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Egyptian Decentralization Initiative

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Year Three Annual Report

Fourth Quarter FY 2009 Progress Report

July – September 2009

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ACRONYMS AND ABBREVIATIONS

AECOM	AECOM International Development (note: acronym refers to Architecture, Engineering, Consulting, Operations and Maintenance)
ALCDDS	Association for Local Council Development and Decentralization Support
BUDC	Beheira Utility Data Center
CSC	Citizen Service Center
EDI	Egyptian Decentralization Initiative
FFY	Federal Fiscal Year
FY	Fiscal Year
GIS	Geographic Information System
GoE	Government of Egypt
GOPP	General Organization for Physical Planning
IDDP	Integrated District Development Plan
IFU	Inter-governmental Finance Unit
IL	Implementation Letter
IMF	International Monetary Fund
IT	Information Technology
LA	Local Administration
LE	Egyptian Pound (currency)
LEC	Local Executive Council
LPC	Local Popular Council
LSDF	Local Services Development Fund
MLPC	Member of Local Popular Council
MoED	Ministry of State for Economic Development
MoF	Ministry of Finance
MoLD	Ministry of State for Local Development
MoU	Memorandum of Understanding
MSAD	Ministry of State for Administrative Development
NCfD	National Curriculum for Decentralization
NDP	National Democratic Party
NGO	Non-Governmental Organization
NSfD	National Strategy for Decentralization
PA	Public Awareness
PF	Public Finance
PP	Participatory Planning
REACT	Representative, Effective, Accountable, Transparent Local Government (USAID Grantee)
SCLD	Saqqara Center for Local Development
ToR	Terms of Reference
TSA	Treasury Single Account
UN	United Nations
USAID	United States Agency for International Development

EXECUTIVE SUMMARY

The Egyptian Decentralization Initiative (EDI or the “Project”) is a five-year task order financed by USAID to support the efforts of the Government of Egypt (GoE) to decentralize selected public sector functions to lower levels of government. EDI provides technical assistance and cooperates with the Ministry of State for Local Development (MoLD) as the Ministry formulates and coordinates a national effort for decentralization.

EDI is working toward the goal of Egyptian decentralization at both the national and local levels of government seeking to achieve a number of concrete objectives including:

- (i) Increased Egyptian financial resources available to local government for responding to community priorities;
- (ii) Enhanced participatory mechanisms to plan, allocate, and monitor the use of resources; and
- (iii) Strengthened administrative capacity and legal framework for local government to effectively and transparently manage resources.

Contract requirements for EDI are set forth in the USAID task order, which anticipates achievement of thirteen “expected results” categorized under the three primary objectives of the Project and reflecting more-or-less concrete outcomes expected to be accomplished by the end of the Project. Annex A in this document provides a snapshot of cumulative progress to-date in achieving these expected results.

This document represents the third annual progress report for the Project and also covers activities for the quarterly period July through September 2009. During the past year a number of important administrative actions were taken including a landmark implementation letter executed between the USAID Mission Director and the Minister of Local Development; as well as a substantive modification to the EDI task order.

However, the significance of these actions was somewhat overshadowed by other extremely important developments. In short, the past year was one of dynamic change and shifting events that have resulted in a major new direction for the decentralization agenda in Egypt.

The culmination was a series of unexpected pronouncements during August that had the effect of moving the focus from a gradual, comprehensive approach in a small number of geographic pilot locations, to an immediate nationwide application of decentralization for a limited number of specific programs, mainly in the sphere of local development.

As further described in the body of this report, the Project reacted with characteristic flexibility, rapidly embracing these dramatic changes to provide much needed support to MoLD, which was faced with the necessity for immediate implementation of the GoE decisions. In addition, with USAID approval, the nearly completed EDI work

plan update was shelved in favor of an interim document to allow time for a reasoned assessment of the full implications of these developments.

Accordingly, on October 8, 2009 USAID approved a transition work plan for EDI covering the first quarter of FFY 2010.

EDI Activities at the National Level

The change in direction imposed by the GoE decision in August 2009 was profoundly significant for EDI. Nevertheless, the main activities of the Project at the national level are largely unaffected, except perhaps for unavoidable timing delays related to the need for assimilation of the new decentralization priorities.

The main activities at the national level include, among other things, (i) development of a fiscal decentralization strategy, (ii) preparation of proposals for restructuring the current local governance system, (iii) drafting of amendments to the local administration law, and (iv) formulation of a decentralization advocacy and awareness strategy.

Detailed discussion of these elements of EDI activity can be found in the body of this report, however it should be noted here that the work of the Project on these tasks will build on the strong foundations established during the preceding 3½ years and in particular the policy environment and achievements of EDI over the past year as summarized below.

Highlights of FFY 2009

The past year had an auspicious start when early in November 2008, the National Democratic Party (NDP), the overwhelmingly dominant political force in Egypt, convened its fifth annual conference in Cairo. Decentralization was prominent on the agenda, a significant topic of discussion and a featured aspect of the NDP policy statements emerging from the conference.

The event elicited considerable high-level attention for the topic of decentralization with official statements emanating from the President, the Prime Minister, and the Head of the NDP Policy Secretariat. At the request of the USAID Mission, Project staff and a renowned collection of expert academicians and government practitioners, produced a number of analytical papers assessing the public report on decentralization that resulted from conference. These papers were completed and provided to the USAID mission within a day or so of the conclusion of NDP meetings.

The policy statements from this conference expanded on positions taken in earlier conference reports, provided more detail on the NDP position on implementation and continued to define the district as the local unit of decentralization. The role of local units in development was highlighted (perhaps a precursor of the August 2009 decisions by the GoE); a shift in the responsibilities of central agencies toward strategic planning and monitoring was called for; as was a greater involvement of local administration in budgeting. Notably, the need to amend the local administration law was reaffirmed and a call was made for strengthened local popular

councils as the primary vehicle for increasing citizen participation in local administration.

In short, the just-completed year witnessed a coming of age for decentralization as an important topic in the chambers of government in Egypt.

Early this year, the Project worked at the request of MoLD on initial sectoral decentralization issues preliminary to mapping the current functions of the Ministry of Social Solidarity. The EDI deliverable for this research, a preliminary technical note entitled Assignment of Public Functions to Tiers of Government: an Overview of International Experience, was completed in December 2008. Recently MoLD has indicated interest in EDI resuming its work on decentralization of this sector.

In March 2009 the Project supported, under the auspices of the prestigious Al Ahram Center for Political and Strategic Studies, a decentralization-issues conference without precedent in current-day Egypt. The remarkably successful conference, entitled “Visions of Political Parties Regarding the Implementation of Decentralization in Egypt” brought together several political parties into a single venue to share their views and concerns about the implementation of decentralization.

Staff and consultants from EDI worked during this year on three of the six interdisciplinary subcommittees established by MoLD to prepare a new law on local administration. The Project contributed to the following subcommittees, which were tasked with proposing new legislative provisions to support implementation of decentralization in Egypt:

- √ Local Popular Councils
- √ Central-Local Institutional Arrangements
- √ Local Financial System

Progress on this long deferred legislative initiative continues to the present as the EDI Director of Policy, at the request of MoLD, has completed initial draft language for the local finance sections of the new law. In addition, he has been asked to join a small, select group of senior personnel within MoLD in an intensive effort to draft the entire proposed amendment to the law (financial and non-financial provisions). The drafting team is tasked to persevere on this effort until it is completed.

Never in recent years have prospects been better to accomplish this major milestone on the path to decentralization and this time the effort is supported with substantial involvement from EDI.

In an extraordinary opportunity for the Project, the EDI Director of Policy was invited to be seconded during May 2009 to a special two-week mission from the International Monetary Fund (IMF) that was mobilized to make recommendations on fiscal decentralization for the Minister of Finance. The IMF conclusions were detailed in an aide-memoire, which is now the primary guidance for the fiscal decentralization work plans being implemented by the Ministry of Finance and MoLD.

Also during May, several EDI personnel joined a three-day retreat organized by MoLD that was attended by experts from other organizations as well as major

potential donors to discuss a draft action plan to implement the GoE strategy for decentralization. The Project worked intensively with MoLD in the run-up to the retreat, preparing detailed components of the action plan that reflected the USAID implementation letter with MoLD.

Although some of the conclusions at this retreat were superseded by subsequent developments as discussed above, portions of the action planning during the event remain relevant as a roadmap for EDI activities going forward, particularly at the national level.

Within the past year, the Project participated in a number of workshops on a new planning process, to be implemented by the General Organization for Physical Planning (GOPP) and UN-Habitat at the request of MoLD. It is unclear at this writing how the August 2009 decisions by GoE will affect this effort going forward.

Following are some of the major research reports and other papers that were finalized during the past year:

- (i) *Restructuring the Local Administration System in Egypt: Levels and Boundaries of Unity* (Development and Institutional Support Center)
- (ii) *Financing Innovation in Local Government* (American University in Cairo)
- (iii) *MLPC Perception of Decentralization* (Public Administration Research and Consultation Center)
- (iv) *An International Peer Agency Study: Roles and Powers of Entities Comparable to the Ministry of Local Development* (Georgia State University)
- (v) *Egypt: Proposal for a Grants Commission at the Central and Governorate Levels* (Georgia State University)
- (vi) *Decentralization and Corruption: An Exploratory Study* (Al Ahram)
- (vii) *Tools for Curbing Corruption under Decentralization* (Al Ahram)
- (viii) *Decentralization as a Development Strategy: Social and Cultural Dimensions* (Al Ahram)
- (ix) *The Role of Local Primary Groups in Supporting Decentralization* (Al Ahram)
- (x) *The Essence of Decentralization and its Application to Egypt* (Center for Economic and Financial Research and Studies).

EDI Activities in the Field

Any national strategy for decentralization in Egypt must be supported, reinforced and implemented on the ground through practical structures and methodologies that clearly demonstrate an improved system and services for the citizens, including all stakeholders such as women, youth and the disadvantaged. This citizen buy-in is vital to the success and sustainability of the complex reforms needed to achieve decentralization. That is why EDI efforts have been focused around community mobilization activities in the four Governorates where the Project conducted pilot activities during the past year: Assiut, Beheira, Qena and Minia.

Through its unique design and field office presence, EDI fulfilled a distinctive role in supporting the Egyptian model for decentralization. EDI approached the problem from multiple aspects including policy reform, citizen participation, financial

management, and revenue enhancement at the local level, coordination with sectoral efforts such the Education Reform Program and improvement of citizen services.

EDI activities at the local level are intended as a preparatory stage for future implementation of the national strategy on decentralization. For example, local popular councils and the executive officials in the six pilot districts where EDI introduced a participatory planning system beginning with the 2008-2009 fiscal year will be better positioned to implement the sudden and immediate changes imposed upon them by the GoE decisions of August 2009.

Field Highlights of FFY 2009

A number of impressive achievements were recorded in the field during the past year in furtherance of Project objectives, as summarized below and elsewhere in this document.

Participatory Planning and Local Popular Councils

The first round of the EDI integrated district development planning (IDDP) program shifted into the implementation phase during FFY 2009. The value of projects approved by local administration authorities and central agency service directorates from the six IDDP plans fashioned by the EDI pilot districts for 2008-2009 was approximately 230 million LE. As of June 30, 2009 approximately 162 million LE (or 70 percent) was being implemented.

While the overall statistics are positive, the more important aspect of this program was the successful involvement of citizen stakeholders in the process. In an extraordinary, but not isolated example of synergy between citizens and their local government, a group of villagers in the Abu Hommos District of Beheira directly cooperated in a hands-on fashion to launch one of their highest priority paving projects, which might not have been realized without the EDI program.

The involvement and buy-in of these citizens represents for many their first opportunity to participate with real input into the functioning of their government. The most important result of this effort, however, is that thousands of citizens no longer are disenfranchised from the planning and decision-making processes within their communities.

The second cycle of IDDP for the six EDI pilot districts was launched during the past year, including extensive training activities and technical assistance to prepare plans for the 2009-2010 fiscal year.

In addition, the Governors of Assiut, Beheira and Qena were notified by EDI on January 28, 2009 of their respective allocations of matching funds to assist with the financing of the initial round of IDDP projects. As required in the EDI task order, the distribution was made on a competitive basis reflecting the progress made by each Governorate in achieving Project objectives. As the reporting period closed, the procurement process had nearly been completed whereby USAID matching funds in excess of \$1.2 million would be committed to support IDDP projects for solid waste

control. Early in the next reporting period, a total of fifty-one solid waste collection trucks will be distributed to the six pilot districts that pioneered the IDDP process.

In order to provide a sustainable, institutionalized vehicle to disseminate information and raise citizen awareness of issues related to the decentralization of local administration, the Project supported during the past year the creation of public awareness and community outreach committees in the nine EDI pilot governorates and districts. These committees, made up of 25-to-30 members each, consist of the relevant LPC Media and Cultural Committee and the public relations officers from the local executive councils. The Head of LPC Media and Cultural Committee serves as chair. This initiative has the added benefit of facilitating cooperation between local popular councils and local executive councils.

Increased Local Revenue

Efforts by EDI to enhance access to, and improve the utilization of own-source revenue by local government continued to make progress during the past year. This has not simply been a mindless effort to impose higher fees that citizens are then forced to bear during increasingly severe economic conditions.

Instead, the EDI approach has largely been to target service improvements in certain sectors that in turn will justify and result in increased revenue flowing to the local government provider. Examples of this include EDI support for citizen service centers (CSC) and geographic information systems (GIS). Also during the past year in Assiut, following technical assistance from EDI, the Governorate approved measures to provide enhanced health services tied to introduction of related fees. The result will be better health service in village units, extension of working hours in public clinics and increased revenue flowing to the local Health Services Improvement Fund.

EDI assistance during the past year to increase own source revenue in Qena received a major boost when, based upon the work performed by Project staff in the two pilot districts, the Governorate LPC on November 30, 2008 adopted changes to local revenues involving introduction of 45 new fees and increases to a number of existing fees, Governorate-wide. The EDI field personnel are working to secure the necessary approval of the LPC decision by the Governor.

The new fees were designed to be relatively simple to administer and collect, ensuring they will result in the maximum expected yield without incurring any unnecessary costs. Villages and towns would receive 75 percent of the collections and the Governorate would get 25 percent.

With increasing resources and independence comes the responsibility for more fiscal accountability and transparency. In the past year, the Project completed the automated accounting systems in the headquarters (diwan) of Assiut, Beheira and Qena Governorates and the six pilot districts. A three-month on-the-job training shakedown period followed. The first official automated report on revenue and expenditures for the Assiut Governorate Headquarters covering the month of January 2009 was submitted to and accepted by the Ministry of Finance. The automated

accounting system supported by EDI has the capability of producing more than thirty-five budget and accounting reports.

Improved Citizen Services and Urban Planning and Utility Network Data Center Support

Local government should be a transparent and efficient provider of services for the citizen. Otherwise frustration, apathy, and disengagement will naturally result and there will be no popular constituency for decentralization.

To improve services and revenue in the EDI pilot districts, the Project has supported development of six citizen service centers (CSC), the final two of which were placed into operation during the past year. These centers offer a one-stop-shop where the citizen can conduct any number of official transactions (from building permits...to applications for candidacy for local elections) in a transparent, efficient and customer-oriented environment.

Four of the six citizen service centers supported by EDI were inaugurated with official ceremonies during May and June of 2009 representing a significant milestone for the Project. The Governors of Assiut and Qena presided over the opening of the centers in their respective Governorates along with the Minister of State for Administrative Development. Approximately 650 officials and citizens participated in the two events.

The initial results from this effort are extremely encouraging. Details can be found in Annex B of this document describing the EDI Monitoring and Evaluation Plan.

An EDI pilot project to support the Urban Planning and Utility Network Data Center in Beheira with geographic information systems (GIS) technology will also improve services and generate increased own-source revenue. This will provide the Beheira Governorate and two pilot districts with modern, state of the art solutions for local development procedures, the sector now being decentralized on a nationwide basis as a result of the GoE decisions in August 2009 discussed above.

Procurement of the equipment (EDI) and preparation of the sites (local authorities) was initiated during the past year. Installation of the equipment and activation of the system will be completed during the coming quarter.

EDI Activities in Minia

The EDI field office in Minia concluded one-year of successful operations and permanently closed on June 30, 2009. The major activities of the Project in Minia, as further described in Annex C Final Report on Activities in Minia Governorate July 2008 – June 2009, were presented at a popular conference on June 15th. The event, entitled Decentralization in Minia Government: Awareness and Practice was attended by approximately 250 officials, media representatives and citizens.

Gender Considerations

EDI continues to look for gender implications or opportunities in pursuing the objectives of the Project, seeking to promote gender equity, as appropriate, in all phases of activity implementation and internal management.

For example, the Project chose E'tesam Al-Nadia, head of the Arab Woman Forum NGO in Minia, as the keynote speaker at a major conference entitled *Decentralization in Minia Government: Awareness and Practice* on June 15, 2009. In addition, Ms. Hanan Gamal El Din, an EDI staffer served as moderator for the conference. Approximately 250 participants and media attended this event providing significant visibility for these future leaders of Egypt. Elevating the status of women in this fashion is fundamental to any effort to redress embedded gender issues.

More than 1,700 women have taken part in EDI training activities, many of them participating actively in the IDDP working groups that were tasked with representing their community priorities during the process of formulating local development plans.

EDI has been proactive wherever possible in advancing equality for women while fulfilling its task order obligation to deliver technical assistance to the GoE at the highest professional standard. For example:

- Ms. Eman El-Laboudy of Beheira was retained by EDI to prepare a video CD documenting the success of one of the many significant participatory planning projects that became a reality because of the innovative integrated district development planning process introduced by the Project.

The opportunity for creative participation in an EDI activity should help this individual in advancing her professional career.

- EDI supported the development of six citizen service centers in the pilot districts. Part of the technical assistance provided by the Project was the task of defining the job duties of new personnel for the center and recruitment, interviewing and selection of the initial cadre of employees. The results of this process validate the EDI commitment to gender issues.

In the initial hiring, controlled by EDI, four of the six centers wound up with more female than male employees. Overall, twenty-eight of the forty-eight personnel selected by EDI to staff the centers were female (58 percent). This was not just a run-of-the-mill job; the candidates for these choice positions received significant preparation and training in IT and customer service skills.

The Project will continue to identify opportunities to contribute to gender equality throughout the term of the contract.

Conclusion

The above-described Project activities during this reporting period were supported and facilitated through the extensive training and capacity building interventions offered by EDI. These are described in detail in the pages that follow in this report.

However, taking a big-picture perspective of the overall progress during the past year, a total of 245 training events were completed with nearly 7,525 participants taking part in approximately 12,750 person-days of training (i.e. on average, more than fifty persons were in some form of EDI training during each working day from October 1, 2008 through September 30, 2009). More than 4,110 (or 54 percent) of the targeted trainees were members of local popular councils.

The reader is directed to the remaining sections of this progress report for more detailed information about the truly remarkable activities of EDI during this period.

FY 2009 FOURTH QUARTER ACTIVITIES AND PLANS FOR THE NEXT QUARTER

OBJECTIVE 1: INCREASED EGYPTIAN FINANCIAL RESOURCES AVAILABLE TO LOCAL GOVERNMENT FOR RESPONDING TO COMMUNITY PRIORITIES

A. Public Finance

Activities and developments during the last quarter followed MoLD evolvement of the national strategy for decentralization and the initial three-year work plan prepared by the Ministry in May 2009. Since then MoLD has adopted a new approach of program based decentralization including all governorates nationwide instead of focusing on a limited number of sectors and geographic pilots. This effort focused on the local development program financed by the Treasury and the consolidated local development budget of MoLD.

The LECs, in collaboration with the LPCs, identify the projects to be financed by these sources in line with the priorities set by the local community with the LPC exercising its authority to approve the development plan. In July the Minister of Finance issued a decree granting autonomy to the LPCs so that they would have independent budgets, separate from those of LECs, thus reinforcing the LPC role as stated in Law 43 of 1979.

Given that the most important aspect of decentralization is to avail local resources, the aim of the national strategy is to enable the district level to provide public services while ensuring a basis for accountability and fair treatment.

The EDI approach is to enhance local resources, especially own-resources, namely those of special funds and accounts, as follows:

- Increasing financial resources from current fees or through introducing new fees. Experience in phase I governorates has demonstrated that this is possible, particularly in the case of new economic activities.
- Supporting financial management at the district level, especially in the implementation of the budget. This includes a review of the financial systems in place to ensure that they are in line with government standards particularly with respect to controls on revenue and collections. EDI is also working on improving the financial management of local projects by providing support in the area of cost accounting systems, which will ensure the transparency needed by LPCs and thus increase effectiveness and accountability.
- Developing financial reporting systems at the district level to enable LPCs to exercise their monitoring role over local resources and expenditures; these include district budgets, arrears from revenue, special funds and accounts, unified plan projects, inventory, and fixed assets. When implemented, the system provides periodic reports during the year to support the monitoring role of the LPCs.

In addition, the Project is supporting ongoing efforts to define a fiscal decentralization strategy and changes required in financial management within the framework of developing an environment that would be favorable for decentralization.

