PROJECT APPRAISAL DOCUMENT

ON A

PROPOSED CREDIT

OF SDR 3.6 MILLION

(EQUIVALENT TO US$5.0 MILLION)

TO THE

ARAB REPUBLIC OF EGYPT

FOR

A SOCIAL PROTECTION INITIATIVES PROJECT

June 16, 1999

HUMAN DEVELOPMENT GROUP
MIDDLE EAST AND NORTH AFRICA REGION
CURRENCY EQUIVALENTS

(Exchange Rate Effective June 1, 1999)

Currency Unit = Egyptian Pound
EGP 1 = US$0.30
US$1 = EGP 3.4

FISCAL YEAR

July 1 – June 30

ABBREVIATIONS AND ACRONYMS

CAS  Country Assistance Strategy
CAA  Central Auditing Agency
CDA  Community Development Association
ID  Identification Cards
IDA  International Development Association
ICB  International Competitive Bidding
IBRD  International Bank for Reconstruction and Development
LACI  Loan Administration and Change Initiative
MISA  Ministry of Insurance and Social Affairs
NGO  Non Governmental Organization
NCB  National Competitive Bidding
NS  National Shopping
OECD  Organization for Economic Cooperation and Development
PMU  Project Management Unit
PMR  Project Management Report
SFD  Social Fund for Development
SOE  Statement of Expenditures
UNDP  United Nations Development Program
UNICEF  United Nations International Children Emergency Fund
Arab Republic of Egypt
Social Protection Initiatives

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## Social Protection Initiatives
### Project Appraisal Document
#### Human Development Group
##### Middle East and North Africa Region

**Date:** June 16, 1999  
**Team Leader:** Eluned Roberts-Schweitzer  
**Country Manager/Director:** Richard Westin/Khalid Ikram  
**Sector Manager/Director:** Zafiris Tzannatos/Jacques Baudouy  
**Sector:** Poverty Alleviation  
**Project ID:** 66336  
**Lending Instrument:** Learning and Innovation Credit (LIC)  
**Theme(s):**  
- Poverty  
- Targeted Intervention:  
**Loan**  
- Yes  
- No  

## Project Financing Data

<table>
<thead>
<tr>
<th>Source</th>
<th>Local</th>
<th>Foreign</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government</td>
<td>0.33</td>
<td>0.33</td>
<td></td>
</tr>
<tr>
<td>IDA</td>
<td>4.57</td>
<td>0.43</td>
<td>5.00</td>
</tr>
<tr>
<td>Other (specify)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total:</strong></td>
<td>4.90</td>
<td>0.43</td>
<td>5.33</td>
</tr>
</tbody>
</table>

**Note:** Numbers may not add up due to rounding.

<table>
<thead>
<tr>
<th>Estimated disbursements (Bank FY/US$M):</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FY</strong></td>
</tr>
<tr>
<td>Annual</td>
</tr>
<tr>
<td>Cumulative</td>
</tr>
</tbody>
</table>

**Project implementation period:** April 2000 – June 2004  
**Expected effectiveness date:** April 2000  
**Expected closing date:** December 31, 2004  
**Implementing agency:** Ministry of Insurance and Social Affairs, 19, El-Maraghy St. Agouza, Cairo, Egypt  
**Contact person:** Mr. Anwar Sherif  
**Address:** Ministry of Insurance  
**Tel:** 011-20-2-3604158  
**Fax:** 011-20-2-3375404  
**E-mail:**
A. Project Development Objective

1. Project development objective and key performance indicators (see Annex 1)

The objective of the project on Social Protection Initiatives is to develop and test integrated programs for children with disabilities and youth at risk, through a range of providers, and to inform the development of a new strategy for improving services.

2. Key performance indicators

- Improved services for disabled children and at-risk youth, resulting from cost effective project activities with better outcomes;
- Inputs to national strategy, by the Ministry of Insurance and Social Affairs (MISA), incorporating the lessons learned from sub-projects and the new standards and guidelines for operating programs.

B. Strategic Context

1. Sector-related Country Assistance Strategy (CAS) goal supported by the project (see Annex 1)

   CAS document number: 16533-EGT, May 5, 1997
   Date of latest CAS discussion: May 29, 1997

   The 1997 Country Assistance Strategy (CAS) for Egypt notes the role of human resources in increasing economic and social development. It states that “women and children feature disproportionately among the poor. About one-third of households among the urban poor are headed by women, and unemployment of women is double that of men. Together with the elderly, the sick and the disabled, they constitute the greatest portion of the very poor” (para. 10). The project specifically targets children -- i.e., those under 18 years who are disadvantaged through disability or social marginalization -- and their families.

   The proposed project was not included in the CAS. During the last two years, the Egyptian government has intensified its substantial efforts to address social development needs, especially those of the poor and of children. Services for these groups are receiving increasing attention and resources. Present Bank-funded projects, such as the Social Fund are addressing the need for credit and for community level services and infrastructure for the poor, but reaching the poorest of the poor requires a range of strategies to build a comprehensive social safety net.

2. Main sector issues and Government strategy

   The economic reform program has produced positive results, but the benefits have been unequally distributed across the population. Previously unknown or sporadic phenomena such as street children and juvenile delinquency are increasing in part because of rapid urbanization, and
because new social strains that affect the traditional family framework of village life. Efforts are fragmented in areas that require coordination of Ministries operating in social welfare, health, education, and labor. Regulations and service standards are out of date. The Government and the non-profit sector are responding positively, but there is no comprehensive framework into which these services fit. In addition, data on the cost-effectiveness of services already provided are weak, and even the extent of the problem is largely unknown. Further information is required for analyzing and improving the social safety net.

In the meantime, the Egyptian government is making substantial strides to address social conditions, especially those of the poor and of children. A National Council for Childhood and Motherhood was established in 1989, under the presidency of the prime minister and with the membership of the ministers of social affairs, information, health, education, culture, planning, manpower, and the executive head of the Higher Council for Youth and Sports. This reflects a national interest in welfare issues. The Ministry of Social Affairs (MISA) is making strong efforts to strengthen policy and strategy formation, regulation, and the monitoring and evaluation of its programs with the assistance of donors, such as UNDP and UNICEF. UNDP has in place a US$0.5 million project to build capacity to formulate and implement a social reform strategy. Among other activities, a national conference on good practice in social work is to be held at the end of June, 1999 with the assistance of donor financing. The mandate of the MISA includes the provision of social insurance, public assistance (welfare) services, and social and human development programs for the vulnerable.

MISA requested the Bank for assistance in piloting innovative modes of service delivery in key areas of disabled and at-risk youth – a desire to borrow for improving these services indicates the importance of these issues to the Government. At present services for disabled children or those in difficult circumstances are neither mapped nor coordinated. In many countries the disabled are generally excluded; this prevents them from becoming productive citizens. Changing attitudes about the individuals with disabilities and fostering normalization and acceptance of disability would help affected individuals and their families lead more productive lives.

3. Learning and development issues to be addressed by the project

The project targets poor children with disabilities or those at risk of street life. Through the development of new service delivery strategies, the project will provide information on consumer needs and the cost effectiveness of different interventions, the development of coordinated services, and the integration of new operating standards into the national strategy-building process. This bottom-up approach is the most appropriate for a project aiming to develop capacity for service delivery, in a context where other donors were already involved in policy development. Accordingly, the project will examine whether the access of the poor to social services is constrained by administrative arrangements (such as lack of identity cards). Learning from this project will feed into UNDP-supported efforts on strategy formulation.

The Ministry is strongly promoting the inter-agency coordination of services for vulnerable groups. Addressing the needs of families with disabled children and youth at risk is difficult and requires this type of coordination. Experience in other countries has shown that interventions which are cross-sectoral are most successful when targeted to specific groups, as is the case in this project. Through developing new integrated services for the two target populations, the project will provide opportunities for assessing:

a) The kinds of service mechanisms that best reach target populations. At present there is no clear understanding of which services best reach the target populations nor how to make the services cost effective. Using different kinds of providers (government, NGOs or private
providers) in different regions, the project will monitor how interventions meet client needs and draw conclusions for future program design.

b) **How services integration for these targeted groups can be improved.** The project is using the OECD definition of services integration, which has two aspects: (i) multi-disciplinary cooperation on decisions concerning individual children and their families and (ii) inter-agency coordination that focuses on decisions concerning entire programs. Both programs for disabled children and youth at risk will use case management training for social, education, and health workers from a range of agencies to collaborate on issues affecting individual children. Results from project outcomes will feed into ongoing strategy development to foster inter-agency collaboration at the national level.

c) **Improved design of service standards.** Monitoring feedback from the programs under development, including discussions with policy makers, professionals, and clients should result in a process of program design which leads to the development of improved service standards.

4. **Learning and innovation expectation**

Through project activities two types of learning will take place:

a. **Improved project management and administrative skills in MISA staff**
   - A better understanding at all levels of the Ministry regarding program design and administration;
   - Improved skills in project monitoring and evaluation.

b. **Improved service delivery practices by providers**
   - the development of good programs for disabled children and youth at risk including street children;
   - improved mechanisms for integrating social services for targeted groups;
   - a set of service standards and guidelines for program operation and a contribution towards a national strategy for vulnerable children.

The project components are designed as integrated packages. Each component contains a needs assessment and information sharing (Phase I), projects incorporating inter-agency collaboration (Phase II), the development of prototype standards and rules (Phase III), leading to changes in national programs (Phase IV or follow-on). The project implementation manual contains a detailed plan of action for implementation. Funded projects, implemented by a variety of providers in selected governorates, will be implemented on a rolling basis throughout the project period. Results will be compared to similar, already existing programs in other governorates.

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C. Project Description Summary

1. Project components (see Annex 2 for a detailed description and Annex 3 for a detailed cost breakdown)

<table>
<thead>
<tr>
<th>Component</th>
<th>Category</th>
<th>Indicative Costs (USSM)</th>
<th>% of Total</th>
<th>Bank-financing (USSM)</th>
<th>% of Bank-financing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Component 1. Support for services for children with disabilities and their families</td>
<td>Piloting, Monitoring Evaluation and capacity building</td>
<td>2.7</td>
<td>51%</td>
<td>2.6</td>
<td>95%</td>
</tr>
<tr>
<td>Component 2. Initiative for youth at risk</td>
<td></td>
<td>1.9</td>
<td>35%</td>
<td>1.8</td>
<td>96%</td>
</tr>
<tr>
<td>Project Management</td>
<td></td>
<td>0.7</td>
<td>14%</td>
<td>0.6</td>
<td>83%</td>
</tr>
<tr>
<td>Total Project Costs</td>
<td></td>
<td>5.3</td>
<td>100%</td>
<td>5.0</td>
<td>94%</td>
</tr>
</tbody>
</table>

2. Institutional and implementation arrangements: (*please see the Implementation Manual for details*)

Implementation period: The project would be implemented in 4 years, from 2000 to 2004.

Project Oversight & Coordination: The project will be overseen by a Steering Committee (SC) of about 12 members. The SC will set the overall policy guidelines and direction of the project and report to the Minister. It will consist of a Chairman, the General Directors of MISA programs on Women, Disabled Children, Social Welfare and other General Directorates involved in the Project, representatives from the Ministries of Health, Education and Labor, the UNDP Project Manager, and other technical specialists as needed.

Project Implementation: Project activities will be executed by: (i) MISA for capacity building activities, such as social studies on needs assessment, evaluative studies, organizing training in case management, and (ii) service providers at the community level for program activities of the project, through contracts signed between MISA and the service providers, and based on set eligibility criteria.

To assist the SC, a Project Management Unit (PMU) will be established and fully staffed, as a condition of IDA credit effectiveness. The PMU will consist of four key members, recruited on a competitive basis: a Project Manager, a Financial Officer, a Procurement Officer, and a Planning and Monitoring and Evaluation Officer, as well as administrative and research support staff. Qualifications and detailed terms of reference of the key members of the PMU are described in the Implementation Manual.

