



USAID
FROM THE AMERICAN PEOPLE

Egyptian Decentralization Initiative

Contract No. 263-I-01-06-00015-00

Fourth Quarter FY 2010 Progress Report and Year Four Annual Report

July –September 2010

OCTOBER 2010

This publication was produced for review by the United States Agency for International Development. It was prepared by AECOM International Development.

Contract No. 263-I-01-06-00015-00

Fourth Quarter FY 2010 Progress Report and Year Four Annual Report

July – September 2010

This report was prepared under the PADCO now AECOM International Development contract with USAID No. 263-I-01-06-00015-00 under the USAID Egypt Strategic Objective No. 21

Please direct all queries regarding this report to:

AECOM International Development

21 Misr – Helwan Road, 13th floor

Maadi – Cairo, Egypt

Telephone: (202) 2 378-0446

Fax: (202) 2 378-0464

Web: www.aecom.com

Disclaimer

The Author's views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.

TABLE OF CONTENTS

Acronyms and Abbreviations.....	ii
Executive Summary.....	1
FFY 2010 Fourth Quarter Activities and Plans for the Next Quarter.....	10
Objective 1: Increased Egyptian Financial Resources Available to Local Government for Responding to Community Priorities	10
A. Public Finance	10
Accomplishments and Highlights	10
Plans for the Next Quarter.....	10
B. Information Technology	11
Accomplishments and Highlights	11
Plans for the Next Quarter.....	12
Objective 2: Enhanced Participatory Mechanisms to Plan, Allocate, and Monitor the Use of Resources	13
Support for the Local Development Sector	13
Empowering Local Popular Councils.....	13
Accomplishments and Highlights	13
Plans for the Next Quarter.....	13
Objective 3: Strengthened Administrative Capacity and Legal Framework for Local Governments to Manage Resources Effectively and Transparently.....	15
A. Policy.....	15
Accomplishments and Highlights	15
Plans for the Next Quarter.....	16
B. Advocacy, Public Awareness and Communication.....	17
Accomplishments and Highlights	17
Plans for the Next Quarter.....	19
C. Capacity Building	20
Accomplishments and Highlights	20
Plans for the Next Quarter.....	21
D. Local Development Observatory.....	22
Accomplishments and Highlights	22
Plans for the Next Quarter.....	22
Fourth Quarter FFY 2010 Deliverables.....	23
Annual Highlights for FFY2010	24
Annex A: Retrospective on Decentralization in Egypt and the Role of EDI	39
Annex B: Objectives and Expected Results	46
Annex C: Year 4 Deliverables.....	75
Annex D: Major Training Provided by the Egyptian Decentralization Initiative (EDI)	79

TABLES

Table 1 Deliverables Completed July – September 2010.....	23
Table 2 Phases of the Five-Year Capacity Enhancement Strategy.....	33
Table 3: Cumulative Participants Trained Through Year Four.....	36
Table 4 Summary of Year Four Training Implemented in EDI Phase I Governorates and Nationwide Implementation	37
Table 5 Deliverables Submitted October - December 2009.....	75
Table 6 Deliverables Submitted January - March 2010	76
Table 7 Deliverables Submitted April - June 2010	76
Table 8 Deliverables Submitted July - September 2010	78

FIGURES

Figure 1 Cumulative Training Participants by Gender and Target Group	36
--	----

ACRONYMS AND ABBREVIATIONS

ACI	Administrative Capacity Index
ALCDDS	Association for Local Council Development and Decentralization Support
AECOM	AECOM International Development (note: acronym refers to Architecture, Engineering, Consulting, Operations and Maintenance)
BUDC	Beheira Utility Data Management and Urban Planning Center
CDS	Center for Development Services
CSC	Citizen Service Center
DPSU	Decentralization Policy Support Unit (Faculty of Economics and Political Sciences, Cairo University)
DSU	(MoLD) Decentralization Support Unit
EDI	Egyptian Decentralization Initiative
EDN	Egyptian Decentralization Network
EFY	Egyptian Fiscal Year
FFY	Federal Fiscal Year
FY	Fiscal Year
GIS	Geographic Information System
GFMIS	Government Financial Management Information System
GoE	Government of Egypt
GPS	Global Positioning System
IDDP	Integrated District Development Plan
IFU	Intergovernmental Finance Unit
IMF	International Monetary Fund
IT	Information Technology
LAU	Local Administration Unit
LDO	Local Development Observatory
LE	(currency) Egyptian pounds
LEC	Local Executive Council
LED	Local Economic Development
LHIF	Local Health Improvement Fund
LPC	Local Popular Council
MLPC	Member of Local Popular Council
MoED	Ministry of State for Economic Development
MoF	Ministry of Finance
MoLD	Ministry of State for Local Development
MS	Microsoft
MSAD	Ministry of State for Administrative Development
MSI	Management Systems International
NCfD	National Curriculum for Decentralization
NCES	National Capacity Enhancement Strategy
NDP	National Democratic Party
NGO	Non-Governmental Organization
NYU	New York University
PADCO	Planning and Development Collaborative International
PCFD	Permanent Standing Committee on Fiscal Decentralization
PMI	Participatory Mechanisms Index
RfP	Request for Proposal
RPO	Regional Planning Office

ACRONYMS AND ABBREVIATIONS (continued)

SCLD	Saqqara Center for Local Development
SQL	Structured Query Language (for management of data)
SWOT	Strengths, Weaknesses, Opportunities and Threats (a methodology for analysis)
TSA	Treasury Single Account
UPS	Universal Power Supply
USAID	United States Agency for International Development

EXECUTIVE SUMMARY

“The Ministry of State for Local Development would like to extend its deep appreciation to USAID Egypt for all the efforts exerted in making the [EDI-organized] study tour[s] to Poland (July 25th to August 8th 2010) a great success”.

Dr. Lobna Abdel Latif; August 18, 2010

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 tiers of government. The primary counterpart for EDI has been the Ministry of Local Development (MoLD) and the Decentralization Support Unit (DSU) within the Ministry. The Project provides technical assistance and cooperation as the Ministry and the DSU formulate and coordinate a national effort for decentralization.

This document represents the fourth annual progress report for the Project and also covers activities for the quarterly period July through September 2010. During the past year, remarkable progress has been achieved by the Government of Egypt toward the goal of decentralization.

With approximately six months remaining in the life of EDI, the level of activity has dramatically accelerated with Project teams working at full capacity to complete all deliverables, and ensure a sustainable legacy to provide the foundation for continued innovation and progress on decentralization.

As documented in earlier progress reports, many changes marked the approach to decentralization by GoE throughout the preceding 4½-years. Although EDI flexibly adapted to these Government decisions, the Project nevertheless continued to support the primary objectives set forth in the task order:

- (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.

The just completed quarter, which included the month-long observance of Ramadan, once again reflected a remarkable level and intensity of Project activity. For example, and as further detailed below and in the balance of this report, international consultants completed work on a draft five-year capacity building strategy and on the proposed local development observatory; two international study tours to Poland were successfully concluded (see quotation above); nationwide training was delivered to thousands of local level employees; and most important, serious progress was made in gaining traction for amendments to the local administration law.

It is safe to say, given the progress made in the preceding quarter and twelve-month period, that the prospects for decentralization in Egypt never looked brighter.

EDI Activities at the National Level

Continuing and strengthening the focus on nationwide issues during this quarter, the Project advanced several major tasks toward completion.

- During July, the Project submitted the final report on establishment of a local development observatory to MoLD. The recommendations of the international consultancy team mobilized by EDI were well received and as a result the Ministry immediately began recruiting an executive director to head the new organization. The position was filled during this quarter.

The successful outcome of this consultancy is attributable to the engagement of eminently qualified experts, fully integrated and working closely with EDI personnel and host-country clients.

- In August, a subcontract was executed between EDI and the Egyptian firm ITWorx for design of a comprehensive software package to support the tracking, monitoring, evaluation and other functions of the local development observatory. The web-based software application will track key indicators of local administration performance at village, town, district and governorate levels. The software development is expected to cost \$150,000 including one year of warranty and maintenance support.
- The Decentralization and Fiscal Decentralization study tour to Poland (in two parts) for seventeen key officials from the Ministries of Finance, Local Development, Administrative Development, and Economic Development was completed on August 7th. The outcome of this study tour exceeded the most optimistic expectations.

The participants had a unique opportunity for firsthand observation of the systems and institutions that resulted from the Polish experience with decentralization. Most importantly however, upon their return to Egypt, a veritable groundswell of support and action emerged behind the oft delayed efforts to amend the Local Administration Law of Egypt, now adapting aspects of the Polish legal structure that were studied during the visit.

The Project has supported MoLD efforts to reform this Law for three years or more and it now appears that a turning point has been reached and this investment is about to bear fruit.

- A draft fiscal decentralization strategy was completed framing the main public finance responsibilities of the central and local levels. Plans were prepared for the next mission of EDI international consultants during the first week of November 2010 when the strategy will be finalized to reflect as necessary the planned amendments to the Local Administration Law, now being written and negotiated.

Implementation of the strategy when it is adopted will be the purview of the Permanent Steering Committee for Fiscal Decentralization (PCFD). As described further in this report, the Project is taking extraordinary measures to support the work of this Committee within the Ministry of Finance.

- In order to expand the involvement of key government sectors, the Minister of Local Development issued a Decree on August 30, 2010 creating a Technical Committee on Decentralization, the purpose of which is to support and monitor decentralization efforts in various ministries and agencies.

Information developed by EDI on international experience concerning distribution of government functions across different levels was used at the inaugural meeting of the Committee on September 5th. The presentation was made by Dr. Lobna Abdel Latif, National Coordinator for Decentralization.

National Activity Highlights for FFY 2010

The past year got off to a promising start when early in November 2009, the National Democratic Party (NDP), the overwhelmingly dominant political force in Egypt, following their annual conference in Cairo, issued a policy paper which included a broad eleven-point action program of specific commitments on decentralization (see textbox to the right).

The Project, through ongoing technical assistance to and close cooperation with MoLD, is supporting the achievement of almost all of these decentralization commitments; particularly in the realm of amending the local administration law and the main issues involving fiscal decentralization.

As described elsewhere in this report, the 2009 NDP Conference continued the trend of previous years wherein the Party support for a decentralization agenda gained momentum from one year to the next.

The NDP Conference for 2010 is now scheduled to be held on November 8th and 9th.

During FFY 2010 USAID conducted a mid-term evaluation of the EDI project that offered a number of findings and recommendations affecting the future direction of the technical assistance program. Most significant was a proposal that the Project shift its emphasis from working at the local level to more active involvement with central agencies, particularly with the Ministry of Finance.

Decentralization Commitments from the NDP 2009 Annual Conference

- Continued piloting of education sector decentralization in Fayoum, Ismailia and Luxor including text book programs in mathematics, science and languages.
- Nationwide decentralization of LE 800 million for maintenance of schools and LE 2.1 billion for the local development sector during 2009 – 2010.
- Local popular council (LPC) authority to establish program plans.
- Strengthened role for LPC Planning and Budgeting Committees in financial monitoring and developing local resources.
- Flexibility for local units to transfer funds among items within the local development sector.
- Local input for water and waste water network maintenance plans.
- Independence of the district budget from the governorate level starting in fiscal year 2011 – 2012.
- Development of local information systems and centers in the current year.
- Establishment of an institute for local administration and retraining all local administration employees within five years.
- Establishment of an “observatory” for local development to monitor and evaluate performance indicators measuring service delivery.
- Support for amendments to the local administration law that will include a number of decentralization reforms.

In fact, the Project did dramatically shift its attention and resources to the national level during this past year. In February 2010 the EDI field offices in Assiut, Beheira and Qena were closed after a successful three+ years of cooperation with local administration authorities (see further details below). At the same time EDI sharply ramped-up its cooperation with the Ministries of Local Development, Finance and Economic Development.

The Project was essentially the only USAID active provider of technical cooperation within the Ministry of Finance during the past year, furnishing the international expertise required to develop a fiscal decentralization strategy and initial proposals which led to the Ministerial Decree establishing the PCFD. Once this Committee was created, continuous technical support has been provided by EDI.

In addition to the foregoing cooperation with the Ministry of Finance, support from EDI for central level agency activities in the past year was extended to a number of decentralization related issues, all of which are discussed in more detail in the body and annexes of this report:

- Ministry of Local Development (the primary counterpart for EDI)
 - ✓ *Decentralization and Fiscal Decentralization Study Tour to Poland*
 - ✓ *Drafting amendments to the Local Administration Law*
 - ✓ *Implementation of nationwide capacity building programs*
 - ✓ *Strategic planning for capacity building over the coming five years*
 - ✓ *Advocacy for decentralization*
 - ✓ *Creation of a Local Development Observatory and software application*
 - ✓ *Recommendations on restructuring local institutions*
 - ✓ *Conference on Local Economic Development*
- Ministry of Economic Development
 - ✓ *Decentralization and Fiscal Decentralization Study Tour to Poland*
 - ✓ *Conference on “Allocating Government Investments at the Local Level”*
 - ✓ *Conference on Local Economic Development*
- Ministry of Administrative Development
 - ✓ *Decentralization and Fiscal Decentralization Study Tour to Poland*
 - ✓ *Completion of the EDI support for citizen service centers*

EDI Activities in the Field

During this quarter, the Ministry of Local Development and EDI jointly implemented delivery of a nationwide training program entitled “*Local Needs Identification and Prioritization: LPC and Executive Tools*”. Training was initiated in all twenty-nine governorates and was conducted from July 4th through August 5th. The total number of participants in attendance receiving either one or two-days of training under this

program was more than 12,700. This marked the return of EDI as a provider of direct training for the first time since the end of calendar quarter 2009.

For the most part, governorate level support was enthusiastic for this capacity building effort, effectively demonstrating the strong demand and general support for greater decentralized authority. Citing the Governorate of Alexandria, it was especially noteworthy that H.E. the Governor officiated at the closing ceremonies and personally awarded the participants with certificates of completion.



General Adel Ali Labib, Governor of Alexandria with participants from the “Local Development Needs Identification and Prioritization: LPC and Executive Tools” training course conducted in Alexandria Governorate

Because of cost-sharing on the part of each Governorate, the direct cost to the Project of this training course was a modest *ten-dollars per participant*. Representatives from twenty-nine governorates, plus a total of 185 districts and 1,244 villages attended this nationwide course, by far the broadest coverage of any EDI activity to-date.

In other field activities, the “situational analysis” phase of the local restructuring study conducted in Beheira and Sohag Governorates was delivered during this reporting period. The scope of work for the completion of this effort is now being revised in light of the intervening developments on the amendments to the Local Administration Law as described above and elsewhere in this report.

During this quarter, the Project also continued work on completion of activities begun in the original pilot governorates; specifically the final phases of support for the Beheira Utility Data Management and Urban Planning Center and the gas bottling facility in Beheira, and the microbus parking facilities in Qena. This work is supported from the Cairo office of EDI.

Field Activity Highlights of FFY 2010

In may be argued that working in the field is the *sine qua non* for any decentralization activity. Until the end of 2009, the Project followed this precept for three years with extensive interventions that interacted with literally thousands of Egyptian citizens in Assiut, Beheira, Minia and Qena. This continued into FFY 2010 even though the EDI field offices were not operational for most of the year, having been permanently closed in February.

