The output is much more general and limited in scope than envisaged in the beginning of the tranche. Implementation of environmental policies, addressed by other project objectives, would certainly stimulate “demand” for environmental equipment and services. Table 6 illustrates the Objective 6 implementation process.

**Table 6 Objective 6 Implementation Process**

Situation prior to T1	Anticipated policy results at the end of T1	Actual results at the end of T1
Lack of equipment for environmental monitoring and control and for pollution prevention	Technical analysis of equipment needs and cost/availability constraints	<ul style="list-style-type: none"> <li data-bbox="997 1346 1348 1509">– Establishment of a database of firms that provide environmental hardware and services to be published in a directory.</li> <li data-bbox="997 1525 1348 1655">– Initiation of an assessment of private sector business opportunities in the environmental sector.</li> </ul>

**Recommendation:** Develop policy measures to stimulate the private sector to provide environmental services that respond to market demand for affordable equipment, spare parts, and inputs for environmental control, including enforcement of Law 4/1994 and dissemination of best practices. This is addressed in other objectives in T1.

## B. ENERGY EFFICIENCY

A reliable supply of energy is essential to the economic and social development of any country. Energy shortages hinder industrial expansion and constrain gross domestic product (GDP) growth. Additionally, pollution arising from the inefficient production, delivery, and use of energy resources impose a high cost on the economy and pose significant threats to the environment. In general, remediation of environmental problems costs 50–100 times more than efforts to prevent or minimize them. Egypt has a history of adequate energy resources, but this supply will be challenged in the coming years to keep pace with growing national demands. Egypt also has a very tangible opportunity to increase its energy efficiency and, as a result, decrease generation of air pollution. For the combined reasons of its future economic wellbeing, protection of its environment, and global environmental considerations, Egypt is prepared to undertake significant initiatives in producing and using cleaner sources of energy.

### **Objective 7. Reduced air pollution and emission of greenhouse gases due to inefficient use of fossil fuels**

The policy of increasing efficiency of end use energy utilization, and substituting cleaner natural gas as energy sources for liquid fuels has become an integral part of the GOE's energy development plan and was a major recommendation of the NEES. Objective 7 supports the GOE energy policy formulation, which includes the development and implementation of a NEES that would have a significant impact on reducing air pollution and emission of greenhouse gases due to inefficient use of fossil fuels. The EPPP T1 partner, the OEP, is responsible for integrated energy planning.

The anticipated results at the end of T1 include the development by OEP of a protocol with established public and private entities for developing a NEES.

The intent of the T1 policy measure was modest and in fact accomplishments have exceeded the anticipated measurable results. Establishing the protocol took place even before the inception of the tranche and the Energy Efficiency Council (EEC) was also established prior to that date based on the consent of involved parties. By the end of T1, specialized multi-agency planning groups had been formed. Several meetings had been held and a framework for the NEES was completed and approved by the EEC. This effort was coordinated by OEP and a participatory approach was used to develop the NEES framework.

The participatory approach used has contributed significantly to the development of a common understanding of the challenging issues related to energy efficiency at the national level. Success during implementation will depend primarily on the level of acceptance by the local community, including both the supply chain and the energy end users. A strong market for energy efficiency products will not develop until the current NEES initiatives have been adopted and implemented. Table 7 illustrates the implementation process for Objective 7.

**Recommendation:** Increase public awareness and create institutional and market-based mechanisms to encourage use of efficient and cleaner energy sources for specific sectors. Although the NEES included a wide range of initiatives, the scope of T2 only deals with a few, namely the use of market-based initiatives to expand local use of natural gas to replace more polluting liquid fuels in the commercial and industrial sectors, stimulating private sector investments in energy efficiency, and building the capacity of the service chain to offer effective energy efficiency solutions.

**Table 7 Objective 7 Implementation Process**

Situation prior to T1	Anticipated policy results at the end of T1	Actual results at the end of T1
Egypt has a very tangible opportunity to increase its energy efficiency and of substituting cleaner fuels and, as a result, decrease generation of greenhouse gases.	OEP establishes protocol with public and private entities for developing National Energy Efficiency Strategy	<ul style="list-style-type: none"> <li>– A protocol establishing the participatory mechanism for NEES was developed.</li> <li>– Establishment of Energy Efficiency Council (EEC) as a voluntary effort of participating partners to coordinate development and implementation of the NEES</li> <li>– NEES framework completed and approved by EEC.</li> </ul>

### C. REDUCED INDUSTRIAL POLLUTION

Egypt suffers from widespread industrial pollution, which includes air emissions, wastewater discharges, and solid and hazardous waste disposal. Major changes are needed to bring the industrial sector into compliance with Law 4/1994. Enforcement requires capacity strengthening of the enforcement agencies and coordination with industrial stakeholders. EEPP is supporting this effort by implementing policy reform measures to achieve the following objectives:

- ◆ Objective 8. MOEA/EEAA and concerned GOE entities develop improved systems and capacity for monitoring, inspection, and testing to ensure compliance with industrial pollution policies.
- ◆ Objective 9. MOEA/EEAA, in cooperation with industrial stakeholders and relevant GOE entities, develops pollution reduction strategies through higher rate of compliance.

- ♦ Objective 10. Strengthen the capacity of the public and private sectors to provide consistent and reliable environmental assessment services which will support industrial compliance with environmental policies and regulations.

**Objective 8. MOEA/EEAA and concerned GOE entities develop improved systems and capacity for monitoring, inspection, and testing to ensure compliance with industrial pollution policies (no policy measures)**

Law 4/1994 provides EEAA the authority to enforce compliance with environmental standards. However, this authority is hampered by limitations in existing capacity for monitoring and inspection systems. To enforce Law 4/1994, Objective 8 aims at building an institutional base and capacity within EEAA to support periodic and regular environmental inspections in different industrial sectors in coordination with other stakeholders. The anticipated non-policy result at the end of T1 is the development by EEAA of guidelines that identify the priority plants in different industrial sectors for periodic and regular inspections.

Significant progress was made in achieving the program objective, especially in establishing monitoring networks. EEAA, through its Environmental Inspection unit (EI) is becoming more involved in inspection activities. Over the life of T1, the unit gradually expanded its activities and was able to inspect around 350 industrial firms located in the Cairo area, the Delta, Upper Egypt, Alexandria, the Suez Canal zone, and Red Sea area. Priorities for inspection were developed internally by the EI unit.

EEAA is in the process of developing an inspection system consisting of a set of procedures and guidelines for managing inspection activities and identifying roles and responsibilities of major regulators. Further, EEAA published “The Self-Monitoring Guidebook” and “The Manual for Industrial Environmental Inspection,” and is developing with support from CIDA/EEIS an industrial information database. Table 8 illustrates the Objective 8 implementation process.

**Table 8 Objective 8 Implementation Process**

Situation prior to T1	Anticipated policy results at the end of T1	Actual results at the end of T1
<ul style="list-style-type: none"> <li>– Low rate of compliance with Law 4/1994</li> <li>– Inadequate systems for monitoring, inspection, and testing of industrial pollution.</li> </ul>	Guidelines identifying priority plants in different industrial sectors for periodic and regular review inspection developed by EEAA.	<ul style="list-style-type: none"> <li>– Inspection unit established and staffed.</li> <li>– Operationalization of monitoring systems for air and water quality.</li> <li>– Around 350 industrial facilities inspected by EEAA EI unit.</li> </ul>

However, limited physical and human resources, along with insufficient legal and coordination mechanisms will continue to prevent full implementation. The EI unit is still understaffed and roles and responsibilities of different institutions and enforcement agencies are not well defined. Coordination of monitoring and inspection among these institutions is very limited.

**Recommendation:** Develop coordination and collaboration mechanisms between EEAA and other institutions for monitoring, testing, and inspection of industrial pollution. T2 is addressing these issues.

**Objective 9. MOEA/EEAA, in cooperation with industrial stakeholders and relevant GOE entities, develops pollution reduction strategies through higher rate of compliance**

Although Law 4/1994 requires that the industrial sector comply with environmental standards by keeping track of their pollution emission levels, only a limited number of firms have a system that documents their compliance with the law. Industrial complexes in new cities such as 10th of Ramadan appear to be candidates for the development of new innovative initiatives that promote voluntary compliance to supplement the traditional mechanisms of enforcement of environmental compliance.

Objective 9 seeks to encourage EEAA to develop, through a consultative process, strategies that will result in higher rates of compliance. The anticipated results at the end of T1 include that EEAA, in association with the Investors Group and relevant stakeholders, designs and initiates implementation of an integrated EMS for the 10th of Ramadan industrial city. Such an integrated EMS would include three main components: an institutional framework that incorporates all stakeholders within an “Environmental Council,” a permanent “technical office” to implement the EMS, and the “environmental fund” to support the whole program.

This is an example of a policy that requires collaboration between different agencies, among which are the MOEA/EEAA, 10th of Ramadan Board of Trustees (BOT), and the Ministry of Housing, Urban Development and New Communities (MHUNC). An MOU signed by these institutions, among others, and agreement on the composition of the 10R BOT environmental committee established necessary commitments to implement this policy. The framework of the EMS program and the 10th of Ramadan technical plan also were developed. These first steps should facilitate implementation of the EMS, although it is not operational yet.

Little progress was achieved in addressing the core of the policy measure, which is the establishment of the EMS that will lead to self-compliance of individual industrial units. The environmental fund is pending a decree from the Minister of Housing. The major constraints inhibiting the full implementation of this policy are linked to weak enforcement of Law 4/1994 and to the overall economic conditions prevailing during

T1. The result is that owners do not perceive a strong incentive to comply. Further, lack of qualified personnel and of a financial mechanism to support the EMS activities also constrain success. Table 9 illustrates the Objective 9 implementation process.

**Table 9 Objective 9 Implementation Process**

Situation prior to T1	Anticipated policy results at the end of T1	Actual results at the end of T1
Need for innovative initiatives to supplement traditional enforcement mechanisms on industrial pollution.	EEAA, in association with Investors Group and relevant stakeholders, designs and initiates implementation of an integrated EMS for the 10th of Ramadan industrial city.	<ul style="list-style-type: none"> <li>– MOU establishing the institutional commitments necessary to implement the pilot EMS.</li> <li>– EMS technical implementation plan approved.</li> </ul>

**Recommendation:** Link economic incentives with pollution reduction policy to encourage self-compliance with environmental law.

**Objective 10. Strengthen the capacity of public and private sector to provide consistent and reliable environmental assessment services that will support industrial compliance with environmental policies and regulations (no policy measures)**

Law 4/1994 addresses pollution issues in part by enforcement of environmental standards. However, both the number and the qualifications of individuals and firms providing services to support Law 4/1994 enforcement and compliance are limited in Egypt. Objective 10 aims at strengthening the capacity of the public and private sector to provide consistent and reliable environmental assessment services that would support industrial compliance with environmental policies and regulations. The anticipated non-policy result at the end of T1 is that EEAA reviews current environmental lab analysis capabilities, determines project needs and standards to support future environmental compliance programs, and develops certification procedures for essential services.

EEAA developed a directory and database of environmental service providers from responses to a mail questionnaire. There was also an effort to develop an environmental laboratory certification system. Guidelines for environmental lab certification were developed but actual procedures for this certification were not completed.

This is a broad measure with no specific end result defined at the end of T1. The anticipated results at the end of EEPP were to have industrial plants using environmental labs and ISO 14001 inspectors to provide reliable services in support of compliance with Law 4.

The development of the laboratory certification system within EEAA may match the agency's regulatory role. However, a mechanism of collaboration with the existing stakeholders for certification and accreditation still has to be defined. This implies that the Egyptian Accreditation Council (EGAC) should be a major partner in the proposed process. Table 10 illustrates the Objective 10 implementation process.

**Table 10 Objective 10 Implementation Process**

Situation prior to T1	Anticipated policy results at the end of T1	Actual results at the end of T1
Limited overall capacity for provision of environmental technical services.	EEAA reviews current environmental lab analysis capabilities, determine project needs and standards to support future environmental compliance programs, and develop certification procedures for essential services.	<ul style="list-style-type: none"> <li data-bbox="1011 613 1286 703">– Database of environmental service providers developed.</li> <li data-bbox="1011 725 1286 815">– Guidelines for environmental lab certification completed.</li> </ul>

**Recommendation:** Develop collaborative mechanisms with selected environmental institutions to support environmental compliance programs including certification procedures. TA will be provided to EGAC in T2 partly addressing this issue.

## D. SOLID WASTE MANAGEMENT

Solid Waste is considered to be the most pressing and visible environmental challenge in Egypt. Physical and health dangers related to mismanagement of solid waste are significant. Finding effective and efficient solutions to improve the management of solid waste is one of the MOSEA's highest priorities. EEPP is supporting this effort through the development of policy issues targeting the achievement of one objective.

**Objective 11. Improve efficiency and performance of the solid waste management systems through a combination of strategic planning, improved administration, greater public awareness, and more active participation of the private sector.**

The governorates have the authority to manage solid waste services under Law 38/1967, as amended by Law 31/1976 on public cleanliness. Under its legislative authority (Law 4/1994), EEAA has an important role to play in promoting more effective solid waste management (SWM) strategies. The anticipated results at the end of T1 include one policy measure, which is that EEAA develop a national SWM policy through a consultative process. Table 11 illustrates the Objective 11 implementation process.

Table 11 Objective 11 Implementation Process

Situation prior to T1	Anticipated policy results at the end of T1	Actual results at the end of T1
Lack of effective and sustainable SWM systems.	EEAA, through a national consultation process, develops a national SWM policy including institutional, technical, and economic components, national targets, and recommended options for the segregation, collection, and disposal of solid waste.	<ul style="list-style-type: none"> <li>– Development, dissemination, and approval of the National SWM strategy.</li> <li>– Extension of privatization of SWM from Alexandria to other priority governorates.</li> </ul>

The development of a National SWM strategy went through several stages of consultations with stakeholders. The targeted groups included non-governmental organizations (NGOs), central and local government agencies, and the private sector. The whole process culminated with the adoption of the Strategy and the Prime Minister issuing necessary executive decisions to implement the national program for municipal solid waste management involving the private sector.