Interface with civil society/Service providers

The project's activities will be implemented through MISA service agents and other service providers at the field/community level. The selection of providers will be based on advertised, pre-established selection criteria. At present MISA uses mainly the non profit sector to deliver services. Many of these associations have both public and private funding, and are local in
nature. The initial needs assessment will include a beneficiary assessment to better inform the project on client and family needs and expectations, and these data will be used to see if programs have met client expectations.

**Financial**

Under the project the financial management system at MISA will be upgraded to adequately monitor and supervise the financial management of the project. To increase the project’s quality and success and to build capacity at the project level for possible replication, a set of actions have been devised to install good management practices. Financial management arrangements are an integral part of the agreed action plan, and a satisfactory financial management system would be implemented prior to IDA credit effectiveness (see project implementation manual). The recommended financial management system will include the following important components:

- An adequate number and mix of skilled and experienced staff in the PMU and at the service Provider level;
- Good internal controls in place which ensure the conduct of an orderly and efficient payment and procurement process, and proper recording and safeguarding of assets and resources;
- Good accounting systems that can produce reports that include up-to-date and cumulative financial information for budgets and actual expenditures;
- A link between project implementation and the financial information to monitor the project’s progress;
- An independent, qualified auditor to review the project’s internal controls and reporting requirements.

3. Monitoring and evaluation arrangements

A Planning/Monitoring and Evaluation section will be established within the PMU to monitor and evaluate interventions. As much of the work will be done at the governorate level, project activities will be monitored by MISA staff, with support as necessary from local universities. A Needs Assessment is planned for each component at the beginning of the project, and baseline data on disability prevalence, existing services, and community needs will be collected at this stage (Phase 1) in pilot governorates and control governorates. Evaluation will be done to assess changes in the situation in the selected governorates before and after the intervention in both components (disability and youth at risk). Standards and guidelines developed during the project period will be field tested in selected governorates under both interventions so that successful models can be expanded in the future.

The Planning/Monitoring and Evaluation section would also provide decision makers with policy recommendations and options to help them formulate future strategies, and advice and guidance on how MISA can improve the way that it manages its general programs, including the capacity of Governorate and district level offices to monitor service delivery. This would help ensure that the project contributes to the internalization by MISA of new and more effective ways of planning and operating its programs.

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4 Monitoring programs for transient populations such as street children is complicated. Specific attention will be given to this prior to program effectiveness.
The PMU will submit to the Bank quarterly progress reports, summarizing all financial transactions and physical accomplishments as well as the work plan for the next six months and status of the performance indicators (see Annex I). An outline of a progress report is presented in the Implementation Manual. Within six months of project closing, the PMU will jointly prepare with the Bank an Implementation Completion Report.

The project will be formally supervised by the Bank at least two times per year, with day to day follow-up from the Egypt Resident Mission.

D. Project Rationale
Not applicable – See Section B

E. Summary Project Analysis
(detailed assessments for those analyses applicable to LIC are in the project file, see Annex 8)

1. Economic (supported by Annex 4)
   - Cost-Benefit Analysis: NPV=US$ million; ERR= % N/A
   - Cost Effectiveness Analysis N/A
   - [X] Other (specify) LIC

Children in Egypt are the country’s poorest age group (between one in three and one in four live in poor households). Poor households also may have a higher incidence of disability (19 to 30 percent in poor households, versus 3 percent reporting a disabled person in non-poor households). Members of multiple person, female-headed households constitute a second vulnerable group (10 percent of multiple person households in Cairo, and between 2 and 4 percent nationally). Recent economic growth has not necessarily resulted in an equal income distribution, and measures to address income disparity are needed.

It is important to establish a clear rationale for investments in the project target groups in comparison to other priority groups. The Government has to direct scarce public resources where the returns will be the highest. Investing in the poorest is justified on several grounds: achieving socio-economic justice and guaranteeing human rights, or alleviating poverty and strengthening social capital. Data gathered during the project will enable the government to establish the following: (i) the extent of disability in targeted communities and (ii) the demand for, and potential value of, proposed interventions. The economic assessment of this project is based on: (i) the decrease of the effect of disability on the individual and the community, (ii) whether services successfully mainstream youth at risk, (iii) whether or not public expenditures are sufficient and sufficiently well-targeted to provide needed benefits.

2. Financial (see Annex 5) NPV=US$ Million; FRR= %

Fiscal impact. The Government’s portion of the project, US$0.3 million, is about 5% of past and projected spending. Government expenditures on rehabilitation services for the disabled have ranged from about US$ 4-6 million over the last 4 years.

Since the composition of investment -- largely rehabilitation, training, and technical assistance -- is similar to the composition of the government’s past investment, a reallocation of expected budgetary flows into project categories can be accomplished without financial difficulty. Over the last five years, MISA expenditures have increased in constant terms at an annual average rate
of 11 percent, in contrast to 2 percent for total government expenditures. The likelihood that the
government will sustain expenditures on social welfare supports its emphasis on providing social
services. This is also demonstrated by its investment in this project and other programs under the
Ministry of Insurance and Social Affairs.

3. Technical

The approach to care for disabled children in Egypt is a combination of institution and
community-based care. A community-based rehabilitation model which uses a participatory
approach with low-cost local workers to provide information, support services, and socialization
for families and their children is now considered good practice. However the process of
changing attitudes and practices is long term, and local contexts must be taken into account.
Combining outreach with institution-based services can be a learning process for all involved.
Changing staff attitudes and developing partnerships to foster a pro-active attitude on integrating
populations with special needs and inter-agency tensions over budgets for service provision will
all be issues and challenges in the program. Links between institutions and the communities to
counter tendencies for isolating special needs populations, empower families and clients and
allow for flexibility in addressing client needs are complicated. Technical assistance will be
provided to ensure best practice in program design and must be done according to internationally
accepted standards.

4 Institutional

This project will be the first IDA-funded project with MISA. As the project will test new
approaches in integrated programs for children with disabilities and youth at risk to produce a
learning experience, its execution requires flexible and efficient implementation arrangements.
MISA’s existing administration does not have the necessary capacity. Overall sector policy
guidelines and project direction will be carried out by a Steering Committee appointed by the
Minister. Project implementation will rest with a Project Management Unit (PMU), staffed with
qualified experienced staff, recruited on a competitive basis (see para. 2, Institutional and
implementation arrangements). This arrangement will ensure the achievement of the following
benefits: (a) enables project management to respond more effectively to demands from the field
level; (b) permits flexibility for innovation; (c) isolates project from being affected by existing
administrative capacity limits; (d) ensures effective processing of disbursements; and (e) builds
management capacity on a small scale for learning purposes for replication of lessons, if deemed
desirable.

5. Social

Children with disabilities and their families are among the poorest of the poor. Many disabilities
result from poverty and are compounded by ignorance of basic child care -- for example, the loss
of hearing due to inefficient preventive medical treatment. This project is focused on providing
assistance to those who are already disabled and for whom there is otherwise little opportunity
to become productive. Children and youth that are at risk, because of family or social difficulties,
are deprived and vulnerable to abuse. The existence of national-level interest in these most
deprived groups is a strong marker of commitment to the poorest of the poor. Integrating
preventive and rehabilitative services should enable not only more efficient service provision but
also provide support to families that might break up or abandon children, and to prevent children
from entering the juvenile justice system.
6. Environmental assessment

No significant environmental risks are foreseen. If undertaken, construction will be limited to the renovation or rehabilitation of existing premises, such as institutions for handicapped children and special schools. Buildings selected for upgrading will be chosen for their suitability for renovation and for appropriate site size so that no land purchase is required. In addition, environmental standards covering safety and waste management and design will be approved by IDA-contracted engineers and architects. A qualified engineer will jointly review site plans with MISA officials and make recommendations and advise on how to address waste management issues (treatment and disposal). Should any unforeseen construction of a larger scale be necessary, the implementation time lag will allow for a fuller environmental assessment, to be undertaken with the assistance of the environmental department of the World Bank and Egyptian specialists.

7. Participatory approach

a. Primary beneficiaries and other affected groups. The primary beneficiaries will be children with disabilities and their families, and youth at risk and their families. These groups will be consulted during the needs assessment as to their difficulties and their perceptions of required services (Phase I). The evaluation methodology will ask whether or not clients have been better served by the programs funded under the project than previously and whether they have further unmet needs (Phase III). Both groups targeted by the project are difficult to access due to social stigma. Care will be taken not to intrude on families with social problems in ways which are unacceptable. Changing attitudes towards vulnerable and deprived groups takes a great deal of time, as has been shown in OECD countries.

b. Other key stakeholders. Women without identification cards who are involved in the program will be assisted to obtain social benefits and entitlements. Social workers and MISA administrative officials who will receive inter-disciplinary training will also be prime beneficiaries. Their involvement in the design and delivery of training will be vital to the success of the program. In addition, administrators and social workers from other agencies involved in developing case management strategies will participate in in-service training programs. Parents, youth, and other community members, as well as social welfare staff will be targeted during the social assessment and throughout the project as beneficiaries who should be contributing to service development and evaluating programs.

During preparation, the team has consulted with staff and documents from a range of organizations and agencies, including Hope Village, The Egyptian Association for Societal Safety, The Population Council, The Association for the Hard of Hearing and Deaf, The Development Support Center, The Ford Foundation, The Center for Women’s Legal Assistance, the Alliance for Arab Women, the Arab Network of NGOs, the National Committee for NGOs for population and development, UNICEF and UNDP.

The Implementation Plan will include a communication plan for seminars, workshops as well as other appropriate fora to ensure a participative process of learning and feedback for all the stakeholders.

F. Sustainability and Risks

1. Sustainability

Not applicable
2. Critical Risks (reflecting assumptions in the fourth column of Annex 1)

<table>
<thead>
<tr>
<th>From Outputs to Objective</th>
<th>Risk Rating</th>
<th>Risk Minimization Measure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic climate does not stabilize and poverty increases</td>
<td>M</td>
<td>Increased emphasis on good fiscal practice, integration and better targeting of public services to achieve cost savings</td>
</tr>
<tr>
<td>Inter-agency coordination is not achieved</td>
<td>S</td>
<td>Joint training, incentives, and positive signals from central government encourage improved coordination. Inter-agency dialogue strengthened through coordinating committee.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>From Components to Outputs</th>
<th>Risk Rating</th>
<th>Risk Minimization Measure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supply of providers is not adequate.</td>
<td>M</td>
<td>Type of provider contracted by MISA is expanded through competitive approach</td>
</tr>
<tr>
<td>Selection of programs and competitive bidding process is not expedited according to implementation plan.</td>
<td>S</td>
<td>Financial and procurement systems in place and qualified PMU Director also in place to undertake contracting</td>
</tr>
<tr>
<td>Learning from program development does not lead to changes in service delivery</td>
<td>M</td>
<td>Reports, workshops, client surveys continued throughout the project create an environment of interest and collaboration between service providers and clients</td>
</tr>
<tr>
<td>Contractors do not undertake work and analyze results in good time to produce useful reports</td>
<td>M</td>
<td>Good terms of reference, committed researchers and training for MISA staff to understand the need for baseline data.</td>
</tr>
</tbody>
</table>

Overall Risk Rating: S

Risk Rating - H (High Risk), S (Substantial Risk), M (Modest Risk), N (Negligible or Low Risk)

3. Possible Controversial Aspects

The project will touch on issues of personal and public sensitivity. These include the types of service provided and attitudes towards disabilities, and the needs and attitudes of poor and marginalized populations. In addition, the question of registration and control of NGOs is currently a matter of intense public discussion. This may affect the number and types of providers that might be able to access public funding for service provision.

