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Report No: PAD3054

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

PROJECT PAPER

ON A

PROPOSED ADDITIONAL LOAN
IN THE AMOUNT OF US\$500 MILLION

TO

THE ARAB REPUBLIC OF EGYPT

FOR THE

STRENGTHENING SOCIAL SAFETY NET PROJECT

JUNE 11, 2019

Social Protection & Labor Global Practice
Middle East And North Africa Region

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CURRENCY EQUIVALENTS

(Exchange Rate Effective April 30, 2019)

Currency Unit = Egyptian Pound
(EGP)

EGP 17.164 = US\$1

FISCAL YEAR

January 1 - December 31

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ABBREVIATIONS AND ACRONYMS

ALMPs	Active Labor Market Programs
CPF	Country Partnership Framework
CT	Cash Transfer
CCT	Conditional Cash Transfer
DLI	Disbursement Linked Indicator
DLR	Disbursement Linked Result
DPF	Development Policy Financing
EGP	Egyptian Pound
ESMF	Environmental Social and Management Framework
FM	Financial Management
FMS	Financial Management Specialist
GBV	Gender Based Violence
GDP	Gross Domestic Product
GoE	Government of Egypt
GRM	Grievance Redress Mechanism
GRS	Grievance Redress System
HH	Household
HIECS	Household Income, Expenditure, and Consumption Survey of Egypt
IBRD	International Bank for Reconstruction and Development
ICB	International Competitive Bidding
IFR	Interim Financial Report
IFPRI	International Food Policy Research Institute
ILO	International Labor Organization
IPV	Intimate Partner Violence
ISR	Implementation Status and Results Report
M&E	Monitoring and Evaluation
MIS	Management Information System
MOE	Ministry of Education
MOH	Ministry of Health
MOPAR	Ministry of Planning and Administrative Reform
MOSS	Ministry of Social Solidarity
NGO	Non-governmental organization
POM	Project Operations Manual
PAD	Project Appraisal Document
PIU	Project Implementation Unit
PMT	Proxy Means Testing
PP	Procurement Plan
PPSD	Project Procurement Strategy for Development
SSN	Social Safety Net
SSSNP	Strengthening Social Safety Net Project
TA	Technical Assistance
TKP	Takaful and Karama Program
TOR	Terms of Reference

UK DFID	United Kingdom Department for International Development
UK FCO	United Kingdom Foreign and Commonwealth Office
UNR	Unified National Registry
WA	Withdrawal Application

Egypt, Arab Republic of

Strengthening Social Safety Net Additional Financing

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**BASIC INFORMATION – PARENT (Strengthening Social Safety Net Project - P145699)**

Country	Product Line	Team Leader(s)		
Egypt, Arab Republic of	IBRD/IDA	Nahla Ahmed Mohamed Salaheldin Zeitoun		
Project ID	Financing Instrument	Resp CC	Req CC	Practice Area (Lead)
P145699	Investment Project Financing	GSP05 (9344)	MNC03 (1491)	Social Protection & Jobs

Implementing Agency: Ministry of Social Solidarity

Is this a regionally tagged project?

Bank/IFC Collaboration

No

Approval Date	Closing Date	Original Environmental Assessment Category	Current EA Category
10-Apr-2015	30-Nov-2019	Not Required (C)	Not Required (C)

Financing & Implementation Modalities

<input type="checkbox"/> Multiphase Programmatic Approach [MPA]	<input type="checkbox"/> Contingent Emergency Response Component (CERC)
<input type="checkbox"/> Series of Projects (SOP)	<input type="checkbox"/> Fragile State(s)
<input checked="" type="checkbox"/> Disbursement-Linked Indicators (DLIs)	<input type="checkbox"/> Small State(s)
<input type="checkbox"/> Financial Intermediaries (FI)	<input type="checkbox"/> Fragile within a Non-fragile Country
<input type="checkbox"/> Project-Based Guarantee	<input type="checkbox"/> Conflict
<input type="checkbox"/> Deferred Drawdown	<input type="checkbox"/> Responding to Natural or Man-made disaster
<input type="checkbox"/> Alternate Procurement Arrangements (APA)	

Development Objective(s)

The project development objective (PDO) is to support the Borrower to establish an efficient and effective Takaful and Karama Cash Transfer Program. “Efficient” is defined and measured by good targeting of the poor. “Effective” is defined and measured by coverage of the poor and having basic administrative building blocks of the Program.

Ratings (from Parent ISR)

	Implementation					Latest ISR
	17-Oct-2016	24-Apr-2017	30-Oct-2017	05-Feb-2018	25-Jul-2018	16-Jan-2019
Progress towards achievement of PDO	S	S	S	S	S	S
Overall Implementation Progress (IP)	S	MS	MS	MS	MS	S
Overall Safeguards Rating	---	---	---	---	---	---
Overall Risk	S	S	S	S	S	S

BASIC INFORMATION – ADDITIONAL FINANCING (Strengthening Social Safety Net Additional Financing - P168414)

Project ID	Project Name	Additional Financing Type	Urgent Need or Capacity Constraints
P168414	Strengthening Social Safety Net Additional Financing	Restructuring, Scale Up	No
Financing instrument	Product line	Approval Date	
Investment Project Financing	IBRD/IDA	02-Jul-2019	
Projected Date of Full Disbursement	Bank/IFC Collaboration		
30-Dec-2022	No		
Is this a regionally tagged project?			
No			



Financing & Implementation Modalities

<input type="checkbox"/> Series of Projects (SOP)	<input type="checkbox"/> Fragile State(s)
<input checked="" type="checkbox"/> Disbursement-Linked Indicators (DLIs)	<input type="checkbox"/> Small State(s)
<input type="checkbox"/> Financial Intermediaries (FI)	<input type="checkbox"/> Fragile within a Non-fragile Country
<input type="checkbox"/> Project-Based Guarantee	<input type="checkbox"/> Conflict
<input type="checkbox"/> Deferred Drawdown	<input type="checkbox"/> Responding to Natural or Man-made disaster
<input type="checkbox"/> Alternate Procurement Arrangements (APA)	
<input type="checkbox"/> Contingent Emergency Response Component (CERC)	

Disbursement Summary (from Parent ISR)

Source of Funds	Net Commitments	Total Disbursed	Remaining Balance	Disbursed	
IBRD	400.00	390.05	9.95		98 %
IDA					%
Grants					%

PROJECT FINANCING DATA – ADDITIONAL FINANCING (Strengthening Social Safety Net Additional Financing - P168414)

FINANCING DATA (US\$, Millions)

SUMMARY (Total Financing)

	Current Financing	Proposed Additional Financing	Total Proposed Financing
Total Project Cost	4,507.00	500.00	5,007.00
Total Financing	4,507.00	500.00	5,007.00
of which IBRD/IDA	400.00	500.00	900.00
Financing Gap	0.00	0.00	0.00

DETAILS - Additional Financing



World Bank Group Financing

International Bank for Reconstruction and Development (IBRD)	500.00
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COMPLIANCE

Policy

Does the project depart from the CPF in content or in other significant respects?

Yes No

Does the project require any other Policy waiver(s)?

Yes No

INSTITUTIONAL DATA

Practice Area (Lead)

Social Protection & Jobs

Contributing Practice Areas

Climate Change and Disaster Screening

This operation has been screened for short and long-term climate change and disaster risks

Gender Tag

Does the project plan to undertake any of the following?

a. Analysis to identify Project-relevant gaps between males and females, especially in light of country gaps identified through SCD and CPF

Yes

b. Specific action(s) to address the gender gaps identified in (a) and/or to improve women or men's empowerment

Yes

c. Include Indicators in results framework to monitor outcomes from actions identified in (b)

Yes

**PROJECT TEAM****Bank Staff**

Name	Role	Specialization	Unit
Nahla Ahmed Mohamed Salaheldin Zeitoun	Team Leader (ADM Responsible)		GSP05
Basheer Ahmad Fahem Sadeq Jaber	Procurement Specialist (ADM Responsible)		GGOPM
Ashraf Ahmed Hasan Al-Wazzan	Procurement Specialist		GGOPM
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Mariam Sherif Raouf Shaf Ghaly	Team Member		MNCEG
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Maya El-Azzazi	Team Member		GSP05
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Saba Nabeel M Gheshan	Counsel		LEGAM
Saki Kumagai	Team Member		GGOOS
Souraya Mahmoud Moustafa Ellassiouty	Team Member		GSP05



Extended Team

Name	Title	Organization	Location
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I. BACKGROUND AND RATIONALE FOR ADDITIONAL FINANCING

A. Introduction

1. This Project Paper seeks the approval of the Executive Directors to provide an additional financing (AF) in the amount of US\$500 million to the Arab Republic of Egypt in support of the Strengthening Social Safety Net Project (SSSNP) (P145699, IBRD Loan No. 8496). This project is an Investment Project Financing (IPF) with disbursement linked indicators (DLIs).
2. **Project Background.** The SSSNP was approved by the World Bank's Board of Executive Directors on April 10, 2015, for a total IBRD Loan amount of US\$400 million, with an original closing date of November 30, 2019. The project was in response to the Government of Egypt's (GoE) request for World Bank technical and financial support in the roll-out of the then, new "Takaful and Karama" program (TKP). Takaful (solidarity in Arabic) is a family income support with co-responsibility (conditional) cash transfer (CT) program aimed at reducing poverty and producing human development improvements (in health and education), while Karama (dignity in Arabic) is an unconditional income support and social inclusion subprogram, that aims at the protection and inclusion of the disabled poor or poor elderly (above age 65) or poor orphans.
3. **The TKP targeted 20 percent of the poorest households using geographical targeting (poorest districts) and application of a proxy means test (PMT) formula.** TKP was designed based on best practice and the GoE thus sought the World Bank's technical expertise as well as advances to partially co-finance the program's first four years of benefits while the fiscal space for gradual expansion is secured. The project includes three components: Component 1: Provision of conditional and unconditional cash transfers (US\$375 million). This is a results-based financing (RBF) component funding the CTs under the TKP (out of a total government program funding of US\$4.48 billion). The component co-finances with the Government, cash transfers to beneficiary households; Component 2: Support Social Safety Net (SSN) Targeting and Operational Systems (US\$22 million) which finances institutional capacity building and investments to foster achievement of results under Component 1, as well as support to the Ministry of Planning and Administrative Reform (MOPAR) for the development of the Unified National Registry (UNR); and Component 3: Project Management and Monitoring and Evaluation (US\$3 million) which finances salaries of the project implementation unit (PIU) staff (non-civil servants), operating costs directly linked to the daily management of the project, regular internal audits and annual external audits, and evaluations.
4. **Project Status and Progress.** The SSSNP has made significant progress in achieving its development objectives and improving targeting and delivery mechanisms. The project has disbursed a total of US\$390.05 million out of a total loan amount of US\$400 million (97.5 percent). The project has reached 2.24 million households across all governorates (comprising approximately 9.46 million individuals) of which 88 percent are women. In terms of sub-program affiliations, Takaful supports 1.95 million households while 296,311 are Karama beneficiaries. Out of Karama beneficiaries, 50,937 (17 percent) were elderly and 245,374 (82 percent) were disabled. The project was rolled-out in all 27 governorates, covering 345 districts, 5,630 villages, and 2,636 social units.



5. The Karama program has seen significant progress whereby disability assessment tools have been developed for adults and children under the age of 15 years, based on the functional approach; the application and registration process is now simpler, faster and fairer; and the Karama disability assessment plan has been rolled out nationwide. To date, 17 DLIs out of a total 19 DLIs have been achieved. Work is progressing as planned on the two remaining DLIs: one associated with conditionality; while the other is associated with the end-line evaluation and is expected to be achieved at the end of the project.

6. Progress toward achievement of PDO under the project has consistently been rated Satisfactory, while Implementation Progress has been rated Moderately Satisfactory due to staffing issues which have now been addressed. The last implementation status and results report (ISR) rated both Progress toward achievement of PDO and Implementation Progress Satisfactory. The project is currently in compliance with all financial management reporting requirements and there are no outstanding or unqualified audits under the project.

B. Country and Sectoral Context

7. **Egypt maintains a strong reform focus.** In 2014, the GoE committed to undertaking significant structural, economic and social reforms to reduce its large fiscal deficit and restore macroeconomic stability by moving away from universal subsidies, towards well-targeted transfer programs. This ambitious plan includes eliminating energy subsidies through a series of annual electricity price reforms and fuel price increases, devaluing the local currency, and concurrently establishing well-targeted and effective national social safety nets to support the poorest people who are adversely impacted by these reforms. Though the parent project provides CT to the poorest households impacted by these reforms, further reforms are planned through new waves of removal of subsidies which may further compound the negative impacts on the poorest households.

8. **Macroeconomic figures show that the Government reforms have helped stabilize the economy, with growth rebounding to 5.3 percent in fiscal year (FY) 2018.** A notable improvement has been achieved on the fiscal front, with the realization of a primary surplus of 0.1 percent and the reduction of fiscal deficit to 9.8 percent, as a result of cuts in energy subsidies, containment of the wage bill, and an increased value added tax intake. While foreign reserves increased to adequate levels (US\$44.4 billion in end-August 2018, equivalent to 8.5 months of FY19 merchandise imports), further structural reforms are still needed to raise Egypt's forex income from merchandise exports and non-oil foreign direct investment. Inflation remained elevated at 21.6 percent on average in FY18 but started to recede significantly towards the end of the year. These price increases have lowered households' purchasing power. Although unemployment has started to decrease to the low double digits, the employment rate was only 40.5 percent in 2016 (17.6 percent for women) with a large share of informally employed¹.

9. Despite these positive macroeconomic effects of the reforms, further social reforms are needed in parallel with the continuing economic reforms to mitigate the impact on poor and vulnerable households given that poverty rates remain persistently high, with about a third of the population below the poverty line in 2015. Spatial disparities continue to be an enduring feature, especially across rural and urban areas. Rural Upper Egypt

¹Based on analysis of Macroeconomics, Trade and Investment team, World Bank.



is the region with the highest poverty rates, experiencing a rate twice as high as the national rate (around 60 percent) while urban Lower Egypt shows the lowest rate (around 11 percent). The high poverty level in rural Upper Egypt indicates that the poor in these areas could face disproportionately large welfare losses in the short term due to the current reforms. Continued price increases of regulated goods and services are expected to adversely affect households, especially those with fixed income and the most vulnerable groups. Moreover, the poor in Egypt face challenges related to their stock of human capital such as health and education, given that children in poor households tend to have lower health outcomes and educational attainment. Similarly, Upper Egypt governorates particularly show worse quality of employment outcomes than the rest of the country given their high poverty level².

10. **The World Bank supported the economic reform program** through a programmatic series of three World Bank financed Development Policy Financing (DPF) operations on Fiscal Consolidation, Sustainable Energy and Competitiveness. As such, there is a continued need to anchor the role of the World Bank in ensuring program sustainability and to resonate the second-generation reform agenda which focuses on promoting inclusive and sustainable growth and where the poor are economically empowered and protected. The proposed AF thus creates synergy between multiple World Bank financed operations including the competitiveness pillar of the third DPF on Fiscal Consolidation, Sustainable Energy and Competitiveness (P164079) as well as the Private Sector Development for Inclusive Growth DPF (P168630, approved in December 2018) that supports the growth of private sector and improved access to employment and income opportunities across regions. Component 4 of the AF complements these operations with its focus on improving the skills of labor supply. The AF also complements other World Bank financed operations and engagements including Supporting Egypt Education Reform Project (P157809) and Transforming Egypt's Healthcare System Project (P167000), both critical operations that are improving service delivery. Component 4 of the AF also complements Catalyzing Entrepreneurship for Job Creation Project (P162835) by addressing the economic inclusion of the poor and vulnerable.