This policy measure was accomplished without major problems. The most important factor in its success is strong and clear political support at the highest levels to extend the role of the private sector in the process. This is demonstrated by the service privatization that was already proceeding in Alexandria with USAID assistance (but outside of EEPP). Because the role of the governorates focuses on strategy implementation, the role of EEAA will target national monitoring, technical assistance, and policy formulation. General political will as well as specific champions in the government supported progress in this area.

It should be noted that during T1 there was a parallel process funded by USAID that supported Egyptian efforts to privatize SWM at the governorate level. As this was not explicitly in EEPP—no policy measure or even non-policy measure on privatization of SWM—assessment of its significant accomplishment is not included here. Solving the solid waste problem in Egypt benefited from the two-level approach of developing strategy at the national level and implementing change at the governorate level. This approach, privatization and improving management once privatized, is explicitly included in T2.

**Recommendation:** Ensure the financial sustainability of the SWM system through the development of sufficient revenue, and effective and transparent institutional systems for monitoring and managing the privatization process of the SWM services. T2 is addressing these issues further.

## **E. RED SEA NATURAL RESOURCES MANAGEMENT FOR ENVIRONMENTAL SUSTAINABILITY**

The current development pressure along the coast of the Red Sea area has caused substantial damage to one of the great coral reef ecosystems in the world. This is mostly due to:

- ◆ Local tourism projects fail to comply with environmental standards.
- ◆ GOE agencies lack the institutional organization and necessary protocols to cooperate to implement, monitor, and enforce the EIA process.
- ◆ Insufficient staff and resources are devoted to protect and sustainably manage the Red Sea Protectorate.

EEPP is supporting efforts to improve this situation through the development of policy measures targeting the achievement of the following objectives:

- ◆ Objective 12. Provide protection for the Egyptian Red Sea coral reefs, islands, and linked ecosystems of importance
- ◆ Objective 13. EEAA encourage environmentally sustainable development of the Red Sea coast through an improved EIA process
- ◆ Objective 14. Environmental policy monitoring capacity within the TDA is strengthened
- ◆ Objective 15. TDA strengthens its capacity to develop and disseminate best practices and other environmental programs intended for investors and developers through education and awareness programs

### **Objective 12. Provide protection for the Egyptian Red Sea coral reefs, islands, and linked ecosystems of importance**

Extension of protectorate status to new areas is needed to preserve the coral reef ecosystems in the region. Objective 12 seeks to establish policy changes that will lead to strengthening Red Sea protection in a designated area, and extend protection to new areas within the Red Sea. Two policy measures were supporting achievement of this objective by the end of T1: (1) GOE expands the Red Sea Protectorate to include other islands, coral reefs, and linked coastal ecosystems of importance, and (2) EEAA staffs the management unit needed to administer these areas including the provision of basic equipment.

The GOE has established, among others, the Red Sea Islands Protectorate south of the Gulf of Suez along the Egyptian portion of the Red Sea, including the Giftun Islands. Current plans call for the creation of a larger Red Sea Marine Protected Area under the authority of Law 102/1983 on natural protectorates. The larger protected area will allow Egypt to manage the Red Sea ecosystem as a whole. The new portions comprise important marine habitats valuable for their biodiversity, fishery resources, and high tourist interest.

Expansion of the Red Sea Protectorate was postponed by EEAA. However, major steps toward staffing the Red Sea management unit have been taken. The Chief Executive Officer (CEO) of EEAA issued the required decree activating the southern Protectorates Department and identifying its relations with the Red Sea Protectorate Management Unit. More human, physical, and financial resources were allocated to the management of the Red Sea Protectorate and a work plan with long-term goals was developed.

A major constraint prevented the achievement of the intended result of officially extending the Red Sea Protectorate to other zones. EEAA wanted to have in place greater management capacity and resources, both in Cairo and in the Red Sea, (including rangers) before proposing the extension of the protectorate to the Prime Minister. However, constraints to implementation of this policy measure go beyond protection capacity limitations to include overall political commitment and competing visions for protecting and developing the Red Sea coast. Table 12 illustrates the Objective 12 implementation process for the first of the two policy measures.

**Table 12 Objective 12 Implementation Process**

Situation prior to T1	Anticipated policy results at the end of T1	Actual results at the end of T1
Widespread damage to coral reefs in many sites in the Red Sea coastal zones.	GOE expands the Red Sea Protectorate to include other islands, coral reefs, and linked coastal ecosystems of importance.	No expansion.
<ul style="list-style-type: none"> <li>– No staff and resources in the management unit of Red Sea Protectorate.</li> <li>– No management plan for the Red Sea Protectorate.</li> </ul>	EEAA staffs the management unit needed to administer these areas including the provision of basic equipment.	<ul style="list-style-type: none"> <li>– Executive directives setting organization structure and relationships of the Southern Region Protectorates.</li> <li>– Development of annual work plan including budget.</li> <li>– Increase in staff and resources devoted to the management of the Red Sea Protectorate.</li> </ul>

Strengthening the capacity of the management unit will certainly lead to better protection and management of Red Sea coral reefs and coastal habitats. However, the dependence of this capacity building on development programs funded by donors raises the question of sustainability after the withdrawal of donor assistance. There is a limit to how much of the government budget can be devoted to support Red Sea Protectorate management. In the absence of adequate Government funding, revenue generation mechanisms are the only guarantee for providing sustainable revenue to support increases in staffing and other related operating expenses.

**Recommendation:** Focus on the institutional and financial aspects of the program to ensure that the management unit of the Red Sea Protectorate functions in a sustainable manner. In addition to regular government budgetary resources, emphasis should be placed on developing private sector partnerships and mechanisms for generating funds to support the necessary operations and maintenance activities. These issues are addressed in T2.

**Objective 13. EEAA encourages environmentally sustainable development of the Red Sea coast through an improved EIA process**

Despite the existing EIA regulations, substantial environmental damage from tourism development is quite visible in areas of Hurghada, Safaga, Quseir, and other areas along the Red Sea coast. Many tourism facilities were constructed without approved EIA documents. Objective 13 seeks to implement policy measures to achieve compliance with EIA regulations for new coastal tourism developments in the Red Sea region. The anticipated result at the end of T1 was that the roles and responsibilities for EIA review and approval for all parties involved would be clarified for the review and approval of the EIA process of Red Sea coastal projects.

The approved decree clarified the division of labor between two EEAA central departments (Department for EIA and Department for Nature Protection) and described the overall cycle for processing EIA documents. The data presented for the period from July 1999 to mid-March 2001 indicated that 63 coastal projects submitted reports to EEAA for review. The EEAA approved 39 and the remaining 14 were still under study.

The established committee for coordination among EEAA, TDA, and the Red Sea Governorate on issues pertaining to EIA proved to be a working mechanism of coordination among the various interested parties. However, the sustainability of such a mechanism needs to be addressed. Further improvements are needed regarding the role of the TDA and the Red Sea Governorate in the preliminary review of EIA studies. The T1 policy issue was limited to the review and approval of the EIA process. Better monitoring is still needed. Table 13 illustrates Objective 13 implementation.

**Recommendation:** Improve the mechanism for the coordination of the EIA review and approval process in the Red Sea. In the long term, extend the coordinating roles of review and approval to compliance monitoring and enforcement to achieve the greatest impact of the EIA mechanism on the establishment of environmentally sustainable tourism development of the Red Sea coast. T2 is addressing strengthening the monitoring and inspection capacity of both EEAA and TDA.

Table 13 Objective 13 Implementation Process

Situation prior to T1	Anticipated policy results at the end of T1	Actual results at the end of T1
No clear definitions of roles and responsibilities for the implementation of EIA review and approval process at the local level.	EEAA's CEO issues a policy directive that clarifies the roles and responsibilities for EIA review and approval of coastal projects by various departments and begin its enforcement in the Red Sea Governorate.	Roles and responsibilities for EIA review approved.
Many tourism facilities were constructed in the Red Sea without an approved EIA.		Sixty-three coastal projects submitted EIA reports for review.

#### **Objective 14. Environmental policy monitoring capacity within the TDA is strengthened**

Many tourism facilities in the Red Sea were constructed without EIA approval. There is no effective system in place to monitor tourism facilities' compliance with the approved EIA regulations. TDA is the agency responsible for reviewing and submitting the tourism developers' EIA reports to EEAA for final approval for projects located on its land. It is also the agency responsible for issuing construction permits and monitoring compliance by developers to their construction permits, including EIA compliance.

Objective 14 sought to strengthen the capacity of TDA to better implement and monitor compliance with EIA requirements in the coastal tourism development in the Red Sea. The anticipated policy results at the end of T1 include the establishment of a functional EMU within TDA and the development of reports on the compliance with EIA regulations in the Red Sea tourism development sector.

The official establishment of an EMU within the TDA and the development of its annual work and financial plan are the major results achieved at the end of T1. These results constitute a first step toward full implementation of this policy objective. A quarterly progress reporting system provided information on all tourism projects initiated and their EIA status, including dates of EIA submission to TDA and transfer to EEAA, EIA approval, and construction permit. The reports still show that about 60 percent of projects have already started construction without getting an approved EIA, either because the EIAs are still under review or have not been submitted. Table 14 illustrates Objective 14 implementation.

Table 14 Objective 14 Implementation Process

Situation prior to T1	Anticipated policy results at the end of T1	Actual results at the end of T1
TDA lacks staff, resources, and planning capacity to implement an effective EIA system in the Red Sea area designated for tourism development.	TDA establishes an EMU with full-time staff, work plan, and funding.	<ul style="list-style-type: none"> <li>– A Decree establishing the TDA EMU approved.</li> <li>– TDA EMU annual work and financial plans developed.</li> </ul>
Compliance with EIA regulations of tourism facilities in the Red Sea is very limited.	TDA takes steps to require Red Sea tourism developers to comply with EIA regulations.	The new Screening “Form B” and the EMU are positive steps toward building the base to enable TDA to require compliance.

However, the EMU is not fully functional yet and still lacks sufficient full-time staffing and budgetary resources. The financial plan included EMU operating costs for the first year only, without salaries of local staff or indication of the origin of the financial resources. TDA reported that it plans to use funds from the T1 disbursement to address the issue of staffing of the EMU. Inspection activities are not systematically undertaken by the EMU to monitor compliance and sufficient steps have not been taken to manage effective compliance with EIA regulations. This constitutes a major constraint in achieving the policy objective of strengthening the environmental capacity within the TDA.

**Recommendation:** Develop a sustainable mechanism to strengthen the EMU within the TDA, including allocation of sufficient government budgetary sources, drawing upon existing TDA departments, and collaboration with local environmental stakeholders. T2 is focusing on these issues.

**Objective 15. TDA strengthens its capacity to develop and disseminate best practices and other environmental programs intended for investors and developers through education and awareness programs**

In 1997, TDA instituted a policy of incorporating environmental considerations into its development plans for the Red Sea coast. A TDA Executive Decree was issued in April 1998 to create a PIU to encourage and promote best practices to the tourism facilities in the Red Sea coast. The decree only established a committee to set up the PIU which was a first step.

The main purpose of this objective is to strengthen TDA capacity to effectively plan and disseminate best practices that ensure the sustainability of tourism development in the Red Sea coastal areas.

The established PIU is currently implementing preliminary activities related to its mandates. Annual work and financial plans have just been finalized at the end of the tranche utilizing the technical support provided through EEPP. The development of the knowledge and technical base of policy implementation is advancing. The best practices manual has been finalized, endorsed, and published. Dissemination activities of best practices were initiated, which included several seminars, workshops, and forums. TDA monitoring reports contained information of best practices adoption for projects that are underway in the TDA lands. The guidelines for eco-lodge development were finalized and TDA is developing a sound technical base for land allocation.

The establishment of an institutional base for policy formulation within TDA is a preliminary step toward achieving the objective. Further arrangements are still needed to strengthen the unit's capacity, in terms of staffing and financial resources. Though measurable results were achieved by establishing the PIU, a gap still exists between achievement of these results and achievement of the policy objective of dissemination of best practices. Though the unit was created by decree in 1998, its "operationalization" as an internal full function within TDA is still incomplete for many reasons, including delayed development of work and financial plans and lack of permanent full-time staff.

Development of the *Best Practices Manual* was a major step in the identification of environmentally sustainable practices in the Red Sea coast. The TDA monitoring reports indicated that a number of operational tourism facilities are adopting specific selected best practices. This work represents a reasonable starting point. Dissemination activities of best practices, through education and awareness programs, are necessary for effective implementation. A distinction needs to be made between required best practices, through EIA mitigating actions; and voluntary best practices, through implementation of EMS. Table 15 illustrates Objective 15 implementation .

**Table 15 Objective 15 Implementation Process**

Situation prior to T1	Anticipated policy results at the end of T1	Actual results at the end of T1
TDA instituted a policy of incorporating environmental considerations into their development plans in the Red Sea coast.	TDA establishes a PIU with full-time staff and annual work plan.	Annual work and financial plans developed and staffing and provision of facilities are ongoing.
Lack of awareness of "Best Practice" for environmentally sustainable tourism development in the Red Sea coast.	TDA takes steps to disseminate the "best practices" manual and monitor compliance.	<ul style="list-style-type: none"> <li>– "Best practices" manual endorsed and published.</li> <li>– Several dissemination activities implemented.</li> </ul>

		– TDA monitoring reports indicating adoption of BP.
Difficulty in obtaining land from the TDA to build eco-lodges in the Red Sea coast.	TDA begins allocating Red Sea coastal land to eco-lodge developers.	Guidelines for eco-lodge development finalized.