Accomplishments

- Technical support was provided to MoLD for the preparation of a guide for allocation of investments to various local levels within a governorate. The EDI technical assistance in preparation of this 160-page volume coincided with the MoLD drive for nationwide launch of decentralization based on programs; starting with the local development program for FY 2009-2010. Local popular councils are to play an active role in reviewing and approving the priorities of the plans and endorsing them; their role in the process being strengthened by a decree issued by the Minister of Finance on directly allocating budgets for LPCs thus ensuring a degree of independence for these councils.
- Through its participation in the financial system committee set up by MoLD, the Project developed a paper containing a proposal for the allocation of financial resources between the central and local level including sovereign resources (tax revenue) along with the expansion of the scope of local fees in line with Law 43 for 1979. Another paper was presented on the experience of South Africa in the allocation of resources between the central and the local levels, the case of Egypt being somewhat comparable to that of South Africa which has the same number of sub-national levels.
- Recommendations on the financial reporting system at the pilot district level provided by an EDI-sponsored consultant were reviewed in collaboration with the field offices at the pilot governorates. The consultant is providing technical support to one pilot district in each governorate and will develop a guidebook to assist in expanding the implementation to other locations.
- Two workshops attended by governorate level MLPCs and cleaning service providers were held in Assiut and Qena to review the outcome of the methodology proposed by an EDI-appointed consultant to measure the unit cost of cleaning services. This included pricing policies, cleaning service fee collection systems, and other options for providing the same services.
- Two workshops were also held to present the proposed costing systems for the dairy products project in Qena and the parking lots project in Assiut. The workshops were attended by the LPC members of the Planning and Budgeting Committee at the governorate level and the service providers and producers for each project. The consultant is providing technical support for both projects to ensure the viability of applying the proposed system and preparing a guidebook to replicate its application at similar projects in the pilot districts and other locations.
- Development of accounting and administrative systems for a gas bottling project in Beheira was initiated. During the last quarter the consultant completed a diagnostic study which examined the production systems in place and their impact on financial systems. The study also included the financial and administrative status of the project with an identification of problems, which will be the basis for

the following stages in the consultant's work. During the next quarter, the consultant will provide recommendations on the proposed financial systems.

Highlights

Financial indicators derived from the final accounts for FY 2008-2009 for the pilot districts of Abu Teeg and Dayrute reflected the impact of the initiative taken by the two districts to enhance own-resources.

The governmental accounting standards require that final accounts only show own-resources that have corresponding expenses. Therefore, unexpended sums remaining in the fund are classified as off-budget according to the Local Administration Law 43 for 1979. To demonstrate the actual growth of own-resources, the change was calculated to include the outstanding off-budget sums.

The increase in resources of special funds and accounts at the two districts during 2007-2008 compared with the previous year was more than 51 percent. This rate represents a sharp rise relative to prior periods, and it reflects the impact of EDI assistance within the framework of cooperation with the LPCs and LECs in the development of own-resources to meet priority local needs.

The initiative to increase own-resources in the two pilot districts was adopted by the Governorate LPC so it will cover all districts in the Governorate. The full impact of this decision will be reflected in the final accounts of the Governorate which are expected to be released in October 2009.

Plans for the Next Quarter

- Develop a reference (glossary) for the technical terms used in local development planning.
- Develop a guidebook setting criteria for the selection of projects that will serve as a standard for preparing local development plans.
- Hold workshops at the pilot districts to present the proposed financial reporting system and increased transparency to support the monitoring role of LPCs. The consultant will provide technical support to one pilot district and a guidebook for expanding implementation.
- Document own-revenue enhancement initiative in Assiut.
- Improve the financial systems of the printing project in Assiut Governorate through a cost accounting system. This is one of four projects implementing cost accounting systems in Assiut and Qena with EDI support. The consultant will provide technical assistance to the four projects.
- Complete the development of the accounting and administrative systems of the gas bottling project at Kafr El-Dawwar in Beheira Governorate.

B. Information Technology

Accomplishments

Significant progress was achieved in completing the EDI automation efforts in the three pilot Governorates and six pilot districts.

Governmental Accounts and Special Accounts

- Progress was made toward automating the local administration accounts at the governorate and district levels. This effort is part of a national plan that was initiated five years ago to replace the manual accounting system. In the three EDI pilot governorates implementation was completed, the closing report (“Estimara 75”) was produced, checked and approved by the government auditors as well as the governorate which stamped the reports to indicate endorsement.

Furthermore, in Assiut consolidation of the reports among the two pilot districts and governorate level was implemented and approved.

- The Project also planned to automate the special accounts (in addition to the government accounts referenced above) using the same software solution. However, as of the end of the reporting period none of the three governors in the phase I Governorates approved capturing special funds’ data for inclusion into the system. Staff from EDI is following up on this issue.

Automation of Local Popular Council (LPC) Secretariats

The solution selected for automating the governorate and district LPC secretariat operation was implemented, the users were trained and they began to upload historical data. The software application assists the LPC in monitoring development plans and enables them to document hearing sessions and follow up on issues with the LEC.

Automation of Local Executive Council (LEC) Secretariats

The selected solution for automating the governorate and district LEC secretariat operations was implemented, the users were trained and they began to upload historical data. This solution will enable LEC staff and decision makers to monitor the implementation of development plans and follow up on relevant issues with the LPC.

Customer Service Centers (CSC)

A toolkit was prepared and is ready for distribution providing comprehensive guidelines for the establishment and efficient operation of a CSC. It offers a methodology for establishing a center, including procedures for setting up the front and back office; a suggested organizational structure; definition of roles and responsibilities; job descriptions for the staff, implementation of the appropriate software; and provision of training.

Plans for the Next Quarter

- The EDI-supported citizen service centers in the two pilot districts of Beheira Governorate, Shubrahkeet and Abu Hommos, will be formally opened by the Governor.
- The CSC toolkit will be submitted to MoLD and MSAD with a recommendation that it be distributed to all governorates.

OBJECTIVE 2: ENHANCED PARTICIPATORY MECHANISMS TO PLAN, ALLOCATE, AND MONITOR THE USE OF REVENUES

Participatory Planning

During this quarter, progress was made on monitoring the implementation of the first round of integrated district development plans (IDDP) for FY 2008-2009 and inclusion of the second round of plans for FY 2009-2010 in the State Budget. In addition, the documentation of the IDDP process was initiated in the three phase I governorates.

Tendering and procurement procedures were launched for local purchase of related equipment for the first round of IDDP projects using USAID matching funds awarded to the three phase I governorates in accordance with the process set forth in the Project task order. EDI worked in full coordination with the local authorities in the six targeted districts in order to meet their priority concerns.

Based on a decision made by the Governors' Council during August 2009, the Minister of Local Development has fully devolved to the governorate level LECs and LPCs the management of the budgetary resources allocated for the local development sector starting from FY 2009-2010 across the 29 governorates. Under this decision, the LECs at district level will take the lead in preparing the proposed development plan and the district LPC will review and approve the plan.

This decision has impacted EDI planned activities to support IDDP in FY 2009-2010. EDI swiftly shifted its technical assistance to work with MoLD to develop a manual of procedures for the implementation of decentralization in the local development sector and launch a nationwide orientation program targeting LPCs and LECs at the governorate and district levels. The aim of the program was to inform the leadership of these bodies about the policy reform measures and to clarify implementing procedures and related responsibilities.

In addition, the Project reviewed its approach to support the IDDP process to align it with the nationwide implementation of the new MoLD decentralization policy. Finally, identification of new EDI technical support activities was initiated during the last quarter.

Accomplishments

- Six status reports were prepared on IDDP implementation by participatory planning groups in the pilot districts in phase I governorates. These detailed reports, which cover FY 2008-2009, document the progress achieved in the implementation of IDDP projects and the status of availability and disbursement of local funds.
- Sustainability plans were discussed with the EDI field offices and related activities were initiated according to an agreed schedule.

- The tendering process was finalized for the purchase of solid waste collection trucks requested by the three phase I governorates as part of IDDP matching fund contribution for FY 2008-2009.
- EDI supported MoLD in launching the nationwide devolution of authorities to implement the MoLD local development budget in the current fiscal year. The Project assisted MoLD in preparing a guide to decentralization of the local development budget and in the delivery of a nationwide training program covering all governorate general secretaries, senior governorate planners, and district chairs in addition to the heads of all governorate and district LPCs.

Plans for the Next Quarter

Phase I Governorates

- Review and modification of the three phase I governorate sustainability plans in the context of the GoE policy to devolve planning and budgeting of the local development sector to local levels.
- Finalization of the report on the IDDP integration process prepared in Arabic and English including a new section titled Results of the IDDP Process.
- Issuance of a purchase order for the procurement of solid waste collection trucks requested by the three phase I governorates under the EDI matching fund program and delivery of the trucks to the pilot districts in Assiut, Beheira and Qena.
- Finalization of IDDP documentation reports including a section on lessons learned
- Provision of limited support to districts in preparing the MoLD local development plans for FY 2010-2011

Phase II Activities

- With the agreement and support of MoLD and the Ministry of Economic Development (MoED), the Project will assess the capacity of six regional planning offices (excluding the Cairo region) to support MoLD in carrying out the new decentralization initiatives, in particular, monitoring progress in discharging newly devolved responsibilities for implementation of the local development budget. These offices are currently under MoED but are reportedly slated for transfer to MoLD.
- Submit recommendations for strengthening local popular councils and central-local institutional arrangements committee.
- Recommend procedures and programs for enhancing capacity building.
- Assess approach to nationwide automation of citizen service centers.

OBJECTIVE 3: STRENGTHENED ADMINISTRATIVE CAPACITY AND LEGAL FRAMEWORK FOR LOCAL GOVERNMENTS TO MANAGE RESOURCES EFFECTIVELY AND TRANSPARENTLY

A. Policy

Within the framework of EDI technical support to MoLD, and following the GoE decision to implement decentralization nationwide, the Project was heavily involved over the last quarter in providing technical support in the following areas: local restructuring; advocacy; and fiscal reform at the local level.

EDI supported and co-organized with MoLD eight orientation session events that were held at Saqqara Center for Local Development (SCLD) to inform local officials about the nationwide decentralization drive within the local development sector. Also, the Project worked with MoLD to prepare a 160-page reference titled *Manual for Decentralization Implementation in the Local Development Sector 2009-2010*, which serves as a guide for local officials on how to exercise their new responsibilities. In line with these changes, the Project continues its support for the technical office at MoLD to redefine the objectives and functions of the Ministry.

Equally important for promoting the implementation of decentralization during the last quarter was the drafting of forty-three fiscal articles as part of ongoing support provided by EDI for amending the local administration law.

Also, a presentation was prepared and delivered to the USAID mission director on the most recent developments in the decentralization process in Egypt. The presentation focused on the MoLD plan to decentralize the local development sector and the decision taken by MoF to delegate the financial authorities regarding LPCs at the governorate level to the heads of governorate LPCs.

Accomplishments

Local Restructuring and Local Administration Law Amendment

- EDI prepared terms of reference for two studies on local restructuring following intensive discussions with MoLD. The first study will be a baseline assessment of the organizational and institutional relationships at the local level; the second will focus on the establishment of new executive organs at the local level.
- The Project continued its technical support to three of six inter-disciplinary committees assigned to draft articles amending the local administration law. The amendments focus on the local finance system, local popular councils, and the vertical accountability between LECs at the local level and the line ministries at the central level.
- EDI continued its effective participation in technical events prepared by MoLD including discussions and working sessions involving international and national experts, field visits, decentralization strategy development workshops, and international donors meetings.

Advocacy

- Work continued on publishing the proceedings of the (i) conference on *Visions of Political Parties Regarding the Implementation of Decentralization in Egypt* and (ii) the conference on *Decentralization in Egypt: Opportunities and Challenges*.
- Work on four EDI-funded research grants was reviewed. Two were completed: *Financing Innovation in Local Government* and *MLPC Perception of Decentralization*. The remaining two research grants will be finalized in the coming period: *Consequences of Transferring the Authorities and Responsibilities of Line Ministries to Local Units* and *Decentralization of Public Utilities: the Case of Water and Wastewater*.
- Work continued on reviewing EDI-produced research studies and other reports in order to identify a baseline of messages for dissemination, nationally and locally, as a means of strengthening advocacy and raising awareness on issues of decentralization.

Fiscal Reform

- A number of technical issues were brought into focus and discussed with MoLD, the most important being further consideration of education sector fiscal transfers within the Local Financial System Committee, which is recommending proposals for changing the local administration law.
- A proposal on the establishment of an Inter-governmental Finance Unit (IFU) within the MoF was prepared including unit objectives, activities, procedures, and staffing in addition to a detailed organizational chart. Further technical advice was provided on the establishment of an inter-ministerial committee between MoLD and MoF.
- Recommendations were made on specific amendments to the local administration law regarding revenue assignments and inter-governmental transfers.

Activities Planned for the Next Quarter

- Participate in drafting the new version of the local administration law incorporating the proposed amendments.
- Participate in drafting executive regulations for the implementation of the amended local administration law.
- Follow up on the proposal for the establishment of the IFU based on feedback from the MoF and IMF.
- Undertake a financial assessment of the implementation of decentralizing the local development sector nationwide based on data and information to be provided by MoLD.

- Completion of the ToR on local restructuring and finalize contractual procedures.
- Finalize work on the research grants referenced above.
- Publish the proceedings of the (i) conference on *Visions of Political Parties Regarding the Implementation of Decentralization in Egypt* and (ii) the conference on *Decentralization in Egypt: Opportunities and Challenges*.
- Finalize work on a memorandum of understanding between MoLD and MoF.
- Complete a ToR for retention of an expert on decentralization of the social sector.
- Finalize contractual procedures for appointment of a consultant to prepare a fiscal decentralization strategy.
- Review the agreed national decentralization strategy and action plan.
- Prepare a glossary on local planning and a manual on the selection criteria for local development projects.
- Finalize work on the advocacy baseline report.

B. Public Awareness and Communication

EDI continued its program to raise awareness of decentralization and promote its acceptance and implementation by providing training programs and facilitated workshops targeting members of both local popular and executive councils. Other activities included improvements in the branding and marking efforts of EDI deliverables in compliance with USAID ADS 320 guidelines.

Accomplishments

Public Awareness and Community Outreach Committees

- Continued conducting awareness seminars "*Orientation to Decentralization*" targeting the members of the nine committees based in the three pilot governorates and six pilot districts in furtherance of the task order objectives.
- Following a competitive procurement process, selected the design and delivery of a training course on "*Public Hearing Management Skills*". The one-day training will be delivered to nine public awareness and community outreach committees. These committees are comprised of the Cultural and Media Committees of local popular councils and public relations officers of services directorates and executive departments.

Communication Materials

Materials were prepared documenting one of the most successful IDDP projects in terms of citizen impact and participation, the improvement and paving of Nasrallah Road in Berket Ghattas village, Beheira. This project improved school access for children, travel conditions for hospital care, transport of agricultural and other goods to market, and provided a reliable connection for the village to its neighbors within the district.

The degree of community participation in this 3.7 kilometer road project was a testimonial to one of the underlying principles of decentralization, namely that decision making and responsibility is drilled down to the local levels. Berket Ghattas villagers contributed land, equipment and sweat to support the completion of this important road. Absent the EDI participatory planning program, and left to the abstract decisions of the central planning approach, this project might not have been realized in the lifetime of many of the current citizens.

Highlights

Through a series of training seminars during this reporting period, the Project has continued to build capacity of local popular and executive members to understand the fundamentals of a decentralized local administration system as well as equipping them with basic communication skills.

Planned Activities for the Next Quarter

- Design and deliver the training program on "*Public Hearing Management Skills*" targeting public awareness and community outreach committees.
- Finalize the communication materials on the IDDP Nasrallah Road project in Abu Hommos District of Beheira.
- Finalize a web site development strategy in cooperation with the Ministry of Local Development.
- Monitor and report on local press updates concerning decentralization and related topics.

C. Capacity Building

A total of 434 participants took part in EDI training during this quarter, down from 2,389 in the preceding quarter, reflecting the wind-down of activities in the phase I governorates of Assiut, Beheira, and Qena. The observance of Ramadan during this period may also account for some the sharp downturn in the number of trainees between the two quarters.

- Nearly two-thirds of fourth quarter participants were Beheira attendees.

- Females accounted for only five percent of participants during the quarter due to the fact that no training was scheduled for civil society where females have typically constituted more than twenty percent of the trainees.

For quarterly details and statistics, see Table 1, “Summary of Training Implemented during Fourth Quarter FFY 2009.”

Table 3 shows the cumulative number of trainees through the 4th quarter, FFY 2009.

Accomplishments and highlights follow.

Accomplishments

- Beheira took joint LEC-LPC training to the governorate level in an innovative program designed to forge more effective relations between the two branches of local administration (see Highlights following).
- Also in Beheira, approximately one-hundred MLPCs in targeted districts participated in a leadership, meeting management, and communications program; iterations of this EDI program were also delivered to key counterparts in the Executive.
- Still in Beheira, the Project conducted a workshop entitled *Introduction to Decentralization* for members of the joint LPC-LEC Committee for Public Awareness and Outreach, and public relations officers of the various service directorates.
- Following GoE decentralization of local development planning and the call for immediate review of existing plans, the Project supported over 130 participants in phase I governorates to review their local development plans in the context of the MoLD guidelines developed with EDI assistance (see Highlights following).
- In the area of public finance, training in (i) *Improved Costing and Managerial Accounting for Local Projects* and (2) *Local Administration Automated Accounting System* was concluded in all governorates. Training for key finance officers in *Improved Financial Reporting* continued.

Highlights

- The Governor of Beheira, in a ringing endorsement of EDI capacity building for LPCs in pilot districts, requested that the same training be brought to the governorate level and include key figures in the executive. The Project responded with a program focused on enhancing relations between the two branches of local administration. The two-day program, with two iterations, was attended by 120 MLPCs and high-ranking civil servants.
- EDI assisted MoLD in development of a *Guide to Application of Decentralization in the Local Development Sector*, which supported nationwide training of hundreds of civil servants and LPCs tasked with review of local development plans following the recent decision to decentralize planning in the sector.

Plans for the Next Quarter

- In accordance with the EDI Sustainability Plan and Exit Strategy, the Project will turnover to phase I governorates the EDI training materials which supported decentralizing change in targeted districts during the course of their three-year partnership with EDI.
- Theoretical and applied training for *Improved Financial Reporting* will be concluded in all governorates.
- In response to the recent decision of the Ministry of Finance to permit LPCs to manage their budgets independently, the Project will implement a program in phase I pilot districts in *LPC Management Planning*.
- Further, to address recent GoE decentralization measures and the call for increased citizen participation in decision making, the Project will conduct workshops on *Public Hearing Management* in all phase I pilot districts. These workshops will be targeted to members of joint LPC-LEC committees for Public Awareness and Outreach and public relations managers of service directorates.

Table 1 Summary of Training Implemented during Fourth Quarter FFY 2009

Component	Program Name	No. of Participants			Totals
		Beheira	Assiut	Qena	
<i>LA</i>	Roles and Responsibilities of MLPCs: The Relationship Between LPCs and LECs	120			120
	Leadership, Meeting Management, and Communication	99			99
<i>PP</i>	IDDP: Review Local Development Plans as per MoLD Guidelines	33	98		131
<i>PA</i>	PA Workshop: Introduction to Decentralization (Objectives and Definitions)	12			12
<i>PF</i>	Enhanced Financial Management Systems: Improved Financial Reporting		13		13
	Enhanced Financial Management Systems: Apply Improved Costing and Managerial Accounting System for Local Projects			40	40
<i>IT</i>	Local Administration Automated Accounting System: Application		19		19
		264	130	40	434

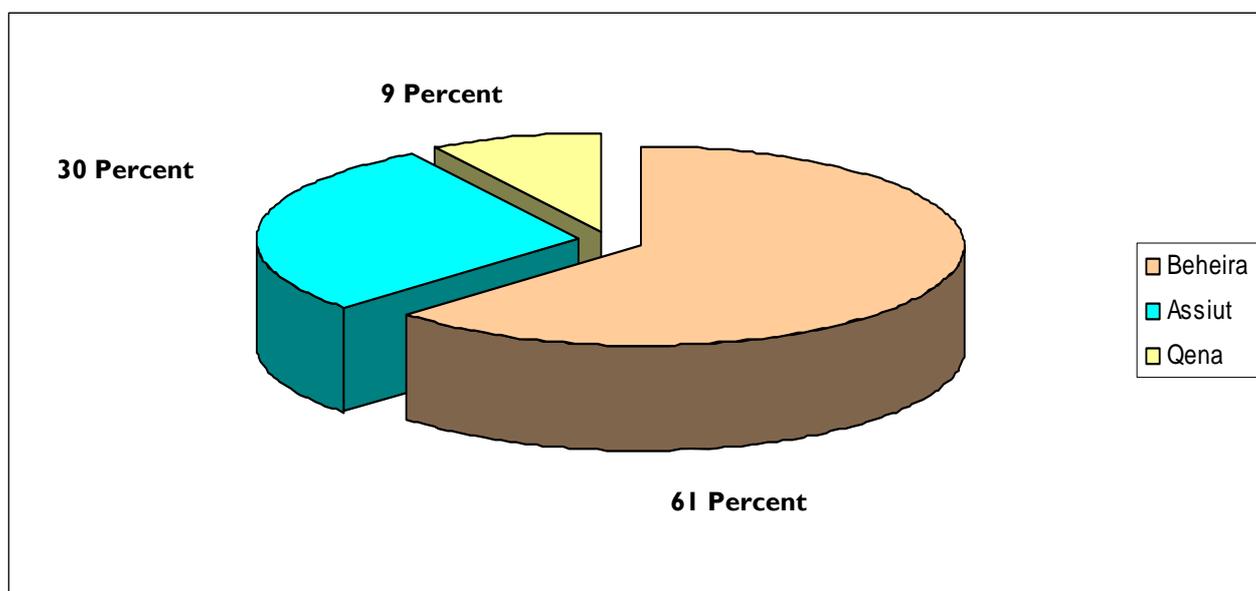


Table 2 Fourth Quarter FFY 2009 Trainees Categorized

Governorate	No. of Participants					Total
	Male	Female	LPC	LEC	CS	
Assiut	122		78	52	0	130
Beheira	250	14	188	876	0	264
Qena	40	0	9	31	0	40
Grand Total	412	22	275	159	0	434

Table 3 Cumulative Number of Trainees through the 4th Quarter FFY 2009

Governorate	No. of Participants *					Total
	Male	Female	LPCs	LECs	CS	
Assiut	6,151	1,074	2,800	2,383	2,042	7,225
Beheira	5,285	1,129	2,513	1,644	2,257	6,414
Qena	4,713	774	2,372	1,704	1,411	5,487
Minia	1,653	123	1,772	0	4	1,776
Grand Total*	17,802	3,100	9,457	5,731	5,714	20,902

* The above figures do not include national workshops data.