11. Additionally, the project supports the World Bank's commitment to promoting human capital development and boosting productivity, as social protection programs have proven to effectively reduce poverty, increase food consumption, improve dietary diversity, and increase the use of health services and school enrollment³. Specifically, the project provides income support to poor families and by enforcing conditionality at early stages and throughout the life-cycle, strong human capital stock will be built and accumulated. The AF also improves productivity through economic inclusion services that will later yield a return in the labor market and will contribute to the reduction of inter-generational transmission of poverty. This project is aligned with the Maximizing Finance for Development approach, a high priority area for the World Bank Group, by promoting sustainable private sector solutions through facilitating private sector employment and skills development. The project will also pilot economic inclusion interventions, including asset transfer for integrating youth and women into employment under Component 4. Moreover, the project contributes to efficiency improving technologies through digital payments and the use of tablets for program registration and enrollment, while also ensuring a strong Management Information System (MIS) system to monitor household data and ensure system

² Based on analysis of Macroeconomics, Trade and Investment team and Poverty and Equity Team, World Bank.

³ World Bank Group Brief Note, *'The Contribution of Social Protection and Jobs to Human Capital Formation'*, by Margaret Grosh, Julieta Trias, Ruslan Yemtsov, and Ian Walker.



interoperability (Components 1 and 2) – this is achieved through partnership with leading private sector companies in the information technology sector.

C. Rationale for Additional Financing

12. **Ongoing electricity and fuel reforms are projected to cause inflationary pressure and increase the national poverty rate requiring further mitigation measures to lift people out of poverty.** The combined effects of the structural and economic reforms to eliminate energy subsidies through a series of annual electricity and fuel price increases, combined with currency devaluation has already increased inflation in Egypt. As implementation of energy reforms continue annually, inflation and the national poverty rates are projected to rise. Furthermore, the SSSNP Impact Evaluation, carried out by the International Food Policy Research Institute (IFPRI) (June 2018), strongly recommended expanding TKP coverage and increasing participation of excluded poor households (Box 1). These factors provide the impetus to expand and scale up the TKP and provide a safety net to households who are falling into poverty or at risk of falling into poverty due to the continuation of reforms. In this context, the proposed AF would play a vital role in scaling up support under the parent project and expanding safety nets.

Box 1: Evaluation of Egypt's Takaful and Karama Cash Transfer Program

To date, the project has exceeded its original target and has covered 2.24 million poor households (approximately 9.46 million individuals) across all governorates, of which 88 percent are women. This project is considered among the largest conditional CT operations in the MENA region. The government's commitment to the program is reflected by adding a separate budget line in the national budget for Takaful and Karama as well as the increasing budget allocation.

The program was recently evaluated by an independent international research organization, IFPRI, using a mixed approach (quantitative and qualitative methods). The evaluation has shown sound targeting accuracy of the poor population given that around 67.5 percent of the program's beneficiaries are households below the poverty line. It also indicates a statistically significant increase in the consumption levels (7.3 percent–8.4 percent), quality of diets, child nutrition status and higher food expenditures per adult equivalent (8.3–8.9 percent) of beneficiary households, with a concurrent decrease in likelihood of poverty. The qualitative study found evidence that the Takaful transfers have empowered women by increasing their ability to make spending decisions using the transfers. Some women receiving transfers reported that they helped them relieve financial pressures on husbands which results in decreased stress levels at the household level.

A key recommendation of the evaluation is to expand the program coverage to include more extremely poor that are not reached and increase participation of excluded poor as well as working towards a comprehensive social protection strategy that protects the poor and contributes to long term development goals such as improved health and education.

13. **Climate change challenges pose additional hurdles to reduce poverty and vulnerability of households in Egypt:** Given that the project targets the most vulnerable, low-income, marginalized populations who lack the resources to adapt to climate-induced shocks (flood, drought, heatwaves), it is imperative that interventions are designed with climate risks in mind.⁴ Heavy rains often result in flash floods that damage property, claim lives and displace people. Future projections indicate reduction in rainfall and runoff in the coastal and central part of the country which can lead to substantial reduction in agricultural productivity. Poor and vulnerable households in

⁴ Hallegatte et al, [Shockwaves: Managing the Impacts of Climate Change on Poverty](#), World Bank Group (2016).



the country, thus suffer the highest economic losses from extreme weather.⁵ Historically, Egypt is highly exposed to natural disaster risk.⁶ Over the next century, as temperatures increase (+2-6°C) and sea levels rise (+0.25-2.5m), the frequency and intensity of such extreme weather is expected to grow.⁷ By 2100, annual damages from sea level rise could range from US\$2.1 billion/year to US\$14.8 billion/year in coastal communities as up to 50 percent of the Nile River Delta becomes inundated.⁸ New social protection and disaster risk reduction mechanisms are needed to shield vulnerable groups from these disruptive impacts.

14. **There is a need to increase the adaptive capacity of poor households to shocks.** The main target group of TKP is poor rural households who face multiple types of vulnerabilities including a high level of illiteracy, poor access to basic services such as infrastructure, access to sanitation energy, malnutrition and poor diet, high dependence on agricultural activities which are prone to seasonality and weather shocks. For instance, around 63 percent of TKP household beneficiaries are illiterate. Only 43 percent have access to sanitary drainage network and 2.5 percent of households have access to natural gas connections (data of September 2018). Also, poor material of housing and leaky ceilings demonstrate that these households are vulnerable to heavy rains and floods. Consequently, TKP is prone to several economic and climate shocks. These multiple shocks impact poor households' resilience, increasing their likelihood of coping strategies that weaken the long-term adaptive capacity to climate change, exacerbating grievances, and placing additional stress on livelihood of existing and future beneficiaries as well as the ability of households to cope with the repercussions of climate shocks affecting their daily lives (water shortage, floods in coastal areas, droughts, among others). Developing and adopting social protection delivery systems, such as targeting, registries, mobile banking, grievance redress and social accountability, all contribute to the expanded capacity of safety nets, which in turn reduce pressure on households to adopt destructive coping strategies to meet their basic needs and risking irreversible damage to their human capital.

15. **In the case of economic and climate induced shocks,** the proposed AF, through Component 1, will enable households to better cope with risks of food insecurity and malnutrition especially that the findings of the independent impact evaluation of TKP showed a statistically significant increase in food expenditures per adult equivalent (8.3–8.9 percent) of beneficiary households who receive the CTs as well as an improvement in quality of diets and child nutrition status with a concurrent decrease in likelihood of poverty. In addition, climate change is a potential 'hunger-risk multiplier' in the context of Egypt as it can exacerbate malnutrition among children and women. Climate change can exacerbate the crisis of malnutrition, including stunting and bone deficiencies, through three main causal pathways: (i) Impacts on household access to sufficient, safe, and adequate food; (ii) Impacts on care and feeding practices; and (iii) Impacts on environmental health and access to health services. Through this Component 1, it is the intent of the project to address climate change and disaster risk considerations by providing conditional and non-conditional CTs to further enhance the efforts to combat Climate Change by providing households with cash which can be used to purchase food required to sustain their families when climate induced risks and disasters reduce their ability to afford and provide food from subsistence agricultural

⁵ Wooden et al, *Impact of Weather Shocks on MENA Households*, World Bank Group (2014).

⁶ *Egypt country profile*, ThinkHazard, World Bank Group (2018). The country is considered highly vulnerable to coastal flooding, urban flooding, river flooding, extreme heat, wild fires, and water scarcity.

⁷ *Egypt country profile*, Climate Change Knowledge Portal, World Bank Group (2018).

⁸ *Turn Down the Heat: Confronting the New Climate Normal*, World Bank Group (2014), p149.



activities. Without such an intervention, poor health and malnutrition will further weaken a community's resilience to, and ability to, adapt to climatic shocks. Through CTs provided through Component 1, households that suffer from the effect of sea-level rise and floods will have resources to both recover economically from damage caused by these events as well as potentially install infrastructure that will prevent such damage occurring in the future such as storm water management structures for channeling water away from households and velocity dissipating measures to reduce the impact of floods on homes, thus reducing the damage and preventing the loss of lives and displacement. The component could potentially provide additional resources for households to adapt to heatwaves by ensuring households make structural changes to their homes like building them with materials that do not absorb heat, painting them white (to reflect the heat), conversion to flat roofs (to reduce surface area for heat absorption) and providing better ventilation through the installation of additional windows and doors that allows cross ventilation and afford amenities that ensure the circulation of air like solar powered fans and solar powered air conditioning units.

16. Component 2, through the MIS system and the updated database of TKP as well as the UNR will enable the GoE to better identify vulnerable populations in regions affected by economic and climate disasters and more effectively and efficiently reach these households. Such databases or registries facilitate rapid scale-up of programs in times of crisis. For example, capitalizing on the TKP database, Ministry of Social Solidarity (MOSS) linked beneficiaries to other integrated packages of social protection services including the "Sakan Kareem" program (Decent Housing) to improve home conditions of the very poor/vulnerable households; including roofing, flooring, and water connections. Additionally, enforcing conditionalities of health and education under Component 2 will improve the resilience and adaptive capacity of vulnerable households by increasing their health awareness and encouraging them to invest in educating their children leading to higher future productivity and earnings. Finally, Component 4 will enable poor households to diversify their livelihood and reduce their dependence on agriculture activities, which are prone to different seasonal and climate shocks, through improving their employability skills for wage/self-employment in other activities of the value chain including services, green economy, food safety and trade.

17. **The Government needs the World Bank's support to expand and scale up the TKP.** The proposed AF responds to a GoE request to support the expansion and scale up of the TKP. The GoE rolled out the parent project at a very rapid pace to offset the adverse impacts of the devaluation of the Egyptian pound and rising inflation. The GoE's SSN reforms include reforms to other existing government programs, including phasing out the old social solidarity pension (Daman) program which currently has around 1.6 million households enrolled. The beneficiaries of this program are being assessed, using the PMT, and eligible beneficiaries will be migrated to the TKP database. The GoE plans to support 3 million households by December 31, 2022 including new applicants to TKP and eligible beneficiaries of the old social solidarity pension (Daman) program who had been reassessed. The continued rapid expansion of the TKP drives the impetus to quickly improve recertification/reassessment processes, and strengthen Management Information Systems (MIS), service delivery at 2,636 nationwide social units, grievances and redress system (GRS), monitoring conditionality, and expanding social accountability to ensure the effectiveness and efficiency of the program. Throughout the project, the World Bank will support the expansion and scale-up of the TKP to contribute to the achievement of the PDO by ensuring the sustainability of the new system (efficiency). In addition, the expansion and scale up of the program by reducing exclusion and inclusion errors and targeting people just above the PMT line will support poverty reduction (effectiveness).



18. Further, the GoE requested the World Bank’s support to pilot economic inclusion/empowerment models to mitigate any high dependency of beneficiaries on CTs payments. This will be carried out through the inclusion of an additional component to the proposed AF to support economic inclusion and empowerment activities to improve beneficiaries’ access to sustainable livelihood opportunities and move from low to high productivity jobs. Such support will potentially enable some beneficiaries to build financial independence and resilience. Additionally, piloting different economic empowerment strategies, based on innovative models and international best practice and experience, will assist in identifying effective and sustainable exit strategies from the TKP. Moreover, poor households, who are also registered in the TKP database, but are just above the poverty line and hence ineligible are highly vulnerable and need access to economic opportunities to avoid falling into poverty.

II. DESCRIPTION OF ADDITIONAL FINANCING (AF)

19. **The proposed AF will scale up and restructure the original project with a total additional IBRD loan amount of US\$500 million.** The AF will expand and scale up Components 1, 2, 3, and introduce Component 4 to support economic inclusion and empowerment activities. The restructuring of the original project entails: (i) a revision of the PDO; (ii) an extension of the closing date by three years, from November 30, 2019 to December 30, 2022; (iii) a revision of the project’s safeguards category from C to B due to the inclusion of activities which may potentially trigger safeguards policies as outlined in the following sections; and (iv) a revision to the project’s Results Framework including revisions to individual targets, and the addition of indicators to reflect the newly added Component 4 and DLIs.

20. The proposed AF has been screened for climate change, and the initial screening indicates that the climate change risks on project sustainability are considered ‘low’. Generally, the main vulnerabilities to climate change in Egypt are related to: rise of the Mediterranean Sea level leading to inundation of coastal areas in and around the Nile Delta, change of precipitation patterns leading to heavy rains causing urban flooding (along coastal areas) and flash floods (in Upper Egypt and Sinai), and rise in average temperature and more frequent heat waves and dust storms. In the short term, potential extreme heat waves, strong dust storms and urban floods could reduce the availability of some services or economic activities and impact interventions to be supported under the project.

A. Project Development Objectives

21. The PDO of the parent project will be revised as follows: *“to support the Borrower to establish an efficient and effective Takaful and Karama Cash Transfer Program and improve access to economic opportunities⁹.”* To achieve this objective, the project will adopt an integrated approach to provide income support and increase

⁹ “Efficient” is defined and measured by good targeting of the poor. “Effective” is defined and measured by coverage of the poor and having basic administrative building blocks of the Program. “Improved access to economic opportunities” in this context is defined as better access to wage or self-employment for targeted poor and vulnerable households.



employability/productivity of beneficiaries. This approach will be piloted, evaluated and course-corrected as needed. Combining interventions providing safety nets, livelihood development, and economic inclusion will eventually prepare households for sustainably moving out of poverty. The development of an exit strategy will also contribute to the achievement of the PDO by promoting the social inclusion of TKP beneficiaries and by ensuring the sustainability of their livelihood which will improve the effectiveness and efficiency of TKP.

22. The revised PDO will be measured by results indicators that are divided into two groups; measuring effectiveness (intermediate results for Components 1 and 4), and efficiency (intermediate results for Components 2 and 3). The Results Framework has been revised to reflect the proposed changes (including a modification of the original indicator targets to reflect the increase in beneficiaries as a result of the AF and a revised implementation schedule as well as dropping a number of indicators). Similar to the disbursement arrangements under the original project, disbursements under a large part of the AF will be triggered by the achievement of specific, jointly agreed upon results.

23. The following intermediate indicators under Component 1 of the original project will be dropped:

- Share of households with children aged 6–12 years who have newly enrolled children (excluding in grade 1);
- Share of households with children in grades 1–12, reported to have female drop-out decrease;
- Health clinic utilization rate increased in Takaful program areas; and
- Share of mothers reported to have improved knowledge on health issues.

24. The following intermediate indicator will be added under Component 1:

- Share of accepted beneficiaries in frontier governorates (out of total applicants of these governorates).

25. The four intermediate results indicators above are being dropped as the monitoring conditionality has proven to be a challenging and complex task for MOSS. Since project approval, MOSS has not been able to monitor conditionality and enforce sanctions. Further, since the start of the program in 2015, MOSS has been under political pressure to expand coverage to mitigate impact of the macro-economic reform program, and the Ministry has therefore deliberately postponed conditionality enforcement. More recently, priority has been given to conditionality enforcement with the completion of the conditionality operational manual and signing of protocols between MOSS, the Ministry of Health, Ministry of Education and El-Azhar University. Thus, the project will track indicators in the original PAD concerning 80 percent school attendance and three (instead of two) health visits per year. Moreover, four indicators will be added under Component 2 as follows:

- Share of beneficiary school-aged children for whom the program has monitoring information for school attendance, as recorded in the information system (MIS).
- Share of age-appropriate beneficiaries for whom the program has monitoring information for health conditionalities, as recorded in the information system (MIS).
- Percentage of Active Social Accountability Committees reporting actions taken based on citizens' and the program's beneficiaries' feedback.
- Revised PMT is applied to reassess Wave 1 and Wave 2 applicants.