For example, more than five-hundred officials and every-day ordinary people from the cities and villages attended the formal ceremonies to mark the opening of two EDI-supported citizen service centers in Beheira. These were the last of the six centers that EDI financed to be officially opened. The centers will operate continuously providing first-class, automated assistance to the citizens in their service

area. What better way to build a consensus for decentralization than showing the populace how local administration can be modern, customer-friendly and effective?

The Project now periodically reports on the results of the citizen service centers through the EDI monitoring and evaluation plan.

A number of other automation activities in the field were either completed or ongoing during FFY 2010 as discussed in detail in the remaining sections of this quarterly progress report.

Thousands of Egyptian citizens also took part in the unique participatory planning initiative that was introduced by EDI in three pilot Governorates during phase I of the Project and which was concluded early in FFY 2010. Known as integrated district development planning (IDDP), this outstanding program was endorsed in a 2008 letter from the First Deputy Minister of the National Investment Bank. IDDP successfully opened participation in the planning process to women, youth and marginalized groups from all local tiers in the six pilot districts where it was tested.

The Project provided training and technical assistance for two planning cycles (EFY 2008-2009 and 2009-2010). In addition, the program was supported with a contribution of \$1.3 million in USAID matching funds, which were allocated between the three pilot governorates on a competitive basis, taking into account the progress they had made in achieving Project objectives.

The intention of the matching funds was to support the fulfillment of projects emanating from the IDDP process. Following discussion with local administration officials and USAID, a decision was made to provide the funds in the form of procurement of vehicles for the collection and disposal of solid waste, one of the most intractable problems facing local administrative units in Egypt. Accordingly, earlier this year, fifty-one new dump trucks were distributed among the six pilot districts in Assiut, Beheira and Qena.

The vehicles were deployed as planned in Abu Teeg, Dayrute, Abu Hommos, Shubrahkeet, Nagaa Hamadi and Esna.¹ Three of the ten trucks allotted to Abu Hommos are being used in Berket Ghetas and Demisna, which have been designated for participation in the GoE “thousand poorest villages” program.

It is noteworthy that Egyptian President Mubarak at a recent meeting with the Council of Governors asked them to pay special attention, among other things, to the problem of solid waste management.²

¹ The District of Esna received the vehicles as promised even though at the time of the handover, Esna was in the process of being transferred from Qena Governorate to the newly established Governorate of Luxor.

² As reported in Al Ahram Daily Newspaper October 3, 2010.

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.

Almost 2,500 women have taken part in EDI training activities,³ 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.
- As discussed above, the Project 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.

In the preceding year EDI continued its strong commitment to actively promote gender issues, for example:

In March of 2010, the Project established a team of four women consultants with USAID approval to conduct one of the most important technical assistance assignments facing EDI; recommendations to the Ministry of Local Development on the institutional, legal and organizational options for establishment of a local

³ As measured by the USAID standard indicator since inception of the Project.

development observatory. These were the most qualified candidates we could choose for the task.

Although only one of the four women was an Egyptian national, the composition of this team nevertheless demonstrated by concrete example the USAID support for gender equality. The final report of this team was fully embraced by the Ministry which immediately took steps to implement the recommendations embodied in the work of these consultants.

In addition, from 10 July to 23 July 2010, the Project hosted three women graduate students from the Capstone Program at the Robert F. Wagner School of Public Service at New York University as EDI “interns”. Their task was originally intended to involve a simulated consulting assignment in the international development field; however, because of their relevant prior experience in the health sector EDI was able to engage the team in an actual (not simulated) field study.

The women, Mss. Akua Apraku, Suhaly Bautista and Aicha Benmansour produced a deliverable entitled “Baseline Assessment of Egypt’s De-Concentrated Health Sector: A Case Study of Beheira Governorate”. The team also presented their findings at USAID-Egypt. The report of this consultancy will provide input for subsequent phases of the EDI local restructuring effort.

While this two-week engagement of three female students by EDI will have no discernable affect on the larger issue of gender equity, the potential impact on these women themselves could be enormous. The perspective they gained working with other international experts, on a challenging and demanding assignment will likely stay with them throughout their very promising professional careers.

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

Conclusion

The fourth quarter of FFY 2010 was witness to dramatic progress in the decentralization agenda; just as the Project is approaching to within six months of the final contract date.

One example of this recent progress is the checkered history of attempts to reform the Local Administration Law; a core premise of the EDI objectives i.e. strengthened legal framework for local government.⁴ Following years of disappointment born of inaction on amending the Law, an enormous vigor has now taken over. Fundamental changes in the Law appear to be inevitable at this time. The coming year will likely be remembered as the turning point in the Egyptian decentralization odyssey.

Because this report covers the final quarter for the fiscal year, it also comprises the EDI fourth annual report (FFY 2010). Highlights of Project activities throughout the year are described in the body of the document and a special Annex A herein provides a brief retrospective on decentralization in Egypt and the role of EDI since 2006.

⁴ In fact, there is no local government in Egypt. There is one Government; and it governs from Cairo.

The reader is directed to the remaining sections of this quarterly and annual report for more detailed information and descriptions of the progress recorded by EDI in meeting Project objectives during this reporting period.

October 31, 2010

FY 2010 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

During the fourth quarter, the Project continued efforts to improve fiscal management at the local level, developing relevant training materials for local popular and executive council target groups. Courses under preparation include (i) Increasing Own Source Revenue: Introduction; (ii) Increasing Own Source Revenue: Applied; (iii) Enhanced Financial Management Systems: Budget Reporting; and, (iv) Preparation of the Local Popular Council Budget.

Accomplishments and Highlights

Following input from the Ministry of Local Development, the material for the training module entitled “Increasing Own Source Revenue: Introduction was completed.

To support the sustainability of selected EDI interventions, staff has completed the documentation of the following public finance activities in the phase I pilot governorates:

- The first Governorate-wide update of local fees in 25 years that was adopted in Assiut during 2008 with technical support from EDI. This initiative resulted in a substantial year-to-year increase in own-source revenue in Assiut, reflecting major progress toward achievement of Objective No. 1.
- A number of pilot projects to strengthen the financial performance of certain public sector enterprises that support the local services development fund, including the gas bottling plant in Beheira, minibus transportation lots in Assiut and Qena, a printing facility in Assiut and a dairy products project in Qena.

Plans for the Next Quarter:

During the next quarter EDI is planning to complete the following tasks:

- Preparation of a guide and package of training materials for LPCs presenting the procedures and techniques to be used for decision-making about the mobilization of their local own-source revenue.
- Development of two additional guides and training packages for (i) local executive councils describing procedures for preparation of financial reports; and (ii) local popular councils to enhance their monitoring role with respect to these reports. The training material will include an approach to performance-based budgeting and the transition rules for financial reporting on the basis of performance based budgets.

- A report on the integration methodology between growing own-source revenue and central resources in financing the local development plan. The report will include case studies supporting the pragmatism of the recommended approach.
- Preparation of guidelines to support local popular councils in developing their independent budgets.
- A report on recommendations for enhancing revenue collection and optimizing local retention.
- Revision of the budget terminology and planning glossary to be more simplified based upon input from the Ministry of Local Development.

B. Information Technology (IT)

During this reporting period the Project continued field testing a number of automation activities that support the objective of increased financial resources for local government. EDI is providing IT solutions to (i) generate greater revenue from existing public sector service projects and (ii) improve accounting capability and reporting within local administration units.

Some of the automation investments piloted by EDI are designed to improve the operations of local units such as popular and executive councils and publicly operated enterprises.

Accomplishments and Highlights

The Project continued to support the Beheira Utility Data Management and Urban Planning Center (BU DC) in Beheira Governorate and provided technical training on the geographic information system equipment in the field. In addition, five engineers were trained on the global positioning satellite technology; five other engineers were trained on the total station equipment; and a further five engineers were trained on use of radio detection. Wireless sets and the wireless station were programmed and prepared for use.

Technical support was continued for the gas bottling project in Beheira Governorate where EDI provided basic IT training for fifteen application users. Further, a request for proposals was issued to develop the software application and technical evaluation of the proposals was begun.

The microbus public transportation parking lot project in Qena continued to advance this quarter; including the data entry of legacy information, which was completed.

A contract was awarded and work initiated in this reporting period for development of a web-based software application, database, data migration and training to support the automation of the Local Development Observatory (LDO) within the Decentralization Support Unit at MoLD. An Executive Director was appointed to head up the LDO which is an outgrowth of EDI technical assistance earlier in the fourth quarter provided by a team of four international consultants.

The expected benefits from implementation of this software solution will be many, including:

- Availability of a range of indicators to measure progress in various spheres of local development especially the development efforts in each local service sector.
- Capacity for analysis and assistance to different Diwans and departments in decision-making.
- Greater institutional efficiency and effectiveness of governorate and district Diwans, directorates and departments.
- Assistance for future development planning for all governmental and non-governmental local bodies and organizations.
- Management of the quality of available local services.
- Ready access to sound and effective management, monitoring and evaluation, and accountability tools.
- Availability of baseline information to assess development performance in local units.
- Better development planning for the local units.
- Improved reporting.

Plans for the Next Quarter

In the coming quarter the Project expects to (i) provide troubleshooting support as necessary for completed automation efforts; (ii) begin the documentation of these interventions to facilitate their sustainability and nationwide expansion as appropriate; and (iii) complete unfinished tasks from earlier phases of the Project, including:

- Complete the technical evaluation of application software offers for the gas bottling project in Beheira Governorate, contract the best selected vendor and start work on software development and implementation.
- Support the microbus public transportation parking lots in Qena Governorate as follows:
 - √ Install equipment in Qena and Nagaa Hamadi cities
 - √ Train users on the parking lot software (AMWATCH application)
 - √ Monitor initial operations
- Continue managing the contract for the LDO application software.
- Complete efforts to ensure the sustainability of all previous IT interventions.

Objective 2: Enhanced Participatory Mechanisms to Plan, Allocate, and Monitor the Use of Resources

Support for the Local Development Sector

Working with the national level the Project continues to pursue a number of activities tied to achievement of Objective No. 2. Many crosscutting tasks of EDI naturally impact the delivery of expected results tied to this objective.

For example, the EDI effort to implement budget development, monitoring and reporting systems allowing for greater involvement of local popular councils in setting priorities and managing resources; is supported by (i) a nationwide capacity building program, (ii) work on fiscal decentralization with the PCFD, (iii) a local restructuring study, and (iv) technical assistance to the GoE on amendments to the Local Administration Law.

Empowering Local Popular Councils

The Project is utilizing the field experience of the past three years to develop tools and manuals that could be adopted by MoLD and disseminated nationwide in order to expand the benefits of the EDI pilot projects to all Governorates and districts. More than one-third of the participants in the twenty-nine governorate training course completed during this past quarter were members of the elected popular councils.

Accomplishments and Highlights

A nationwide training program was conducted in cooperation among in a unique collaboration between EDI, the Ministry of Local Development MoLD and the twenty-nine governorates to support local popular and executive councils use available tools to identify local needs, select projects, set priorities and review local plans in a participatory manner.

More than 12 thousand participants attended the course entitled “Local Development Needs Identification and Prioritization: LPC and Executive Tools” which was delivered by EDI trained trainers (for more details see Objective No. 3 in this report).

Work is continuing on additional training modules targeting local popular council members as part of the new EDI focus on nationwide capacity building.

Plans for the Next Quarter

The Project has had limited presence at local levels during the last nine months or so and has refocused its attention to national issues. Nevertheless, there will be continuing across-the-board attention to Objective No. 2 through virtually every EDI intervention at the national level.

In addition to the examples cited above the Project will further empower local popular councils and support the local development sector through such activities as the decentralization advocacy initiative and work on the local development observatory and related information-oriented tasks.

Objective 3: Strengthened Administrative Capacity and Legal Framework for Local Government to Manage Resources Effectively and Transparently

A. Policy

Arguably, some of the most dramatic, positive developments in the Egyptian decentralization movement have emerged during this reporting period. Rapidly moving events have made it clear that the remaining six-months in the duration of the Project will be a time of intensified activity and significant progress toward achieving major policy objectives.

Accomplishments and Highlights

By any measure, substantial progress was recorded on policy initiatives during the ninety-two days of the fourth quarter of FFY 2010:

- The Project successfully implemented a decentralization and fiscal decentralization study tour to Poland (in two parts) for seventeen senior officials from the Ministries of Finance, Local Development, Administrative Development, and Economic Development from July 25th to August 7th.

The study tour participants, apparently motivated by what was learned from the Polish experience with decentralization, returned to Egypt with a reinvigorated thrust to amend the Local Administration Law. Previously understood to be quiescent, reform of this legislation now appears to have support from the highest stakeholders in the halls of government.

At this writing, aspects of the Polish system and legal structure are being adapted into the Local Administration Law amendments that will be discussed with the Parliament in January 2011. The fiscal articles for the new Law, being drafted with technical assistance from EDI, will increase local fiscal autonomy, guarantee local fiscal discretion, and increase available local resources; all of which are central to the objectives and expected results set forth in the USAID task order for the Egyptian Decentralization Initiative.

- The Project prepared power point information detailing international experience in decentralization of key sectors and distribution of roles and responsibilities between central and local levels. This important presentation was delivered by MoLD at the inaugural meeting of the Technical Committee for Decentralization which was created by Ministerial Decree on August 30, 2010. This inter-ministerial group was formed to “assist in the implementation of the national program of decentralization”.
- International consultants commissioned by EDI completed a draft fiscal decentralization strategy that frames the main fiscal responsibilities of the central and local levels within the national decentralization proposals for Egypt. Before it is finalized, the draft will be reworked to reflect the final provisions of the Local Administration Law amendments now being written and negotiated.

- Technical assistance continued from EDI during this quarter for the PCFD within the Ministry of Finance; specifically for the subcommittees working on (i) structures of budget authorities at the local level, (ii) fiscal profiles for selected sectors at central and local levels (education, health, agriculture, veterinary, and social solidarity), (iii) budget ceilings of selected service sectors at the local level and (iv) the structure of government investments at the local level.⁵

The Project has been continuously supporting and coordinating the work and the meetings of the aforementioned subcommittees. The results of the subcommittee activities to-date include delivery of draft papers on institutional structures based on budget classification; an assessment of the assignment of expenditure responsibilities across different levels or tiers of government on the main budget chapters and line items; and an analysis of the level of revenue earned by each service sector including special funds affiliated to the sector (education, social solidarity, health, agriculture and veterinary).

In addition, a consolidated draft report was developed on public investments that are allocated to central agencies but which are implemented at the local level in the main service sectors as well as a proposed action plan to transfer the public investment allocations to the local administration budget (i.e. service directorate budgets). Furthermore, the Project has also supported the PCFD subcommittees in designing a training plan for priority issues affecting implementation of the fiscal decentralization strategy now being prepared.

- The first phase of the EDI activity on restructuring the local administration system in Egypt was completed in the Governorates of Beheira and Sohag. This involved a situation analysis of the:
 - (i) Administrative structure of the governorate (i.e. number of districts, cities and villages);
 - (ii) Organizational structure of the diwan;
 - (iii) Physical location of the components of the diwan;
 - (iv) Local executive councils of the governorate, district and village levels;
 - (v) Distribution of personnel within the diwan (rank, specialization, title etc...);
 - (vi) Training profile of the personnel of the diwan, reward systems, and delegation procedures, and
 - (vii) Organizational structure of the governorate, district and village local popular councils, membership, committees, employees of the council secretariat, as well as an analytical description of infrastructure (utilities, equipment and communications).