DELIVERABLES SCHEDULED FOR NEXT QUARTER

Eleven deliverables, periodic reports, and technical assessments are expected to be completed during the next quarter, stemming from the activities outlined in these pages (see table below).

Table 4 Deliverables Scheduled for October–December 2009

Description of Deliverable	Expected Completion Date	In Support of Objective
Draft of New Local Administration Law	November	SO3
Final version of the study entitled Consequences of Transferring the Authorities and Responsibilities of Line Ministries to Local Administration Units in Egypt	December	SO3
Final version of the study entitled Establishing Institutional and Administrative Conditions and Impacts Related to Transfer of Responsibilities, Authorities and Budgets of Ministry of Housing, Utilities and Urban Development to the LAUs in Egypt: Detailed Study on Utility Sector	December	SO3
Publish proceedings of the June 2008 conference entitled Decentralization in Egypt: Opportunities and Challenges	October	SO3
Publish proceedings of the conference entitled Visions of Political Parties regarding the Implementation of Decentralization in Egypt	December	SO3
Complete proposal on Intergovernmental Finance Unit in the Ministry of Finance	October	SO3
Documentation of Assiut Experience in Raising Local Funds	December	SO1
EDI Monthly Update – October 2009	October	All
EDI Monthly Update – November 2009	November	All
EDI Monthly Update –December 2009	December	All
EDI Fourth Quarter FFY 2009 Progress Report	October	All

ANNUAL HIGHLIGHTS FOR FFY 2009

Decentralization Context

The current decentralization effort in the Arab Republic of Egypt has as its basis the policy paper on decentralization presented at the fifth annual conference of the National Democratic Party (NDP) in November 2008.

The policy paper expanded on positions taken in the 2007 NDP conference reports, provided more detail on the NDP views on implementation and continued to define the district as the local unit of decentralization. It highlighted the role of local units in development, called for a shift in the responsibilities of central agencies toward strategic planning and monitoring, focused decentralization of local administration at the governorate and district levels, called for a greater involvement of local administration in budgeting, and highlighted the need to amend the local administration law. The paper supported a gradual approach toward decentralization focusing on three pilot locations (Fayoum, Ismailia and Luxor) and on the education sector followed by social solidarity.

Furthermore, the policy paper called for strengthened local popular councils as the primary vehicle for increasing citizen participation in local administration.

The 2008 NDP conference elicited considerable high-level attention for the topic of decentralization with official statements emanating from the President, the Prime Minister, and the Head of the NDP Policy Secretariat.

While there is an undeniable (and hopefully irreversible) movement to more decentralized governance in Egypt, it is nevertheless clear, as well as understandable, that progress will be painstaking and gradual. This policy choice by the Government of Egypt (GoE) is compelled in part by the deeply-rooted tradition of strong centralized control, and the need to avoid destabilizing consequences that might otherwise arise from a more aggressive timetable.

That said, important progress has marked the period following the aforementioned NDP conference:

- An extensive effort on the part of EDI to secure a specific agreement with the Ministry of Local Development on the details of future cooperation culminated in a signed “implementation letter” between USAID and the Ministry in April 2009. This document defined the activities of EDI during phase II of the Project in the two national pilot governorates and the City of Luxor.
- The MoLD decentralization technical office became the Ministry’s primary counterpart to EDI. At the same time MoLD underwent internal restructuring to enable it to better fulfill its decentralization responsibilities.

- Two retreats were organized by MoLD to (i) further develop the national strategy for decentralization and (ii) prepare a detailed action plan for implementation in the pilot locations. The second retreat included a donors meeting among the major institutions expected to participate in the decentralization effort.
- A reinvigorated commitment by the Ministry of Finance (MoF) on fiscal decentralization as evidenced by the request of the Minister for a special International Monetary Fund (IMF) mission in May 2009 to recommend a strategy for GoE to embark upon greater fiscal decentralization (as described below, EDI participated in the mission). The Ministry also requested the USAID TAPR II project to work on the technical prerequisites necessary for fiscal decentralization and retained international fiscal consultants to prepare recommendations for a GFMIS,¹ an important long-term reform needed for fiscal decentralization.

Mid August, the GoE embarked on a dramatic change in direction in its decentralization strategies and announced a shift from a gradual, comprehensive approach in a small number of pilot governorates, to an immediate nationwide application of decentralization for a limited number of programs, mainly in the sphere of local development and to a lesser extent, housing. (The text box on this page highlights major decentralization milestones since 2004).

Decentralization Milestones in Egypt	
2004	Ministry of Planning and Local Development in cooperation with UNDP select decentralization as main theme in Egypt Human Development Report
2005	Decentralization appears as main policy option in Presidential Campaign
2006	USAID launched EDI in cooperation with Ministry of Local Development
2007	Constitutional amendments accelerate decentralization
2007	National Democratic Party (NDP) addresses decentralization in its annual party conference
2007	GoE assigns MoLD as national coordinator of decentralization policy
2008	GoE selects Fayoum, Ismailia and Luxor as decentralization pilots and education, housing and social solidarity as priority sectors for decentralization
2008	NDP re-addresses decentralization in its annual conference in more detail
2009	USAID assists DTO in conducting retreats to develop action plan for national decentralization strategy
2009	Minister of Finance delegates limited budgetary authority to governorate LPCs
2009	GoE announces decentralization of the MoLD local development budget and components of the housing budget

The new approach led MoLD to delegate decision-making responsibilities for its FY 2009-2010 local development budget of LE 800 million supplemented by LE 1.3 billion from the public treasury directly to local administrations.² This empowered governors,

¹ Government Financial Management Information System

² Early in 2008, the Project held a series of discussions with MoLD on devolving local development spending authorities and subsequently prepared policy papers on international experience in formula-based allocations.

governorate LPCs, and district executive and popular councils to determine spending priorities for the local development budget. At the same time, the GoE devolved expenditure authority for repairing and replacing local water and wastewater networks using the budget of the Ministry of Housing and Urban Development. The system devised by MoLD envisioned ceilings on the amounts that could be spent on governorate capital cities and required formula based allocation of the bulk of the development funds. EDI supported MoLD in preparing a manual delineating local level spending allocations.

Elements of the new approach are evolving, but include:

- Emphasis on programmatic decentralization rather than a focus on limited sectors. Under the strategy, the GoE would devolve authority for managing particular programs to local administrations; such as responsibility for determining use of the local development budget. This approach is scaleable for nationwide implementation and entails less risk than devolution of entire sectors.
- MoLD would disband its pilot governorate offices and determine a new approach to use of regional planning offices together with MoED.³
- Social Solidarity programs would subsequently be considered for programmatic decentralization.
- Other line ministries would prepare their own decentralization programs in a fashion similar to MoLD.

These dramatic changes in direction led EDI, with USAID approval, to shelve its nearly completed year-four work plan, and prepare a three-month interim transitional work plan while new agreements are reached with MoLD on continued EDI support for decentralization. Broad dimensions of EDI support for MoLD are shifting in the sense that EDI would take on wider responsibilities for technical assistance while implementation would be the responsibility of GoE and MoLD specifically. Briefly summarizing the new role:

- During the interim period, EDI will undertake assessments of the capacity of the Saqqara Center for Local Development and six MoED regional planning offices to recommend new roles for these institutions in supporting the decentralization approach and potential opportunities for USAID to provide support through EDI.
- Fiscal work will concentrate on developing a national fiscal decentralization strategy, identifying reforms to budget cycles, and enhancing local revenue.
- Continued support for empowering LPCs as a crucial success factor in the MoLD overall program.

³ Ministry of State for Economic Development

- EDI training activity will focus on developing cross-cutting training modules as part of the national curriculum for decentralization (NCfD).
- EDI would continue its advocacy programs, but the focus would shift to national level programs that MoLD would implement through its own resources.
- EDI will undertake a study of restructuring functions and authorities in a sample of governorates.

Increased Egyptian Financial Resources Available to Local Governments for Responding to Community Priorities

Fiscal Decentralization Strategy

At the request of the Minister of Finance, the International Monetary Fund reviewed the GoE strategy for decentralization against existing arrangements for local budgeting and finance and offered a number of recommendations that should be addressed over the medium to long term. The EDI Policy Director was offered a unique opportunity to participate in the IMF Mission review and recommendations. The recommendations detailed in the IMF *aide memoire* are now the primary guide to fiscal decentralization work plans being implemented by MoF and MoLD including:

- Financial management models for a budget treasury function that MoF ultimately would devolve to local administrations.
- Fiscal decentralization steps that MoF and other ministries should follow as GoE devolves greater fiscal decentralization decision-making.
- Formula allocation including various types of grants and, as appropriate, establishing a grants commission.
- Steps needed to complete implementation of a treasury single account (TSA).
- Guidelines for selecting computerization of the government accounting and financial management systems.
- Preparation of a strategy and action plan for introducing a national system of internal audit supporting financial management operations at the central and local levels.
- Medium-term development and implementation of national expenditure framework that incorporates hard budget constraints.
- Minimum public finance management conditions that need to be in place before greater fiscal responsibilities can be devolved to local administrations and suggestions that devolution of authorities may proceed in an asymmetrical fashion as local administrations meet the conditions.
- Schedules for devolving greater expenditure assignments.

- Schedules for increasing local revenue generation capabilities.
- Local government borrowing.

EDI agreed to field one or more international consultants to work with MoF and MoLD in delineating the fiscal decentralization strategy and once the strategy is adopted, to help in detailing plans for implementing the strategy. This landmark strategy should set the course for devolving greater fiscal responsibilities and provide a series of benchmarks against which MoF can measure progress of individual governorates in meeting minimum public financial management conditions. The study is now scheduled for early in the next project year.

Local Fiscal Reform

Anticipating amendments to the Local Administration Law and possibly other fiscal legislation, the Project participated actively in the finance committee established by MoLD to develop amendments to the law to enhance local revenue, among other things. The committee, based on inputs from EDI, recommended a number of measures aimed at restoring and enhancing local revenue:

- Portions of the income tax should be reallocated to local units as was done prior to adoption of Income Tax Law No. 91/2005 and local units should receive shares of the real estate taxes as was the case prior to passage of property tax law in 2008.
- Application of decree no 239/1976 which includes a broad base of industrial, agricultural, commercial, and vocational activities that are subject to local fees.
- Increase in revenue to be earned from quarries. The basis for charging for extraction of quarry materials has not changed for more than 50 years.

Streamlining the Budget Cycle and Processes

Decentralization will likely bring significant changes to budget processes in terms of the presentation of central and local administration budgets, compilation of annual accounts, and in the approval process. The overall structure of the process is emerging; however it appears that the central budget will no longer contain details of sectors to be decentralized. Rather the central government will provide transfers to local administration in the form of block grants or tied grants, similar in concept as is being tested in the current fiscal year by MoLD with its Local Development Budget. These grants will show up in local administration budgets as revenue transfers that will be matched by local own-source revenue that governorates and districts will use to finance their budgets. Under this new structure, the LPC would have ultimate responsibility to approve local administration budgets.

EDI supported this process through preparation of initial proposals on the budget cycle in the local administration sector in which the district finance office would become the primary budgetary unit at the local level. Gradually, this district finance office could encompass other service departments operating at the district level. The governorate role would shift to be one of strategic planning and control, and finally to provide technical support for the districts. The proposal envisions that the

governorate would formulate a form of grants committee that would allocate central resources according to specific funding formulas similar in concept to those being tested with allocation of the MoLD Local Development Budget.

Based in part on EDI training and technical assistance to LPCs, the proposal includes mechanisms to strengthen the role of LPCs in determining local priorities as the basis for adopting local budgets. It also includes recommendations for strengthening LPC monitoring and evaluation.

Fiscal Profiles of Pilot Governorates and Districts

EDI has prepared annual fiscal profiles of its pilot governorates and districts. The profiles highlight the degree of fiscal autonomy or budget decentralization enjoyed by local administrations and they compare the contribution of own-source revenue with total revenue. In the past year, the Project prepared similar fiscal profiles of the MoLD initial national pilots (Fayoum, Ismailia and Luxor) at governorate levels and worked to lay the groundwork for preparation of district level fiscal profiles.

These profiles provide in-depth information on governorate revenue and in particular on own source revenue as well as review expenditure trends. The profiles provide a composite view of the special accounts and funds at governorate and district levels. As these funds comprise the greater part of local revenue generation, tracking changes in revenue and subsequent expenditures is a good measure of the capacity of local administrations to generate and expend own source revenues.

To provide MoLD with a perspective on district level revenue, the Project prepared more detailed FY 2007-2008 profiles of selected districts in Ismailia and Fayoum. These profiles focused on local funding sources and the relative importance of special funds and accounts in relation to total district expenditures.

The nationwide devolution of expenditure authorities for local development currently underway by MoLD requires careful tracking of expenditures and revenues. The EDI fiscal profiles represent an excellent methodology for tracking central and local revenue, and expenditures on key programs.

Collection of Revenues

The results of EDI support to the Assiut Governorate in increasing local fees and charges yielded quite dramatic results in FY 2009. In the two EDI pilot districts where draft final accounts are available, total collections after deducting the district contributions to the governorate level increased by 52 percent and the balance (after deducting current expenditures) available for capital expenditures or carried over to the subsequent year increased by 67 percent.

As previously reported, the Project supported the two pilot district LPCs in preparing revised local fees and charges for various categories of service. After these district LPCs approved the new fee and charge schedules they were forwarded to the Assiut Governorate LPC who applied the new schedules governorate-wide. Subsequently, the Governor of Assiut issued an executive decree implementing the new schedules and made them effective at the start of FY 2008-2009. Consequently, it is very likely

that the remaining nine districts in Assiut Governorate will experience the same strong results as described above in the two EDI pilot districts.

This is a significant expansion of the reach of EDI interventions beyond the two pilot locations in Assiut where the Project work was initially focused.

Under the abovementioned governorate LPC decree, seventy-five percent of the proceeds from collection of the fees and charges are retained in the jurisdiction where they were collected and the balance forwarded to the governorate. The new fees and charges in Assiut Governorate was the first increase in over 25 years. In enacting the new schedules, the LPCs took special care to ensure that the action did not negatively affect low-income groups. Most of the new fees were levied against economic activities that impact higher income groups, such as mobile phone shops or wedding halls. Many of these fees did not exist in the out-dated fee schedule then in effect.

Under current GoE accounting rules, the final accounts of special funds report revenue equal to current expenditures. If there are in fact current surpluses, local administration can apply them to capital expenditures or carry them forward to the next fiscal year.⁴ (see table below)

Table 5 Total Collections and Current Expenditures from EDI's Assiut Pilot Districts

EDI Pilot District	FY 2007- 2008 (LE)	FY 2008-2009 (LE)	Percent Change
Dayrute			
Total Collections Retained Locally	648,000	1,079,000	+66.5
Current Expenditures recorded in Final Accounts	255,000	414,000	+62.4
Unrecorded Surplus Carried Forward	393,000	665,000	+69.2
Abu Teeg			
Total Collections Retained Locally	750,000	1,041,000	+38.8
Current Expenditures recorded in Final Accounts	345,000	374,000	+ 8.4
Unrecorded Surplus Carried Forward	405,000	667,000	+65.7
Total for EDI Districts			
Total Collections Retained Locally	1,398,000	2,120,000	+51.6
Current Expenditures recorded in Final Accounts	600,000	788,000	+31.3
Unrecorded Surplus Carried Forward	798,000	1,332,000	+66.9

Source: Assiut Governorate final accounts and records of special fund collections

LPCs in the two Qena pilot districts enacted similar changes in local fees and charges as did the Qena Governorate LPC. The Governorate decree adopted in November 2008 imposes new fees on economic activities that did not exist in 1976 when the last decree was approved. This initiative strengthens the financial independence of local units as 75 percent of the yield from these fees would be retained in villages and

⁴ See Local Administration Law (Law 43/1979) which enables governorate, district, town and village LPC to establish special accounts and funds and permits carry over of surpluses to the following fiscal year.

towns where the fees were collected. As of now, the Qena Governor has not issued an executive decree implementing the new fee and charge schedules.

Prior to selection of Beheira Governorate as an EDI pilot, in 2006 the Governorate LPC enacted a new set of fee and charge schedule and applied it governorate-wide.

In another example, following an EDI workshop and technical assistance, the Assiut Governorate LPC adopted an initiative that will result in improved health services and increased revenues for the Local Health Improvement Fund, which is established by the Ministry of Health to partially finance operating expenses of local health posts. The increased fees will be tied to enhanced services such as extended clinic hours, upgrading rural services and provision of limited opportunity for single room accommodation in public hospitals. The LPC passed the initiative on January 19, 2009 and the Governor issued an Executive Decree implementing the LPC action in March.

Previous fiscal profiles highlighted the limited use of own-source revenues for financing capital expenditures at the district level. In the table shown above, about 37 percent of the two pilot district collections was used for current expenditures. The balance financed investments reported at the governorate level. As a result of the governorate-wide increase in fees, Assiut Governorate in its FY 2007-2008 final accounts is showing a three-fold increase in use of own-source revenue for investment projects over the previous fiscal year.

Strengthened Financial Management System

Improved Pricing of Local Services

Over the year, fiscal experts from EDI conducted a number of pricing studies of local services, including cleaning services, one the key functions provided by local administration. The studies evolved into a simplified methodology for measuring the actual cost of services and then comparing those costs with current revenue collection to determine more appropriate, full-cost pricing policies. The initial assessment determined that fees currently charged to industrial and commercial customers were significantly less than the actual cost of service. Furthermore, actual collections at current tariffs were yielding a fraction of what should be collected from customers.

EDI presented its findings and recommendations in a series of workshops in the pilot districts in Qena and Assiut Governorates attended by LPCs, service providers and LEC financial officials. The EDI experts prepared a simple manual for using the methodology designed to enable local units to expand the pricing methodology to other districts.

The methodology became a training vehicle for building the capacity of LPCs in determining full-cost recovery pricing policies aimed at improving local service provision.

Strengthening Financial Controls and Systems

If district administrations are to take on broader responsibilities for financial management as envisioned by the MoLD decentralization strategy, district LEC and LPC officials must gain a broader understanding of financial control gaps and methods for closing those gaps. Accordingly, the Project conducted a series of workshops in its pilot districts in Beheira, Qena and Assiut on financial control gaps diagnosed in a number of areas including, revenue management, collections, procurement, inventory control, and use of temporary advances.

With cooperation and support of the MoF, a guide was prepared for identifying and controlling financial control gaps existing under the current laws and financial regulations issued by the Ministry. Auditors from MoF attended the workshops to ensure compatibility with applicable financial systems and to bring pilot districts in compliance with the systems.

Strengthened Financial Systems for Local Projects

Local projects established under the local services development fund (LSDF) provide a number of strategic services to citizens and at the same time contribute more than 70 percent of the revenue for the LSDF. Recognizing the importance of improving financial management of local projects, consultants from EDI made a number of recommendations for making local project management more transparent and efficient in providing services.

Recommendations included:

- A costing system for parking lots used by local public transport vehicles that was submitted to Assiut and Qena Governorates, aimed at better tracking the use of the lots and the revenue receipts. Early in the next year, the Project will provide Qena Governorate with hardware and software for automating collection systems for selected parking lots.
- A simplified costing system was developed for a dairy project in Qena at the request of the Governor. The project provided technical assistance and a simplified manual for application of the system.
- Improved administrative and financial systems for a gas bottling facility in Beheira focused on restructuring these systems, and completing the control environment to improve customer service.

Automated Reporting on Revenue and Expenditures

The first official automated report on revenue and expenditures for the Assiut Governorate Headquarters covering the month of January 2009 was generated by the accounting system installed by EDI. This may be one of the first such automated reports accepted by the Ministry of Finance as much of the public sector accounting in Egypt relies on manual procedures. The automated accounting system has the capability of producing more than thirty-five budget and accounting reports. Since January, the Governorate has continued reporting using the system.

Subsequently, the accounting departments in all other EDI pilot locations followed the lead of the Assiut Governorate Headquarters in issuing automated budget reports using the computerized accounting system implemented by the Project. Issuance of this report, known as Form 75, complies with the Minister of Finance directive to begin producing automated accounting records.

In Qena, the Project is working with the Governorate Diwan to automate reporting of the local services development funds. When this effort is successful, it will be spread to the EDI pilot districts and the Governorate may support implementation of the system in other districts in Qena.

Opening Citizen Service Centers

Four of the six citizen service centers supported by EDI were inaugurated with official ceremonies during the year (the last of the six centers was opened for operations during May 2009). The inauguration was a significant milestone because the centers not only provide improved services for the citizens they also contribute significantly to local own-source revenue, one of the primary objectives of the Project.

Separate dedication ceremonies in Qena and Assiut presided over by the Minister of Administrative Development (MSAD) and respective Governors attracted over 650 persons representing LPCs, members of the Peoples Assembly, the media, citizens, and governorate and district officials. In their speeches, the minister and two governors enthusiastically embraced the movement toward improved service delivery achieved through greater decentralization.



MSAD Minister Ahmed Darwish together with Assiut Governor Nabil Elazaby opening Dayrute CSC

Beheira Utility Data and Urban Planning Center

During the fourth quarter of the year, the Beheira Governorate and EDI signed a protocol memorizing the steps needed to complete their respective contributions to making the Beheira Utility Data and Urban Planning Center (BUDC) operational. According to the protocol, the Governorate will complete construction or renovation of facilities to house the center, hire and begin training staff, and complete other prerequisites needed to make the center operational. Meanwhile, the Project initiated procurement of geographic information system (GIS) hardware and software needed to enable BUDC to improve services to citizens wanting to build new structures and,

at the same time, increase own-source revenue. The state-of-the-art centers located in Beheira Governorate and two districts will enable local officials to undertake improved development programs as envisioned by the GoE decentralization strategy previously described.

Enhanced Participatory Mechanisms to Plan, Allocate and Monitor use of Resources

Results of IDDP Implementation during FY 2008-2009 in Phase I Governorates

During FY 2009, emphasis of the EDI unique integrated district development planning (IDDP) program shifted from planning to implementation. During the previous year, fifty-two participatory planning groups⁵ working under the aegis of LPC Planning and Budgeting Committees approved 246 local development projects reflecting the priority needs of their communities. Preliminary budgets for these planned projects totaled LE 283 million of which local administration authorities and line ministry directorates approved a total of LE 230 million for the FY 2008-2009 budget. As of June 30, 2009 approximately LE 162 million (or 70 percent) was implemented in the form of various projects. The table on the next page summarizes the results of the first's years' implementation.