Before Tranche 1, there was no system of land classification identifying environmentally sensitive areas to begin the allocation of land to developers for eco-lodge development. Only a few land parcels were previously allocated, on a pilot basis, to developers for eco-lodges before the start of the T1. Current efforts envision linking of eco-lodge development to the overall concept of environmentally sensitive areas (eco-zones). TDA is building toward actual eco-lodge development more deliberately than planned before EEPP, first through ecological zoning of the areas, and eventually through limited allocation. This is reasonable and preferable and most of this work is now planned for Tranche 2.

**Recommendation:** The accomplishments during T1 in the implementation of this policy objective are considered a successful “seeding process” that has contributed to strengthening the technical and institutional basis for the promotion of environmental best practices within TDA and the community of tourism developers in the Red Sea coast. Efforts to sustain and improve such a base are needed, which include permanent staffing, allocation of financial resources, and development of efficient environmental systems that are linked to the implementation of the EIA process.



## 5. Detailed Assessment of Individual Policy Objectives

### Objective 1 Build capacity of EEAA to provide long term strategic planning and environmental policy formulation and analysis

Policy Measure 1 (No policy measures contemplated this tranche)

Planned or expected activities at the time of the MOU included:

- ◆ EEAA completes a needs assessment and its work plan to meet strategic planning, monitoring, and evaluation requirements.
- ◆ EEAA initiates a consultative process to update the National Environmental Action Plan (NEAP) including the preparation of a work plan.

Situation Prior to Tranche 1	Anticipated Situations at End of T1 and of EEPP	Analysis of Actual Situation
<p>A major environmental problem for Egypt was the inability to integrate long-term strategic environmental goals into regular planning and into operations. This was the case both for the GOE in general and for EEAA itself.</p> <p>Recognizing this, EEPP included work in</p>	<p>The work that was expected to be undertaken in T1 was to have led to an improvement in the strategic planning process of EEAA or at least to build the institutional base for this improvement. Specifically,</p> <ul style="list-style-type: none"> <li>– A consultative process to update the 1992 NEAP and the</li> </ul>	<p>For EEAA to be capable of providing strategic planning as mandated by Law 4/1994, i.e., to identify strategic goals for the environment sector, provide strategic guidance to other entities nationwide, as well as identify the strategic objectives for its activities and plans, the following are the major requirements :</p> <ul style="list-style-type: none"> <li>– Capability to analyze and assess the environmental sector and its interrelationships with the economic, social, and political sectors of society.</li> </ul>

Situation Prior to Tranche 1	Anticipated Situations at End of T1 and of EEPP	Analysis of Actual Situation
<p>this area in the Tranche 1 MOU but decided, before implementation, that this work would be in the form of a non-policy measure, that is without an associated cash disbursement. There were two activities that were planned or expected that were included in the MOU. These were directed more at solving the strategic planning problem in EEAA rather than in the GOE at large.</p> <p>Specifically, on the national level :</p> <ul style="list-style-type: none"> <li>- With support from several donors MSEA/EEAA produced documents that addressed long-term strategic planning issues for the environment sector (1992 NEAP and Environmental Strategies). Efforts to update the NEAP with support from UNDP/Capacity 21, were initiated in early 1999. In spite of this, EEAA remained unable to independently manage the implementation and/or updating of these plans and strategies. One of the major reasons behind this was the lack of an institutional framework and an information base to support EEAA in undertaking these assignments.</li> <li>- The National Economic and Social Development 5-Year plan (1997/98–2001/02) included a section on environment. The plan allocated more than</li> </ul>	<p>production of a work plan for EEAA was to be initiated.</p> <ul style="list-style-type: none"> <li>- EEAA’s needs to meet the requirements of strategic planning, monitoring, and evaluation were to be assessed and a work plan to achieve these was to be prepared.</li> </ul> <p>At the end of EEPP the results were to be:</p> <ul style="list-style-type: none"> <li>- EEAA is to be more capable of pursuing the development, implementation, monitoring, evaluation of the NEAP, Environmental Strategies, and governorate environmental action plans.</li> <li>- The capabilities of EEAA to formulate policies, monitor their implementation, and evaluate their impacts is to be developed and strengthened.</li> <li>- A system for planning and follow-up in EEAA managed by qualified staff in the Department for Planning, Follow-up, and Technical Cooperation as well as in other related departments, is to be developed.</li> </ul>	<ul style="list-style-type: none"> <li>- Identification and formulation of environmental goals, priorities and policies that are consistent with economic and social goals and are politically acceptable.</li> <li>- Creation of adequate mechanisms to incorporate environmental issues in all levels of decision making ( i.e., central, regional, and local).</li> <li>- Institutionalized participatory and consultative process for EEAA planning activities (inside and outside EEAA).</li> <li>- Institutional framework and information base enabling EEAA to undertake the above assignments.</li> </ul> <p>A rapid assessment of the activities taken by EEAA with strong technical support from related donor projects (UNDP/Capacity 21, DFID, EEPP, SEMA, OSP) revealed the following :</p> <p>On the national level:</p> <ul style="list-style-type: none"> <li>- Supported by UNDP/Capacity 21, EEAA is on the eve of finalizing the process of updating the NEAP, including a plan for the agency projects up to 2017. Based on a decision by EEAA, no TA was provided to this process by EEPP. Preparations for the development of the agency 5-Year Plan as part of the National Economic and Social 5-Year Plan 02/03–07/08 are underway based on the findings of the updated NEAP.</li> <li>- The process of updating the NEAP was successful in involving the technical, and to some extent, the operational level of major stakeholders; however, the political level remains to be addressed. Consequently the political acceptance of the plan is still unsecured. Goals and priorities were identified but policies and mechanisms for implementation were only marginally addressed. The continued lack of an</li> </ul>

Situation Prior to Tranche 1	Anticipated Situations at End of T1 and of EEPP	Analysis of Actual Situation
<p>L.E.26 billion for environmental projects across the Ministries but only 0.4 percent was managed by EEAA. Further, EEAA was never consulted on these other projects.</p> <p>On the EEAA level :</p> <ul style="list-style-type: none"> <li>– The annual investment plans were mainly produced by the Financial Department with limited participation from the technical departments and were in essence extensions of the trajectory of previous annual plans. These plans had no strategic objectives to pursue beyond meeting the obligations of EEAA towards international cooperation projects, implementation of a handful of pilot projects, and strengthening EEAA institutional infrastructure.</li> <li>– The General Department for Planning and Follow-up approved in the EEAA organizational structure was not operational because of lack of staff and the low ranking of the planning functions on the EEAA priorities list.</li> <li>– Internal department work plans were nonexistent. Only donor funded projects prepared work plans that were approved and monitored by their steering committees.</li> </ul>	<p>From MOU:</p> <ol style="list-style-type: none"> <li>1. Improved EEAA capacity for strategic planning is demonstrated by the unit's outputs being accepted as Agency policies including directives.</li> <li>2. NEAP is updated to provide clear strategic guidance to the environment sector.</li> <li>3. Governorate environmental action plans developed to give strategic planning and environment management direction at the governorate level, increasing local autonomy in environmental affairs.</li> </ol>	<p>appropriate planning and information system and base in EEAA complicated and constrained the work of updating the NEAP and limited its impact on building the capacity of EEAA departments and staff for long-term planning. Institutionalizing the NEAP process from preparation to implementation is still an issue at stake that is planned to be addressed in Tranche 2 and perhaps beyond.</p> <p>On the EEAA level:</p> <ul style="list-style-type: none"> <li>– The EEAA Planning and Follow-up Department did receive direct technical assistance in strategic planning through the EEPP work plan for strategic planning system and the British Department for International Development (DFID) strategic planning guidelines and operational planning guidelines. Despite this provision, no planning system was formally adopted or tested by the Planning and Follow-up, Department although they may have utilized an informal system for the 5-year plan in which the planning team worked with departmental staff to formulate department programs and to identify projects. The department, while growing over the course of 2001, remained inadequately staffed and the present staff is overloaded with the work of the attached Technical Cooperation Department. The majority of the EEAA technical departments do not have work plans and the few that have them (mostly donor supported) are experiencing a shortage in resources needed for implementation.</li> </ul> <p>On the local level :</p> <ul style="list-style-type: none"> <li>– EEAA is channeling the technical support of donor projects to the process of governorate environmental action plan preparation for the Governorates of Damietta and Qena and plan implementation in Dakahlia and Sohag. The planned Danida Sector Program commencing in late 2001 will support similar activities in the governorates of Beni Suef</li> </ul>

Situation Prior to Tranche 1	Anticipated Situations at End of T1 and of EEPP	Analysis of Actual Situation
<ul style="list-style-type: none"> <li>- Planning capabilities across EEAA departments were limited.</li> <li>- Policy Directives for MOSEA and EEAA were formulated by EEAA senior management but their operationalization needed to be addressed.</li> <li>- With support from donor-funded projects, work plans for selected RBOs were under preparation.</li> </ul> <p>On the local level :</p> <ul style="list-style-type: none"> <li>- There were donor-supported projects with guidance from EEAA extending their technical assistance to the preparation and implementation of governorate environmental action plans for selected governorates (Cairo, Giza, Aswan, Fayoum, Dakahlia, Sohag, North Sinai).</li> </ul>		<p>and Aswan. Work in Tranche 2 of EEPP will include a legal proposal to include upgrading the EMUs to Central Departments within governorates.</p> <p>Conclusion :</p> <p>Although several documents addressing issues of strategic planning were produced in T1 by EEAA, the ability to develop and implement these plans independently and sustainably has not been improved. The need to strengthen the planning capabilities of EEAA and actually build a system for planning that is applicable and practical is imperative and requires urgent actions. EEPP Tranche 2 is addressing these issues more intensively in the areas of (1) EEAA internal annual and 5-year plan and planning systems and (2) interagency mechanisms such as committees to link EEAA with other units.</p> <p>Lessons Learned:</p> <p>EEAA receives much cooperation from donors, including in the area of strategic planning. A way should be found to better integrate the assistance into EEAA operations so that it benefits EEAA more and builds this sustainable capacity in EEAA.</p>

**Objective 2 Integrate the environmental dimension in national planning and development programs.**

Policy Measure 2 (No policy measures contemplated this tranche)

Planned or expected activities at the time of the MOU included:

- ◆ EEAA initiates a study to define requirements for area-wide EIAs and the identification of priority zones

Situation Prior to Tranche 1	Anticipated Situations at End of T1 and of EEPP	Analysis of Actual Situation
<p>EEAA has addressed the integration of Objective 2, which is declared as the strategic objective for MOSEA, through several activities that could be grouped as follows :</p> <p>National level:</p> <ul style="list-style-type: none"> <li>– Preparation of the 1992 NEAP and the initiation of its updating process.</li> <li>– Channeling of donor TA to preparation of environmental action plans for selected governorates.</li> <li>– Preparation of cooperation protocols with several stakeholders.</li> </ul> <p>Programs and project-oriented level:</p> <ul style="list-style-type: none"> <li>– Enforcement of EIA articles of Law 4/94 on development projects.</li> <li>– Development of EIA guidelines for industrial estates and for the development of coastal areas.</li> <li>– Development of funding mechanisms supportive of the business sector and public involvement.</li> </ul>	<p>T1 end results expected:</p> <ul style="list-style-type: none"> <li>– T1 of EEPP addressed this issue by focusing on widening the EIA scope from individual projects to area-wide level with multiple economic activities. At the end of T1 it was anticipated that EEAA would have identified the requirements of area-wide EIA and priority zones for implementation.</li> </ul> <p>EEPP end results expected:</p> <ul style="list-style-type: none"> <li>– Increased integration of environmental</li> </ul>	<p>Very limited achievement has been accomplished in this tranche. The following are some causes for the limited success:</p> <ul style="list-style-type: none"> <li>– The objective in itself is very broad and comprehensive; it is a kind of ‘super objective’ for the whole of EEPP. Most, if not all, of the EEPP objectives are addressing sub-issues of this objective or are manifestations of its practical implementation in a certain environmental management operation or sector or entity.</li> <li>– Despite the comprehensive nature of this objective, the actions proposed were limited to the EIA process which, in spite of its importance for environmentally sound planning and management, could prove to be useful only in the long term because of the wording of Law 4/94 and its complexity when applied to larger areas. Actions leading to establishment of operational mechanisms between EEAA and governmental and non-governmental funding agencies could perhaps prove to be a more realistic and effective approach. An additional approach could have been the implementation of the parts of article 5 of Law 4/94 giving EEAA the mandate to issue environmental criteria for the planning and development of new areas.</li> <li>– The use of the stick (penalties) and the carrot (economic and financial incentives) approach was overlooked in addressing this objective.</li> </ul>

Situation Prior to Tranche 1	Anticipated Situations at End of T1 and of EEPP	Analysis of Actual Situation
<p>These efforts led to a limited integration of the environmental dimensions in both national planning as well as in development programs.</p> <p>Major reasons for this were:</p> <ul style="list-style-type: none"> <li>– Lack of operative mechanisms to integrate both the NEAP and the governorate environmental action plans into the National Economic and Social 5-Year plans.</li> <li>– The low rank of environmental issues on the national priority list. Accordingly, limited resources were allocated for environmental issues; the resources EEAA was able to mobilize from donor agencies partially substituted for national ones because of their terms and nature.</li> <li>– Limited negotiation capabilities and powers of EEAA in comparison to those of other governmental agencies and business sector.</li> <li>– Weak institutional framework for the enforcement of environmental legislation.</li> </ul>	<p>dimensions in national planning and development programs.</p> <p>Expected end results from MOU (unclear whether for end of T1 or end of EEPP):</p> <ol style="list-style-type: none"> <li>1. At least 25 percent of governmental projects submit EIAs prior to being approved.</li> <li>2. EIA reviews for major development projects include input from the public and GOE entities.</li> </ol>	<ul style="list-style-type: none"> <li>– Developing the negotiating skills of EEAA staff and the ability to channel resources (national as well as donor) to other stakeholders in order to achieve integration of environmental dimensions in the planning and development process was never assessed/considered. Such approaches could prove to be more effective in implementing existing cooperation protocols and preparation of other ones such as that with MHUNC, which is not being implemented at present.</li> </ul> <p>In T2, the focus is on developing GOE capacity to conduct long-term strategic planning, policy formulation, analysis, and coordination—a target that, while difficult to achieve, is more realistic than was Objective 2 of T1.</p>

**Objective 3 Decentralize core environmental management functions to regional, governorates, and local levels.**

Policy Measure 3

- ♦ MOEA/EEAA develops and issues decree approving policies and operational procedures for Regional Branch Offices.