⁵ The work of the latter committee is related to implementation of the February 2010 decision by the Prime Minister approving de-concentration of the local investment budgets in nine sectors.

Plans for the Next Quarter

Following is a summary of the significant policy-related tasks that EDI will undertake during the coming quarter:

- ***Final draft of the new Local Administration Law.*** During the next quarter, the Project is expected to finalize inputs to the new draft Law, specifically as related to the fiscal articles. It is expected that the draft law will be discussed at the next annual congress of the NDP and in the next Parliamentary session.
- ***Continued technical support for the Ministry of Local Development.*** Throughout the next quarter, the Project will coordinate as necessary on technical issues concerning the work of the Decentralization Support Unit and the nascent Technical Committee for Decentralization.
- ***Continued technical support for the Ministry of Finance.*** The Project will support the activities of the four subcommittees organized within the PCFD, including implementation of the Prime Ministerial decision to de-concentrate local capital investments. This will include coordination of outputs and capacity building interventions as necessary.

In addition, work plans for PCFD subcommittees to support the IMF midterm framework for technical assistance will be designed by EDI. This will include a component on fiscal decentralization. Finally, the Project will implement the PCFD capacity building plan.

- ***Final draft fiscal decentralization strategy.*** The Project expects to finalize the proposed fiscal decentralization strategy in the next quarter.
- ***Continued work on the local restructuring study.*** During the first quarter of 2011, the Project will prepare interim and final reports on local restructuring. The interim report will present an analysis of the vertical and horizontal institutional arrangements within the governorate Diwan at the different levels as well as the relationships between the Diwan and the respective local popular councils. The final report will include major recommendations and policy implications for restructuring the local administration apparatus in accordance with the new draft Local Administration Law.
- ***Organization of a Conference on Local Economic Development.*** In coordination with Cairo University, Faculty of Economics and Political Science, Department of Economics, the Project will support a two-day conference on local economic development (LED) in December. It is expected that one-hundred and thirty-five participants' representing the Egyptian leadership in government and academia will attend this event.

In addition to coverage of all significant aspects of LED, the conference will also include two discussion panels on the new draft Local Administration Law in order to promote public debate and awareness.

B. Advocacy, Public Awareness and Communication

Advocacy, public awareness raising and communication has been a crosscutting theme for the Egyptian Decentralization Initiative since inception of the Project, however these activities assumed more focus, importance and standing within the EDI framework with the signing of an implementation letter between USAID and MoLD in 2009. Since then, Project support for advocacy and awareness continues as one of the main areas of cooperation with the Ministry of Local Development. These outreach tools serve as a crucial linkage between and among the diverse multifaceted technical assistance programs being advanced by the Project.

Capacity building programs of EDI, promotion of a local development observatory, amendments to laws and regulations, fiscal decentralization and local restructuring, all benefit from symbiotic interactions with the EDI advocacy effort, thereby leveraging the effectiveness of technical assistance from the Project. On the other hand, well executed programs contribute the substance for effective advocacy. The earlier referenced implementation letter underscored the importance of advocacy and awareness to build the understanding and support for decentralization concepts to gain traction at central and local levels.

Through the remainder of the project EDI will support the building of advocacy and awareness programs and MoLD will take over detailed implementation of production, publication, and airing of campaign messages using nationwide media channels available to the Ministry.

A major focus for EDI advocacy activities is to mobilize broad support for the proposed amendments to the Local Administration Law through organization of workshops, seminars, and conferences targeting politicians, parliamentarians, journalists, governors, executives, public opinion leaders, and other policy makers.

In the fourth quarter of 2010, the Project took steps to accelerate execution of the approved advocacy strategy and implementation action plan, as further described below.

Accomplishments and Highlights

Advocacy and Awareness

In this reporting period three proposals were received in response to the RfP issued by EDI for advocacy services.⁶ The respondents bid on specific packages within the requested scope of services. Following a rigorous assessment and scoring process by EDI technical and financial evaluation teams a decision was made to award separate contracts to the Parliamentary Studies Program and the Al Ahram Center for Political and Strategic Studies for selected portions of the required work.

⁶ Ten prestigious nonprofit research centers and communication organizations were invited to submit proposals.

Early next quarter AECOM will enter into a subcontract with the Parliamentary Studies Program for approximately \$90,000 to prepare advocacy information awareness kits and to conduct eight workshops, four forums, two briefings and one focus group for politicians and Parliamentarians.

The advocacy strategy focuses on four priority messages and the following four target groups:

- 1) Politicians and Parliamentarians
- 2) Executive Leaders
- 3) Universities and Youth Centers
- 4) Media

In addition, the strategy includes the preparation and dissemination of decentralization information kits.

Within these advocacy services, the activities generally deal with the concept and role of decentralization on a national scale. Currently the Ministry of Local Development focuses on testing and addressing the proposed amendments to the Law on Local Administration through the advocacy action plan. Accordingly, the workshops, forums, meetings and focus groups will be geared towards advocating the reforms of the new Law.

At the request of the Ministry, the Project conducted a needs assessment of the MoLD media unit. The assessment included an analysis of strengths, weaknesses, opportunities and threats and identified required and recommended steps for change. It also concluded there was a need for reestablishing a separate unit with human and financial resources within the organizational structure of MoLD. In addition, the study proposed a capacity building program for the unit.

Also at the request of the Ministry, a pamphlet for the decentralization support unit and a periodical newsletter entitled "Egyptian Voices from Localities" were drafted. The latter focuses on the role and responsibilities of governorates, the local popular and executive councils, and MoLD through key sectors and recent activities.

The newsletter will also explain decentralization terminology, a vision and expected impacts for the Egyptian citizen.

The EDI approach to the media component of the advocacy strategy will include three workshops, six focus groups, and four journalist forums. To this end the Project has proposed the following actions to MoLD:

- Appointment of an advisor to serve as spokesperson for the Minister of Local Development.
- Assembling a "Media Working Group" from selected media representatives. This team would serve as a support group to the Ministry, reviewing media plans, attending advocacy activities, providing media coverage, disseminating information and acting as an advocate for decentralization.

- Building an alliance with selected columnists to advocate, attend and disseminate information.

The Project has prepared proposals to promote the Local Administration Law amendments. The Ministry will decide the appropriate timeframe for implementation of these proposals, which involve the conduct of forums and workshops. In addition EDI is preparing a question and answer format briefing guide on the proposed amendments at the request of MoLD.

All advocacy activities targeting Parliamentarians will be temporarily postponed until after the 2010 national elections because of preoccupation and preparation for the election cycle and due to the prohibitive schedules of Parliament and Shura Council members in the run-up to the election. With the possibility that the elections could be delayed until the last week of November, this may present a challenge to the EDI team implementing the planned advocacy activities before the end-of-project date. Once the date for the Parliamentary elections is formally announced EDI will revisit the timing of the advocacy action plan with USAID.

Communication

Discussions continued this quarter on the possible EDI cooperation with MoLD related to a decentralization website. The current vision of the Ministry and the Decentralization Support Unit will be reconciled early in the first quarter of FY 2010. The website will contain material and information necessary for raising awareness about decentralized local administration and promoting support for the concept.

An earlier field visit to document the impact and interview beneficiaries of one of the IDDP⁷ health clinic projects in Beheira Governorate resulted in a revised success story submission to USAID about the modernization of the health unit located in Kom El Kanatar mother village. The story of this clinic highlights the effectiveness of the EDI participatory planning activity.

Approximately twenty English-language summaries of Arabic print-media articles dealing with decentralization-related topics were prepared during the fourth quarter.

Planned Activities for the Next Quarter

- Complete the question and answer briefing guide focused on the reforms of the proposed amendments to Local Administration Law.
- Conduct a workshop at Al-Ahram Strategic Center for high level governorate representatives, academia, Governors, Parliament members and selected local popular council members.
- Execute subcontracts with the Parliamentary Studies Program Center at the Faculty of Economics and Political Science, Cairo University; and the Al Ahram Center for Political and Strategic Studies for advocacy services.

⁷ Integrated District Development Plan

- Organize a Conference on Local Economic Development to be held December 18-19, 2010.
- Publish in cooperation with the DPSU at the Cairo University the proceedings of the Conference on “Decentralization and Enabling Local Communities”.
- Finalize the decentralization pamphlets on information technology and capacity building.
- Contract services of an expert to design and develop the decentralization website.
- Monitor and report on local press updates concerning decentralization and related topics.

C. Capacity Building

Without question, the just completed quarter witnessed the most prolific period of capacity building in the history of the Egyptian Decentralization Initiative, as measured by the USAID standard indicator. During just five weeks in July and August, the Project delivered training to 8,733 individuals (12,725 participants). Remarkably, this represents 85 percent of the total number of individuals trained during the preceding three full years!

Accomplishments and Highlights

The Project was largely engrossed during this quarter with two major activities which presented enormous challenges to time and resources. The first was to implement a nationwide training targeting approximately 13,000 participants in the five-week period preceding Ramadan. The second challenge was the preparation of a five-year capacity building plan for the Ministry of Local Development to provide effective training to tens of thousands of local administration personnel affected by coming decentralization and restructuring.

The training course delivered nationwide is entitled “Local Development Needs Identification and Prioritization: LPC and Executive Tools”. The total number of participants reached 12,750 from executive and popular council leadership as well as planning practitioners across the twenty-nine governorates of Egypt. The interval during which the training was conducted coincided with the beginning of the Egyptian fiscal year and the second round of decentralized planning and budgeting in the local development sector, presenting complications for some of the attendees.

Two-thirds of the participants were civil servants, while members of local popular councils made up the remaining third. Women participants numbered 1,073 or approximately 8.5 percent of the total. The Project worked in collaboration with MoLD on this task to implement 685 iterations of the training course, which is considered to be a cornerstone program supporting decentralization efforts.

A research and consultation phase was completed for the development of a strategy and five-year capacity building plan for MoLD, which defines targeted training

populations within local administration, illustrative training packages, and estimated annual training days. The five-year plan also addresses the support structure inputs in the form of leadership, operations management, and quality control.

The first step in the nationwide training was to engage the leadership of governorate secretaries-general to appoint and oversee governorate-wide operational support for the delivery of the training. The Ministry in collaboration with EDI developed the processes and procedures and provided the orientation of secretaries-general. Additionally, EDI trained at least one appointed training coordinator for each governorate on the required processes and procedures.

The Project was responsible for procurement and quality-assurance of trainers who conducted the program. Accordingly, staff from EDI undertook objective screening of 125 trainers referred by MoLD and selected forty-seven of these and contracted them for the delivery of the training.

The training material was developed by EDI in cooperation with MoLD and included manuals and pre- and post-training assessment tools. In addition, trainers and training coordinators regularly submitted records and documented participant feedback which is now available and being further evaluated. The Project also convened trainers and training coordinators shortly after completion of the program and documented their feedback and recommendations for improving the program in the future. It is crucial that a culture of continuous monitoring, feedback, and performance improvement be institutionalized in governorate training coordination units as anticipated in the five-year capacity building plan.

Plans for the Next Quarter

- Finalize the five-year capacity building plan for MoLD and agree on next steps.
- Complete the program design, recruitment and contracting of trainers, trainee selection, delivery and reporting on training-of-trainers program targeted for 300 candidates.
- Prepare and discuss with MoLD a comprehensive report containing recorded results and verbal and written feedback from the recent nationwide training program to document lessons learned and propose actions to improve future performance.
- Complete the program design, recruitment and contracting of trainers, and trainee selection, for courses on “Increasing Own-Source Revenue” targeted to over 6,000 candidates covering the twenty-nine governorates.
- Complete the design of the remaining nine programs included in the first year of the capacity building plan.
- Prepare for final production of the 12 capacity building programs in standardized formatting and packaging.

D. Local Development Observatory

In the previous quarter the four-member EDI international and local consultancy team completed its report on recommendations for a local development observatory (LDO). The Ministry of Local Development has moved quickly to implement the report, hiring an Executive Director effective October 1, 2010 to set up and run the observatory.

Meanwhile, the Ministry and the Decentralization Support Unit are conceptualizing and defining the linkages between four integrated layers of activity currently ongoing:

- Internet connectivity for every mother-village in Egypt. This coverage has already reached 60 percent and is projected to be at 80 percent by the end of the calendar year,
- Assignment of two personal computers, one printer and one UPS in every mother-village in Egypt. A significant portion of this requirement has been or is being met through funding from other donors.
- The comprehensive, web-based software solution now being developed by an EDI subcontractor (see below) that will gather data from every mother-village local information center for analysis and reporting by the observatory, and
- The LDO itself as the fourth and final layer of this integrated concept. As indicated above, the observatory now has a leader.

Accomplishments and Highlights

On August 17, 2010 the Project signed a subcontract with the Egyptian firm ITWorx for design of the software package, discussed above, to support the tracking, monitoring, evaluation and other functions of the LDO within the Ministry of Local Development.

The EDI team immediately commenced monitoring progress reports and other deliverables from the subcontract.

Plans for the Next Quarter

Completion of the highly successful LDO consultancy and the equally challenging software development are but two initial steps in the long road to achievement of a reputable, sustainable local development observatory for Egypt. While the Project has no further defined role with respect to the observatory at this time, the expectation is that additional activities will likely occur during the coming quarter.

For certain, the Project will continue technical assistance to prepare MoLD to assume ownership and management of the new software application and provide support as requested and necessary to the LDO Executive Director.

FOURTH QUARTER FFY 2010 DELIVERABLES

Deliverables, periodic reports, and technical assessments were completed during this quarter as shown in the table below. Additional deliverables, assessments and reports are in progress.

Table 1 Deliverables Completed July – September 2010

Description of Deliverable	Completion Date	In Support of Objective
EDI Monthly Update – July 2010	July	All
EDI Monthly Update – August 2010	August	All
EDI Monthly Update – September 2010	September	All
EDI Third Quarter FFY 2010 Progress Report	July	All
Functional map detailing international experience in decentralizing key sectors and the distribution of roles and responsibilities between central and local levels	August	SO3
PCFD training plan including priority issues that would affect the initiation of the fiscal decentralization strategy	September	SO1
Final report of the NYU Capstone Team working on the health sector (study on baseline assessment of line ministry directorates and departments)	September	SO3
Inclusive abstracts for thirteen EDI research papers	August	SO3
Training material on Increasing Own Source Revenue: Introduction	September	SO1
Documentation of the public finance component in pilot Governorates -Final Arabic version	September	SO1
Assessment findings and recommendations with respect to the Saqqara Center for Local Development	August	SO3
Proposed newsletter for MoLD	July	SO3
Proposed flyer for DSU at MoLD	July	SO3
Assessment of findings and recommendations with respect to the MoLD media unit	July	SO3
Proposal for advocacy activities targeting media	July	SO3

ANNUAL HIGHLIGHTS FOR FFY 2010

Decentralization Context

The reader is directed to Annex A in this volume for a brief retrospective on decentralization in Egypt and the role of the USAID Egyptian Decentralization Initiative since 2006. The following text highlights progress during the last Federal fiscal year (2010) and is organized under the three primary objectives of the Project.