G Main Loan Conditions

1. Effectiveness Condition

(a) the Borrower, through MISA, shall have established the financial management system referred to in Section 4.01(a) of the DCA;
(b) the Borrower, through MISA, shall have adopted the project Implementation Manual; and
(c) the Borrower, through MISA, shall have established the Steering Committee and Project Management Unit pursuant to the provisions of paragraphs 1 and 2 of Schedule 4 in the DCA.
2. **Other**

(a) the Borrower through MISA would further strengthen its financial management system by March 31, 2000 to enable it to prepare quarterly Project Management Reports acceptable to IDA;
(b) the Borrower would submit annual financial audit reports to IDA within six months of the end of the fiscal year.
(c) the MISA Implementation Manual would remain acceptable to IDA at all times and MISA would conduct its operations in accordance with the Implementation Manual;
(d) the Borrower would carry out a mid-term review by about June 30, 2001, review the report with IDA by September 30, 2001 and implement the recommendations of the review.

**H. Readiness for Implementation**

[ ] 1. The design documents for the first year's activities are complete and ready for implementation. N/A

[ ] 2. The procurement documents for the first six month's activities are complete and ready for the start of project implementation; and a framework for agreement on standard bidding documents that will be used for ongoing procurement during the project has been established. N/A

[ ] 3. The LIC's implementation plan has been appraised and found to be realistic and of satisfactory quality.

[ ] 4. The following items are lacking and are discussed under loan conditions (Section G):

**I. Compliance with Bank Policies**

[ ] 1. This project complies with all applicable Bank policies.

[ ] 2. The following exceptions to Bank policies are recommended for approval. The project complies with all other applicable Bank policies.

---

Task Team Leader: Eluned Roberts-Schweitzer

Sector Manager/Director: Zafiris Tzannatos/Jacques Baudouy

Country Manager/Director: Richard Westin/Khalid Ikram
**Arab Republic of Egypt**
**Social Protection Initiatives Project**

**Project Design Summary**

<table>
<thead>
<tr>
<th>Objectives</th>
<th>Key Performance Indicators</th>
<th>Monitoring and Evaluation</th>
<th>Critical Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sector-related CAS goal</strong></td>
<td><strong>Development objective of “follow-on” operations</strong></td>
<td><strong>Outcome/Impact Indicators</strong></td>
<td><strong>Project Reports</strong></td>
</tr>
<tr>
<td>Developing human resources and poverty reduction</td>
<td>To provide programs for children with disabilities and youth at risk at a national level</td>
<td>(See Annex 1a for expanded indicator listing)</td>
<td>Quality assurance reports from service providers</td>
</tr>
<tr>
<td>National strategy and action plan</td>
<td>Improved services for disabled children and youth at risk evolve from project activities and have better outcomes for lower costs than existing programs</td>
<td>Report on standards and guidelines</td>
<td>Report on standards and guidelines</td>
</tr>
<tr>
<td>Socio-Economic indicators</td>
<td>Lessons learned from sub-projects feed into a national strategy developed by the Ministry of Insurance and Social Affairs (MISA) and new program standards and guidelines</td>
<td>Evaluation reports</td>
<td></td>
</tr>
<tr>
<td>Needs assessments completed</td>
<td>Dissemination of results of Needs Assessment in the form of workshop for project stakeholders</td>
<td>Needs Assessment Report Dissemination of Results</td>
<td>Selection of programs and competitive bidding process expedited according to implementation plan</td>
</tr>
<tr>
<td>----------------------------</td>
<td>------------------------------------------------------------------------------------------------</td>
<td>---------------------------------------------</td>
<td>-----------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Draft standards and guidelines for service delivery developed, based on needs assessment</td>
<td>Prototype for service delivery developed</td>
<td>Standards &amp; Guidelines Report and Prototype Service Delivery Manual Dissemination of Results</td>
<td></td>
</tr>
<tr>
<td>Field testing for prototype completed and evaluation done in pilot sites</td>
<td>Approval of prototype and dissemination through a workshop</td>
<td>Field Testing Evaluation Report Dissemination of Results</td>
<td></td>
</tr>
<tr>
<td>Approved Service Delivery Prototype implemented in selected sites</td>
<td>Integrated Services delivered in selected sites</td>
<td>Supervision mission reports (semi-annually) Service Utilization Reports Client Satisfaction Reports</td>
<td>Inter-agency cooperation achieved and staff released by agencies to attend joint training</td>
</tr>
<tr>
<td>Internalization by Ministry of improved planning, management, and monitoring of regular operating programs on basis of prototypes</td>
<td>Development of new standards and guidelines for regular operating programs</td>
<td>Issuance of new standards and guidelines for regular operating programs</td>
<td>Ministry commitment continues to structural change and to incorporating new learning into agency</td>
</tr>
<tr>
<td>Expansion plan developed by Ministry for new programs based on learning experience</td>
<td>Commitment of funds in government budgets for these funds</td>
<td>Budget Plans</td>
<td>Government commitment to integrated services continues</td>
</tr>
<tr>
<td>Service providers expand quality programs</td>
<td>Implementing Agencies improve skills in raising funds and managing quality programs</td>
<td>Reports and procedures</td>
<td>Skills are transferred to service provider staff</td>
</tr>
<tr>
<td><strong>Project Components</strong></td>
<td><strong>Project Inputs</strong></td>
<td><strong>Project Reports</strong></td>
<td><strong>Assumptions/Risks</strong></td>
</tr>
<tr>
<td>Disabled children and their families</td>
<td>Pilot projects funded to US$2.7 million</td>
<td>Project progress and disbursement reports Semi-annual supervision missions (3 in 1st year) and annual audit reports</td>
<td>Project monitoring and evaluation unit well functioning Services and studies contracted and quality products delivered on time</td>
</tr>
<tr>
<td>Youth at risk</td>
<td>Pilot projects funded to US$1.9 million Funded to US$0.6 million</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Project Management</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
A. Disability

- percent change in disabled children that access service-delivery facilities
- percent change in disabled children receiving quality services according to new standards and guidelines
- percent of prototype service-delivery facilities used
- percent of families of disabled children able to provide support for their children
- percent of community target population groups' knowledgeable about disability and services provided for them, according to information gaps identified in Needs Assessment
- percent of change in community target population groups' attitudes about disability, according to undesirable attitudes identified in Needs Assessment
- percent of clients satisfied with the disability services provided.

B. Youth at Risk

- percent change in youth at risk that access service-delivery facilities
- percent change in youth at risk receiving quality services according to improved standards and guidelines
- percent of prototype service-delivery facilities used
- number of children served by facilities who return to families
- number of children served by facilities who return to normal schools
- number of children served by facilities who enter formal labor market
- percent of clients satisfied with services provided for youth at risk.
Social Protection Initiatives Project

Project Description

SOCIAL PROTECTION INITIATIVES

The Ministry of Social Affairs is developing a long-term strategy for social development. It recognizes the complexity of supporting social and economic growth, providing a safety net for the poor in a time of economic stagnation. Social safety nets in Egypt inadequately serve the poorest of the poor. Families suffer from the effects of rapid urbanization, social fragmentation, and alienation which are associated with poverty. The illiterate and the poor have a worse chance than do others of obtaining financial success in a tight labor market and can fall prey to crime and disease.

Through this project the International Development Association (IDA) aims to develop demonstration services to update the quality and extend the range of service providers. The short-term assistance is part of the groundwork for reforming Egypt’s Social Insurance System and modernizing its social legislation. Two interventions will provide baseline information, staff training and equipment, funding for an appropriate intervention, and measured outcomes. This will enable the Government to make choices about services which are accessible, suitable, and relevant to children with disabilities and youth at risk in urban and rural areas.

Each intervention is a package of activities that will enable the Ministry to assess the effectiveness of the intervention for the targeted population and to plan accordingly. Thus, the components are structured to include:

- **A baseline needs assessment** to determine the number, type, and service needs of disabled children in the governorates designated for intervention; the perceptions and knowledge of families and the community about disability; and the number and type of services available at present for the target population.
- **A service program**: see individual component description.
- **Inter-disciplinary in-service training for social workers** from education, health labor, and the interior on case management. The vulnerable groups targeted under the program are all in need of inter-agency services. Better case management will lead to more effective use of services from a range of agencies and will enable workers to better serve their clients.
- **A program to identify the extent and type of benefits** which are accessed by single female heads of household in areas included in the program. This program will help women without birth certificates to acquire national identity cards. Without an identification card, a woman in Egypt does not legally exist, except as a spouse where she is included on the family card. A personal identification card will provide a woman access to social welfare benefits.

PROJECT COMPONENT 1

**Initiative A.** The initiative will support nursery-based services and outreach services for disabled children and their families in three governorates (US$2.7 million).

The social welfare Ministry in Egypt wishes to develop interdisciplinary and coordinated services for children and families with disabilities. Access to these services is inadequate; services reach only about 1,000 children. As in many countries, the social stigma attached to disability prevents these children from reaching their full potential. Families with disabled children also carry a burden of isolation and stigma which impedes social and economic welfare. Significant efforts are being made by Egypt’s First Lady...
and the non-formal sector to publicize the need to pay more attention to services for those who are disabled.

Service provision varies across the country. The Ministry has a program to develop nursery services in all governorates over the last two five-year plans. This project will develop services in the remaining governorates not covered by this type of publicly funded provision. The project will provide funds for information campaigns and home-based interventions for mothers together with nursery-based and other interventions for children. The model being developed envisions the role of institutions both as service providers and outreach centers, to educate society on the potential of those with disabilities and to encourage community members to become involved in activities of the center. This will enable the institution to become a facilitator for community-based services. The institution will then focus on awareness raising, empowerment, confidence building and training.

Nurseries provide an opportunity for socialization and rehabilitation for children with a range of special needs. At present they form part of a fragmented network of services provided by many ministries but serve only about 1,000 children. One novel aspect of the project will be to encourage training in case management and discussions of family and child needs between workers from more than one agency. The programs will be implemented using non-governmental organizations specialized in this area.

**Desired Outcomes.** The initiative aims to achieve the following:

(a) **Baseline survey.** Determine more about the nature, extent, and type of childhood disability in Egypt and benefits and services now being accessed.

(b) **Service provision and training.** Develop a combination of service provisions that is both institution- and home-based in areas which do not have sufficient services, and ascertain the pros and cons of doing this.

(c) **Fund both existing and new providers.** Provide an opportunity to broaden the spectrum of service providers.

(d) **Information campaigns.** Improve understanding of the potential for integration into society of individuals with disabilities.

The program will fund: a) renovation and equipment of facilities and vehicles for transportation of children, b) inter-agency staff training, c) information campaigns, and d) baseline and evaluation studies.

**Disability Project Component Description**

1. A detailed epidemiological/social study needs assessment of the target areas should be carried out as the first step of the program to:

   - determine the prevalence of disability, and to evaluate the degree of disability involved
   - investigate their causes and the social context in which they are most likely to occur
   - identify avoidable disabilities and programs to prevent them
   - investigate the social consequences of physical and mental impairment for children and their families as a first step in planning the best ways to ameliorate adverse consequences
   - estimate projections of the population by age to estimate the total number of disabled children in Egypt by type of disability
   - map the service delivery and all activities done related to disability by different players
   - investigate the existing finance for these services and to explore the possible approaches for finance
   - investigate the knowledge, attitudes and practices of the community and with families with disabled children that are affecting the situation of disability
- establish a baseline data for the project evaluation component based upon the project component indicators.

2. Develop standards and guidelines for prevention, care, and rehabilitation and design special programs for the most serious or prevalent problems, estimating the kind and extent of rehabilitation facilities most urgently needed and the number of trained personnel needed to staff them.

- establish standard prevention/care/rehabilitation guidelines
- establish National Disability Planning standards and guidelines and developing a governorate-planning module that integrates service delivery between all players
- propose a financing system for funding the module.

Two governorates will be selected as field testing sites for the development of the standards and guidelines and model development before expanding activities in the other four governorates. The two governorates are expected to represent urban and rural governorates to take into consideration urban/rural differentials.