Situation Prior to Tranche 1	Anticipated Situations at End of T1 and of EEPP	Analysis of Actual Situation
<p>With the exception of the stationing of rangers in the natural protectorates, EEAA managed its policies and programs from Cairo and had established only one RBO, that for the Cairo/Fayoum region. Although EMUs existed in all the governorates, their roles and functions in implementing and enforcing environmental policies and programs versus the RBOs or EEAA were not well defined. This lack of definition created confusion over roles and responsibilities and hampered interagency coordination.</p> <p>No policies nor guidelines existed defining the roles and responsibilities of regional and local environmental authorities (the RBOs and the EMUs). Nor, in fact, were the positions of EMUs well defined versus other governorate entities.</p> <p>EMUs required strengthening, in terms of resources and technical</p>	<p>T1 end results expected:</p> <ul style="list-style-type: none"> <li>– RBOs, operating in accordance with new institutional arrangements, support environmental management objectives of MOEA on a regional basis.</li> <li>– Priority RBOs are set for full mobilization and action.</li> <li>– Long-term plans for establishing and capacity building of other RBOs produced</li> <li>– It was expected that the decree or policies and procedures in T1 would provide the institutional base for actually building functioning RBOs in Tranche 2.</li> </ul> <p>EEPP end results expected:</p> <ul style="list-style-type: none"> <li>– Roles and responsibilities and other operational policies clarified and delineated; additional branch offices created, staffed, and equipped; and where appropriate, regional and local level staff strengthened through training.</li> </ul>	<p>Policy Objective Level :</p> <ul style="list-style-type: none"> <li>– The implementation of the Policy Measure is one basic step in achieving the Objective; however, if full achievement of the objective of decentralization is to be achieved, further essential steps addressing institutional, training, and equipment issues at the governorate and local level need to be taken. T2 Policy Measures are partially addressing this, specifically with regard to the EMUs.</li> </ul> <p>Policy Measure Level :</p> <ul style="list-style-type: none"> <li>– The Policy Measure and Means of Verification in the MOU policy matrix, were achieved, yet the real impact of these on decentralization of environmental functions from the central to the regional level (if only within EEAA) needs to be evaluated.</li> <li>– What has changed from before EEPP is that the policy framework in which the RBOs will be created has been defined. Work on the Tanta RBO and others is taking place within this framework. This is a positive step forward.</li> <li>– The strengthened RBO institutional base achieved in T1 needs to be activated and mobilized through trained and well-equipped staff. Constraints to this need to be analyzed and ways to address them identified, including possibly applying T1 cash transfer money.</li> </ul>

Situation Prior to Tranche 1	Anticipated Situations at End of T1 and of EEPP	Analysis of Actual Situation
<p>training.</p> <p>Over the long term, mechanisms that allowed for a more comprehensive, coordinated, and inclusive approach to environmental management at the governorate level were crucial.</p> <p>The Policy Objective chosen for EEPP T1 was designed to partially remedy this confusion over roles and responsibilities at least for the RBOs. It did not address the training or resource issues.</p>		<ul style="list-style-type: none"> <li data-bbox="1288 312 2045 440">– In the case of Policy Measure 3, the means of verification (MV) represented significant extensions of the PM itself, particularly MV 3 and 4, which concerned the approval of a plan for establishing and operationalizing the rest of the RBOs.</li> <li data-bbox="1288 456 2045 647">– Decentralization implies that decisions will be taken at regional or local levels and that the central or national level will only be notified of these decisions, and this perhaps not even in all cases. It could also imply the eventual application of laws and regulations in a differentiated manner according to the particular conditions in each area.</li> <li data-bbox="1288 663 2045 799">– The existence of RBOs does not, in itself, mean decentralization, as the experience of the Cairo RBO has proved. EEPP Tranche 2 is concentrating on the EMU side of the RBO/EMU decentralization.</li> <li data-bbox="1288 815 2045 951">– An issue that needs to be explored in the future by MVE and EEPP partners is how to prove that decentralization has occurred and how to measure it and its impact. MVE plans an explicit analysis of this issue.</li> </ul>

**Objective 4 Establish system for periodic review and modification of air emission standards.**

Policy Measure 4 (No policy measures contemplated this tranche)

Planned or expected activities at the time of the MOU included:

- ◆ EEAA completes an assessment of existing air emissions standards.

Situation Prior to Tranche 1	Anticipated Situations at End of T1 and of EEPP	Analysis of Actual Situation
<p>The need to revise the existing air emission standards—as codified in the executive regulations of Law 4/1994—is well identified. The need to address issues such as particulate matter levels and other wide scope issues (i.e. emissions from point source versus ambient levels) is well established by previous studies such as the Environmental Sector Assessment, 1997. This extends to the need of a sustainable mechanism for periodic review and modification of standards to adequately correspond to incrementally changing conditions of law enforcement.</p>	<p>T1 end results expected:</p> <ul style="list-style-type: none"> <li>– It was expected that a system of periodic review and revision of emission regulations would be operational, improving the ability of the MOEA to develop practical and effective regulations.</li> </ul> <p>EEPP end results expected:</p> <ul style="list-style-type: none"> <li>– The existing air emissions standards would be revised, officially amended, and a sustainable system for periodic review, assessment, and modification would already be in action. In the long term, improvements in air quality in certain locations would be expected to be traceable to the amended standards.</li> </ul>	<p>The problem addressed by this policy objective is of a high priority on the national environmental agenda. The selected approach of focusing on the system and not on a one-time adjustment adequately focuses on the sustainability and regularity of a process of periodic review and modification that correspond to changing conditions or escalating policies of law enforcement.</p> <p>The two outputs envisaged by EEPP partners for the end of T1 transcended what was originally stated in the MOU. The first, the main output that reflects the policy statement, is a proposed system of institutional arrangements for periodic review and modification of air emission standards. The second, as a departure point, is conducting an assessment of existing air emission standards (as indicated on the MOU as the expected T1 output). These outputs are the distillation of an earlier ambitious scope of activities that addressed “establishing an effective air quality management program.” The two outputs were generated as final drafts but were not officially endorsed by EEAA.</p> <p>Together the two documents provide sound justification for the need to amend standards based on extensive assessment of the current standards. They also provide detailed recommendations for the needed amendments. Whether these recommendations will be enacted as a formal proposal for amendment of Law 4/1994 executive regulations is still unclear. Other parallel efforts to amend the executive regulation are already going on through an inter-ministerial committee.</p>

Situation Prior to Tranche 1	Anticipated Situations at End of T1 and of EEPP	Analysis of Actual Situation
		<p>In addition to the two main outputs other secondary outputs were generated such as “Guidelines for Implementing Existing Air Quality Standards” and “Air Quality Profile of Greater Cairo Region”.</p> <p>Implementation of this policy objective could have been better linked and coordinated with other EEPP activities such as the preparation of the NEES (Objective 7).</p>

**Objective 5 Establish and activate a mechanism through which Environmental Protection Fund (EPF) resources are broadly used to support a range of environmental policies and activities.**

Policy Reform Measure 5A

- ◆ Appointment of the full Environmental Protection Fund (EPF) Management Committee.

Policy Reform Measure 5 B

- ◆ Development and adoption by the Committee of the Operations Manual which includes fund policies, administration and personnel procedures, financial management, and project cycle management procedures.

Situation Prior to Tranche 1	Anticipated Situations at End of T1 and of EEPP	Analysis of Actual Situation
<p>Financing of environmental activities is precarious, especially outside of official government budgets. Along with the public sector, private sector entities (industries, industry associations, non-government organizations, universities, and community groups) have an important role to play.</p> <p>The EPF was created by Law 4/1994 and developed over the following years. It has the potential to be the focal point for environmental financing in Egypt especially in financing or co-financing environmental investments, conservation efforts, or other initiatives whether as pilot projects or otherwise.</p> <p>At the beginning of T1 several obstacles hindered making this important mechanism a reality. These included:</p>	<p>T1 end results expected:</p> <ul style="list-style-type: none"> <li>– It was expected that there would be an EPF executive body in action and an EPF Operation Manual approved and enacted.</li> </ul> <p>EEPP end results expected:</p> <ul style="list-style-type: none"> <li>– EPF would be actively used to extend environmental investments, including credit programs for private sector industries and others.</li> <li>– EEAA is expected to have a fully operational mechanism from which to finance innovative and sustainable environmental activities on a national level that support established GOE policies as well as those under consideration.</li> </ul>	<p>Policy Measure Level:</p> <ul style="list-style-type: none"> <li>– The implemented measures led to the activation of the EPF: the EPF management committee and its operation manual are operational.</li> <li>– Ways to develop the EPF revenues are being addressed with PSU support. It is believed that the decree issued by the Minister of Justice authorizing Law 4/1994 implementing bodies to negotiate settlements of violation penalties will increase the EPF resources substantially if put into implementation.</li> <li>– EPF staff remained unchanged in number but benefited from training provided by some projects such as Danida’s OSP.</li> </ul> <p>In fact, the objective of having EPF actively or broadly used for private sector credit, for example, has not yet been achieved. The actual range of funded activities is limited (funding of nine SWM related projects of which four are private sector implemented and five operated by non-profit organizations). If these are considered as a testing phase for the mechanism then more will be achieved in the future.</p>

Situation Prior to Tranche 1	Anticipated Situations at End of T1 and of EEPP	Analysis of Actual Situation
<ul style="list-style-type: none"> <li>– The EPF Management Committee was not activated.</li> <li>– The inflexibility of Ministry of Finance-approved EPF regulations</li> <li>– A substantial part of EPF funds used to support EEAA’s limited operations budget.</li> <li>– The lack of a Fund Operations Manual.</li> <li>– The limited revenue sources and the absence of effective collection mechanisms for ensuring that resources that should go to EPF actually go there.</li> <li>– Lack of qualified staff with capabilities to review proposals for financing, manage the allocation of funds, and follow up on approved projects. Related is the low level of remuneration for staff.</li> </ul> <p>EEPP created an Objective for this issue with two Policy Measures to solve the institutional problems. Studying solutions to the revenue and financing problems were also a possibility.</p>		<p>Policy Objective Level:</p> <ul style="list-style-type: none"> <li>– To broaden the range of EPF’s further work it will need to increase its revenues, whether through other sources or through better collection and distribution; more qualified staff are still needed; and its regulations need to be more flexible. Further steps toward more autonomy could also be necessary. The achieved institutional step is a strong base to move towards achieving the Objective.</li> </ul> <p>In Tranche 2, activities are directed at both improving EPF management and at raising its revenue.</p>

**Objective 6 Promote policies that increase the availability and ability to afford equipment, spare parts and inputs for environmental control, and monitoring and pollution prevention.**

Policy Measure 6 (No policy measures contemplated this tranche)

Planned or expected activities at the time of the MOU included:

- ◆ EEAA undertakes technical analysis of equipment needs and cost/availability constraints.

Situation Prior to Tranche 1	Anticipated Situations at End of T1 and of EEPP	Analysis of Actual Situation
<p>Full enforcement of Law 4/1994 was encountering barriers and constraints. One of these constraints was the lack of equipment for environmental monitoring and control and pollution prevention necessary for both pollution generating entities and governmental regulating agencies. The need to boost both the availability and affordability of this environmental equipment within suitable market conditions was well identified. No specific initiatives were launched before to respond to this need.</p>	<p>T1 end results expected:</p> <ul style="list-style-type: none"> <li>– The focus of projected achievements by the end of T1, as identified by the MOU, was the identification and description (through investigation and analysis) of the “demand” for environmental hardware in Egypt. This includes identification of cost/availability constraints that hinders satisfying this demand with adequate corresponding supply.</li> </ul> <p>EEPP end results expected:</p> <ul style="list-style-type: none"> <li>– It was expected that equipment, spare parts, and other technological inputs needed for environmental compliance and enforcement would be adequately available in the Egyptian market and utilized at fairly affordable prices for local firms and regulating agencies.</li> </ul>	<p>The problem identified by the policy objective is one of the high priority issues that had not been given sufficient attention. The issue has multiple inter-linked dimensions that relate to the “demand” side, the “supply” side, and the market contextual conditions that could be either “enabling” or “hindering.” The issue is also tied closely to a parallel one of the market for environmental services, and the potential overlap between providers of both environmental hardware and software in the recently emerging market.</p> <p>The approach selected by EEPP partners to implement this policy objective was to focus on the “supply” side. In conformity with the dominant political commitment to expanding the role of the private sector, the overall focus of implementation was “enhancing the role of private sector in providing environmental services within a healthy market.” Selection of this approach is different from the one previously identified and stated in the MOU as either the objective or the expected activities. The selected approach was further interpreted and elaborated as projected output on “Producing A Road Map for Private Sector Business Opportunities in the Environmental Sector.”</p> <p>Producing a “road map” for private sector business opportunities implicitly entails investigating the “demand,” profitable business opportunities (as a major incentive for market entry), possible constraints to entry, etc., as incorporated in early work planning for implementation. However, further elaboration of the projected output focused and narrowed the scope to two main outputs:</p>

Situation Prior to Tranche 1	Anticipated Situations at End of T1 and of EEPP	Analysis of Actual Situation
		<ul style="list-style-type: none"> <li data-bbox="1167 347 2047 438">– A survey that listed firms already acting in the market that offer environmental hardware within a “directory” and data base, to be published, and</li> <li data-bbox="1167 459 2047 523">– Preparation of a study report on “Assessment of Private Sector Business Opportunities in the Environment Sector.”</li> </ul> <p data-bbox="1167 539 2047 699">For the first output, ambitious projections extended to qualification, assessment, and classification of firms that will eventually lead to a certification process for the purposes of quality assurance. The second output was expected to cover, generally, the issues of regulatory framework, market demand, barriers and constraints, governmental incentives, etc.</p> <p data-bbox="1167 715 2047 906">The selected approach, and subsequently targeted outputs, lay within the overall objective scope and framework; however, more elaborate focus on analyzing the existing demand, the future projected demand (based on expected advances in Law 4/1994 enforcement), and the currently unmet demand would have supplemented the analysis. Market contextual conditions are also of parallel importance.</p> <p data-bbox="1167 922 2047 946">This activity will not continue in Tranche 2.</p>

**Objective 7 Reduced air pollution and emissions of greenhouse gases due to inefficient use of fossil fuels.**

Policy Reform Measure 7A

- ♦ OEP establishes protocol with participating public and private entities for developing National Energy Efficiency Strategy (NEES).