Increased Egyptian Financial Resources Available to Local Government for Responding to Community Priorities (Objective No. 1)

The EDI approach to achieving this objective since the inception of the project has been a dual-track effort that focused on (i) improved fiscal capacity and resource management at the local level, and (ii) an adequate and reliable intergovernmental transfer system to finance local needs.

With respect to the latter, considerable early attention was focused on the mechanism and workings of so-called “grant commissions” and EDI sponsored considerable research on the topic for MoLD. More recently however, the focus shifted to priority areas identified by the International Monetary Fund in 2009, specifically on the preparation of a fiscal decentralization strategy and with the creation of a body within the MoF charged with responsibility for fiscal decentralization.⁸

1. Local Government Resources

The Project recorded significant successes in the enhancement of own-source revenue during the three-year EDI presence in the pilot governments. At that time, this was the principal strategy for addressing this objective and achieving the expected results set forth in the task order.

Subsequently, the emphasis has transitioned to documentation and adaption of local fiscal tools to facilitate nationwide capacity building and application of successful methodologies. Following are highlights of the accomplishments during this year, all of which build local council capacities to take on broader responsibilities for planning and managing the financial resources of their jurisdictions, as envisioned in the draft Local Administration Law.

- Recommendations for accounting and customer service improvements related to the administrative and financial restructuring of gas bottling facilities in Beheira established under the Governorate Local Services Development Fund (LSDF). When this activity is complete, it will serve as a model for possible restructuring similar facilities in other governorates, and more generally the model may help in streamlining other LSDF enterprises that exist in virtually all governorates.

⁸ The Egyptian Decentralization Initiative represented essentially the sole USAID cooperation with and support for the Ministry of Finance during the year covered by this annual report. For additional discussion and elaboration about EDI activities within the MoF on preparation of a fiscal decentralization strategy and the role played by EDI in establishment of the Permanent Standing Committee on Fiscal Decentralization within MoF, see the Executive Summary for this report and the following pages under Objective No. 3.

- Technical assistance to measure service costs of solid waste collection in two Beheira districts. This support was requested by the Governor to serve as a baseline for potential outsourcing of the activity. The effort builds on solid waste costing methods developed in Assiut and Qena Governorates. When complete the methodology should have general application in Egypt as solid waste management remains one of the essential services provided by local administration and forms a major element of the environment program that MoLD devolved in 2009.
- An initial draft of a budget terminology and planning glossary for use by members of local popular councils has been completed by the Project. The document, prepared at the request of MoLD for members of LPCs to better understand the budget process, is under discussion with the Ministry. When completed, the glossary will promote greater understanding of the GoE budget process.
- As part of the overall EDI capacity building activities (see details under Objective No. 3 in the following pages) training modules are being prepared for a number of topics in the sphere of public finance, such as increasing own revenue; pricing of public services to cover actual cost; and budget reporting, among other things.

2. *Information Technology*

In the pilot governorates during phase I of EDI, the Project provided IT solutions to (i) generate greater revenue from existing public service enterprises (ii) improve accounting capability and reporting within local units, and (iii) automate delivery of citizen services.

On December 22, 2009, two EDI-supported citizen service centers were ceremonially opened by the Governor of Beheira, H.E. General Mohamed El Sha'arawy and H.E. Dr. Ahmed Darwish, the Minister for Administrative Development. The official opening of the centers in Abu Hommos and Shubrahkeet Districts represented the successful completion of the EDI support for CSCs. These centers form part of a nationwide effort to improve the delivery of the services and raise citizen satisfaction with local administration. The event in Beheira attracted more than five-hundred parliamentarians, members of local popular councils, executive councils, citizens and the media. As the case in other EDI pilot governorates, the Governor of Beheira intends to replicate the centers in additional locations within the governorate.



H. E. Dr. Ahmed Darwish, Minister of Administrative Development and H. E. General Mohamed El Sha'arawy, Governor of Beheira, visiting Shubrahkeet Citizen Service Center December 22, 2009

Additional IT activities undertaken by the Project during the past year include:

- Completion of the automation of three pilot governorate and six district level accounting units using the MoF-designated Giza Systems application software, enabling them to achieve a national milestone set by the Minister of Finance to begin using automated accounting systems to better track local administration finances. Starting with Assiut, and then followed by Qena and Beheira, the pilot governorate and district LECs are now capable of reporting key financial activities using automated, auditable reports rather than the former manually prepared documents.
- Automated accounting applications were also implemented at a number of test sites in Beheira involving LSDF enterprises, specifically a quarry project; a local transportation project in Damanhour City; and bread distribution projects in Abu Hommos and Shubrahkeet districts.

Importantly, the bread distribution projects included automation of the distribution function in Beheira. Public response was very enthusiastic as the project eliminated the need to wait in long lines and provided a cleaner, more efficient method of receiving and paying for subsidized bread. Reduced corruption was an additional expected benefit.

- Automation of local popular council secretariats in the three pilot governorates and six pilot districts; and the local executive council secretariats in Beheira, Abu Hommos and Shubrahkeet). These demonstration projects strengthen the administrative capacities of these councils enabling them to better provide local services.
- Continued work on the automation of parking facilities used by public transport vehicles in Qena Governorate. Upon activation, this project will yield increased own-source revenue for the Governorate.
- Following months of preparation and procurement procedures, the Project signed a subcontract with the Egyptian firm ITWorx for design of a comprehensive software package to support the tracking, monitoring, evaluation and other functions of the local development observatory (LDO) within the Ministry of Local Development. The observatory is being established by MoLD in accordance with recommendations prepared by an international consultant team commissioned by EDI.

The automation of the LDO will provide a web-based software application, which will furnish the Ministry, governorates and local units with performance measures to assess whether local units are achieving improved local service delivery as they accrete greater decentralized authority. Once fully operational, all twenty-nine governorates plus affiliated local units will be able to access the system using internet technology.

Enhanced Participatory Mechanisms to Plan, Allocate, and Monitor the Use of Local Resources (Objective No. 2)

The main approach of EDI to meet this all-important objective was the unique integrated district development planning (IDDP) process employed in the three pilot governorates of Assiut, Beheira and Qena during phase I of the Project. This highly successful effort was concluded during the first quarter of FFY 2010, with the final iteration of IDDP training, which was held in Qena Governorate and was attended by forty-four participants.⁹ During phase I of EDI, over 360 IDDP training events were completed in the three pilot Governorates.

While the main legacy of the IDDP pilot program was the introduction and application of a comprehensive participatory planning methodology, aspects of which have survived during the nationwide roll-out of the devolvement of the local development sector during 2009-2010,¹⁰ another significant milestone in the IDDP program was achieved this year with the delivery of a fleet of 51 four-ton solid waste collection vehicles that were purchased by EDI for use in the six pilot districts.

Authorization in the Project task order for up to \$1.3 million in matching fund contributions was used to implement this procurement. The vehicles were selected as the means for distributing the matching funds because garbage collection and disposal is a critical service performed by local administration; it is a serious priority among many communities and reflected one of the important local needs surfaced during the 2008-2009 IDDP planning cycle in the EDI pilot districts.

The EDI approach to this task order objective and Project support for participatory planning shifted emphasis at the beginning of year four, taking on a nationwide implementation mode to support the MoLD devolution of the local development budget, which was initiated in August 2009. Capitalizing on the experience from the phase I field work, the Project began innovation of a number of tools and manuals that are being adopted by MoLD and will be disseminated nationwide to all governorates and districts, including:

- Procedures for use of participatory mechanisms by local units to identify community priorities, review local development plans, and coordinate with other line ministry directorates and departments at governorate and district levels respectively. The procedures are fully consistent with the Local Administration Law and encourage participation by community representatives.
- A manual with sections for LPCs and LECs using participatory planning for selection of local development projects entitled: *“Local Development Needs Identification and Prioritization: LPC and Local Executive Tools”*.¹¹

⁹ Training course entitled **“IDDP: Monitoring Implementation of Plans”**.

¹⁰ For example, procedures for local units to use of participatory mechanisms to identify community priorities, review local development plans, and coordinate with line ministry directorates and departments at governorate and district levels respectively. The procedures are fully consistent with the Local Administration Law and encourage participation by community representatives.

¹¹ See Objective 3, Capacity Building for a further discussion of the application of this manual

Strengthened Administrative Capacity and Legal Framework for Local Government to Manage Resources Effectively and Transparently (Objective No. 3)

As described, the Government of Egypt moved from a generalized vision for decentralization to a concrete programmatic approach aimed at decentralizing significant central authorities to local administrations throughout the country. Taking account of those policy decisions, the Project support to GoE shifted to five major activities aimed at further policy reform and strengthening implementation of the policy milestones already achieved.

1. EDI Support for Fiscal Policy Reform

Developing a Fiscal Decentralization Strategy

During the past year and longer, the Egyptian Decentralization Initiative has effectively been the only USAID activity cooperating within the Ministry of Finance.

Building on the IMF recommendations to develop a fiscal decentralization strategy, EDI hosted a team of international fiscal policy experts to work with the newly created MoF Permanent Committee for Fiscal Decentralization (PCFD) to prepare a draft fiscal decentralization strategy.

The Project supported the MoF in establishing four subcommittees of the PCFD charged with working on selected aspects of the decentralization strategy (see details earlier in this report in the section on fourth quarter activities). During FFY 2010, personnel from EDI worked directly with the subcommittees and the Project also provided material support, furnishing the workplace of the PCFD.

In addition, a proposed two-year work plan for the PCFD was prepared by EDI to achieve the following five expected outputs:

- (i) Fiscal decentralization strategy and proposed action plan drafted including the identification of formal pilot and expansion stages,
- (ii) Fiscal decentralization policy coordinated with the budgeting, treasury reforms and internal audit conducted by the Ministry,
- (iii) Fiscal [human] capacity enhanced at the central and local levels,
- (iv) Legal and regulatory amendments to enable the implementation of fiscal decentralization
- (v) Development of a treasury single account structure for extra-budgetary funds at the local level.

Over the past year the international fiscal policy experts working closely with EDI produced these major deliverables:

- *Inception Report: Preparation of a Fiscal Decentralization Strategy for Egypt* containing a rapid assessment of existing fiscal governance and decentralization issues at the central and local levels. The report outlines the main findings of initial discussions with the Ministries of Finance and Local Development, and other key stakeholders.

- *Toward a Fiscal Decentralization Strategy for Egypt: A Framework for Discussion.* This background note summarized the status of fiscal decentralization strategy discussions in Egypt, provided examples of international experience relevant to Egypt and provided a technical review of the main components of the fiscal decentralization strategy.
- A series of presentations on fiscal decentralization, particularly the options for fiscal decentralization strategy in Egypt.
- A *Draft Fiscal Decentralization Strategy for Egypt and the Explanatory Notes to the Draft Fiscal Decentralization Strategy for Egypt*, which provides detail background on key items of the strategy.



**March 27, 2010 Conference on “Allocating Government Investments at the Local Level”
Seated from left: Reda Abou Serei, MoE; Ashraf El Araby, MoED; Amina Ghanem, MoF; Lobna Abdel Latif, DSU; Salwa Tobbala, USAID**

Support for De-Concentrating Local Service Capital Budgets

Early in 2010, the Prime Minister acting on the recommendation of the Minister of Finance, issued direction to de-concentrate the capital investment budgets of nine central agencies (namely the Ministries of Health, Education, Social Solidarity, Housing, Labor, Agriculture, and Transport plus the National Councils for Sports and Youth) to their governorate-level service directorates. This action effectively puts that tier of local administration in charge of allocating these budget resources.

This action of the Prime Minister was based in part on EDI work on proposed amendments to the Local Administration Law that were subsequently recommended to the MoF. The decision, when implemented, is a significant step in decentralizing budget authorities because it covers most of the central government investment in local services.

The Project sponsored a series of workshops, involving more than eighty participants from most of the nine affected line agencies, at which EDI and the Ministries of Local Development and Finance discussed implications of the decision by the Prime Minister. The participants also raised issues their agencies would face implementing the new budgetary approach to capital investments at the local level.

2. Local Restructuring Study

The draft amendments to the Local Administration Law include a number of innovative features that change relationships between the central authorities and the governorates, and between governorates and districts. The local restructuring study launched by EDI on behalf of MoLD is designed to assess current relationships at the governorate and district *diwan* levels and make recommendations for implementing new provisions envisioned in the Local Administration Law.

A lead team of experts is guiding the study as well as the work of two field teams operating in Beheira and Sohag Governorates. To date, the study has completed an initial situational analysis.

3. *Local Development Observatory*

The Project organized a four-member international and local panel of experts to prepare recommendations for a local development observatory within MoLD. The primary function of the LDO would be to measure performance of local units achieving development goals. The team completed their work during the third quarter and presented:



Stakeholder Workshop on the Local Development Observatory June 2, 2010

- An inception report that covered international practice related to local development observatories with particular reference to experience pertinent to Egypt. The report also reviewed various observatories already existing in Egypt;
- An interim report presenting a preliminary blueprint for establishing the LDO within MoLD and initial recommendations for key indicators to assess the performance of the local development sector, and
- A final report which contained recommendations for setting up the LDO, preliminary performance indicators, main position descriptions, organizational structure and templates for developing preliminary budgets.

The team conducted approximately two dozen meetings and interviews, visited three governorates, and organized and presented a workshop for stakeholders. The final report was well received by counterparts at MoLD and the Ministry is expected to move rapidly to organize the observatory.

In fact, on August 9, 2010 the Decentralization Support Unit at MoLD issued a Notice for Recruitment for the LDO Executive Director position. The post was filled by Dr. Khaled Abdel Halim effective October 1st; strong evidence of the deep commitment from the Ministry to activate a vital aspect of decentralization.

4. *Advocacy*

Advocacy, public awareness, and communications have been key features of the EDI approach to building understanding, knowledge, and support for decentralization concepts throughout the Project. In year four to make the approach sustainable, the Project worked directly with MoLD to design an advocacy strategy that supports implementation of GoE decentralization policies. The strategy identifies major

decentralization issues and themes where advocacy should be concentrated and includes formulation of messages targeted to key stakeholder groups.

A major focus of the advocacy strategy is to mobilize broad support for the proposed amendments to the Local Administration Law through organizing workshops, seminars, and conferences targeting politicians, parliamentarians, journalists, governors, public opinion leaders, and other policy makers. The following major activities were undertaken:

- A workshop on local economic development was organized with the Faculty of Economics and Political Science, Cairo University. This event was a precursor to a major national conference on the topic to be held in December 2010. At the workshop, three thematic reports were presented and discussed to frame key issues for the conference papers:
 - (i) Enabling the Local Dimension in Economic Development: Macroeconomic Implications;
 - (ii) Local Economic Development: Concept Note; and
 - (iii) Governance in Local Economic Development: A Concept Note.

The two-day workshop attracted about forty participants including academia, H.E. the Governor of Beni Suef, the Secretary General of Suez Governorate, and senior officials from several Ministries and national agencies. Based on the discussions, research topics were clarified and researchers have been assigned to prepare papers for the planned December conference.