26. Under Component 3 (Project Management and Monitoring Evaluation), an intermediate indicator is introduced as follows:

- Impact Evaluation of Component 4 has been finalized.

27. Under Component 4 (Economic Inclusion and Empowerment Services Pilot), the following intermediate indicators have been introduced:

- Percentage of applications received for economic inclusion services that are assessed for eligibility (profiled).
- Profiled applicants of economic inclusion services who were trained.

B. PDO level Indicators

28. The three PDO level results indicators will remain unchanged (with only a revision to the Indicator 3 end target), while a fourth indicator will be added to reflect the addition of Component 4.

- Indicator 1:** Percentage of the program's beneficiary households who are under the poverty line (to measure targeting efficiency/accuracy) (target 60 percent by project completion)
- Indicator 2:** Percentage of poor households covered by the program (to measure the program's overall coverage) (target 20 percent by project completion)
- Indicator 3:** Number of days, after payment due date, the funds deposited in beneficiaries' individual accounts (a measure of administrative building block of the program) (original target 10 days by project completion-revised to 1 day by project completion)
- Indicator 4 (new):** Percentage of beneficiaries of economic inclusion services who remain employed or self-employed 6 months after the completion of receiving the service package (target 40 percent by project completion; out of which at least 30 percent are women and 50 percent are youth from 18 to 35 years).

C. Project Components and Costs

29. Under the proposed AF, the original components (Components 1–3) will remain unchanged but will include additional funds to scale up the activities. The AF will also finance a new Component 4. The revised component costs are summarized in Table 1 below.



Table 1. Original Project Costs and Proposed AF by Component

Component	Original Project (US\$, million)	AF (US\$, million)	Total Project Cost (US\$, million)
Component 1: Provision of Conditional and Unconditional Cash Transfers	375	435	810
Component 2: Support SSN Targeting and Operational Systems	22	10	32
Component 3: Project Management and Monitoring and Evaluation	3	5	8
Component 4: Economic Inclusion/Empowerment Services Pilot [new]		50	50
Total IBRD Financing	400	500	900

30. Components 1, 2 and 4 aim at building resilience of the poorest and most vulnerable before shocks occur and prevent people from falling into poverty (or deeper poverty), after the shocks occur. Building a reliable database of vulnerable beneficiaries and supporting the accurate targeting of poor households has helped improve risk preparedness. As a result, CTs can be easily scaled up in response to climate-related and other types of shocks like food insecurity, malnutrition, high dependence on agriculture activities and poor access to services and infrastructure by including efficient targeting mechanisms, such as PMT, to identify ex-ante those most vulnerable to natural hazards and climate change related risks; as well as providing income support that protects households against economic and climate-related shocks affecting their daily lives (such as rise of sea levels), floods, heat waves and dust storms among others. Economic inclusion services that provide wage employment opportunities or build entrepreneurial capacity of the poor also enable vulnerable households to diversify their livelihoods into multiple activities in the value chain and increase climate resilience which is critical for poor and vulnerable households who are often at the highest risk to the effects of climate change. These services prevent them from falling deeper into poverty, reduce their overall exposure to risk, and contribute to long-term adaptation to climate change.

31. **Component 1: Provision of Conditional and Unconditional CTs (US\$435 million).** This component supports the provision of conditional and unconditional CTs to beneficiaries under the Borrower’s Takaful and Karama Cash Transfer Program. This component will use results-based approach, with eligible expenditures comprising CTs under the Takaful and Karama program and the component will support expansion and scale up of the TKP in all 27 governorates of Egypt to reach a total of 3 million TKP households by December 31, 2022. This includes new applicants as well as eligible households from the old social solidarity pension system (Daman) who will be recertified using the PMT as part of the process of dissolving the old social solidarity pension system¹⁰.

¹⁰A social protection law is expected to be issued by GoE in 2019/2020 to dissolve the Daman system and announce migration



32. **Component 2: Support SSN Targeting and Operational Systems (US\$10 million).** This component supports enhancing the targeting and operational systems of the Takaful and Karama Cash Transfer Program, through, inter alia: (i) improving the systems and business process of the program, including for case management, payment delivery and communications; (ii) improving the administrative infrastructure and operational support of relevant units under MOSS; (iii) providing training for relevant MOSS staff and other relevant officials of the Borrower to carry out the Takaful and Karama Cash Transfer Program; (iv) monitoring of the Takaful and Karama Cash Transfer Program, including strengthening the GRM and citizen engagement activities; and (v) reassessment of eligibility criteria for Beneficiaries as well as assessment and recertification processes of new applicants.

33. Component 2 will also support expanding the Karama Program, through: (i) roll out of a national karama disability plan; (ii) institutional capacity building to develop enhancement disability assessment tools and registration data; (iii) provision of training selected medical professionals; and (iv) linking Karama Program's GRM to TKP MIS. Withdrawals under this component will be made against eligible expenditures for specific activities set out in the updated Procurement Plan (PP) and will finance institutional capacity building and investments to enhance the GoE's capacity to improve TKP effectiveness and efficiency. The recertification/reassessment will begin with Round 1 of Wave 1¹¹ of TKP beneficiaries, and based on the lessons learned from this round, the successive recertification/reassessment of Round 2 under Wave 1, and subsequently Wave 2¹² will be completed. The recertification/reassessment will also include Daman social solidarity pension beneficiaries for transfer to TKP. The PMT revision exercise for households in frontier governorates is a critical exercise given the high rejection rate for these governorates, and in an effort to promote equity and justice for those households who are extremely disadvantaged and suffer from extreme shortage of social services, high poverty rates and security instability, and are in dire need of urgent and flexible social assistance programs. Additionally, a standalone MIS module for Component 4 will be designed and operationalized to support performance monitoring.

34. **Component 3: Project Management and Monitoring and Evaluation (US\$5 million).** This component will support, and finance costs associated with project management and implementation activities, through: (i) carrying out of Project monitoring, regular internal audits, annual external audits and annual independent verification of the Cash Transfers; (ii) maintaining the PIU and supporting the operational and implementation capacity of the PIU staff; and (iii) undertaking independent targeting, process and impact evaluations of the Project. The component will finance (a) PIU staff (non-civil servants) salaries; (b) PIU equipment and operating costs related to the daily management of the project (office space, utilities and supplies, bank charges, communications, translation, transportation, maintenance and insurance, building and equipment maintenance costs, and travel and supervision costs); (c) regular internal audits and annual external audits financial and procurement activities according to the World Bank's legal requirements); (d) undertaking an end-line impact evaluation for the overall project; and (e) consultancy services for knowledge management and documentation, and institutionalization of TKP processes within MOSS.

of eligible beneficiaries to the TKP.

¹¹ Wave 1 includes: Round 1 - the reassessment/recertification of 180,000 beneficiaries (from March – September 2015); and Round 2 – the reassessment/recertification of 320,000 beneficiaries (from October 2015 – March 2016).

¹² Wave 2 includes: Round 1 – the reassessment/recertification of 250,000 beneficiaries (from April -June 2016); and Round 2 – the reassessment/recertification of 250,000 beneficiaries (from July 2016 – March 2017).



35. **Component 4: Economic Inclusion/Empowerment Services Pilot (US\$50 million).** Under the AF, Component 4 will be introduced to support the Economic Inclusion and Empowerment Services Pilot, including linking beneficiaries to employment services, provision of training, and asset transfers to beneficiaries. The component will include a range of activities to complement the CT program with improved access to economic opportunities that strengthen income generating capacities and economic resilience. Various productive/economic inclusion models will be piloted by enhancing skills of beneficiaries and linking them to wage or self-employment opportunities. The component addresses the need to test various models of sustainable livelihood tailored to the profile of TKP applicants. Effective economic inclusion programs are expected to assist beneficiaries to reduce long term dependency on CTs (a detailed project description is included as Annex 1, while a detailed description of Component 4 is included as Annex 2). Component 4 will target: (a) working age/unemployed and inactive members of TKP beneficiary households, and (b) other working age/inactive and unemployed individuals that fall within the TKP database but were rejected based on their PMT score which was right above the poverty threshold cutoff point (with PMT score between 4.5-5.5). Selection of participants will prioritize individuals to achieve targets of 50 percent youth and 30 percent women.

36. The proposed AF is fully aligned with the World Bank Group's Country Partnership Framework (CPF) for Egypt FY2015-2019 (Report number 94554-EG, discussed by the Board of Executive Directors on December 17, 2015) which was extended until FY2021 during the Performance and Learning Review (PLR) in April 2019, specifically focus area 3 'Social inclusion', and Objective 3.1: Improved access to short-term income opportunities for the poor and increased coverage of the SSN system, as well as Objective 1.4: Strengthened engagement in service delivery. The proposed AF is also aligned with the World Bank Group's Gender Strategy (FY16–23, Report No. 102114) and the expanded MENA Regional Strategy (March 2019), including the focus on Human Capital Project through investments in health and education and early childhood development through the Takaful program conditionalities, and through the expansion and consolidation of social protection programs targeted to the poor and most vulnerable. The project will also contribute to the Strategy's pillar to Promote Sustainable and Inclusive Growth through skills development and promoting livelihood opportunities for women and youth through wage or self-employment opportunities.

D. Gender and Social Inclusion

37. The 2017 Gender Gap Index of the World Economic Forum ranks Egypt 135 out of 141 countries for economic participation and opportunity. The labor force in Egypt was estimated at 28.9 million in 2016, with females representing 24.2 percent of the total labor force. The low labor force participation of females is due to constraints on their mobility, the difficulty to balance between family responsibilities and work (compounded by the dearth of affordable support services especially childcare), and prevailing norms and beliefs about the prescribed role of women as being nurturers and care-givers.¹³ Contributing to low female labor force participation rates, the share of women owning their own businesses in Egypt is only 23 percent. While access to finance is one of the major constraints, evidence shows that before taking on credit low-income producers/microbusinesses need to first learn how to produce, market and maximize profits before taking on

¹³ Zeitoun, Nahla Ahmed Mohamed Salaheldin. 2018. *Women Economic Empowerment Study (English)*. Washington, D.C.: World Bank Group.



credit, which can be costly.¹⁴ As such and similar to the original project, the AF will continue to address the gap that exists between men and women in economic and social empowerment as well as their participation in social protection programs through CTs. The qualitative study of the impact evaluation of TKP indicated positive results in the area of gender empowerment under the ongoing project, given that women are the main recipients of the CT which has positively affected their ability to make spending decisions.

38. Moreover, the new pilot on productive/economic inclusion under Component 4 will address gaps in economic participation and enhance the financial inclusion of women. Specifically, activities will be introduced to address gaps facing women in order to support their wage employment, such as targeted job matching and job placement services, transportation allowance, and partial coverage of social security as well as linking beneficiaries with partner organizations and Non-Governmental Organizations (NGOs) offering hard and soft skills trainings to women and youth. The project will also pilot economic inclusion interventions that include asset transfer to support self-employment of women. This includes offering training to women on the efficient use of the asset across various sectors popular among them i.e. handicrafts, agribusiness, trade and services and improving their entrepreneurial capacities through non-financial services to allow them to be later linked with microfinance institutions.

39. Monitoring the conditionality under the conditional cash transfer will help address the regional gender disparities in human endowments given that the illiteracy rate of young females in Upper Egypt is 24 percent, twice that of their male counterparts, and 10 percentage points higher than the national average for young women¹⁵. Additionally, girls in rural upper Egypt make up the largest group of those left behind in education. Studies show that girls are 2.3 times more likely not to have ever been to school than boys mostly due to mobility constraints linked to cultural and normative reasons¹⁶. The impact on women will be positive from the income support and provision of higher incentive for schooling at higher levels, where girls usually drop out, is the highest in poor and rural families.

40. The AF project may also have positive impact to increase awareness on Gender Based Violence (GBV), Intimate Partner Violence (IPV), or any other points on social and inclusive development among beneficiaries through inclusion and empowerment messages that the project transmits. The project has a solid, functioning GRS, which will be used to flag any gender related abuses/harassment to ensure that proper mitigation measures are put in place.

41. The project will continue monitoring and recording gender-disaggregated CT beneficiaries and has introduced a new indicator to record female participation in the economic inclusion model pilot through the indicator “Percentage of beneficiaries of economic inclusion services who remain employed or self-employed 6 months after the completion of receiving the service package. (Percentage),” Of which, at least 30% are women (Percentage)”. Strategies adopted under the original project to include women as TKP cash benefit recipients will

¹⁴ Ibid.

¹⁵ Calculated from page 42-43, Chapter 3, Statistical Year Book of the Ministry of Education 2016/2017. The eight governorates are Fayoum, Beni Suef, Minia, Assiut, Sohag, Qena, Luxor and Aswan.

¹⁶ Assaad, Ragui, and Ghada Barsoum. “Youth Exclusion in Egypt: In Search of “Second Chances.” Wolfensohn Center for Development. Middle East Youth Initiative Working Paper.



be continued under the AF (these are detailed in the original Project Appraisal Document -Report No. PAD611, March 20, 2016). During implementation, the project will carry out further gender analyses and monitor gender-sensitive indicators as indicated in the Results Framework.

E. Implementation Arrangements

42. Implementation arrangements under the AF will remain unchanged. The project will continue being implemented by MOSS and will follow the existing implementation arrangements. Additionally, the team will be expanded to include staff that will support the newly added social inclusion Component 4. To ensure that adequate institutional arrangements for managing environmental and social risks are in place, an environmental and social unit will be established at the PIU which will include a senior environmental and social expert supported by an environmental officer and a social officer. The senior expert will monitor the implementation of the Environmental and Social Management Framework (ESMF) and will oversee the two officers. Together, the unit will monitor the projects' activities all over Egypt. The staff at the central unit will follow up with environmental and social focal points at local level (governorate/unit level) to monitor safeguards and ensure that the project is in compliance with World Bank safeguards policies and regulations.

43. The project will be implemented through MOSS's existing structure, supported by a PIU which includes permanent staff from MOSS and which forms the Program Task Force. The Central Administration for Social Pension under the Social Protection Department is responsible for day to day project management, reporting to MOSS and supported by the PIU. At the regional level, the project is supported by regional directorates of MOSS, district offices, and MOSS' social units which exist in villages or groups of villages. These units are responsible for mobilization, outreach, and maintaining continuous contact with beneficiary households. MOSS has also signed Memoranda of Understandings with the ministries of health and education respectively, to support monitoring and reporting of conditionality. Further, MOPAR is an integral part of implementing Component 2 while fiduciary functions lie with the PIU.

44. At the policy level, the government established a high-level ministerial committee for social justice, chaired by the Prime Minister, and with participation of key ministers. This committee will continue overseeing progress of the social protection reform and ensure sectoral coordination.

III. KEY RISKS

45. **The overall risk rating for this operation is Substantial.** The original project's risk rating was **Substantial** stemming from the country's political instability at the time of project appraisal, as well as inherently substantial stakeholder, operational design and fiduciary risks. Risks that are rated substantial under the AF are Macroeconomic; Technical Design, Institutional Capacity for Implementation and Sustainability, Fiduciary, Stakeholders and Other (use of DLIs for disbursements under Component 4). Furthermore, during project implementation over the course of the past four years, several project risks have been reduced. The following section highlights risks that have been reduced as well as risks that are deemed substantial.