3. Implement service delivery projects in selected governorates on a rolling basis throughout the program and feed lessons learned into each new operation and into the development of standards and guidelines. Project activities include:

- remodeling of facilities according to the standards and guidelines (S&G)
- providing equipment and furniture for each facility
- training staff
- delivering services consisting of outreach to families on socialization, physical therapy, nutrition, developmental aspects of early childhood for children with disabilities
- delivering services consisting of day care in-house nursery play facilities and rehabilitative therapies (non-acute) for a range of pre-school disabilities.

4. Evaluate the project as pre- and post-situation in the selected governorates; compare models being implemented in selected governorates and those of similar governorates (that are implementing the previous fragmented system).

Initiative B. Youth at risk and street children in urban and rural areas (US$1.9 million)

The phenomenon of street children has been officially acknowledged as a social problem. The futile debates about definitions distinguishing between children "on" and those "of" the street may distort the discussion and create misleading images of the life of street children. These children, in fact, range in age from 2 or 3 to 18 years, are of both genders, and often intermingle with young adults. Large numbers of youth live in marginal neighborhoods, characterized by economic problems, crime, and the disintegration of traditional forms of social cohesion. While resilient youth may emerge from the vicious cycle of poverty, others require special assistance to achieve the same opportunities in school, in the labor market, and in personal development. Street children are a subset of a larger group: children who risk falling by the wayside, and many of whom have dropped out of school. Street children—either not old enough or trained to enter the formal labor market—may either beg or peddle to survive. Not all street children seen on the streets live on the streets; groups may live in railway stations, bus stations, or other public facilities. Nonetheless, children without homes need a wider, different range of services than do those still with families, but all risk becoming abandoned and marginalized.

At present children who need care are tracked through the juvenile justice system. A “halfway house” program will provide an information and referral center on services for children at risk in Greater Cairo,
Upper Egypt and Lower Egypt. These facilities will use existing buildings requiring minimal renovation and can concentrate their efforts on referrals for young people deprived of family support. The aim of the service will be to complement and coordinate with other existing services and with the social affairs office.

Because these programs are difficult and sensitive to run, they will be monitored by the department of social affairs but will be contracted to NGOs with a proven track record in the delivery of services to youth at risk. One feature of these programs will be the development of an integrated case management system that involves coordination with the education, health, labor and juvenile justice systems to provide support to the involved child and his/her family.

**Desired Outcome.** The initiative should lead to: a) a decrease in the number of repeat offenders who return to the juvenile justice system; b) an increase in access to families of children at risk; and c) an increased number and type of services and programs.

**Project Component Design.** Few programs in Egypt address this type of need in Egypt and are not funded by government agencies. Thus this small component is new for MISA. It will use the needs assessment to design and build a combination outreach, screening, and referral center, together with a recreational facility for children found on the street or otherwise at risk and in need of counseling. Possible services offered might include:

- provision of day shelters, reception facilities, washing facilities, and food
- counseling and referral: contacting families or short-term shelters (3 weeks to 3 months) or long-term shelters (1 month to 1 year)
- re-integration into normal life through family, school and the formal labor market

**PROJECT COMPONENT 2**

**Support for Project Management (US$0.7 million):** A second component will support a Project Management unit in the Ministry of Insurance and Social Affairs. See description of project management arrangements in Annex 6b.
PROJECT CYCLE

STEERING COMMITTEE

PROJECT MANAGEMENT UNIT

Needs Assessment (Baseline Data)**

Project Database

National Strategy Development *

Developing Standards and Guidelines & Program Design Development (Service Delivery Facility/Master Plan) **

Field Testing (in one Governorate for the Disability component and in one Governorate for the Youth at Risk component)

Operational Phase

Finalized Service Delivery Model to be expanded in the remaining Pilot Governorates

* Funding provided by UNDP
** UNICEF interest and expertise
### Estimated Project Costs

**Project Cost by Component**

<table>
<thead>
<tr>
<th>Component</th>
<th>Local</th>
<th>Foreign</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>A. Targeted integrated services</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A1. Programs for disabled children</td>
<td>1,968.0</td>
<td>314.9</td>
<td>2,282.9</td>
</tr>
<tr>
<td>A2. Services for youth at risk</td>
<td>1,502.7</td>
<td>89.6</td>
<td>1,592.3</td>
</tr>
<tr>
<td><strong>Subtotal targeted integrated services</strong></td>
<td>3,470.7</td>
<td>404.5</td>
<td>3,875.2</td>
</tr>
<tr>
<td><strong>B. Project management</strong></td>
<td>673.6</td>
<td>--</td>
<td>673.6</td>
</tr>
<tr>
<td><strong>Total baseline costs</strong></td>
<td>4,144.4</td>
<td>404.5</td>
<td>4,548.8</td>
</tr>
<tr>
<td><strong>Physical contingencies</strong></td>
<td>290.9</td>
<td>10.3</td>
<td>301.2</td>
</tr>
<tr>
<td><strong>Price contingencies</strong></td>
<td>459.3</td>
<td>20.1</td>
<td>479.5</td>
</tr>
<tr>
<td><strong>TOTAL PROJECT COSTS</strong></td>
<td>4,894.5</td>
<td>435.0</td>
<td>5,329.5</td>
</tr>
</tbody>
</table>
Economic Analysis

Providing services for disabled children and children at risk

This section outlines the economic rationale for the project; no substantial economic analysis is possible due to paucity of data. Estimates on disability vary considerably. For example, Egypt's Maternal and Child Health Survey of 1991 found only 73 cases of children disabilities in a sample of 22,967 children under age 15. The Egypt Multiple Indicator Cluster Survey (EMICS) conducted by UNICEF, on the other hand, found that 618 children under age 15 in the sample of 20,405 had some form of disability that reduced or limited the child's activity. Sight problems and chronic health conditions were most commonly reported each accounting for about one quarter of the disabled followed by hearing problems (13 percent), speech problems (12 percent), and mental retardation (11 percent) and motor disability (i.e., inability to control the fine movement of body or hands). Extrapolating from these two surveys, the total number of children by type of disability in Egypt ranges between 65,870 to 650,000.

Although these children have disabilities that limit their physical capacity, a large majority—especially those with sight, hearing, speech or health problems—can be rehabilitated. The figures presented above are crude projections of the extent of childhood disability using the estimates from the EMICS to generate numbers for the population as a whole. The numbers indicate the extent of the problem. The total MISA budget for rehabilitation services is currently EGP 16 million. Although this represents a two-fold increase since 1991/92, it is roughly EGP 8,266 for disabled children in MISA rehabilitation centers. Moreover, the average figure masks vast regional disparities. In the absence of precise numbers of disabled children, by type of disability by region, it is almost impossible to target efficiently. At present the facilities to care, rehabilitate, and educate disabled children are inadequate. Even using the Government's own estimates of disability prevalence, only about 1 percent of disabled children can be served. This is inadequate for any form of serious rehabilitation, but expansion needs to take place after the effectiveness and cost implications of interventions are assessed as the project proposes.

Although there are no data available on social and economic consequences of physical and mental impairment of children or at-risk children at the macro level, it is easy to see that these consequences include not just the direct cost of looking after the children which puts enormous social and economic burden on the families and relatives but also the cost of exclusion—i.e., the opportunities forgone by not rehabilitating these children with productive skills. The economic cost measured in the simplest terms would be a measure of the production forgone on account of the unrehabilitated child plus that of the caregiver or caregivers who is/are excluded from economic participation in society because of the disability of the child.

The phenomenon of street children has been officially acknowledged as a social problem. These children range in age from 2 or 3 to 18 years, are of both genders, and often intermingle with young adults. Large numbers of youth live in marginalized neighborhoods characterized by economic problems, crime and the disintegration of traditional forms of social cohesion. While resilient youth will emerge from this vicious cycle of poverty, others require special assistance to achieve the same opportunities for advancement in school, the labor market, and personal development. The rationale for investing in youth is based on the following goals: avoiding negative externalities associated with risky behaviors (e.g. juvenile delinquency, drug addiction, and school dropout) and alleviating poverty and strengthening social capital (family environments, community networks).
Egypt does not have a developed social risk management system. In the absence of social insurance mechanisms, formal or informal/private or public, individuals and families bear the costs of adversities which can arise in many ways, such as loss of employment that can lead to loss of income and poverty, breaking up of families, injury, and disability. The economic and social conditions of the poor make them both more prone to such risks, and they are less able to cope when these risks materialize due to low and unsteady employment and incomes. This creates a vicious circle of poverty and burdens both the poor and economic development. Private and informal mechanisms historically have been crucial, albeit far from universal, in helping the poor. Similarly, existing social policies and competition for budgets limit the ability of the Government to shelter all citizens. To better address the lack of social insurance, a greater synergy between all actors is needed as well as a comprehensive framework and an approach that would help prioritize needs and sequence the interventions at ground level.

The project gives priority to poor families with disabled children who must bear lifelong consequences. Similarly, the project acknowledges that adopting the principle of prevention among youth at risk is preferable to that of correction. At the same time, assistance in these two areas can be more or less effective under different funding and implementation arrangements. Through its operations, the project will innovate types of services and service delivery (institution or community/family based with different shares of public involvement in provision) and will also help policy makers and providers identify which areas are constrained by lack of Government help to provide the required leading role (this ranges from narrow program-related issues to lack of regulation and broader strategic framework). As a by-product, the project will also examine whether the access of the poor to social services is constrained by administrative arrangements (such as identity cards) and will propose ways to avoid this effect.

Providing Identification Cards for Women

According to Egypt’s 1997 Integrated Household Survey, female-headed households, which constitute 15 percent of all households, are 1.3 times as likely to be poor in urban areas than are male-headed households, and 1.2 times more likely in rural areas. Besides, low levels of education and limited access to regular employment, the social and public exclusion further heightens their vulnerability to poverty in terms of lack of identification papers, lack of access to MISA’s pension schemes, lack of political participation, no right to vote, and lack of access to other social and economic benefits.

Women’s identification in Egypt represents a considerable constraint to their independence and development. Many more men than women have their own identification cards. By 1995, of adults 18 years and over, 5 percent of the men and 42 percent of the women had individual cards. Without a card, a woman has less access to financial capital and land ownership than would a man; faces de facto differences in property, tenure and title rights; and faces differences in pension entitlements. The project will develop strategies for processing identification cards and will evaluate program participation and socio-economic gains.
### Financial Summary
(in US$ thousands, base year 2000)

<table>
<thead>
<tr>
<th>Year</th>
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<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
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<tbody>
<tr>
<td>Project Costs*</td>
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<td></td>
</tr>
<tr>
<td>Investment Costs</td>
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<td>1,386.6</td>
<td>1,469.8</td>
<td>850.2</td>
<td>321.8</td>
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<td>Recurrent Costs</td>
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<td>75.8</td>
<td>100.7</td>
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<td>Total</td>
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<td>1,462.3</td>
<td>1,570.5</td>
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<td>Financing Sources (% of total project costs)</td>
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<td></td>
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<td></td>
</tr>
<tr>
<td>IDA</td>
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<td>94.1</td>
<td>93.8</td>
<td>92.1</td>
<td>94.7</td>
</tr>
<tr>
<td>Government</td>
<td>5.3</td>
<td>5.9</td>
<td>6.2</td>
<td>7.9</td>
<td>5.3</td>
</tr>
<tr>
<td>Total</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

*totals may not add up due to rounding.
A. Procurement

Under the project, a Project Management Unit (PMU) will be established at MISA headquarters. Among its core staff, the PMU will have a Procurement Officer who will undertake the procurement activities at the central level and oversee the procurement activities done at the local levels by service providers through subprojects.

At the central level, procurement consists mainly of organizing study tours, contracting consultant services for needs assessment, case management studies, and purchasing office equipment. At the local levels, procurement will cover subprojects carried out by service providers and will include small-scale renovation of buildings; the purchasing of small rehabilitation equipment, and vehicles; provision of identification cards for women; and organization of awareness campaigns.