“Enabling the Local Dimension in Economic Development” Workshop June 4-5, 2010

- Fourteen research papers and two surveys were prepared by the Decentralization Policy Support Unit (DPSU) at the Faculty of Economics and Political Science, Cairo University, under contract with EDI. The research papers include a wealth of content that will form the core of information kits being prepared by the Project to target discrete advocacy groups. The two surveys covered parliamentarian viewpoints on the political challenges confronting decentralization and the perspectives of local and ministry executives on the administrative hurdles to decentralization. The survey results will serve as a baseline for planned advocacy activities.

The papers and surveys were presented at a conference organized by DPSU and the Political Science Committee of the Supreme Council on Culture. Nearly seventy participants attended comprising a unique group of distinguished academia, media, politicians and parliamentarians, and current and former Ministers of Local Development and the Governors of Cairo, Beheira, and the Sixth of October Governorates.

- The Project subcontracted three research institutes to conduct advocacy workshops and seminars on behalf of the Project and produce basic awareness and information kits.

5. Capacity Building

Capacity building activities during the past year radically shifted from working in pilot governorates to supporting MoLD in preparation and delivery of nationwide training programs aimed at building local administration human capacity to implement various devolved local development programs. Capacity building interventions concentrated on three major activities:

- Preparation of a five-year capacity building strategy to support the GoE national decentralization program,
- Assessment of the Saqqara Center for Local Development (SCLD) and other training institutes as potential venues for carrying out capacity building programs, and
- Supporting MoLD in conducting specific training programs in all twenty-nine governorates.

Five-Year National Capacity Building Plan

As the GoE strategy for decentralization evolved over the course of the Project so did the concepts of how to build local administration capacity to implement broader responsibilities to implement the strategy. Accordingly, the national curriculum for decentralization called for in the original scope of work for the Project was supplanted by the national capacity enhancement strategy. This latter concept recognized that considerable capacity already exists at local administration levels to carry out decentralization activities, but that this capacity needs to be built-upon to carry out new functions as these are devolved to different tiers of local administration.

Number of Individuals Attending One or More Training Activities in Year Four			
Governorate	Number of Participating Individuals		
	Male	Female	Total
Phase I Implementation (1st Qtr 2010)			
Assiut	233	17	250
Beheira	164	17	181
Qena	201	9	210
Cairo	171	55	226
Subtotal	769	98	867
Nationwide Implementation (4th Qtr 2010)			
Cairo	136	77	213
Giza	48	35	83
Helwan	85	26	111
Sixth October	215	12	227
Qalyubia	302	40	342
Alexandria	72	18	90
Beheira	699	24	723
Matruh	202	6	208
Monufia	434	41	475
Gharbia	190	10	200
Kafr el-sheikh	511	24	535
Damietta	430	68	498
Daqahlia	729	31	760
North Sinai	296	10	306
South Sinai	56	3	59
Port Said	51	33	84
Ismailia	170	24	194
Suez	29	16	45
Sharqia	531	26	557
Beni Suef	303	3	306
Minia	262	12	274
Fayoum	331	17	348
Assiut	470	11	481
New Valley	237	14	251
Sohag	392	6	398
Qena	279	3	282
Aswan	275	17	292
Red Sea	82	17	99
Luxor	274	18	292
Subtotal	8,091	642	8,733
Grand Total	8,860	740	9,600

The five-year strategy that resulted from collaboration with MoLD envisions three overlapping phases that take account of the national evolution in decentralization strategy (see following table).

Table 2 Phases of the Five-Year Capacity Enhancement Strategy

PHASE	PERIOD	FOCUS OF ACTIVITIES AND ACTION PLANS	DRIVING THEME
1	2+ years 2010 – 2012	<ul style="list-style-type: none"> ➤ Effective working within the existing system (as defined by the current Local Administration Law) ➤ Building momentum for change ➤ Developing the critical resource base 	<i>“Building for common goals and results and seeking quick wins”</i>
2	2+ years 2012 – 2014	<ul style="list-style-type: none"> ➤ Building on successes and adapting to local restructuring ➤ Developing people’s skills and behaviors ➤ Beginning to incorporate the line ministries and sector planning issues 	<i>“Shifting behaviors through actions, performance and results”</i>
3	2 to 3 years 2014 - 2017	<ul style="list-style-type: none"> ➤ Consolidating the gains and successes ➤ Integrating efforts across MoLD and the line ministries ➤ Linking with other (donor) project efforts ➤ Involving all stakeholders effectively 	<i>“Getting used to the new world – take ownership of the new processes to become habits”</i>

Assessment of Saqqara Center for Local Development (SCLD)

The Project assessed the readiness of SCLD to participate in the national capacity building program. The comprehensive assessment covered organizational aspects, legal framework, finance, human resources, information technology, programs and physical plant of the SCLD. The final report on the assessment was submitted to the director of SCLD who submitted it to the General Secretariat of Local Administration of MoLD for review and action.

MoLD One Year Capacity Building Plan (June 2010 – May 2011)

Beginning in the third quarter and continuing through to the end of the Project year, EDI supported MoLD in implementing an urgent capacity building program to support on-going decentralization of the local development sector. Over the two quarters, EDI worked with MoLD to prepare training materials, support the Ministry and governorates in conducting the training programs, and then in evaluating lessons learned from the effort.

Initially MoLD elected to conduct nationwide capacity building programs without support from EDI. However experience in conducting their first training course convinced the Ministry that cooperation with EDI in conducting the nationwide training program would likely ensure greater success.

Accordingly EDI was asked to support a second phase of training programs beginning in June 2010 and targeted to 13,000 LPC and LEC members in the twenty-nine governorates. Under the plan, the Project developed training materials, provided trainers and training of trainers. Meanwhile MoLD and the governorates were responsible for all trainee associated costs.

The initial training program was “*Local Development Needs Identification and Prioritization: LPC and LEC Executive Tools.*” To carry out the program, the Project engaged and trained forty-seven trainers to conduct a total of 685 training events from July 4 to August 5, 2010. Approximately 8,730 individuals attended the course.

In the next reporting period, the Project will conduct a series of financial training courses on the subject of local revenue generation.

Illustrative Titles of EDI Capacity Building Programs

- Local Development Needs Identification and Prioritization: LPC and LEC Executive Tools
- Increased Own Source Revenue Identification: Introduction
- Training of Trainers for Decentralization
- Increasing Own Source Revenue: Applied
- Preparation of Local Popular Council Budget
- Local Investment Projects: Economic and Management Issues
- Field Follow-up of Development Project Implementation
- Public Services Costing and Pricing
- Enhanced Financial Management Systems: Budget Reporting
- Enhanced Financial Management Systems: Management of Control Gaps
- Enhanced Financial Management Systems: Program-Based Budgeting
- Problem Solving and Decision Making

6. *Decentralization and Fiscal Decentralization Study Tour to Poland*

In July and August 2010, the Project conducted a highly successful study tour to Poland for seventeen senior officials from the Ministries of Finance, Local Development, Administrative Development, and Economic Development.

Poland was selected as the venue for the study tour because it has made a successful transition from a centrally planned form of governance to a model of decentralization. Polish central and local administration officials briefed Egyptian counterparts on the Polish experience with decentralization and lessons learned from the process. Equally important, Poland has a form of local administration that is similar to the Egypt local administration structure making the Polish experience all the more relevant to Egyptians.

The two week study tour was divided into two contingents: the first focused on institutional issues pertaining to the Polish experience, while the second group focused on fiscal decentralization issues. During the tour, visits were made to the Polish Ministry of Interior and Public Administration, the Ministry of Regional Development, the Ministry of Finance, the National School of Public Administration, Krakow City Hall, Krakow Regional Branch of the Supreme Chamber of Control,

Dabrowa Gornicza City Hall, and the Katowice Regional Chamber of Audit. The study tour was enthusiastically received by the participants and had a significant impact on the redrafting of amendments to the Local Administration Law.

A Footnote on Legacy and the Egyptian Decentralization Initiative in FFY 2010

The EDI field offices in the three pilot Governorates of Assiut, Beheira and Qena closed during February 2010 after approximately three years of remarkably successful interventions designed to advance the decentralization cause.

The field office furnishings and equipment were subsequently distributed between the respective Governorates and the pilot district LPCs in accordance with consent received from the Minister of Local Development and approval by USAID of the EDI/AECOM Property Custodial Control and Disposition Program. At the Governorate level these assets could be deployed to support any future decentralization support units that the Governor may decide to establish.

In addition, formal transfer of all assets procured to support program interventions by EDI in the three pilot governorates from inception of the Project, was also completed (e.g. equipment for citizen service centers, accounting system automation, and solid waste collection vehicles donated as part of the integrated district development plan matching fund contribution).

In all, assets valued at nearly \$2.8 million were officially transferred to the three pilot governorates and six pilot districts by EDI on behalf of USAID from the American people.

Despite the closing of the former EDI field offices, Project personnel continued providing technical assistance in Beheira and Qena to complete some remaining tasks from phase I.

In addition, under the axiom that decentralization cannot be achieved without actually working in (and with) the local tiers of government, some new EDI activities during the past year did extend to the governorate level; most notably the local restructuring study with teams working in Beheira and Sohag and capacity building in all governorates that was delivered by trainers employed and trained by EDI.

Table 3: Cumulative Participants Trained Through Year Four

Governorate	Gender		Target Group			Total
	Male	Female	MLPC	LECs	Citizens	
Assiut	7,127	1,109	3,289	2,901	2,045	8,236
Beheira	6,503	1,208	3,069	2,384	2,257	7,711
Qena	5,305	788	2,676	2,006	1,411	6,093
Minia	2,043	141	1,963	200	21	2,184
Cairo	391	244	101	464	70	635
Giza	55	53	31	77	0	108
Helwan	116	39	41	114	0	155
Sixth of October	266	17	50	233	0	283
Qalioubeya	404	59	175	288	0	463
Alexandria	101	36	50	87	0	137
Matrouh	368	12	161	219	0	380
Monofiya	634	73	273	434	0	707
Gharbiya	354	22	104	272	0	376
Kafr el-Sheikh	683	35	238	480	0	718
Damietta	567	110	287	390	0	677
Daqahliya	1,019	48	404	663	0	1,067
North Sinai	459	17	121	355	0	476
South Sinai	69	6	21	54	0	75
Port Said	61	48	30	79	0	109
Ismailia	261	49	97	213	0	310
Suez	38	29	21	46	0	67
Sharqiyah	772	42	245	569	0	814
Beni Suef	433	5	187	251	0	438
Fayoum	612	24	249	387	0	636
New Valley	332	22	123	231	0	354
Sohag	552	10	204	358	0	562
Aswan	409	27	177	259	0	436
Red Sea	109	35	41	103	0	144
Luxor	380	31	188	223	0	411
Cumulative Grand Total	30,423	4,339	14,616	14,340	5,804	34,762

Figure 1 Cumulative Training Participants by Gender and Target Group

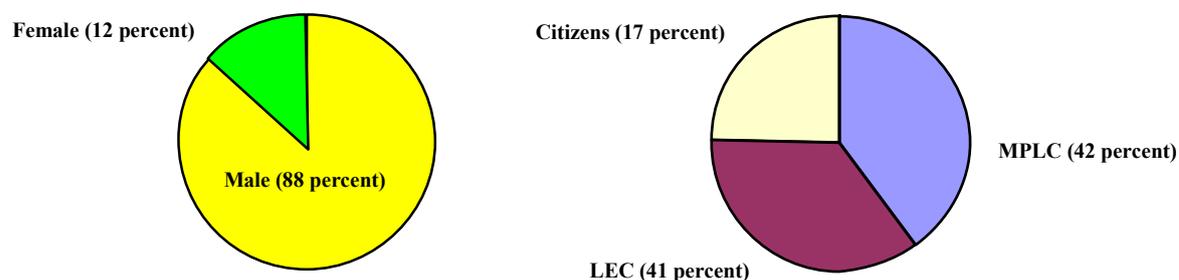


Table 4: Summary of Year Four Training Implemented in EDI Phase I Governorates and Nationwide Implementation

Component	Program Name	No. of Participants (Phase I)				Nation	Totals/ Program	Totals / Component
		Beheira	Assiut	Qena	Cairo	29 Govs		
DP	EDI work plan retreat	-	-	-	7		7	316
	Allocating Government Investments at the Local Level	-	-	-	59		59	
	Launching the Permanent Steering Committee for Fiscal Decentralization	-	-	-	23		23	
	Local Development Observatory	-	-	-	20	-	20	
	Local Economic Development	-	-	-	28		28	
	Local Planning Tools: Governorates Secretary General and Training Coordinators Orientation	-	-	-	53		53	
	Local Planning Tools: Governorates Training Coordinators Roles and Responsibilities in the implementation of the training in the field	-	-	-	32		32	
	Local Planning Tools: Trainer's Orientation on the program content and training methodology	-	-	-	47		47	
	Workshop on the Role of Regional Planning in the Implementation of Decentralization in the Local Development Sector	-	-	-	23	-	23	
Workshop on vision and mechanisms of implementing decentralization: Fiscal Dimensions	-	-	-	24	-	24		
LA	LPCs Management Planning	84	56	59	-	-	199	199

Table 4: Summary of Year Four Training Implemented by EDI Phase I Governorates and Nationwide Implementation (continued)

Component	Program Name	No. of Participants (Phase I)				Nation	Totals/ Program	Totals / Component
		Beheira	Assiut	Qena	Cairo	29 Govs		
<i>PF</i>	Enhanced Local Revenue and Revenue Allocation: Applying Improved Costing and Managerial Accounting System for Local Projects	19	28	-	-	-	47	217
	Enhanced Local Revenue and Revenue Allocation: Applying Improved Costing and Managerial Accounting System for Local Projects - Gas Factory	9	-	-	-	-	9	
	Enhanced Local Revenue and Revenue Allocation: Applying Improved Costing and Managerial Accounting System for Local Projects - Printing House & Parking Lots	-	20	13	-	-	33	
	Enhanced Financial Management Systems: Improved Financial Reporting	29	50	49	-	-	128	
<i>PP</i>	IDDP Monitoring Implementation of Plans	-	66	44	-	-	110	12,835
	Local Development Needs Identification and Prioritization: LPC and Executive Tools	-	-	-	-	12,725	12,725	
<i>PA</i>	Public Hearing Management Skills	60	58	66	-	-	184	184
<i>IT</i>	Basic Computer Skills	-	-	18	-	-	18	65
	GIS Basic Skills	7	-	-	-	-	7	
	GIS Advanced Skills	7	-	-	-	-	7	
	Training on GIS Equipment: TC/1203	5	-	-	-	-	5	
	Training on GIS Equipment: RD/8000	5	-	-	-	-	5	
	Training on GIS Equipment: GPS Trimble (L1)	5	-	-	-	-	5	
	Training on GIS Equipment: Garmen and Hand	5	-	-	-	-	5	
	LPC Application		13	-	-	-	13	
TOTALS	235	291	249	316	12,725	13,816	13,816	
Percent of Total	1.7	2.1	1.8	2.3	92.1	100.0		

ANNEX A: RETROSPECTIVE ON DECENTRALIZATION IN EGYPT AND THE ROLE OF EDI

DECENTRALIZATION IN EGYPT

Major Decentralization Milestones in Egypt

Support for decentralization in Egypt is definitely strong and has been growing. This strong support is evidenced by the positive trend in announcements of the ruling National Democratic Party (NDP) of Government of Egypt policies between 2007 and 2009. The discussions of the 2007 NDP conference centered on their broad vision concerning decentralization that entailed strengthening the governorate and district levels of local administration to provide improved services. This vision assumed elected local popular councils at the center of an invigorated local administration using community participation as the major tool for ensuring that local development plans reflect community priorities and aspirations.

