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Arab Republic of Egypt
The Social Fund For Development

SFD

Mission and Objectives

1994

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Background

The economic reform program initiated by the Government of Egypt in 1986 was the beginning of a series of measures to restructure the economy on a sound basis to ensure sustainable growth. In subsequent years a decision was reached to intensify and accelerate the reform process. By March 1990, new strategies were put into effect under the Economic Reform and Structural Adjustment Program (ERSAP).

While focusing on measures to reduce inflation and stimulate medium and long term growth, ERSAP also emphasized the need to minimize the negative impacts of the reform measures on the poorer segments of the population.

To this end, the Social Fund for Development (SFD) was established by Presidential Decree No. 40 of 1991.

Financed by the government of Egypt in cooperation with the World Bank/IDA, The European Economic Community and other multinational and bilateral donors, the SFD is committed to providing a social safety net for the poor and the unemployed, as well as for citizens who have returned to Egypt because of the Gulf crisis.

The SFD Mission

The Social Fund for Development is an autonomous government agency working under the direct supervision of the Prime Minister.

Its mission is to:

- ◆ Enhance the Government of Egypt's economic reform and structural adjustment program.
- ◆ Contribute to the well-being of low income groups that are adversely affected by the economic reform program.
- ◆ Protect vulnerable population groups, public sector employees, unskilled and semi-skilled workers, unemployed youth, and households headed by women from the likely longer term adverse effects of the economic reform program.
- ◆ Strengthen Egypt's institutional capacity (governmental and non-governmental) to develop new social programs and modify existing ones.
- ◆ Seek additional international and local financial resources, as well as secure technical resources.

The SFD Objectives

To fulfill its mission the SFD aims at achieving the following specific objectives:

- ◆ Adopt and implement a set of “Core Programs” addressing the urgent needs of the vulnerable target groups.
- ◆ Provide new job opportunities for :
 - Public enterprise workers displaced as a result of the economic reform program
 - Gulf crisis returnees
 - Unemployed youth
 - Women who head households
- ◆ Support the channelling of additional public investments towards social services, with special emphasis on health and education.
- ◆ Establish mechanisms to protect and improve the living conditions of the most vulnerable target population groups.
- ◆ Enhance and support NGO/PVO participation in the planning and execution of projects serving the target groups.

The Role and Activities of the SFD

The Social Fund for Development supported activities are to reach the target groups through sponsoring agencies, such as ministries, governorates, public and private sector companies, non-government organizations, and local community agencies.

In accordance with SFD policy, appraisal and selection criteria are applied to proposals for subprojects and activities submitted to the SFD . Sponsoring agencies are expected to fulfil certain standards related to management capabilities and absorptive capacity. The SFD is committed to offer guidance and training to sponsoring agencies in developing subproject proposals. It also provides assistance in preparing and refining survey instruments to accurately identify target groups most in need of assistance.

The SFD has a responsibility to supervise subproject implementation, based on established monitoring and evaluation standards and procedures.

To offer immediate relief in selected geographic areas the SFD avails funding for labor-intensive service sub-projects which enhance the quality of life and create jobs in these areas.

The role of SFD is to enhance and expand enterprise development activities and community development efforts to ameliorate the living condition of the population target groups in rural areas and urban poverty zones through income generating projects and assisting the unemployed through training programs and placement services.

SFD Resources.

Contributions to the SFD resources are in the form of loans and grants. Accordingly, the SFD's financing mechanism consists of these two forms. Loans are directed towards productive activities, and repayments are plowed back into the loan component of the Fund. Grants are to finance infrastructure development subprojects in rural communities and urban poverty zones.

The total resources of the Fund had reached by 8/31/1992 the amount of USD 612.3 million, consisting of USD 320 million in loans and USD 292.3 in grants.

SFD resources are governed by the laws and regulations of the Government of Egypt, and disbursements are made according to its agreement concluded with the donors.

THE CORE PROGRAM OF THE SFD

The Social Fund for Development comprises six core programs. They are:

The Community Development Program

The Municipal Services / Public Works Program

The Enterprise Development Program

The Labor Mobility Program

The Institutional Development Program

The Essential Public Transport Services Program



THE COMMUNITY DEVELOPMENT PROGRAM

Objectives

- ◆ Encourage the participation and increase the capabilities of a wide variety of local organizations including: NGOs, PVOs, syndicates, cooperatives, etc.
- ◆ Mobilize local grassroots initiatives in two main areas:
 - Productive activities
 - Social development activities, primarily in the basic health and education sectors
- ◆ Enhance women's participation in socioeconomic development
- ◆ Establish links between international and local NGOs

Target Groups / Beneficiaries

- Low income families, particularly in governorates with the highest poverty index
- Unemployed youth
- Gulf crisis returnees
- Women and children in rural and urban poverty zones

Appraisal / Selection Criteria

Securing income generation opportunities
Providing credit with flexible collateral for the poor
Creating training opportunities

Encouraging women's participation whenever possible.
Strengthening institutional capabilities of PVOs and NGOs.