Procurement under the Credit will be carried out in accordance with IDA’s guidelines, *Procurement under IBRD Loans and IDA Credits*, January 1995 (revised January 1999), and the *Selection and Employment of Consultants by World Bank Borrowers*, January 1997 (revised January 1999). However, no International Competitive Bidding (ICB) or National Competitive Bidding (NCB) will be required under this Credit, due to the very small contract values for works and goods which are geographically dispersed and, therefore, unsuitable for either ICB or NCB. Instead, simplified competitive bidding procedures and documents based, in principle, on IDA’s Guidelines, will be developed and applied to all procurement of works and goods. These simplified procedures and documents will be subject to IDA’s prior concurrence before their first application. The PMU will ensure that all service providers are proficient in the use of these simplified procedures and documents.

**Works.** Civil works undertaken by service providers will comprise minor renovation of buildings or rooms in dispersed locations. Due to the amount of the credit and the repartition of works among a number of service providers with specialized field of services/expertise, each contract is estimated not to exceed US$30,000. Therefore works will be procured through solicitation of competitive price quotations from at least three capable local contractors.

**Goods.** Goods and equipment consist primarily of small rehabilitation equipment, office equipment/furniture, provisions of identification cards for women, and a mini-bus adapted for children with special needs. At the local level, each contract is estimated not to exceed US$30,000; therefore, goods will be procured through solicitation of competitive price quotations from at least three suppliers. The contract for office equipment procured for the establishment of the PMU is also of small value. Therefore, solicitation of competitive price quotations from at least three suppliers will also apply.

**Services.** Technical assistance will be needed: (i) to strengthen MISA’s institutional capacities: studies on needs assessment, communication strategy, case management training and study tours; and (ii) to carry out programs activities (handicapped children and youth at risk) by service providers. For (i) the selection of these technical assistance contracts will be carried out in accordance with the Quality-Cost-Based (QCBS) method in IDA’s guidelines, if the estimated contract value exceeds US$100,000. For all selections below this estimated contract value, the Consultant Qualifications (CQ) method will be used. Under exceptional conditions and with IDA’s prior concurrence, the Single Source (SS) method will also be used. For (ii) the selection of service providers will be carried out in accordance with the Quality-Based (QBS) method in IDA’s guidelines.
IDA's prior review. Concerning contracts which cover the procurement for works and goods and which are executed by service providers, the first three contracts of Component “Programs for Disabled Children” and Component “Services for Youth at Risk” will be subject to the IDA's prior review, independent of their value. In addition, contracts above US$100,000 will be subject to the IDA’s prior review.

Concerning the selection of consultants through QCBS and QBS, the following will be subject to IDA’s prior review: terms of reference, budget, short list, request for proposals, and evaluation report. For all other selections, only the terms of reference and the budget will be subject to IDA’s prior review. IDA will carry out post-reviews of procurement processes for works, goods and services on a random basis during supervision missions.

Procurement Assessment and Recommendations

Procurement Function at MISA

Procurement falls under the responsibility of the Procurement and Warehouse Department within the Financial Affairs. The Department’s staff of 20 handles the procurement of works and goods for MISA and applies the provisions and regulations governed by Egyptian Law No. 89 (1998). For works and goods, the Procurement and Warehouse Department has been exposed to contracts of small value, not exceeding US$300,000 per contract. Most of the time, it has applied national competitive bidding procedures and has little experience in international competitive bidding. In 1998, it has procured goods and works worth US$2.0 million. For consultant services, a list of individuals is available at MISA for selection by the department in need of specialized technical assistance. Since this Credit is the first World IDA credit to MISA, the Procurement and Warehouse Department has not been exposed to IDA procedures and bidding standard documents.

Recommendations

The Credit will be the first collaboration between MISA and the IDA. Procurement planning and timely implementation of activities will ensure the success of the Credit. To this end, the following actions are recommended:

- Staff PMU with a Procurement Officer with a background in engineering and who has worked in positions dealing with national and international procurement, with strong procurement planning skills.
- Procurement Officer and other MISA staff to be trained in IDA’s procurement procedures.
- Among his responsibilities, the Procurement Officer will have to (a) mentor the beneficiary service providers in the implementation of their subprojects; (b) disseminate and train beneficiary service providers on IDA’s procurement procedures which govern the Credit, as well as the simplified procedures and documents which will be applicable to most procurement under this project, and (c) supervise closely the procurement undertaken by beneficiary service providers.

Table A lists the Procurement Arrangements, and Table B indicates Thresholds for Procurement Methods and Prior Review.
B. Disbursement

The allocation of credit proceeds are given in Table C.

Use of statements of expenditures (SOE): Until the Credit is ready for PMR-based disbursement as indicated in the Financial Management Assessment Section, SOEs will be used for all expenditures, except for works and goods above US$100,000, and for any services above US$50,000 for individual consultants and US$100,000 for firms. The supporting documents would be retained by MISA and made available for review by auditors and Bank missions upon request.

Special Account. A special account will be opened by MISA at a commercial bank with an authorized allocation of US$500,000 with an initial deposit of US$250,000.

Table A
Procurement Arrangements
(in US$ thousands)

<table>
<thead>
<tr>
<th>Procurement</th>
<th>Local Shopping</th>
<th>Consulting Services</th>
<th>N.B.F.</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>WORKS</td>
<td>1,004.0</td>
<td>-</td>
<td>-</td>
<td>1,004.0</td>
</tr>
<tr>
<td></td>
<td>(953.8)</td>
<td></td>
<td></td>
<td>(953.8)</td>
</tr>
<tr>
<td>GOODS</td>
<td>2,789.6</td>
<td>-</td>
<td>-</td>
<td>2,789.6</td>
</tr>
<tr>
<td></td>
<td>(2,698.3)</td>
<td></td>
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<td>(2,698.3)</td>
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<tr>
<td>CONSULTING SERVICES</td>
<td>-</td>
<td>1,200.0</td>
<td>-</td>
<td>1,200.0</td>
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<tr>
<td></td>
<td></td>
<td>(1,200.0)</td>
<td></td>
<td>(1,200.0)</td>
</tr>
<tr>
<td>OPERATING</td>
<td>220.7</td>
<td>-</td>
<td>115.1</td>
<td>335.8</td>
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<tr>
<td></td>
<td>(147.9)</td>
<td></td>
<td></td>
<td>(147.9)</td>
</tr>
<tr>
<td>Total</td>
<td>2,972.1</td>
<td>2,242.3</td>
<td>115.1</td>
<td>5,329.5</td>
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<tr>
<td></td>
<td>(2,761.7)</td>
<td>(2,242.3)</td>
<td></td>
<td>(5,000.0)</td>
</tr>
</tbody>
</table>

Note: Figures in parentheses are the respective amounts financed by IDA.
/a Procured under Subprojects carried out by service providers.
/b Procured under Subprojects carried out by service providers and to equip PMU.
/c Include services under Subprojects and training for MISA management staff.
### Table B
Thresholds for Procurement Methods and Prior Review

<table>
<thead>
<tr>
<th>Expenditure Category</th>
<th>Contract Value (Threshold) US$ thousands</th>
<th>Procurement Method</th>
<th>Contracts Subject to Prior Review</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Goods, works</td>
<td>&gt;US$100,000</td>
<td>NS/IS</td>
<td>First 3 contracts in Component “Disabled Children” and Component “Youth at Risk,” independent of value. Subsequently, all contracts above US$100,000.</td>
</tr>
<tr>
<td>2. Services</td>
<td>&gt;US$100,000</td>
<td>QCBS</td>
<td>All contracts above US$100,000. Subject to prior review: terms of reference, budget, short list, request for proposals, evaluation report.</td>
</tr>
<tr>
<td></td>
<td>&lt;US$100,000</td>
<td>CQ</td>
<td>All contracts below US$100,000. Subject to prior review: terms of reference and budget.</td>
</tr>
</tbody>
</table>

1 Consultants Qualifications (CQ), National Shopping/International Shopping (NS/IS), Quality and Cost-Based Selection (QCBS).

### Table C
Allocation of Credit Proceeds

<table>
<thead>
<tr>
<th>Expenditure Category</th>
<th>Amount in US$</th>
<th>Financing Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Subprojects</td>
<td>3,460,000</td>
<td>90%</td>
</tr>
<tr>
<td>2. Goods for Part C of the Project</td>
<td>92,000</td>
<td>100% of foreign expenditures, 100% of local expenditures (ex-factory); 85% of local expenditures for other items procured locally.</td>
</tr>
<tr>
<td>3. Consultant Services and Training</td>
<td>560,000</td>
<td>100%</td>
</tr>
<tr>
<td>4. Incremental Operating costs</td>
<td>140,000</td>
<td>65%</td>
</tr>
<tr>
<td>5. Unallocated</td>
<td>748,000</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>5,000,000</strong></td>
<td></td>
</tr>
</tbody>
</table>
Arab Republic of Egypt
Social Protection Initiatives Project

Report on the Assessment of Projects for
PMR-Based Disbursements

Inadequate Financial and/or Procurement Management System

Part I. Financial Management System

I have reviewed the financial management system relating to this project. The objective of the review was to determine whether the project has in place an adequate financial management system as required by the Bank/IDA under OP/BP 10.02.

My review, which included visits to the project implementation agency, was based on the World Bank guidelines, “Review of Financial Management systems,” which focused on the assessment of the project’s accounting system, internal control, planning, budgeting and financial reporting system, selection of an auditor as well as the format and contents of the Project Management Report (PMR) to be submitted by the borrower in support of Withdrawal applications.

In my opinion, the project does not satisfy the Bank’s minimum financial management requirements.

In the attachment, I have detailed the inadequacies that I found in the system and have included the Borrower’s agreed action plan to remedy the situation.

Signed by:
Rafika Chaouali
Financial Management Specialist

Date

Part II. Procurement/Contract Management System

I have reviewed the procurement/contract management system relating to this project. The objective of the review was to determine whether the procurement/contract management system adopted by the project conforms to the Bank/IDA guidelines for procurement in investment projects.

My review was based on the “Assessment of Agency’s Capacity to Implement Project Procurement, Setting of Prior Review Thresholds and Procurement Supervision Plan” guidelines issued by the Bank/IDA.

In my opinion, the project does not satisfy the Bank’s minimum procurement management requirements.

I have detailed in the attachment the inadequacies that I found in the system together with an agreed action plan by the borrower to remedy the situation.

Signed by:
Christian Rey
Procurement Specialist

Date
Arab Republic of Egypt
Social Protection Initiatives Project

Assessment and Proposal of
Project Financial Management Arrangements

A Bank mission appraised the financial management arrangements in order to assess their compliance with IDA requirements for the proposed Social Protection Initiatives project funding of US$5.0 million. The following assessment is based mostly on discussions with MISA counterparts and a limited number of reports gathered during the mission.

A. MISA’s Current Project Management Practices

1. Organizational links within MISA

Five main divisions will have a relationship to the project. The NGO administration, the NGO and indirectly the local MISA directorates in the districts where the project is being implemented.