This vision defined the Governorate as the de-concentrated arm of the central government being responsible for strategic planning at that level. The district would become the focus of devolved central level functions, being closer to the citizens and more able to respond to their needs. At each level the LPC would play a key role in approving local development plans and in monitoring the performance of executive councils. The 2007 NDP vision called upon the Ministry of State for Local Development, the USAID partner for EDI, to be the national coordinator of decentralization strategy.

This formulation of a two-tiered approach to devolving central functions to local administration has remained a key feature of the MoLD decentralization strategy.

Again in 2008, the NDP addressed decentralization in more detail by further defining the role of the governorate and district councils. The conference elaborated the role of governorate LPCs and local executive councils (LECs) in strategic planning at the governorate level. As noted in the 2007 conference, the district LPC through its LEC was seen as accountable to the citizens for developing and implementing district (and by definition village) development plans. The 2008 policy paper called for the district LPC to play a significant role in selecting the head of the district executive council, the first time in Egypt that an „official policy document’ called for giving an elected local council direct responsibility for guiding appointments to executive councils.

The following year (2009) was a time for action; the NDP papers on decentralization called for devolving LE 3.9 billion to governorate, district and village LPCs to plan and implement local development projects, maintain and replace local water and wastewater networks (through governorate water and wastewater companies), and maintain district and local level school buildings. A timeline was established for separating district budgets from governorate budgets and for creating separate budget authorities at the district level. Community participation was highlighted as essential for ensuring citizen involvement and satisfaction with services provided by local administration. Both the 2008 and 2009 conference papers called for amendments to the Local Administration Law and both were quite prescriptive in terms of the amendments needed to advance decentralization reforms.

Based on the foregoing, the Ministry of Local Development launched nationwide devolution of planning and implementing the local development budget. This decision affected all twenty-nine governorates, involving governorate, district, city and village councils in 2009. The local development budget covers five programs affecting citizen wellbeing: (i) local roads and transport; (ii) local electrical networks for street lighting; (iii) improved environment through solid waste collection, drainage coverage, and street cleaning; (iv) safety services; and (v) projects targeted to youth, women, and other special groups.

During 2010, implementation of decentralization intensified. First, at the urging of the IMF and with strong technical assistance from EDI, the Ministry of Finance embarked on preparation of a fiscal decentralization strategy that will positively change the way in which local administrations finance their local development efforts.

Also in 2010, upon the recommendation of the Minister of Finance (MoF), the Prime Minister issued direction to eleven line ministries to transfer responsibility for investment funds for local projects directly to governorate level line-ministry directorates rather than maintain the funds at central levels. This will de-concentrate responsibility for implementing these local investments to governorate, and later district levels, as a first step in developing integrated local development plans. Throughout the year, the Ministry of Local Development continued devolving responsibility for its local development programs started the previous year.

EDI Support for Decentralization Policy Initiatives

In cooperation with its partner MoLD, and later the MoLD Decentralization Support Unit, USAID-Egypt through EDI played a significant role in shaping these policy statements and ultimately the programs that emerged.

1. Defining MoLD Decentralization Strategy

During 2007 and 2008, the Project hosted two major conferences that highlighted international experience relevant to Egypt in adopting decentralization strategies. The first included two current Ministers and a former Minister of Local Development, members of the People's Assembly and the Shura Council, governors, and other stakeholders that discussed experience and lessons learned in the decentralization sphere.

The second, a much larger conference attended by nearly 400 participants broadened the audience to include LPC presidents from governorate and district levels, additional governors, donor representatives, NGOs, academia, and a large contingent from the media. This conference highlighted the role that different national and local stakeholders play in successfully defining and implementing decentralization strategies.

Following is a summary of major decentralization milestones in Egypt since 2004:

Decentralization Milestones in Egypt

- 2004 Ministry of Planning in cooperation with UNDP selects decentralization as main theme for the Egypt Human Development Report
- 2005 Decentralization appears as main policy option in Presidential campaign
- 2006 USAID launches the Egyptian Decentralization Initiative (EDI) in cooperation with the Ministry of Local Development (MoLD)
- 2007 Constitutional amendments accelerate decentralization
- 2007 National Democratic Party (NDP) addresses decentralization in its annual party conference and states a vision for decentralization that entails strengthening the governorate and district levels of local administration to provide local services and identifies key roles for elected local popular councils (LPC) in approving local services investment plans.
- 2007 The Government of Egypt (GoE) designates MoLD as national coordinator of decentralization policy
- 2008 The GoE selects Fayoum, Ismailia and Luxor as decentralization pilots and education, housing and social solidarity as priority sectors for decentralization
- 2008 NDP readdresses decentralization in its annual conference in more detail by, among other things, defining the governorate LPC and local executive council (LEC) as responsible for strategic planning at the governorate level and district LPC as responsible for guiding the LEC implementation of district plans and to be accountable to the citizens.
- 2009 USAID assists the MoLD Decentralization Technical Office in conducting retreats to develop an action plan for the national decentralization strategy
- 2009 Al Ahram Center for Political and Strategic Studies conference (conducted with EDI support) finds strong support for decentralization among major political parties in Egypt
- 2009 The Minister of Finance delegates limited budget authority to governorate LPCs
- 2009 The GoE announces decentralization of the MoLD local development budget and components of the housing budget, and embarks on a nationwide devolution of local development capital budget planning and implementation
- 2009 LE 3.9 billion is allocated to governorate, district, and village LPCs to plan and implement local development projects, maintain and replace local water and wastewater networks, and maintain district and village level schools. Community participation is seen as key to involving citizens in local decision making.
- 2010 The Minister of Finance establishes a Permanent Standing Committee for Fiscal Decentralization to develop and implement a fiscal decentralization strategy and begin delineating the strategy comprising an initial de-concentration phase and a later devolution phase
- 2010 The Prime Minister issues directives to nine line ministries to transfer investment funds for local services directly to their governorate level directorates
- 2010 MoLD begins establishment of a local development observatory to measure local administration performance in providing services
- 2010 MoLD begins nationwide capacity enhancement program to strengthen local administrations to implement devolved responsibilities.

EDI Support for Decentralization Policy Initiatives (continued)

1. Defining MoLD Decentralization Strategy (continued)

During the summer of 2007 through a series of interventions, Project experts provided international experience and commentary to MoLD on the emerging concept of a two tier approach to decentralization. The first tier, the governorate headed by a governor appointed by the President, would function as the de-concentrated arm of the central government.

Meanwhile, the district (second tier), would be the focus of devolved line ministry authorities. The Project furnished examples of how this approach had successfully worked in other countries and how local elected councils could be strengthened to exercise a more significant role in managing the delivery of local services.

The Ministry of Local Development and EDI worked to define research topics that became the basis for commissioning six Egyptian research institutes to study various aspects of decentralization in Egypt. The results of these studies were presented in various forums during 2008 and in some cases published by the research institutes.

During 2008 and early 2009, the Project continued direct technical assistance to MoLD for refining its decentralization strategy. In addition, a series of workshops and conferences were organized through the Al Ahram Center for Strategic Studies and the research institutes of the Faculty of Economics and Political Science at Cairo University.

In August 2009, the Egyptian Decentralization Initiative participated with MoLD in implementing the devolution of the local development budget.¹² This nationwide intervention involved all twenty-nine governorates and covered the five programs of the local development sector previously enumerated, which directly affect the urban and rural citizens of Egypt. The support from EDI included capacity building and help with preparation of the MoLD “*Manual for Implementation of Decentralization in the Local Development Sector 2009-2010*”. The *Manual* provided guidelines for LPCs and LECs to employ community participation in determining local priorities and formulating them into projects that could be funded by the MoLD local development budget.

The *Manual* represented a significant milestone because for the first time, Egypt used transparent funding formulae to allocate development funds first to the governorate level and then to lower tier local units.

Between 2007 and 2009 EDI provided considerable technical assistance to MoLD in the design of transparent funding formulae. This support ranged from research papers on international experience in the application of transparent funding mechanisms to one-on-one technical assistance for key MoLD and MoF senior advisors. Fiscal

¹² Previously EDI provided technical expertise to MoLD on how the local development budget could be devolved to local administration. The EDI expatriate fiscal advisor conducted a series of meetings with MoF and MoLD on international experience in decentralizing local development budgets.

experts from EDI also provided recommendations on the use of grant commissions as a mechanism for allocation of central funds to local administration.

The Project continued to support programmatic devolution of authorities in 2010 with a nationwide capacity building program. Implementation of this program represented a major milestone for USAID as it was the first time that MoLD worked with a donor to conduct a nationwide capacity building program, in this case using training materials jointly developed with the EDI project team.

Equally important and also for the first time in Egypt, the Ministry of Local Development approved training materials highlighted the role of LPCs in preparing local development plans and called for use of participatory mechanisms such as public hearings to inform and solicit citizen inputs into the planning process. While this use of participatory mechanisms was less comprehensive than those employed by EDI during implementation of the integrated district development planning process earlier in the project, it nevertheless represented a policy breakthrough in the nationwide call for use of participatory mechanisms.

2. *Defining a Fiscal Decentralization Strategy*

Starting in 2009 and continuing in 2010, the Project provided direct support to the Ministry of Finance for developing a fiscal decentralization strategy. Mid 2009, at the request of the Minister of Finance, the International Monetary Fund (IMF) sponsored a mission to assess options for fiscal decentralization in Egypt (EDI experts participated in that and subsequent IMF missions on this topic).

In their aide-mémoire, the IMF recommended that an international expert be employed to support the GoE in establishing its fiscal decentralization strategy. It also recommended creating a permanent body in the Ministry to oversee development and implementation of the strategy. This body, the Permanent Standing Committee for Fiscal Decentralization (PCFD) was instituted by a Ministerial Decree in early 2010. It is chaired by a Deputy Minister of Finance, and is composed of representatives from various sectors in the MoF plus representatives from MoLD and the Ministries of Education and Housing. Other ministries may be added later.

USAID through the Egyptian Decentralization Initiative played crucial role in defining and supporting the establishment of the PCFD representing a breakthrough in international cooperation.

Also in accord with the IMF recommendation, the Project commissioned two internationally known experts to work with the EDI Senior Decentralization Advisor and the subsequently established PCFD to articulate a fiscal decentralization strategy. Technical support was also provided to the PCFD in setting up four subcommittees to develop recommendations on various aspects of the strategy.

The emerging fiscal decentralization strategy envisions two phases: a first phase in which central line ministry functions are de-concentrated to mainly governorate level line ministry directorates. Concurrently, fiscal control systems such as a GFMS¹³ or

¹³ Government Financial Management Information System

internal audit would be implemented. Once these important steps are advanced, the second phase would embark on devolution of central line ministry responsibilities and funding to district executive authorities under the direct control of elected LPCs, in effect creating local budget authority at the district level. As the capacity of the district local authorities grows, broader functions would be devolved to them to the point where they would be responsible for delivering most local services within their communities.

The first draft of the strategy was submitted in August 2010 and is being finalized with inputs from PCFD subcommittees.

3. *Redrafting the Local Administration Law*

The Project has had a long-running, prominent role in providing technical assistance for amendments to the Local Administration Law. In 2008 an expert panel was formed to conduct a general review of the Law and requirements for amendment.

A more comprehensive approach to the issue surfaced in 2009 when MoLD established six expert working groups to consider different aspects of the Law and recommend potential revisions. Project personnel and consultants directly participated in three of the working groups, cooperated in an intensive effort to draft the entire body of amendments to the Law, and initiated a local restructuring study in two selected governorates to define practical requirements of the proposed amendments to the law.

Finally, following an extraordinarily successful EDI-sponsored study tour to Poland in the summer of 2010, a major new impetus emerged for reforming the Egyptian law, and the proposed amendments were redrafted to take account of the lessons learned from the ten-year decentralization experience in Poland.

The Local Administration Law amendments are now expected to be referred to the People's Assembly after the 2010 elections. The draft law, when adopted, will have far-reaching impacts on local administration and on empowering LPCs at governorate and district levels.

4. *Local Restructuring*

As noted, Ministry of Local Development proposals for reformulating the Local Administration Law would establish a new structure of local governance and would strengthen the authorities of LPCs in directing and managing decentralized programs, among other major changes and modifications.

The Project is providing technical assistance in analyzing the existing institutional and organizational relationships of specific line ministries, their directorates and their programs, and in assessing the impacts of changes envisioned by the proposed amendments to the Law. For example, the draft law will create new executive bodies at the district level that will be headed by district LPCs. These bodies will be responsible for decentralized programs and divisions transferred from the *diwan*, making them more dynamic and citizen-oriented, and capable of delivering improved local services.

5. *Advocacy*

Advocacy, raising public awareness, and communications have been a focus of the Project since its inception. Initially EDI advocacy supported the development of the decentralization strategy, implementation of which is being coordinated by MoLD. Refinements to the strategy emerged over time from subsequent conferences and workshops sponsored by the Project and covering a wide range of decentralization-related topics and involving stakeholders from national and local levels.

Currently, the Project is implementing an advocacy strategy approved by the Ministry of Local Development which includes building capacity within the Ministry to use various available communication venues. A major objective of the advocacy program is to mobilize political support for the MoLD proposed amendments to the Local Administration Law through the organization of workshops, seminars, and conferences targeting politicians, parliamentarians, journalists, governors and other national and local stakeholders.

ANNEX B: OBJECTIVES AND EXPECTED RESULTS

Contract requirements for EDI are set forth in the USAID task order,¹⁴ 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.

Egyptian Decentralization Initiative - Task Order Objectives and Expected Results

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.
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.
3. Increased capacity of local stakeholders to make decisions on the generation of local revenue and its utilization.
4. Transparent financial management systems in place at the governorate and district levels within the pilot governorates.

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.
6. Local Popular Councils operate in a more effective manner, including exercising appropriate independence from the local executive in financial and administrative matters.
7. Participatory planning mechanisms developed and implemented at the district, town and village levels in the phase I governorates.
8. Budget development, monitoring and reporting systems implemented in pilots allowing for greater involvement of Local Popular Councils in setting priorities and managing resources.

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.
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.
11. Local government officials effectively and transparently collect, allocate and manage targeted own-source revenue.
12. Specific administrative authorities assigned and executed between governorates, districts and villages.
13. Sample pilot district performance standards developed and promoted to promote transparency, accountability and responsiveness to citizens

designated pilots at the local level. However, many of the inputs, accomplishments and results reported in this Annex have applicability and reach beyond the narrower confines of the EDI pilot jurisdictions.

This is especially true since December of 2009 when the Project shifted its focus from testing concepts in designated local pilots to a stronger emphasis on technical assistance at the national level, as recommended in the mid-term evaluation of EDI.