Situation Prior to Tranche 1	Anticipated Situations at End of T1 and of EEPP	Analysis of Actual Situation
<p>Efforts to develop a national energy efficiency strategy to guide and manage reduction of emissions of air pollutants and greenhouse gases were identified as a priority. Though the Supreme Council of Energy was already established in 1979, this initiative was not tackled comprehensively. As the task was assigned to the OEP, established by Presidential Decree 112/1983, the task of strategy development was more focused. Previous experiences of developing national sectoral strategies indicated that the “process” of strategy development impacts its overall quality and effectiveness in terms of its being realistic, feasible, and implementable by the multiple parties involved. Poor processes that included only one actor and excluded the inputs of other stakeholders and beneficiaries always result in strategies of poor implementation potential. The same applies for processes that underestimate or give less consideration to the realities of the contextual conditions and the possibly conflicting interests of different</p>	<p>T1 end results expected:</p> <ul style="list-style-type: none"> <li>– The expected results at the end of T1, as identified by the policy measure and the means of verification, was relatively short of real advances and, in fact, took place before the inception of the tranche. The expected output was for OEP to finalize the working protocol with the relevant governmental, and private and public sector bodies to jointly develop a NEES. The arrangement was already finalized earlier as implicitly incorporated in the procedures of establishing the EEC. The actual expected output, though not reflected in the means of verification, was the draft strategy. The strategy was expected to identify needed new regulations and guidelines for energy efficiency. Other components such as standards, incentives for demand-side, co-ordination arrangements required for implementation of the strategy, etc., would also be included.</li> </ul> <p>EEPP end results expected:</p> <ul style="list-style-type: none"> <li>– Reduction in greenhouse gas emissions.</li> <li>– Increased adoption of energy efficiency by industry and other sectors reflected in</li> </ul>	<p>Identification of the policy measure targeted a critical need to establish an integrated guiding framework for energy efficiency in Egypt—one that was realistic, feasible, and implementable—through a kind of bottom-up, incremental, and participatory mechanism. The policy measure approach, however, focused mainly on the tool for the process (the protocol) rather than the needed output, or on the feasibility of its implementation as an introductory intervention.</p> <p>The policy measure incorporated the strategic option of focusing on market mechanisms by clearly indicating the role of the private sector. This is reflected in the means of verification. The protocol was actually signed by the relevant parties before T1 began, but after T1 negotiation. The EEC—the institutional framework established to incorporate the participants in the NEES development and those who signed the agreement—was also established before T1 began. The EEC is not an official governmental authority established by a higher authoritative power. It is a voluntary arrangement based on the consent of involved parties.</p> <p>Implementation of the policy measure has actually gone beyond the targeted outputs as indicated by the means of verification. Through the participatory work of issue specific working groups, in which relevant parties are represented, and the leading role of OEP, the NEES draft was finalized at the end of T1. Beyond the NEES as a direct output, the process itself is contributing to the development of a “thrust” for the issue of energy efficiency at the</p>

Situation Prior to Tranche 1	Anticipated Situations at End of T1 and of EEPP	Analysis of Actual Situation
<p>parties involved.</p> <p>This is particularly the case with energy efficiency, due to the high level of interaction with financial and economic dimensions in all other national sectors. Furthermore, the dominant political orientation of expanding the role of the private sector in economic development and the need to incorporate this role effectively, in both planning and implementation of national strategies, required adequate representation of that sector in the process. The need to develop a strategy that is feasible, realistic, and implementable reflecting national interests and a balance of interests of different parties involved was imperative.</p> <p>Establishment of the EEC in February 1999 to include the different stakeholders was an appropriate step for setting up a participatory base not only for strategy development but also for further coordination and future implementation of the strategy and similar accords.</p>	<p>by industry and other sectors reflected in reduced operating costs, increasing regional and international competitiveness.</p> <ul style="list-style-type: none"> <li>– Health benefits due to the reduction in fossil fuel emissions.</li> <li>– More rational use of national energy resources with upgraded ability to meet future energy demands and economic development targets.</li> <li>– Positive market transformations and better enabling environment for further gains in terms of private sector entry into the energy generation and related markets.</li> <li>– Accelerated demand increase for energy efficient products and services reflected in accelerated growth of productive employment opportunities.</li> </ul> <p>From MOU:</p> <ol style="list-style-type: none"> <li>1. Increased greenhouse gas efficiency of Egypt’s economy.</li> <li>2. Increased adoption of energy efficiency by industry reduces operating costs, increasing international competitiveness, and reducing greenhouse gas emissions.</li> </ol>	<p>national level.</p> <p>As the NEES is implemented and its long-term impact begins to be felt, the commitment of relevant parties will become clearer.</p> <p>The extent of any relaxation in adoption of the NEES recommendations, especially by the EEC members, will be a direct indicator of the overall quality of the participatory mechanism through which NEES was developed. In addition, the question of whether there is the political support necessary to engender the institutional, legal, and policy reforms to implement it will be answered.</p> <p>Of interest to EEPP design is the participatory mechanism that was employed and concurrent issues of sustainability and effectiveness in securing commitment, and of applicability in other contexts.</p>

Policy Reform Measure 7B (Non-Policy Measure)

- ◆ OEP, in cooperation with industry, drafts guidelines for certification and efficiency labeling program for energy consuming commodities and initiates broader public awareness toward the use of energy saving and environmentally friendly equipment.

Situation Prior to Tranche 1	Anticipated Situations at End of T1 and of EEPP	Analysis of Actual Situation
<p>Certification and labeling of energy consuming commodities was almost non-existent and the need to build public awareness regarding energy saving and environmental friendly equipment and commodities was identified as a priority. However, such awareness building should coincide with a parallel transformation in the market primarily by regulating the environment with codes and standards and by promoting certification and labeling.</p>	<ul style="list-style-type: none"> <li>- Drafted guidelines for certification and labeling of energy consuming and environmentally friendly equipment and commodities developed through a participatory process led by OEP and industry.</li> <li>- Process initiated building broader public awareness regarding energy saving and environmentally friendly equipment and commodities.</li> </ul>	<p>The policy statement clearly addresses specific interventions within the overall framework of an umbrella strategy of inducing market transformation based on stimulating demand for energy efficient commodities and supporting and facilitating an adequate supply of these goods.</p> <p>Many activities addressing market transformation were successfully conducted; however, the issue of certification and labeling was not addressed as intended, perhaps due to the parallel efforts of UNDP’s Global Environmental Fund (GEF) program through the Ministry of Electricity and Energy and the OEP. It was included indirectly within many other activities but the original intended output (draft guidelines for certification and labeling of energy consuming commodities) was not generated and the specific process of developing it was not initiated though discussed and recommended within the different activities of NEES development (Codes and Standards Working Group) and the NEES framework produced. Within the same context, effort was spent in investigating the development of a local energy certification program to build the capacity of the service delivery chain in support of any codes and standards activities in Egypt. This is currently incorporated within Tranche 2 activities.</p> <p>One explanation of this could be related to the fact that certification and labeling cannot be tackled independently of or precede development of adequate codes and standards of energy efficiency, a process that is still at an early phase.</p> <p>For the intervention initiating broad public awareness for use of energy saving and environmentally friendly equipment and commodities, limited dissemination of the “message” was undertaken. Activities included publishing a series of press articles on energy saving tips, EEC and NEES development press coverage, and others. Activities of training different stakeholders that took place throughout the Tranche may be considered to some extent as a part</p>

Situation Prior to Tranche 1	Anticipated Situations at End of T1 and of EEPP	Analysis of Actual Situation
		<p>of the awareness building exercise.</p> <p>Other relevant activities that addressed inducing market transformation but did not focus on the intervention intended in the policy statement included: 1) facilitating energy efficiency investment through establishing an Inter-Banking Working Group and investigating the potential for establishing an “Equity Investment Fund”; 2) capacity building of Egyptian Energy Services Business Association (EESBA); and 3) market research to identify the gaps in developing codes and standards.</p>

**Objective 8 MOSEA/EEAA and concerned GOE entities develop improved systems and capacity for monitoring, inspection, and testing to ensure compliance with industrial pollution policies.**

Policy Reform Measure

Planned or expected activities at the time of the MOU included:

- ◆ EEAA develops guidelines which identify the priority plants in different industrial sectors for periodic and regular inspections.

Situation Prior to Tranche 1	Anticipated Situations at End of T1 and of EEPP	Analysis of Actual Situation
<p>Egypt suffers from pollution, especially from air pollution, and especially in Cairo though the problem exists elsewhere as well. Attempts can be made to calculate the economic costs but the human cost is incalculable.</p> <p>Significant water pollution problems are exacerbated by Egypt's precarious water supply situation with almost total dependence on one source, the Nile, for water for agriculture, for drinking, and for all other needs including waste disposal.</p> <p>Economic development presupposes industrialization but industry, necessarily, means some waste and pollution.</p> <p>If EIA is the way to control this problem at the start even from the planning stages, then monitoring</p>	<p>T1 end results:</p> <p>*EEAA guidelines identifying priority plants in different industrial sectors for periodic and regular inspections are developed.</p> <p>EEPP end results:</p> <ul style="list-style-type: none"> <li>– EEAA and other concerned GOE entities monitoring systems improved to better serve the needs of environmental compliance activities.</li> <li>– Inspection systems developed and institutional changes, organizational arrangements, and resources needed for their implementation secured.</li> </ul>	<p>EEAA efforts addressing this Policy Objective led to the following situation at the end of T1:</p> <p>Monitoring:</p> <ul style="list-style-type: none"> <li>– In partnership with Danida., EEAA established and operated a national air quality monitoring system consisting of 39 monitoring stations located throughout Egypt (12 in the Greater Cairo area, 6 in Alexandria, 8 in the Nile delta, 4 in the Suez Canal and Sinai area, and 9 in Upper Egypt). The agency is daily monitoring outdoor air pollutants as listed in Law 4/94 and its executive regulations including the levels of sulfur oxides (SO<sub>x</sub>), nitrogen dioxide (NO<sub>2</sub>), carbon monoxide (CO), ozone (O<sub>3</sub>), fine particulate matter (PM<sup>10</sup>), and non-methane hydrocarbons. Data collected undergo a multi-step quality control process before being made available.</li> <li>– Within the air quality monitoring component of the USAID-funded CAIP, EEAA is monitoring levels of PM<sup>10</sup> and lead (Pb) through a network of 36 stations established throughout Greater Cairo in synchronization with other ambient air monitoring systems. The support provided by CAIP extended also to capacity building for participating labs and staff. Furthermore, a lead emission inventory was initiated early 2000.</li> <li>– In partnership with USAID/CAIP, EEAA initiated an early warning system for air quality in the Greater Cairo area, which aims at correlating meteorological and air quality data to develop air pollution scenarios allowing the early application of</li> </ul>

Situation Prior to Tranche 1	Anticipated Situations at End of T1 and of EEPP	Analysis of Actual Situation
<p>and inspection for compliance is the way to control pollution in the long run.</p> <p>EEPP chose not to have a Policy Measure for any of these problems in T1 and the only expected activity was to develop guidelines to identify plants for inspection. At the same time, outside of EEPP, the GOE, principally through EEAA, was carrying out activities in this area.</p> <p>Monitoring:</p> <ul style="list-style-type: none"> <li>- With support from Danida, EEAA was establishing an air and coastal water quality monitoring network. USAID was providing support to build an air monitoring network for the Greater Cairo area. In addition, the Ministry of Health was monitoring the air and water from a public health perspective.</li> <li>- The River Nile and canals were monitored by the Ministry of Irrigation and Water Resources while land, and underground water was monitored by the Ministry of Agriculture.</li> </ul> <p>Inspection:</p>	<ul style="list-style-type: none"> <li>- Environmental testing capabilities in EEAA and other GOE relevant entities further developed to meet the increasing demands of environmental inspection and self monitoring activities.</li> </ul> <p>Expected end results from MOU (uncertain if end of T1 or EEPP):</p> <ol style="list-style-type: none"> <li>1. Improved enforcement and compliance with environmental laws by industry reflected in increased percentage of firms submitting Compliance Action Plans (70 percent of total) and of firms in compliance with Law 4/1994(50 percent of total).</li> <li>2. Priority plants in all industrial sectors are being periodically and regularly inspected.</li> </ol>	<p>preventive measures for the mitigation of potential impacts.</p> <ul style="list-style-type: none"> <li>- With Danida support, EEAA established a national coastal water monitoring network comprising 84 sampling stations along the Mediterranean and the Red Sea coasts for regular monitoring of chemical, biological, and bacteriological parameters.</li> <li>- EEAA efforts to establish cooperative links with other governmental environmental monitoring systems continued.</li> <li>- Point source measurements and pollutant inventories are still at an early stage.</li> <li>- The capability to analyze the data produced by the established monitoring systems needs to be established and developed in EEAA.</li> </ul> <p>Inspection:</p> <ul style="list-style-type: none"> <li>- An inspection unit was established in 1999 in EEAA with 20 staff members. Over the life of T1, the unit gradually expanded its activities and was able to inspect around 350 industrial firms (60 percent in the Greater Cairo area, 30 percent in the Delta, 4 percent in Upper Egypt, 4 percent Alexandria, and 2 percent in the Suez Canal and Red Sea area). Prioritization for inspection of industrial firms was based on three criteria developed by the new unit including: a) pollution load, b) geographical location, and c) potential impacts on water bodies and drainages.</li> <li>- In addition, the unit shared in controlling the seasonal open burning of rice straw in the delta, which contributed to severe air pollution problems in Greater Cairo.</li> <li>- The unit plans in the next 5 years the expansion of its activities to the inspection of tourism establishments and water and sanitation facilities.</li> <li>- Supported by OSP, Egyptian Pollution Abatement Program (EPAP), and EEPP, EEAA is developing an inspection system consisting of a set of procedures and guidelines for managing inspection activities and identifying roles and responsibilities of major regulators. Further, EEAA published “The Self-Monitoring Guidebook” and “The Manual for Industrial Environmental Inspection” and with support from the Canadian International Development Agency’s (CIDA) project, Egyptian</li> </ul>