2. The Financial Management and Flow of Funds at MISA

The financial management function is performed by two main departments: the finance department for the management of the total MISA budget, and the NGO Administration Department that disburses and monitors funds to the NGOs. The Government’s Central Auditing Organization (CAO) audits MISA annually.

a. Current Accounting, Reporting, Auditing Practices at NGO Level

MISA maintains accounting books and records on a cash basis. They disburse funds to NGOs based on contractual agreements, usually in one or two installments per year. According to the existing standard agreement, the funds are transferred to the NGOs in one up-front installment, and NGOs account for the funds according to their own accounting system and as per the Government regulations. They keep all supporting documents and must send annual financial statements. They must also send no later than 3 months after the closing of each fiscal year audited financial statements for that year for the total of their operations to MISA. They, occasionally and on a sample basis, get audited by the government’s Central Auditing Organization (CAO). The NGO administration has an internal control department with about 10 internal controllers at MISA headquarters and 5 to 6 per governorate. These internal controllers undertake supervision and control field visits to the NGOs. However, given the large number of projects implemented by NGOs, the volume of work far exceeds the existing capacity. The priority is then given to the control over the NGOs that receive annual grants to support their operations and are part of MISA’s annual budget.

b. Internal Control

Financial policies and procedures

The NGO Administration uses a set of technical and governance criteria to evaluate the NGO’s capacity to manage projects. The evaluation is done rather informally, written guidelines or records exist on the evaluations performed. To be eligible for funding from MISA budget or for recommendation by MISA for international funding, an NGO should have an annual General Assembly, a board that meets monthly, an administrative and technical staff structure, financial statements, clearance by the CAO, and should have been established for a few years. MISA grant agreement refers to the Egyptian accounting law to be applied by NGOs but has no written financial policies and procedures that govern its financial transactions, accounting for grants, and or regular reporting. The technical progress reports vary in form,
frequency, and content. They range from monthly to bi-annually to annually. The financial reports are received only once a year in the form of financial statements, in addition to any status report that is prepared when a financial control is undertaken by an internal controller. No evaluation of projects is performed. In most cases, once approved for funding, an NGO gets funded every year thereafter and its annual grant becomes part of MISA annual budget.

**Budgeting process**

Project proposals with activities and budgets are presented by the different technical divisions (central and local levels) to the Planning Department according to the divisions' respective assessment of community needs. These are reviewed for a five-year plan period. Budget requirements are split between investment budget and operating budget. The investment budget includes the acquisition of fixed assets such as the purchase of equipment, rehabilitation of buildings, and the construction of new ones. These are in general subject to central purchases then transferred to NGOs on a loan basis. The recurrent costs of projects implemented through NGOs are included as part of MISA's annual operating budget and transferred to NGOs in the form of annual grant. While budgets are originally presented in the project proposal by the respective technical units, they are reviewed and reduced when there are insufficient provisions in MISA's budget and then sent back to the units. The signature of the grant agreement between MISA and an NGO is not binding either for funding of the full amount stipulated in the agreement. The budget analysis is very limited.

c. Audit Arrangements

**Internal Audit**

To ensure that NGOs spend the funds according to their contractual agreement, MISA NGO Administration department conducts field visits to undertake financial reviews. These reviews are performed by a number of internal controllers at MISA's main office (at NGO Administration) and through the local offices. This internal audit capacity is not enough to keep up with the current volume of work and the annual increase in activities.

**Annual External Audit of Projects**

MISA is audited annually by the CAO, a government auditor. NGOs implementing projects funded by MISA are required to submit annually their entity's audited financial statements for each fiscal year, to MISA NGO Administration Department not later than three months following the close of the fiscal year. The CAO also undertakes sample audits of NGOs every five years or so. The audited financial statements are reviewed by the internal controllers of MISA.

**B. The Project Management Arrangements**

1. Institutional Arrangements

a. The Project Management Unit

Given its innovative nature and learning objective, the project will be managed by a Project Management Unit created especially to this end. The PMU will be established to (a) enable more effective processing of disbursement and level of responsiveness of the project management to project demands from the field level; (b) have flexibility for innovation and, thus, isolate project output from being affected by aspects related to logistical and or administrative capacity; and (c) build management capacity on a small scale for learning purposes for replication of lessons, if deemed desirable.
b. Organization Structure of the Project

The project’s activities will be implemented through MISA agents and other service providers at the field/community level. The proposed organization structure of the PMU is included as part of this implementation manual. It comprises the following full time positions: a Project Manager, a Financial Officer, an Accountant, a Procurement Officer, a Senior Researcher, two Research Assistants, and two support staff members. The PMU will be responsible for the full implementation of the project and the annual plan and budget, for monitoring, follow-up and evaluation of activities, and analysis of results and lessons learnt; and for ensuring that credit agreement conditions are complied with. The PMU will report to a steering committee that oversees the project implementation regularly and provides advice to the Minister on policy issues as they relate to the project and/or the lessons learnt. The structure terms of reference for the project management, is included in the implementation manual.

2. Financial Management Arrangements

The project’s activities will be implemented through a number of Service Providers. The PMU will be responsible for the planning, budgeting, overall supervision of the activities, consolidating project information, and reporting on these activities to all stakeholders. The PMU should ensure compliance with the Bank credit and other donors agreements, ensure that the funds are spent per the agreement and according to the regulations and procedures of the Bank and other funding agencies as required. The PMU should put in place the regulations, operational procedures, and management structure that ensure that the PMU and the implementing Service Providers have accounting and control systems capable of reliably recording and reporting all financial transactions. This is important for MISA to fulfill its fiduciary requirements towards its donors and to ensure that these systems provide the necessary financial and physical progress information to the project management at each level. The following components of such a system should be in place and operational prior to credit effectiveness, or as soon as possible thereafter upon completion of the Action Plan.

a. Accounting systems

IDA’s financial policies requires that the borrower maintain and operate an accounting system to record and report all the financial transactions of the project, according to the Generally Accepted Accounting Principles. For this the recruitment of the financial officer and accountant according to the qualifications specified in the attached TORs is a condition of effectiveness of the credit. These two officers will be responsible for the implementation of an accounting system and designing the reporting requirements at the level of the PMU and the Service Providers implementing project’s components.

The PMU accounting system should be able to provide accurate, reliable, and timely accounting information on project’s funding sources and uses for the total of the project and for each individual component and sub-component of the project and by implementing institution. It should also provide a regular reconciliation of the credit special account with the IDA records. To allow better and faster monitoring of financial, procurement, and monitoring and evaluation output indicators, an adequate software capable of generating the required information and reports should be installed and in place at the PMU.

b. Internal Control System

The PMU financial officer along with the accountant will be responsible for implementing an internal control system compliant with Bank financial and procurement procedures and regulations. Some of these procedures and regulations are included in the Procedures section of the Implementation Manual of the Project. An operational manual should be developed detailing:
• The authorization and payment system;
• The process of approval of the project’s activities within the PMU and when a proposal is submitted by a service provider for funding under any of the activities of the project. This includes a clear definition of the formation, role and responsibility of the ad-hoc committees;
• The funding eligibility criteria for a service provider under each of the project components. Such procedure should also be part of the documentation communicated to the service provider being considered for funding;
• A revision of the funding contract between the PMU and a service provider by which an activity is being carried out under any of the project’s components. This should include a listing of proper documentation detailing the activities being funded, the conditions of funding, and the reporting, auditing and other requirements along with their periodicity, expected from them;
• The description, development, and communication of reporting requirements from the project implementing Service Providers;
• The receipt of copies of the Service Providers annual external audit reports, and the annual external audit arrangement of the total project;
• The periodicity and type of visits and other controls to be performed;
• Other, as needed.

c. Auditing Arrangements

IDA’s financial policies require that an annual external audit be performed for the total project, which in this case is the Social Protection Initiatives project implemented by MISA through the PMU and a number of Service Providers. The audit should be conducted by an independent audit firm external to MISA acceptable to IDA. A copy of such audit should be communicated to IDA no later than six months following the closing of the fiscal year subject of audit. The external audit report should encompass all project’s activities and should be in accordance with IDA auditing requirements as stipulated in the IDA’s financial documents conveyed to MISA by the mission. It will cover the project’s financial statements, the reconciliation and use of the special account, the use of, and withdrawal based on, Statement of Expenditures (SOEs), when these are used, the fixed assets of the project, clear opinions on these, and a management letter. The audit should be conducted according to International Auditing Standards. A sample audit TORs acceptable to IDA is included in the Implementation Manual. The TORs should be prepared and a list of auditors acceptable to IDA should be submitted for clearance before credit effectiveness. The auditors should be appointed immediately after and before credit disbursement takes place.

d. Special account

To ensure that funds are readily available for the project implementation, a special account denominated in US dollars will be opened at a commercial bank in Cairo and will be operated by the PMU for the IDA credit. Initially, an advance for the equivalent of six months expenditures will be transferred to the special account upon effectiveness of the credit and receipt by IDA of a withdrawal application. The maximum amount of this advance is estimated at US$500,000. The special account will be operated by the PMU under terms and conditions satisfactory to IDA. Disbursement applications will be prepared and submitted by the PMU to IDA along with the Quarterly Project Management Reports (PMR). Each disbursement application will be signed by two authorized representatives. Authorized signatories names and corresponding specimens of their signatures will be submitted to IDA through MISA. Upon full implementation of the action plan agreed upon as shown below, IDA team will review the financial management arrangements to determine if the project can disburse based on quarterly submission of PMRs. Once IDA provides formal certification, disbursements based on Quarterly Project Management Reports can begin.
If the project is not considered compliant with all Bank financial policies to be eligible for PMR disbursement, the special account will be replenished based on IDA’s traditional methods of disbursements, using SOE for those expenditures below the threshold and special account replenishments with supporting documentation for the rest of the expenditures. A training on the above procedures will take place during the project launch workshop. This procedure is detailed further in the annex 6 to the PAD.

e. Bank Reporting and Disbursement Arrangements

Bank Reporting and Disbursement Arrangements
The PIU will prepare annual financial statements and will submit annual audits of these financial statements to IDA as specified above. In addition, the PMU will submit quarterly project management reports upon full implementation of the action plan and when this procedure is declared acceptable by IDA.

The PMR is a management tool as well as a reporting requirement to IDA. A sample PMR model is attached. The PMR is a comprehensive document reporting on the last quarters activities in terms of sources and uses of funds, progress of activities as shown by the procurement schedule and output indicators for the quarter, a forecast of the next quarter and a status of the cumulative achievements to date.

It comprises the following three main sections: (a) Section 1: Financial Statements. These will provide information on sources and uses of funds by credit category and by project activity, forecasts of expenditure, amount of disbursement requested and a reconciliation of the special account; (b) Section 2: Project Progress Reports. These will provide information on project implementation progress in physical and financial terms using monitoring indicators, including identifying deviations from plan and explaining reasons for such variations; and (c) Section 3: Procurement Management Reports. These will provide reports on the status of procurement and contracts subject to IDA’s prior review, as well as post-review contracts above US$100,000 equivalent.

Upon recruitment of all the PMU staff members, to generate the PMR, the director should form a task force from the project, comprised of finance, procurement, and program staff, to work on developing the project PMR. The Task force will define inputs and outputs to the PMR based on the model in the Loan Administration Change Initiative (LACI) Implementation Handbook (or LACI Implementation Handbook); propose forms and information to be generated by the various parties; and produce a draft PMR to be submitted to IDA for approval.

Reporting and Disbursement Arrangements from PMU to Service Providers
Once the project is approved and contract/agreement is signed between the parties, disbursement can begin based on request by the service provider. The service provider should open a special account in a local commercial bank, and submit the account number and bank address, along with the names of two signatories and a specimen signature to the PMU. The signatories are the only persons authorized to sign the withdrawal application. The service provider will then submit a withdrawal application for an advance, specifying the amount of funds needed for the first quarter, accompanied by a cash-flow forecast for the quarter. The cash-flow forecast should be based on the budgeted activity. The format of the withdrawal application and cash-flow forecast should be clearly communicated to the service provider once the agreement is signed. The service provider is responsible for keeping proper accounting records of all the funds received and used for the project. These funds include all sources: from PMU, own sources (income generation, cost sharing), government funding, and other donors) and the uses of these funds. Subsequent withdrawal applications should be submitted quarterly to the PMU accompanied by financial and activity progress reports, and a bank reconciliation statement. The reports formats should be clearly defined and communicated to the service providers by the PMU. In addition, the service provider
should submit monthly financial reports detailing the sources and uses of funds, along with a bank reconciliation. The service provider should also submit no later than three months after the closing of the fiscal year its annual independent audit report to the PMU. As part of the overall audit of the project, the PMU appointed auditors will also undertake a review of the sources and uses of funds to form an opinion on and to certify the financial statements of the project activity.