OBJECTIVES AND EXPECTED RESULTS (continued)

¹⁴ As revised by Task Order Modification No. 5 approved June 11, 2009

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+”
- √ “Geographic Information System (GIS) On-the-Job Training:
 - ✓ Total Station TC/1203
 - ✓ Utility Detection RD/8000
 - ✓ Global Positioning System (GPS) Trimble (L1)
 - ✓ Garmen and Hand Devices”

2. Other interventions:

- √ Development of citizen service centers in each pilot district.
- √ Introduction of geographic information system (GIS) technology in the Beheira Utility Data Management and Urban Training Center (in progress)
- √ Field staff work with local administration to increase revenue
- √ Automation of the customer service functions at a gas bottling plant in the Kafr El-Dawwar District of Beheira Governorate.
- √ Automation of four minibus transportation hubs in Qena City and Nagaa Hamadi District of Qena Governorate.
- √ An LPC guide for making decisions about mobilization of own-source revenue as a means toward sustainable local development.

Accomplishments

- √ More than 1,500 members of local popular councils and civil servants have attended the fourteen training activities referenced above
- √ Six planned citizen service centers (CSC) are open and serving the public
- √ Research report: “Critical Analysis of Local Finance System in Egypt”

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. EDI provided technical assistance to LPCs and other support that led to this increase in fees and charges fulfilling Objective 1: “increased Egyptian financial resources available to local government for responding to community priorities”. 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.^{15,16} 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 Damanhour 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.

¹⁵ Update No. 1: 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).

¹⁶ Update No. 2: In the first year of full implementation of the new fee structure (i.e. 2008-09) the two pilot districts in Assiut experienced a dramatic increase in own-source revenue due to the governorate-wide increase in local fees and charges. Based on preliminary results, the two districts recorded a 52 percent increase in collections over the previous year.

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.

- √ One of the conclusions of the independent assessment team from Management Systems International (MSI) that conducted a midterm evaluation of EDI in October and November 2009 reads in part:

“EDI was able to increase own source revenues in the pilot governorates by improving collection efficiencies and proposing new or increased fees.”

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 the Ministry of Local Development (MoLD) and the Ministry of Finance (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.
 - √ Technical assistance for preparing LPC budgets, criteria for selection of projects and understanding budget and planning terminology.

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)

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)

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
 - √ Technical assistance for the financial and administrative restructuring of a gas bottling plant in Beheira.
 - √ Technical assistance in the Districts of Abu Hommos and Shubrahkeet to formulate economic pricing policies for solid waste removal

Accomplishments

- √ More than 375 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.
- √ For 2009-2010 the six integrated district development plans prepared by the EDI pilot districts included more than 420 projects valued at approximately LE 210 million.
- √ Completed technical support for improved pricing systems related to the following projects: (i) dairy products operation in Qena; (ii) parking lots in Assiut and Qena; (iii) public printing house in Assiut; and (iv) financial and administrative restructuring for a gas bottling facility in Beheira.

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 was 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 two special International Monetary Fund (IMF) missions to Egypt tasked with making recommendations on fiscal decentralization (May and November 2009).
- √ Technical assistance on financial reporting systems.
- √ Guides for LECs (financial reporting) and LPCs (financial monitoring).
- √ Preparation of a fiscal decentralization strategy in cooperation with the MoF, as recommended by the IMF.

Accomplishments

- √ Nearly 1,680 participants have attended the seven training activities referenced above.
- √ Automation of financial accounting systems has been completed in Assiut, Beheira and Qena (within the governorate diwan) and in the six EDI pilot districts.
- √ Financial reporting system completed for each of the six pilot districts.
- √ Research reports:
 - “Decentralized Government and Accountability”
 - “Composition of the Local Economy in Governorates and the Possibility of Implementing Fiscal Decentralization”

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 (continued)
--

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”
- √ “LPC Management Planning”

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 were implemented by the civil society sector helping them to build capacity to promote citizen interaction with their local government.

Accomplishments

- √ Over 4,895 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.
- √ Research report: Local Capacity Building and Enhancing Decentralization”
- √ 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 (continued)

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)

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.
- √ An independent endorsement of results of the abovementioned interventions by EDI came from the USAID-commissioned MSI evaluation team that performed a mid-term evaluation of the Project. Among their conclusions they stated:

“More importantly, the trainings have equipped major players and especially the MLPCs with the knowledge and skills required to lead the development of local plans that are more reflective of real needs than previous ones submitted arbitrarily by the LECs.”

OBJECTIVES AND EXPECTED RESULTS (continued)

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

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.
 - √ Development of a tool to assess the institutional capacity of local popular councils, as well as the individual capacities of LPC administrative staff.

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”
- √ LPC assessment tool completed including 180 questions covering (i) internal governance; (ii) financial management; (iii) human resources management; (iv) capacity building; (v) relations with the executive; and (vi) citizen relations.

Interim results

- √ 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 (continued)

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

Interim results (continued)

√ A survey of 916 LPC members, covering every jurisdictional level, provided significant validation of EDI local interventions, particularly the MLPC training in pilot locations.¹⁷ 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.

¹⁷ 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)

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”
- √ “Trainer Orientation on Local Development Needs Identification and Prioritization: LPC and Executive Tools”
- √ “Local Development Needs Identification and Prioritization: LPC and Executive Tools”

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 11,170 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.

OBJECTIVES AND EXPECTED RESULTS (continued)

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

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

Accomplishments (continued)

- √ The IDDP process required coordination of Governorate service directorates along with district, town and village executive and popular councils
- √ Research reports:
 - “Role of Citizens in Planning for Local Development Projects: Participatory Planning”
 - “Role of NGOs in Local Development”
- √ Over 12,700 participants from 1,244 villages, a total of 185 districts and twenty-nine governorates attended the nationwide training course on “Local Development Needs Identification and Prioritization: LPC and Executive Tools” that was delivered by EDI in each Governorate.

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."

In 2009-2010 the six integrated district development plans prepared by the EDI pilot districts included more than 420 projects valued at approximately LE 210 million.

- √ 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.

OBJECTIVES AND EXPECTED RESULTS (continued)

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

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

Interim results (continued)

- √ 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).
- √ As reported in *Al-Gomhouria* daily newspaper on January 24, 2010 the EDI pilot project in participatory planning, which was implemented at district, town and village levels, was deemed a success by the Governor of Beheira and accordingly he is taking an initiative to extend it to additional districts. A summary of the article follows:

Implementing Decentralization in Damanhour, Etay El-Baroud and El-Delengat Districts

During a meeting with seven researchers from New York University, which is conducting a diagnostic study on local development policies and strategies, and a team from the decentralization unit of the State Ministry of Local Development, General Mohamed Sha'arawy, Governor of Beheira, announced the kick-off implementation of decentralization programs in three new districts.

He emphasized the decision was a result of the success of the decentralization program in Abu Hommos and Shubrahkeet districts (**Edit. note: these are the two EDI pilot districts in Beheira**). He added that both districts have expended 143 million EGP in the last two years on infrastructure and service projects prioritized by the citizens of the two Districts. He mentioned that both popular and executive members of local councils have been trained to identify the community needs through participatory planning.

OBJECTIVES AND EXPECTED RESULTS (continued)

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

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

Interim results (continued)

- √ 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.

- √ Nearly 3,500 of the participants in the nationwide training entitled “Local Development Needs Identification and Prioritization: LPC and Executive Tools” took part in the pre- and post-training test used by EDI to assess the results of the training experience.

The test results (before and after training) were graded on a three-point scale as follows: Poor – one point; Average – two points; Advanced – three points. The average of the pre-training results was **1.41**; the average of the post-training results was **2.14**. This represents a 52 percent overall improvement in the test results and presumably a similar improvement in subject-matter comprehension.

Although the grading methodology was changed from previous approaches used by EDI because of the large sample size in this case, the results are remarkably consistent with the past assessments of training delivered by the Project as reported in the monitoring and evaluation plan. The overall average increase in pre- and post-training test results in all previous training conducted by EDI was 57 percent.

- √ Following is a direct quote from the December 5, 2009 final report from the MSI consultant team charged with evaluating EDI:

“FINDING: The majority of respondents from district and village LPCs and Participatory Planning Groups stated that they had an opportunity to provide input during the planning and selection phases of their respective capital projects.” [emphasis added]

- √ At a meeting to launch the EDI local restructuring study in Beheira on May 31, 2010 H.E. Governor Mohamed Sha’arawy continued to indicate his strong endorsement for the participatory planning methodology and capacity building introduced by the Project stating that “Beheira Governorate is currently reaping the benefits of EDI training...”.

OBJECTIVES AND EXPECTED RESULTS (continued)

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

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”
- √ “Local Development Needs Identification and Prioritization: LPC and Executive Tools”

2. Other interventions:

- √ Implementation of governmental accounting systems.
- √ Technical assistance for MoLD to prepare the specifications for customized budget tracking and monitoring system software for the local development sector.

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”
- √ Over 12,700 participants from 1,244 villages, a total of 185 districts and twenty-nine governorates attended the nationwide training course on “Local Development Needs Identification and Prioritization: LPC and Executive Tools”. More than 4,600 of these participants were elected members of local popular councils.

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.

OBJECTIVES AND EXPECTED RESULTS (continued)

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

<p>8. Budget development, monitoring and reporting systems implemented in pilots allowing for greater involvement of Local Popular Councils in setting priorities and managing resources (continued)</p>

Interim results (continued)

- √ 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, or the national capacity enhancement strategy (see interim results below).

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 Center for Local Development (SCLD).
- √ An international expert on capacity building was employed by EDI to assist MoLD in development of a strategic five-year plan to train local administration cadres.

Accomplishments

- √ A concept paper on a national curriculum for decentralization (NCfD) has been presented to USAID (feedback received) and MoLD.
- √ Developed a matrix covering more than twenty capacity building functions needed for implementation of decentralization and continuous performance improvement of local administration. The functions were illustratively distributed between SCLD, the Ministry Decentralization Support Unit, governorate level management units, and the proposed national training institute and local development observatory.
- √ Prepared a prospectus for a proposed national training module entitled “Basics of Decentralization”.
- √ Research report:
 - “Restructuring the Ministry of State for Local Development”
 - “Decentralization in Egypt: Towards Enhancing the Institutional and Legal Framework”

OBJECTIVES AND EXPECTED RESULTS (continued)

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

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

Interim results

√ During the first quarter of fiscal year 2010, the EDI concept paper on NCfD was merged into a parallel effort recently initiated by MoLD, which has been designated as the national capacity enhancement strategy (NCES).

Accordingly, the previous EDI unilateral effort to develop the NCfD has now transitioned into a strengthened, joint approach with MoLD under the banner of the NCES. Different nomenclature notwithstanding, the concept is substantially the same except that going forward it enjoys the explicit buy-in of the GoE.

OBJECTIVES AND EXPECTED RESULTS (continued)

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

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.
 - √ SCLD assessment covering (i) organization; (ii) legal framework; (iii) finance; (iv) human resources; (v) information technology; (vi) programs; and (vii) physical plant.

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 (continued)

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

- √ Among the findings of the independent mid-term evaluation of the Project conducted by MSI was:

“In general, administrative capacity has increased due to EDI training modules on local revenue enhancements and allocation as well as computer skills. Modernized CSCs have provided better transparency in the collection of fees for specific purposes.” [emphasis added]

- √ In November 2009 the Governorate of Qena finance department, with support from the Project, successfully began loading data from its special accounts into the automated accounting system provided by EDI. This significant breakthrough represents the first agreement by a governorate to automate and transparently report on special account activity. Currently, final recording of special accounts by MoF only recognizes revenue for which there are matching expenditures. However, the EDI supported system will record total collections of special account revenue, which the Local Administration Law allows to be carried over to the subsequent fiscal year if not fully expended in the year of collection.

OBJECTIVES AND EXPECTED RESULTS (continued)

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

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

Interim results (continued)

√ Following are some additional direct quotes from the December 5, 2009 final report of the MSI consultant team charged with evaluating EDI, which attest to the progress made in achieving this expected result:

“The training modules on local revenue enhancements and allocation, as well as the IT trainings, have resulted in improvements in the reporting of financial data.” [emphasis added]

“The most visible impact of the training is that the use of computers has decreased the level of effort in reporting financial data and has created more opportunities to develop intranet among LAUs.”

OBJECTIVES AND EXPECTED RESULTS (continued)

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

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)”
- √ “PA Workshop: Introduction to Decentralization (Objectives and Definitions)”
- √ “PA Workshop: Outreach and Public Hearing Facilitation”
- √ “Decentralization and Fiscal Decentralization Study Tour to Poland”
- √ “Orientation to Capacity Building Management for Secretaries-General and Governorate Training Coordinators”
- √ “Roles and Responsibilities of Governorate Training Coordinators in Implementation and Monitoring of Training”
- √ “Decentralization and Fiscal Decentralization” a study tour to Poland
- √ Development of a proposed training plan for the Permanent Standing Committee for Fiscal Decentralization (PCFD)

2. Other interventions:

- √ Research institutes conducted 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 was an integral part of the institutional arrangements prepared by MoLD to draft the new local administration law. EDI staff participated on the Local Financial System and Local Popular Council committees designated by MoLD to draft the new local administration law. In addition, EDI assisted with financial support for the Local Popular Council and Central-Local Institutional Arrangement committees.¹⁸
- √ EDI supports the Ministry of Finance effort to establish an intergovernmental finance unit (IFU) [Note: this proposal was realized in 2010 in the form of the PCFD]
- √ The Project will complete a local restructuring study in two Governorates (Beheira and Sohag) to develop recommendations on administrative and institutional restructuring necessary at the local levels to implement decentralization of selected sectors and programs.

¹⁸ 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 (continued)

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

Accomplishments

- √ Over 1,490 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”
 - “Toward an Efficient Legal and Institutional Framework”
 - “Capacity Building and Decentralization”
 - “Reforming the Civil Service System in Egypt at the Local Level”
 - “Managing Civil Service under Decentralization”
- √ 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.
- √ 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).
- √ The head of the PCFD (see below) issued Decree № 40/2010 on April 17, 2010 establishing four technical subcommittees to organize the initial tasks of the Committee.
- √ A remarkably successful study tour to Poland for seventeen officials from four Ministries, over two successive one-week periods, was concluded on August 7, 2010. Exceeding even the most optimistic expectations, the participants returned to Egypt with a renewed political commitment to resurrect the long dormant plans to amend the Local Administration Law. This would represent the single most dramatic commitment by the GoE to the decentralization agenda since the inception of EDI.
- √ The Project completed a power point slide show that was presented by the national coordinator for decentralization in Egypt at the inaugural meeting of the Technical Committee on Decentralization on September 5, 2010, less than one-week following creation of the Committee.

OBJECTIVES AND EXPECTED RESULTS (continued)

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

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

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.
- √ On February 9, 2010 the Minister of Finance, Dr. Youssef Botros Ghali, signed Decree № 68/2010 establishing a permanent steering committee (PCFD) to support and implement fiscal decentralization. This action will serve as the single most important step in the near term toward achievement of Objective 3. One of the specific tasks designated for the committee is to develop the financial policy and framework for local funding, including the funding formulae. This Decree was the direct result of EDI efforts within the MoF.
- √ Following EDI work on related financial amendments to the local administration law, on February 11, 2010 the Prime Minister approved a request from the Minister of Finance for de-concentration of the local capital investment budgets of nine line ministries and councils, beginning with EFY 2010-2011.

The Minister's request cited the need to implement decentralization through a stronger role for "...localities in identifying development priorities that meet the needs of citizens..." Further the Minister pointed out, that the new authority will enable governorates to make decisions, and streamline the implementation of their activities and service provision.