Situation Prior to Tranche 1	Anticipated Situations at End of T1 and of EEPP	Analysis of Actual Situation
<p>– EEAA appointed a senior advisor to establish its inspection system and unit with support from USAID/EEPP, Danida/OSP, and the Finnish international development agency (Finnida)/EEPP.</p> <p>Testing:</p> <p>– EEAA was establishing its regional lab network which was to be responsible for monitoring and provision of technical services to inspection activities. The central lab was to function mainly as the reference lab for the mentioned network.</p> <p>– EEAA was preparing a Quality Assurance manual for the licensing of labs providing environmental testing services.</p>		<p>Environmental Information System (EIS) is developing an industrial information database.</p> <p>– The major steps taken by EEAA to addressing the problems of inspection need to be continued in T2 through adoption of the developed inspection system and the strengthening of inspection capabilities at the central, regional, and local levels.</p> <p>Testing:</p> <p>– EEAA established, equipped, and staffed five of eight regional labs constituting its regional monitoring and testing labs. These labs provided measurement and sample analysis services to inspection and site ambient monitoring activities.</p> <p>– Furthermore, training of the lab staff on testing and inspection was provided by the Japanese Inter-Cooperation Agency (JICA), EPAP, OSP, and EEPP/PSU. EEAA developed a procedures manual for the authorization and accreditation of environmental labs to be submitted to the EGAC for adoption.</p> <p>Partly with the help of its other donor-funded projects, EEAA’s activities in T1 exceeded by far the action mentioned in the policy matrix, yet further important steps building on the achievements in T1 need to be taken in this vitally important area. These are partially addressed in T2, Objective 5.</p> <p>In the future to know if the program for monitoring, inspection, and testing is successful, EEPP should know:</p> <p>– More about the prioritization and subsequent inspection coverage of industrial firms.</p> <p>– More about the results of inspection. For example, do more fines represent better inspection, or lower compliance, or nothing? Do fewer and lower fines represent better compliance, poorer selection of target firms, or something else?</p>

**Objective 9 MOSEA/EEAA, in cooperation with industrial stakeholders and relevant GOE entities, develops pollution reduction strategies through higher rate of compliance.**

Policy Reform Measure

EEAA, in association with Investors Group and relevant stakeholders, designs and initiates implementation of the integrated EMS for the Tenth of Ramadan Industrial City.

Situation Prior to Tranche 1	Anticipated Situations at End of T1 and of EEPP	Analysis of Actual Situation
<p>Industrial impacts on the environment were widespread and serious, and included air emissions (in both the workplace and in ambient air), wastewater discharges, and solid and hazardous waste disposal.</p> <p>Efforts to adequately monitor industry and enforce compliance required strengthening. Without credible enforcement, many plants would not make the necessary improvements to come into compliance and protect the environment even if such modifications were clearly advantageous from an efficiency standpoint. Once the positive implications of pollution prevention were fully internalized by industry, this methodology could be used by plant management to exceed the standards, not only to enjoy the corresponding efficiency benefits these measures provide, but also to stay ahead of the regulatory and normative regimes which</p>	<p>T1 end results expected:</p> <ul style="list-style-type: none"> <li>– A pilot sustainable and integrated EMS program was to be implemented in 10th of Ramadan City. Implementation was to be based on a participatory approach that involves all relevant stakeholders in self-compliance. The program was to shift the focus of environmental compliance from the individual firm to the whole industrial complex. Implementation of EMS is conducted through an institutional framework in which roles and responsibilities of different parties are well determined according to a MOU.</li> <li>– It was expected that the institutional framework for implementing integrated EMS would be finalized (Environmental Council, Environmental Fund, the Permanent Technical Office, etc.) and the permanent technical office be already staffed, equipped and fully</li> </ul>	<p>This Policy Measure targets the critical priority issue of industrial sector compliance with environmental laws and regulations. The approach is based on building a successful and experimental model of self-compliance and a collective EMS in an industrial city within which the regulated entities (industrial firms) and regulatory and competent agencies (EEAA, City Development Authority, including the executive body and the BOT) establish a framework and mechanism to achieve the model objectives.</p> <p>The intervention was generally defined by the policy phrasing; however, the detailed implementation arrangements—or the specific approach—were mainly articulated in the means of verification. This paradigm creates an institutional framework that incorporates all stakeholders within an “Environmental Council.” Another component of the paradigm was the permanent technical office to implement the EMS. The concept of the environmental fund (the third component) was pivotal to the whole mechanism. Fund resources were expected to be generated by industrial firms according to their estimated individual environmental load along with other external resources to finance the environmental requirements of the industrial complex.</p> <p>Ultimately what was done was different, with some changes in the proposed institutional framework. These changes are mainly to overcome difficulties of establishing new institutional arrangements by relying more on existing bodies, mainly the BOT of the City Development Authority.</p>

Situation Prior to Tranche 1	Anticipated Situations at End of T1 and of EEPP	Analysis of Actual Situation
<p>regulatory and normative regimes which tend to become more strict over time.</p> <p>As traditional mechanisms of enforcement require substantial capacity—quantitatively and qualitatively—that were beyond the existing and developing capacity of EEAA and the EMUs (local administration), the need for innovative initiatives to supplement the mainstream effort was also evident.</p> <p>It made sense to encourage and facilitate industrial self-compliance. There were many successful models of such self-compliance in place worldwide which could be adapted to Egyptian conditions and which should form, along with greater governmental capacity to monitor and enforce, the core of the GOE’s industrial pollution reduction strategy.</p> <p>One of the challenges in Egypt was to create ways to broaden the positive experiences gained and approaches used to promote cost-effective pollution reduction from the facility-specific focus to one that is industry sector-wide. The recent Egyptian model of citywide self-compliance fostered by the private–public partnership in the 10th of Ramadan Industrial City is an</p>	<p>mobilized to begin the implementation of EMS.</p> <p>EEPP end results expected:</p> <ul style="list-style-type: none"> <li>– Using the partnership approach demonstrated in 10th of Ramadan, EEAA would encourage the establishment of similar self-compliance systems in other industrial cities. It would also design and begin to implement a broader strategy of pollution reduction and compliance, which incorporates both necessary degrees of governmental oversight and enforcement with practical opportunities to encourage self-compliance.</li> <li>– In addition, Objective No. 9 aims at fostering an enabling environment designed to support and complement the 10th of Ramadan and other similar efforts over the long term by the establishment of a National Pollution Prevention Framework Policy by the MOSEA/EEAA which stresses the utilization of principles including clean production, source reduction, process modification, waste minimization, by-product recovery, recycling, and others that result in production efficiencies, greater competitiveness, and environmental protection.</li> </ul>	<p>An MOU was signed by all parties (achievement of the first means of verification). The Environmental Council was substituted by the 10R BOT Environmental Committee, and its technical secretariat substituted the permanent technical office, with representation of EEAA in both of them. Arrangements for the environmental fund were not accomplished (the second means of verification was partially achieved) due to a lack of response from the MOHUNC, to which the City Development Authority is affiliated (through the General Authority of New Communities). Though the third means of verification was achieved (approval of EMS technical plan) and the fourth was partially achieved (organizational arrangements for plan implementation) and activities relevant to other components of the EMS (supporting ISO 14001, collective hazardous waste treatment facility, etc.) are ongoing, the major component of the EMS (self-compliance of individual industrial units) is at a halt and the sustainability of the whole initiative is questionable.</p> <p>Investigating the major constraints that eventually led to lack of achievement suggest that the improvised process of designing the intervention, was based on an excessive external role and un-grounded highly positive expectations of the responsive roles of some stakeholders (industrial investors, investors association, CDA). The original positive responses of these parties had been related to their expectations of greater benefits against limited costs of self-compliance.</p> <p>Within the same context, successful involvement of different stakeholders in a specific intervention relies heavily on identification of a leading party and the effectiveness of its playing its role especially when many domains overlap as in the new industrial cities. In this regard and considering the institutional environment of the intervention and the legal mandates and responsibilities of different parties, it is possible that EEAA might not have been the optimum selection of the “leading agency” role. It is possible that one of the agencies closer to the problem might have been more appropriate.</p>

<b>Situation Prior to Tranche 1</b>	<b>Anticipated Situations at End of T1 and of EPP</b>	<b>Analysis of Actual Situation</b>
example.		

**Objective 10 Strengthen the capacity of public and private sector to provide consistent and reliable environmental assessment services, which will support industrial compliance with environmental policies and regulations.**

Policy Measure 10 (No policy measures contemplated this tranche)

Planned or expected activities at the time of the MOU included:

- ◆ EEAA reviews current environmental lab analysis capabilities, determines projected needs and standards to support future environmental compliance programs, and develops certification procedures for essential services.

Situation Prior to Tranche 1	Anticipated Situations at End of T1 and of EEPP	Analysis of Actual Situation
<p>Enforcement of Law 4/1994 was progressing despite various constraints. One of these constraints was the limited overall capacity for provision of environmental technical services such as consulting services, measuring, testing, etc. To an extent, this represents the environmental “software” to the “hardware” in Objective 6.</p> <p>The need to strengthen the capacity of both the public and private sectors to provide environmental services to support law enforcement and compliance, especially in the industrial sector, was well identified.</p> <p>Both the number and the qualifications of individuals and firms providing services were limited. Further, there was a lack of institutional/ legal organization and clarity of regulatory rules and mechanisms.</p> <p>The environmental consulting practice, for</p>	<p>T1 end results expected:</p> <ul style="list-style-type: none"> <li>– Given the limited discussion of this in the text annex to the T1 MOU it is difficult to conclude what was expected to have changed. The “end result” in the MOU matrix appears to be for the future after EEPP.</li> <li>– The expected activity “reviews current environmental lab analysis capabilities, determines projected needs and standards to support future environmental compliance programs, and develops certification procedures for essential services,” would, presumably, have resulted in a</li> </ul>	<p>What the GOE requires of all firms will influence the demand for services from other firms that help them to comply. Accordingly, the GOE has an interest in requiring that firms providing such services be competent. To ensure this it might wish to register and even to certify them. Some effort was therefore made to develop a registration system for these providers of environmental services in T1.</p> <p>A questionnaire was developed and sent to service providers and a directory and database were made from these. The generated directory and database focused primarily on the two sub-sectors of EIA and air quality monitoring. These products remained to be finished at the end of T1.</p> <p>There was also an effort to develop an environmental laboratory certification system. Guidelines for environmental lab certification were completed but actual procedures for this certification were not completed.</p> <p>While this may match EEAA’s regulatory role, it should also be compatible with the existing National System of Certification and Accreditation. This implies that the Egyptian Standardization Organization (ESO) should be a major partner in the proposed process for lab certification and may include other partners as well.</p> <p>The two outputs focused on the supply side. No investigation was carried</p>

Situation Prior to Tranche 1	Anticipated Situations at End of T1 and of EEPP	Analysis of Actual Situation
<p>example, was not organized and classified as a profession or service.</p> <p>The same applies also to environmental laboratories, which were still in a primitive phase where the whole load was on the newly established EEAA central facilities or, in other cases, the existing facilities of the health sector that were not fully qualified for these functions.</p> <p>Although EEPP correctly identified this need before T1 began, it was decided to make work in this area a non-policy measure and only limited activities were envisioned in T1.</p>	<p>design or plan for building Egyptian capacity for certification of laboratories and service providers.</p> <p>EEPP end results expected (from MOU):</p> <ul style="list-style-type: none"> <li>- Industrial plants using environmental labs and ISO 14000 inspectors to provide reliable monitoring services in support of Law 4/1994 compliance.</li> </ul>	<p>out of the structure of current and future needs, especially for environmental labs as envisioned in the “expected activities” in the MOU.</p> <p>This activity continues in Tranche 2 of EEPP outside of the policy matrix as technical assistance to the Egyptian Accreditation Council.</p>

**Objective 11 Improve efficiency and performance of the solid waste management systems through a combination of strategic planning, improved administration, greater public awareness, and more active participation of the private sector.**

Policy Reform Measure

EEAA, through a national consultation process, develops a national MSW management policy including institutional, technical and economic components, national targets, and recommended options for the segregation, collection, and disposal of MSW.