As needed and at their discretion, the PMU staff (the financial officer and/or the accountant) undertake a visit to the service provider to review the accounting and procurement documentation and records to ensure compliance with project agreement and its governing procedures. Upon receipt of the withdrawal application and any of the reports mentioned above, the PMU reviews the documentation to decide on the amount of funds needed to be transferred to the service provider. In case of doubts of the reliability of the information contained in any of the reports, the PMU requests more information, supporting documentation, and/or undertakes a visit to the service provider to review the documentation and the accounting records. In case of failure to comply with agreement terms and or absence of reliable information, the PMU should report the case to the SC. In this case the disbursement can be discontinued immediately. The latter case should be clearly stated in the agreement contract. The receipt of other than unqualified audit report should result in immediate suspension of the disbursements and should be reported to the SC for decision.

C. Action Plan for the financial management system set-up

1. Establish a Steering Committee, consisting of a Chairman, General Directors of MISA programs on Women, Disabled Children, Social Welfare and other General Directorates involved in the Project, representatives from the Ministries of Health, Education and Labor, the UNDP Project Manager, and other technical specialists as needed and requested and communication to IDA of the list of members, by January 15, 2000.

2. Establish the Project Management Unit, consisting of the project manager, financial officer, procurement officer, accountant, research officer, research assistant and support staff, and communication to IDA of the list of members by February 15, 2000.

3. Design and install internal systems and procedures for the PMU by March 15, 2000. The system should include at least the following. An implementation manual should be developed detailing:
   - The authorization and payment system;
   - The process of approval of the project’s activities within the PMU and when a proposal is submitted by a service provider for funding under any of the activities of the project. This includes a clear definition of the formation, role and responsibility of the ad-hoc committees;
   - The funding eligibility criteria for a service provider under each of the project components. Such procedure should also be part of the documentation communicated to the service provider being considered for funding;
   - A revision of the funding contract between the PMU and a service provider by which an activity is being carried out under any of the project’s components. This should include a listing of proper documentation detailing the activities being funded, the conditions of funding, and the reporting, auditing and other requirements along with their periodicity, expected from them;
   - The description, development, and communication of reporting requirements from the project implementing Service Providers;
   - The receipt of copies of the Service Providers annual external audit reports, and the annual external audit arrangement of the total project;
   - The periodicity and type of visits and other controls to be performed;
   - Other as needed.

4. Develop the accounting procedures and system and install an accounting and monitoring software.

5. Open a special account in US$ for the project at one of the Commercial Banks in Cairo.
6. **Engage external independent auditors** acceptable to IDA to audit the accounts for the first year of project's operations, by March 31, 2000. The auditors will also be assigned the review of the internal control system being developed to verify compliance with IDA financial and procurement reporting requirements. Auditors will issue by March 31, 2000, an interim management letter on the internal financial control and make any recommendation to improve the system;

7. **Implement all recommendations made by the auditors** to improve the financial internal control by April 15, 2000;

8. Ensure that above actions are implemented to allow IDA to certify that the financial and procurement management system in place is adequate and ready for loan disbursement by April 30, 2000;


B. **Actions to take place when project implementation unit is ready to upgrade financial management system**

   Design IDA’s reporting requirements: PMR and communicate a draft to IDA; submission to IDA of the PMU’s first PMR for replenishment of the special account advance
# Arab Republic of Egypt
## Social Protection Initiatives Project

### Project Processing Budget and Schedule

#### A. Project Processing Budget (US$ 000s)

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<thead>
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<th></th>
<th>Planned</th>
<th>Actual</th>
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<td>Japanese Trust Fund</td>
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#### B. Project Schedule

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<th>Planned</th>
<th>Actual</th>
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</thead>
<tbody>
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<td>30 days</td>
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<tr>
<td>Negotiations</td>
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<td>June 12, 1999</td>
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<tr>
<td>Planned Date of Effectiveness</td>
<td>April 2000</td>
<td></td>
</tr>
</tbody>
</table>

Prepared by: MNSHD and MNCEG

**Preparation assistance: World Bank/IDA**

**Bank staff who worked on the project included**

<table>
<thead>
<tr>
<th>Name</th>
<th>Specialty</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alaa Mohamoud Hamed, MNCEG</td>
<td>Public Health Specialist</td>
</tr>
<tr>
<td>Amira Kazem, MNCEG</td>
<td>Planning / Implementation</td>
</tr>
<tr>
<td>Badr Kamel, MNCEG</td>
<td>Disbursement / Procurement</td>
</tr>
<tr>
<td>Douglas Graham, MNCEG</td>
<td>Senior Operations Officer</td>
</tr>
<tr>
<td>Dung Kim Pham, MNSHD</td>
<td>Disbursement / Procurement</td>
</tr>
<tr>
<td>Elena Volpi, MNSED</td>
<td>Social Assessment</td>
</tr>
<tr>
<td>Eluned Roberts-Schweitzer, MNSHD</td>
<td>Team Leader</td>
</tr>
<tr>
<td>Hisham Waly, MNCEG</td>
<td>Financial Analyst</td>
</tr>
<tr>
<td>Iqbal Kaur, MNSHD</td>
<td>Economic Analysis / Data collection</td>
</tr>
<tr>
<td>Rafika Chaouali, MNSHD</td>
<td>Financial Management Specialist</td>
</tr>
<tr>
<td>Vivian Nwachukwu, MNSHD</td>
<td>Team Assistant</td>
</tr>
<tr>
<td>Zafiris Tzannatos, MNSHD</td>
<td>Social Protection Sector Manager</td>
</tr>
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**Peer Reviewers**

<table>
<thead>
<tr>
<th>Name</th>
<th>Specialty</th>
</tr>
</thead>
<tbody>
<tr>
<td>Andy Guth, ECSHD</td>
<td>Projects Officer</td>
</tr>
<tr>
<td>Miriam Schneidman, LCSHD</td>
<td>Operations Officer</td>
</tr>
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*Estimates based on level of effort*
Arab Republic of Egypt
Social Protection Initiatives Project

Statement of Loans and Credits

<table>
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<tr>
<th></th>
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<td>GOV</td>
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<td>14.45</td>
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<td>RE-PE-5416</td>
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<td>GOVERNMENT OF EGYPT</td>
<td>P. &amp; S. REFORM, XIV</td>
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<td>25.00</td>
<td>0.00</td>
<td>25.33</td>
<td>0.00</td>
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<tr>
<td>Total</td>
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<td>609.70</td>
<td>658.84</td>
<td>188.00</td>
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<th>Active Projects</th>
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<tr>
<td>504.69</td>
<td>3,621.34</td>
<td>4,126.03</td>
</tr>
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</table>

- Total Disbursements (BHD and IBA): 504.69
- Total Disbursements (BHD and IBA): 3,621.34
- Total Disbursements (BHD and IBA): 4,126.03

- Total Repaid: 11.68
- Total Repaid: 2,070.49
- Total Repaid: 2,182.17

- Total Amount of Disbursements: 1,098.86
- Total Amount of Disbursements: 1,996.40
- Total Amount of Disbursements: 2,095.26

- Total Amount: 0.00
- Total Amount: 7.48
- Total Amount: 7.48

- Total Amount: 594.66
- Total Amount: 2.23
- Total Amount: 596.89

Note:
- Disbursement data is updated at the end of the first week of the month.

a. Intended disbursements to date minus actual disbursements to date as projected at appraisal.
b. Following the FY94 Annual Review of Portfolio performance (ARP), a letter based system was introduced (5 = highly satisfactory, 4 = satisfactory, 3 = unsatisfactory, 2 = highly unsatisfactory): see proposed improvements in Project and Portfolio Performance Rating Methodology (BOP94-501), August 23, 1994.
Relevance of the proposed project for social development

1. Disabled and poor children are among the most vulnerable groups in all societies. They are the first to suffer from limited or ineffective social expenditures. In Egypt, recent economic deregulation and the changing role of the state in social protection might have increased the vulnerability of these categories. Informal safety nets are weakening, especially in new urban communities and also in rural areas where the very poor meet increasing economic difficulties. At the same time, public services and assistance are not always adequate to meet the needs of problematic children and their families. Access is one of the problems, as these groups tend to be excluded from legal entitlements.

2. This project can assist the government to better design services for the mentioned groups and to improve accessibility. Innovation of public services can be enhanced also by learning from community-based practices which have been successful in assisting disadvantaged categories.

Objectives of the Social Assessment

3. The Social Assessment will assist to identify and to tailor specific project activities, their sequence, and which formal and informal institution to involve in project implementation. It will provide in-depth knowledge on the perceptions, needs and resources of target groups and other project stakeholders.

4. The study will also establish indicators and benchmarks for on-going project monitoring and final evaluation. During project life, periodical reviews will include social scientists (both national and international) who will assess project activities based on the agreed-upon indicators.

5. Finally, the social assessment will highlight issues that could be further investigated in larger scale studies and survey during project life, such as the one planned by UNICEF Egypt.

Issues for the Social Assessment

6. For both project components (disabled children and children at risk), the assessment will analyze how the problem is perceived by concerned actors, actors’ coping strategies and resources, and their demanded actions. Specific topics will include:
   - How target groups and other community actors perceive and define mental and physical disability, and “children at risk”
   - How children in difficult circumstances, their families, and their communities cope with the problem, by using cultural and social resources (social capital)
   - Culturally rooted attitudes toward therapy and socialization of children with difficulties
   - Socio-economic characteristics of disabled children, children at risk, and their families
   - Disabled children and family relations: role of mother, father, other family members in taking care of the disabled child
   - Existing governmental and NGO programs addressing these categories in target areas, their access by target groups, satisfaction and lessons learned
   - Specific needs of children with problems, their families and communities, and indications for project action.
7. For each issue attention will be given to differences related to gender, economic conditions, and rural/urban areas. Children at risk seem to be an emerging phenomenon in new urban settlements, where community ties are particularly weak, but the study will also investigate specific manifestations of the problem in rural areas.

8. The role of the mother and other female members is crucial, as they usually bear the burden of care and socialization of children with problems. Promoting more opportunities and resources for women is key for improving their children’s life as well. Removing obstacles to acquiring legal status appears necessary in this context. The study should assess whether and how this would facilitate the life of women and the most appropriate ways to help them obtaining identification cards.

Methodology

9. The Social Assessment methodology will be mainly qualitative. Respondents are asked to express perceptions on sensitive and emotional issues, not suitable for a questionnaire. The study will use tools such as in-depth interviews, focus groups, case studies, narratives. A basic survey however will be undertaken to collect data on target groups’ socio-economic characteristics, their numeric dimension in different areas, and their access to existing services. The study will take from one to three months, according to the budget available.

10. National researchers should play a major role in the study. NGOs and other agencies dealing with children with difficulties may provide human resources for social assessment planning and implementation. In order to increase the capacity of MISA in dealing with community problems, central and local officers should be involved in designing the social assessment and should be consulted on several social assessment issues. However, researchers doing field work should not be affiliated with a government institution, as this could limit the spontaneity of respondents’ answers. Highly experienced national researchers will be required, given the complex nature of issues investigated.