- √ The Minister of Local Development issued Decree № 146/2010 on August 30, 2010 creating the Technical Committee for Decentralization. The Committee will, among other things, "support and monitor the implementation of decentralization in various ministries and agencies". Accordingly, the Committee will fulfill a significant role in determining the assignment of specific administrative authorities envisioned in this expected result.

The Committee membership is comprised of senior representatives from eleven central bodies including the Ministries of Local Development, Finance, Economic Development, Health, Social Solidarity and Agriculture.

OBJECTIVES AND EXPECTED RESULTS (continued)

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

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:
 - √ Technical assistance for MoLD to establish a local development observatory (LDO) for purposes of monitoring the performance, accountability and responsiveness of local government vis a vis the citizens.
 - √ Procurement and implementation of a monitoring and evaluation software application to support the activities of the LDO.
 - √ Research report: “Decentralization, Administrative Efficiency, and Combating Corruption”

Accomplishments

- √ More than 140 participants have attended citizen service center training activities referenced above.
- √ The final recommendations of the international experts retained by EDI for the LDO consultancy were delivered during July 2010, and were supported fully by the Ministry, which is expected to proceed expeditiously with formal establishment of the observatory.

Interim results

- √ ***Initial operating results from the citizen service centers were 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 was 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 № 43 (1979).¹⁹ Dayrute CSC performance during that period bested these optimal timeframes by as much as 70 percent.

¹⁹ As amended by Prime Minister Decrees № 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 (continued)

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

Interim results (continued)

- √ 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.
- √ 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.
- √ The MSI consultants that evaluated EDI in 2009 cited the following in their final report:

“FINDING: The Citizen Support Centers (CSC) established by EDI to provide services within the jurisdiction of the city council have contributed to a more efficient and more transparent collection of fees.” [emphasis added]

In addition, the evaluators found that executives in the three pilot governorates perceived the centers as a “civilized and transparent mechanism” that minimized corruption and the beneficiaries reported “much” reduction in transaction times. This latter conclusion is consistent with the earlier information EDI received from the Dayrute center in the fourth quarter of FFY 2008 (see *interim results* above).

ANNEX C: YEAR FOUR DELIVERABLES

Sixty-four deliverables, periodic reports, and technical assessments were completed during year four as shown in the tables below. Additional deliverables, assessments and reports are in progress

Table 5: Deliverables Submitted October - December 2009

Description of Deliverable	Completion Date	In Support of Objective
EDI Monthly Update – October 2009	October 2009	All
EDI Monthly Update – November 2009	November 2009	All
EDI Monthly Update – December 2009	December 2009	All
EDI Fourth Quarter FFY 2009 Progress Report	October 2009	All
New Local Administration Law proposal	November 2009	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 2009	SO3
Proceedings of the June 2008 conference entitled Decentralization in Egypt: Opportunities and Challenges	October 2009	SO3
Proceedings of the conference entitled Visions of Political Parties Regarding the Implementation of Decentralization in Egypt	December 2009	SO3
Proposal on Intergovernmental Finance Unit in the Ministry of Finance	October 2009	SO3
Documentation of Assiut experience in raising local funds	December 2009	SO1

Table 6: Deliverables Submitted January - March 2010

Description of Deliverable	Completion Date	In Support of Objective
EDI Monthly Update – January 2010	January 2010	All
EDI Monthly Update – February 2010	February 2010	All
EDI Monthly Update – March 2010	March 2010	All
EDI First Quarter FFY 2010 Progress Report	January 2010	All
Initial fiscal decentralization strategy proposal	March 2010	SO1
Inclusive abstracts highlighting key research findings and recommendations	March 2010	SO3
Preliminary design of LPC assessment tools	March 2010	SO 2
Approved Strategy for Decentralization Advocacy and Awareness Campaign	February 2010	SO 3
Recommendations on NCES, including a matrix of capacity building functions and their institutional distribution provided to MoLD	February 2010	SO 3

Table 7: Deliverables Submitted April - June 2010

Description of Deliverable	Completion Date	In Support of Objective
EDI Monthly Update – April 2010	April 2010	All
EDI Monthly Update – May 2010	May 2010	All
EDI Monthly Update – June 2010	June 2010	All
EDI Second Quarter FFY 2010 Progress Report	April 2010	All
Final Background Paper on Fiscal Decentralization Strategy	June 2010	SO1
Publication of Implementing Decentralization in Egypt: Visions of Political Parties	April 2010	SO3
Decentralization and Economic and Social Development presented to the Conference on Decentralization and Enabling Local Communities	May 2010	SO3
Following papers prepared for a workshop on local economic development:		
(i) Enabling the Local Dimension in Economic Development: Macroeconomic Implications;	June 2010	SO3
(ii) Local Economic Development: Concept Note		
(iii) The Governance of Local Economic Development: Concept Note		

Table 7: Deliverables Submitted April - June 2010 (continued)

Description of Deliverable	Completion Date	In Support of Objective
Technical Evaluation Report for the LDO Software for MoLD	June 2010	SO3
Local Development Needs Identification and Prioritization: LPC and Executive Tools (Training Materials)	June 2010	SO3
Decentralization Advocacy Implementation Plan	April 2010	SO3
Decentralization: Conceptual Framework	May 2010	SO3
Decentralization, Globalization, and Partnership	May 2010	SO3
Evaluation of Decentralization Accomplishments in Egypt	May 2010	SO3
Decentralization, Democracy and Human Rights	May 2010	SO3
Decentralization, Administrative Efficiency, and Combating Corruption	May 2010	SO3
Role of Citizens in Planning for Local Development projects/ Participatory Planning	May 2010	SO3
Role of NGOs in Local Development	May 2010	SO3
Role of Private Sector in Local Development	May 2010	SO3
Role of Businessmen Associations in Local Development	May 2010	SO3
International Experiences in Poverty Alleviation and Potential Application in Egypt	May 2010	SO3
Political and Legislative Challenges (Political Leadership and Parties)	May 2010	SO3
Administrative Challenges (Local Administrator's Perception of Decentralization)	May 2010	SO3
Social and Culture Challenges	May 2010	SO3
Composition of Local Economy in Governorates and Possibilities of Implementing Fiscal Decentralization	May 2010	SO3
Parliamentarians View of Decentralization – Survey	May 2010	SO3
Administrative Leadership and Their Understanding of the Concept of Decentralization – Survey	May 2010	SO3

Table 8: Deliverables Submitted July - September 2010

Description of Deliverable	Completion Date	In Support of Objective
EDI Monthly Update – July 2010	July 2010	All
EDI Monthly Update – August 2010	August 2010	All
EDI Monthly Update – September 2010	September 2010	All
EDI Third Quarter FFY 2010 Progress Report	July 2010	All
Functional map detailing international experience in decentralizing key sectors and the distribution of roles and responsibilities between central and local levels	August 2010	SO3
PCFD training plan including priority issues that would affect the initiation of the fiscal decentralization strategy	September 2010	SO1
Final report of NYU’s Capstone Team working on the health sector (Study on baseline assessment of line ministry directorates and departments)	August/Sept 2010	SO3
Inclusive abstracts for thirteen EDI research papers	August 2010	SO3
Training material on Increasing Own Source Revenue: Introduction	September 2010	SO1
Documentation of the public finance component in pilot Governorates -Final Arabic version	September 2010	SO1
Assessment findings and recommendations with respect to the Saqqara Center for Local Development	August 2010	SO3
Proposed newsletter for MoLD	July 2010	SO3
Proposed flyer for DSU at MoLD	July 2010	SO3
Assessment findings and recommendations with respect to the MoLD media unit	July 2010	SO3
Proposal for advocacy activities targeting media	July 2010	SO3

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

Summary of EDI Training Implemented

EDI Objectives

1. Increased Egyptian financial resources available to local governments for responding to community priorities.
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		
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 towards 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 (TSA) Seminar	<p>Knowledge Definition, structure, and purpose of the treasury single account as a tool to effectively manage the national budget. Institutional arrangements between Ministry of Finance and local executive units 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		●	●				●	●		219

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 V-mother village level Compiled 5/20/2011.

Summary of EDI Training Implemented

EDI Objectives

1. Increased Egyptian financial resources available to local governments for responding to community priorities.
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
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		●	●			●	●		76
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		●	●			●	●		249
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
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		●	●			●	●		294

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 V-mother village level Compiled 5/20/2011.

Summary of EDI Training Implemented

EDI Objectives

1. Increased Egyptian financial resources available to local governments for responding to community priorities.
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	
PF 3	Enhanced LPC Monitoring of Local Revenues: 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		●	●				●	●		152
PF 1,3	Enhanced LPC Monitoring of Local Revenues: 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		●	●				●	●		205
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		●	●				●	●		129

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 V-mother village level Compiled 5/20/2011.

Summary of EDI Training Implemented

EDI Objectives

1. Increased Egyptian financial resources available to local governments for responding to community priorities.
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
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		●	●			●	●		135
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		●	●			●	●		316
PP 2	<p>IDDP: Introduction to Participatory Planning</p> <p>a) LPC Planning and Budgeting members</p> <p>b) Women, Youth, and NGO Forums</p>	<p>Knowledge Roles and responsibilities of members of LPC Planning & Budget 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> <p>Knowledge Roles and responsibilities of forums and their relation to LPC Planning & Budget 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	A-B-Q	●		●	●		●	●		All Introductions = 2,040

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 V-mother village level Compiled 5/20/2011.

Summary of EDI Training Implemented

EDI Objectives

1. Increased Egyptian financial resources available to local governments for responding to community priorities.
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	
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 complex process involving dialogue, analysis, consensus building, sectoral expertise, costing, sourcing of funds, and monitoring and evaluation.</p>	15	A-B-Q	●			●	●		●	●	2,475
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	●			●	●		●	●	1445
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	●			●	●		●	●	2085
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	●		●	●	●	●	●	●	924

A-Assiut Governorate ALCCDS- 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 V-mother village level Compiled 5/20/2011.

Summary of EDI Training Implemented

EDI Objectives

1. Increased Egyptian financial resources available to local governments for responding to community priorities.
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	
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
PP 3	Local Development Needs Identification and Prioritization: LPC and Executive Tools	<p>Knowledge Providing an overview on concepts of planning needs identification and prioritization using a set of local planning tools for MLPCs and MLECs to prepare the local development sector plan.</p> <p>Skills SWOT and problem analysis. Public hearing mechanisms, Prioritization of needs and projects, applying selection and prioritization criteria, use of service map method</p> <p>Attitudes Planning is complex process involving dialogue, analysis, consensus building, and sectoral expertise.</p>	1	29 Govs		●	●	●	●	●	●	●	12,725
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	●	●	●	●	●	●	●	3,667

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 V-mother village level Compiled 5/20/2011.

Summary of EDI Training Implemented

EDI Objectives

1. Increased Egyptian financial resources available to local governments for responding to community priorities.
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
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 exclusivity and compromise. Effective leaders manage meetings and communication efficiently and effectively.</p>	2	A-B-Q		●	●	●	●	●	●	●	479
LA 2,3	Roles and Responsibility of the LPC Planning and Budget Committee	<p>Knowledge Legal and procedural framework for operation of the Planning and Budget 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			●	●	●	●	●	●	127
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		●	●			●	●		90

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 V-mother village level Compiled 5/20/2011.

Summary of EDI Training Implemented

EDI Objectives

1. Increased Egyptian financial resources available to local governments for responding to community priorities.
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
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		●	●			●	●		163
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 of five governorates	A-B-Q						●	●		251
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			●	●	●	●	●	●	305
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

A-Assiut Governorate ALCCDS- 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 V-mother village level Compiled 5/20/2011.

Summary of EDI Training Implemented

EDI Objectives

1. Increased Egyptian financial resources available to local governments for responding to community priorities.
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		
LA 3	Training of Trainers (two 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	●									15 14 16 20 15
LA 3	LPC Management Planning	<p>Knowledge Aspects of effective planning and management of LPCs activities</p> <p>Skills Preparing a annual plan, including its scope of work and resources, and managing its implementation</p> <p>Attitudes LPC plan is an important tool in managing the LPCs activities.</p>	2	A-B-Q		●	●	●	●					199

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 V-mother village level Compiled 5/20/2011.

Summary of EDI Training Implemented

EDI Objectives

1. Increased Egyptian financial resources available to local governments for responding to community priorities.
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	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	●	●					●			218
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	●	●	●				●	●		198
PA 3	Public Hearing Management Skills	<p>Knowledge Basics of public hearing design and implementation.</p> <p>Skills Designing and conducting public hearings.</p> <p>Attitude The importance of public participation in meeting citizen's expectation and satisfaction.</p>	1	A-B-Q		●	●	●	●					184
IT 3	Basic Computer Skills (three 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		●	●				●	●		756

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 V-mother village level Compiled 5/20/2011.

Summary of EDI Training Implemented

EDI Objectives

1. Increased Egyptian financial resources available to local governments for responding to community priorities.
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	
IT 3	Specialized Computer Skills: Windows 2003 Server Administration	Knowledge Computer operating system administration. Skills Installing / Upgrading Windows 2003 Server Supervising the Active Directory Managing Resource Access by Using Groups Monitoring and Optimizing Performance Implementing Security Auditing Attitudes The System Administrator is responsible for the smooth operation of the server.	14	A-B-Q						●	●		18
IT 3	Specialized Computer Skills: SQL Server Database	Knowledge SQL Server database installation and administration. 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. Attitudes The SQL Database Administrator is responsible for the smooth operation of the database.	14	A-B-Q						●			8
IT 3	Specialized Computer Skills: Oracle Database	Knowledge Oracle database architecture and internal dynamics. Oracle database installation and administration. 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. Attitudes The Oracle Database Administrator is responsible for the smooth operation of the database.	14	A-B-Q						●			8

A-Assiut Governorate ALCCDS- 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 V-mother village level Compiled 5/20/2011.

Summary of EDI Training Implemented

EDI Objectives

1. Increased Egyptian financial resources available to local governments for responding to community priorities.
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		
IT 3	Specialized Computer Skills: A+	Knowledge Hardware support and troubleshooting 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. Attitudes The system specialist is the first line of support for smooth operation of hardware.	12	A-B-Q							●	●		22
IT 3	Citizen Service Center Business Orientation	Knowledge CSC business processes. Skills CSC services, required documents for each service, required procedures for each service, and who is performing each service. Attitudes Citizen service is the purpose of the CSC and continuous performance is expected.	1	A-B-Q								●		130
IT 3	Citizen Service Center Customer Service	Knowledge Aspects of citizen service and satisfaction. Attributes of a successful customer service representative. Skills How to deal with difficult customers. Attitudes Citizen service is at the heart of government. Citizen service should continually improve. Citizen feedback is essential to improving performance.	2	A-B-Q								●		47

A-Assiut Governorate ALCCDS- 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 V-mother village level Compiled 5/20/2011.

Summary of EDI Training Implemented

EDI Objectives

1. Increased Egyptian financial resources available to local governments for responding to community priorities.
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		
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	●	●	●				●	●		327
IT 3	GIS Software Application and Use of GIS Equipment 1. GIS Basic and Advanced Skills 2. GIS Equipment	Knowledge Application uses and commands, Equipments operating procedures Skills Proficient use of subject application and equipments Attitudes The application and equipments users are the first line of quality control in data entry.	3-5	B							●	●		34

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 V-mother village level Compiled 5/20/2011.