46. **Political and Governance risk has been reduced from Substantial to Moderate.** This is due to the relative political stability which has ensured the GoE's commitment to social and economic reforms, and which has allowed the introduction and enforcement of accountability and transparency measures that have supported good governance of the program.
47. **Macroeconomic risk is maintained as substantial.** Potential risks that may arise from ongoing economic and subsidy reforms which may risk macroeconomic stability the fiscal sustainability of the CT program, especially if inflation and poverty rates continue to rise. This will be mitigated through the government's commitment to social protection with a line item on the national budget for Takaful and Karama CT program.
48. **Sector Strategies and Policies risk is reduced from Substantial to Moderate.** Improved sector strategies include disbursement arrangements, whereby the bulk of project disbursements are triggered by the achievement of jointly agreed results rather than by specific purchases.
49. **Technical Design of Project risk remains Substantial.** The project's operational design has enhanced the effectiveness and efficiency of its targeting (geographic targeting and PMT application) and service delivery mechanisms (use of cutting-edge technology such as portable tablets for enrollment and electronic transfer of payments); however, the introduction of a new pilot component on economic inclusion poses some risks. This risk will be mitigated through leveraging international best practices and drawing on lessons learned from other countries' experiences in developing a strong and robust graduation program in parallel to their CT programs to ensure beneficiaries dependency over the cash is reduced over time by identifying pathways to graduation through economic inclusion programs and interventions.
50. **Institutional Capacity for Implementation and Sustainability remains Substantial.** Institutional capacity and program sustainability under MOSS has been strengthened through World Bank institutional capacity building, training of staff and hands on project implementation experience (including M&E, MIS and GRM functions) and through knowledge management of TKP rules and processes; however, the introduction of a new pilot component poses some risks and will require strengthening existing capacities. The risk will be mitigated through the recruitment of a new team to support the newly added component on economic inclusion and well as investing in MOSS's institutional structure and systems by devising a solid MIS module for operationally managing the economic inclusion component to ensure adequate information flow and monitoring and evaluation of performance. It is also envisaged that the MOSS team which will be recruited will undergo targeted training and capacity building including guidance from the World Bank.
51. **Fiduciary risk is maintained as substantial.** Though the PIU has gained capacity and experience through the implementation of the original project and is capable of managing project funds and procurement with the existence of adequate procedures and staffing, the combined fiduciary risk remains substantial due to instances of delays in timely submission of Interim Financial Reports (IFRs). To mitigate this risk, the World Bank will continue providing the needed training and guidance on fiduciary aspects including regular training on procurement and financial management.



52. **Environment and Social risks have increased from Low to Moderate.** This reflects the change in safeguards category, from Category C to B, as a result of the inclusion of Component 4. This component will involve activities which will support economic inclusion interventions which may have an environmental or social impact. These will be mitigated through the preparation and application of the ESMF which was prepared and disclosed by MOSS and the World Bank on November 12, 2018.

53. **Stakeholders risk is maintained as Substantial** and are associated with potential negative public and civil society perceptions, particularly in the implementation of recertification/reassessment amidst rising poverty and inflation. This risk will be mitigated by ensuring that the existing GRS ensures that 80 percent of grievances are resolved in a timely manner. To mitigate this risk, MOSS will continue implementing its three-pronged strategy for communication, including political/policy-level communications, public information campaigns through mass media and civil society consultations, and targeted beneficiary outreach. The communication strategy will focus on raising awareness about TKP conditionality, recertification/reassessment processes, and graduation models to elicit continued public support for the program.

54. **Other risks include using of DLIs for disbursement under Component 4,** which is considered a Substantial risk given that this is a new pilot component. This component represents 10 percent of total loan value. To mitigate this risk, the Bank will leverage international expertise to draw on lessons learned and best practice from countries on economic inclusion interventions. Moreover, the process evaluation and mid-line evaluation, which are part of the original design of the newly added component, will provide a good platform for lessons learned from the pilot interventions.

IV. APPRAISAL SUMMARY

A. Economic and Financial Analysis

55. By supporting the expansion of TKP, the project is expected to directly benefit approximately one million additional poor households and expand the protection of the country's safety net among vulnerable women, children and disabled people. The expected benefits to the beneficiaries include: (a) increased educational attainment of children (by increasing the likelihood of attending school), (b) increased human capital accumulation and productivity due to the routine checkups and health benefits, and (c) increased consumption and decreased likelihood of falling into poverty.

56. The new efforts to implement the conditionality of the program are expected to be beneficial to the target population. The program's information systems will now allow the validation of assistance to the majority of classes for children of recipient households, as well as tracking the use of health services. In both cases, the human capital accumulation of the beneficiaries is expected to be positively impacted: increased attendance is expected to lower the probability of dropping out of school and thus reach higher educational attainment. The net present value of earnings of an individual with more education is expected to be greater than those in a situation without the support of TKP.



57. Independent evaluations of the Takaful program have shown good targeting of the poor population, statistically significant increases in consumption levels (7.3 percent–8.4 percent) and higher food expenditures per adult equivalent (8.3–8.9 percent) of beneficiary households, with a concurrent decrease in likelihood of poverty. Improved targeting will ensure benefits continue to reach the most vulnerable. Two thirds of the program beneficiaries belong to the bottom 40 percent of the consumption distribution. Results show positive impacts on consumption (overall and food-related), quality of diets and child nutrition status. The project will support the revision of the PMT used to identify eligible households using the most recent survey data available. This opportunity to incorporate lessons learned and correct shortcomings in accuracy of previous models should help improve the targeting of the program.

58. The project will also support an enhanced safety net among the most vulnerable of current Daman beneficiaries. Currently, the average social pension transfer among recipients is 386 Egyptian Pound (EGP) (US\$22 equivalent). With the transition to TKP, the most vulnerable are expected to receive stronger support, coupled with incentives to increase the human capital accumulation and productivity among the younger members of the beneficiary families.

59. The economic inclusion component of the project is expected to increase the likelihood of employment among beneficiaries and thus improve their prospects for economic development. By providing a one stop shop to profile, counsel and support the beneficiaries' integration into the labor market, the costs associated with finding jobs or setting up a business would decrease substantially. This would in turn, provide enhanced economic development opportunities to smooth the transition out of the program. On average, Takaful transfers represent 23 percent of monthly household expenditures. Thus, it is important to have a strategy to prevent a sharp cut off from support to those individuals who are no longer eligible for the program.

60. The long-term effects of the inclusion component will heavily depend on the delivery mechanisms, as well as the macroeconomic environment in the country. The literature on Active Labor Market Programs (ALMPs) points to significant differences on the impacts on labor market outcomes, with certain types of programs showing no impact. ALMPs impacts appear to be higher for youth or women, depend on the level of previous entrepreneurial knowledge, and tend to perform better when they include a component of human capital accumulation. Former TKP recipients, as well as those who are barely ineligible, are expected to reside disproportionately in Upper Egypt. There is evidence that the region's labor market has shown important reductions in the agricultural jobs without a concurrent increase in job creation in other sectors. TKP offices would have to adapt and incorporate to the extent possible the needs of the local labor market to maximize the job placement probability of beneficiaries. Finally, the country's job creation potential resulting from the macroeconomic situation will clearly define the overall effectiveness of the economic inclusion program, especially in the supporting wage employment and self-employment subcomponents.

B. Technical

61. The technical rationale for the design of this AF is the same as the original project. Moreover, by supporting the scale up of the Takaful and Karama program, and committing to dissolving legacy programs such as Daman – the old social solidarity pension which currently includes approximately 1.6 million households, the Government is taking an important step towards consolidating the fragmentation of the existing social protection



system and establishing a well-designed, poverty-focused SSN. Furthermore, the project is adopting best practices from across the region and internationally.

62. The choice of a conditional cash transfer (CCT) program aims to alleviate short-term poverty while also encouraging investments in human capital to break the inter-generational cycle of poverty and raise productivity. The design follows numerous large-scale, successful CCT programs worldwide that have been evaluated and found to be effective (for example, *Bolsa Familia* and *Oportunidades*). TKP provides households with the required income support to fight poverty and invest in the human capital of their members. The education and health conditionality under Takaful is intended to increase the uptake of health services for prenatal care, giving birth at health facilities, and preventative health clinic visits for children as well as encouraging dietary diversity. Similarly, the education conditionality is meant to improve child development outcomes (cognitive, language, motor, and social-emotional dimensions). A conditional program requires an adequate supply of services to enable beneficiaries to comply with the conditionality, which can be a challenge in the poorest regions. To this end, the government is already engaged in several national and donor-supported initiatives to ensure adequate supply of services. A conditional program can also impose some administrative challenges relating to the need for education and health providers to report on service usage by beneficiaries and verify their compliance with the conditions.

63. The choice of an unconditional CT program for the elderly and disabled helps to ensure that the poor among these often-vulnerable groups are covered. Since these groups were covered by the legacy social pensions program, eligible beneficiaries will be migrating to TKP, and Daman will be dissolved given that it has been deemed an inefficient legacy program that is poorly targeted and fragmented. Karama had successfully moved away from a medical classification toward a functional classification of disability that reduces bias, subjectivity and strengthens monitoring of potential fraud and error in the certification process. Currently, Karama has standards and tools that align with international best practices and the United Nations Convention on the Rights of Persons with Disabilities. The project will thus ensure equitable access to people with disability. Lessons learned during implementation of functional models will inform the adjustments in the design and procedures of the Karama program.

64. **The design of the newly added component (Component 4) on piloting economic inclusion/empowerment models** was informed by the impact evaluation of the World Bank financed Emergency Employment Investment Project (EEIP) (P146143) that supported youth transition to employment. It was also guided by other initiatives carried out by development partners including the Get-Ahead initiative for women economic and social empowerment by the International Labor Organization (ILO), and the BRAC graduation model.

65. The Takaful and Karama program will be linked to the Egypt National Project on Integrated Information System. The objective of the project is to establish a national database platform to support consolidation of SSN programs and facilitate coordinated targeting and delivery mechanisms. These types of unified database systems ensure accurate targeting through drawing on a series of administrative databases from different sources to determine asset ownership, income, and other proxy characteristics that can identify the poor. Such databases or registries facilitate rapid scale-up of programs in times of crisis. They also can connect to a technological platform (e.g., the Family Smart Card System) to allow policymakers to monitor payments and benefit allocation, thereby reducing error, fraud, and corruption. They can also improve public expenditure allocation by preventing double-dipping from multiple programs, where this is not allowed. The UNR initiative has already made some progress



towards linking the Family Smart Card, SSP, and social security databases using the national identification (ID). In the longer term, the project could potentially be used for other social services and investments beyond social protection, which can include health, education, and housing, among others.

C. Financial Management

66. The AF will follow the financial management (FM) arrangements which are in place under the original project whereby MOSS will be responsible for FM implementation, using systems and procedures which are acceptable to the World Bank. The PIU is staffed with an FM Specialist and an Accountant who are responsible for day to day FM related functions. The PIU will continue to maintain complete accounting records and documenting project expenditures through IFRs. In addition, the project will use DLIs as an additional measure to trigger withdrawals from the loan account. Financial statements will be audited annually following International Standards on Auditing (ISA) by qualified independent auditors acceptable to the World Bank. Audit reports will continue to be submitted to the World Bank within six months from the end of each fiscal year (July 1 to June 30).

67. **Flow of Funds.** MOSS will open a designated account at the Central Bank of Egypt. Deposits into and payments made from the designated account will follow the provisions included in the “Disbursement and Financial Information Letter”. In addition, reimbursement and direct payment methods will be allowed. Disbursement of loan proceeds will follow an IFR-based model, together with the respective DLI reconciliation statement.

68. The AF includes a provision in the loan agreement to allow for retroactive financing of up to 20 percent of the loan proceeds (US\$100 million) for eligible project expenditures / payments made by the Borrower, not more than 12 months prior to the signing date of the signing of FA Loan Agreement. The government has estimated US\$125 million will be required to cover cash payments for Takaful and Karama beneficiaries and support MOSS efforts in accelerating DLIs achievement related to coverage, recertification and PMT revisions. This will result in the need to frontload World Bank resources during the first six months of implementation given that the expected savings from the forthcoming energy subsidy reforms scheduled in July 2019 will only start to kick in the budget at a later date. A forecast of cash payments for the first two quarters between July-December 2019 will be submitted by MOSS to the World Bank. All loan withdrawals under Category 1 and 2 of the Loan Agreement will be based on evidence satisfactory to the World Bank with respect to the achievement of the respective DLIs/Disbursement Linked Results (DLRs) and supporting documentation.

69. **Financial Management Performance to date.** The financial management performance of the project has to date been moderately satisfactory. Apart from a few exceptions, mainly in the timelines and completeness in submission of IFRs, the project is largely in compliance with the financial management reporting requirements of the loan agreement. The loan disbursement process has also been found satisfactory, with withdrawals supported by IFR submissions together with verification of DLIs achievement as prescribed in the project document and loan agreement. Several areas which will require strengthening under the AF are noted, and include the following:

- a) Communication between the PIU and the ministry departments with respect to payment processing and expenditure documentation remain an issue of concern. Utilizing agreed upon standard and streamlined procedures would improve the transaction/payment processing.



- b) Recent issues with funds flow were noted along with the use of an intermediary account with pooled funds. While the alignment with the new government electronic payment through a central unit at the Ministry of Finance is generally commended, this has in practice resulted in an outstanding balance from the project designated account's advance to the intermediary account. The settlement of this balance and agreeing on an alternative arrangement, was discussed and confirmed during the last implementation support mission.

70. There is an added risk which may arise with the recertification/reassessment of beneficiaries' processes. These are sizable in volume and may also result in a significant increase in complaints. The newly added Component 4 (Economic Inclusion and Empowerment Service Pilot) also involves an added risk related to eligibility, introducing new activities such as financial literacy training, job matching, and offering temporary incentives for employers and employees. These new activities will involve testing new intervention models, introducing a new MIS, and adopting a new grant scheme. From an overall governance perspective, the project has been adopting several measures to strengthen its governance arrangements. These measures include: establishing social accountability committees at the village level to help disseminate program information, assisting with application requirements and verifying beneficiaries' eligibility; conducting process and impact evaluation studies and performance audits; contracting a specialized firm to undertake MIS "gap analysis" that covers business process mapping, quality assurance, digital security, audit trail issues, among others. The recertification/reassessment and the new activities under Component 4 will partially benefit from the existing governance measures above. Additional mitigating measures include revisions to the project operations manual, capacity development for the MOSS directorates/unit staff, and adopting transparent criteria for selecting NGOs and targeting beneficiaries.

D. Procurement

71. The PIU which is housed in MOSS, will continue to be responsible for overall procurement aspects and responsibilities under the project. The World Bank Procurement Regulations for IPF Borrowers, dated July 2016, revised November 2017 and August 2018, will apply to the project. The Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants", dated October 15, 2006, and revised January 2011 and as of July 1, 2016, will also apply to the project.

72. The expansion and scale up of Component 1 under the AF (for an additional amount of US\$435 million) involves CTs and does not include any procurement. Procurement activities will fall under components 2, 3 and 4, and will largely include Goods, Non-consulting Services and Consulting Services. The envisaged Goods and Services will be attained from either the local or international markets. Procurement under Component 4, for the self-employment grants, which are demand driven, will be implemented in accordance to a simplified procurement manual developed by MOSS in line with the procurement regulations. Given that the grants are demand driven in nature, related procurement activities will be included in the PP for each grant and approved by the PIU; however, these PPs will not be part of the project PP in the Systematic Tracking of Exchanges in Procurement.

73. In line with World Bank Procurement Regulations, MOSS has prepared a Project Procurement Strategy for Development (PPSD). The PPSD includes: (i) a project overview; (ii) operational context, including governance, economic factors, sustainability aspects, technology factors; (iii) market research; and (iv) implementation capacity. In addition, a PP for the first 18 months of project implementation has been prepared and cleared by the World Bank. Detailed procurement activities envisaged under the program include the following:



- Developing an M&E system;
- Selection of independent verification agency;
- Selection of PIU staff and consultants; and
- External Auditor contract.