Situation Prior to Tranche 1	Anticipated Situations at End of T1 and of EEPP	Analysis of Actual Situation
<p>Solid waste of all kinds was a problem for Egypt due to several underlying constraints. One was that the needs overwhelmed the capabilities of the local governments (governorates and municipalities) that are the entities actually responsible for SWM. Another was that there was no system for separating industrial, medical, and hazardous wastes from household and municipal solid waste, nor a system for treating these even when separated. A third was that there were no sanitary landfills in Egypt. Finally, public attitudes toward solid waste disposal exacerbated the problem.</p> <p>There was little communication and coordination between the levels of responsibility and broad participation was lacking.</p>	<p>T1 end results expected:</p> <ul style="list-style-type: none"> <li>– It was expected that there would be a national policy of principles and concepts and practices, developed by EEAA through a participatory and consultative process, that: (a) incorporates best practices and economic instruments with an emphasis on sustainability. (b) is flexible in that it identifies an array of practical, innovative options as diverse as the myriad of challenges themselves, (c) stresses reliance on those actors closest to the problems being actively involved in the identification of the solutions and in resolving the problems, (d) clearly identifies the roles and responsibilities of all parties involved, and (e) promotes an enabling environment that attracts private sector services.</li> <li>– The finalized policy statement, approved by the EEAA BOD would be submitted to the Cabinet for its review and approval as an introductory step for implementation.</li> </ul> <p>EEPP end results expected:</p>	<p>By the end of T1 a strategy had been developed consultatively by EEAA and approved by the Prime Minister, an achievement that surpassed the Policy Measure. The strategy was developed in an unusually participatory process, including various levels and various stakeholders. It benefited from the simultaneous push for privatization in priority governorates that is GOE policy at the highest level as exemplified by the Alexandria process.</p> <p>It exemplifies the new role for EEAA of coordinating and acting as advisors to other levels. At EEAA there is increased capacity in terms of ability to formulate solid waste policy. Significantly, the consultation process as a concept has been implanted at EEAA. For solid waste, this consultation was done at the highest political levels as well as the technical level.</p> <p>Interestingly, the solid waste strategy covered not only municipal solid waste but also agricultural and industrial waste, a useful extension.</p> <p>Of course, it is too early to be able to attribute any on-the-ground changes in collection or disposal to the SWM strategy or even to the privatizations of services but this was not the object of this measure.</p> <p>Implementation of this policy measure is a model of successful</p>

Situation Prior to Tranche 1	Anticipated Situations at End of T1 and of EEPP	Analysis of Actual Situation
<p>Further, SWM suffered from operating under a traditional concept of organization and responsibility with limited room for innovation and for private sector participation.</p> <p>The lack of effective and disciplined SWM systems contributed to the serious environmental problems confronting Egypt. There was an urgent need to improve this situation and then redefine what were the appropriate roles of each level of government, the private sector, and other entities all geared towards establishing improved sustainable systems.</p>	<ul style="list-style-type: none"> <li>– Establishment of more efficient municipal solid waste management which encourages maximum feasible private sector involvement and is demonstrated by higher collection rates, increased levels of consumer satisfaction, and use of standard techniques of recycling and disposal that maintain high levels of public health and environmental quality.</li> </ul>	<p>identification of the measure and selection of approach meeting a critical and pressing need and within a positive contextual conditions. It also represents a model of success in designing the role of the lead implementing agency (EEAA) versus the roles of other stakeholders as compatible with the already existing legal mandates and not interfering or overlapping with the domain of other parties (as the case of PM9—the 10th of Ramadan experience) while at the same time allowing for adequate inputs from them (the consultative process).</p> <p>The role of governorates is currently the prominent one in strategy implementation and the role of EEAA will turn to national monitoring, technical assistance, coordination, policy formulation, etc.</p>

**Objective 12 Provide protection for the Egyptian Red Sea coral reefs, islands, and linked ecosystems of importance.**

Policy Reform Measure 12 A

- ◆ GOE expands the Red Sea Protectorate to include other islands, coral reefs, and linked coastal ecosystems of importance.

Situation Prior to Tranche 1	Anticipated Situations at End of T1 and of EEPP	Analysis of Actual Situation
<p>Development pressures along the coast and the established national priority of preserving the spectacular Red Sea marine eco-systems and the linked terrestrial eco-systems required further expanding protection to other zones of priority so that they could fulfill their development needs and ecological function.</p> <p>Egypt had three marine-based protected areas in the Gulf of Aqaba (Ras Mohamed, Nabq, and Abu Galum) and only one marine protectorate in the Red Sea that consists of 22 islands and coastal mangrove areas. This small protected area was insufficient.</p> <p>Experience from the parts of Sinai that are protected with EU assistance can be a useful example.</p> <p>Some previous efforts were made, including with USAID assistance, providing mooring buoys and some</p>	<p>T1 end results expected:</p> <ul style="list-style-type: none"> <li>– By the end of T1 it was expected that a protected area (of some dimension) would be declared (or decreed) that would provide the legal base on which to operate.</li> <li>– And, it was expected that the protectorate staff would effectively manage 75 percent or more of the geographic area of the Red Sea Protectorate.</li> </ul> <p>EEPP end results expected:</p> <ul style="list-style-type: none"> <li>– By end of EEPP, based also on the management improvements in 12B, an expanded RSMP would be functioning with sustainable funding and management providing protection for sustainable Red Sea development.</li> </ul>	<p>The policy measure responded to the pressing need to protect the highly sensitive marine and terrestrial ecosystems of the region. However, the sheer gap between protection requirements and available resources and management capacity has provided a major and well-identified constraint to responding to this need. It is possible that deciding on this policy measure was actually more hopeful than realistic.</p> <p>Ultimately, the protected area was not declared. The stated reason was that EEAA yet lacked the financial and managerial resources to properly manage this, both in Cairo and in the Red Sea, including Rangers.</p> <p>Design of the single means of verification directly reflected the full implementation requirements of the final step of “official declaration” of the new protected area. In other policy measures, considering the short time span of T1, means of verification were often limited or sequential steps leading to complete policy measure implementation. In the case of this policy measure, studies delineating a protected area and a draft declaration might have been useful steps that still represented real progress.</p> <p>Constraints to implementation of this policy measure go beyond the sole reason of limitations of protection capacity to the wider scope of the overall political commitment and the different competing Red Sea interests (tourism development vs. environmental protection).</p>

Situation Prior to Tranche 1	Anticipated Situations at End of T1 and of EEPP	Analysis of Actual Situation
<p>Rangers.</p> <p>Therefore to protect this area, two things were needed: one was an official declaration so that there was an explicit legal identification of the place, the second was better management capacity (treated in 12B below).</p>		<p>With the specific exception of the Wadi Gamal area, the subject of the declaration of a protected area is not being taken up again in Tranche 2. However, the subject of management capacity and Rangers is the focus of Tranche 2 Objective 2.</p>

Policy Reform Measure 12 B

- ◆ EEAA staffs the management unit needed to administer these areas including the provision of basic equipment.

Situation Prior to Tranche 1	Anticipated Situations at End of T1 and of EEPP	Analysis of Actual Situation
<p>The coral reefs at many of the most visited dive sites in the Red Sea were exposed to significant damage. The major reason behind this was insufficient environmental management capacity in the Red Sea area, whether in protected areas or not. The management unit for the Red Sea Protectorate, the Eastern Desert Management Unit, which consists of the Red Sea, Elba, and Wadi el-Gamal Protectorates, did not yet exist. Instead, the Red Sea Protectorate relied upon an informal arrangement with the South Sinai management unit for staff, minimal operating expenses, and</p>	<p>T1 end results expected:</p> <ul style="list-style-type: none"> <li>– At the end of T1 it was expected that the Red Sea protectorate management unit would be staffed and needed equipment supply finalized. The unit would be mobilized and already in operation according to the already initiated work plan and annual budget.</li> </ul> <p>EEPP end results expected:</p> <ul style="list-style-type: none"> <li>– At the end of EEPP it was expected that the management unit of the expanded Red Sea Protectorate would be fully operational and financially sustainable. Protectorate staff would effectively manages a minimum of 75 percent of the geographic area of the protectorate. Operation and</li> </ul>	<p>The Policy Measure clearly responds to the critical need for upgrading the overall capacity of Red Sea protectorate management.</p> <p>Implementation of this policy measure was achieved through the three identified means of verification (the executive directive setting organizational relationships, work planning and budget planning for staffing and equipment, and expenditure statement). However, finalization of the staffing process is still incomplete and integration of the management effort within the proposed extended initiative of RSPMP did not take place.</p>

Situation Prior to Tranche 1	Anticipated Situations at End of T1 and of EEPP	Analysis of Actual Situation
management guidance. To maintain the quality of the jeopardized ecosystem it would be necessary to establish and upgrade the management capacity through organizational arrangements and adequate budgeting, staffing, equipment supply, training, etc.	maintenance costs would be fully funded by the revenues generated. Roles and responsibilities of other stakeholders would be well integrated with unit activities under the framework of Red Sea Participatory Management Program (RSPMP). This would lead to measurable stabilization and improvement in the health and condition of Red Sea coral reefs and coastal habitats.	

Policy Reform Measure 12 C (Non-policy measure)

EEAA establishes criteria for the development of a Red Sea Protectorate Management Plan (RSPMP) based upon a consultative process with stakeholders and partners and then initiates the development of the first phase (5-year) of the plan.

Situation Prior to Tranche 1	Anticipated Situations at End of T1 and of EEPP	Analysis of Actual Situation
Lack of a management plan that identified EEAA management strategic objectives and priorities for the Red Sea Protectorate area.	Criteria for the delineation of management zones within the boundary of the proposed expanded Red Sea Protectorate developed in consultations with stakeholder.	The PSU reported that “during T1, EEAA decided to put on hold, until further notice, expansion of the Red Sea protected area.” Therefore the PSU started no activities on this policy measure.  EEAA submitted as verification document for means of verification 12B-3 a work plan for the newly established Red Sea Protectorate management unit which includes an identification of priority issues for the units operations for the year 2000 and beyond. This document does not include what was expected in policy measure 12C.

Policy Measure 12-D (Non-policy measure)

- ◆ EEAA designs revenue generating schemes which ensures that adequate funding is made available to finance the RSPMP.

Situation Prior to Tranche 1	Anticipated Situations at End of T1 and of EEPP	Analysis of Actual Situation
Lack of adequate and sustainable revenue base to support increases in staffing and other operational expenses of the Red Sea Protectorate.	Development of revenue generating schemes providing an adequate and sustainable cash flow for the Red Sea Protectorate.	The PSU planned to provide TA for the preparation of a report on cost-recovery opportunities for the Red Sea Protectorate operations but this activity was dropped by the end of T1 and will be addressed in T2.

**Objective 13 EEAA encourages environmentally sustainable development of the Red Sea coast through an improved EIA process.**

Policy Reform Measure

CEO of EEAA issues a policy directive, which clarifies the roles and responsibilities for EIA review and approval of coastal projects by various departments within EEAA, the TDA, Governorates, and other relevant authorities and begins enforcement of this policy directive in the Red Sea Governorate.

Situation Prior to Tranche 1	Anticipated Situations at End of T1 and of EEPP	Analysis of Actual Situation
<p>Despite the existing EIA regulations, substantial environmental damage from tourism development was quite visible in areas of Hurghada, Safaga, and Quseir and other areas along the Red Sea coast. Many facilities were constructed without an approved EIA. In other cases, developers were granted construction permits while their EIA documents were still under EEAA review.</p> <p>Because EIA is intended to be the mechanism to identify likely problems even before they arise getting this process right was fundamental for sustainable development.</p> <p>Increasing the overall effectiveness of the EIA mechanism required that all parties strengthen and improve their coordination and</p>	<p>T1 end results expected:</p> <ul style="list-style-type: none"> <li>- Clear and well-defined roles and responsibilities of all parties involved in the EIA cycle process would be established (through a policy directive issued by EEAA’s CEO) and applied as standard intra-agency and interagency procedures. This implicitly extends to sustainable institutional mechanisms of coordination and communication mechanisms and effective monitoring and information functions.</li> </ul> <p>EEPP end results expected:</p> <ul style="list-style-type: none"> <li>- By the year 2002, 100 percent of planned coastal tourism developments undergo EIA review and are not constructed until EIA approval has been obtained.</li> </ul>	<p>This policy measure corresponds to a critical need to upgrade the overall effectiveness of one of the most important tools for promoting environmentally sensitive development in the Red Sea region (the EIA system). However, policy formulation clearly limited the intervention to “the review and approval process” and did not identify “compliance” as an integrated component of the full cycle of the EIA process.</p> <p>The policy approach also addressed EEAA as the key actor within the EIA process to lead the organization and harmonization of roles of different parties as well as its own internal organization.</p> <p>The three means of verification were satisfactorily achieved: 1) the decree, 2) joint interagency coordination mechanism (committee) and 3) regular progress reporting on EIA status. However, the joint committee, while functioning before EEPP, is not permanent and may not be sustainable. The MVE study, “Performance Appraisal of the Environmental Impact Assessment (EIA) Review System in Egypt and Development of an Internal Performance Monitoring System” suggested certain improvements in procedures and monitoring.</p> <p>The contribution of achievement of policy measure implementation to the EIA process in the Red Sea is tangible. Further improvements are needed regarding the role the</p>

Situation Prior to Tranche 1	Anticipated Situations at End of T1 and of EEPP	Analysis of Actual Situation
<p>communication mechanisms. Clarification of these roles and responsibilities, and improving intra-agency integration and interaction and interagency organization and management was needed as a first step. The role of EEAA in this regard was substantial and critical.</p>		<p>competent agencies (TDA and Red Sea Governorate) play in the preliminary review of EIA studies. In the long term, extending the coordinated roles of review and approval to compliance, monitoring, and enforcement (to articulate the ultimate impact of the EIA mechanism) will depend on the quality of the currently developed standard procedures of review, approval, documentation, information systems building, etc.</p> <p>This work is related to T1 Objective 14. In Tranche 2 there is no explicit work on EIA with EEAA.</p>

**Objective 14 Environmental policy monitoring capacity within the TDA is strengthened.**

Policy Reform Measure 14A

- ◆ CEO of TDA issues a decree establishing an Environmental Monitoring Unit, hires or assigns full time staff for the unit, sets work objectives and funding for the unit, and develops an annual work plan.