11. IDA’s social scientists will assist in the design and implementation of the social assessment, by ensuring quality control and adherence of the final report to project requirements.
Disabilities in Egypt

According to the law of 1975, No. 39, the disabled is any person unable to depend on her/himself in carrying out their job or in carrying out another job and maintaining it, and that her/his abilities to do that have decreased as a result of a physical or sensory or congenital impairment and that this individual has become inflicted with a handicap which impedes his coping with his society or environment and prevents his success in life. (MISA – Internal Statute, 1980, cited in Osman H., 1988)

Introduction

Providing services for the disabled is a high priority for Egypt. The Government of Egypt (GOE) through its ministries—Insurance and Social Affairs, Education, Higher Education, and Health—has provided different services for the prevention, care and rehabilitation of the disabled. Egypt’s First Lady has taken a personal interest in this area. International and national non-governmental organizations provide services, monitor the situation of disability, and advocate for more to be given to the disabled. A special union for Disability and Special Needs was established in 1968 in Egypt and has 228 member NGOs.¹

Problem Magnitude

Estimating the magnitude of the disability problem in Egypt is difficult, as it varies, depending on the source of information. But all the figures denote the presence of a notable problem. The Ministry of Insurance and Social Affairs reported that the disabled constitute about 10 to 20 percent of the population, 45 percent of which are children. Egypt’s maternal and child health survey of 1991 collected information on the prevalence of disability conditions among all the members of the households surveyed by asking the following question: “Does anyone in this household, including very young children and women, have any long-term condition or health problem which prevents or limits his/her participation in activities normal for a person of his/her age?” Among 22,967 children under 15 surveyed, only 73 disability conditions were reported.

UNICEF conducted in 1995/96 a Multiple Indicator Cluster Survey (EMICS) where it administered a set of questions used in the first stage of epidemiological assessments, to provide a current, national, population-based estimate of the reported prevalence of childhood disabilities. The estimates are based on direct questioning of mothers by trained interviewers. The module of ten questions on disabling conditions was administered to mothers about all their children under age 15. All interviewers were university graduates, but were not qualified to make medical assessments of disabling conditions. This module aimed to identify 6 different types of impairment: hearing, sight, speech, malfunction of upper and lower limbs, mental retardation and chronic health conditions. Any positive response was followed by specific probing questions to identify cases where the condition actually resulted in impairment of daily activities or education, but not the specific degree of disability. Of the 20,405 children surveyed, 895 were reported to have one of these types of impairment. Of these cases, 617 children (1 in 33) were reported to have conditions that limited their activities, compared with other children of the same age. Of children between ages 5 and 15, 3.5 percent were reported to have a disabling condition. Sight problems and chronic health conditions were most commonly reported, each responsible for one-quarter of reported disabling conditions, followed by hearing problems (13 percent), speech problems (12 percent), and mental retardation (11 percent) and motor disability (11 percent).

¹ Source: Conference proceedings of Sixth Conference on Federation for Handicapped and Special Needs, 1994
Other non-governmental organizations working in the field of disability reported a disability prevalence ranging from 3 to 5 percent of total population within the age group 0-18 years which could mean the presence of a number that varies from 720,000 to 1,200,000 of Egypt’s disabled children. It is expected that those who are in the school age group could range from 450,000 to 750,000 disabled child where only 2.8 to 4.7 percent are covered by the Special Education Department in the Governmental Education Sector.  

Provision of services for the disabled

Provision of services for the disabled is fragmented between the different providers of services in Egypt. Mapping of the existing services shows that services are shared by governmental and non-governmental organizations.

Governmental services are shared by the Ministry of Education, Department of Special Education; Ministry of Higher Education: Teaching Hospitals; Ministry of Health: Primary level (PHC Units), Secondary and tertiary level (general hospitals, specialized hospitals); Ministry of Insurance and Social Affairs: Rehabilitation Offices, Rehabilitation Centers, Sheltered Workshops, Physiotherapy Centers, Day Care Centers and Factories for Appliances besides Institute for Intellectuals and Special Centers for Deaf, Blind, Motor and Visual.

Non-governmental organizations usually provide services through Special Centers and Community-Based Rehabilitation approach.

The private sector provides its services through its structure of centers, hospitals, general practitioners and specialists.

One form of non-governmental organization, sometimes referred to as a quasi-governmental organization, is forming a collaboration with MISA. This type of NGO is contracted to manage and provide the services for the disabled using MISA resources.

UNICEF states that “At present the facilities to care for, rehabilitate, and educate children with disabilities are wholly inadequate.” Other specialized organizations interested in disability state that the lack of integration of services provision, the development of segregated approaches to address disability, and the implementation of different models for provision of services impede care for the disabled.

Needs Identification

Given the consensus between the United Nations and international and national organizations, UNICEF noted that “estimating the magnitude of the problem is the first step toward improving disabled children’s lives. Further investigation of the extent, causes and possible measures that can be taken to prevent these conditions. As a first step, a detailed epidemiological study should be carried out to validate these reported cases and to evaluate the degree of disability involved. The causes of disability and the social context in which they are most likely to occur should also be investigated. Identification of avoidable disabilities and programs to prevent them should be a high priority. The social consequences of physical and mental impairment for children and their families also needs further investigation, as a first step in planning the best ways to ameliorate adverse consequences.” This can be done through the development of a National Needs Assessment for Disability.

The need to develop an integrated National Strategy for disability was identified. Also, emphasis was on a national, comprehensive and integrated system for disability, including a model of service delivery
and quality assurance according to national standards and guidelines for prevention, care, and rehabilitation of the disabled. This system should define the different roles and responsibilities of the stakeholders, such as GOE ministries and non-governmental organizations, for disability. The system should also address the role of the community and how it can be involved and integrated in this system. Possible ways to finance and fund these services should be investigated to make the delivery of this system sustainable.
Arab Republic of Egypt at a glance

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<tr>
<th>POVERTY and SOCIAL</th>
<th>M. East &amp; North Africa</th>
<th>Lower-middle-income</th>
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<td>GNP per capita 1996 (US$)</td>
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<tr>
<td>GNP 1996 (US$ billions)</td>
<td>64.3</td>
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</table>

Average annual growth, 1990-96

- Population (%): 2.0, 2.6, 1.4
- Labor force (%): 2.6, 3.2, 1.7

Most recent estimate (latest year available since 1990)

- Poverty: national headcount index (% of population)
- Urban population (% of total population)
- Life expectancy at birth (years)
- Infant mortality (per 1,000 live births)
- Child malnutrition (% of children under 5)
- Access to safe water (% of population)
- Illiteracy (% of population age 15+)
- Gross primary enrollment (% of school-age population)

KEY ECONOMIC RATIOS and LONG-TERM TRENDS

- GDP (US$ billions): 11.4, 34.7, 59.1, 67.7
- Gross domestic investment/GDP: 11.4, 34.7, 59.1, 67.7
- Exports of goods and services/GDP: 20.2, 19.9, 24.2, 20.6
- Gross domestic savings/GDP: 12.3, 14.5, 12.1, 12.1
- Gross national savings/GDP: 12.3, 14.5, 12.1, 12.1
- Current account balance/GDP: -21.2, -6.3, 0.8, 0.7
- Interest payments/GDP: 0.7, 2.6, 2.1, 1.6
- Total debt/GDP: 42.3, 104.1, 56.5, 46.4
- Total debt service/exports: 10.3, 25.8, 13.1, 11.6
- Present value of debt/GDP: 19.3, 17.7, 19.3, 17.7
- Present value of debt/exports: 117.0

STRUCTURE of the ECONOMY

- Agriculture: 20.0, 20.0, 17.2, 17.3
- Industry: 26.9, 28.6, 33.1, 31.6
- Manufacturing: 17.4, 13.5, 25.0, 24.3
- Services: 44.1, 51.5, 49.7, 51.1
- Private consumption: 62.9, 66.2, 77.1, 77.5
- General government consumption: 24.9, 17.2, 10.8, 10.4
- Imports of goods and services: 41.3, 32.0, 26.8, 25.1

- GDP: 8.1, 3.9, 4.6, 5.0
- GNP per capita: 5.1, 2.5, 2.9, 3.5
- Private consumption: 3.8, 6.9, 1.5, 8.4

World Development Indicators 1998 CD-ROM, World Bank

Note: Figures in italics are for years other than those specified. The diamonds show four key indicators in the country (in bold) compared with its income-group average. If data are missing, the diamond will be incomplete.
Arab Republic of Egypt

PRICES and GOVERNMENT FINANCE

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<td>Consumer prices</td>
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<td>12.1</td>
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<td>Implicit GDP deflator</td>
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<td>9.1</td>
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<td><strong>Government finance</strong> (% of GDP)</td>
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<td>Current revenue</td>
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<td>Overall surplus/deficit</td>
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TRADE

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<td>371</td>
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<td>540</td>
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<td>211</td>
<td>150</td>
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<td>Fuels</td>
<td>132</td>
<td>1,280</td>
<td>1,260</td>
<td>1,681</td>
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<td>Ores and metals</td>
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<td>75</td>
<td>221</td>
<td>210</td>
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<td>Manufactures</td>
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<td>185</td>
<td>1,391</td>
<td>1,118</td>
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<td>Total imports (cif)</td>
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<td>6,486</td>
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<td>Food</td>
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<td>1,488</td>
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<tr>
<td>Fuels</td>
<td>272</td>
<td>208</td>
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<td>186</td>
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<td>Ores and metals</td>
<td>75</td>
<td>71</td>
<td>319</td>
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<td>Manufactures</td>
<td>1,957</td>
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BALANCE of PAYMENTS

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<td><strong>Exports of goods and services</strong></td>
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<td>6,866</td>
<td>13,470</td>
<td>15,245</td>
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<td>Imports of goods and services</td>
<td>5,141</td>
<td>12,606</td>
<td>16,894</td>
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<td>Resource balance</td>
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<td>-3,706</td>
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<tr>
<td>Net income</td>
<td>-244</td>
<td>-991</td>
<td>-454</td>
<td>539</td>
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<tr>
<td>Net current transfers</td>
<td>456</td>
<td>3,522</td>
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<tr>
<td>Current account balance, before official capital transfers</td>
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<td>-3,209</td>
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<td>499</td>
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<tr>
<td>Financing items (net)</td>
<td>1,878</td>
<td>3,022</td>
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<tr>
<td>Changes in net reserves</td>
<td>548</td>
<td>187</td>
<td>-754</td>
<td>-570</td>
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</tbody>
</table>

Memo:
Reserves including gold (US$ millions) | 535  | 1,587 | 17,122 | 18,296 |
Conversion rate (local/US$) | 0.5  | 1.0  | 3.4  | 3.4  |

EXTERNAL DEBT and RESOURCE FLOWS

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<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total debt outstanding and disbursed</strong></td>
<td>4,835</td>
<td>36,102</td>
<td>33,374</td>
<td>31,407</td>
</tr>
<tr>
<td>IBRD</td>
<td>14</td>
<td>1,048</td>
<td>1,320</td>
<td>1,075</td>
</tr>
<tr>
<td>IDA</td>
<td>84</td>
<td>802</td>
<td>1,035</td>
<td>1,090</td>
</tr>
<tr>
<td>Total debt service</td>
<td>305</td>
<td>2,817</td>
<td>2,413</td>
<td>2,309</td>
</tr>
<tr>
<td>IBRD</td>
<td>1</td>
<td>147</td>
<td>312</td>
<td>272</td>
</tr>
<tr>
<td>IDA</td>
<td>1</td>
<td>8</td>
<td>21</td>
<td>23</td>
</tr>
<tr>
<td>Composition of net resource flows</td>
<td>1,123</td>
<td>734</td>
<td>1,006</td>
<td>1,224</td>
</tr>
<tr>
<td>Official grants</td>
<td>2,168</td>
<td>1,635</td>
<td>-76</td>
<td>-17</td>
</tr>
<tr>
<td>Official creditors</td>
<td>49</td>
<td>599</td>
<td>-313</td>
<td>-435</td>
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<tr>
<td>Private creditors</td>
<td>8</td>
<td>1,178</td>
<td>598</td>
<td>636</td>
</tr>
<tr>
<td>Foreign direct investment</td>
<td>0</td>
<td>0</td>
<td>2</td>
<td>2,333</td>
</tr>
</tbody>
</table>

World Development Indicators 1998 CD-ROM, World Bank