This high percentage of implementation represents a great success for participatory planning as an element of integrated development plans. Prior to EDI input, virtually none of the planning groups or their representatives in LPCs had any significant experience in identifying local community priorities or in programming development projects to meet those needs. Similarly, local administrations and ministry directorate staffs had little experience in working either with elected leaders or with community groups in integrated development planning. The IDDP process introduced by EDI brought these groups together to fashion medium term integrated plans that reflected community priorities plus the realities of available budget resources from either central or local administration budgets.



Public Hearing in Beheira to present Abu Hommos IDDP

The implementation rate previously noted masks the complexity of some of the proposed projects. For example, approximately LE 88 million in Abu Hommos District sanitation projects was re-programmed to take advantage of external funding

⁵ The six district integrated development plans were composed of 46 village and town integrated development plans.

from the World Bank and other national sanitation programs. Further, the district experienced delays in tendering eight environmental projects.

In Assiut, the creation of a governorate-wide water and sanitation company operating under the national water and sanitation holding company resulted in changed treatment plant design to comply with the national holding company's standards. Now water must be extracted from surface water sources and appropriate treatment plant distribution systems redesigned accordingly.

This enthusiasm of the LPC-lead participatory planning groups resulted in their preparing the second round of IDDP plans for FY 2009-2010 with only limited EDI technical assistance. The process has been successful in differing political environments. In Beheira, the Governor and LPC officials strongly back the participatory planning process and are seeking support to expand it to other districts in the governorate.

In Qena, the two EDI pilot districts achieved the highest implementation rates of 76 percent of their approved projects and in fact, the value of IDDP projects actually implemented in Qena equaled 76 percent of the value of all implemented IDDP projects. This high implementation result came about because the two Qena districts comprise nineteen local units of the forty-six covered by EDI and further because the two IDDPs included large sanitation programs, sixteen schools, and a major tourism project upgrading the Nile cruise harbor in Nagaa Hamadi.

In Assiut, the governor supported revenue generation projects but was less enthusiastic for grassroots participatory planning.

Altogether over 4,100 participants within the EDI pilot governorates received training in participatory planning skills, including a course on review and incorporation of village and town plans into service directorate plans.

Finally EDI supported the automation of the village development department within the Beheira Governorate using a customized software application based upon the business requirements of this department.

Transparency and Effectiveness through Automating LPC and LEC Business Functions

EDI installed software and hardware in its nine pilot locations (governorates and districts) to automate the business processes of the LPC and LEC secretariats (*Edara Al Magales*). The software allows LPCs to track LEC progress in responding to questions about their activities. It also records LPC decisions and enables them to manage the follow-up of business processes. When a member of the LPC makes an official query using the system, the system also logs the query with the LEC so that both can track the status of the response.

Finally EDI supported the automation of the village development department within the Beheira Governorate using a customized software application based upon the business requirements of this department.

Table 6 Results of Implementing Integrated District Development Plan Projects, FY 2008-2009

Status of IDDP Projects	Assiut		Beheira		Qena		Total
	Abu Teeg	Dayrute	Abu Hommos	Shubrah-keet	Esna	Nagaa Hamadi	
Value of Proposed IDDP Plans	16.8	42.1	113.9	19.6	32.9	57.7	283.0
Value of Approved ⁶ Projects	10.4	11.8	28.8 ⁷	16.6	66.2 ⁸	96.0 ⁹	229.8
Value of Implemented Projects (as of June 30, 2009)	6.9	8.3	10.9	12.2	50.8	73.1	162.2
Percent of Approved Projects Actually Implemented	65.9%	70.3%	37.7%	73.8%	76.7%	76.2%	70.6%

Transparency and Effectiveness through Automating LPC and LEC Business Functions

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Completing Matching Fund Allocations

In the past year USAID approved criteria for, and allocation of EDI matching funds to the three pilot governorates. Under agreement with USAID the EDI matching funds will be provided in the form of commodities procured by EDI and would match counterpart investments made in the EDI six pilot districts in implementing their integrated district development plans (IDDP) for FY 2008-2009. As noted above, the six districts aggregated approved IDDP investments totaling LE 230 million financed from the MoLD local development budget, other line ministry budgets, and own-

⁶ Approved by local administration authorities or central agency service directorates

⁷ The difference between the proposed projects and approved projects is the LE 88 million in sanitation projects implemented by the Beheira Water and Sanitation Company using external funding sources.

⁸ In Esna, approved projects exceed the proposed project plan estimates because LPC-lead participatory planning groups underestimated several complex projects, including large sanitation schemes and nine schools.

⁹ In Nagaa Hamadi, approved projects exceeded proposed plans because the scope of one project was expanded and large sanitation projects were under-estimated.

source revenue such as the local services development fund and thus qualified for the matching funds.

The six district IDDPs identified the environmental sector among their key priorities for application of the matching funds and requested that EDI consider providing small solid waste collection trucks that could navigate the narrow village lanes. Accordingly, the Project will complete procurement of 51 small, locally- assembled dump trucks from local vendors, pursuant to approval received from USAID. The value of this procurement is \$1.25 million.

As part of the approval process EDI determined that the pilot districts had suitable maintenance and operational capabilities, inspected local district-run maintenance facilities, and received written assurances from district administrations that they:

- Have fully equipped district mechanical workshops capable of undertaking regular maintenance of similar-sized vehicles and that these facilities are properly staffed and equipped.
- Out-source major repairs of their vehicles and have lists of regular vendors who are capable of providing such repairs on similar vehicles.
- Have long experience in maintaining locally assembled trucks of similar manufacture in their district workshops.

The vendor selected to provide the trucks has suitable service facilities close to the pilot districts and is providing a type of truck familiar to district maintenance staffs.

MoLD Decentralized Authorities for Local Development Budget Plans

In mid-August 2009, personnel from EDI participated with MoLD in support of an eight-day orientation workshop for senior executives and popular council heads at the governorate and district levels for all twenty-nine governorates in Egypt. The crash workshop was organized in a remarkably short time-frame to orient local leaders on implementation of the newly devolved decision-making authority over the local development budget of MoLD for the *current fiscal year*.

As part of its support for the above-referenced orientation workshop, experts from EDI collaborated with the MoLD decentralization technical office to prepare a manual or guide for local officials on how to exercise the new responsibilities. This 160-page document, entitled *Manual for Decentralization Implementation in Local Development Sector 2009-2010*, describes how governorates and districts should apply the transparent formulae for distributing the devolved resources among lower-tier local administrations. It also provides templates for preparing budgets and monitoring progress.

To support the effort, the EDI pilot governorate field offices launched rush training programs to familiarize their governorates and districts in use of the *Manual* for preparation of local development budgets, which had a deadline of mid-September 2009. In two of the EDI pilot governorates (Assiut and Beheira) the Project completed training courses for participatory planning working groups, on the review of local development plans as prescribed by MoLD in the *Manual*. Over one

hundred-thirty persons attended the three seminars, the objective of which was to prepare the EDI pilot districts for the new decentralized approach to local development.

Based on the lessons-learned plus documentation of the EDI phase I experiences in participatory planning, the Project will support MoLD in upgrading the *Manual* for preparation of the second cycle of planning for FY 2010-2011.

Completing Minia Governorate Activities

EDI support in Minia Governorate was successfully completed and closed-out June 30, 2008. Significant achievements during the year included:

- Decentralization awareness conferences were held in the seven district capitals bringing together, in total, over 1,000 leaders in civil society and local administration. In each district, a subset of participants subsequently formed a community initiatives committee. These committees launched 26 problem-solving initiatives of which 21 were concluded by the close of EDI intervention in Minia.
- Over 1,100 members of local popular councils received training, including all newly elected members and approximately 500 village-level MLPCs.

Strengthened Administrative Capacity and Legal Framework for Local Administrations to Manage Resources Effectively and with Transparency

Policy

In the third quarter of the year, the USAID Mission Director and the Minister for Local Development signed an implementation letter (IL) defining the role that USAID and EDI would play in supporting the GoE emerging decentralization strategy. The implementation letter defined four main components of the GoE strategy that EDI would support over the balance of the project:

- Training, advocacy, and public awareness
- Local restructuring
- Local fiscal reform
- Empowering local popular councils

Although detailed activities of the IL have changed due to the changes in the decentralization context discussed earlier in the report, the IL continues to serve as the main directive guiding the work of EDI.

Developing a Long-term Plan for Decentralization

Resulting from three years of EDI policy support to GoE, the Project assisted MoLD in preparing a white paper describing the national strategy for implementing nationwide decentralization. The white paper pulls together policy statements made by the government and incorporates the most recent shift toward programmatic decentralization.

Strengthening Legal Framework for Local Administrations

Throughout the year, Project staff and consultants worked on three interdisciplinary subcommittees established by MoLD to prepare a new law on local administration reflecting the GoE decentralization strategy. There were two main thrusts to the EDI contribution: the first was participating in activities of the three legal committees to draft amendments to the law related to LPC affairs, intergovernmental institutional arrangements, and local finance. The second was to participate in an intensive effort to draft the entire body of amendments to the law (financial and non-financial provisions).

The proposed revisions in the law on local administration will have significant implications on the local governance system including the institutional and organizational aspects. In this regard, working with MoLD, the Project has developed terms of reference to study the required local restructuring process and the ways to implement it. This study will have two parts.

The first is a baseline assessment of current organizational and institutional relationships and arrangements among local administration executive officials and the service ministries representatives at governorate and district levels. This will emphasize issues of planning and budgeting. The second will present recommendations for revising these relationships in the context of the proposed new local administration law. This local restructuring study will provide specific implementation options and procedures needed to create the enabling institutional and organizational setting for decentralization.

During the past year, the Project provided a number of technical notes that support the work of the MoLD Decentralization Support Unit (DSU) on formulating decentralization strategy and implementation plans. Examples of these technical notes include a matrix of decentralization implementation activities and the draft white paper on decentralization discussed above. In addition EDI policy experts provided a comprehensive study on the proposed direction for the decentralization process in Egypt, which has been used as a source in drafting the MoLD decentralization statement.

EDI also commented on papers presented by five research institutes subcontracted to study decentralization issues. Three of these research institutes completed their final reports: (i) *“Financing Innovation in Local Government”*, (ii) *“MLPCs Perceptions of Decentralization”*, and (iii) *“Restructuring Local Administration Systems in Egypt”*.¹⁰ The remaining two reports, (i) *“Consequences of Transferring the Authorities and Responsibilities of Line Ministries”* and (ii) *“Decentralization in Public Utilities: the Case of Water and Wastewater”*, will be completed during the first quarter of 2010.

Earlier in the year, the Project worked at the request of MoLD on initial sectoral decentralization issues preliminary to mapping the current functions of the Ministry of Social Solidarity. EDI delivered this research in a technical note entitled: *Assignment of Public Functions to Tiers of Government: an Overview of International*

¹⁰ See the list of deliverables for full citations.

Experience, dated December 2008. Recently, the Ministry indicated renewed interest in EDI resuming its work on decentralization of this sector.

Local Fiscal Reform

As noted previously, the Project participated in the IMF mission that worked on fiscal decentralization and its findings and recommendations to the Minister of Finance. One of the IMF mission recommendations is to develop a strategy for fiscal decentralization. This strategy will complement the fiscal aspects of the national decentralization plan developed by MoLD. Policy experts from EDI developed terms of reference for the proposed work on the fiscal decentralization strategy, which will be completed early in the coming year.

Based on IMF recommendations, the Project prepared a matrix for fiscal decentralization activities and related timeframes. The matrix provides action plans for piloting and rolling out decentralization, and for creating an enabling financial environment. At the same time, the IMF recommendations include establishing a unit for intergovernmental fiscal transfers (IFU) at the Ministry of Finance. The Project participated intensively in developing the design of the unit, as well as objectives and activities. EDI is also supporting MoLD and MoF in drafting a memorandum of understanding between the two Ministries stipulating roles and responsibilities of both sides on bilateral technical cooperation in fiscal decentralization related issues.

Advocacy and Public Awareness

In advocating decentralization as a model of governance and in raising public awareness of GoE strategy to implement decentralization nation-wide, the policy unit has participated in different forms of activities. These include the organization of orientation events, conducting research, disseminating research findings, and heavily participating in laying out an advocacy and public awareness strategy.

A major event co-organized by EDI and Al-Ahram Center for Political and Strategic Studies on March 18, 2009, was the conference entitled: “*Visions of Political Parties Regarding the Implementation of Decentralization in Egypt*”. The conference comprised three sessions presenting the view of five different political parties regarding decentralization.¹¹ One hundred thirty-five representatives from political parties, civil society organizations, think tanks, academia, practitioners, media, USAID and MoLD actively participated in the Conference discussions. Although much of the debate focused on obstacles, there was a clear consensus of the importance and need to shift toward decentralized governance. A conference of this magnitude on decentralization issues, bringing together opposition political parties in an open forum, was without precedent in current-day Egypt. It stimulated the political parties’ agendas to the extent that Al-Wafd Party independently organized a similar event.

Equally important are a number of technical reports and presentations that have been prepared and discussed with MoLD and other relevant stakeholders such as GOPP,

¹¹ Namely, the National Democratic Party, Al Wafd Party, Al Tagamoa Party, Nasserite Party, and the Democratic Front Party.

UN-HABITAT, and UNDP on the local budget cycle, local autonomous revenue, financing capital cities, and the management of local funds. Also, the Project has prepared, in coordination with MoLD, an action plan to conduct fiscal profiles assessing the fiscal capacity at the governorate and district levels. These profiles will focus on financial qualitative and quantitative aspects at both levels.

EDI expects to publish early in the next quarter proceedings from: “*Visions of Political Parties Regarding the Implementation of Decentralization in Egypt*” and “*Decentralization in Egypt: Opportunities and Challenges*”. EDI is developing a basic glossary of planning and budgeting terminology and a user friendly manual on planning local development projects focused on feasibility issues in addition to project prioritization and analysis.

Public Awareness and Communication

Public Awareness and Community Outreach Committees

Throughout the year, the Project continued its program of raising public awareness of decentralization and promoting its acceptance and implementation through a series of facilitated seminars targeting members of local popular and executive councils. The seminars, entitled “*Orientation to Decentralization*”, focused on building understanding of the fundamentals of a decentralized local administration system and improving basic communication skills, particularly among LPCs.

EDI also completed procurement for design and delivery of a one-day training course entitled “*Public Hearing Management Skills*”. The course will target LPC Cultural and Media Committees and public relations officers of services directorates and executive councils.

Communications Materials

The Project prepared documentary materials illustrating successful IDDP projects in terms of citizen impact and participation such as a video on the Nasrallah Road in Berket Ghattas Village, Beheira. The road widening and paving project improved school access for children, travel conditions for hospital care, transport for agricultural and other goods to market, and provided a reliable connection for the village to its neighbors within the district. Similar projects exist in all pilot districts and exhibit how citizens together with their elected leaders can impact local development programs to bring on-the-ground improvements to their communities.

Community Initiatives in Minia Governorate

EDI successfully completed twenty-one community initiatives in seven districts in Minia Governorate during the third quarter of the year. The overarching objective of this activity was to raise awareness of the roles and responsibilities of local administration with an emphasis on delegation and practice of mandated authorities. In doing so, the Project built the capacity of the Minia-based NGO Association for Local Council Development (ALCDDS) to advocate on a sustainable basis, for a decentralized system of local governance.

The EDI Minia activities culminated in a major popular conference entitled *Decentralization in Minia Governorate: Awareness and Practice*, which was attended by 250 officials, media representatives, and citizens. A vocal debate during the question and answer session enabled citizens to discuss with the Governor delegation of authorities for implementation of the unified building law.

Capacity Building

Over the three years of EDI training to date, the total number of participants topped 20,000.¹² MLPCs accounted for close to half of the total. The balance was divided equally between citizens and civil servants. Women made up 15 percent of all participants. For details see Table 2, Cumulative Participants Trained up to the end of FFY 2009.

Over the current year, training attendance totaled 7,525 of which participatory planning participants accounted for 55 percent and local administration participants one third. Women accounted for 15 percent. Forty percent of year three participants were from Beheira governorate. See Table 1, EDI Year Three Training Summary for details.

Accomplishments

In every quarter of the year, participatory planning participants made up the bulk of trainees as members of IDDP working groups took part in parallel workshops dedicated to monitoring of the FY 2008-2009 plan implementation and preparation of 2009-2010 plans.

In August and September, the Project supported rapid review of 2009-2010 local development plans nationwide in the wake of the GoE decision to decentralize the sector.

Training of newly elected MLPCs was completed in Minia and phase I governorates. Minia MLPCs accounted for three-quarters of participants attending local administration capacity building programs during the year.

Also in the sphere of local administration, the Beheira capacity building team completed delivery of its soft skills program “*Leadership, Management of Meetings, and Communication Skills*” attended by seventy-six LPC leaders.

In Minia governorate, over 500 MLPCs participated in EDI’s popular “soft skills” program, “*Critical Thinking for Problem Solving and Decision Making.*” Senior MLPCs delivered the soft skills training after undergoing a training-of-trainers program dedicated to delivery of this course.

¹² The total includes participants from Minia Governorate that joined EDI for twelve months from July 2008 through June 2009. Minia capacity building, which targeted mostly MLPCs, totaled 1,776 participants, leaving phase I governorates with 19,126 participants, or 92 percent, of all participants to date.

In Assiut and Qena, more than 225 MLPCs took part in exchange visits with their counterparts in EDI sister districts within their governorate, sharing their experiences in participatory planning, revenue raising and allocation, executive performance monitoring, and public outreach.

As to public finance, the Project completed delivery of the “*Enhanced Local Revenue and Revenue Allocation*” three-module program for phase I governorates. A number of IT programs built capacity for database administrators and data-entry personnel in conjunction with automation of accounting in governorate headquarters and local project administration. Automation of accounting in phase I partners, at the governorate and pilot district levels, was institutionalized.

Public awareness training for members of Public Awareness and Outreach Committees and public affairs officers of service directorates included a course entitled “*Introduction to Decentralization and Improving Communication Skills.*” Committee members and public affairs officers will play a key role in managing public hearings as decentralization progresses.

Finally, again in Minia, the Project assisted ALCDDS to implement pre-qualification leadership and management systems, enabling the association to deliver services to the Project under contract.

For full details on programs implemented over the life of the project and the EDI technical approach to training application see respectively Annex C: Sustaining the Results of Training Implemented by the Egyptian Decentralization Initiative (EDI) and, Annex D: Major Training Provided by the Egyptian Decentralization Initiative (EDI).

Accomplishments of the Association for Local Councils Development and Decentralization Support (ALCDDS) under Subcontract with EDI

Training

- Trained over 500 village level MLPCs in problem solving and decision making. ALCDDS is a model of successful use of senior MLPCs, graduated from training-of-trainers, to deliver training to their fellow members.

Advocacy

- Established a website to advocate for decentralization and promote the work of the Association. See www.alcdds.org.
- Delivered the decentralization message to over 1,000 Minia MLPCs, senior civil servants, civil society activists, and media professionals through a leadership roundtable and nine orientation and advocacy events in the nine districts of the Governorate.
- Designed and produced *Towards the Light*, a documentary film advocating for decentralization and publicizing the work of the Association.

Studies and Research

- Designed and implemented a government-wide database of LPC members.
- Designed and implemented the following studies in Arabic:
 - *Development of Relations between the Popular and Executive Branches of GoE Local Administration*
 - *Delegable Authorities under Egyptian Law*
 - *Decentralization in Egypt: Opportunities and Challenges: Present and Future* (used as a handout in orientation and advocacy events).

Capacity Building Highlights

In August, the Project assisted MoLD in rapid development of a guide to support immediate review of governorate development plans following the GoE decision in August to decentralize the local development sector. This guide served as the basis for training of hundreds of civil servants and MLPCs throughout the country. MoLD requested and EDI provided direct support to review of plans in targeted districts in Beheira and Assiut.

Over 1,000 newly elected Minia MLPCs and re-elected MLPCs who had not previously received foundation training participated in the EDI MLPC flagship program, “*Roles and Responsibilities of MLPCs.*”

Research Reports and Papers

Following are some of the major research reports and other papers that were completed during the past year:

- (xi) *Restructuring the Local Administration System in Egypt: Levels and Boundaries of Unity* (Development and Institutional Support Center)
- (xii) *MLPC Perception of Decentralization* (Public Administration Research and Consultation Center)
- (xiii) *An International Peer Agency Study: Roles and Powers of Entities Comparable to the Ministry of Local Development* (Georgia State University)
- (xiv) *Egypt: Proposal for a Grants Commission at the Central and Governorate Levels* (Georgia State University)
- (xv) *Decentralization and Corruption: An Exploratory Study* (Al Ahram)
- (xvi) *Tools for Curbing Corruption under Decentralization* (Al Ahram)
- (xvii) *Decentralization as a Development Strategy: Social and Cultural Dimensions* (Al Ahram)
- (xviii) *The Role of Local Primary Groups in Supporting Decentralization* (Al Ahram)
- (xix) *The Essence of Decentralization and its Application to Egypt* (Center for Economic and Financial Research and Studies).