74. **The procurement risk under the project is deemed to be moderate.** The World Bank Prior Review thresholds for Moderate risk rating operations shall apply to the project. In addition to contracts estimated to fall above the threshold, all Terms of Reference (TORs) for consultant services and institutional capacity building services will be subject to the World Bank’s technical review and clearance. In addition to prior review, the World Bank will carry out two supervision missions a year, including one ex-post procurement review that would cover at least 5 percent of the contracts awarded during the review period.

E. Social (including Safeguards)

75. **The SSSNP is expected to continue having positive social impacts with the inclusion of the AF.** Significant improvements have already been observed in targeting, using a combination of geographical targeting (the poorest areas of districts with the highest poverty rates) and application of the PMT. The SSSNP Impact Evaluation indicated that 58 percent of beneficiaries come from the lowest two quintiles of the population, demonstrating that the poorest and most vulnerable groups are most likely to be the primary beneficiaries of the project. The CT benefits to the poor will increase further as the project is expanded and further refinements are made to the PMT and the UNR is developed to further refine its targeting accuracy. The positive impact on women will continue, as over 88 percent of CT beneficiaries are mothers, and the CTs are expected to provide them with economic empowerment and increase participation in family decision-making of participating women. The provision of conditional income support provides a strong incentive to keep girls in schooling at higher levels, whereas they would normally discontinue education, especially in poor and rural areas. Women’s leadership and empowerment will also be enhanced through their participation in social accountability committees and citizen engagement activities. The qualitative study of the independent Impact Evaluation of TKP shows positive gender results related to empowerment and dignity. The study found evidence that the Takaful transfers have empowered some women by increasing their ability to make spending decisions using the transfers.

76. Component 4- Economic Inclusion and Empowerment Services Pilot, is also expected to help beneficiaries to access sustainable livelihood opportunities (through programs such as job placement and training on employability skills and asset transfer) and foster financial inclusion.

77. With the inclusion of Component 4, the project is expected to trigger OP 4.01 on Environmental Assessment with a “Category B” classification. Activities which are anticipated to cause environmental impacts under this AF will be supported by asset transfer or grant supported activities in sectors related to handicrafts, agribusiness, trade and services, the latter of which might entail risks of GBV particularly in the form of sexual harassment. Additionally, while CTs largely increase women's decision-making power and economic empowerment, they can sometimes entail risks of IPV stemming from resentment towards women who might have an increased income (if men are not recipients) and partners escalating threats of violence to coerce money from women. It is worth noting however, that the AF project may conversely have a positive impact to increase awareness on GBV, IPV, or any other social and inclusive development aspects among beneficiaries through inclusion and empowerment messages that the project conveys. As an example, the impact evaluation of TKP revealed that some women receiving transfers reported that the transfers help them relieve financial pressures on



husbands which decreases stress at household. The project has a solid Grievance and Redress System, which will be used to flag any gender related abuses/harassment to ensure that proper mitigation measures are put in place. A project ESMF has been developed and disclosed in-country and on the World Bank's website on November 12, 2018 (see section F below) to assess potential social risks, screen any sub-projects against these, and outline mitigation measures for identified risks such as increased awareness/training around GBV, adoption of Codes of Conducts, a strengthened GRM/MIS with dedicated treatment of GBV-type complaints, and an overarching survivor-centric GBV prevention/response action plan that provides recourse and connects potential victims to support services and resources.

F. Environment (including Safeguards)

78. The original project was classified as category 'C' as it did not trigger any safeguards policies. The AF however, introduces a revision to the project's safeguards category to category 'B', consistent with OP 4.01 (Environmental Assessment). This revision is attributed to the inclusion of Component 4 which will include providing beneficiaries with asset transfers/grants to facilitate income generating/livelihood activities in the following sectors: handicrafts, agribusiness, trade and services sectors. These subprojects will be of small scale, and may result in minor negative environmental impacts, if any. Potential negative impacts would be mitigated through the implementation of mitigation measures that are outlined in the project's ESMF.

79. The ESMF includes: (a) a screening tool to screen each subproject, and consequently assign the appropriate environmental categorization and preparing an environmental and social instrument, if needed; (b) provisions for excluding any subprojects that might have significant negative environmental impact; (c) an assessment of the institutional capacity of MOSS, and will suggest an Environmental and Social Management System to identify, assess, manage, and monitor the environmental and social risks and impacts of subprojects to be supported under Component 4. The ESMF -including the consultation report- was reviewed and cleared by the World Bank and disclosed in-country and on the World Bank external website on November 12, 2018.

80. The project was screened for climate change risks, and the climate change risks on project sustainability are considered 'low'. Generally, the main vulnerabilities to climate change in Egypt are related to: the rise of the Mediterranean Sea levels leading to inundation of coastal areas in and around the Nile Delta, change of precipitation patterns leading to heavy rains causing urban flooding (along coastal areas) and flash floods (in Upper Egypt and Sinai), rise in average temperature and more frequent heat waves and dust storms. In the short term, potential extreme heat waves, strong dust storms and urban floods could reduce the availability of some services or economic activities and impact interventions to be supported under the project.

V. WORLD BANK GRIEVANCE REDRESS

81. Communities and individuals who believe that they are adversely affected by a World Bank supported project may submit complaints to existing project-level grievance redress mechanisms or the World Bank's GRS. The GRS ensures that complaints received are promptly reviewed in order to address project-related concerns. Project affected communities and individuals may submit their complaint to the WB's independent Inspection Panel which determines whether harm occurred, or could occur, as a result of World Bank non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to



the World Bank's attention, and World Bank Management has been given an opportunity to respond. For information on how to submit complaints to the World Bank's corporate GRS, please visit <http://www.worldbank.org/en/projects-operations/products-and-services/grievance-redress-service>. For information on how to submit complaints to the World Bank Inspection Panel, please visit www.inspectionpanel.org.



VI SUMMARY TABLE OF CHANGES

	Changed	Not Changed
Project's Development Objectives	✓	
Results Framework	✓	
Components and Cost	✓	
Loan Closing Date(s)	✓	
Safeguard Policies Triggered	✓	
EA category	✓	
Implementing Agency		✓
Cancellations Proposed		✓
Reallocation between Disbursement Categories		✓
Disbursements Arrangements		✓
Legal Covenants		✓
Institutional Arrangements		✓
Financial Management		✓
Procurement		✓
Other Change(s)		✓

VII DETAILED CHANGE(S)

PROJECT DEVELOPMENT OBJECTIVE

Current PDO

The project development objective (PDO) is to support the Borrower to establish an efficient and effective Takaful and Karama Cash Transfer Program. “Efficient” is defined and measured by good targeting of the poor. “Effective” is defined and measured by coverage of the poor and having basic administrative building blocks of the Program.



Proposed New PDO

The project development objective (PDO) is to support the Borrower to establish an efficient and effective Takaful and Karama Cash Transfer Program and improve access to economic opportunities.

COMPONENTS

Current Component Name	Current Cost (US\$, millions)	Action	Proposed Component Name	Proposed Cost (US\$, millions)
Provision of Conditional and Unconditional Cash Transfers	375.00	Revised	Provision of Conditional and Unconditional Cash Transfers	810.00
Support SSN Targeting and Operational Systems	22.00	Revised	Support SSN Targeting and Operational Systems	32.00
Project Management and Monitoring and Evaluation	3.00	Revised	Project Management and Monitoring and Evaluation	8.00
	0.00	New	Economic Inclusion and Empowerment Services Pilot	50.00
TOTAL	400.00			900.00

LOAN CLOSING DATE(S)

Ln/Cr/Tf	Status	Original Closing	Current Closing(s)	Proposed Closing	Proposed Deadline for Withdrawal Applications
IBRD-84960	Effective	30-Nov-2019	30-Nov-2019	30-Dec-2022	30-Apr-2023

Expected Disbursements (in US\$)

Fiscal Year	Annual	Cumulative
2015	452,500.00	452,500.00
2016	205,211,235.00	205,663,735.00
2017	100,000,000.00	305,663,735.00
2018	73,788,765.00	379,452,500.00
2019	10,054,368.00	389,506,868.00



2020	222,544,066.00	612,050,934.00
2021	167,258,566.00	779,309,500.00
2022	90,690,500.00	870,000,000.00
2023	30,000,000.00	900,000,000.00

SYSTEMATIC OPERATIONS RISK-RATING TOOL (SORT)

Risk Category	Latest ISR Rating	Current Rating
Political and Governance	● Moderate	● Moderate
Macroeconomic	● Substantial	● Substantial
Sector Strategies and Policies	● Substantial	● Moderate
Technical Design of Project or Program	● Substantial	● Substantial
Institutional Capacity for Implementation and Sustainability	● Moderate	● Substantial
Fiduciary	● Substantial	● Substantial
Environment and Social	● Low	● Moderate
Stakeholders	● Substantial	● Substantial
Other	● Substantial	● Substantial
Overall	● Substantial	● Substantial

COMPLIANCE**Change in Safeguard Policies Triggered**

Yes

Safeguard Policies Triggered	Current	Proposed
Environmental Assessment OP/BP 4.01	No	Yes
Performance Standards for Private Sector Activities OP/BP 4.03	No	No
Natural Habitats OP/BP 4.04	No	No
Forests OP/BP 4.36	No	No



Pest Management OP 4.09	No	No
Physical Cultural Resources OP/BP 4.11	No	No
Indigenous Peoples OP/BP 4.10	No	No
Involuntary Resettlement OP/BP 4.12	No	No
Safety of Dams OP/BP 4.37	No	No
Projects on International Waterways OP/BP 7.50	No	No
Projects in Disputed Areas OP/BP 7.60	No	No

Environmental Assessment (EA) Category

Change of EA Category	Original EA Category
Yes	Not Required (C)
Current EA Category	Proposed EA Category
Not Required (C)	Partial Assessment (B)

LEGAL COVENANTS – Strengthening Social Safety Net Additional Financing (P168414)

Sections and Description
Schedule 2. E. 1. The Borrower shall, through MOSS, no later than three (3) months after the Effective Date, hire an independent Verification Agent under terms of reference, acceptable to the Bank, to carry out annual Cash Transfer performance audits. The Borrower shall ensure that reports of said performance audits of the Takaful and Karama Cash Transfers Program are furnished to the Bank not later than forty-five (45) days after the end of each Fiscal Year during the implementation of the Project.
Schedule 2. B. 1. The Borrower shall, no later than six (6) months after the Effective Date cause the MOSS to update and adopt the Project Operations Manual in a manner satisfactory to the Bank and thereafter implement the Project in accordance with its provisions.

Conditions

Type	Description
Disbursement	No withdrawal shall be made: (a) for payments made prior to the date of the Loan Agreement, except that withdrawals up to an aggregate amount not to



exceed \$100,000,000 may be made for payments made up to 12 months prior to the Signature Date for Eligible Expenditures; (b) for payments made under Category (1) and (2) until and unless the Borrower has furnished evidence satisfactory to the Bank with respect to the achievement of the respective Disbursement-Linked Results (DLRs) and the additional supporting documentation set forth in the Disbursement and Financial Information Letter.



VIII. RESULTS FRAMEWORK AND MONITORING

Results Framework

COUNTRY: Egypt, Arab Republic of
Strengthening Social Safety Net Additional Financing

Project Development Objective(s)

The project development objective (PDO) is to support the Borrower to establish an efficient and effective Takaful and Karama Cash Transfer Program and improve access to economic opportunities.

Project Development Objective Indicators by Objectives/ Outcomes

Table with 8 columns: Indicator Name, DLI, Baseline, Intermediate Targets (1, 2, 3, 4), End Target. It contains two rows of indicators related to the Takaful and Karama Program, including a note that one indicator has been revised.



Indicator Name	DLI	Baseline	Intermediate Targets				End Target
			1	2	3	4	
Action: This indicator has been Revised							
Of which are female-headed (Percentage)		0.00					60.00
Number of days, after payment due date, the funds deposited in beneficiaries' individual accounts (a measure of administrative building block of the program) (Days)		0.00					1.00
Action: This indicator has been Revised	Rationale: Target is revised under the AF from 10 (under original project) to 1 day.						
Improve access to economic opportunities. (Action: This Objective is New)							
Percentage of beneficiaries of economic inclusion services who remain employed or self-employed 6 months after the completion of receiving the service package. (Percentage)		0.00			10.00	25.00	40.00
Action: This indicator is New	Rationale: This indicator is introduced to measure the PDO objective of improving access to economic opportunities through linkages to productive inclusion activities.						
Of which, at least 30% are women (Percentage)		0.00			30.00	30.00	30.00
Action: This indicator is New							
Of which, at least 50% are youth (aged 18 to 35 years)		0.00			50.00	50.00	50.00



Indicator Name	DLI	Baseline	Intermediate Targets				End Target
			1	2	3	4	
(Percentage)							
Action: This indicator is New							

Intermediate Results Indicators by Components

Indicator Name	DLI	Baseline	Intermediate Targets				End Target
			1	2	3	4	
Component 1: Provision of Conditional and Unconditional Cash Transfers (Action: This Component is New)							
Direct project beneficiaries (Number)		0.00	500,000.00	700,000.00	900,000.00	1,500,000.00	3,000,000.00
Action: This indicator has been Revised	Rationale: <i>This indicator is revised from 1,000,000 to 3,000,000 direct beneficiaries under the AF.</i>						
Female beneficiaries (Percentage)		0.00					60.00
Number of direct and indirect beneficiaries (Number)		0.00					12,750,000.00
Action: This indicator has been Revised	Rationale: <i>End target revised under the AF from 3,000,000 to 12.75 million. This figure also tracks the breakdown by disabled poor or poor elderly (65 years+) or poor orphans.</i>						
Takaful and Karama CT Program launched (Yes/No)		No	No	Yes	Yes	Yes	Yes



Indicator Name	DLI	Baseline	Intermediate Targets				End Target
			1	2	3	4	
Action: This indicator has been Revised							
PMT-based application developed and PMT scoring adopted and applied (Yes/No)		No	Yes	Yes	Yes	Yes	Yes
Action: This indicator has been Revised							
Communication and outreach under implementation (Yes/No)		No	Yes	Yes	Yes	Yes	Yes
Action: This indicator has been Revised							
Share of HH in the Takaful sub-program who comply with education conditionality of 80% school attendance (Percentage)		0.00	0.00	60.00	70.00	70.00	80.00
Action: This indicator has been Revised							
Share of households with children age 6-12, who have new enrolled children (excluding in grade 1) (Percentage)		0.00	0.00	0.00	0.00	0.00	0.00
Action: This indicator has been Marked for Deletion							
Share of households with children in grades 1-12, reported to have female drop-out decrease (Percentage)		0.00	0.00	0.00	0.00	0.00	0.00



Indicator Name	DLI	Baseline	Intermediate Targets				End Target
			1	2	3	4	
Action: This indicator has been Marked for Deletion							
Share of households in the Takaful subprogram who comply with health conditionality of 3 visits a year to the health unit and maintain child growth monitoring record (Percentage)		0.00	0.00	50.00	60.00	70.00	70.00
Action: This indicator has been Revised							
Rationale: <i>This indicator is revised from 2 visits to 3 visits under the AF.</i>							
Health clinic utilization rate increased in Takaful Program areas (Percentage)		0.00	0.00	0.00	0.00	20.00	20.00
Action: This indicator has been Marked for Deletion							
Share of mothers reported to have improved knowledge on health issues (Percentage)		0.00	0.00	0.00	0.00	50.00	50.00
Action: This indicator has been Marked for Deletion							
Percent of beneficiaries whose consumption of foods increase (Percentage)		0.00	0.00	0.00	0.00	50.00	50.00
Action: This indicator has been Revised							
Share of accepted beneficiaries in frontier governorates (out of total applicants of these governorates) (Percentage)		0.00			20.00	30.00	40.00