Situation Prior to Tranche 1	Anticipated Situations at End of T1 and of EEPP	Analysis of Actual Situation
<p>The environmental damage due to deficiencies in implementing EIA regulations had already been identified (see Policy Measure 13). The need to avert this situation to prevent any leakage out of the EIA system was critically needed as a priority to secure the effectiveness of a basic component of the Red Sea environmental management system.</p> <p>Strengthening the capacity of TDA to better perform its respective functions as the competent authority within the EIA mechanism was a critical need.</p> <p>The situation was that many projects or parts of projects began construction without an EIA and TDA does not have the institutional capacity to prevent this.</p>	<p>T1 end results expected:</p> <ul style="list-style-type: none"> <li>– At the end of T1 it was expected that the institutional arrangements needed to establish and operate an effective and sustainable environmental monitoring function within TDA apparatus would be set up. The core component of this function is the EIA mechanism. The specific anticipated situation by the end of T1 is finalized staffing, setup and mobilization of the EMU.</li> </ul>	<p>This policy measure responded effectively to the pressing need to undertake institutional arrangements to improve the environmental monitoring function. The selected approach (establishing a new administrative unit) addresses directly the problem identified though other options were available (such as drawing upon existing departments).</p> <p>The design of the means of verification extended the work to verifying actual operation of the unit (the fourth means, reporting on activities and achievements to date) though this is not clearly identified in the policy statement. However, this last means did not identify clearly a specific output of the unit (routine technical reporting, etc.) as a verification of actual operation. This may have contributed (very partially) to the limited achievement of this policy measure which was reflected in the “partial achievement” of the that fourth means of verification. The limited achievement of this policy measure (partial achievement of both means three and four— financial plan and reporting on unit mobilization) relates mainly to the extended delay in preparation of the unit work and financial plans that were finalized near the end of the tranche. This delay in plan and staffing rendered the unit short of final and effective mobilization.</p> <p>Implementing the policy measure, however, did generate other positive secondary outputs that relate directly to the overall policy objective. Preparation of the unit work plan implicitly mandated an</p>

Situation Prior to Tranche 1	Anticipated Situations at End of T1 and of EEPP	Analysis of Actual Situation
		<p>exercise of reviewing, re-identification, and design of the environmental monitoring function within TDA.</p> <p>Analysis of this policy measure raises the issue of policy identification and formulation regarding selection and identification of a specific “action” (establishing a unit) versus focusing on a specific “option”, leaving the “action” to articulate or implement this option to the discretion of GOE agencies. Perhaps future MOUs could be less explicit about actions and focus on results leaving how to accomplish this to the GOE.</p>

Policy Reform Measure 14B

TDA takes steps to require Red Sea tourism developers to comply with EIA regulations.

Situation Prior to Tranche 1	Anticipated Situations at End of T1 and of EEPP	Analysis of Actual Situation
(See Policy Measure 14A)	<p>T1 end results expected:</p> <ul style="list-style-type: none"> <li>– The overall targeted output of the policy measure is to achieve “better compliance” with EIA regulations to improve environmentally sensitive development. The specific anticipated situation at the end of T1 was that TDA would have improved the overall quality and effectiveness of the internal EIA mechanism with special focus on monitoring, inspection, data information systems, and regular progress reporting.</li> </ul> <p>EEPP end results expected:</p> <ul style="list-style-type: none"> <li>– At the end of EEPP, it was expected that from the year 2002 on, 100 percent of new coastal</li> </ul>	<p>This policy measure targets a very critical need to upgrade the overall level of compliance with EIA regulations. The specific approach of the policy measure was not clearly identified in policy phrasing but was made more explicit in the means of verification. The means focused on the EIA information and reporting system as a primary monitoring tool and an introductory step to improve the whole system and allow for better compliance.</p> <p>The design of the means of verification intended to institute sustainability to EIA information and reporting through quarterly progress reporting. Part of policy measure implementation is considered achieved by producing the reports on the EIA status of listed projects within the designated tranche period. However, while the process did progress significantly, with the late design of environmental monitoring system (EMU work plan) and already weak documentation of the EIA information, the reporting quality</p>

Situation Prior to Tranche 1	Anticipated Situations at End of T1 and of EEPP	Analysis of Actual Situation
	<p>development projects initiated under TDA jurisdiction will receive construction permits only after obtaining EIA approval from EEAA.</p>	<p>needs further improvements. Though the first and second means of verification (comprising together the reports on projects started and those with EIAs) are considered to have been achieved, the ability of TDA to routinely produce timely comprehensive reports is still questionable. Reporting on inspection activities related to EIA compliance (the third means of verification) was not achieved for the reasons mentioned above.</p>

**Objective 15 TDA strengthens its capacity to develop and disseminate best practices and other environmental programs intended for investors and developers through education and awareness programs.**

Policy Reform Measure 15A

CEO of TDA issues a decree establishing a Policy Implementation Unit (PIU), hires or assigns fulltime staff for the unit, and develops an annual work plan.

Situation Prior to Tranche 1	Anticipated Situations at End of T1 and of EEPP	Analysis of Actual Situation
<p>In 1997, the TDA instituted a policy of incorporating environmental considerations into their development plans for the Red Sea coast. As the result of this new policy focus, TDA was developing two new programs, a “best practices” program and an “eco-lodge program,” which were designed to encourage more environmentally sustainable development of TDA lands.</p> <p>To manage and implement these programs there was a need to establish a new institutional function to handle formulating environmental policies and guidelines, such as additional best practices, developing appropriate incentives for compliance with these policies, and for providing technical assistance and guidance to developers to enable them to comply with these policies. The</p>	<p>T1 end results expected:</p> <ul style="list-style-type: none"> <li>– Based on the interpretation of the means of verification to the policy measure, the anticipated situation at the end of T1 is: PIU staffed, mobilized, and resuming its activities according to an already approved work and financial plan.</li> </ul> <p>EEPP end results expected:</p> <ul style="list-style-type: none"> <li>– In general, establishing and operating Environmental Monitoring and Policy Implementation Units at the TDA will greatly decrease further degradation of the special ecosystems and biological diversity of the Red Sea coast (e.g. coral reefs, mangroves, etc.).</li> <li>– Specifically, TDA’s policy formulation and dissemination activities will lead at the end of EEPP to the adoption of at least one “best practice” in 75 percent of new tourist developments on the Red Sea Coast.</li> </ul>	<p>To achieve the policy objective, this policy measure is the pivotal component in creating institutional and technical capacity for TDA to develop and implement policy. However, the policy reform here does not relate to a specific environmental policy option. It confines itself to establishing the PIU. It is supposed that the PIU would be responsible for not just best practices but other similar efforts in TDA.</p> <p>The means of verification design was an exact reflection of the policy statement (PIU establishing directive: organization, work policies and functions, staffing, etc., work and financial planning, progress reporting). Though verification requirements were considered met, there was a gap between achievement of the means and achievement of the policy measure, especially regarding sustainability and effective performance.</p> <p>Though the PIU was created in 1998, it is still not fully mobilized as a full-fledged internal department within the TDA administrative apparatus. It is still working as a unit that undertakes its own mission semi-independently of the daily routine work of other departments. The organizational structure of the unit (as stated in the executive directive) reflects its composition as a special purpose <i>ad hoc</i> unit, comprising mainly external consultants. The need to amend and solidify such organization was identified in the work planning process.</p>

Situation Prior to Tranche 1	Anticipated Situations at End of T1 and of EEPP	Analysis of Actual Situation
<p>need to establish needed institutional arrangements to perform this function was evident.</p>		<p>The current staffing of the unit is based on external consultants (full time and part time bases) and part time staff seconded from other TDA departments. The financial resources needed to meet the unit’s expected expenditure (in the financial plan) are not identified or earmarked within the TDA budget.</p> <p>Establishing new departments or units to carry out a newly introduced function (with official ranks, full job description and corresponding budgetary items for salaries and needed expenditures) is impeded by the length of time needed to get the approval of the Central Authority of Organization and Administration (CAOA). Opting for the faster and easier approach of “internal” arrangements (CEO decree and full-time or part-time seconding of staff from other departments, and external human resources, if feasible) provides for a more manageable action. However, the sustainability of such internal arrangements is always questionable. Continuity of the new function or its effectiveness is tied to the political commitment of the agency leadership.</p>

Policy Reform Measure 15B

- ◆ TDA takes steps to disseminate the "best practices" manual and monitor compliance.

Situation Prior to Tranche 1	Anticipated Situations at End of T1 and of EEPP	Analysis of Actual Situation
<p>(See PM 15A)</p>	<p>T1 end results expected:</p> <ul style="list-style-type: none"> <li>– The anticipated situation at the end of T1 was that a tangible level (not defined quantitatively) of adoption of best practices by developers—monitored and recorded—would occur as a result of a series of activities to “disseminate” the already finalized and endorsed “Best Practices Manual”</li> </ul>	<p>This policy measure is based on continuation of previous USAID-funded efforts (Environmentally Sustainable Tourism project). It addresses the real problem of the lack of a technically sound base for environmental best practices in the specific regional context of the Red Sea. It represents a needed intervention to attain the ultimate objective of sustainable tourism through building a technical base of environmentally-attuned design, construction,</p>

Situation Prior to Tranche 1	Anticipated Situations at End of T1 and of EEPP	Analysis of Actual Situation
	<p>endorsed “Best Practices Manual”.</p> <p>EEPP end results expected:</p> <ul style="list-style-type: none"> <li>– Dissemination activities will lead to the adoption of at least one “Best Practice” in 75 percent of new tourist developments designed or constructed on Red Sea Coast within the designated period.</li> </ul>	<p>and operation practices of tourism development projects.</p> <p>Adoption of best practices by investors and developers is not dependent solely on acquiring the knowledge of best practices. Many other factors are necessary, especially economic and financial factors, mainly the expected net financial returns in comparison of those relevant to traditional development approaches (as long as there is no compulsory adoption of best practices). Within this context, economic incentives become a part of the whole package of adoption.</p> <p>Considering the design of the means of verification, the first two addressed the activities of development and dissemination of best practices. The first relates to officially documenting development and dissemination of the best practices manual, and the second for reporting on progress of continuing activities of dissemination. The third means addressed measuring or assessing dissemination results that could be detected on the adoption level as regularly monitored and recorded in half-year progress reports. Considering the tranche time span, the adoption level that will be monitored is in fact related to the earlier relevant dissemination efforts.</p> <p>The three means of verification were achieved; however, the best practices manual—as any technical manual—could benefit from further updating and upgrading based on continuous feedback from field monitoring. This process should entail clear differentiation between general good design guidelines and specific environmental safeguards, as the work in Tranche 2 should make clear.</p> <p>Monitoring and reporting of best practices adoption, as demonstrated in the third means of verification documentation, still needs further improvements related mainly to design and organization of information structure, which relates to some extent to the design and organization of the best practices manual</p>

Situation Prior to Tranche 1	Anticipated Situations at End of T1 and of EEPP	Analysis of Actual Situation
		itself. Accomplishment of this policy measure’s implementation has contributed to establishing and deepening the technical and intellectual base of environmental best practices within TDA and the wider community of investors, developers, consultants, etc. Best practice design, dissemination, monitoring, and reporting are again the focus of work in T2.

Policy Reform Measure 15C

- ◆ TDA begins allocating Red Sea coastal land to ecolodge developers.

Situation Prior to Tranche 1	Anticipated Situations at End of T1 and of EEPP	Analysis of Actual Situation
<p>The current eco-lodge initiative of TDA, first established within the previous USAID Environmentally Sustainable Tourism Project was still in a rudimentary phase. Very few land parcels had been allocated to developers for eco-lodge development and extensive work on eco-lodges and eco-zones, as completed in T1 clearly establish the inappropriateness of locating them within traditional developments.</p> <p>Developers wishing to build eco-lodges also have difficulty obtaining bank financing and land from the TDA because these facilities do not comply with the standard Ministry</p>	<p>T1 end results expected:</p> <ul style="list-style-type: none"> <li>– It was expected that selected land areas would already be being allocated to developers for eco-lodge development based on an extensive technical exercise of mapping and identification of environmentally sensitive zones, clear environmental criteria, adherence to the technical manuals and guidelines for eco-lodge design, construction and operation.</li> </ul> <p>EEPP end results expected:</p> <ul style="list-style-type: none"> <li>– A new hotel-rating category for facilities that are more environmentally sensitive would be established and enacted. Eco-lodge development is occurring on designated areas based on environmental sensitivity criteria. TDA</li> </ul>	<p>The policy measure allocating land for eco-lodge development goes beyond the general policy objective focus of TDA capacity strengthening. It makes the ambitious leap to “implementation” that surpasses the still under-developed institutional and technical bases. Such by-passing of other initial steps (identification of environmentally sensitive zones and establishing licensing and rating system) that should pave the way and set a base for the selected approach (land allocation) has impacted implementation. The need to divert the eco-lodge concept from a piece-meal approach of individual development units to the comprehensive concept of eco-lodges within eco-zones has been identified by TDA during the implementation of T1.</p> <p>The design of the means of verification attempted to break down the process sequentially. The first means was achieved and covered site selection criteria (relevant to environmental sensitivity), zoning plans, etc. The first means (preliminary identification of eco-zones) was considered achieved although the comprehensive exercise of eco-zoning is still lagging behind. Achievement was based on the</p>

Situation Prior to Tranche 1	Anticipated Situations at End of T1 and of EEPP	Analysis of Actual Situation
<p>of Tourism requirements for 3-, 4-, and 5-star facilities. (See also Policy Measure 15A.)</p>	<p>compliance monitoring and enforcement of eco-lodge construction according to technical manuals is effective.</p>	<p>accomplishment of a partial and experimental exercise for a major priority sector of the Red Sea region, that south of Marsa Alam as an introductory phase. Tranche 2 expands on this zoning exercise.</p> <p>The second means of verification, designed with less consideration to the needed time lag between the planning exercise and the actual land allocation process, attempted to directly assess the results of the land allocation process (half-year status reporting on areas already allocated and developer compliance). It was considered partially achieved as information and analysis provided for the very few cases of previous land allocation (six cases) was insufficient.</p> <p>All land had been allocated under old standards that even TDA believed were inadequate and did not fully represent eco-lodge concepts.</p>