Table 7 Summary of Year Three Training Implemented in EDI Four Governorates

Component	Program Name	No. of Participants				Program Totals	Component Totals
		Beheira	Assiut	Qena	Minia *		
LA	Leadership, Management of Meetings and Communication Skills	76	-	-	-	76	2,495
	Roles and Responsibilities of MLPCs According to the Local Administration Law	247	30	-	1,036	1,313	
	Roles and Responsibilities of LPC Planning and Budgeting Committee	-	-	37	-	37	
	LPC Experience-Sharing Visits	-	143	83	-	226	
	Critical Thinking for Problem Solving and Decision Making	-	-	-	544	544	
	Reports as a Tool for Monitoring and Evaluation	-	118	87	-	205	
	ToT Refresher Course: Critical Thinking for Decision Making and Problem Solving	-	-	-	14	14	
	ALCDDS Capacity Building Courses	-	-	-	80	80	
PF	Enhanced Local Revenue and Revenue Allocation: Costing and Pricing of Local Services	19	89	98	-	206	408
	Enhanced Financial Management Systems: Applying Improved Costing and Managerial Accounting System to Local Projects	-	-	66	-	66	
	Enhanced Financial Management Systems: Improved Financial Reporting	-	13	-	-	13	
	Enhanced Financial Management Systems: Methodology to Address Control Gaps	33	49	41	-	123	
PP	IDDP Review of Community Priorities and Finalize Village and Town Plans	1,083	388	445	-	1,916	4,103
	IDDP Publishing and Gaining Commitment for Finalized IDDPs	522	86	-	-	608	
	IDDP Monitoring Implementation of Plans	402	341	79	-	822	
	IDDP Integration of Village and Town Plans at District Level	36	-	53	-	89	
	IDDP Review and Incorporation of Village and Town Plans in Service Directorates' Plans	369	249	17	-	635	
	IDDP Review Local Development Plans as per MoLD Guidelines	33	-	-	-	33	
PA	Improving Communication Skills	-	31	77	-	108	266
	PA Workshop: Introduction to Decentralization (Objectives and Definitions)	12	82	64	-	158	
IT	Basic Computer Skills	-	19	42	-	61	253
	LPC Secretariat Automation	-	19	-	-	19	
	Specialized Computer Skills: A+	8	-	-	-	8	
	Specialized Computer Skills: Windows 2003 Server Administration	8	5	-	-	13	
	Application of the Automated Accounting System	21	46	8	-	75	
	Introduction to Customer Service Centers Automated System	59	-	-	-	59	
	Customer Service Skills	18	-	-	-	18	
TOTALS		2,946	1,708	1,197	1,674	7,525	7,525

* Minia joined EDI from July 2008 to June 2009

Table 8 Cumulative Participants Trained up to End of Year Three

Governorate	GENDER		CATEGORY			Total
	Male	Female	LPCs	LECs	Civil Society	
Assiut	6,151	1,074	2,800	2,383	2,042	7,225
Beheira	5,285	1,129	2,513	1,644	2,257	6,414
Qena	4,713	774	2,372	1,704	1,411	5,487
Minia	1,653	123	1,755	0	21	1,776
Cumulative Grand Total	17,802	3,100	9,440	5,731	5,731	20,902

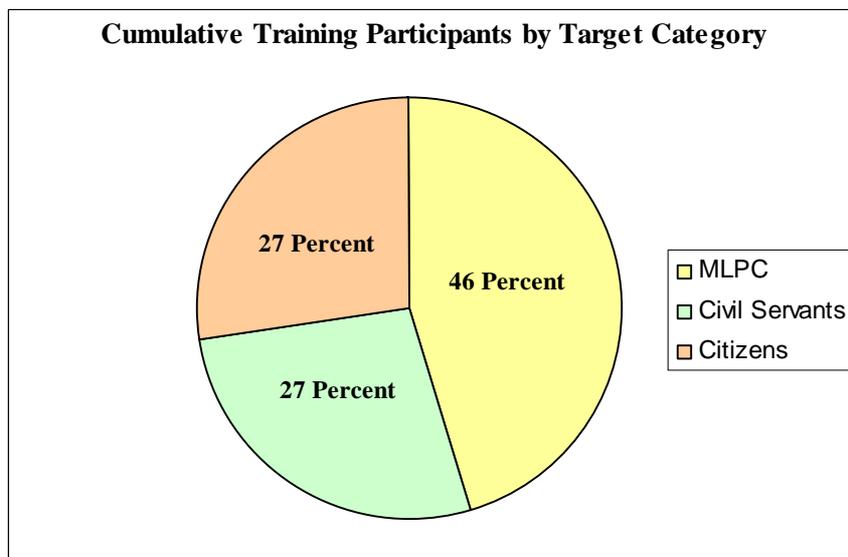
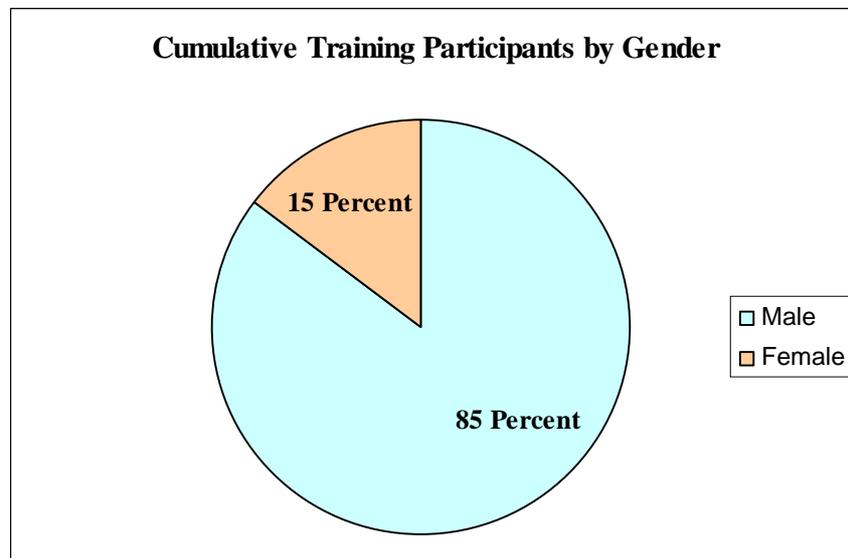
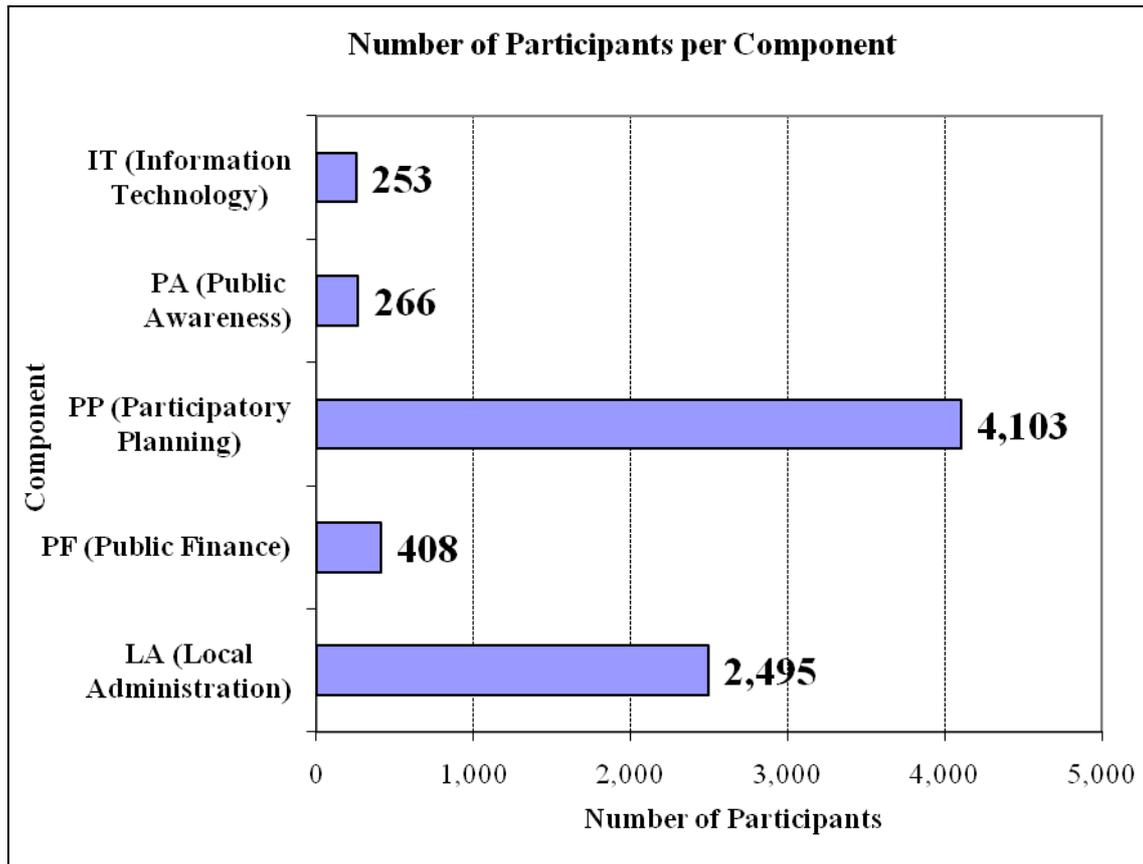


Table 9 Number of Individuals Attending One or More EDI Training Activity in Year Three

Governorate / District	Number of Participating Individuals					
	GENDER		CATEGORY			Total
	Male	Female	MLPCs	LECs	CS	
Assiut						
Governorate (HQ)	308	37	139	147	59	345
Dayrute District	237	25	140	82	40	262
Abu Teeg District	107	17	53	28	43	124
Total	652	79	332	257	142	731
Beheira						
Governorate (HQ)	180	10	126	64	-	190
Abu Hommos District	435	118	245	101	207	553
Shubrahkeet District	353	62	217	81	117	415
Total	968	190	588	246	324	1,158
Qena						
Governorate (HQ)	136	18	34	94	26	154
Nagaa Hamadi District	262	45	136	96	75	307
Esna District	267	42	148	73	88	309
Total	665	105	318	263	189	770
Minia						
Total	1,042	66	1,104	-	4	1,108
Grand Total	3,327	440	2,342	766	659	3,767

Figure 1 EDI Year Three Training Summary



ANNEX A: OBJECTIVES AND EXPECTED RESULTS

Contract requirements for EDI are set forth in the USAID Task Order,¹³ which anticipates achievement of thirteen “expected results” categorized under the three primary objectives of the Project and reflecting more-or-less concrete outcomes expected to be accomplished by the end of the Project.

Each EDI quarterly progress report will include a brief snapshot of the cumulative activities related to attainment of these thirteen expected results and the status thereof. Under each expected result, this report includes a summary of the EDI inputs related to achievement of that result, accomplishments to that point in time and a list of “interim” results that demonstrate progress to-date.

Objective 1: Increased Egyptian financial resources available to local governments for responding to community priorities

1. Increased financial resources available to the district levels within the pilot governorates.

EDI inputs

1. Capacity building:
 - √ “Enhanced Local Revenue and Revenue Allocation: Improved Revenue Collection”
 - √ “Enhanced Local Revenue and Revenue Allocation: Costing and Pricing of Local Services”
 - √ “Enhanced Local Revenue and Revenue Allocation: Introduction”
 - √ “Basic Computer Skills”
 - √ “Customer Service Center Application: Overview”
 - √ “Customer Service Skills”
 - √ “Specialized Computer Skills: Oracle Database”
 - √ “Specialized Computer Skills: SQL Server Database”
 - √ “Specialized Computer Skills: Windows 2003 Server Administration”
 - √ “Specialized Computer Skills: A+”
2. Other interventions:
 - √ Development of citizen service centers in each pilot district.
 - √ Introduction of geographic information system (GIS) technology in Beheira (in progress)
 - √ Field staff work with local administration to increase revenue

Accomplishments

- √ More than 1,480 members of local popular councils and civil servants have attended the ten training activities referenced above.
- √ Six planned citizen service centers (CSC) are open and serving the public.

¹³ As revised by Task Order Modification No. 5 approved June 11, 2009.

OBJECTIVES AND EXPECTED RESULTS (continued)

Objective 1: Increased Egyptian financial resources available to local governments for responding to community priorities (continued)

1. Increased financial resources available to the district levels within the pilot governorates (continued).

Interim results

- √ The first Governorate-wide update of local fees in 25 years was adopted in Assiut on February 28, 2008. It is estimated that in the initial full year of implementation, the new fees will generate more than a 70 percent growth in local revenue over the previous comparable period.¹⁴ Villages and towns will receive 75 percent of the increase and the Governorate will get 25 percent.

- √ At the Dayrute CSC (Assiut) collection of selected revenues during the fourth quarter of FFY 2008, exceeded that of all but one of the four preceding quarters and was 15.3 percent above the comparable period one-year earlier.

- √ Based upon the work performed by EDI in the two pilot districts of Qena, the Governorate LPC on November 30, 2008 adopted changes to local revenues involving introduction of 45 new fees and increases to a number of existing fees. Villages and towns will receive 75 percent of the increase and the Governorate will get 25 percent.

- √ Following implementation by EDI of two citizen service centers in pilot districts of Beheira, the Governor has indicated his intention to implement a CSC in the capital city of Damanshour using own-source financing, asking EDI only to provide technical guidance.

This represents a profound endorsement by the Governor for the work of the Project and bodes well for the long-term sustainability of these reforms.

¹⁴ Update: In the first year of partial implementation of the new fee structure (i.e. 2007-08) representing no more than a few months of higher fees, the reported growth in non-tax local revenue in the two EDI pilot districts in Assiut actually was more than 22 percent over the previous comparable period (i.e. 2006-07).

OBJECTIVES AND EXPECTED RESULTS (continued)

Objective 1: Increased Egyptian financial resources available to local governments for responding to community priorities (continued)

1. Increased financial resources available to the district levels within the pilot governorates (continued).

Interim results (continued)

√ Following an EDI workshop and technical assistance, the Assiut Governorate LPC on January 19, 2009 adopted a new initiative that will result in improved health services and increased revenue for the Local Health Improvement Fund (LHIF).

Increased fees will be tied to enhanced services such as extended clinic hours, upgraded rural services and limited opportunity for single room accommodation in hospitals. The LHIF accounts for approximately 65 percent of total own-source revenue in Assiut.

The Governor of Assiut approved the LPC decision in an Executive Decree issued on June 8, 2009 to implement the new services.

OBJECTIVES AND EXPECTED RESULTS (continued)

Objective 1: Increased Egyptian financial resources available to local governments for responding to community priorities (continued)

- 2. Increased fiscal autonomy for different administrative levels within the pilot governorates to be able to make independent decisions about the use of these financial resources.**

EDI inputs

1. Capacity building:
 - √ “Proposed Modifications to Local Administration Law 43/1979”
2. Other interventions:
 - √ Technical assistance to MoLD and MoF related to the decentralization of the LE 800 million local development budget.
 - √ Together with the technical office in MoLD, the Project works on recommendations and implementation measures for one or more grant commissions to administer intergovernmental fiscal transfers.

Accomplishments

- √ More than 285 individuals have attended iterations of the above-referenced capacity building activity.
- √ Research reports:
 - “Fiscal Relations among Levels of Government”
 - “Fiscal Decentralization and Local Funding in Egypt”
 - “Principles and Practices in the Design of Intergovernmental Transfers”
- √ Experts from the International Studies Program, Andrew Young School of Policy Studies, Georgia State University prepared a report entitled “Egypt: Proposal for a Grants Commission at the Central and Governorate Levels” (April 2009) which was submitted to MoLD.

Interim results

- √ As noted earlier in this section, the initiatives taken by the Assiut and Qena Governorates to introduce new fees and increase existing fees included specific allocations for different administrative levels (i.e. 75 percent for villages and towns, and 25 percent for governorates). *In the past, the sharing of these funds was upon some arbitrary basis that resulted in the Governorate retaining the overwhelming proportion for its own use.*

OBJECTIVES AND EXPECTED RESULTS (continued)

Objective 1: Increased Egyptian financial resources available to local governments for responding to community priorities (continued)

<h3>2. Increased fiscal autonomy for different administrative levels within the pilot governorates to be able to make independent decisions about the use of these financial resources (continued)</h3>

Interim results (continued)

√ In August 2009 various ministries within the GoE announced that the following programs would be decentralized on a nationwide basis effective in the current fiscal year:

- (i) LE 800 million directly from the local development budget of MoLD to be distributed to the governorate, district and village levels for them to program and LE 1.3 billion of MoED funds from the national treasury; allowing for the first time local popular councils, in coordination with executive councils, to decide which projects the local development budget will finance using these resources.
- (ii) LE 1.0 billion delegated to the Governorate level from the Ministry of Housing, Utilities and Urban Development for replacing water and wastewater networks.
- (iii) Authority over LPC operational budgets delegated to the head of governorate LPCs effectively allowing the *elected* LPC to function fiscally independent from local executive councils with respect to their own operating budget (pursuant to a decree issued by the Minister of Finance on July 30, 2009).

Item (i) above was initially proposed by EDI in March 2008 as part of technical assistance provided to MoLD. The following appears in the monthly update submitted to USAID at the time:

Proposed Decentralization of the MoLD Investment Budget

“Senior Advisors from the Egyptian Government developed a proposal to decentralize the Ministry of Local Development's LE 800 million annual investment budget for the coming fiscal year. Under the proposal, a pilot grants commission would develop a formula based on objective criteria to distribute funds to over 300 districts. *The proposal was developed during a three-week mission by Alan Ferguson, AECOM Fiscal Advisor, who held several meetings with senior advisors to the Minister of Local Development and Minister of Finance*” [emphasis added].

OBJECTIVES AND EXPECTED RESULTS (continued)

Objective 1: Increased Egyptian financial resources available to local governments for responding to community priorities (continued)

3. Increased capacity of local stakeholders to make decisions on the generation of local revenue and its utilization

EDI inputs

1. Capacity building:

- √ “Enhanced LPC Monitoring of Local Revenue: Legal and Financial Approach
- √ “Enhanced Financial Management Systems: Applying Improved Costing and Managerial Accounting System for Local Projects”

2. Other interventions:

- √ Field staff work with local administration to increase revenue
- √ Integrated District Development Planning (IDDP) process

Accomplishments

- √ More than 275 participants have attended the two capacity building activities referenced above.
- √ The six EDI pilot districts, with technical assistance and training from the Project, prepared IDDPs that included approximately 250 priority projects selected by community stakeholders for 2008-2009 implementation. These IDDPs comprise a total investment of LE 285 million.
- √ A manual was prepared on the process for amending fee structures based on the EDI experience in Assiut and Qena Governorates.

Interim results

- √ Reflecting impressive capacity within the EDI pilot districts to make decisions on the generation of local revenue and its utilization, approximately 21.7 percent of the funding of the aforementioned 2008-2009 IDDPs is being provided from local sources.

OBJECTIVES AND EXPECTED RESULTS (continued)

Objective 1: Increased Egyptian financial resources available to local governments for responding to community priorities (continued)

4. Transparent financial management systems in place at the governorate and district levels within the pilot governorates.

EDI inputs

1. Capacity building:

- √ “Basic Computer Skills”
- √ “Automated Accounting System: Overview”
- √ “Automated Accounting System: Application”
- √ “Enhanced Financial Management Systems: Introduction to Financial Control”
- √ “Enhanced Financial Management Systems: Improved Financial Reporting”
- √ “Enhanced Financial Management Systems: Identification of Control Gaps”
- √ “Enhanced Financial Management Systems: Methodology to Address Control Gaps”

2. Other interventions:

- √ Implementation of governmental accounting system automation.
- √ Preparation of a practical manual on how to overcome gaps in the control system.
- √ Active participation in a special IMF mission to Egypt tasked with making recommendations on fiscal decentralization (May 2009).

Accomplishments

- √ Nearly 1,462 participants have attended the seven training activities referenced above.
- √ Computers have been provided in the three pilot Governorates and six pilot districts for the governmental accounting systems. Installation of the software application has been completed in Assiut, Beheira and Qena (within the governorate diwan) and is in progress in the six pilot districts.
- √ Research report: “Decentralized Government and Accountability”

Interim results

- √ During 2008, a sampling of participants who attended training in “Enhanced Financial Management Systems: Introduction to Financial Control” were tested before and after receiving the EDI training, as a means to measure the effectiveness of the course. The results were significant – the average improvement in test scores was more than 30 percent.

OBJECTIVES AND EXPECTED RESULTS (continued)

Objective 2: Enhanced participatory mechanisms to plan, allocate, and monitor the use of resources

5. The mandate and capacity of the Local Popular Councils at the different administrative levels strengthened and enhanced to manage and oversee the allocation and use of local government resources

EDI inputs

1. Capacity building:

- √ “Leadership, Meeting Management and Communication”
- √ “Roles and Responsibilities of MLPCs”
- √ “Roles and Responsibilities of the LPC Planning and Budgeting Committee”
- √ “Enhanced LPC Monitoring Role: Activating the Monitoring Role on Local Revenue – Financial and Legal Approach”
- √ “Reports as Tools for Monitoring and Evaluation”
- √ “Training of Trainers”
- √ “Critical Thinking for Decision Making and Problem Solving”
- √ “Roles and Responsibilities of MLPCs: The Relationship Between LPCs and LECs”

2. Other interventions:

- √ Integrated District Development Planning (IDDP) process
- √ Institutional assessment of LPC Planning and Budgeting Committees
- √ Egyptian Decentralization Network (EDN)
- √ Support in Minia for ALCDDS (Association for Local Council Development and Decentralization Support), specifically EDI contracted with ALCDDS to implement public awareness activities advocating for decentralization.
- √ EDI community initiatives in Minia will be implemented by the civil society sector helping them to build capacity to promote citizen interaction with their local government.

Accomplishments

- √ Over 4,679 participants attended the training activities referenced above
- √ Forty-six LPC Planning and Budgeting Committees have been restructured and strengthened
- √ Assistance to MoLD in establishing and launching EDN as an advocacy group comprised of parliamentarians, academicians, and NGOs working on decentralization projects.
- √ Approximately 130 NGO, woman, and youth fora were established to engage in the participatory planning process.
- √ Two national conferences on decentralization were held.
- √ In a competitive selection process, four NGOs were chosen to implement community initiatives in seven districts within Minia Government (December 2008).