Indicator Name	DLI	Baseline	Intermediate Targets				End Target
			1	2	3	4	
<i>Action: This indicator is New</i>							
Component 2: Supporting Social Safety Net Targeting and Operation System (Action: This Component is New)							
Share of sampled beneficiaries whose application information yields no discrepancies or errors once verified (Percentage)		0.00	50.00	60.00	70.00	75.00	80.00
<i>Action: This indicator has been Revised</i>							
PMT targeting accuracy evaluation completed (Yes/No)		No	No	Yes	Yes	Yes	Yes
<i>Action: This indicator has been Revised</i>							
PMT adjusted after targeting accuracy evaluation (Yes/No)		No	No	No	Yes	Yes	Yes
<i>Action: This indicator has been Revised</i>							
Process evaluation conducted after Wave 1 (Yes/No)		No	No	Yes	No	Yes	Yes
<i>Action: This indicator has been Revised</i>							
MIS is operational (Yes/No)		No	No	Yes	Yes	Yes	Yes
<i>Action: This indicator has been Revised</i>							
MIS electronically synchronizes back-office information from SSP and Social Insurance databases (Yes/No)		No	No	No	Yes	Yes	Yes



Indicator Name	DLI	Baseline	Intermediate Targets				End Target
			1	2	3	4	
Action: This indicator has been Revised							
Share of beneficiaries paid through electronic payments (Percentage)		0.00	100.00	100.00	100.00	100.00	100.00
Action: This indicator has been Revised							
“Attention to beneficiary module – case management” within MIS is operational (Yes/No)		No	No	Yes	Yes	Yes	Yes
Action: This indicator has been Revised							
Conditionality compliance module in MIS is operational (Yes/No)		No	No	Yes	Yes	Yes	Yes
Action: This indicator has been Revised							
Complaint management module in MIS is operational (Yes/No)		No	No	Yes	Yes	Yes	Yes
Action: This indicator has been Revised							
Percent of grievances addressed within stipulated timeframe (Percentage)		0.00	0.00	50.00	60.00	70.00	80.00
Action: This indicator has been Revised							
Share of beneficiary school-aged children for whom the program has monitoring		0.00			10.00	20.00	30.00



Indicator Name	DLI	Baseline	Intermediate Targets				End Target
			1	2	3	4	
information for school attendance, as recorded in the information system (MIS). (Percentage)							
Action: This indicator is New							
Share of age-appropriate beneficiaries for whom the program has monitoring information for health conditionalities, as recorded in the information system (MIS). (Percentage)		0.00			10.00	20.00	30.00
Action: This indicator is New							
Percentage of Active Social Accountability Committees reporting actions taken based on citizens' and the program's beneficiaries' feedback. (Percentage)		0.00			50.00	60.00	80.00
Action: This indicator is New							
Revised PMT is applied to reassess Wave 1 and Wave 2 applicants (Yes/No)		No			No	No	Yes
Action: This indicator is New							
Component 3: Project Management and Monitoring and Evaluation (Action: This Component is New)							
Impact Evaluation of Component 4 has been		No			No	No	Yes



Indicator Name	DLI	Baseline	Intermediate Targets				End Target
			1	2	3	4	
finalized (Yes/No)							
<i>Action: This indicator is New</i>							
Component 4: Economic Inclusion and Empowerment Services Pilot (Action: This Component is New)							
Percentage of applications received for economic inclusion services that are assessed for eligibility (profiled) (Percentage)		0.00			40.00	50.00	80.00
<i>Action: This indicator is New</i>							
Profiled applicants of economic inclusion services who were trained (Percentage)		0.00			10.00	20.00	30.00
<i>Action: This indicator is New</i>							

Monitoring & Evaluation Plan: PDO Indicators					
Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
Percentage of the program's beneficiary households who are under the poverty line (to measure targeting efficiency/accuracy)		End of project.	Targeting evaluation at the end of project. Based on consumption	Endline evaluation at the end of project; Based on consumption survey on a random sample of beneficiaries.	Independent evaluation, contracted by MOSS.



			survey on a random sample of beneficiaries.		
Percentage of poor households covered by the program (to measure the program's overall coverage)		End of project.	HIECS 2017/18 National Poverty Survey: based on question introduced to the survey of T&K coverage.	National Poverty Survey: Based on question introduced to the survey of Takaful and Karama coverage.	National Statistical Agency (CAPMAS).
Of which are female-headed		National Statistical Agency (CAPMASS)	HIECS 2017/18 (National Poverty Survey: based on question introduced to the survey of the T&K coverage)		End of the project
Number of days, after payment due date, the funds deposited in beneficiaries' individual accounts (a measure of administrative building block of the program)		Annual	Independent technical verification using random sample survey.	Independent technical verification using random sample survey.	Independent verification agency.



Percentage of beneficiaries of economic inclusion services who remain employed or self-employed 6 months after the completion of receiving the service package.		Annual	Program MIS.	Program MIS.	MOSS
Of which, at least 30% are women					
Of which, at least 50% are youth (aged 18 to 35 years)					

Monitoring & Evaluation Plan: Intermediate Results Indicators

Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
Direct project beneficiaries		Every six months.	Program MIS	Program MIS	MOSS/PIU
Female beneficiaries		Every 6 months	Program MIS		MOSS
Number of direct and indirect beneficiaries		Every six months.	Program MIS	Program MIS.	MOSS/PIU.
Takaful and Karama CT Program launched		Once	Progress report with photos/implementation support missions.	Program MIS.	MOSS/PIU.



PMT-based application developed and PMT scoring adopted and applied		MOSS/PIU	Progress report with photos/Supervision mission		Once
Communication and outreach under implementation	MoSS informs Bank team	Twice.	Progress report with photos/implementation support missions.	Program MIS.	MOSS/PIU.
Share of HH in the Takaful sub-program who comply with education conditionality of 80% school attendance	(Number of Takaful Beneficiaries with effective conditionalities/ Total number of Takaful beneficiaries)*100	Every six months.	Program MIS.	Program MIS.	MOSS/PIU.
Share of households with children age 6-12, who have new enrolled children (excluding in grade 1)	Number of relevant households with newly enrolled children (except grade 1) / Total number of Takaful beneficiaries with children in grades 1-12)*100	Independent Evaluation	Impact evaluation		once at the end of the project
Share of households with children in grades 1-12, reported to have female drop-out decrease		Independent evaluation	Impact evaluation		end of the project
Share of households in the Takaful subprogram who comply with health conditionality of 3 visits a year to the health unit and maintain child growth monitoring record		Semi annual.	Progress report/ implementation support missions reviews/ program	Program MIS.	MOSS/PIU.



			MIS		
Health clinic utilization rate increased in Takaful Program areas		Independent Evaluation	Health Facilities' administrative records		end of project
Share of mothers reported to have improved knowledge on health issues		Independent Evaluation	Impact Evaluation		end of project
Percent of beneficiaries whose consumption of foods increase	(Beneficiaries with improved food consumption/ all beneficiaries surveyed) Targets to be set at baseline survey	Once at the end of the project.	Independent Evaluation.	Independent Evaluation.	Independent evaluation consultant.
Share of accepted beneficiaries in frontier governorates (out of total applicants of these governorates)		Semi annual.	Program MIS.	Program MIS.	MOSS
Share of sampled beneficiaries whose application information yields no discrepancies or errors once verified		Annual.	Verification sample survey; Program MIS.	Verification sample survey; Program MIS.	MOSS/PIU.
PMT targeting accuracy evaluation completed		Once.	Independent evaluation.	Independent evaluation.	Independent consultant.
PMT adjusted after targeting accuracy evaluation		Once.	Independent verification by the independent evaluator.	Independent verification by the independent evaluator.	Independent consultant.



Process evaluation conducted after Wave 1		Once.	Independent Evaluation.	Independent evaluation.	Independent consultant.
MIS is operational		Every implementation support mission.	Program MIS and implementation support missions.	Program MIS.	MoSS/PIU.
MIS electronically synchronizes back-office information from SSP and Social Insurance databases		Once.	Program MIS.	Program MIS.	Third Party Evaluation (MIS Audit).
Share of beneficiaries paid through electronic payments		Once a year.	Independent technical verification using random sample survey.	Random sample survey.	Independent Verification firm/Audit.
“Attention to beneficiary module – case management” within MIS is operational		Once.	Program MIS.	Program MIS.	Third Party Evaluation (MIS Audit).
Conditionality compliance module in MIS is operational		Once.	Program MIS.	Program MIS.	Third Party Evaluation (MIS Audit).
Complaint management module in MIS is operational		Once.	Program MIS.	Program MIS.	Third Party Evaluation (MIS Audit).



Percent of grievances addressed within stipulated timeframe		Every six months.	Program MIS.	Program MIS.	Independent Verification firm/Audit.
Share of beneficiary school-aged children for whom the program has monitoring information for school attendance, as recorded in the information system (MIS).		Annual.	Program MIS.	Program MIS..	Conditionality MIS Module at MOSS.
Share of age-appropriate beneficiaries for whom the program has monitoring information for health conditionalities, as recorded in the information system (MIS).		Annual.	Program MIS.	Program MIS.	Conditionality MIS module at MOSS.
Percentage of Active Social Accountability Committees reporting actions taken based on citizens' and the program's beneficiaries' feedback.		Annual.	Program MIS.	Program MIS.	MOSS/PIU.
Revised PMT is applied to reassess Wave 1 and Wave 2 applicants		Annual.	Program MIS.	Program MIS.	MOSS/PIU.
Impact Evaluation of Component 4 has been finalized		End of project.	Independent impact evaluation by independent firm.	Independent impact evaluation by independent firm.	Independent impact evaluation by independent firm.
Percentage of applications received for economic inclusion services that are assessed for eligibility (profiled)		Yearly.	Program MIS.	Program MIS.	MOSS/PIU.
Profiled applicants of economic inclusion services who were trained		Annually.	Program MIS.	Program MIS.	MOSS/PIU.



Disbursement Linked Indicators Matrix

Disbursement Linked Indicators Matrix				
DLI 1	The Re-certification of Round 1 Beneficiaries under the Takaful and Karama Cash Transfer Program has been finalized.			
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Outcome	No	Yes/No	100,000,000.00	0.00
Baseline	No			
FY2019			0.00	
FY2020	Yes		100,000,000.00	
FY2021			0.00	
FY2022			0.00	
FY2023			0.00	
<i>Action: This DLI is New</i>	<i>Rationale:</i>			
DLI 2	Number of profiled Beneficiaries received Training under the Economic Inclusion and Empowerment Services Pilot.			
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Outcome	Yes	Number	25,000,000.00	0.00
Baseline	0.00			



FY2019			0.00	
FY2020			0.00	
FY2021	30,000.00		25,000,000.00	5,000,000 for every 6,000 Beneficiaries trained.
FY2022			0.00	
FY2023			0.00	
Action: This DLI is New	<p>Rationale: DLR#2.1: 30,000 beneficiaries completed the Training under the Economic Inclusion and Empowerment Services Pilot. Minimum payment for at least 6,000 beneficiaries. (Baseline: 0)</p>			
DLI 3	Impact Evaluation Study of the Economic Inclusion and Empowerment Services Pilot has been finalized.			
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Output	No	Yes/No	5,000,000.00	0.00
Baseline	No			
FY2019			0.00	
FY2020			0.00	
FY2021			0.00	
FY2022			0.00	



FY2023	Yes		5,000,000.00	
Action: This DLI is New				
DLI 4	Number of Beneficiaries enrolled under the Takaful and Karama Cash Transfer Program has increased to 2,500,000.			
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Outcome	No	Number	125,000,000.00	0.00
Baseline	2,268,801.00			
FY2019			0.00	
FY2020	2,500,000.00		125,000,000.00	
FY2021			0.00	
FY2022			0.00	
FY2023			0.00	
Action: This DLI is New	<p>Rationale: DLR#4.1: 231,199 additional beneficiaries have been enrolled under the Takaful and Karama Cash Transfer Program. (Baseline: 2,268,801 Beneficiaries)</p>			



DLI 5	Number of Beneficiaries enrolled under the Takaful and Karama Cash Transfer Program has increased to 3,000,000.			
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Outcome	No	Number	75,000,000.00	0.00
Baseline	2,500,000.00			
FY2019			0.00	
FY2020	3,000,000.00		75,000,000.00	
FY2021			0.00	
FY2022			0.00	
FY2023			0.00	
<i>Action: This DLI is New</i>	<p>Rationale: DLR#5.1: 500,000 additional beneficiaries have been enrolled under the Takaful and Karama Cash Transfer Program. (Baseline: 2,500,000 Beneficiaries).</p>			
DLI 6	Beneficiaries of the Social Solidarity Pension (Daman) reassessed, using the PMT, for eligibility under the Takaful and Karama Cash Transfer Program.			
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Outcome	No	Yes/No	30,000,000.00	0.00
Baseline	No			
FY2019			0.00	



FY2020	Yes		30,000,000.00	
FY2021			0.00	
FY2022			0.00	
FY2023			0.00	
Action: This DLI is New	<p>Rationale: <i>The status of at least, 1,000,000 beneficiaries of the Social Solidarity Pension (Daman) was reassessed, using the PMT, for eligibility under the Takaful and Karama Cash Transfer Program.</i> (Baseline: 0)</p>			
DLI 7	Eligibility calculation formula is revised, to prioritize applicants for the Takaful and Karama Cash Transfer Program from Frontier Governorates.			
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Outcome	No	Yes/No	70,000,000.00	0.00
Baseline	No			
FY2019			0.00	
FY2020	Yes		70,000,000.00	
FY2021			0.00	
FY2022			0.00	
FY2023			0.00	



<i>Action: This DLI is New</i>	<p>Rationale: <i>Eligibility calculation formula, is revised, in a manner satisfactory to the Bank, to prioritize applicants for the Takaful and Karama Cash Transfer Program from Frontier Governorates.</i></p>			
DLI 8	MIS System updated and operationalized for the Economic Inclusion and Empowerment Services Pilot.			
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Outcome	No	Yes/No	15,000,000.00	0.00
Baseline	No			
FY2019			0.00	
FY2020			0.00	
FY2021	Yes		15,000,000.00	
FY2022			0.00	
FY2023			0.00	
<i>Action: This DLI is New</i>	<p>Rationale: <i>MIS System updated and operationalized for the Economic Inclusion and Empowerment Services Pilot.</i></p>			



DLI 9	MIS adopts the use of UNR platform to perform electronic data exchange with external databases.			
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Outcome	No	Yes/No	10,000,000.00	0.00
Baseline	No			
FY2019			0.00	
FY2020			0.00	
FY2021	Yes		10,000,000.00	
FY2022			0.00	
FY2023			0.00	
<i>Action: This DLI is New</i>	<i>Rationale: MIS adopts the use of UNR platform to perform electronic data exchange with external databases.</i>			
DLI 10	The Grievance Redress Mechanism is updated and operational.			
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Output	No	Yes/No	15,000,000.00	0.00
Baseline	No			
FY2019			0.00	
FY2020			0.00	



FY2021	Yes		10,000,000.00	
FY2022	Yes		5,000,000.00	
FY2023			0.00	
Action: This DLI is New	<p>Rationale: <i>DLR#10.1: The Grievance Redress Mechanism has been updated to accommodate potential grievances of the Economic Inclusion and Empowerment Services Pilot, recertification of Beneficiaries and conditionality, by the end of FY21.</i> <i>DLR#10.2: The GRM has a resolution rate of at least 80% of received grievances, by the end of FY22.</i></p>			
DLI 11	Impact Evaluation Study completed and the results have been published detailing how well the Project has met its objective.			
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Output	No	Yes/No	10,000,000.00	0.00
Baseline	No			
FY2019			0.00	
FY2020			0.00	
FY2021			0.00	
FY2022			0.00	
FY2023	Yes		10,000,000.00	
Action: This DLI is New	<p>Rationale: <i>This is a DLI which is pending under the original loan (DLI 7). This DLI will not be financed from the proceeds of the</i></p>			



<i>Additional Financing.</i> <i>DLI is partially met: Impact evaluation, including quantitative and qualitative reports have been drafted and will be finalized and results will be published.</i>				
DLI 12	A conditionality compliance module of the MIS is operational and capable of identifying cases of non-compliance with the conditions in the Takaful Cash Transfer Program.			
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Outcome	No	Yes/No	10,000,000.00	0.00
Baseline	No			
FY2019			0.00	
FY2020			0.00	
FY2021			0.00	
FY2022	Yes		10,000,000.00	
FY2023			0.00	
<i>Action: This DLI is New</i>	<p><i>Rationale:</i> <i>This DLI is pending from the original loan (DLI 16). This DLI will not be financed from the proceeds of the Additional Financing loan.</i></p> <p><i>Definition of Operational: that the MIS is designed, developed, fully tested, and fully in use as part of the program core business in managing functions of monitoring compliance and acting on cases of non-compliance.</i></p>			



Verification Protocol Table: Disbursement Linked Indicators

DLI 1	The Re-certification of Round 1 Beneficiaries under the Takaful and Karama Cash Transfer Program has been finalized.
Description	
Data source/ Agency	MOSS.
Verification Entity	Independent verification consultant(s).
Procedure	Independent verification consultant(s) have access in person/remotely to depersonalized MIS administrative lists showing the program beneficiaries who have been recertified using the revised PMT.
DLI 2	Number of profiled Beneficiaries received Training under the Economic Inclusion and Empowerment Services Pilot.
Description	
Data source/ Agency	MOSS.
Verification Entity	Independent verification consultant(s).
Procedure	Independent verification consultant(s) have access in person/remotely to depersonalized MIS administrative lists showing the program enrollment.
DLI 3	Impact Evaluation Study of the Economic Inclusion and Empowerment Services Pilot has been finalized.
Description	
Data source/ Agency	MOSS.
Verification Entity	Independent verification consultant(s).



