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Project Information Document/ Integrated Safeguards Data Sheet (PID/ISDS)

Concept Stage | Date Prepared/Updated: 24-Feb-2017 | Report No: PIDISDSC21316



BASIC INFORMATION

A. Basic Project Data

Country Egypt, Arab Republic of	Project ID P163232	Parent Project ID (if any)	Project Name Egypt Labor Intensive Works and Employability (P163232)
Region MIDDLE EAST AND NORTH AFRICA	Estimated Appraisal Date Feb 20, 2017	Estimated Board Date May 01, 2017	Practice Area (Lead) Social Protection & Labor
Lending Instrument Investment Project Financing	Borrower(s) Ministry of International Cooperation	Implementing Agency Social Fund for Development	

Proposed Development Objective(s)

- (i) create short-term employment opportunities for vulnerable unemployed job seekers, while enhancing community infrastructure and social services;
- (ii) improve wage and self-employment of vulnerable youth.

Financing (in USD Million)

Financing Source	Amount
International Bank for Reconstruction and Development	150.00
Total Project Cost	150.00

Environmental Assessment Category B-Partial Assessment	Concept Review Decision Track I-The review did authorize the preparation to continue
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Other Decision (as needed)



B. Introduction and Context

Country Context

Over the last three years, Egypt has completed its political transition roadmap to ensure stability and economic growth. A new constitution was adopted in a public referendum in 2013, followed by presidential and parliamentary elections in 2014 and 2015, respectively. Despite the significant progress to address social and economic issues, certain challenges still persist, notably the high poverty rate (27.8 percent), high youth unemployment (26.1 percent), striking inflation (core at 25.85 percent), and lack of quality public social services.

In 2016, the Government of Egypt (GoE) embarked on a series of unprecedented bold economic reforms to address the longstanding macroeconomic issues. The parliament enacted a law on introducing a Value Added Tax (VAT) of 13 percent in September. This was followed by adopting a free floating exchange rate policy along with further reforming the fuel subsidy in November. The recent economic reforms also aim to address the structural challenges to low growth by streamlining the industrial licensing for businesses, providing greater access to finance, and updating insolvency and bankruptcy procedures.

To alleviate the adverse effects of the economic reforms on the poor and vulnerable, the GoE has adopted a package of social protection/social safety net mitigating measures. These include: (i) a gradual shift towards a targeted cash transfer system; (ii) establishing the Unified National Registry to improve the targeting mechanisms and ensure subsidies reach those in need; (iii) scaling up cash transfers (Takaful and Karama) and social pension; and (iv) expanding the school feeding program¹. It has also launched a new program on productive inclusion named “Forsa”. The government is also planning to take additional steps through implementing labor-intensive projects and expanding microfinance to low-income populations, especially women and youth.

Sectoral and Institutional Context

The country’s 2011 and 2013 revolutions came with pressing demands for a new social contract in Egypt, with more inclusive growth and social justice. In response to these demands, the government has placed the social agenda among its top priorities. This political commitment, despite the political upheavals, has been highlighted by the 2014 constitution which focused on the social agenda, the vision 2030 which stressed on the social justice dimension as a cornerstone, the coordination of the social policies through the ministerial social justice committee, the 2014 subsidy reform measures and the social mitigation package announced as part of the economic reforms of 2016^{2,3,4}.

The government focused on improving targeting, efficiency and delivery systems of SSN programs prior to any expansion of coverage or benefits. This phased approach of reforming the existing inefficient SSN system was adopted due to the sensitive political economy considerations in the country. The main philosophy behind such reforms was to gradually shift from universal to targeted subsidies towards the poor and vulnerable, and improve the quality of social services provided.