OBJECTIVES AND EXPECTED RESULTS (continued)

Objective 2: Enhanced participatory mechanisms to plan, allocate, and monitor the use of resources

5. The mandate and capacity of the Local Popular Councils at the different administrative levels strengthened and enhanced to manage and oversee the allocation and use of local government resources (continued)

Accomplishments (continued)

- √ Research report: Local Capacity Building and Enhancing Decentralization”

Interim results

- √ The Administrative Capacity Index (ACI), one measure in the USAID performance management plan, substantially exceeded (by nearly 100 percent) the 2008 target established for this indicator, which tracks implementation of targeted good-practices in public administration by local government units.
- √ During 2008, a sampling of participants who attended training in “Roles and Responsibilities of MLPCs” were tested before and after receiving the EDI training, as a means to measure the effectiveness of the course. The results were outstanding – the average improvement in test scores was more than 58 percent.
- √ Similarly, nearly 500 MLPCs who participated in the course on *Critical Thinking for Problem Solving and Decision Making* in Minia Governorate were evaluated for subject matter comprehension through a process of pre-training and post-training testing. Remarkably, the “before and after” test scores improved by more than 57 percent.
- √ In the March 4, 2009 edition of Al-Gomhouria newspaper, it was reported that the People’s Assembly Representative for Fayoum Governorate requested that an NGO similar to ALCDDS in Minia be established in Fayoum. This is a strong indication that the successful concept behind ALCDDS and its sustainability under EDI has transcended the borders of its home-Governorate Minia.
- √ The Governor of Beheira, in a ringing endorsement of EDI capacity building for LPCs in pilot districts, requested that the same training be brought to the governorate level and include key figures in the Executive.

OBJECTIVES AND EXPECTED RESULTS (continued)

Objective 2: Enhanced participatory mechanisms to plan, allocate, and monitor the use of resources

6. Local Popular Councils operate in a more effective manner, including exercising appropriate independence from the local executive in financial and administrative matters.

EDI inputs

1. Capacity building:
 - √ “Enhanced LPC Monitoring Role: Activating Monitoring Role on Local Revenue - Financial Training Needs of MLPCs”
 - √ “Activating Authorities and Delegations under the Local Administration Law (43/1979)”
 - √ “Local Administration Automated System: Application”
2. Other interventions:
 - √ Computerization of the local popular councils and local executive councils at the pilot district level.

Accomplishments

- √ Nearly 269 participants attended the three capacity building activities referenced above
- √ Computer hardware has been procured and delivered for LPCs in three pilot Governorates and six pilot districts
- √ Research report: “Critical Decentralization Issues for Effective Municipal Management of Public Services in Egypt”

Interim results

- √ A survey of 916 LPC members, covering every jurisdictional level, provided significant validation of EDI local interventions, particularly the MLPC training in pilot locations.¹⁵ The survey respondents were comprised of those who received EDI training courses (24 percent) and those who had not (76 percent).
- √ The authors concluded that “MLPCs who received support or assistance from EDI were more aware of the latest developments in the issue of decentralization...” Specifically, the EDI cohort ranked higher than the non-EDI cohort on five of six categories of “perception of decentralization” utilized by the research team. The average scoring recorded for EDI responses exceeded those of non-EDI responses by more than 21 percent.

¹⁵ Public Administration Research and Consultation Center MLPCs Perception of Decentralization: Analytical Field Study

OBJECTIVES AND EXPECTED RESULTS (continued)

Objective 2: Enhanced participatory mechanisms to plan, allocate, and monitor the use of resources (continued)

<p>6. Local Popular Councils operate in a more effective manner, including exercising appropriate independence from the local executive in financial and administrative matters (continued)</p>
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Interim results (continued)

√ In December 2008, local print media carried two reports of village LPCs resigning in protest because higher level government took actions perceived as usurping village authority. *Notably, both of these examples of local independent action occurred in EDI pilot districts (i.e. Esna District in Qena and Dayrute District in Assiut).* Demonstrably, the EDI investment in building capacity and raising awareness of these LPCs has been a success.

OBJECTIVES AND EXPECTED RESULTS (continued)

Objective 2: Enhanced participatory mechanisms to plan, allocate, and monitor the use of resources

7. Participatory planning mechanisms developed and implemented at the district, town and village levels in the phase I governorates.

EDI inputs

1. Capacity building:

- √ “IDDP Introduction to Participatory Planning”
- √ “IDDP Community Needs Assessment”
- √ “IDDP Capacity Building of Participatory Planning Working Groups”
- √ “IDDP Review of Community Priorities and Finalization of Village and Town plans”
- √ “IDDP Participatory Planning Presentation and Feedback Gathering”
- √ “IDDP Review and Incorporation of Village Plans into Service Directorate Plans”
- √ “IDDP Integration of Village Plans at District Level”
- √ “IDDP Publishing and Gaining Commitment for Finalized Plans”
- √ “IDDP Integration of Village and Town Plans at District Level – Coordination Committee (Pilot)”
- √ “IDDP Monitoring Implementation of Plans”
- √ “IDDP Review of Local Development Plans as per MoLD Guidelines”

2. Other interventions:

- √ Introduction of integrated district development planning (IDDP) in three pilot Governorates
- √ Availability of USAID matching funds for IDDP projects
- √ A new mechanism institutionalizing coordination between local participatory planning working groups, services directorates, and the Governorates, which was piloted in Beheira, will be replicated in the other two EDI governorates.

Accomplishments

- √ Over 11,081 participants have attended the various IDDP training events in the three pilot Governorates.
- √ The initial round of the unique EDI participatory planning process (i.e. IDDP) for the 2008-2009 fiscal year has been completed in six pilot districts.
- √ Research report: “Participatory Planning Structures of the IDDP Process”
- √ Guidelines developed for disbursement of USAID matching funds to support IDDP projects.
- √ The IDDP process required coordination of Governorate service directorates along with district, town and village executive and popular councils

OBJECTIVES AND EXPECTED RESULTS (continued)

Objective 2: Enhanced participatory mechanisms to plan, allocate, and monitor the use of resources

7. Participatory planning mechanisms developed and implemented at the district, town and village levels in the phase I governorates (continued)
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Interim results

- √ The IDDP process resulted in development plans representing the priorities of each district, together with those of its town and villages. More than 250 projects, with a value of LE 285 million were identified in the six plans produced for 2008–2009. When implemented, these projects will improve the quality of life for thousands of Egyptian citizens in the EDI pilot districts.

For example, regarding the Nasrallah Road project in Abu Hommos district of Beheira one citizen stated:

"in winter time, our children were deprived from going to school and we were not be able to reach the district hospitals due to the bad road conditions but now we have a safe and easy access to these facilities due to road paving."

- √ The Participatory Mechanism Index (PMI), one measure in the USAID performance management plan, exceeded the 2008 and 2009 targets established for this indicator, which tracks the use of participatory mechanisms by partner LPCs.
- √ An evaluation of EDI training for participatory planning (within the IDDP component of the Project) was performed by an independent consultant, the Center for Development Services (CDS). The findings of CDS were generally very positive, including quoted testimonials from more than a dozen face-to-face interviews with training participants and others.
- √ Further validation of the positive results from the EDI piloting of IDDP in the Abu Hommos and Shubrahkeet Districts of Beheira came in a December 28, 2008 letter signed by the First Deputy Minister of the National Investment Bank. The Bank recommended, with some conditions, the Governorate-wide expansion of the EDI intervention to all districts of Beheira.
- √ As a measure of the impact of the Project at the local level, both the District Chief and Head of the Local Popular Council in Abu Hommos (pilot District in Beheira Governorate) stated unequivocally to USAID that they had witnessed more progress in the last two years of their partnership with EDI, than had been achieved in the prior twenty years (meeting of February 26, 2009).

OBJECTIVES AND EXPECTED RESULTS (continued)

Objective 2: Enhanced participatory mechanisms to plan, allocate, and monitor the use of resources

8. Budget development, monitoring and reporting systems implemented in pilots allowing for greater involvement of Local Popular Councils in setting priorities and managing resources.

EDI inputs

1. Capacity building:

- √ “Enhanced LPC Monitoring Role: Activating Monitoring Role on Local Revenue – Application to Budget and Final Accounts”
- √ “Automated Accounting System: Overview”
- √ “Automated Accounting System: Application”

2. Other interventions:

- √ Implementation of governmental accounting systems.

Accomplishments

- √ Approximately 270 participants attended the three training activities listed above.
- √ Computers have been provided in the three pilot Governorates and six pilot districts for the governmental accounting systems. Installation of the software application is pending.
- √ Research reports:
 - “Comments on Proposal for Organic Budget Law – Egypt”
 - “Accountability and Decentralized Government”
 - “The Dilemma of Decentralization and the Public Budget in Egypt”

Interim results

- √ The first official automated report on revenue and expenditures for the Assiut Governorate Headquarters, covering the month of January 2009, was generated by the system installed by EDI. This may be one of the first such automated reports accepted by the Ministry of Finance as much of the public sector accounting in Egypt relies on manual procedures. The automated accounting system has the capability of producing more than thirty-five budget and accounting reports.
- √ Subsequently, the accounting departments in all other EDI pilot locations followed the lead of the Assiut Governorate Headquarters in issuing automated budget reports using the computerized accounting system implemented by the Project. Issuance of this report, known as Form 75, complies with the Minister of Finance directive to begin producing automated accounting records.

OBJECTIVES AND EXPECTED RESULTS (continued)

Objective 3: Strengthened administrative capacity and legal framework for local governments to manage resources effectively and transparently

9. National curriculum for decentralization modules and training materials prepared to re-enforce new skills needed to implement decentralization policies

EDI inputs

1. Capacity building:
 - √ Note: It is expected that most if not all EDI training programs would become part of the national curriculum.
2. Other interventions:
 - √ Working with the technical office of MoLD, the Project is developing a proposal for a national curriculum that envisions a key role for the Saqqara Training Institute.

Accomplishments

- √ A concept paper on a national curriculum for decentralization has been presented to USAID (feedback received) and MoLD.
- √ Research report:
 - “Restructuring the Ministry of State for Local Development”
 - “Decentralization in Egypt: Towards Enhancing the Institutional and Legal Framework”

Interim results

OBJECTIVES AND EXPECTED RESULTS (continued)

Objective 3: Strengthened administrative capacity and legal framework for local governments to manage resources effectively and transparently

10. Capacity assessed of the MoLD Saqqara Center for Local Development and other viable supporting training institutes to manage this curriculum in a sustainable manner.

EDI inputs

1. Capacity building:
 - √ See number 9 above.
2. Other interventions:
 - √ See number 9 above.
 - √ Completed survey of academic, civil society, private, and GoE entities providing training services of potential interest in developing and delivering the content of the National Curriculum for Decentralization.
 - √ Seven regional training institutes have effectively developed and trained LPC and LEC members through EDI.

Accomplishments

- √ See number 9 above.

Interim results

OBJECTIVES AND EXPECTED RESULTS (continued)

Objective 3: Strengthened administrative capacity and legal framework for local governments to manage resources effectively and transparently

11. Local government officials effectively and transparently collect, allocate and manage targeted own-source revenue.

EDI inputs

1. Capacity building:
 - √ “Enhanced LPC Monitoring Role: Activating Monitoring Role on Local Revenue – Application to Budget and Final Accounts”
 - √ “Automated Accounting System: Overview”
 - √ “Automated Accounting System: Application”
 - √ “Customer Service Center Business Orientation”
2. Other interventions:
 - √ Development of citizen [i.e. customer] service centers in each pilot district (see number 1 above).
 - √ Implementation of governmental accounting systems (see number 8 above).

Accomplishments

- √ Nearly 375 participants attended the capacity building activities referenced above.

Interim results

OBJECTIVES AND EXPECTED RESULTS (continued)

Objective 3: Strengthened administrative capacity and legal framework for local governments to manage resources effectively and transparently

12. Specific administrative authorities assigned and executed between governorates, districts and villages

EDI inputs

1. Capacity building:

- √ “Proposed Modifications to Local Administration Law 43/1979”
- √ “Leadership, Meeting Management and Communication”
- √ “Activating Authorities and Delegations under the Local Administration Law (43/1979)”

2. Other interventions:

- √ Research institutes conducting a five-governorate study of authorities that can be delegated and/or devolved to local administration covering local services, irrigation, water resource management and social solidarity
- √ EDI will be an integral part of the institutional arrangements being prepared by MoLD to draft the new local administration law.

EDI staff participate on the Local Financial System and Local Popular Council committees designated by MoLD to draft the new local administration law. In addition, EDI assists with the financial support for the Local Popular Council and Central-Local Institutional Arrangement committees.¹⁶

Accomplishments

- √ Over 1,044 participants attended the capacity building activities referenced above.
- √ Comparative study completed of administrative authorities that can be delegated according to existing law.
- √ EDI prepared matrix of central government functions that can be devolved to local administrations
- √ Research reports:
 - “Comparative Local Administration Laws”
 - “Strategy and Comments for Reforming Local Administration Law”
 - “Principles and Practice in the Design of Intergovernmental Transfers”
- √ Upon a request from MoLD, staff from EDI prepared and delivered text of forty-three new or amended articles for the Law on Local Administration (LLA) dealing with local finance.

¹⁶ Note: Until the formation of these committees GoE action on amending the Local Administration Law had been delayed because there was insufficient progress on a national strategy for decentralization to serve as the framework for the legislative amendments

OBJECTIVES AND EXPECTED RESULTS (continued)

Objective 3: Strengthened administrative capacity and legal framework for local governments to manage resources effectively and transparently

12. Specific administrative authorities assigned and executed between governorates, districts and villages (continued)

Accomplishments (continued)

- √ In an intensive effort working with senior personnel within MoLD, the Project contributed to the drafting of the full text of a proposed revision to the LLA (financial and non-financial provisions).

Interim results

- √ In August 2009, the Minister of Economic Development issued decrees allowing governorates to transfer funds among projects within the same program and allowing districts to transfer funds among line items thereby providing greater flexibility in implementation of the local development budget.

OBJECTIVES AND EXPECTED RESULTS (continued)

Objective 3: Strengthened administrative capacity and legal framework for local governments to manage resources effectively and transparently

13. Sample pilot district performance standards developed and promoted to promote transparency, accountability and responsiveness to citizens

EDI inputs

1. Capacity building:
 - √ “Customer Service Skills”
 - √ “Customer Service Centers Business Orientation”
2. Other interventions:

Accomplishments

- √ More than 140 participants have attended citizen service center training activities referenced above.

Interim results

- √ **Initial operating results from the citizen service centers are extremely promising.** For example, in the Dayrute CSC, during the fourth quarter of FFY 2008, total transactions have increased by 90 percent while citizen complaints have declined by 61 percent, compared to the same period one year ago.

The decline in complaints is assuredly attributable and correlated to a strong performance in actual processing time for certain transactions compared to the “optimal” norms set forth in the Executive Regulation of Public Administration Law No. 43 (1979).¹⁷ Dayrute performance in the CSC is besting these optimal timeframes by as much as 70 percent.

- √ The Ministry of State for Administrative Development (MSAD) has adopted the organization structure recommended by the Project, for use in non-EDI citizen service centers.
- √ In October 2008, a citizen survey conducted by Abu Hommos personnel measured a 94 percent positive response rate to questions asked of users of the CSC in that District.

¹⁷ As amended by Prime Minister Decree Nos. 2918 and 2440 (1998).

OBJECTIVES AND EXPECTED RESULTS (continued)

Objective 3: Strengthened administrative capacity and legal framework for local governments to manage resources effectively and transparently

13. Sample pilot district performance standards developed and promoted to promote transparency, accountability and responsiveness to citizens (continued)

Interim results (continued)

- √ During 2008, a sampling of participants who attended training in “Customer Service Skills” were tested before and after receiving the EDI training, as a means to measure the effectiveness of the course. The results were significant – the average improvement in test scores was more than 22 percent.

ANNEX B: EDI FINAL REPORT ON ACTIVITIES IN MINIA GOVERNORATE, JULY 2008 – JUNE 2009

Background and Objectives

In May 2008, the USAID Mission in Egypt tasked EDI to design and implement 12 months of activity in the Governorate of Minia to build upon achievements of REACT¹⁸, a two-year project (June 2006 – May 2008), implemented by AECOM International Development with APS¹⁹ grant funding. The REACT initiative improved quality of life in communities in Minia through increased citizen participation in political decision making and improved performance of local councils through training of their members.

Implementation of EDI activities in Minia began in July 2008. In August, a memorandum of understanding (MoU) was signed among the Governor of Minia, the President of the Minia Governorate Local Popular Council, and the EDI Chief of Party setting forth joint objectives, and roles and responsibilities of the respective partners. Box 1, right, shows the objectives agreed in the MoU.

Box 1. Objectives of EDI/Minia July 2008 – June 2009

1. Improved performance of local administration through training and application of information technology.
2. Increased participation of citizens and civil society organizations in political decision making through implementation of community initiatives.
3. Increased decentralization of decision making through delegation of executive authorities.
4. Sustainability of the Association for Local Councils Development and Decentralization Support (ALCDDS) as an advocate and service provider for improved LPC performance and increased decentralization.

Program Targets and Achievements by Objective

1) Improved performance of local administration through training and application of information technology.

Program Targets

- a) Training of 796 newly-elected MLPCs in two core programs: 1) *The Law of Local Administration and Minia LPC By-laws* and 2) *Critical Thinking for Problem Solving and Decision Making*.
- b) The secretariat staff of local popular councils (LPC) assisted to sustain and improve performance using the LPC management information system (MIS) initiated under REACT.

Achievements

- a) The target for MLPC training was exceeded by more than 40 percent, with 1,126 MLPCs participating in the programs cited above.
- b) The results of EDI training in Minia were significant. For example, nearly 500 MLPCs who participated in the course on *Critical Thinking for Problem Solving and Decision Making* were evaluated for subject matter comprehension through a process

¹⁸ Representative, Effective, Accountable, Transparent Local Government

¹⁹ Annual Program Statement

of pre-training and post-training testing. Remarkably, the “before and after” test scores improved by more than 56 percent.

- c) EDI ensured continued smooth operation and sustainability of the MIS in twelve REACT legacy sites (nine district LPCs, the governorate LPC, and two city LPCs), acting as monitor and trouble-shooter for LPC secretariat staff and their computer work stations.

2) Increased participation of citizens and civil society organizations in political decision making through implementation of community initiatives.

Program Targets

A decentralization awareness campaign and three problem-solving initiatives implemented in each of the capital towns of seven of Minia’s nine districts.²⁰

Achievements

Working through four competitively-selected non-governmental organizations (NGO), the Project conducted decentralization awareness conferences in the seven target district capitals bringing together, in total, over 1,000 leaders in civil society and local administration.²¹ In each district, a subset of participants subsequently formed a community initiatives committee. These committees launched 26 problem-solving initiatives of which 21, the target, were concluded by the close of EDI intervention in Minia.

3) Increased decentralization of decision making through delegation of executive authorities.

Program Target

Delegable authorities identified and their delegation recommended.

Achievements

The program target was achieved in so far as ALCDDS, under contract to EDI, completed a study of delegable authorities under current law. The study and related recommendations were presented to the Governor. However the Governor, who was newly appointed in May 2008 (just prior to the start of EDI in Minia) cancelled delegations made by his predecessor and delegated no authorities during the period of EDI activity in Minia.

²⁰ The districts of Samalut and Beni Mazar were excluded on grounds that they were the subject of USAID APS-funded projects running concurrently.

²¹ Partnering NGOs were:
The Arab Women’s Forum
Future Eve
Islamic Piety and Faith (El Taqwa wal Eman El Islamiya)
The Women’s Association of Qom Waly

4) Sustainability of the Association for Local Councils Development and Decentralization Support (ALCDDS) as an advocate and service provider for improved LPC performance and increased decentralization.

Program Targets

- a) ALCDDS internal governance and management capacity built to EDI standards of contract-worthiness.
- b) ALCDDS service capacity built through successful provision of services under contract to EDI.

Achievements

- a) ALCDDS, with training and technical assistance from EDI, fulfilled conditions for contract-worthiness, including 1) adoption of executive and financial by-laws, 2) establishment and operation of an office and an accounting function, and 3) preparation of strategic, business, and activity plans.
- b) ALCDDS successfully concluded two engagements with EDI, one for services in training and one for services in advocacy and awareness. Highlights appear in Box 2 below.

Box 2. Accomplishments of the Association for Local Councils Development and Decentralization Support (ALCDDS) under contract with EDI.

Training

- Trained over 500 village level MLPCs in problem solving and decision making.

Advocacy

- Established a website to advocate for decentralization and promote the work of the association. See www.alcdds.org.
- Took the decentralization message to over 1,000 Minia MLPCs, senior civil servants, civil society activists, and media professionals through a leadership roundtable and nine orientation and advocacy events in the governorate's nine districts.
- Designed and produced Towards the Light, a documentary film advocating for decentralization and the work of the Association.

Studies and Research

- Designed and implemented a government-wide database of LPC members.
- Designed and implemented the following studies in Arabic:
 - *Development of Relations between the Popular and Executive Branches of GoE Local Administration*
 - *Delegable Authorities under Egyptian Law*
 - *Decentralization in Egypt: Opportunities and Challenges / Present and Future*

Other Considerations and Conclusion

Gender Considerations

Forty-two percent of participants attending decentralization conferences were women.²²

Non-Expendable Commodities Transfer

At the end of EDI activities in Minia, fifteen items of non-expendable commodities, including seven computers, computer peripherals, and training equipment, were transferred to the Minia Governorate LPC with approval of USAID.

Conclusion

USAID requested that EDI take over Minia activities in 2008 to ensure that the outstanding work of AECOM International Development under REACT be further embedded and sustained in this Governorate. This objective was substantially met, particularly with regard to the signature achievement of ALCDDS, the principal legacy of REACT.

In fact, according to press reports in March 2009, the People's Assembly Representative for nearby Fayoum Governorate requested that an NGO similar to ALCDDS be established in Fayoum, a strong independent endorsement for the accomplishments of ALCDDS and EDI.

The one-year intervention by EDI in Minia was completed with no additional funding required from USAID, the cost being absorbed within the existing AECOM contractual ceiling.

²² Of 1,113 participants, a total of 463 were women.