THE MUNICIPAL SERVICES / PUBLIC WORKS PROGRAM

Objectives

- ◆ Improve essential infrastructure and services in low income rural and urban areas
- ◆ Generate temporary employment on a large scale through public works
- ◆ Sustain improvements in municipal services through maintenance activities, while also creating sustainable employment

Target Groups / Beneficiaries

- Areas with a high incidence of poverty and high unemployment rates
- Unsewered areas in the greater Cairo urban region
- Unemployed

Appraisal / Selection Criteria

Labor intensive projects
Environmental and social impact of projects
Participation of beneficiaries in project implementation
Management capacity of the sponsoring agencies



ENTERPRISE DEVELOPMENT PROGRAM

Objectives

- ◆ Expand existing small enterprises to generate income and increase employment opportunities
- ◆ Create new small enterprises.

These objectives are to be achieved through developing, funding, and delivering integrated packages of technical assistance, credit, and training.

Target Groups / Beneficiaries

- Public enterprise workers displaced as a result of the economic reform program
- Gulf crisis returnees
- New graduates
- Existing small entrepreneurs
- Unemployed
- Women

Appraisal / Selection Criteria

Expansion of employment and income generating opportunities in the small enterprise sector
Utilization of appropriate technology
Provision for marketing and quality control
Financial viability
Project sustainability
Management capacity of sponsoring agencies



THE LABOR MOBILITY PROGRAM

Objectives

- ◆ Enhance, develop, and fund most needed job creation activities arising from ERSAP
- ◆ Support labor mobility by financing a variety of programs, such as early retirement benefits, separation benefits, training /retraining, unemployment insurance, professional consulting, job placement, and seed money to start up beneficiaries' own business
- ◆ Contribute to retraining initiatives in support of ERSAP needs
- ◆ Promote and develop capacities to provide technical and labor adjustment services

Target Groups / Beneficiaries

- Public enterprise workers displaced as a result of the economic reform program
- Gulf crises returnees
- New graduates

Appraisal / Selection Criteria

- Job placement
- Cost effectiveness of jobs created
- Demand based training and retraining activities
- Management capacity of sponsoring agencies



THE INSTITUTIONAL DEVELOPMENT PROGRAM

Objectives

- ◆ Enhance the Government's capacity to monitor the impact of its economic policies on the living conditions of the population, and the SFDs capabilities in targeting, monitoring, and evaluation
- ◆ Strengthen the management and technical capabilities of Government, local administration departments, unions, and NGOs/PVOs to effectively implement SFD programs and subprojects
- ◆ Strengthen the managerial efficiency and implementation capabilities of the SFD to achieve its objectives

Target Groups / Beneficiaries

- Government departments
- NGOs / PVOs
- Professional , labor groups and cooperatives
- Women's organizations
- SFD executives and staff

Appraisal / Selection Criteria

Focusing on improving the organizational and administrative skills

Strengthening skills in loan and credit appraisal and administration

Training group management, monitoring, and evaluation

Skills development in the identification of target groups and improving the efficiency of direct transfer schemes.



ESSENTIAL PUBLIC TRANSPORT SERVICES PROGRAM

Objectives

- ◆ Improve public transportation systems services in greater Cairo and Alexandria
- ◆ Facilitate the movement of unskilled, low-income workers in the greater Cairo and Alexandria areas to nearby labor markets

Target Groups / Beneficiaries

- The poor of greater Cairo and Alexandria who depend on public Buses as their only mean of transportation
- Unskilled, low-income workers in these areas

Appraisal / Selection Criteria

Improvement of mass transportation system performance.

Adherence to SFD procurement regulations

Spare parts that can be used interchangeably in different makes of buses

Procurement of spare parts based on needs assessment

Development and submission of operations, maintenance, and training plans

The Social Fund for Development Regional Network

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(2) Shebin El-Kom Office:

Covers Monofiya.

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Tel.: (048) 328275 - 328276 - Fax.: 328277

(3) Aswan Office:

Covers Aswan and Halayeb

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Covers Gena, Luxor, and the Red Sea

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Covers Assiout, and The New Valley.

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Covers Sohag.

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