Procedure	<ul style="list-style-type: none"> • MOSS should contract an independent firm, with capacity to conduct a methodologically robust impact evaluation, reviewing a range of hypotheses discussed and agreed between MOSS, Bank, and the contracted firm. The TOR and methodology will be reviewed and subject to no-objection by the Bank. • MOSS should share the independent firm’s survey results with the World Bank.
DLI 4	Number of Beneficiaries enrolled under the Takaful and Karama Cash Transfer Program has increased to 2,500,000.
Description	
Data source/ Agency	MOSS.
Verification Entity	Independent verification consultant.
Procedure	MOSS will provide MIS reports/payment lists to show that at least 2.5 million household beneficiaries have been determined eligible based on the revised PMT score, received their payment cards, and at least one payment was transferred under the Takaful and Karama program including those who moved from old social pension.
DLI 5	Number of Beneficiaries enrolled under the Takaful and Karama Cash Transfer Program has increased to 3,000,000.
Description	Number of Beneficiaries covered under the Takaful and Karama Cash Transfer Program has increased to 3,000,000. (Baseline: 2,500,000 Beneficiaries).
Data source/ Agency	MOSS.
Verification Entity	Independent verification consultant(s).
Procedure	<p>-Independent verification consultant(s) have access in person/remotely to depersonalized MIS payment lists showing that at least one payment was transferred to beneficiaries.</p> <p>-MOSS will provide MIS reports/payment lists to show that at least 3 million household beneficiaries have been determined eligible based on the revised PMT score, received their payment cards, and at least one payment was transferred under the Takaful and Karama program including those who moved from old social pension.</p>



DLI 6	Beneficiaries of the Social Solidarity Pension (Daman) reassessed, using the PMT, for eligibility under the Takaful and Karama Cash Transfer Program.
Description	-The government’s decision/circular to all MOSS staff on this matter, signed by the minister or his/her designate. -Bank review of social pensions rolls in MIS. -MOSS should provide a copy of the decision/circular/memo to the Bank and provide a report from the MIS showing migration of eligible beneficiaries.
Data source/ Agency	MOSS
Verification Entity	Independent verification consultant(s).
Procedure	MOSS should provide a copy of the decision/circular/memo to the Bank and provide a report from the MIS showing migration of eligible beneficiaries.
DLI 7	Eligibility calculation formula is revised, to prioritize applicants for the Takaful and Karama Cash Transfer Program from Frontier Governorates.
Description	
Data source/ Agency	MOSS.
Verification Entity	Independent verification consultant(s).
Procedure	Independent verification consultant(s) will review the MIS design to ensure that the targeting formula as deployed in the MIS is indeed giving priority to applicants in Frontier governorates.
DLI 8	MIS System updated and operationalized for the Economic Inclusion and Empowerment Services Pilot.



Description	independent verification consultant(s) to review the MIS design architecture to ensure that the system is in compliance with the economic inclusion system business processes and all the functionalities are operational.
Data source/ Agency	MOSS.
Verification Entity	Independent verification consultant(s).
Procedure	Independent verification consultant(s) to review the MIS design architecture to ensure that the system is in compliance with the economic inclusion system business processes and all the functionalities are operational.
DLI 9	MIS adopts the use of UNR platform to perform electronic data exchange with external databases.
Description	Information sourced from specific database is loaded correctly. This does not measure integrity of input data.
Data source/ Agency	MOSS.
Verification Entity	Independent verification consultant(s).
Procedure	Independent verification consultant(s) to review the design architecture of the electronic data exchange with other external databases and conduct a random sample verification of data being exchanged with the UNR.
DLI 10	The Grievance Redress Mechanism is updated and operational.
Description	The verification is based on the following two data points. First, the independent verification consultant(s) review the updated GRM manual, which should specify the processes, procedures, and systems information to accommodate the potential additional grievances related the economic inclusion services, recertification, and conditionalities. Second, the consultants will review the reports from the MIS' GRM module to verify the grievances collected are resolved and communicated back to relevant complainants in accordance with the updated GRM manual (the first data point) at a resolution rate of 80 percent or higher.
Data source/ Agency	MOSS.



Verification Entity	Independent verification consultant(s)
Procedure	The verification is based on the following two data points. First, the independent verification consultant(s) review the updated GRM manual, which should specify the processes, procedures, and systems information to accommodate the potential additional grievances related the economic inclusion services, recertification, and conditionality. Second, the consultants will review the reports from the MIS' GRM module to verify the grievances collected are resolved and communicated back to relevant complainants in accordance with the updated GRM manual (the first data point) at a resolution rate of 80 percent or higher.
DLI 11	Impact Evaluation Study completed and the results have been published detailing how well the Project has met its objective.
Description	The impact evaluation will establish how well the program is meeting its objectives. Such an evaluation can be used to change design parameters if it is not achieving sufficient impact and can be used to broaden support for the program if it is achieving good impact. To ensure transparency, the findings of the evaluation report, plus any follow-up actions, should be made public on MOSS website and/ or other relevant places.
Data source/ Agency	MOSS
Verification Entity	Independent verification consultant(s).
Procedure	<ul style="list-style-type: none"> -TOR and methodology will be agreed upon with the Bank. -Reports and web link should be shared with the Bank. - Final report of independent firm contracted to undertake the impact evaluation, in line with the agreed TOR. -Report from the MOSS regarding corrective action, if needed. -Results of the impact evaluation discussed with the Bank. -Link to the website where the report is posted in Arabic.
DLI 12	A conditionality compliance module of the MIS is operational and capable of identifying cases of non-compliance with the conditions in the Takaful Cash Transfer Program.



Description	<p>This is a pending DLI under the parent project (DLI 16)</p> <ul style="list-style-type: none">-The MOSS to develop and use the MIS module to take a random sample of Takaful beneficiaries whose co-responsibilities have been recorded in the MIS and provide those (in depersonalized format) to the Bank team and/or its consultants. A site visit or office visit to see the MIS being used may be part of the verification procedures. <p>DLI is partially met: Implementation revised; memorandums finalized and signed with partner ministries; manuals and business guidelines composed; and partner ministries' applications development is ongoing.</p> <p>Assessment: Delayed</p>
Data source/ Agency	MOSS
Verification Entity	Independent Consultant / Verification Agent.
Procedure	<ul style="list-style-type: none">-Bank team and/or its consultants to review a random sample of depersonalized Takaful beneficiary entries. Bank staff/consultants to be given access to see the module being used in practice.-The MOSS to develop and use the MIS module to take a random sample of Takaful beneficiaries whose co-responsibilities have been recorded in the MIS and provide those (in depersonalized format) to the Bank team and/or its consultants. A site visit or office visit to see the MIS being used may be part of the verification procedures.



Annex 1: Detailed Project Description

A. Project Components and Costs

1. Under the proposed AF, the original components (Components 1,2 and 3) will remain unchanged but will include additional funds to scale up the activities. The AF will also finance a new component - Component 4.

2. Components 1,2 and 4 aim at building resilience of the poorest and most vulnerable before shocks occur and prevent people from falling into poverty (or deeper poverty), after the shocks occur. The provision of cash transfer, building a reliable database of vulnerable beneficiaries and supporting the accurate targeting of poor households improve risk preparedness that can be easily scaled up in response to climate-related and other types of shocks like food insecurity, malnutrition, high dependence on agriculture activities and poor access to services and infrastructure by including efficient targeting mechanisms, such as PMT, to identify ex-ante those most vulnerable to natural hazards and climate change related risks; as well as providing income support that protects households against economic and climate-related shocks affecting their daily lives (such as rise of sea levels), floods, heat waves and dust storms among others. Economic inclusion services that provide wage employment opportunities or build entrepreneurial capacity of the poor also enable vulnerable households to diversify their livelihoods into multiple activities in the value chain and increase climate resilience which is critical for poor and vulnerable households who are often at the highest risk to the effects of climate change. These services prevent them from falling deeper into poverty, reduce their overall exposure to risk, and contribute to long-term adaptation to climate change.

Component 1: Provision of Conditional and Unconditional Cash Transfers (US\$435 million).

3. This component will support the provision of conditional and unconditional Cash Transfers to beneficiaries under the Borrower's Takaful and Karama Cash Transfer Program. The component will use a results-based approach, with eligible expenditures comprising CTs under the Takaful and Karama program. The component will support expansion and scale up of the TKP in all 27 governorates of Egypt to reach a total of 3 million TKP households by December 31, 2022. This includes new applicants as well as eligible households from the old social solidarity pension system (Daman) who will be recertified using the PMT as part of the process of dissolving the old social solidarity pension system¹⁷. The amount of monthly payments of CTs are included below:

- **Karama HH beneficiaries:** with maximum of three cases per Household for any/all of the three Karama categories below):

¹⁷ A social protection law is expected to be issued by GoE in 2019 to dissolve Daman system and announce migration of eligible beneficiaries to the TKP.



Elderly and Disabled categories	
Family	Monthly Payment
One Person	LE 450
Two Persons	LE 900
Three Persons	LE 1,350
2) Orphans category	
One Person	LE 350
Two Persons	LE 700
Three Persons	LE 1,050
Takaful Beneficiaries (maximum of 3 children per family)	
Basic HH Payment	325 EGP/month
+ Per Child – up to 6 years	60 EGP/month
+ Per Child – Primary Stage	80 EGP/month
+ Per Child – Preparatory Stage	100 EGP/month
+ Per Child – Secondary Stage	140 EGP/month

4. **Implementation of a Health and Education Conditionality in Takaful.** In line with the World Bank's commitment to promoting human capital development and boosting human capital productivity through SSNs, the implementation of Takaful conditionality will also promote human capital development and increase human capital returns by requiring increased health service usage and school enrollment. The family co-responsibilities are: (a) school attendance of 80 percent and above, of school days by children aged 6–18 years; and (b) three visits a year (revised from two visits a year under the original project) to health clinics by mothers and children below 6 years, maintaining child growth monitoring records, and attending nutrition awareness sessions, which will focus on promoting better child feeding practices, regular immunizations, and ante-natal and postnatal care of women. MOSS has also agreed with Ministry of Health (MOH) to promote Hepatitis C screening during health visits. The protocols for collaboration between MOSS and the Ministry of Education and Technical Education, Al-Azhar, and MOH for the implementation of health and education co-responsibility were signed in April 2018, including social workers' access to health units/schools to verify grievances.

5. Further, in July 2018, training for frontline staff (3,000 in 27 governorates) was launched. The AF will continue supporting the nation-wide implementation of health and education co-responsibility in Takaful; communication to build awareness about Takaful conditionality; as well as process monitoring to achieve a clear and timely process from data collection to processing payments and addressing grievances. The enforcement of conditionality also complements the current World Bank operations in health and education sectors by improving access to health units and school attendance as well as identifying challenges related to providing these services in the process of the gradual take up of the supply side.

Component 2: Support SSN Targeting and Operational Systems (US\$10 million).

6. Component 2 supports enhancing the targeting and operational systems of the Takaful and Karama Cash Transfer Program, through, inter alia: (i) improving the systems and business process of the program, including for case management, payment delivery and communications; (ii) improving the



administrative infrastructure and operational support of relevant units under MOSS; (iii) providing training for relevant MOSS staff and other relevant officials of the Borrower to carry out the Takaful and Karama Cash Transfer Program; (iv) monitoring of the Takaful and Karama Cash Transfer Program, including strengthening the GRM and citizen engagement activities; and (v) reassessment of eligibility criteria for Beneficiaries as well as assessment and recertification processes of new applicants.

7. Component 2 will also support expanding the Karama Program, through: (i) roll out of a national karama disability plan; (ii) institutional capacity building to develop enhancement disability assessment tools and registration data; (iii) provision of training selected medical professionals; and (iv) linking Karama Program's GRM to TKP MIS. Withdrawals under this component will be made against eligible expenditures for specific activities set out in the updated Procurement Plan (PP) and will finance institutional capacity building and investments to enhance the GoE's capacity to improve TKP effectiveness and efficiency. The recertification/reassessment will begin with Round 1 of Wave 1¹⁸ of TKP beneficiaries, and based on the lessons learned from this round, the successive recertification/reassessment of Round 2 under Wave 1, and subsequently Wave 2¹⁹ will be completed.

8. The recertification/reassessment will also include Daman social solidarity pension beneficiaries for transfer to TKP. The PMT revision exercise for households in frontier governorates is a critical exercise given the high rejection rate for these governorates, and in an effort to promote equity and justice for those households who are extremely disadvantaged and suffer from extreme shortage of social services, high poverty rates and security instability, and are in dire need of urgent and flexible social assistance programs. Additionally, a standalone MIS module for Component 4 will be designed and operationalized to support performance monitoring.

9. The MIS will be strengthened at the central and local levels based on the findings and recommendations of the 'To-be' report submitted by the gap analysis firm, IDCG. The TKP MIS will be expanded and regularly updated to support the CT business processes, including integrating GRM and Case Management data to the MIS for real time monitoring and the application of the revised PMT. The component will continue to improve the administrative infrastructure (equipment) of 2,636 nationwide social units (the lowest administrative level of MOSS) and provide training for officials and staff. The project will support regular updates of the program's POM for adjustments based on experience and evidence. It will also continue supporting capacity building of MOSS staff to operate the MIS and monitor the program, which will lead the institution's efforts of continuous program improvement. Additionally, a standalone MIS module for Component 4 will be designed and operationalized to support performance monitoring. Component 2 will provide the required institutional capacity building and implementation support and operating costs (travel, lodging, and per diem but not salaries) to ministry staff for the incremental costs of rolling out the Takaful and Karama program. It will also support documentation of TKP procedures and institutionalization of TKP within MOSS. Similar to the parent project, in rare cases

¹⁸ Wave 1 includes: Round 1 - the reassessment/recertification of 180,000 beneficiaries (from March – September 2015); and Round 2 – the reassessment/recertification of 320,000 beneficiaries (from October 2015 – March 2016).