ANNEX C: SUSTAINING THE RESULTS OF TRAINING IMPLEMENTED BY THE EGYPTIAN DECENTRALIZATION INITIATIVE (EDI)

EDI Follow-up of Training
Prepared October 2009

EDI's technical approach to training is performance-driven and results-oriented.

In practical terms this means:

1. Training starts with agreement on a desired change of behavior or performance by targeted individuals in organizations, communities, or a combination thereof; and
2. New attitudes, knowledge, and skills acquired through training are not an end unto themselves but to be applied in the workplace and the community to contribute, along with other drivers, to achievement of desired change.²³

Consistent with this approach, EDI incorporates training application into its programs, engaging participants in the practice of new behavior and preparing them to anticipate and manage challenges they will encounter in training application.

In addressing complex change agendas, a succession of capacity building events follows more formal, introductory training. Follow-on events typically take the form of facilitated workshops in which participants gain practical experience in targeted performance, developing their capability and confidence to carry out new tasks to standard, as individuals and members of a team.

*

Following, by sector of activity, are examples of how EDI has worked with participants beyond formal training to promote training application in communities and organizations challenged to adopt new modes and standards of performance in order to participate successfully in advancing decentralization and automation of local administration.

Participatory Planning

The majority of EDI training participants took part in the EDI participatory planning program. The program is comprised of seven results-oriented modules guiding and supporting participants through the seven phases of the participatory planning process. The process is based on the EDI technical approach to integrated district development planning (IDDP).

²³ For a rapid overview of EDI's technical approach to training, see the attached PowerPoint presentation entitled *EDI Training: Supporting Culture Change and Performance Improvement in Communities and Organizations Working for Decentralization*.

Documentation of *IDDP Planning Cycles* (FY 2008-2009 & FY 2009-2010), attached, details the purposes, participants, processes and outputs of the seven phases of IDDP, and provides insight into how training and post-training technical assistance are interwoven throughout the complex IDDP process.

In 2008, a year into the IDDP initiative, EDI engaged an external evaluator to assess application of IDDP training and what might be learned from it. The assessment, which focused on Abu Hommos and Shubrahkeet districts in Beheira, is provided herewith for further information on EDI follow-up of training in the area of participatory planning.²⁴

Local Administration

Approximately a third of all EDI training participants took part in local administration programs targeted to members of local popular councils (MLPCs) and key civil servants.

Ironically, a major thrust of the effort to empower local administration to assume “new” decentralized authority was aimed at activating local popular councils (LPCs) to fulfill their roles as mandated in the current Law of Local Administration, enacted in 1974. These roles pertain to 1) leading participatory planning of local development and 2) monitoring executive performance.

Thousands of MLPCs in target governorates participated in EDI programs on the roles and responsibilities of LPCs under current law. Foundation training was followed by specialized training for LPC presidents, deputy presidents, committee chairs, and committee members focusing variously on issues of leadership, meeting management, communication, planning, budgeting, performance monitoring, critical thinking, and decision making.

The greatest indicator of the success of the EDI training of MLPCs may be the universal demand which emerged in EDI target governorates in the aftermath of the 2007 elections for training of first-time MLPCs who overnight constituted the majority of LPC members. EDI took up the challenge in all four of the governorates in which it worked.

In Minia governorate, the Project worked with experienced local MLPCs who graduated from training-of-trainers to deliver training to hundreds of their newly-elected members, effectively forging relationships among them and investing the senior MLPCs in following up the performance of their junior colleagues.

In each of the six target districts in phase I governorates, the Project supported operationalization of an automated citizen service center (CSC), training of CSC staff in customer service and center operations. The effectiveness of training and training application were confirmed by before and after CSC assessments of citizen satisfaction.

²⁴ Center for Development Studies. *Participatory Planning Process: Training Application Assessment*. 68pps.

Public Finance

Public finance participants consisted of key finance professionals in the executive and relevant MLPCs who could be made agents of change in their respective branches of local administration.

Public finance training targeted three main objectives:

1. Increasing local revenue;
2. Enhancing local financial management systems;
3. Improving LPC monitoring of local revenues; and
4. Automation of local accounting.

In **increasing local revenues**, after reviewing with participants the roles, responsibilities, and legal parameters of their jobs, the Project conducted facilitated workshops in which district-level finance officers and MLPCs worked together systematically to cost local services in light of current GoE pricing policies and to develop recommendations on fee restructuring. Fee restructuring measures were approved by district-level LPCs in Qena and Assiut and bore fruit in Assiut where they were approved by the governorate LPC and ratified by the governor for adoption governorate-wide.

Also in Assiut, supported by EDI training and facilitation, MLPCs and officials at the Directorate of Public Health cooperated to design and implement a program to improve public services in parallel with fee increases. Their calculations proved correct, and they succeeded in increasing both income to the local health services fund and the accessibility of public health services.

In **enhancing local financial management systems**, after reviewing control standards and criticism contained in the annual reports of government auditors, governorate and district level accountants engaged in facilitated identification of control gaps in their work and development of methods to avoid control gaps. Ministry of Finance auditors participated in the results-oriented workshops, sharing their knowledge with finance officers and building inter-agency expectations of improved performance. Participants were also provided with a reference manual for use in the workplace.

With respect to improving financial management in local projects, a similar sequence of training, facilitated workshops and technical assistance, accompanied by a reference manual, was followed. While it is too early to judge the impact of EDI capacity building in this area, it is clear that a number of LPCs are taking a closer look at projects in their constituencies whose performance was judged weak based on application of the proposed cost accounting system.

In improving **LPC monitoring of local revenues**, EDI public finance professionals used facilitated workshops to develop greater understanding between MLPCs and civil servants as to their respective roles in monitoring local revenue and to support MLPCs in reviewing budgets and final accounts and conducting public hearings. Hearings were held in Beheira and Assiut governorates focusing on public services including bread distribution, transportation, cleaning services and parking lots.

Service providers, beneficiaries, and representatives from civil society organizations attended. An EDI team member assisted participating MLPCs to integrate feedback from hearings into recommendations regarding the quality and pricing of services for submission to concerned popular and executive councils.

In **automation of local accounting**, the effectiveness of training and training application were confirmed when accounting departments in 6 target districts and 3 governorate Diwan began production of monthly revenue and expenditure statements using the newly automated accounting system.

Public Awareness

Public awareness training was aimed at spreading knowledge of decentralization more broadly among local citizens. In addition to media professionals, participants included, at governorate and district levels, public relations officers in service directorates and executive headquarters and members of LPC Media and Culture committees. The executives and MLPCs formed themselves, at each level, into a joint executive-popular Public Awareness and Outreach Committee dedicated to promoting broader awareness of the theory and practice of decentralization among the local population.

EDI followed up formal training in decentralization and the design of awareness campaigns with quarterly meetings at which Awareness and Outreach Committee members exchanged experience and discussed outreach opportunities, technical approaches, and messages. Among results were the following:

- In Qena, the Social Solidarity service directorate incorporated decentralization messages into its public outreach programs.
- In Beheira, the Education service directorate incorporated decentralization messages into summer vacation programs for children and youth.

In Minia governorate, where a different technical approach was used, the Project built the capacity of five NGOs, including the Association for Local Councils Development and Decentralization Support (ALCDDS), to design and implement public awareness campaigns.²⁵ Subsequently, the NGOs were supported with funding and technical assistance to design and implement awareness campaigns with the following results:

- Four competitively-selected NGOs conducted decentralization awareness conferences in seven district capitals with a focus on citizen involvement in needs prioritization and problem solving. The conferences brought together over 1,000 leaders in civil society and local administration. In each district, a subset of participants formed a community initiatives committee (CIC) to put citizen participation in political decision making into practice. The CICs launched

²⁵ ALCDDS is an NGO unique in Egypt in being exclusively dedicated to the development of local administration and the promotion of decentralization. The NGO was founded under the USAID-funded REACT project and built to contract-worthiness during the EDI one-year program in Minia (July 2008-June 2009) which built on REACT achievements.

twenty-six community-based problem-solving initiatives of which twenty-one were successfully implemented by the close of the EDI Minia program.

- ALCDDS took its decentralization message to over 1,000 Minia MLPCs, senior civil servants, civil society activists, and media professionals through a leadership roundtable and nine orientation and advocacy events in the governorate's nine districts.



Documentation of IDDP Planning Cycles (FY 2008-2009 & FY 2009-2010)

The IDDP planning cycle involves a number of phases including preparation, implementation, monitoring and evaluation. Each phase involves consultative participation by participatory planning groups created from key citizen groups.

Questions to be answered by each EDI Governorate Office:

1. Determine the timeframe of the Planning Cycle (i.e. Starting Date and End Date)
2. Determine the stakeholders involved in each phase
3. Describe in details the actual participants, tools, procedures, and events implemented in each of the following steps
4. Fill in the following table for each of the IDDP Planning Cycles that your office has already completed.

Phase I: Getting Started	
Purpose:	Empower LPC Planning and Budgeting Committees and selected Participatory Planning Groups
Participants:	<ul style="list-style-type: none"> • LPC and LEC leadership at the district level (give details and numbers) • LPC Planning and Budgeting Committees at district, town, and village levels (give details and number) • Planning Department representatives at district level (give details and numbers) • District-level Line Ministries' Idara representatives (give details and numbers) • Participatory planning groups representatives at village and town levels (give details and numbers) • Professional Facilitators (give details and numbers) • Others (give details and numbers)
Processes:	<ol style="list-style-type: none"> (1) Determine if LPC Planning and Budgeting Committee exist. <ol style="list-style-type: none"> a. If committee exists, conduct LPC self-assessment to determine capacity of committee members and understanding of decentralization concepts (describe details of the process, tools and stakeholders involved, and number of participants) b. Conduct training as required (describe details of the training events provided, training materials, trainers, and numbers of participants) c. If committee does not exist, or does not meet, help LPC 'management' establish committee, conduct LPC self-assessment tool and conduct training as required (describe details of the process, tools and stakeholders involved, and numbers of participants) (2) Support LPC Planning and Budgeting Committees in establishing participatory planning groups <ol style="list-style-type: none"> a. Contact key stakeholder groups: women, youth, NGOs, businessmen, natural leaders (describe details of the process, stakeholders involved, and numbers of participants) b. Facilitate meetings of various groups/forums (women, youth, NGOs, ...etc) and request that they elect three representatives per group to serve on the relevant participatory planning group (describe details of the process, stakeholders involved, and number of participants)

	<p>c. Facilitate forming participatory planning working groups at village and town levels (describe details of the process, stakeholders involved, and number of participants)</p> <p>(3) Conduct training on participatory planning for LPCs and representatives of various forums and groups (describe details of the training events for each forum and group, training materials, trainers, and numbers of participants)</p>
Outputs:	<ul style="list-style-type: none"> • Functioning, trained LPC Planning and Budgeting Committees at district, town and village levels [describe in detail the outcome of process (1)] • Stakeholder forums established and group representatives elected to participate in LPC Planning and Budgeting Committee participatory planning groups [describe in detail the outcome of the process (2)] • Participatory planning working groups at village and town level ready to participate in the IDDP process [describe in detail the outcome of the process (2) and (3)] • Reports produced by EDI participatory planning coordinators on processes (1) and (2) • Reports produced by professional facilitators involved in processes (2) and (3)
Phase II: Analysis	
Purpose:	<p>Ensure that IDDP decisions are based on:</p> <ul style="list-style-type: none"> • Citizen priority needs and problems as identified by consultative participatory planning groups • LPCs and participatory planning groups have a sound understanding of available resources • Understanding of needs of various stakeholder forums and groups
Participants:	<p>District Level</p> <ul style="list-style-type: none"> • LPC and LEC leadership (give details and numbers) • LPC Planning and Budgeting Committees (give details and numbers) • Representatives from town and village participatory planning groups (give details and numbers) • Planning Department representatives (give details and numbers) • District-level Line Ministries' Idara representatives (give details and numbers) • Professional facilitators (give details and numbers) <p>Town and Village Level</p> <ul style="list-style-type: none"> • Local level facilitators (give details and numbers) • LPC and LEC leadership and Planning and Budgeting Committees (give details and numbers) • Participatory planning groups (give details and numbers) • Professional facilitators (give details and numbers)
Processes:	<p>District, Town and Village Level</p> <p>(1) Facilitate LPC Planning and Budgeting Committee participatory planning groups in conducting analysis of service standards/gaps including sector specific data (give full details of the process at district, town and village levels)</p> <p>(2) Facilitate participatory problem analysis and issue prioritization (give full details of the process at district, town and village levels)</p>

	<p>(3) Facilitate participatory groups in determining available resources to finance plans including central budgets and locally controlled resources (give full details of the process at district, town and village levels)</p> <p>(4) Facilitate understanding of sector specific planning requirements and available plans and programs (give full details of the process at district, town and village levels)</p> <p>(5) Identify local leaders who can facilitate town and village participatory planning (give full details on local leaders who facilitated participatory planning process)</p> <p>(6) Provide training of trainers to local facilitators to enable them to lead town and village participatory planning (give full details on training of trainers events, training materials, trainers, and numbers of participants)</p> <p>(7) Provide local facilitators with ‘Data Analysis Kit’ of key district data on available sector plans, available resources, district priorities (describe in detail all data compiled by local facilitators, sources of these data, challenges encountered, ...etc)</p>
Outputs:	<ul style="list-style-type: none"> • Assessment of existing levels of development at district, town and village levels [describe in detail the outcome of the process (1)] • Priority issues/problem statements at district, town and village levels [describe in detail the outcome of the process (2)] • Understanding of dynamics/causes of these issues (describe in detail) • Knowledge of available resources at central, governorate, district, town and village levels [describe in detail the outcome of the process (3)] • Understanding of sector specific requirements and available plans and programs [describe in detail the outcome of the process (4)] • Reports produced by professional facilitators involved in processes (1), (2), (3) and (4)
Phase III: Strategies	
Purpose:	Ensure that there is broad inter-sectoral debate on the most appropriate ways and means of tackling priority issues/problems including available resources and sector specific requirements and then develop medium term (3-5 years) vision of future development and one-year objectives for development for the whole district
Participants:	<p>District Level</p> <ul style="list-style-type: none"> • LPC and LEC leadership (give details and numbers) • LPC Planning and Budgeting Committee (give details and numbers) • Representatives from town and village participatory planning groups (give details and numbers) • Planning Department representatives (give details and numbers) • District-level Line Ministries’ Idara representatives (give details and numbers) • Professional facilitators (give details and numbers) <p>Town and village Level</p> <ul style="list-style-type: none"> • Local level facilitators (give details and numbers) • LPC and LEC leadership and Planning and Budgeting Committees (give details and numbers) • Participatory planning groups (give details and numbers) • Professional facilitators (give details and numbers)

Processes:	<p>District Level</p> <p>(1) Facilitate a number of workshops with district participants as fora for discussing ways and means of dealing with priority issues/problems (describe in detail the content of these workshops, topics discussed, materials used, decisions taken, facilitators, and details of participants)</p> <p>Town and Village Level</p> <p>(1) Local leaders facilitate workshops on ways and means of dealing with local priorities/problems (describe in detail the content of these workshops, topics discussed, materials used, decisions taken, facilitators, and details of participants)</p> <p>(2) Local leaders facilitate understanding of district regional issues/problems and local contributions to solving regional issues (describe in detail the process, stakeholders involved, materials used, and number of participants)</p>
Outputs:	<p>District Level</p> <ul style="list-style-type: none"> • Vision statement for each district covering medium term development (3-5 years) of this district (describe in detail) • Objectives for each priority issue (describe in detail) • Localized strategic guidance for town and village IDDPs covering <ul style="list-style-type: none"> ○ Services (describe in detail) ○ Environment (describe in detail) ○ Social development (describe in detail) ○ Local economic development (describe in detail) ○ Spatial development (describe in detail) ○ Institutional development (describe in detail) • Strategic options for each issue and recommended strategy option (describe in detail) • Preliminary financial resource availability for projects in each sector (describe in detail) • Preliminary identification of projects within each sector (describe in detail) <p>Town and Village Level</p> <ul style="list-style-type: none"> • Town and village visions of medium term development (3-5 years) consistent with district vision (describe in detail) • Objectives for achieving each priority issue (describe in detail) • Strategic options and recommended option for each issue (describe in detail) • Preliminary financial framework for funding projects in each sector (describe in detail) • Identification of projects within each sector (describe in detail)
Phase IV: Projects	
Purpose:	<p>To ensure development of implementable projects taking advantage of expertise and existing programs of line ministries and adding projects targeted to community priorities. This phase uses line ministry directorate representatives to technically vet projects ensuring that the projects meet sector standards thus ensuring smooth implementation.</p>

Participants:	<ul style="list-style-type: none"> • District IDDP coordinating committees/mechanisms consisting of line ministry directorate representatives, district LPC and LEC representatives, Planning Department representatives and representatives from town and village participatory planning groups (describe in detail your approach and actual procedures in order to coordinate and incorporate IDDP priorities formulated by town and village participatory planning groups within local administration and service directorates' plans) • Professional facilitators
Processes:	<p>District, Town and Village Level</p> <ol style="list-style-type: none"> (1) Line ministry directorate representatives review technical features of proposed projects and recommend changes as required (describe applied tools, procedures, and participants in detail) (2) Line ministry directorates include district, town and village projects in ministry programs as required (describe applied tools, procedures, and participants in detail) (3) Executive council representatives review technical features of other projects and recommend changes as required (describe process in detail) (4) Projects vetted by line ministry directorates and executive councils reviewed by LPC participatory planning groups to ensure compliance with IDDP priorities (describe process in detail)
Outputs:	<ul style="list-style-type: none"> • Indicators (quantitative and qualitative) for project objectives (describe in detail for each project) • Project outputs with targets and locations (describe detail for each project) • Major implementation activities (describe in detail for each project) • Identification of responsible implementing agencies (detail for each project) • Cost and budget estimates showing sources of financing (describe in detail for each project) • Reports produced by professional facilitators involved (if any)

Phase V: Integration

Purpose:	To ensure compliance of projects with vision, objectives, strategies, line ministry planning requirements, and resources. To harmonize projects taking account of regional and local priorities. To ensure development of coordinated spatial, financial and institutional frameworks providing a basis for smooth implementation
Participants:	<p>District Level</p> <ul style="list-style-type: none"> • District LPC Planning and Budgeting Committees (give details and nos.) • Inter-sector line ministry coordination committee/mechanism (describe in detail your approach and actual procedures in order to coordinate and incorporate the outcome of town and village participatory planning groups within local administration and service directorates' plans) • Representatives from town and village participatory planning groups (give details and numbers) • External consultants (give details and numbers)
Processes:	<ol style="list-style-type: none"> (1) LPC Planning and Budgeting Committee convenes participatory planning meetings to review proposals for integration (describe process in detail) (2) Town and village representatives discuss proposed revisions of town and village projects with their LPCs and participatory planning groups (describe process in detail) (3) IDDP projects aligned at district level (describe process in detail) (4) Projects compiled into revised programs and include provisions for financing and implementation (describe process in detail)

Outputs:	<ul style="list-style-type: none"> • Revised project proposals (describe in details) <ul style="list-style-type: none"> ✓ For priority projects ✓ For other projects • Mid-term (three to five years) financial plan showing all sources of finance (describe in details) • Annual plan for next year's budget showing all sources of finance (describe in details) • Preliminary implementation plan showing agencies responsible for implementation (describe in details) • Integrated development framework including recommended spatial development framework (describe in details) • Consolidated monitoring and performance system (describe in details) • Reports produced by external consultants involved
Phase VI: Approval	
Purpose:	<p>To ensure that all town and village LPCs and participatory planning groups have inputs into IDDP prior to district and governorate approval. To ensure that IDDP projects are approved by line ministry directorates and ministries as appropriate. To enable district LPCs to include concerns of lower-tier LPCs in approving IDDP thus giving the plan greater legitimacy, citizen support, and relevance.</p>
Participants:	<ul style="list-style-type: none"> • Governor (describe detailed contribution to the approval process) • Secretary General (describe detailed contribution to the approval process) • Governorate LPC and LEC (describe detailed contribution to the approval process) • Planning Department at governorate and district level (describe detailed contribution to the approval process) • Services directorates (describe detailed contribution to the approval process) • District LPC and LEC (describe detailed contribution to the approval process) • Town and village LPCs (describe detailed contribution to the approval process) • Participatory planning groups at village and town level (describe detailed contribution to the approval process) • Women, youth and NGOs forums (describe detailed contribution to the approval process) • IDDP coordinating committee (describe detailed contribution to the approval process) • Others (describe detailed contribution to the approval process)
Processes:	<ol style="list-style-type: none"> (1) LPCs at village and town level convene participatory planning group meetings to discuss draft IDDP (describe process in detail) (2) Town and village LPCs and LECs approve IDDP (describe process in detail) (3) District LPC and LEC approve IDDP (describe process in detail) (4) District LPC submits approved IDDP to governorate LPC and LEC for approval and inclusion in annual budget (describe process in detail) (5) Governor convenes IDDP participatory planning groups, LPC and LEC representatives, service directorate representatives and other stakeholders to publicly endorse IDDP (describe process/event in detail)

	(6) Line ministry directorates submit projects to ministries for inclusion in sector programs and plans (describe process in detail)
Outputs:	<ul style="list-style-type: none"> • Approved district IDDP (describe in detail) • Approved IDDP projects incorporated into line ministry programs and budget for next fiscal year (describe in detail) • Approved amended IDDP adopted by governorate LPC and LEC (describe in detail) • Reports and minutes documenting various levels and steps of approval process
Phase VII: Implementation, Monitoring and Evaluation	
Purpose:	To strengthen LPC and LEC capacity to monitor use of central budget and locally generated resources in implementing priority plans and to support preparation of the following year's annual plan and budget
Participants:	<ul style="list-style-type: none"> • Governor (describe detailed contribution to the implementation and monitoring process) • Secretary General (describe detailed contribution to the implementation and monitoring process) • Governorate LPC and LEC (describe detailed contribution to the implementation and monitoring process) • Planning Department at governorate and district level (describe detailed contribution to the implementation and monitoring process) • Services directorates (describe detailed contribution to the implementation and monitoring process) • District LPC and LEC (describe detailed contribution to the implementation and monitoring process) • Town and village LPCs and LECs (describe detailed contribution to the implementation and monitoring process) • Participatory planning groups at village and town level (describe detailed contribution to the implementation and monitoring process) • Women, youth and NGOs forums (describe detailed contribution to the implementation and monitoring process) • IDDP coordinating committee (describe detailed contribution to the implementation and monitoring process) • Others (describe detailed contribution to the implementation and monitoring process)
Processes:	<ol style="list-style-type: none"> (1) District LPC holds forums and invites executive councils and directorates to report on status of implementation (2) Governor and [Governorate LPC] convene public forums including participatory planning groups representatives and service directorate representatives to report on implementation progress (3) District LPC invites lower level LPCs to prepare annual plans for input into district annual plan
Outputs:	<ul style="list-style-type: none"> • Assessment of accomplishments of first year's implementation <ol style="list-style-type: none"> i. Report on indicators ii. Report on budgetary and own source revenue expenditures • Annual plan update and associated budget • Status of IDDP implementation reports produced by relevant stakeholders

ANNEX D: MAJOR TRAINING PROVIDED BY THE EGYPTIAN DECENTRALIZATION PROJECT (EDI)

Summary of EDI Training Implemented

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					CS	LPC				LEC				
						G	D	T	V	G	D	V		
PF 1,3	Fiscal Decentralization: Concepts and approach	<p>Knowledge Definition of fiscal decentralization and how to distinguish between it and political and administrative decentralization.</p> <p>Skills How to maximize benefit from the current legal and institutional framework for fiscal management and financial resources mobilization. How to build a strategy to move toward fiscal decentralization.</p> <p>Attitudes Fiscal decentralization is important to improvement of social services at the local level, because it enables decision-making matching local needs and preferences.</p>	1	Q		●	●				●	●		31
PF 1,3	Treasury Single Account Seminar	<p>Knowledge Definition, structure, and purpose of the treasury single account (TSA) as a tool to effectively manage the national budget. Institutional arrangements between Ministry of Finance (MoF) and local executive units (LEU) regarding TSA transactions.</p> <p>Skills How LEU officials can successfully cooperate with MoF to access funds through TSA.</p> <p>Attitudes TSA is not incompatible with decentralization. TSA does not reduce the financial discretion of local officials.</p>	1	A-B-Q-M		●	●				●	●		75
PF 1,3	Enhanced Local Revenue and Revenue Allocation: Introduction	<p>Knowledge Current and new sources of revenue. Knowledge of rational criteria applicable to revenue allocation.</p> <p>Skills How to maximize revenue from current and new resources. Application of rational criteria in allocating local revenue.</p> <p>Attitude Distribution of limited resources should be based on rational criteria.</p>	2	A-B-Q		●	●				●	●		162

A-Assiut Governorate ALCDDS- Association for Local Councils Development and Decentralization Support B-Behira Governorate CS-Civil Society CSC-Citizen Service Center D-district level G-governorate level IDDP-Integrated District Development Planning/Plan IT-Information Technology LA-Local Administration LEC-Local Executive Council LPC-Local Popular Council M-Minia MLPC-Member of Local Popular Council PA-Public Awareness PF Public Finance PP-Participatory Planning T-town level TA-Technical Assistance V-mother village level Summary updated 11/2/2009.