Despite the increase in the public social spending, Egypt’s social protection programs remain highly fragmented and poorly targeted. Social assistance cash transfers from the Ministry of Social Solidarity (MOSS) are still small, accounting for less than 5 percent of the subsidies, grant and social benefits item, and 0.26 percent of GDP, on average. This is

¹ Statement of Prime Minister, November 2016 (Arabic): <http://gate.ahram.org.eg/News/1298587.aspx>

² Government program 2012-14

³ Constitution 2014 <http://www.sis.gov.eg/Newvr/Dustor-en001.pdf>

⁴ Egypt vision 2030, <http://sdsegypt2030.com/?lang=en>



despite the relatively considerable increase in the benefits and coverage, especially after the recent launching of the two programs: Takaful (Solidarity) conditional cash transfer and Karama (Integrity) unconditional cash transfer.⁵

Although the latest economic reforms are expected to reduce the regressiveness of subsidies and promote growth and jobs, the short impact will impacted the poor, and their effects needs to be mitigated. Among the proposed measures, labor intensive work programs are well-known as a tool to create short term employment opportunities for vulnerable groups who are not reached by other Safety Nets interventions, notably unemployed unskilled and semi-skilled youth and women, thus providing a source of income during transitional periods until the permanent jobs can be generated as a consequence of the economic reforms.

In 2012, the GOE introduced a labor intensive public work program in the poorest governorates to target the unskilled or semi-skilled unemployed. This program is implemented by the Social Fund for Development (SFD) and supported by the World Bank and the EU along with other donors. To date, the program reached 170,000 direct beneficiaries and created about 27 million of labor days through 850 of infrastructure and social services subprojects.

International experience with rapid social mitigation measures that accompany policy reforms suggest that the most successful interventions were based on enhancing pre-existing social programs that have the following characteristics: countrywide, scalable and well-targeted. While none of the existing SSN programs in Egypt fully meet these conditions, labor Intensive programs supported under the ELIIP and the EEIP have acceptable standards. Therefore, they have the potential to become a synergistic part of the larger social safety net and employment system for Egypt. The proposed project presents an opportunity to strengthen them by scaling them up with improved implementation based on the experience and results of the previous operations.

Relationship to CPF

The project is well aligned with the strategic objectives of the WBG's Country Partnership Framework (CPF) for Egypt for Fiscal Year 2015-2019. The CPF supports the three pillars of the Government's development strategy: (i) improving governance; (ii) supporting private sector job creation; and (iii) improving social inclusion. The project is closely linked to all of these goals as it intends to promote better governance by bringing elements of social accountability and citizen engagement in the delivery and monitoring of the operation. It will engage local private sector contractors as intermediaries of SFD for creating jobs under the infrastructure component.

Furthermore, SFD will liaise with local communities, public and private sector for the delivery of community services and youth employability and skills development programs. This operation thus contributes to fostering social justice and inclusion by ensuring the inclusion of the poor and vulnerable, especially youth and women, as the prime beneficiaries of the program through the design of a rigorous and methodological targeting system.

Finally, the proposed project is expected to support the Government's social protection mitigation package and the Sustainable Development Strategy of the Egypt's Vision for the Year 2030 that focuses on economic development, social justice, job creation and improved governance.

⁵ The amounts allocated for cash transfer programs altogether (social solidarity, Takaful and Karama) in FY16 budget amount to 0.4 percent of GDP.



C. Proposed Development Objective(s)

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- (i) create short-term employment opportunities for vulnerable unemployed job seekers, while enhancing community infrastructure and social services;
- (ii) improve wage and self-employment of vulnerable youth.

Key Results (From PCN)

- number of people benefiting from the employment generated by the labor intensive interventions disaggregated by gender, age group and skill level to capture the program's access to vulnerable groups defined as: female, youth and unskilled/semi-skilled workers;
- number of employment days created;
- the job placement rate (wage and self-employment) of those enrolled in the employability interventions, disaggregated by gender and age group; and
- Percentage of beneficiary/community satisfaction with the program's responsiveness and operational procedures.

D. Concept Description

The project will support Labor Intensive Works as part of national programs for social investments, including those of creating employment opportunities especially for vulnerable youth, women and unskilled job seekers, leveraging LIW interventions to enhance work experience and skills of participating beneficiaries to help their prospects for jobs beyond the LIW interventions, help create tangible community infrastructure and assets, and expand on social protection measures in support of the economic reforms.