¹⁹ Wave 2 includes: Round 1 – the reassessment/recertification of 250,000 beneficiaries (from April -June 2016); and Round 2 – the reassessment/recertification of 250,000 beneficiaries (from July 2016 – March 2017).



where a poor family does not have identification cards, project funds will be used to assist them in obtaining formal identification. The project will also finance MIS related procurements, goods, consultancy, training, non-consultancy services, and operating costs for staff to undertake monitoring visits and, in some cases, fees to pay for formal identification of poor beneficiaries.

10. **Recertification/reassessment.** The program design requires TKP beneficiary households to be recertified every three years. The recertification process will include: (a) re-assessing eligibility of current TKP beneficiaries, with non-eligible households (that have risen above the eligibility threshold) to be excluded from the program (estimated at 8–10 percent of beneficiary households); (b) assessing new TKP applicants; and (c) assessing eligibility of Daman social solidarity pension beneficiaries to transfer eligible beneficiaries to the TKP. The questionnaire used to register new TKP beneficiaries will also be used for recertification of current TKP and Daman beneficiaries. MOSS will thus reassess Egypt's socio-economic conditions, given the rising level of poverty and on-going economic and energy reforms, and apply the new PMT formula to recertify TKP beneficiaries. An external organization will be contracted to supervise the efficiency and accuracy of data collection and entry.

11. **National roll out of the Karama disability program.** As noted earlier, under the original project, the World Bank and GoE are co-financing Karama disability payments for beneficiaries. However, the policy and program reforms for the Karama disability component (stock taking and benchmarking exercise, development of tools, manuals, assessment procedures etc.) were financed by the Nordic Trust Fund. The proposed AF will continue expansion of the Karama disability program and will finance: (a) a national rollout of the Karama disability plan; (b) further refinement of disability assessment tools and procedures as needed; (c) training of trainers and medical doctors; and (d) linkage of Karama disability registration data and grievance handling system to the TKP MIS for better program monitoring and management.

Component 3: Project Management and Monitoring and Evaluation (US\$5 million).

12. Component 3 will support, and finance costs associated with project management and implementation activities, through: (i) carrying out of Project monitoring, regular internal audits, annual external audits and annual independent verification of the Cash Transfers; (ii) maintaining the PIU and supporting the operational and implementation capacity of the PIU staff; and (iii) undertaking independent targeting, process and impact evaluations of the Project. The component will finance (a) PIU staff (non-civil servants) salaries; (b) PIU equipment and operating costs related to the daily management of the project (office space, utilities and supplies, bank charges, communications, translation, transportation, maintenance and insurance, building and equipment maintenance costs, and travel and supervision costs); (c) regular internal audits and annual external audits financial and procurement activities according to the World Bank's legal requirements); (d) undertaking an end-line impact evaluation for the overall project; and (e) consultancy services for knowledge management and documentation, and institutionalization of TKP processes within MOSS.

13. Additional evaluation activities for the newly added Component 4 (in addition to the end line



evaluation) will also be undertaken. Active learning through monitoring and evaluation activities will be an integral element of Component 4. Since the project will experiment with multiple modalities of economic inclusion, it will be important to determine which of them perform better than others and identify sources of success and bottlenecks. To this end, the project's evaluation strategy will include a rapid assessment, a process evaluation, and an impact evaluation. The rapid assessment is intended to provide early information on the effectiveness of implementation modalities to enable course correction. Among others, the rapid assessment will: (a) examine the take-up rates for the wage-employment track and evaluate whether incentives are needed to promote wage employment; (b) evaluate other implementation design elements and process for gaps and potential improvements. The rapid assessment will be conducted within the first six months to one year of the launch of project activities and will rely on qualitative and quantitative data on participants' experiences with wage employment and self-employment tracks as well as information provided by other stakeholders: social units, services providers, employers, etc.

14. The process evaluation will be undertaken in the last year of the project implementation. It will use a mixed methods approach to evaluate the processes through which activities under Component 4 were implemented. Unlike the rapid assessment, which will also focus on implementation processes at the early stages of implementation, the process evaluation will assess the more mature versions of implementation modalities. The impact evaluation will seek to rigorously quantify the impact of the project over its duration. The impact evaluation will rely on two rounds of data collection: (i) at baseline, i.e. prior to introduction of project activities, and (ii) endline, i.e. within the last year of project implementation. Continuous monitoring of project implementation by MOSS will serve as an additional continuous source of information on the implementation status of various modalities of economic inclusion.

15. The project will maintain real time monitoring systems developed for the TKP (ongoing collection of data, stories, and other evidence about implementation) and will utilize this system to fine-tune program design and processes. The MIS will also include verification of beneficiary self-reporting, verification of those deemed as severely disabled, and verification of payments to beneficiaries. All verification will be based on random samples. Component 3 will finance consultants, goods, travel costs, per-diem, non-consultancy services, and training.

16. **MOSS Institutional Development.** In response to a request from MOSS and in order to ensure TKP sustainability, the Work Bank will provide institutional capacity building for institutionalization of TKP rules and procedures. This includes unification of all CT programs under one law, one system and clearly documented rules and procedures; full automation of MOSS, 636 social units; and establishing solid monitoring systems to graduate TKP beneficiaries based on specific indicators in addition to poverty, such as age, education, level of skill, and job availability.

Component 4: Economic Inclusion and Empowerment Services Pilot (US\$50 million).

17. Under the AF, Component 4 will be introduced to support the Economic Inclusion and



Empowerment Services Pilot, including linking beneficiaries to employment services, provision of training, and asset transfers to beneficiaries. The component will include a range of activities to complement the CT program with improved access to economic opportunities that strengthen income generating capacities and economic resilience. Various productive/economic inclusion models will be piloted by enhancing skills of beneficiaries and linking them to wage or self-employment opportunities. This component addresses the need to test various models of sustainable livelihood tailored to the profile of TKP applicants. Effective economic inclusion programs are expected to assist beneficiaries to reduce long term dependency on CTs. Component 4 will target: (a) working age/unemployed and inactive members of TKP beneficiary households, and (b) other working age/inactive and unemployed individuals that fall within the TKP database but were rejected based on their PMT score which was right above the poverty threshold cutoff point (with PMT score between 4.5-5.5). Selection of participants will prioritize individuals to achieve targets of 50 percent youth and 30 percent women.

18. The component responds to the need to test various models of sustainable livelihood tailored to the profile of TKP beneficiaries. Effective economic inclusion programs are expected to assist beneficiaries to reduce long term dependency on CTs. The expected economic inclusion package, wage or self-employment, will be in the range of US\$1000.

19. The design of Component 4 was informed by the impact evaluation of the World Bank-financed Emergency Employment Investment Project (EEIP) (P146143) which supported youth transition to employment. It was also guided by other initiatives carried out by development partners including the ILO Get-Ahead initiative for women economic and social empowerment, and the BRAC graduation model.

20. *Activities to be Financed.* The component will finance piloting of economic inclusion packages to determine which models perform better than others and identify sources of success and bottlenecks. It builds on the new employment initiative “FORSA” (opportunity) launched by MOSS in eight governorates, covering both urban and rural areas, and gradually expanding to other areas including lagging regions. Given the expected variations in labor market opportunities and constraints, about 70 percent of the budget allocated is expected to cover self-employment activities in poor regions (mostly rural/lagging regions) where there are no wage employment opportunities, while around 30 percent will cover beneficiaries in economically active regions (mainly urban) namely through wage employment. The duration of the economic inclusion package ranges between 12-18 months, depending on the specific package to be delivered.

21. *Target beneficiaries:* Eligible participants of the economic inclusion package are: (a) working age/unemployed and inactive members of TKP beneficiary households, and (b) other working age/inactive and unemployed individuals that fall within the TKP database but were rejected based on their PMT score which was right above the poverty threshold cutoff point (with PMT score between 4.5-5.5). Selection of participants would prioritize individuals to achieve targets of 50 percent youth and 30 percent women.



Annex 2: Component 4 -Detailed Description

1. Under the AF, Component 4 will be introduced to support the government pilot program to achieve a number of economic inclusion targets. The government pilot program FORSA was launched in early 2018 as a pilot program for graduation and economic inclusion but has been slow since its inception and its design needs to be revisited and scaled up. The component will include a range of activities to complement the CT program with improved access to economic opportunities that strengthen income generating capacities and economic resilience. Various productive/economic inclusion models will be piloted by linking beneficiaries to employment services, employability trainings, asset transfers, as well as promoting financial inclusion and savings among beneficiaries. The component responds to the need to test various models of sustainable livelihood tailored to the profile of TKP beneficiaries. Effective economic inclusion programs are expected to assist beneficiaries to reduce long term dependency on CTs. The expected economic inclusion package, wage or self-employment, will be in the range of US\$1000.
2. The design of Component 4 was informed by the impact evaluation of the World Bank financed Emergency Employment Investment Project (EEIP) (P146143) which supported youth transition to employment. It was also guided by other initiatives carried out by development partners including the ILO Get-Ahead initiative for women economic and social empowerment, and the BRAC graduation model.
3. *Activities to be Financed.* The component will finance piloting of economic inclusion packages to determine which models perform better than others and identify sources of success and bottlenecks. It builds on the new employment initiative “FORSA” (opportunity) launched by MOSS in eight governorates, covering both urban and rural areas, and while gradually expanding to other areas including lagging regions. Given the expected variations in labor market opportunities and constraints, about 70 percent of the budget allocated is expected to cover self-employment activities in poor regions (mostly rural/lagging regions) where there are no wage employment opportunities, while around 30 percent will cover beneficiaries in economically active regions (mainly urban) namely through wage employment. The duration of the economic inclusion package ranges between 12-18 months, depending on the specific package to be delivered.
4. *Target beneficiaries:* Eligible participants of the economic inclusion package are: (a) working age/unemployed and inactive members of TKP beneficiary households, and (b) other working age/inactive and unemployed individuals that fall within the TKP database but were rejected based on their PMT score which was right above the poverty threshold cutoff point (with PMT score between 4.5-5.5). Selection of participants would prioritize individuals to achieve targets of 50 percent youth and 30 percent women.
5. *Evaluation Strategy:* Given the gradualism of the approach adopted, active learning through monitoring and evaluation activities will be an integral element of this Component. The evaluation strategy will include a rapid assessment, a process evaluation, and an impact evaluation. The rapid assessment is intended to provide early information on the effectiveness of implementation modalities to enable course correction. The process evaluation will use a mixed methods approach to evaluate the processes through which activities under Component 4 were implemented and the impact evaluation



will seek to rigorously quantify the impact of the project over its duration based on baseline and end line data.

6. *Implementation Arrangements:* Two main service delivery tracks fall under this component: wage employment and self-employment. The wage-employment will be implemented in partnership with the private sector and/or NGOs, while the self-employment will be implemented by NGOs using a demand-driven approach, including a grant scheme for which NGOs can apply to through a call for proposals. MOSS has carried out previous partnerships with umbrella NGOs and therefore has the capacity for this type of work. MOSS will develop an operational manual that documents, among others, detailed business processes of the economic inclusion services in addition to establishing a MIS module for the economic inclusion pilot to track beneficiaries and services provided. Accordingly, the project will support the design and development of a comprehensive MIS to facilitate effective administration and monitoring of employment program functions. The proposed MIS will be implemented to cover all functionalities of the employment program including: (a) registration, (b) profiling, (c) referral job placement, (d) training, (e) analytics and linkages with the national social registries, and (f) reporting.

7. *Demand Side Activities:* To ensure that services delivered to beneficiaries respond to the existing market demand, MOSS will carry out a rapid stocktaking exercise prior to implementation to define the demand side constraints and opportunities for various geographical areas including expanding existing value chains/organic clusters/one village- one product models, to promote local economic development. MOSS will also assess existing service providers i.e. training institutions, NGOs, job matching platforms to deliver the required services under this component.

8. The stocktaking exercise and partnering with relevant entities will build on the efforts already begun by MOSS as part of its new employment initiative “FORSA” (opportunity) that includes: (a) improving labor market qualifications through employment training and apprenticeships and enhancing technical and management skills; (b) providing employment opportunities in partnership with the private sector; and (c) applying financial inclusion mechanisms such as opening of bank accounts and digital payment. To deliver the services under “FORSA”, MOSS has partnered with government and private sector institutions and NGOS as depicted in the table below:

Government Sector	Private Sector	Local Sectors and NGOs
Local Government	Large companies, industries and investors	NGOs
Ministry of Trade and Industry	SMEs	Business Associations
Ministry of Manpower	Banks and Financial Institutions	Community Development Associations
Ministry of Finance	Chambers of Commerce	Zakat Committees
Economic and Research Institutions	Federation of Egyptian Industries	Religious Leaders
	Professional Institutions and Trade Unions	Local Leaders
	Experts	Volunteers



9. *Supply Side*: This component includes the following key services to be delivered to target beneficiaries within 6 to 8 months:

- (i) *Orientation and Outreach*: This service will involve orientation sessions to disseminate information about the economic inclusion activities among the target group around potential livelihood opportunities and different pathways explained to beneficiaries. MOSS will also create community space to identify the needs of each local community, discuss the activities and explore whether some activities could be implemented at the community-level. The current active Social Accountability Committees can play a vital role in this community discussion.
- (ii) *Profiling*: Social and community workers assist beneficiaries at this stage in filling out applications and collecting information related to their background, demographic characteristics, cognitive, socioemotional and/or technical skills and job preferences to develop and implement a statistically assisted jobs profiling system. This profiling activity will include a typology/assessment of heterogeneity across groups to determine which economic inclusion packages will be tailored for homogeneous groups according to their characteristics and labor market barriers.
- (iii) *Career Counseling and Preparation*: Depending on the specific profiles of applicants, beneficiaries are guided to decide whether they should follow a wage-employment track or be enrolled in the self-employment track (asset/grant transfer) as described below:
 - a. *Supporting wage employment*: This track aims to improve the labor participation and employability skills of beneficiaries and help them access jobs through: job matching and job placement in existing vacancies for wage employment or internships; offering incentives for employers and employees to increase take-up rate and support developing the technical, business and soft skills of beneficiaries through on-the-job training (incentives might include temporary wage subsidies, transportation allowance and partial coverage of social security); and linking beneficiaries with partner organizations and NGOs offering hard and soft skills trainings.
 - b. *Supporting self-employment*: This track will support beneficiaries who have the potential to be economically active in self-employment and potentially create economically viable projects by: providing asset transfer and offering training on the efficient use of the asset across various sectors i.e. handicrafts, agribusiness, trade and services; improving entrepreneurial capacities of beneficiaries through non-financial services to allow beneficiaries to be later linked with microfinance institutions. Evidence shows that low-income producers/microbusinesses need to first learn how to produce, market and maximize profits before taking on credit, which can be costly. There are also ways to use productive assets and working capital grants to generate the kind of financial records and assets that banks would rely on in the future to make credit allocation decisions.
- (iv) *Fostering Financial Inclusion and Promoting Saving*: This subcomponent will promote digital payments as well as access to savings accounts in the post office to support beneficiaries in managing risks, building resilience, and reducing the likelihood of having to sell their assets when faced with a shock. Although many poor people save informally, saving regularly in a formal way helps program participants build financial discipline and familiarizes them with financial service



providers.