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					CS	LPC				LEC				
						G	D	T	V	G	D	V		
PF 1,3	Enhanced Local Revenue and Revenue Allocation: Application	<p>Knowledge Some suggested policies to enhance local revenue.</p> <p>Skills Improved information management. Management of working groups to discuss application of adopted policies to enhance local revenue.</p> <p>Attitude Revenue maximization needs LPC and LEC commitment to emplace a series of improvements and policies.</p>	2	A-B-Q		●	●				●	●		130
PF 1,3	Enhanced Local Revenue and Revenue Allocation: Costing and Pricing of Local Services	<p>Knowledge Approach to costing and pricing of services provided by local units. Principle and practice of cross-subsidization.</p> <p>Skills Arriving at appropriate pricing of local services.</p> <p>Attitude Pricing policies should take into consideration the ability to pay of categories of beneficiaries.</p>	2	A-B-Q		●	●				●	●		185
PF 1,3	Enhanced Local Revenue and Revenue Allocation: Health Directorate Accounts	<p>Knowledge The relation of the quality of health services to their revenue generating capacity.</p> <p>Skills Applying criteria for selecting health services for improvement in the interest of enhancing related revenue.</p> <p>Attitude Enhancing selected local services can increase related revenue.</p>	1	A		●					●			23

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					CS	LPC				LEC				
						G	D	T	V	G	D	V		
PF 3	Enhanced LPC Monitoring of Local Revenue: Legal and Financial Approach	<p>Knowledge The monitoring role of LPCs over budgets and final accounts, in accordance with Law 43/1979 and techniques to implement the monitoring role in cooperation with LEC.</p> <p>Skills Managing and participating in joint LPC-LEC working groups monitoring budgets and final accounts.</p> <p>Attitude The LPC is a partner with the LEC in monitoring budgets and final accounts.</p>	2	A-B-Q		●	●				●	●		580
PF 3	Enhanced LPC Monitoring of Local Revenue: Budget and Final Account Applications	<p>Knowledge The role of the LPC with respect to budgeting and final accounts. The role of the LPC in allocating and monitoring the use of own-source revenues.</p> <p>Skills Reviewing and commenting on budgets and final accounts. Allocation of own resources among projects based on community priorities.</p> <p>Attitude The LPC plays a critical role in determination of the use of own-source revenues.</p>	2	A-B-Q		●	●				●	●		92
PF 1,3	Enhanced LPC Monitoring of Local Revenue: Public Hearings	<p>Knowledge Fundamentals of quality assessment and pricing of public services. Basics of public hearing design and implementation.</p> <p>Skills Designing and conducting public hearings. Assessing quality and pricing of local services with specific reference to cleaning services, bread distribution, and public parking lots.</p> <p>Attitude The importance of public participation in monitoring the quality and pricing of public services.</p>	1	A-B	●	●	●				●	●		261

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					CS	LPC				LEC				
						G	D	T	V	G	D	V		
PF 3	Enhanced Financial Management Systems: Introduction to Financial Control	<p>Knowledge Definition of the legal framework for financial control and the role of the various organizations involved.</p> <p>Skills Performing financial control before and after expenditure in accordance with GoE standards.</p> <p>Attitude The importance of implementing revenue collection and expenditure in conformity with government standards.</p>	2	A-Q		●	●				●	●		107
PF 3	Enhanced Financial Management Systems: Identification of Control Gaps	<p>Knowledge Definition of control gaps per concerned organizations. Legal articles concerned with control gaps.</p> <p>Skills Identification of control gaps.</p> <p>Attitude Bridging control gaps is essential to bringing financial systems up to standard.</p>	2	A-Q		●	●				●	●		150
PF 1,3	Enhanced Financial Management Systems: Addressing Control Gaps	<p>Knowledge Guidelines to bridge control gaps in the light of law and executive regulations issued by MoF.</p> <p>Skills Addressing control gaps.</p> <p>Attitude The importance of cooperation, in reducing gaps, among lower-level executives dealing with finance and central authorities.</p>	2	A-B-Q		●	●				●	●		90

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					CS	LPC				LEC				
						G	D	T	V	G	D	V		
PF 1,3	Enhanced Financial Management Systems: Applying Improved Costing and Management Accounting System to Local Projects	<p>Knowledge Approach to costing systems and management accounting for local projects and their role in enhancing project management and LPC monitoring.</p> <p>Skills Applying guidelines in project manuals to determine cost units and to calculate costs based on various methodologies.</p> <p>Attitude The importance of improving the current financial systems of local projects to achieve transparency and support LPC monitoring.</p>	2	A-Q		●	●				●	●		99
PP 2	IDDP: Introduction to Participatory Planning	<p>Knowledge Roles and responsibilities of members of LPC Planning and Budgeting committees in preparing plans and monitoring budgets. The concept of participatory planning and who should participate.</p> <p>Skills Techniques for facilitation of dialogue and consensus building.</p> <p>Attitudes The LPC is the appropriate leader of participatory planning. Plans derived through participation best reflect and serve communities' interests.</p>	2	A-B-Q					●	●		●	●	1,979 Total for three introductory programs
	IDDP: Introduction to Participatory Planning for Women, Youth, and NGO Forums (Beheira)	<p>Knowledge Roles and responsibilities of forums and their relation to LPC Planning and Budgeting Committees. The problem tree as a tool for problem analysis.</p> <p>Skills Using the problem tree to analyze problems of the local community.</p> <p>Attitudes Citizens are responsible for mobilizing dialogue, building consensus, and communicating to government officials' community public service and development priorities.</p>	2	B	●									

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					CS	LPC				LEC				
						G	D	T	V	G	D	V		
PP 2	IDDP: Introduction to Participatory Planning for Women, Youth, and NGO Forums (Assiut)	<p>Knowledge Roles and responsibilities of forums and their relation to the LPC Planning and Budgeting Committees. Tools and approaches in participatory needs assessment.</p> <p>Skills Setting the rules and regulations for operations of forums. Using and applying tools for participatory needs assessment.</p> <p>Attitudes Citizens are responsible for mobilizing dialogue, building consensus, and communicating to government officials, community public service and development priorities.</p>	2	A	●									
PP 2	IDDP: Capacity Building of Participatory Planning Working Groups (village and town levels)	<p>Knowledge Stages, steps, and procedures in developing village and town components of IDDPs based on participatory techniques. Fundamentals of project costing and project monitoring and evaluation. Sources of funding for IDDPs.</p> <p>Skills SWOT and problem analysis. Prioritization of needs and projects. Costing of projects. Consensus building around community development vision.</p> <p>Attitudes Planning is a complex process involving dialogue, analysis, consensus building, sectoral expertise, costing, sourcing of funds, and monitoring and evaluation.</p>	15	A-B-Q	●			●	●		●	●		3,051
PP 2	IDDP: Community Needs Assessment	<p>Knowledge Assessment technique: SWOT, problem tree, and/or rapid rural appraisal.</p> <p>Skills Applying assessment techniques and reaching consensus.</p> <p>Attitudes Defining community needs entails dialogue with citizens and stakeholders, as well as technical inputs.</p>	15	A-B-Q	●			●	●		●	●		1,445

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					CS	LPC				LEC			
						G	D	T	V	G	D	V	
PP 2	IDDP: Review of Community Priorities and Finalization of Village and Town Plans	<p>Knowledge Resources for technical input to plan development.</p> <p>Skills Translation of priority needs into project design and costing. Incorporating technical input.</p> <p>Attitudes Successful plans require input from all stakeholder groups including citizens, their representatives, and executives.</p>	5-10	A-B-Q	●			●	●		●	●	2,006
PP 2	IDDP: Review and Incorporation of Village and Town Plans into Service Directorate Plans	<p>Knowledge GoE planning and budgeting criteria and parameters.</p> <p>Skills Integration of service components of village and town plans into service directorate plans in accordance with GoE planning and budgeting requirements.</p> <p>Attitudes Successful plans require input from all stakeholder groups including citizens, their representatives, and executives.</p>	5-10	A-B-Q	●		●	●	●	●	●	●	545
PP 2	IDDP: Integration of Village and Town Plans at District Level	<p>Knowledge Concept and reality of an integrated district plan, including purposes, information requirements, and techniques for integration.</p> <p>Skills Integration of village and town plans, including development and service components, into a coherent district plan integrating cross-cutting projects and taking into consideration funding resources.</p> <p>Attitudes Citizens see their community as one element in a multi-community context in which cooperation and compromise are required for the common good.</p>	15	A-B-Q	●		●	●	●		●	●	300

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					CS	LPC				LEC			
						G	D	T	V	G	D	V	
PP 2	IDDP: Monitoring Implementation of IDDPs	<p>Knowledge Roles and responsibilities of the executive and LPCs with respect to monitoring implementation of IDDPs. Techniques for querying the executive. Elements of a comprehensive performance audit and report.</p> <p>Skills Writing performance queries. Planning and conducting performance reviews. Analyzing performance data and preparing progress reports.</p> <p>Attitudes The LPC leads a transparent process of monitoring executive performance. Citizens have a right to information on the performance of the executive.</p>	4 days formal training 10-15 days TA over one year	A-B-Q	●		●	●	●	●	●	●	787
LA 2,3	Roles and Responsibilities of MLPCs	<p>Knowledge The Law of Local Administration as it relates to roles and responsibilities of the popular and executive branches of government and relations between them; the legal mandate of Local Popular Councils related to revenue generation and development planning; internal by-laws governing management of plenary sessions and committee meetings.</p> <p>Skills Effective management of sessions and meetings.</p> <p>Attitudes Members of LPCs and civil servants should be fully aware and observant of their legal roles and responsibilities; LPCs should fulfill their legal mandate to better serve their constituencies.</p>	2	A-B-M-Q	●	●	●	●	●	●	●	M only	3,831
LA 3	Leadership, Meeting Management, and Communication	<p>Knowledge Characteristics of leaders and styles of leadership. Planning and management of meetings. Characteristics of effective communication.</p> <p>Skills Leading teams. Planning and managing meetings. Communicating effectively.</p> <p>Attitudes Leadership is indispensable to successful collective decision making. Effective political leaders practice inclusivity and compromise. Effective leaders manage meetings and communication efficiently and effectively.</p>	2	A-B-Q		●	●	●	●	●	●		454

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					CS	LPC				LEC				
						G	D	T	V	G	D	V		
LA 2,3	Roles and Responsibility of the LPC Planning and Budgeting Committee	<p>Knowledge Legal and procedural framework for operation of the Planning and Budgeting Committee. Relations with the executive branch. Sources of funding.</p> <p>Skills Preparation and reading of budgets. Preparation of plans. Monitoring of plan implementation.</p> <p>Attitudes The LPC has a legally mandated role in planning and in monitoring executive implementation of plans.</p>	2	A-B-Q			●	●	●	●	●	●	●	131
LA 1,3	Improving Local Projects: Legal and Financial Framework	<p>Knowledge Legal basis for establishing and managing local projects; project by-laws; resource management; budgets and final accounts; internal and external controls.</p> <p>Skills Assessment of viability of local projects.</p> <p>Attitudes Continuous improvement of local project management is an inherent part of asset management.</p>	2	A-Q		●	●			●	●		85	
LA 1,3	Improving Local Projects: Performance Assessment and Management Improvement	<p>Knowledge Performance measures for management and financial functions of local projects. Role of internal audit and measures of its effectiveness. Means to increase revenue from local projects.</p> <p>Skills Performance assessment of a local project and generation of recommendations to improve performance.</p> <p>Attitudes Performance improvement of local projects should be on-going.</p>	2	A-B-Q		●	●			●	●		286	

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					CS	LPC				LEC			
						G	D	T	V	G	D	V	
LA 1,3	Improving Local Projects Management: Site Visits	<p>Knowledge Management particulars which distinguish model local projects.</p> <p>Skills Change management planning of local projects for increased local revenue.</p> <p>Attitudes Learning from others' experience is a key tool in improving management of local projects.</p>	One day in each governorate (five in total)	A-B-Q						●	●		268
LA 3	Reports as Tools for Planning and Evaluation	<p>Knowledge Types of reports and their purposes. Elements, structure, and characteristics of useful reports. Stakeholders who should receive reports.</p> <p>Skills Designing and preparing useful reports. Reading reports.</p> <p>Attitudes Effective and accurate reports promote transparency, oversight, and accountability.</p>	2	A-Q			●	●	●	●	●	●	205
LA 3	Critical Thinking for Problem Solving and Decision Making	<p>Knowledge Techniques of problem analysis, solutions development, discussion management, and consensus building.</p> <p>Skills Systematic analysis of problems and solutions. Management of discussion and negotiation of compromise.</p> <p>Attitudes Technical input should be sought when required to analyze and resolve problems. Dialogue and compromise are fundamental to the practice of politics.</p>	2	M		●	●	●					543

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					CS	LPC				LEC				
						G	D	T	V	G	D	V		
LA 3	Training of Trainers (2 refresher events)	<p>Knowledge Characteristics of a successful trainer.</p> <p>Skills Practicing the inclusive principles of adult education and communicating the importance of performance change.</p> <p>Attitudes The best trainers of adults are subject matter experts who inspire their trainees to embrace change and to make the most of their experience and common sense in developing new knowledge, skills, and attitudes to become agents of change.</p>	2	M		●	●							39
LA 3	ALCDDS Strengthening: 1. Strategic Planning 2. Financial Planning and Accounting 3. Fundraising 4. Advocacy & Networking 5. Proposal Writing	<p>Knowledge Fundamentals of strategic, business, and financial planning. Legal context and sources of funding. Principals and techniques of advocacy and networking. Common elements of program proposals and characteristics of strong proposals.</p> <p>Skills Strategic, business, and financial planning. Design and implementation of advocacy campaigns. Proposal writing.</p> <p>Attitudes The successful NGO is characterized by inclusive decision making, transparent internal governance, and the capability of designing and implementing programs of interest to funders.</p>	2 per module	M	●									1. 15 2. 14 3. 16 4. 20 5. 15
PA 3	Communication Skills PA Campaign Planning	<p>Knowledge Aspects of effective communication and preparation of public awareness campaigns including media.</p> <p>Skills Preparing a public awareness plan, including its scope of work and resources, and managing its implementation</p> <p>Attitudes Public awareness campaigns are an important tool in message dissemination and social mobilization.</p>	2	A-B-Q	●	●				●				210

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2. Enhanced participatory mechanisms to plan, allocate, and monitor the use of resources.
3. Strengthened administrative capacity and legal framework for local governments to manage resources effectively and transparently.

Functional Area EDI Objective	Title	Purpose/Learning Objectives	Days per Iteration	Site	Target Groups								Participants	
					CS	LPC				LEC				
						G	D	T	V	G	D	V		
PA 3	Introduction to Decentralization	<p>Knowledge Main components of a decentralized system of government. Decentralization in the context of the current local administration law. Potential benefits of decentralization and challenges in its implementation</p> <p>Skills Communicating awareness of, and advocating for, decentralization.</p> <p>Attitudes Implementing decentralization will improve the socio-economic conditions of citizens.</p>	1	A-B-Q		●	●				●	●		210
IT 3	Basic Computer Skills (3 modules) 1. Windows 2. MS Word 3. MS Excel	<p>Knowledge Computer operating system elements and program applications.</p> <p>Skills Navigating Windows; keyboarding, word processing, spread sheeting, and document management.</p> <p>Attitudes Compliance with standard operating procedures is expected at all times. Expert opinion should be sought when problems arise.</p>	12	A-B-Q		●	●				●	●		472
IT 3	Specialized Computer Skills: Windows 2003 Server Administration	<p>Knowledge Computer operating system administration.</p> <p>Skills Installing / Upgrading Windows 2003 Server Supervising the Active Directory Managing Resource Access by Using Groups Monitoring and Optimizing Performance Implementing Security Auditing</p> <p>Attitudes The System Administrator is responsible for the smooth operation of the server.</p>	14	A-B-Q							●	●		18

A-Assiut Governorate ALCDDS- Association for Local Councils Development and Decentralization Support B-Behira Governorate CS-Civil Society CSC-Citizen Service Center D-district level G-governorate level IDDP-Integrated District Development Planning/Plan IT-Information Technology LA-Local Administration LEC-Local Executive Council LPC-Local Popular Council M-Minia MLPC-Member of Local Popular Council PA-Public Awareness PF Public Finance PP-Participatory Planning T-town level TA-Technical Assistance V-mother village level Summary updated 11/2/2009.

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					CS	LPC				LEC			
						G	D	T	V	G	D	V	
IT 3	Specialized Computer Skills: SQL Server Database	<p>Knowledge SQL server database installation and administration.</p> <p>Skills Installation, configuration, administration, and trouble shooting of MS SQL Server 2000 in a Windows 2000 Server environment. Using Data Manipulation Statements to query on and change the contents of the relational database.</p> <p>Attitudes The SQL Database Administrator is responsible for the smooth operation of the database.</p>	14	A-B-Q						●			8
IT 3	Specialized Computer Skills: Oracle Database	<p>Knowledge Oracle database architecture and internal dynamics. Oracle database installation and administration.</p> <p>Skills Installation, administration, and maintenance of the Oracle database. Creating an operational database and properly managing its various structures including: performance monitoring, database security, user management, and backup and recovery techniques.</p> <p>Attitudes The Oracle Database Administrator is responsible for the smooth operation of the database.</p>	14	A-B-Q						●			8

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					CS	LPC				LEC				
						G	D	T	V	G	D	V		
IT 3	Specialized Computer Skills: A+	<p>Knowledge Hardware support and troubleshooting</p> <p>Skills Installing, configuring, and upgrading hardware. Diagnosing and troubleshooting. Safety and preventive maintenance Motherboard / processors / memory. Printers Basic networking Function, structure, operation, and file management Memory management.</p> <p>Attitudes The system specialist is the first line of support for smooth operation of hardware.</p>	12	A-B-Q							●	●		22
IT 3	Citizen Service Center Business Orientation	<p>Knowledge CSC business processes.</p> <p>Skills CSC services, required documents for each service, required procedures for each service, and who is performing each service.</p> <p>Attitudes Citizen service is the purpose of the CSC and continuous performance is expected.</p>	1	A-B-Q								●		130
IT 3	Citizen Service Center Citizen Service	<p>Knowledge Aspects of citizen service and satisfaction. Attributes of a successful customer service representative.</p> <p>Skills How to deal with difficult customers.</p> <p>Attitudes Citizen service is at the heart of government. Citizen service should continually improve. Citizen feedback is essential to improving performance.</p>	2	A-B-Q								●		56

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					CS	LPC				LEC				
						G	D	T	V	G	D	V		
IT 3	Software Applications: 1. Accounting 2. CSC 3. Local Projects 4. LPC Secretariat	Knowledge Application uses and commands. Skills Proficient use of subject application. Attitudes The application user is the first line of quality control in data entry.	5-11	A-B-Q	●	●	●				●	●		299

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