Project Components

Component 1: Labor Intensive Subprojects (Infrastructure, Social Services) (\$133 million)

This component will support the delivery of employment opportunities, create community assets and support social services. This will be achieved by diversifying sectors and subproject type in order to reach a variety of vulnerable groups (youth, women and those lacking education and skills) with employment opportunities. Diversification of interventions from infrastructure to diverse type of community services, health promotion, literacy, environmental activities, etc. enhanced the program's ability to provide access to different group of job seekers including youth and women.

Component 2: Improving Youth Employability Subprojects (Skills, Labor Market Intermediation and Job Placement) (\$15 million)

This component will include subprojects focusing on skills development, labor market intermediation and job placement. It will complement the temporary jobs provided through the labor-intensive activities by promoting access to more permanent jobs through training, skills development and job placement through two types of youth employment support activities, one aimed primarily at youth in urban areas and the second for youth in rural areas, to facilitate transitions into wage- or self-employment.



Component 3: Project Implementation and Capacity Building Activities (\$2 million)

This component will help SFD to institutionalize the financial and operations transparency, and to strengthen their social accountability. This component would include support to institutionalize improved targeting and operational systems such as: (i) M&E; (ii) management information systems (MIS); (iii) citizen engagement and social accountability; (iv) linkages of LIW’s database with UNR; (v) independent verifications; and (vi) impact evaluations. This would support GoE’s broader efforts in enhancing a performance-based and evidence-based public funding policy. This would cover: (i) training and consultancies to support project management, M&E, financial management and procurement; (ii) financing of public information activities, communication and social mobilization strategy development and implementation; (iii) technical verification for project outputs, and compliance of services provided for the above three project components; and (iv) capacity building as needed for SFD and governorate staff.

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SAFEGUARDS

A. Project location and salient physical characteristics relevant to the safeguard analysis (if known)

The project would be implemented in all governorates, while prioritizing districts and villages within each governorate based on poverty data.

B. Borrower’s Institutional Capacity for Safeguard Policies

The Borrower’s Implementing Agency -the Social Fund for Development (SFD)- has years of experience in implementing basic infrastructure subprojects throughout the country. SFD is staffed with qualified environmental specialists who are responsible for reviewing sub-project proposals against the screening criteria, and ensuring approved sub-projects are designed and implemented in compliance with the Environmental Management Framework (ESMF) / Environmental Management Plans (EMPs).

C. Environmental and Social Safeguards Specialists on the Team

Helen Z. Shahriari, Amer Abdulwahab Ali Al-Ghorbany

D. Policies that might apply

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	The Project is classified as environmental category "B" in accordance with the World Bank OP 4.01 on Environmental Assessment. The proposed project is likely to result in a number of positive environmental and socio-economic impacts from the interventions that include, inter alia: infrastructure, community services, health promotion and environmental



		activities. These are small scale interventions which are anticipated to have no significant or irreversible environmental impacts. However, potential negative impacts -if any- would be minor, site specific, and would be effectively mitigated by implementing the Environmental and Social Management Framework (ESMF) which will be prepared, consulted on with the project’s stakeholders, and implemented in compliance with OP. 4.01.
Natural Habitats OP/BP 4.04	No	
Forests OP/BP 4.36	No	
Pest Management OP 4.09	No	
Physical Cultural Resources OP/BP 4.11	TBD	
Indigenous Peoples OP/BP 4.10	No	
Involuntary Resettlement OP/BP 4.12	No	The project is not triggering OP 4.12. The ESMF will have a screening procedure so that community-level small infrastructure projects do not trigger OP 4.12 through land acquisition. In case voluntary / community land donation is expected, ESMF will also have guidelines to ensure that such donations are indeed voluntary.
Safety of Dams OP/BP 4.37	No	
Projects on International Waterways OP/BP 7.50	No	
Projects in Disputed Areas OP/BP 7.60	No	

E. Safeguard Preparation Plan

Tentative target date for preparing the Appraisal Stage PID/ISDS

Mar 15, 2017

Time frame for launching and completing the safeguard-related studies that may be needed. The specific studies and their timing should be specified in the Appraisal Stage PID/ISDS

To be specified at appraisal.



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APPROVAL

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